

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 174

SHORT TITLE: Gold & Silver Sale GRT Deduction

SPONSOR: Ezzell

LAST UPDATE: 2/2/2026 **ORIGINAL DATE:** 2/2/2026 **ANALYST:** Francis

REVENUE* (dollars in thousands)

Type	FY26	FY27	FY28	FY29	FY30	Recurring or Nonrecurring	Fund Affected
GRT - State	Choose an item.	Indeterminate but loss	Indeterminate but loss	Indeterminate but loss	Indeterminate but loss	Recurring	General Fund
GRT – Local	Choose an item.	Indeterminate but loss	Indeterminate but loss	Indeterminate but loss	Indeterminate but loss	Recurring	Local Funds

Parentheses indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Taxation and Revenue Department

SUMMARY

Synopsis of Senate Bill 174

Senate Bill 174 (SB 174) allows a taxpayer to deduct the sales of gold and silver coins or bullion from gross receipts taxes (GRT). The deduction must be separately reported and included in the annual tax expenditure budget produced by Taxation and Revenue Department (TRD).

SB 174 defines “bullion” as “a bar, and ingot or a commemorative medallion where the value of the metal depends on its content and not the form.”

The effective date of this bill is July 1, 2026.

FISCAL IMPLICATIONS

TRD cited data problems with the market for gold and silver and could not estimate the fiscal impact other than it would be negative on both the general fund and local governments.

The price of gold has increased dramatically in the last year. From 2022 to 2024, the price hovered around \$1,750 per ounce but in 2025 and 2026, the price shot up to over \$5,000 per ounce.¹ Silver commodity prices exhibit similar behavior. There are many reasons for the increase and the volatility contributes to the uncertainty of any estimate.

According to the TRD's GRT database, the only industrial category available -423940-includes jewelry, watches, and precious stones. As this is a wholesale category, the low taxable share of total, 27.9 percent, suggests that a significant amount of the sales are likely sales to jewelers, which TRD notes are already deductible. This industry category does not include sales made through investment vehicles like exchange-traded funds (ETFs) or mutual funds; it is likely most investment transactions for gold and silver are made through these vehicles.

**423940 - Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesalers,
December 2024-November 2025**

	Gross receipts	Taxable Gross Receipts	Tax	Deduction ratio	Tax rate
12 - mo average	\$9,492,443	\$2,649,835	\$202,351	27.9%	7.6%
Annual estimate	\$113,909,318	\$31,798,023	\$2,428,209		

Source: TRD RP80

This bill creates or expands a tax expenditure. Estimating the cost of tax expenditures is difficult. Confidentiality requirements surrounding certain taxpayer information create uncertainty, and analysts must frequently interpret third-party data sources. The statutory criteria for a tax expenditure may be ambiguous, further complicating the initial cost estimate of the fiscal impact. Once a tax expenditure has been approved, information constraints continue to create challenges in tracking the real costs (and benefits) of tax expenditures.

SIGNIFICANT ISSUES

The sale of stocks, bonds and securities are exempt from the gross receipts tax in the same section of statute that exempts interest and dividends.

7-9-25. Exemption; gross receipts tax; dividends and interest. Exempted from the gross receipts tax are the receipts received as interest on money loaned or deposited, receipts received as dividends or interest from stocks, bonds or securities or receipts from the sale of stocks, bonds or securities. History: 1953 Comp., § 72-16A-12.13, enacted by Laws 1969, ch. 144, § 18.

Gold and silver bullion are primarily purchased as a long-term investment, primarily intended to inflation-proof an investment portfolio. For this reason, there is some reason to treat the purchase of these investment instruments as an investment similar to buying stocks or bonds. Gold coins can be equated with gold or silver bullion as primarily an investment instrument. However, silver coins are frequently purchased by hobby coin collectors.

¹ <https://www.bloomberg.com/quote/GC1:COM>

This bill narrows the gross receipts tax (GRT) base. Many New Mexico tax reform efforts over the last few years have focused on broadening the GRT base and lowering the rates. Narrowing the base leads to continually rising GRT rates, increasing volatility in the state's largest general fund revenue source. Higher rates compound tax pyramiding issues and force consumers and businesses to pay higher taxes on all other purchases without an exemption, deduction, or credit.

Most states exempt investment grade coins and bullion. Along with New Mexico, only Maryland, Maine, Washington, Hawaii, Vermont, and the District of Columbia levy a sales tax on bullion and coins. Some states establish thresholds to distinguish investment vs consumption: California, Connecticut, Florida, Massachusetts, New York, and Virginia.²

TRD notes:

While tax incentives can support specific industries or promote desired social and economic behaviors, the growing number of such incentives complicate the tax code. Introducing more tax incentives has two main consequences: (1) it creates special treatment and exceptions within the code, leading to increased tax expenditures and a narrower tax base, which negatively impacts the General Fund; and (2) it imposes a heavier compliance burden on both taxpayers and Tax & Rev. Increasing complexity and exceptions in the tax code is generally not in line with sound tax policy

PERFORMANCE IMPLICATIONS

TRD notes that there is a deduction for gold and silver sales to jewelers already and that gold and silver legal tender are already tax exempt.

The LFC tax policy of accountability is not met because TRD is not required in the bill to report annually to an interim legislative committee regarding the data compiled from the reports from taxpayers taking the deduction and other information to determine whether the deduction is meeting its purpose.

ADMINISTRATIVE IMPLICATIONS

TRD notes updating tax programs would likely cost about \$15,000 to implement.

OTHER SUBSTANTIVE ISSUES

In assessing all tax legislation, LFC staff considers whether the proposal is aligned with committee-adopted tax policy principles. Those five principles:

- **Adequacy:** Revenue should be adequate to fund needed government services.
- **Efficiency:** Tax base should be as broad as possible and avoid excess reliance on one tax.
- **Equity:** Different taxpayers should be treated fairly.
- **Simplicity:** Collection should be simple and easily understood.
- **Accountability:** Preferences should be easy to monitor and evaluate

² [Sales Tax On Gold And Silver By State: 2026 Guide - Swiss America blog](#)

Senate Bill 174 – Page 4

In addition, staff reviews whether the bill meets principles specific to tax expenditures. Those policies and how this bill addresses those issues:

Tax Expenditure Policy Principle	Met?	Comments
Vetted: The proposed new or expanded tax expenditure was vetted through interim legislative committees, such as LFC and the Revenue Stabilization and Tax Policy Committee, to review fiscal, legal, and general policy parameters.	✗	
Targeted: The tax expenditure has a clearly stated purpose, long-term goals, and measurable annual targets designed to mark progress toward the goals.		No purpose stated or implied.
Clearly stated purpose Long-term goals Measurable targets	✗ ✗ ✗	
Transparent: The tax expenditure requires at least annual reporting by the recipients, the Taxation and Revenue Department, and other relevant agencies	✓	
Accountable: The required reporting allows for analysis by members of the public to determine progress toward annual targets and determination of effectiveness and efficiency. The tax expenditure is set to expire unless legislative action is taken to review the tax expenditure and extend the expiration date.		
Public analysis Expiration date	✗ ✗	
Effective: The tax expenditure fulfills the stated purpose. If the tax expenditure is designed to alter behavior – for example, economic development incentives intended to increase economic growth – there are indicators the recipients would not have performed the desired actions “but for” the existence of the tax expenditure.		No purpose or rational offered.
Fulfills stated purpose Passes “but for” test	✗ ✗	
Efficient: The tax expenditure is the most cost-effective way to achieve the desired results.	✗	
Key: ✓ Met ✗ Not Met ? Unclear		

NF/cf/ct