



Support for Eliminating Sales Taxes on Gold & Silver Included in House Bill 110

Chairman Dolan, Vice Chair Gavarone, Ranking Member Sykes, and the other distinguished members of the Senate Finance Committee, thank you for the opportunity to testify before you today. The Sound Money Defense League strongly urges you to reconsider Ohio's bad policy of taxing the purchase of gold and silver, i.e. vital financial insurance, by restoring the sales tax exemption Ohio once had in place as to precious metals.

The latest version of HB 110 restores this important exemption.

Forty states already DO NOT charge sales tax on the purchase of the monetary metals. Gov. Hutchinson of Arkansas just signed an exemption on purchases of precious metals into law. Tennessee, Maine, New Jersey, and Alabama are in the process holding hearings on similar measures.

Ohio's discriminatory taxation hurts small-time savers and investors – and has made the Buckeye State one of the very worst states in the nation on the sound money issue, including most neighboring states.

The current policy is harmful to Ohio businesses while also being counterproductive in raising net tax revenues for the state (by driving economic activity elsewhere, as explained below).

Ohio lawmakers should immediately reverse the policy of levying sales tax on precious metals for the following reasons:

- **Ohio does not tax the purchase of any other investment.** Ohio does not tax the purchase of stocks, bonds, ETFs, currencies, and other financial instruments. Gold and silver are held as forms of savings and investment. Taxing precious metals is a de-facto investment penalty on certain savers and investors.
- **Levying sales taxes on precious metals is inappropriate.** Sales taxes are typically levied on final consumer goods. Computers, shirts, and shoes carry sales taxes because the consumer is "consuming" the good. Precious metals are inherently held for resale, not "consumption," making the application of sales taxes on precious metals inappropriate.
- **Studies have shown that taxing precious metals is an inefficient form of revenue collection.** The results of one study involving Michigan show that any precious metals tax proceeds Ohio gains are likely surpassed by the state revenue *lost* from conventions, businesses, and economic activity that are driven out of the state.

The harm is exacerbated when you consider that many of Ohio's neighbors, including Indiana, Michigan, Pennsylvania, and West Virginia have already stopped taxing gold and silver. Tennessee is considering exempting precious metals from their sales tax this year.

- **Taxing precious metals is harmful to citizens attempting to protect their assets.** Purchasers of precious metals aren't "fatcat" investors. Most who buy precious metals do so in small increments as a way of saving money. Precious metals investors are purchasing precious metals as a way to preserve their wealth against the damages of inflation. Inflation harms the poorest among us, including pensioners, Ohioans on fixed incomes, wage earners, savers, and more.

In 2016, the state of Louisiana experimented briefly with slapping sales taxes on precious metals purchases. *They quickly reversed course only one year later -- and reinstated the exemption on precious metals -- because businesses, coin conventions, and state tax revenues were leaving the state.*

Meanwhile, 40 states have removed some or all sales taxes from gold and silver. Ohio currently stands against the vast majority of its peers and its neighbors.

We strongly urge you to consider fixing this policy error by removing sales taxes from precious metals purchases in Ohio.

Feel free to call me at 404-948-8935 or email me at jp.cortez@soundmoneydefense.org to discuss this important subject. Thanks again for your time and consideration.