

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4084-01
Bill No.: HB 1376
Subject: Banks and Financial Institutions; Tax Credits
Type: Original
Date: February 20, 2012

Bill Summary: This proposal would declare that gold and silver issued by the federal government are recognized as legal tender in the state. The proposal would also create a nonrefundable credit for any capital gains incurred from the exchange of gold and silver coins for another form of legal tender, and would exempt the exchange of gold and silver coins for another form of legal tender from sales and use taxes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Conservation Commission	(Unknown)	(Unknown)	(Unknown)
Parks, and Soil and Water	(Unknown)	(Unknown)	(Unknown)
School District Trust	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Joint Committee on Administrative Rules** assume this proposal would not have a fiscal impact to their organization in excess of existing resources.

Officials from the **Office of the Attorney General** assume any potential costs arising from this proposal could be absorbed with existing resources.

Officials from the **Office of the State Treasurer** assume this proposal would have no fiscal impact on their organization.

ASSUMPTION (continued)

Officials from the **Office of Administration, Division of Budget and Planning** (BAP), assume this proposal would not result in a fiscal impact to their organization.

BAP officials assume this proposal could result in an unknown reduction to General and Total State Revenue due to the tax credit on capital gains created from the exchange of gold and silver coins for another form of legal tender.

Officials from the **Department of Revenue** stated they could not determine if this proposal would have an impact on Total State Revenue.

Oversight notes this proposal would exempt the sale of gold and silver coins from sales and use taxes, and assumes this would cause a reduction in revenues for the state General Revenue Fund, the Conservation Commission Fund, the Parks, and Soil and Water Fund, the School District Trust Fund, and for local governments. Oversight does not have any information as to the number or amounts of such transactions in the state and will indicate an unknown revenue reduction for fiscal note purposes.

Oversight also notes this proposal would create a tax credit for any capital gains incurred in the sale of gold and silver coins. For fiscal note purposes, Oversight will indicate an unknown reduction in revenues for the General Revenue Fund for those tax credits.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE FUND			
<u>Revenue reduction</u> - sales and use tax exemption	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Revenue reduction</u> - tax credits	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

**CONSERVATION COMMISSION
FUND**

Revenue reduction - sales and use tax
exemption

(Unknown) (Unknown) (Unknown)

**ESTIMATED NET EFFECT ON
CONSERVATION COMMISSION
FUND**

(Unknown) **(Unknown)** **(Unknown)**

**PARKS, AND SOIL AND WATER
FUND**

Revenue reduction - sales and use tax
exemption

(Unknown) (Unknown) (Unknown)

**ESTIMATED NET EFFECT ON
PARKS, AND SOIL AND WATER
FUND**

(Unknown) **(Unknown)** **(Unknown)**

SCHOOL DISTRICT TRUST FUND

Revenue reduction - sales and use tax
exemption

(Unknown) (Unknown) (Unknown)

**ESTIMATED NET EFFECT ON
SCHOOL DISTRICT TRUST FUND**

(Unknown) **(Unknown)** **(Unknown)**

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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LOCAL GOVERNMENTS

<u>Revenue reduction</u> - sales and use tax exemption	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact on a small business involved in buying or selling gold and silver.

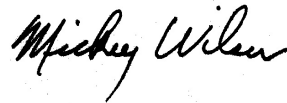
FISCAL DESCRIPTION

This proposal would declare that gold and silver issued by the federal government is to be recognized as legal tender in the state. The proposal would create a nonrefundable credit for any capital gains incurred from the exchange of gold and silver coins for another form of legal tender, and would exempt the exchange of gold and silver coins for another form of legal tender from sales and use taxes.

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

SOURCES OF INFORMATION

Office of the Secretary of State
Joint Committee on Administrative Rules
Office of the Attorney General
Office of the State Treasurer
Office of Administration
 Division of Budget and Planning
Department of Revenue



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Director
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