

DEPARTMENT OF TAXATION

2022 Fiscal Impact Statement

1. **Patron** Amanda E. Batten

2. **Bill Number** HB 936

3. **Committee** Passed House and Senate

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Retail Sales and Use Tax Exemption: Gold, Silver, and Platinum Bullion

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. **Summary/Purpose:**

This bill would extend the sunset date for the exemption from the Retail Sales and Use Tax for sales of gold, silver, and platinum bullion and legal tender coins until June 30, 2025 and remove the limitation that only purchases in excess of \$1,000 are eligible for the exemption.

Under current law, the exemption for sales of gold, silver, and platinum bullion and legal tender coins is available only to purchases in excess of \$1,000 and is scheduled to expire on June 30, 2022.

If enacted during the regular session of the 2022 General Assembly, this bill would become effective July 1, 2022.

6. **Budget amendment necessary:** No.

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

8. **Fiscal implications:**

Administrative Costs

The Department of Taxation ("the Department") considers implementation of this bill as routine and does not require additional funding.

Revenue Impact

As the extension of expiring sales tax exemptions is assumed in the official revenue forecast, extension of the sunset date for the exemption would have no revenue impact. Removal of the \$1,000 purchase price threshold would result in an unknown but likely minimal loss to state and local revenues.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Current Law

The Retail Sales and Use Tax is imposed on sales of tangible personal property. The *Virginia Code* defines “tangible personal property” as personal property “which may be seen, weighed, measured, felt, or touched, or is in any other manner perceptible to the senses.” Stocks, bonds, notes, insurance and other obligations and securities are specifically excluded from this definition.

In general, coins and currency are considered tangible personal property and are subject to the tax unless a specific exemption applies. Under current law, however, exchanges of United States currency and foreign currencies are not subject to Virginia sales tax. The currencies used in the United States and foreign countries represent valid and legal offers for payment of debts to creditors. The exchange of currencies is not a sale of tangible personal property for sales and use tax purposes.

Legislation enacted in the 2015 Session of the General Assembly, House Bill 1648 and Senate Bill 1336 (2015 *Acts of Assembly*, Chapters 620 and 629) granted a Retail Sales and Use Tax exemption for the sale of gold, silver, and platinum bullion where the sales price for the transaction exceeds \$1,000. “Gold, silver, or platinum bullion” means gold, silver, or platinum, and any combination thereof, that has gone through a refining process and is in a state or condition such that its value depends on its mass and purity and not on its form, numismatic value, or other value.

Legislation enacted during the 2017 Session of the General Assembly, House Bill 1668 and Senate Bill 934 (2017 *Acts of Assembly*, Chapters 48 and 445) extended the sunset date for the exemption for gold, silver, and platinum bullion to June 30, 2022 and also extended the exemption to include legal tender coins. “Legal tender coins” means coins of any metal content issued by a government as a medium of exchange of payment of debts.

Pursuant to Item 3-5.14 of the 2020 Appropriation Act, the Department published a report regarding the revenue impact of every sales tax exemption and income tax credit scheduled to expire on or before June 30, 2025. This report included information regarding the sales tax exemption for qualifying gold, silver, and platinum bullion and legal tender coins. See 2020 Report Document 487.

In addition, Item 3-5.14 of the 2021 Appropriation Act prohibits the General Assembly from advancing the sunset date of any existing sales tax exemption beyond June 30, 2025.

Proposal

This bill would extend the sunset date for the exemption from the Retail Sales and Use Tax for sales of gold, silver, and platinum bullion and legal tender coins until June 30, 2025 and remove the limitation that only purchases in excess of \$1,000 are eligible for the exemption.

If enacted during the regular session of the 2022 General Assembly, this bill would become effective July 1, 2022

Similar Legislation

House Bill 3 and **Senate Bill 26** would extend the sunset date for the exemption from the Retail Sales and Use Tax sales for gold, silver, and platinum bullion and legal tender coins when the sales price for the transaction exceeds \$1,000 until 2025.

cc : Secretary of Finance

Date: 03/23/2022 VB
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