

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3348-02  
BILL NO.: HB 1983  
SUBJECT: Revenue Department; Taxation and Revenue - General; Taxation and Revenue - Sales and Use.  
TYPE: Original  
DATE: March 6, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$17,158)	(\$24,022)	(\$25,223)
School District Trust	(\$5,719)	(\$8,007)	(\$8,408)
Conservation	(\$715)	(\$1,001)	(\$1,051)
Parks and Soil	(\$572)	(\$801)	(\$841)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$24,165)</b>	<b>(\$33,830)</b>	<b>(\$35,522)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>(\$8,579)</b>	<b>(\$12,011)</b>	<b>(\$12,611)</b>

Numbers within parentheses: ( ) indicate costs or losses  
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** state this proposal creates a sales and use tax exemption for bullion and investment coins. The DOR states the proposal would have no administrative impact to their department, and would have an unknown fiscal impact to total state revenues.

Officials from the **Office of Administration, Budget and Planning** state this proposal would have an unknown impact on total state revenues.

**Oversight** assumes, according to the Merchandise Product Lines report from the 1992 Census of Retail Trade, that coins, metals and other numismatic items account for roughly 0.1% of retail sales at jewelry stores. Oversight assumes this would represent coins and gold bullion as defined in this proposal. Also, total sales of jewelry in the United States totaled \$25,872,289,000. Therefore, assuming that coins and metals sold outside of jewelry stores is proportionate to coins and metals sold within jewelry stores, the total sales of coins and metals in the United States in 1992 is estimated to be \$25,872,289. Assuming that Missouri sales represent 1.9% of this total, \$491,573 of sales in Missouri in 1992 were for coins and metals. Growing the jewelry sales by 5% for all years since 1992, estimated sales in FY's 2001, 2002 and 2003 for coins and gold bullion are estimated to be \$762,591, \$800,721 and \$840,757 respectively. This would result in a loss in sales tax revenue of \$24,165 in FY 2001 (9 months), \$33,830 in FY 2002 and \$35,522 in FY 2003. The Merchandise Lines Report for the 1997 Census of Retail Trade should be available in May, 2000.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<b>GENERAL REVENUE</b>			
<u>Loss</u> - Sales tax exemption for sales of gold bullion and investment coins	(\$17,158)	(\$24,022)	(\$25,223)
<b>SCHOOL DISTRICT TRUST</b>			
<u>Loss</u> - Sales tax exemption for sales of gold bullion and investment coins	(\$5,719)	(\$8,007)	(\$8,408)

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**CONSERVATION**

<u>Loss</u> - Sales tax exemption for sales of gold bullion and investment coins	(\$715)	(\$1,001)	(\$1,051)
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**PARKS AND SOIL**

<u>Loss</u> - Sales tax exemption for sales of gold bullion and investment coins	(\$572)	(\$801)	(\$841)
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**CITIES AND COUNTIES**

<u>Loss</u> - Sales tax exemption for sales of gold bullion and investment coins	(\$8,579)	(\$12,011)	(\$12,611)
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FISCAL IMPACT - Small Business

Small businesses that sell or purchase investment coins or gold bullion would be fiscally impacted by this proposed legislation from changed collecting and reporting standards.

DESCRIPTION

This bill exempts from state and local sales and use tax any purchases of bullion and investment coins.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Revenue  
Office of Administration  
Budget and Planning

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is cursive and somewhat stylized, with the first name "Jeanne" written in a larger, more prominent script than the last name "Jarrett".

Jeanne Jarrett, CPA  
Director  
March 6, 2000