

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 396** HLS 17RS 757
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 17, 2017 9:56 AM	Author: DWIGHT, ABRAHAM
Dept./Agy.: REVENUE	Analyst: Benjamin Vincent
Subject: Sales & Use Tax Exemption: Gold, Silver, Numismatic Coins	

TAX/SALES-USE, ST-EXEMPT OR -\$400,000 GF RV See Note Page 1 of 1
 Fully exempts purchases of gold, silver, or numismatic coins, or platinum, gold, or silver bullion from the state sales tax.

Current law partially suspends a full state sales tax exemption on purchases of gold, silver, or numismatic coins, or platinum, gold, or silver bullion until 01 July 2018, at which time these transactions will become fully exempt. Current law imposes a 3% state sales tax rate on these transactions.

Proposed law fully exempts these specific transactions from the state sales tax as of June 1, 2017 (for FY18 and for the final month of FY17).

Effective June 1, 2017.

EXPENDITURES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	(\$400,000)	\$0	\$0	\$0	\$0	(\$400,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	(\$400,000)	\$0	\$0	\$0	\$0	(\$400,000)

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The 3% tax that applies to purchases of gold, silver, or numismatics coins, and platinum, gold, or silver bullion was imposed by Acts 25 and 26 of the 2016 1st Extraordinary Session, prior to which these transactions were fully exempt. Current law provides that the 3% rate will apply until 01 July 2018, at which time these transactions will regain full exemption. Therefore, the proposed bill will have no effect on FY19 and later.

Based on sales data received since June 2016, LDR anticipates annualized sales of \$13.0M in FY17 for these items. Exempting the 3% of sales tax provided by current law implies a revenue loss of \$400,000 for FY18.

Proposed law would also reduce FY17 sales tax collections, as it would take effect on 01 June 2017.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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