

Testimony of the National Coin & Bullion Association  
**IN SUPPORT OF**  
**HB 268: EXEMPT SALE OF INVESTMENT METAL BULLION AND COINS FROM SALES TAX**  
Submitted before the Ohio Senate Finance Committee  
May 18, 2021

Chair Dolan and members of the committee, thank you for allowing us to submit written testimony on HB 268. My name is David Crenshaw, and I am the executive director of the National Coin & Bullion Association, the national association representing the owners of businesses that deal in coins, currency, and precious-metal bullion, as well as those who collect and invest in these items. Our mission for over 37 years has been legislative and regulatory affairs on the state and federal level.

The sales-tax exemption on precious-metal bullion will increase tax revenue for Ohio in multiple ways. It will increase the number of coin businesses and industry jobs, generating revenue from additional income tax. As the volume of in-state retail sales increases, so too will sales taxes revenues on related items, like supplies, that are non-exempt. In addition, it is a proven fact that in the 38 states (soon to be 39 states) with sales tax exemptions, the hospitality industry has benefitted significantly from the opportunity to host small, medium, and large coin shows such as the American Numismatic Association World's Fair of Money and the Whitman Coin & Collectibles Expo.

The sales-tax exemption will also level the playing field for the small-business owner. Ohio's businesses would no longer lose customers to businesses in Indiana, Michigan, Pennsylvania, West Virginia, and the other 34 states that do have a sales-tax exemption. Additionally, Ohio residents would have the security of doing business and developing relationships with local vendors, sparing them the expense, inconvenience, and potential risks of purchasing these items out of state.

Please support this important exemption which will be beneficial to the state's tax revenue, to in-state businesses, and to in-state investors and collectors. (Additional information supporting this bill is below.) I can be reached at (678) 430-3252 should you request more information or wish to discuss this matter further. Thank you for the opportunity to submit this testimony.

Sincerely,



David Crenshaw  
Executive Director

Enclosures



## OHIO

### Benefits Exempting Coins, Currency, and Precious-Metals Bullion from Sales-Taxes

- Profits will increase for existing businesses.
- More jobs and higher pay will be available to Ohio workers.
- The increased number of in-state businesses and the related increase in employment will result in additional business-tax and sales-tax collections. (The Michigan Treasury, for example, estimates that 38.5% of Michigan payrolls are spent on merchandise on which Michigan sales taxes are collected.)
- The 2015 Numismatic Dealer Directory listed 1.41-coin dealers per 100,000 residents in Ohio while states with complete or partial sales tax exemptions on coins, currency, and precious metals bullion sales averaged 1.29-coin dealers per 100,000 residents.
- As sales of tax-exempt merchandise rises, so too will sales of merchandise that is still subject to sales tax—for example, collector supplies, jewelry, antiques, and other collectibles.
- The playing field will be leveled for small-business owners.
- The hospitality industry will benefit significantly from the opportunity to host small, medium, and large coin shows (as has been the case in the other 39 states with sales-tax exemptions).
- Ohio coin, currency, and precious-metals bullion businesses will no longer lose almost all customers to businesses in states with sales-tax exemptions, such as residents in seven of the ten largest cities in Ohio (Cleveland, Toledo, Akron, Canton, Parma, Youngstown, and Lorain) that live a short distance from coin dealers in neighboring states that do have sales tax exemptions on coins, currency, and precious-metals bullion.
- Ohio consumers will have the security of doing business and developing relationships with local vendors, sparing them the expense, inconvenience, and potential risks of purchasing these high-value items out of state.
- Smaller-scale investors will have a chance to deal locally without the burden of sales and use taxes, which affluent investors can easily avoid by purchasing commodities or arranging for storage out of state.
- Senior citizens, who can consult local businesses for a second opinion, will have more resources to avoid scam artists.
- All Ohio consumers will benefit from the fact that local brick-and-mortar businesses have more incentives to address local customer concerns and problems than do out-of-state businesses.
- Increased tax collections by the State Treasury.

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## SYNOPSIS

### Rare Coins and Precious-Metals Bullion National Survey 2015 Sales-Tax Collections

Coin dealers generate sales-tax collections in four different ways: 1) in-state retail sales of rare coins and precious-metals bullion, 2) in-state retail sales of other merchandise on which sales tax is collected, 3) spending by coin dealership staff who devote part of their income on merchandise subject to sales tax, and 4) hospitality industry sales to attendees at coin trade shows.

