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FISCAL IMPACT REPORT

SPONSOR: Lyons DATE TYPED: 02/08/01 HB _____
 SHORT TITLE: Investment Coins Gross Receipts Deduction SB 106
 ANALYST: Eaton

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	unknown negative see narrative		Recurring	General Fund
	unknown negative see narrative		Recurring	Local Govt.

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

This bill provides a gross receipts tax deduction for the sale of investment coins and investment bullion.

FISCAL IMPLICATIONS

The Taxation and Revenue Department has no information on the value of investment bullion and coins sold which are currently subject to gross receipts tax.

ADMINISTRATIVE IMPLICATIONS

Minimal.

TECHNICAL ISSUES

The Taxation and Revenue Department (TRD) suggest that the definition of "investment bullion" could be improved with some reference to the metal having been assayed and stamped with a mark as to purity. Such a definition would improve the bill's current definition which appears to focus on the issue of differentiating bullion from jewelry.

OTHER SUBSTANTIVE ISSUES

Senate Bill 106 -- Page 2

The Taxation and Revenue Department (TRD) is concerned that if this bill is passed, soon there may be challenges of the department's regulation regarding taxation of the sale of (collectible) postage stamps and "investment grade tangibles". TRD is concerned that this may consume considerable resources within the department.

The Taxation and Revenue Department (TRD) warns that the long run consequence of moving in the direction of exempting "investment grade tangibles" could be revenue losses approaching \$10 million.

JBE/njw