

HOUSE BILL 500

Sales and Use Tax – Precious Metal Bullion or Coins – Exemption

POSITION: FAVORABLE

TO:

House Ways and Means Committee
Chair Jheanelle K. Wilkins
Vice Chair Jessica Feldmark

FROM:

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Executive Director
National Coin & Bullion Association

DATE:

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WRITTEN TESTIMONY IN SUPPORT OF HOUSE BILL 500

Chair Wilkins, Vice Chair Feldmark, and members of the Ways and Means Committee, thank you for the opportunity to submit testimony in support of House Bill 500.

My name is David Crenshaw, and I am the executive director of the National Coin & Bullion Association (NCBA), a national trade association representing businesses and individuals engaged in the sale of coins, currency, and precious metals, including many small, independent dealers throughout Maryland.

House Bill 500 corrects an inequitable and overly narrow sales-tax exemption that currently applies only to transactions exceeding \$1,000 when conducted at the Baltimore Convention Center. By removing these arbitrary restrictions, HB 500 establishes uniform tax treatment for qualifying precious-metal bullion and coins across the state, regardless of price or location, while continuing to exclude jewelry and works of art.

Precious metals and many coins function as investment assets, comparable to stocks and bonds, and are therefore also subject to capital gains taxes. Requiring sales taxes be paid on these purchases is a form of double taxation.

Retail profit margins on bullion are typically very thin—often between 1% and 5%—meaning the sales tax collected frequently exceeds the dealer's gross profit. Coins and bullion are fungible products that can easily be purchased from sellers nationwide. As a result, Maryland residents routinely avoid in-state sales tax by purchasing from dealers outside of Maryland or storing metals in neighboring states. The current limitations discourage in-state commerce and place Maryland dealers at a competitive disadvantage. When sales are taxed, transactions do not shift to taxable channels—they simply leave the state.

For this reason, fiscal estimates often overstate potential revenue losses. They assume that taxed transactions would otherwise occur in Maryland, but real-world industry data shows that sales taxes on bullion primarily drive transactions elsewhere rather than generating reliable revenue. These estimates also fail to account for increased in-state sales volume, business retention, and related economic activity that typically follow enactment of a full exemption.

Maryland's coin and precious-metals dealers are overwhelmingly small businesses. Removing the sales-tax barrier allows them to compete fairly, retain customers, and participate in events such as coin shows that generate tourism and hospitality that result in broader economic benefits. Other states that repealed bullion exemptions at various times—including Florida, Ohio, Colorado, and Louisiana—ultimately reinstated them after experiencing business closures, job losses, and reduced overall tax revenue.

For these reasons, the National Coin & Bullion Association respectfully urges a **FAVORABLE** report on House Bill 500.