On the basis of this survey, ICTA conservatively concludes that, contrary to what might be expected, **when a state government enacts a rare-coin and precious-metals bullion sales-tax exemption, the state is almost certain to experience a net increase in total sales-tax collections.**

**Further, because of higher business activity and industry employment, states with such sales-tax exemptions also experience higher individual income-tax and business-tax collections.**

<u>2015 Revenue Sources, per Coin Dealer</u>	Taxable States	Exempt States	Diff.
<u><b>In-State</b></u>			
Retail sales of rare coins and precious metals	\$104,188	\$1,068,612	926%
Retail sales of other merchandise	\$29,269	\$98,659	237%
Services	\$2,390	\$15,088	531%
Wholesale sales	\$252,189	\$651,584	158%
<b>Total In-State Sales</b>	<b>\$388,036</b>	<b>\$1,833,943</b>	<b>372%</b>
<u><b>Out-of-State</b></u>			
Retail sales	\$214,639	\$1,857,931	766%
Wholesale sales	\$472,029	\$984,780	109%
<b>Total Out-of-State Sales</b>	<b>\$686,668</b>	<b>\$2,842,711</b>	<b>314%</b>
<b>TOTAL SALES</b>	<b>\$1,074,704</b>	<b>\$4,676,654</b>	<b>335%</b>

<u>2015 Sales Taxes Collected, per Coin Dealer</u>			
Sales of sales-taxable rare coins and precious metals	\$5,423	\$0	-100%
Sales of sales-taxable merchandise—other	\$1,520	\$5,213	243%
<b>TOTAL SALES TAXES COLLECTED</b>	<b>\$6,943</b>	<b>\$5,213</b>	<b>-25%</b>

<u>Average Number of 2015 Coin Trade Shows Where Coin Dealers Hosted Booths</u>			
In-state	2.9	5.7	97%
Out-of-state in states with no coin/bullion exemption	1.3	0.5	-62%
Out-of-state in states with coin/bullion exemptions	5.3	4.6	-13%
<b>TOTAL</b>	<b>9.5</b>	<b>10.8</b>	<b>14%</b>

Proportion of taxable sales in taxable states consisting of merchandise other than coins or precious-metals bullion: **21.9%**

Total sales in taxable states not affected by enacting a coin/bullion sales-tax exemption: **90.3%**

Percentage of forsaken sales-tax collections from coin/bullion exemption replaced by increased sales of other merchandise still subject to sales tax  $[(\$5,213 - \$1,520) / \$5,423]$ : **68.1%**

Percentage of forsaken sales-tax collections from coin/bullion exemption replaced by increased sales-taxable purchases that result from higher industry personal incomes (estimated): **50-200%**

Percentage of forsaken sales-tax collections from coin/bullion exemption replaced by increased sales-taxable purchases that result from increased hospitality industry sales (estimated): **10-200%**

For more information, please contact ICTA by calling (678) 430-3252 or by emailing [icta@ictaonline.org](mailto:icta@ictaonline.org).

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## The Difficulty of Calculating Potentially Lost Sales-Tax Collections from Exempting Coins, Currency, and Precious-Metals Bullion from Ohio Sales and Use Tax

Prepared by Patrick A. Heller, CPA  
Owner of Liberty Coin Service, Lansing, Michigan (1981-2014)

