



Support for Senate Bill 309, a Measure to Reinstate the Sales Tax Exemption on Gold and Silver

On behalf of the Sound Money Defense League, I ask that you vote YES on Senate Bill 309, a measure that reinstates the longstanding sales tax exemption on purchases of precious metals that existed in law prior to last summer.

Maryland investors and small businesses have been immediately harmed with this imposition of this new tax. Many investors simply drive to the nearest border state to transact in a state with no taxes on the metals. The result of this policy has been crushing for the industry and has likely resulted in fewer tax dollars for the state.

The Maryland sales tax exemption on the monetary metals should be restored at once for a few reasons:

- **Maryland does not charge sales tax on the purchase of any other investment or savings asset.** Gold and silver are held as forms of savings and investment. Maryland does not tax the purchase of stocks, bonds, ETFs, currencies, and other financial instruments.
- **Levying sales taxes on precious metals is inappropriate.** Sales taxes are typically levied on final consumer goods. Computers, shirts, and shoes carry sales taxes because the consumer is "consuming" the good. Precious metals are inherently held for resale, not "consumption," making the application of sales taxes on precious metals inappropriate.
- **Studies have shown that taxing precious metals is an inefficient form of revenue collection.** The results of one study involving Michigan show that any sales tax proceeds a state collects on precious metals are likely surpassed by the state revenue *lost* from conventions, businesses, and economic activity that are driven out of the state.

The harm is exacerbated when you consider all of Maryland's neighbors (Pennsylvania, Delaware, Virginia, and West Virginia) do not charge sales tax on purchases of gold and silver.

- **Taxing gold and silver harms in-state businesses.** It's a competitive marketplace, so buyers will take their business to neighboring states, thereby undermining Maryland jobs. Levying sales tax on precious metals harms in-state businesses who will lose business to out-of-state precious metals dealers. Investors in Maryland can easily avoid paying sales taxes on a purchase of, for example, a one-ounce gold bar.

In total, 44 states have reduced or eliminated sales tax on the monetary metals. Several more states are considering eliminating the tax this year. The trend is to remove this tax, not impose it.

- **Taxing precious metals is harmful to citizens attempting to protect their assets.** Purchasers of precious metals aren't fat-cat investors. Most who buy precious metals do so in small increments as a way of saving money. Precious metals investors are purchasing precious metals as a way to preserve their wealth against the damages of inflation. Inflation harms the poorest among us, including pensioners, Marylanders on fixed incomes, wage earners, savers, and more.

In 2016, the state of Louisiana experimented briefly with slapping sales taxes on precious metals purchases. *The state quickly reversed course only one year later -- and reinstated the exemption on precious metals -- because businesses, coin conventions, and state tax revenues were leaving the state.*

Please vote YES on SB 309 to maintain and restore the previous sales tax exemption on precious metals alongside the 44 other states which have already reduced or eliminated sales taxes on precious metals to honor the only form of money mentioned in the U.S. Constitution, and to lower the tax burden on Maryland constituents.