



**Industry Council for Tangible Assets**

**IN SUPPORT OF**

**SB 437: SALES AND USE TAX EXEMPTION OF  
BULLION, NUMISMATIC COINS AND CURRENCY**

**Kansas Senate Assessment and Taxation Committee**

**Tuesday, March 13, 2018**

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To: Kansas Senate Assessment and Taxation Committee  
From: Kathy McFadden, Executive Director  
Industry Council for Tangible Assets  
Date: March 13, 2018  
Re: Support of SB 437, Sales and use tax exemption of bullion,  
numismatic coins and currency

Madam Chair and members of the committee:

Thank you for the opportunity to voice our support to Senate Bill 437, sales and use tax exemption of bullion, numismatic coins and currency.

The Industry Council for Tangible Assets (ICTA) headquarters are based in Annapolis, Maryland. For the past 33 years, ICTA has been the voice and watch dog on legislative and regulatory affairs of precious-metals, rare coins and currency for the dealer and collector communities in Congress and all 50 states.

It is good to be back in my home state of Kansas where I was born and raised in Silver Lake. My politically career started right here.

The trend of sales-tax exemptions on numismatic coins, currency, and precious-metals bullion is accelerating. Thanks, in part, to the Industry Council for Tangible Assets' efforts, exemptions over the past three years have been added in Virginia and Nebraska, and expanded in Texas, Oklahoma, and Louisiana. Indiana's governor signed an exemption that took effect July 1, 2016 and Ohio gained an exemption that took effect on January 1, 2017. In 2017 Virginia expanded their exemption and North Carolina and Minnesota gained their sales tax exemptions. On Tuesday, March 6, 2018, Alabama governor Kay Ivey signed into law Senate Bill 156 **sales and use tax exemption, becoming the 37 state with a precious metals and currency exemption.** ICTA has promoted the exemption as a legitimate jobs and economic-development issue. With the enactment of the North Carolina legislation, a dealer told me this in January that he had to hire an employ before the legislation took effect in July in anticipation for the increase in volume in his store. Since then, he has hired additional employees to keep up with the demand. Another dealer in Nebraska reported the day their exemption became law, they had 63 new customers lined up outside to make purchases. Instead of driving to Iowa, they now could drive to their local dealer to make the purchases.

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A sales-tax exemption also levels the playing field for the small-business owner. Kansas's businesses would no longer lose customers to operations in Missouri, Nebraska, Oklahoma and Colorado—states that do have a sales-tax exemption. Additionally, Kansas residents would have the security of doing business and developing relationships with local vendors, sparing them the expense, inconvenience, and potential risks of purchasing these items out of state. It will eliminate the burden for small investors to have to drive out of state to purchase their investments.

Kansas now has the possibility of attracting large coin shows to the state and increasing their existing show which will be expanded on in additional testimony today. The lucrative convention/tourism business has been lost to those states that are more business friendly. For example, Baltimore has three shows a year, and each of those shows generates over \$1.5 million to the local economy.

As you can see from the following information, a positive fiscal impact results from eliminating the sales-tax on rare coins, currency, and precious-metals bullion.

Again, thank you for allowing me to testify on this matter.

Respectfully,

A handwritten signature in cursive script, appearing to read "Kathy McFadden".

Kathy McFadden  
Executive Director



## **Kansas: Benefits Exempting Rare Coins, Paper Money, and Precious-Metals Bullion from Sales-Tax**

- Profits will increase for existing businesses.
- More jobs and higher pay will be available to Kansas workers.
- The increased number of in-state businesses and the related increase in employment will result in additional business-tax and sales-tax collections. (The Michigan Treasury, for example, estimates that 38.5% of payroll is spent on merchandise on which Michigan sales taxes are collected.)
- As sales of tax-exempt merchandise rises, so too will sales of merchandise that is still subject to sales tax—for example, collector supplies, jewelry, antiques, and other collectibles.
- The playing field will be leveled for small-business owners.
- The hospitality industry will benefit significantly from the opportunity to host small, medium, and large coin shows (as has been the case in the other 36 states with sales-tax exemptions).
- Kansas rare-currency and precious-metals bullion businesses will no longer lose almost all customers to businesses in states with sales-tax exemptions.
- Kansas consumers will have the security of doing business and developing relationships with local vendors, sparing them the expense, inconvenience, and potential risks of purchasing these high-value items out of state.
- Smaller-scale investors will have a chance to deal locally without the burden of sales and use taxes, which affluent investors can easily avoid by purchasing commodities or arranging for storage out of state.
- Senior citizens, who can consult local businesses for a second opinion, will have more resources to avoid scam artists.
- All Kansas consumers will benefit from the fact that local brick-and-mortar businesses have more incentives to address local customer concerns and problems than do out-of-state businesses.
- Increased tax collections by the State Treasury.

