



Sound Money

DEFENSE LEAGUE

Pecunia Valida

Eliminate Kansas Income Taxes on Gold and Silver By Voting YES on SB 303

3/21/23

SB 303

Proponent

Jp Cortez

Sound Money Defense League

Chairman Thompson and Members of the Committee,

Thank you for the opportunity to testify before you today. I strongly urge you to vote YES on Senate Bill 303, a measure to exclude from gross income any net capital gain derived from the exchange of precious metals bullion.

Policies that penalize savers in precious metals reduce the likelihood that Kansas citizens will take prudent steps to insulate themselves from the inflation and financial turmoil caused by the Federal Reserve.

In recent years, legislation to remove capital gains taxes currently assessed on the sale of the monetary metals progressed through several state legislatures – Wyoming and Arizona were the last two states to remove income taxes from constitutional money. Alabama, West Virginia, South Carolina, Missouri, and Iowa are currently considering similar legislation.

Here are a few reasons why slapping an income tax on the monetary metals is wrong, and why you should vote YES on SB 303:

- **Current Kansas law assesses taxes on imaginary gains.** Under current law, a taxpayer who sells precious metals may end up with a capital “gain” in terms of Federal Reserve Notes. This capital “gain” is not necessarily a *real* gain, it’s often a *nominal* gain that results from the inflation created by the Federal Reserve and the attendant decline in the dollar’s purchasing power.

Yet this nominal gain is taxed at the federal level – and, because Kansas uses federal adjusted gross income (AGI) as a starting point for Kansas income calculations, this nominal gain is taxed again by the state.

- **Inflation harms the poorest among us.** Inflation is a regressive tax. The hardest hit are wage earners, savers, and pensioners on fixed incomes – as well as those who own few or no tangible assets.
- **SB 303 is the next logical step for Kansas to support sound money.** Investments in precious metals coins and bullion are rightly exempt from Kansas’s sales tax. Neutralizing Kansas’s income tax treatment of the monetary metals would remove the last major disincentive in the Sunflower State that stands against the ownership and use of the monetary metals.