MINNESOTA·REVENUE

SALES AND USE TAX
Bullion Coins

March 14, 2014

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 2008 (Franzen) As Proposed to be Amended (SCS2008A-1)

	Fund Impact			
	F.Y. 2014	**F.Y. 2015**	**F.Y. 2016**	**F.Y. 2017**
		(000's)		
General Fund	$0	($430)	($500)	($520)
Natural Resources and Arts Funds	$0	($30)	($30)	($30)
Total – All Funds	$0	($460)	($530)	($550)

Effective for sales and purchases made after June 30, 2014.

EXPLANATION OF THE BILL

Bullion coins are tangible personal property and are subject to sales tax when the items are purchased in Minnesota and subject to use tax when brought into Minnesota. The tax is based on the purchase price, regardless of the value of the item when it is purchased.

The bill would exempt any bullion coin containing more than 1% by weight of silver, gold, platinum, or other precious metal from the sales and use tax.

REVENUE ANALYSIS DETAIL

- It is estimated that there are about 100 coin dealers in Minnesota. It is expected that most coin dealers sell collectible or investment bullion coins. Bullion coin dealers will be subject to licensing in Minnesota starting July 1, 2014. The Department of Commerce reports that it is implementing a licensing program that will identify bullion coin sellers.
- The estimate is based on Minnesota sales tax statistics. The total sales tax remitted by Minnesota coin, bullion, and collectibles dealers for calendar year 2013 is estimated to be $700,000.
- The 2013 sales tax collections are increased by 30% to account for taxable Minnesota sales made by vendors that were not specifically identified in the sales tax statistics.
- It was estimated that 50% of the tax was for bullion coins.
- The estimate assumes that sales tax collections will increase by 5% annually.
- The estimate for fiscal year 2015 reflects the effective date of July 1, 2014.

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