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## Event Impact Calculator Detail - 2013 Spring Whitman Coin & Collectibles Expo - 10/28/2014

### Event Summary

#### Key Parameters

<b>Event Name</b>	2013 Spring Whitman Coin & Collectibles Expo	<b>Start Date</b>	03/11/2013
<b>Organization</b>	Whitman Coin and Collectibles Conventions	<b>End Date</b>	03/17/2013
<b>Overnight Attendees</b>	700	<b>Event Type</b>	Tradeshow
<b>Day Attendees</b>	4000		

#### Key Metrics

<b>Business Sales (Direct)</b>	\$1,607,421	<b>Jobs Supported (Direct)</b>	324
<b>Business Sales (Indirect)</b>	\$1,458,604	<b>Jobs Supported (Indirect)</b>	167
<b>Business Sales (Total)</b>	\$3,066,025	<b>Jobs Supported (Total)</b>	491
<b>Local Tax</b>	\$120,925	<b>Net Direct Local Tax ROI</b>	\$83,714
<b>Est. Room Nights Generated</b>	2,549		

### Direct Business Sales Segmentation

#### Spending By Source

<b>Exhibitor Spending</b>	\$356,283	<b>Organizer Spending</b>	\$348,575
<b>Attendees Spending</b>	\$902,562	<b>Total Event Spending</b>	\$1,607,421

#### Business Sales By Source



#### Business Sales By Category

Industry	Attendees	Organizer	Exhibitor	Total
Lodging	\$370,865	\$55,388 *	-	<b>\$426,254</b>
Transportation	\$128,301	\$18,462 *	\$27,406	<b>\$174,170</b>
Food & Beverage	\$246,821	\$36,396	\$45,677	<b>\$328,894</b>
Retail	\$97,423	-	-	<b>\$97,423</b>
Recreation	\$59,150	-	-	<b>\$59,150</b>
Space Rental	-	\$65,440	\$18,270	<b>\$83,710</b>
Business Services	-	\$172,888	\$264,928	<b>\$437,816</b>
<b>Totals</b>	<b>\$902,562</b>	<b>\$348,575</b>	<b>\$356,283</b>	<b>\$1,607,421</b>

\* indicates that the calculator's model defaults were used

### Business Sales By Category

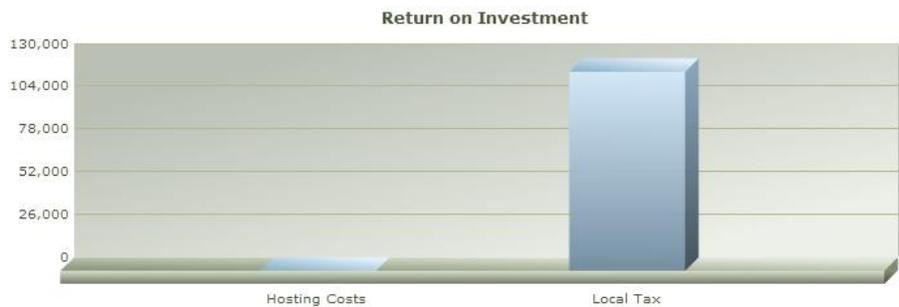


### Taxes Collected

	Direct	Indirect/Induced	Total
<b>Business Sales</b>	<b>\$1,607,421</b>	<b>\$1,458,604</b>	<b>\$3,066,025</b>
<b>Personal Income</b>	<b>\$543,351</b>	<b>\$493,540</b>	<b>\$1,036,891</b>
<b>Jobs Supported</b>			
Persons	324	167	491
Annual FTEs	15	8	23
<b>Taxes And Assessments</b>			
Federal Total	<u>\$146,010</u>	<u>\$132,548</u>	<u>\$278,558</u>
State Total	<u>\$99,103</u>	<u>\$59,908</u>	<u>\$159,011</u>
Sales	\$57,220	\$21,879	\$79,099
Income	\$25,809	\$23,443	\$49,252
Bed	\$0		\$0
Other	\$16,074	\$14,586	\$30,660
Local Total	<u>\$83,714</u>	<u>\$37,211</u>	<u>\$120,925</u>
Sales	\$0	\$0	\$0
Income	\$8,405	\$7,635	\$16,040
Bed	\$35,232		\$35,232
Per Room Charge	\$0		\$0
Tourism District	\$0		\$0
Property Tax	\$32,039	\$22,283	\$54,322
Restaurant	\$0	\$0	\$0
Other	\$8,037	\$7,293	\$15,330

