

Fiscal Estimate Narratives

DOR 2/13/2023

LRB Number	23-0488/1	Introduction Number	AB-0029	Estimate Type	Original
Description a sales and use tax exemption for precious metal bullion					

Assumptions Used in Arriving at Fiscal Estimate

Under the bill, sales of precious metal bullion would be exempt from sales and use tax. The bill defines "precious metal bullion" as coins, bars, rounds, or sheets that contain at least 35 percent gold, silver, copper, platinum, or palladium.

Using department data, companies with names descriptive of products to be exempted under the bill, collected approximately \$3.7 million of sales taxes in FY 2022. Many of the companies are "coin and stamp" or "coin and jewelry" companies and an unknown portion of the taxes paid by these companies would be for jewelry, stamps, and other taxable sales. On the other hand, there may be other companies and individuals that sell precious metals under non-descriptive business names that have not been included in this tally. The fiscal effect in any particular year may differ to reflect changes precious metal prices, which can fluctuate significantly.

County sales and use taxes were 8.1% of state sales and use taxes in FY22. Assuming this percentage does not change, county taxes would decrease by \$298,000 (\$3.7 million x 8.1%) per year under the bill.

Because this bill reduces tax revenue, it may impact the state's maintenance of effort requirement under the American Rescue Plan Act. The Dept of Administration should review this bill for this specific purpose to provide further clarity on the matter.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-0488/1	Introduction Number AB-0029	
Description a sales and use tax exemption for precious metal bullion		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:		
	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$-3,700,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$-3,700,000
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-3,700,000	-\$298,000
Agency/Prepared By	Authorized Signature	Date
DOR/ Travis Arthur (608) 266-8565	Robert Schmidt (608) 266-5773	2/13/2023