- Surveys conducted in the 1990s of coin dealers in Kentucky and in Ohio both determined that about 50% of in-state retail coin dealer sales involve merchandise other than what would be impacted by a sales-tax exemption for coins, currency, and precious-metals bullion products.
- Many brick and mortar coin dealers are jewelers or antique stores that also handle a small volume of rare coins, currency, and precious-metals bullion.
- It is therefore not possible to pull up data on sales-tax remittances from Ohio businesses identified as coin dealers and know how much of these taxes resulted from sales of coins, currency, and precious-metals bullion.
- Using Dun & Bradstreet data in the mid-1990s, I calculated that my company collected about 25% of industry-wide Michigan sales-taxes on coin and precious-metals bullion sales. At the maximum, we collected almost \$48,000 annually on such sales, indicating that statewide sales-tax collections on such products totaled less than \$200,000. The Michigan Treasury and House and Senate fiscal agencies rounded this amount up to \$300,000 in annual sales-tax collections in their analyses of a coins and precious-metals bullion sales-tax exemption that took effect in July 1999.
- The impact on paying sales-tax on coin and precious-metals sales is so sensitive that when the Michigan sales-tax rate rose from 4% to 6% on May 1, 1994, my company's sales-taxable retail sales fell almost exactly one-third in the following 12 months compared to the 12 months before the rate increase.
- In 2013, the Ohio Legislative Service Commission projected that a sales-tax on coins and precious-metals bullion would collect between \$7 million and \$8 million.
- The retail profit margins on precious-metals bullion products are usually in the 1-5% range. These are the bulk of sales volume for dealers who sell coins, currency, and precious-metals bullion. Collecting Ohio sales-tax on the sales of such products yields greater net revenues to the state treasury than the gross profit to the company making the sale.
- Precious-metals bullion products and many coins are fungible, meaning that matching products can be purchased from thousands of sellers located nationwide.
- Ohio purchasers of coins, currency, and precious-metals bullion can now easily purchase these products from non-Ohio sellers who do not have to charge Ohio sales-tax. If these purchases are stored in Delaware depositories, safe deposit boxes in neighboring states such as Indiana, Michigan, Pennsylvania, and West Virginia, or elsewhere outside of Ohio—as is generally done by more prosperous Ohio residents—no Ohio sales or use tax would ever be due on such purchases.
- When coins and precious-metals bullion were subject to Michigan sales-tax when purchased in-state, in-state retail transactions of \$5,000 or larger for such merchandise accounted for about 1% of my company's in-state retail sales. By the year 2011, my company's total in-state retail sales of coins and precious-metals had increased more than 2,500% (versus about a 500% increase for our in-state wholesale and out of state sales) from when the sales-tax exemption took effect. Of this larger sales volume, transactions of \$5,000 or more accounted for 94% of total in-state retail sales volume.
- Therefore, any analysis such as using U.S. Mint sales volume to calculate state sales in proportion to that state's population to the national population is statistically invalid. For a more accurate figure, ICTA's 2016 national survey of actual coin dealer activity for the year 2015, determined that the average annual in-state retail sales of coins and precious-metals bullion came to \$104,188 per dealer of those in states where such merchandise is subject to sales-taxes. In the 2015 *Numismatic Dealer Directory*, there were listed 164 Ohio dealers. Calculating  $164 \times \$104,188 \times 6.5\% =$  about \$1,110,644 in annual state sales tax collections. Local sales tax collections may add another \$110,000. The number of dealers has almost certainly declined since the exemption was revoked recently, so that the current industry sales tax collections are likely to be much lower than in 2015.

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# Liberty Coin Service

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Lansing, Michigan 48912

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Phone (517) 351-4720  
Fax (517) 351-3466  
Email [path@libertycoinservice.com](mailto:path@libertycoinservice.com)

March 14, 2012

Diane Piret, Legislative Affairs Director  
Industry Council for Tangible Assets  
PO Box 1365  
Severna Park, MD 21146

Dear Ms Piret:

At your request, I document the impact of Michigan's sales and use tax exemption on the retail sale of precious metals bullion and rare coins that took effect on July 7, 1999 in terms of this company's change in state and local income, sales, and other taxes.

To do this, I have compared our Michigan single business and Michigan business tax, sales tax, and withheld income tax collections, and the City of Lansing corporate income and withheld income tax collections for the calendar years 1997 and 2011. I have used the year 1997 as the pre-exemption baseline since the markets of 1998 and 1999 were atypical as a result of Y2K concerns of possible technological calamities on January 1, 2000.

Here is the breakdown of the components making up these numbers.