### Event Return On Investment

Direct	
<b>Direct Local Tax Receipts</b>	\$83,714
<b>Local Costs</b>	\$0
<b>ROI</b>	\$83,714
<b>Net Present Value</b>	\$85,480
<b>ROI (%)</b>	0
Total	
<b>Local Tax Receipts</b>	\$120,925
<b>ROI</b>	\$120,925
<b>Net Present Value</b>	\$123,475



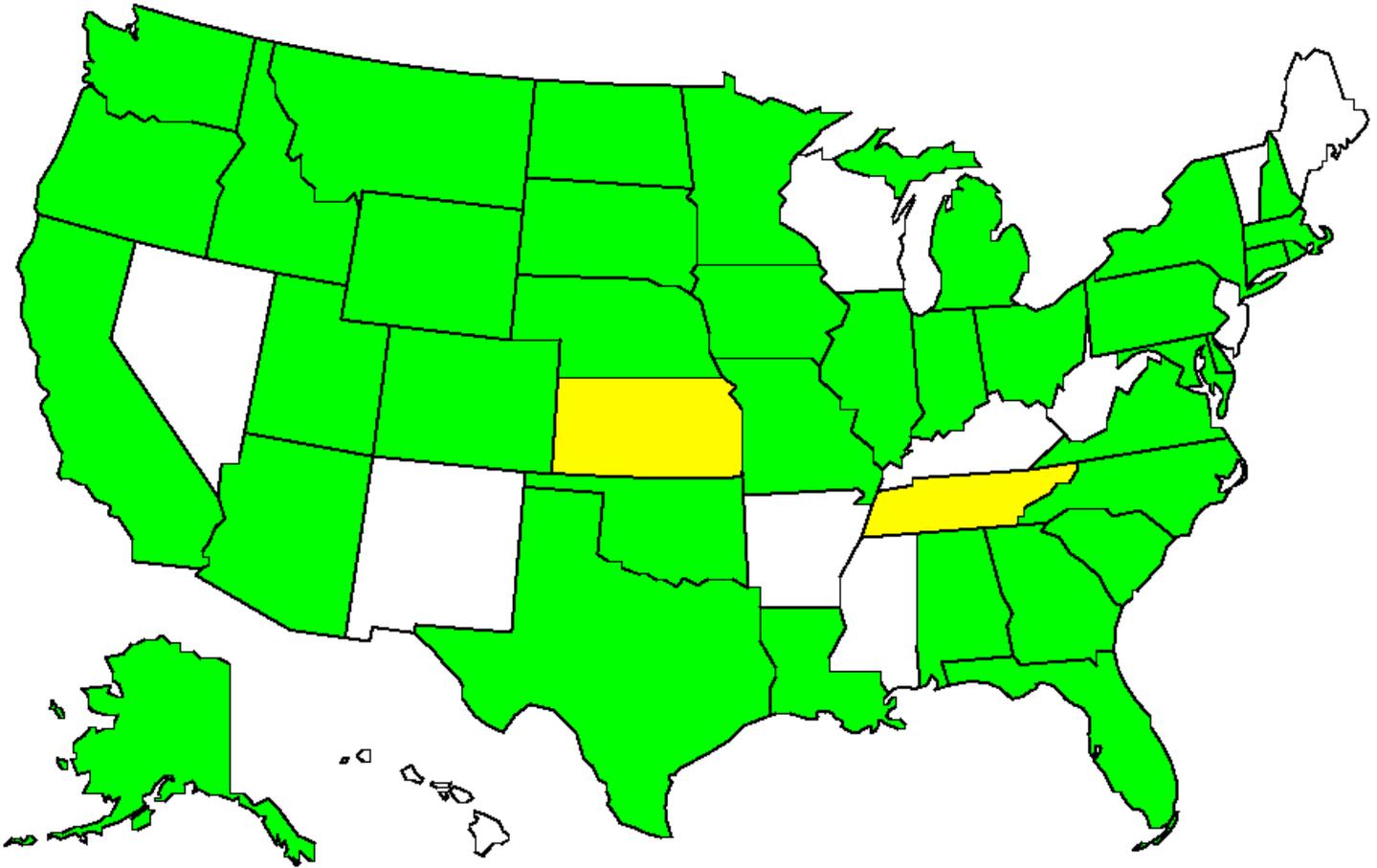
ROI (%) 0

### Demand Metrics

<b>Room Nights Sold</b>	2,549
<b>Room Pickup (block only)</b>	765
<b>Peak Room Nights</b>	636
<b>Total Visitor Days</b>	5,804



# Industry Council for Tangible Assets States Sales Tax Map



- States that are exempt from sales/use tax or have some form of exemption from sales/use tax for rare coins, paper money, or precious-metals bullion. For more information, see [Sales-Tax Status by State](#).
- States that have ongoing initiatives to exempt sales/use tax on rare coins, paper money, or precious-metals bullion.

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