

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1630

Bill Subtitle: TO REQUIRE SPECIFIC PERFORMANCE AS THE REMEDY FOR THE BREACH OF CONTRACTS THAT INCLUDE CERTAIN PRECIOUS METALS AS CONSIDERATION; AND TO EXCLUDE FROM GROSS INCOME ANY GAIN REALIZED FROM THE SALE OF CERTAIN PRECIOUS METALS.

Basic Change :

Sponsor: Rep. Long

HB1630 excludes from gross income any gain realized from the sale of coins or bullion. HB1630 also requires specific performance in the event of a breach of contract that provides for coins or bullion as consideration for the contract.

“Bullion” is defined as bar or ingot:

- Manufactured in whole or in part of gold or silver;
- That was or is used solely as a medium of exchange, security, or commodity by any state, the United States Government, or a foreign nation; and
- Sold based on the intrinsic value of the bar, ingot, or coin as a precious metal or collectible item rather than its form or representative value as a medium of exchange.

“Coin” is defined as a coin:

- Manufactured in whole or in part of gold or silver;
- That was or is used solely as a medium of exchange, security, or commodity by any state, the United States Government, or a foreign nation; and
- Sold based on its intrinsic value as a precious metal or collectible item rather than its form or representative value as a medium of exchange.

Revenue Impact :

FY2024 - \$227,000 General Revenue Reduction

Taxpayer Impact :

A taxpayer would be able to exclude a gain from selling a coin or bullion as defined under HB1630 from income.

Resources Required :

Computer programs, tax forms, and instructions will need to be updated. Programming costs for the Arkansas Integrated Revenue System (AIRS) is estimated at \$8,000.

Time Required :

Adequate time is provided for implementation.

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Procedural Changes :

Department employees and the tax community will need to be educated on the new exemption.

Other Comments :

None.

Legal Analysis :

HB1630 appears to contain the following drafting errors:

- The bill contains two sections that are titled "Section 2"; and
- The bill states that Section 1 is effective for tax years beginning on and after January 1, 2023. However, it appears that Section 2, rather than section 1, should be effective for tax years beginning on or after January 1, 2023.