<i>Category</i>	<i>1997</i>	<i>2011</i>	<i>Change</i>
<b>Total Michigan retail sales</b>	806,770.16	21,697,310.36	+20,890,540.20 +2,589%
<b>Michigan wholesale sales</b>	1,014,534.31	6,370,136.60	+5,355,602.29 +528%
<b>Total Michigan sales</b>	1,821,304.47	28,067,446.96	+26,246,142.49 +1,441%
<b>Out of state sales</b>	4,482,906.89	36,122,826.57	+31,639,919.68 +706%
<b>Total company sales</b>	6,304,211.36	64,190,273.53	+57,886,062.17 +918%
<b>Number of employees/contractors at December 31</b>	7	24	+17 +243%
<b>Total payroll and contractors</b>	251,051.91	2,279,793.00	+2,028,741.09 +809%

**Michigan tax impact**

<b>1. Sales taxes collected on company sales*</b>	47,130.78	3,298.79	-43,831.99 -93%
<b>2. Sales tax paid on increased payroll spent on taxable items (payroll x 38.5% x 6%)**</b>	5,799.30	52,663.22	+46,863.92 +808%
<b>3. Michigan income tax withheld</b>	9,900.41	91,684.12	81,783.71 +826%
<b>4. Single business tax (1997) and estimated Michigan Business Tax (2011)</b>	2,880.00	60,000.00	57,120.00 +2,160%
<b>Total Michigan Tax Collections</b>	<b>65,710.49</b>	<b>207,646.13</b>	<b>+141,935.64</b> <b>+216%</b>

**City of Lansing tax impact**

<b>5. Lansing corporate income tax</b>	0.00	2,100.00	+2,100.00
<b>6. Lansing income tax withheld</b>	1,594.10	17,500.91	+15,906.81 +998%
<b>Total Lansing Tax Collections</b>	<b>1,594.10</b>	<b>19,600.91</b>	<b>18,006.81</b> <b>+1,130%</b>

<b>Total Michigan and Lansing Tax Collections</b>	<b>67,304.59</b>	<b>227,247.04</b>	<b>+159,942.45</b> <b>+238%</b>
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**Other miscellaneous information**

<b>Advertising expenditures in Michigan</b>	<b>27,964.00</b>	<b>162,616.83</b>	<b>+134,652.83</b> <b>+482%</b>
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\* Unlike most coin dealers who typically do substantial business in merchandise not affected by the sales tax exemption (such as jewelry, antiques, sports memorabilia, and the like), this company is almost exclusively focused on the sales of rare coins and precious metals bullion. Although we do not have a breakdown of 1997 sales of merchandise that was of merchandise not affected by the sales tax exemption (collector currency, hobby supplies, jewelry), I am confident that these sales have at least doubled. In 1997, our showroom averaged about 90 visitors per weekday. In 2011, our showroom averaged more than 250 visitors during each weekday.

\*\* This computation uses the Michigan Treasury published research that 38.5% of Michigan payrolls are spent on items subject to Michigan sales tax.

Actual copies of this company's 1997 and 2011 Michigan Annual Returns for Sales, Use, and Withholding Taxes, the Michigan Single Business Tax returns, Michigan Business Tax returns, Lansing corporate income tax returns, and the Lansing withholding tax annual returns are available upon request.

Thank you for your request. The current rare coins and precious metals sales and use tax exemption represents a win-win-win situation for Michigan's economy--businesses, employees, investors and collectors, and the State Treasury.

Sincerely,



Patrick A. Heller, CPA  
President  
Liberty Coin Service

# Hyatt Coin & Gun Shop

Tel. 704-394-0387

3332 Wilkinson Blvd.  
Charlotte, NC 28208

Fax: 704-399-3388

November 5, 2018

David Crenshaw, Chief Operating Officer  
Industry Council for Tangible Assets  
PO Box 237  
Dacula, GA 21403

Dear Mr. Crenshaw:

I write in response to your request asking how my business, Hyatt Coin and Gun Shop, Inc., has been impacted by North Carolina's adoption of a rare coins, precious metals, and currency sales and use tax exemption that became effective on July 25, 2017.

We have observed several developments. Among them are:

- Significant growth in purchases by existing in-state retail customers, both in frequency and in size of transaction.
- Significant expansion in the number of new in-state retail customers, which expansion is accelerating as more residents learn about the exemption.
- Significant growth of in-state retail sales of other merchandise we handle where such sales are still subject to North Carolina sales tax.
- To handle the surge in sales we have added five full-time and two part-time staff since enactment of this exemption became apparent. We are planning to soon hire one more full-time employee as our sales continue growing.
- Significant increase in our local advertising expenditures.
- Because of the growth of our in-state retail sales, we are liquidating less inventory to in-state and out-of-state wholesalers.

