

Andrew Reames
President
Crossroads Coins, Inc.
Since 1978

Reference: HB 110
18 May 2021

Chairman Dolan, Vice-Chair Gavarone, Ranking Member Sykes, and members of the Senate Finance Committee,

I want to sincerely thank you for taking the time to listen to my testimony as a proponent of House Bill 110. My name is Andrew Reames; and, I am here representing Crossroads Coins, Inc., located just north of Dayton. I am the third generation in our family business which has operated a retail storefront since 1978.

As a long-standing Ohio small business, we strive to offer competitive pricing, both on the buy and the sell side of our business. One of our core offerings is gold and silver bullion. Many of our current and future customers look to these products as a form of wealth preservation and a hedge against the inflation. Currently the State of Ohio charges a sales tax on all forms of precious metal investments. Applying a commonsense definition of money, one would be forced to conclude that commodities, and particularly precious metals, are indeed money.

The most popular ETF's, GLD(gold), and SLV(silver), which trade like stocks, are available to the general public with great ease and without sales tax. It is in essence the same concept; however, the difference is you cannot take delivery of these products. So why are we penalizing Ohioans with a tax on a product that has a long-standing definition of money, and can be bought legally in other forms without paying the sales tax?

I would like to offer one of the countless examples of lost business we incurred because of this tax. A local family doctor, who was extremely concerned about inflation, came to us about investing in gold. He wished to purchase a "case" of 500 American Gold Eagle bullion coins. At the time this represented an investment of approximately \$850,000.00. The doctor knew exactly what he wanted. He knew we had an extremely competitive price; and, he knew he wanted to diversify. He asked if there were any other fees associated with this transaction. When I explained to him that this was subject to sales tax in the State of Ohio, he stared at me in disbelief. He then proceeded to ask me why an investment of this magnitude would be sales taxable, whereas stocks, bonds, and ETF's would not be. We calculated the amount of tax. In this instance, he could have purchased an additional 35 gold coins with that money. Sadly, the doctor declined the entire transaction. The State of Ohio lost a CAT taxable sale of \$850,000.00 and the accompanying income taxable profits on our business.

In addition to revenues from sales, there are other less obvious but substantial benefits from this bill to the state. First, the ability to place more product with local customers ensures a much higher probability of repurchasing it from them or the heirs at some point. This means the state gets to make additional income and CAT tax on the same product, multiple times. Second, Ohio was looked favorably upon for trade shows in our industry. The large shows would attract thousands of attendees and dealers, which also spent money on hotels and dining in the host city. Sadly, these have all disappeared because of this law. And finally, eliminating this tax would help our business grow. I am 36, years old, I have many years left in my career. Letting us provide products to Ohioans that in turn provide those Ohioans with piece of mind in uncertain times benefits us, them, and the state.

Respectfully Submitted,

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