

May 7, 2021

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F 2481 (Olson) / S.F. 2419 (Rosen)

	Fund Impact			
	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>
	(000's)			
General Fund	(\$1,340)	(\$1,500)	(\$1,550)	(\$1,590)
Natural Resources and Arts Funds	<u>(\$70)</u>	<u>(\$90)</u>	<u>(\$90)</u>	<u>(\$90)</u>
Total – All Funds	(\$1,410)	(\$1,590)	(\$1,640)	(\$1,680)

Effective for sales and purchases made after June 30, 2021.

EXPLANATION OF THE BILL

Current Law: Bars and rounds of precious metal bullion with 99.9 percent or more by weight of either gold, silver, platinum, or palladium are exempt from sales and use tax.

Proposed Law: The bill expands the bullion exemption to bullion coins, removes the purity requirement, and adds currency. Bullion is redefined as bars, ingots, or commemorative medallions of gold, silver, platinum, palladium, rhodium, or a combination where the value of the metal depends on its content and not form. Coins and currency are defined as a coin or currency made of gold, silver, or other metal or paper which is, or has been, used as legal tender.

REVENUE ANALYSIS DETAIL

- Bullion product dealers selling in Minnesota are required to register with the Minnesota Department of Commerce. The estimates are based on sales tax remittances by dealers.
- Bullion sales increased in calendar year 2020. It is assumed purchases will adjust lower for the forecast period. Sales tax collections for calendar years 2019 and 2020 are averaged to determine the estimating base.
- An annual price growth of 3% is assumed.
- The fiscal year 2022 estimates are adjusted for eleven months of collections.
- There are approximately 120 licensed bullion dealers registered with the Department of Commerce.

Minnesota Department of Revenue
Tax Research Division
<https://www.revenue.state.mn.us/revenue-analyses>