With the increase in sales tax collections on other merchandise we handle that is subject to the tax, the imputed increase in sales tax (and individual income tax) collections from the additional payroll, and the higher business activity from our expanded advertising, I project that the North Carolina Treasury is, barely 15 months after adoption of this sales and use tax exemption, already collecting more total taxes because of this company than it did before the exemption.

If you have questions or we can be of further assistance, please call me at (704) 394-0387 or email me at [mitch@hyattcoins.com](mailto:mitch@hyattcoins.com).

Sincerely,



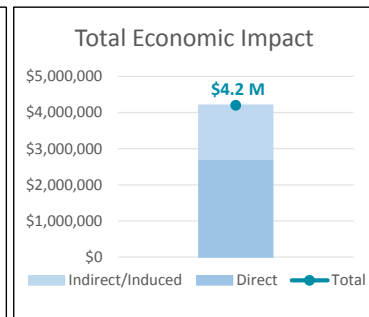
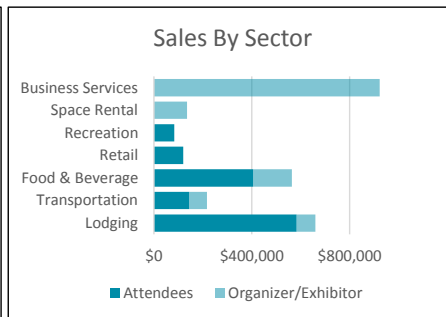
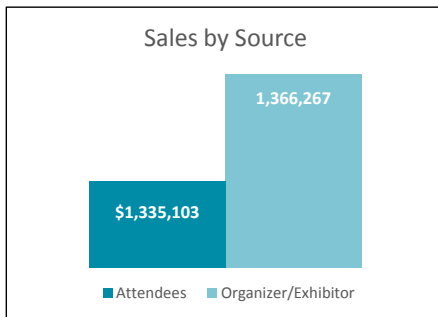
Mitchell Hyatt  
Hyatt Coin & Gun Shop, Inc  
3332 Wilkinson Blvd  
Charlotte, NC 28208

## Event Impact Analysis: 2018 WFM Annual

Host City: Philadelphia

Event Summary			
<b>Event Name:</b>	2018 WFM Annual	<b>Total Attendance:</b>	9,939
<b>Organization:</b>	American Numismatic Assn.	<b>Overnight Attendees:</b>	743
<b>Event Type:</b>	Convention	<b>Day Attendees:</b>	9,196
<b>Start Date:</b>	8/15/2018	<b>Total Room Nights:</b>	3,150
<b>End Date:</b>	8/18/2018	<b>Peak Rooms:</b>	675

Direct Spending			
Industry	Attendees	Organizer/Exhibitor	Total
Lodging	\$582,750	\$76,993	\$659,743
Transportation	\$143,746	\$72,794	\$216,540
Food & Beverage	\$405,811	\$158,113	\$563,924
Retail	\$119,714	\$0	\$119,714
Recreation	\$83,082	\$0	\$83,082
Space Rental	\$0	\$135,358	\$135,358
Business Services	\$0	\$923,009	\$923,009
<b>Total</b>	<b>\$1,335,103</b>	<b>\$1,366,267</b>	<b>\$2,701,370</b>



Total Economic Impact			
	Direct	Indirect/Induced	Total
<b>Business Sales (Spending)</b>	2,701,370	1,504,102	<b>4,205,471</b>
<b>Jobs Supported</b>	752	179	<b>930</b>
<b>State &amp; Local Tax Revenues</b>	\$271,934	\$82,564	<b>\$354,497</b>
State	\$124,361	\$43,438	\$167,799
Local	\$147,573	\$39,126	\$186,698

**Definitions:**

**Total Room Nights:** Calculated total room nights generated. Incorporates event duration, attendees, event type, occupancy per room and average length of stay. Calculates room demand regardless of the contracted room pick-up.

**Direct Spending:** Sum of visitor, meeting planner and exhibitor spending. Equivalent to delegate expenditure.

**Indirect & Induced Spending:** Includes indirect (B2B supply chain purchases) and induced (incomes spent in the local economy) business sales.

**Total Economic Impact:** Includes *direct*, *indirect* and *induced* business sales. The most complete view of the economic impact (based on available data) of an event as it includes secondary spending flows through the local economy.

