

April 19, 2023

| | | |
|----------------------------------|------------|-----------|
| | Yes | No |
| DOR Administrative Costs/Savings | | x |

Department of Revenue
Analysis of H.F. 106 (Olson, B.) / S.F. 373 (Draheim)

| | Fund Impact | | | |
|----------------------------------|--------------------|------------------|------------------|------------------|
| | F.Y. 2024 | F.Y. 2025 | F.Y. 2026 | F.Y. 2027 |
| | (000's) | | | |
| General Fund | (\$1,800) | (\$2,100) | (\$2,200) | (\$2,300) |
| Natural Resources and Arts Funds | (\$100) | (\$100) | (\$100) | (\$100) |
| Total – All Funds | (\$1,900) | (\$2,200) | (\$2,300) | (\$2,400) |

Effective for sales and purchases made after June 30, 2023.

EXPLANATION OF THE BILL

Current Law: Precious metal bullion is exempt from the sales and use tax. Precious metal bullion is defined as bars or rounds that consist of 99.9 percent or more by weight of gold, silver, platinum, or palladium, and are marked with weight, purity, and content.

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 have fluctuated over the past few years. Sales tax collections for fiscal years 2020-2022 are averaged to determine an estimating base.
- It is estimated that collections will grow at a rate of 5%.
- The fiscal year 2024 estimates are adjusted for eleven months of collections.

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