



## Support Senate Bill 309: Expand Maryland's Precious Metals Sales-Tax Exemption

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Maryland Senate Bill 309 would significantly expand the state's existing sales- and use-tax exemption for precious-metal bullion and coin transactions by eliminating prior limitations, including a minimum purchase threshold and location-based restrictions. As amended, the bill broadens eligibility so that qualifying transactions are exempt regardless of purchase amount or venue, effectively extending tax relief to a much wider range of retail buyers beginning July 1, 2026.

While framed as merely a modernization and simplification of the tax code, economic evidence and real-world experience from other states suggest that removing barriers to exemption can also enhance in-state market activity.

When tax policies are made more favorable, consumers are more likely to conduct transactions locally. In the case of precious metals—which are highly portable and easily purchased across jurisdictions—reducing or eliminating sales taxes has consistently been associated with increased in-state economic activity, stronger dealer presence, and, in some cases, improved overall tax revenue through related economic effects.

### How Expanding the Exemption May Affect Maryland Revenue and Economic Activity

- **Increased Retail Bullion Sales and In-State Transactions**

A 2016 survey by the Industry Council for Tangible Assets (ICTA, now the National Coin & Bullion Association) found that dealers in states that tax precious metals reported annual sales approximately 90% lower than those in states with exemptions (\$104,188 vs. \$1,068,612). By removing Maryland's current restrictions—such as the \$1,000 minimum purchase requirement and location-based limitation—SB0309 is likely to shift more transactions into the state, particularly at the retail level.

Additional real-world business data indicates that modern bullion transactions occur across a wide range of price points. Expanding the exemption would therefore capture a broader share of these transactions in-state, reversing the suppressive effects that taxation and sales thresholds can have on market activity.

- **Limitations of Current Revenue Estimates**

Any analysis that estimates state sales-tax revenue based on US Mint sales volume allocated by population is statistically unreliable, as it does not reflect actual in-state retail behavior. A more accurate benchmark comes from ICTA's 2016 national survey of coin dealer activity, which found that average annual in-state retail sales in states where bullion is taxable were \$104,188 per dealer. Applying this data to the 2015 Numismatic Dealer Directory's count of 89 Maryland dealers yields the following estimate:

$89 \times \$104,188 \times 6\% \approx \mathbf{\$556,364}$  in annual state sales-tax collections.

This figure is substantially lower than the multi-million-dollar revenue loss projected in the fiscal note, suggesting that current estimates may significantly overstate the amount of revenue at risk.

- **Retention of Economic Activity Within Maryland**  
Consumers of precious metals have numerous alternatives when faced with in-state sales taxes, including purchasing from out-of-state dealers, storing metals in out-of-state or offshore vaulting programs, or investing through financial instruments such as exchange-traded funds (ETFs), commodity futures contracts, and mining equities. By expanding the exemption, Maryland reduces the incentive for consumers to shift transactions elsewhere, helping retain economic activity that might otherwise leave the state.
- **Increased Sales of Other Taxable Merchandise**  
Bullion dealers often sell related, taxable goods, such as jewelry, collectibles, and hobby supplies. Increased customer activity as a result of a more favorable tax environment can also drive higher sales of these fully taxable items, partially offsetting the projected direct revenue loss identified in the fiscal note.
- **Support for Small Businesses and Employment**  
The fiscal and policy note indicates that small businesses may experience meaningful positive effects from increased transactions. A more competitive tax structure can support existing dealers, attract new businesses, and encourage job stability or growth within the sector. Increased employment contributes to additional income-tax revenues and broader economic activity.
- **Business Activity and Secondary Tax Revenue Effects**  
While the fiscal note projects a direct reduction in general fund and Blueprint for Maryland's Future Fund revenues (estimated at least \$2.5 million in FY 2027), it also acknowledges uncertainty due to limited data on transaction volume. Increased in-state sales, improved business profitability, and related economic activity may generate offsetting gains through income taxes, corporate taxes, and sales taxes on ancillary purchases.
- **Competitiveness for Conventions and Industry Events**  
States with favorable tax treatment for precious metals are more attractive destinations for numismatic conventions and trade events. By expanding the exemption, Maryland will improve its competitiveness for hosting such events, which generate significant economic activity in hospitality, tourism, and related sectors.

### **Policy Consideration**

Any fiscal analysis that focuses solely on projected static revenue losses—particularly when based on flawed estimation methods—without accounting for behavioral responses by consumers and businesses may significantly overstate the net negative impact. Evidence from other states suggests that exempting precious metals from sales tax can increase in-state economic activity, support small businesses, and generate indirect tax revenues that help offset initial losses.

For these reasons, policymakers may view Senate Bill 309 as a measure that enhances Maryland's economic competitiveness while supporting local businesses and market activity. I urge you to give a **FAVORABLE** report for Senate Bill 309.