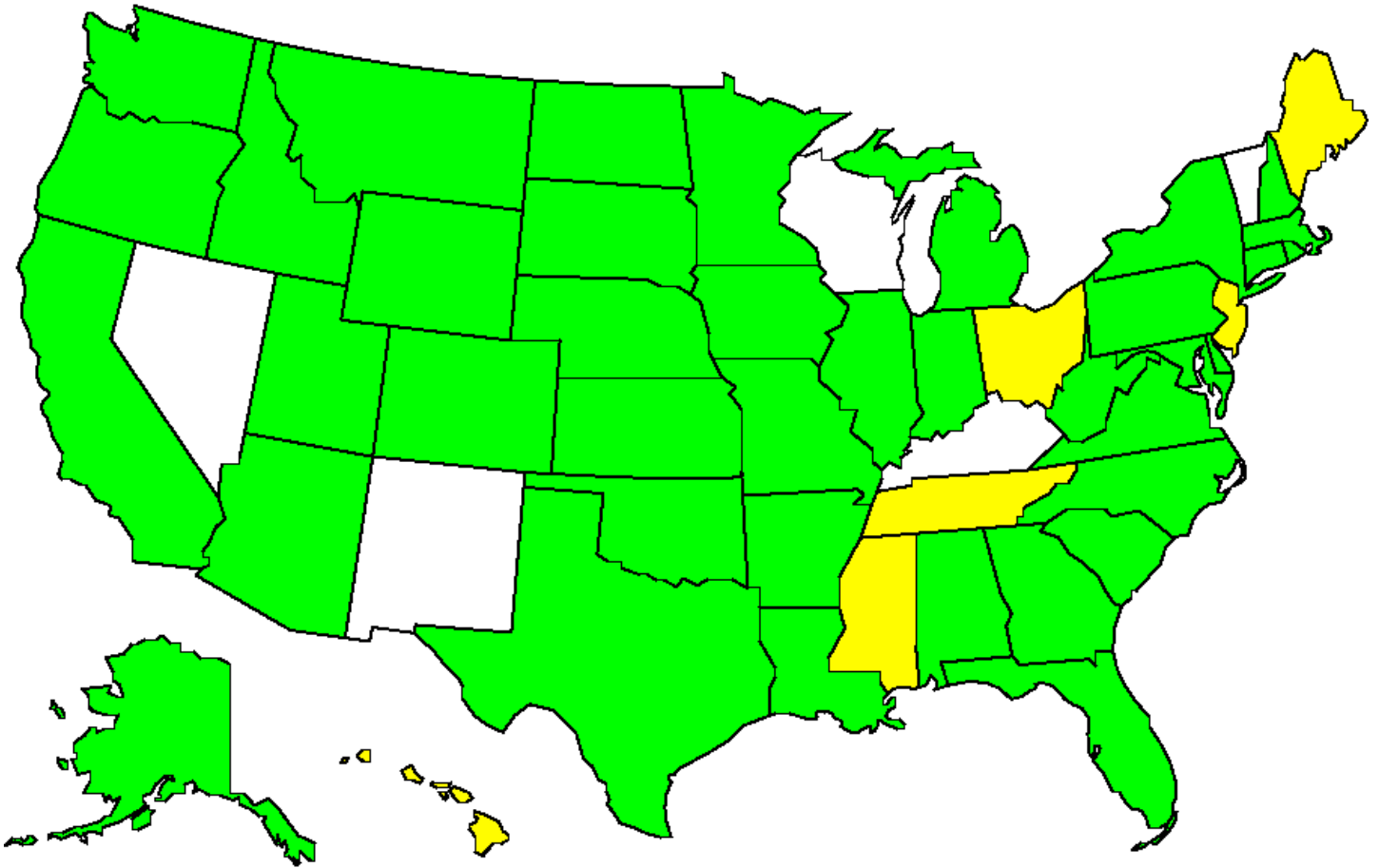
**Jobs Supported:** Includes the employment supported by all event-related business sales (direct, indirect and induced).



**State/Local Taxes:** Sum of direct, indirect and induced taxes generated by an event, including income, bed, sales and other local and state taxes.





# National Coin & Bullion Association States Sales Tax Map



-  States that are exempt from sales/use tax or have some form of exemption from sales/use tax for coins, currency, or precious-metals bullion. For more information, see [Sales-Tax Status by State](#).
-  States that have ongoing initiatives to exempt sales/use tax on coins, currency, or precious-metals bullion.

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