



National Coin & Bullion Association

IN SUPPORT OF A

COLORADO SALES AND USE TAX EXEMPTION

FOR THE SALE OF COINS AND PRECIOUS-METALS BULLION

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COLORADO

Benefits Exempting Coins and Precious-Metals Bullion from Sales-Taxes

- Profits will increase for existing businesses.
- More jobs and higher pay will be available to Colorado 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 1.72-coin dealers per 100,000 residents in Colorado while states with complete or partial sales tax exemptions on coins and precious metals bullion sales averaged 1.29-coin dealers per 100,000 residents. In the 2015 Numismatic Dealer Directory there were 94 dealers listed for the state.
- 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 38 states with sales-tax exemptions).
- Colorado coins, currency, and precious-metals bullion dealers will no longer lose almost all customers to Arizona, Utah, Wyoming, Nebraska, Kansas, and Oklahoma, states with such sales tax exemptions. Residents in the Colorado cities of Fort Collins, Durango, Grand Junction, and Denver and its suburbs can easily drive to dealers in these neighboring states to spend their money.
- Colorado 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 Colorado 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>In-State</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%
Total In-State Sales	\$388,036	\$1,833,943	372%
<u>Out-of-State</u>			
Retail sales	\$214,639	\$1,857,931	766%
Wholesale sales	\$472,029	\$984,780	109%
Total Out-of-State Sales	\$686,668	\$2,842,711	314%
TOTAL SALES	\$1,074,704	\$4,676,654	335%

<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%
TOTAL SALES TAXES COLLECTED	\$6,943	\$5,213	-25%

<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%
TOTAL	9.5	10.8	14%

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.

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The Difficulty of Calculating Potentially Lost Sales-Tax Collections from Exempting Coins, Currency, and Precious-Metals Bullion from Colorado 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, paper money, and precious-metals bullion products.
- Many brick and mortar coin dealers are jewelers or antique stores that also handle a small volume of coins, paper money, and precious-metals bullion.
- It is therefore not possible to pull up data on sales-tax remittances from Colorado businesses identified as coin dealers and know how much of these taxes resulted from sales of coins, paper money, 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 2005, the Ohio budget staff projected that a sales-tax on coins and precious-metals bullion would collect \$1 million over the two-year budget cycle.
- 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, paper money, and precious-metals bullion. Collecting Colorado 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.
- Colorado purchasers of coins, paper money, and precious-metals bullion can now easily purchase these products from non-Colorado sellers who do not have to charge Colorado sales-tax. If these purchases are stored in Delaware depositories, safe deposit boxes in neighboring states such as Arizona, Utah, Wyoming, Nebraska, Kansas, Oklahoma, or elsewhere outside of Colorado—as is generally done by more prosperous Colorado residents—no Colorado 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.
- ICTA's 2016 national survey of national coin dealer activity for the year 2015 determined that the average in-state retail sales of merchandise for states with partial or complete sales tax exemptions was \$1,167,271 per dealer and that the average in-state retail sales of merchandise for states without such sales tax exemptions was \$133,457 per dealer. Loss of Colorado's existing sales tax exemption could result in a decline in in-state retail merchandise sales of 89%.

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2023 World's Fair of Money

August 8th – 12th, 2023

Generated an estimated

\$9.9M

in direct visitor and resident spend
for Allegheny County

Final total attendance: 8,000

- 75% of attendees were from out of town
- 25% of attendees were local

Major Spend by Category

\$2.8M



Food & Beverage

\$912K



Transportation

\$265K



Recreation

\$3.6M



Lodging

\$383K

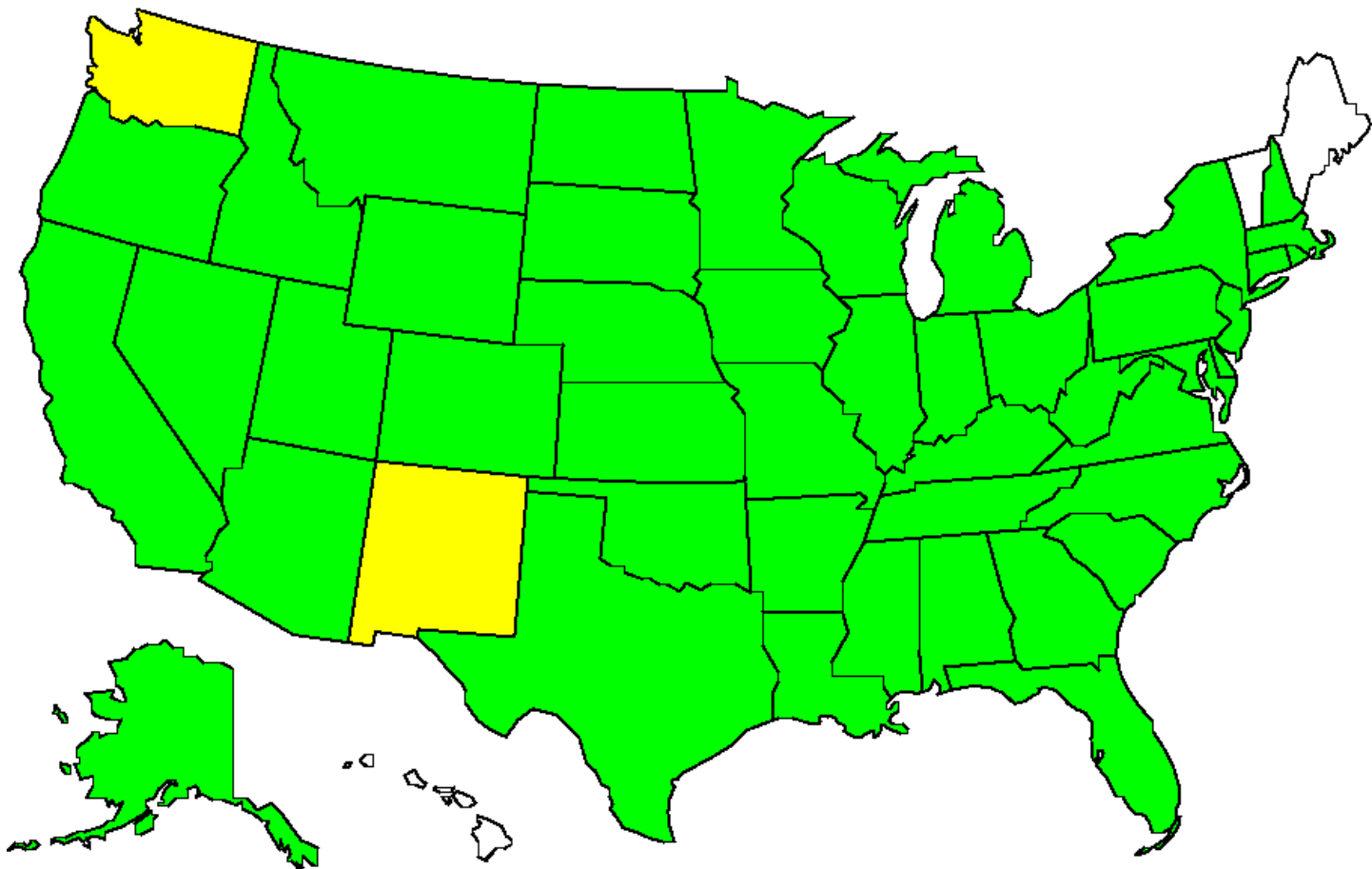




Retail

VISIT 
PITTSBURGH



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, paper money, or precious-metals bullion.

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