



“My Two Cents’ Worth”

by Ed Reiter



DEEP IN THE HEART OF TAXES

The only things certain in life are death and taxes.”

Benjamin Franklin is credited with penning that oft-quoted rueful lament. Will Rogers, a 20th-century humorist with similar insight into the human experience, took Franklin’s sage observation one step further.

“The difference between death and taxes,” Rogers said, “is death doesn’t get worse every time Congress meets.”

In recent years, Rogers’ remark—extended to include state legislatures—has proven all too accurate, and painful, for people who buy and sell coins and precious metals. Many states have imposed burdensome sales tax on transactions involving coins and bullion. In some states, such as Ohio, existing exemptions for such transactions have been repealed or greatly curtailed.

All this, of course, has made it much costlier for multitudes of collectors to pursue the hobby we love, and made it more difficult for those of limited means to pursue it at all. At the same time, it has transformed the nation’s coin dealers into collectors of a different sort—tax collectors—with all the red tape and endless reams of paperwork required by that thankless obligation.

Recently, hobbyists and investors were pleased to learn that legislatures in two states, Texas and Louisiana, had voted to eliminate tax on sales of coins and precious metals. Both states already were providing a sales tax exemption on coin and bullion transactions of \$1,000 or more, but the new legislation eliminates that threshold in both states and removes the tax from sales of any amount.

Texas Gov. Rick Perry signed his state’s legislation on June 14 and it’s scheduled to take effect Oct. 1. A bill-signing ceremony was planned in late summer in Louisiana.

The Industry Council for Tangible Assets (ICTA), the national trade association for the rare coin, currency and precious metals industry, played a key role in helping to achieve these twin victories. It was blessed with strong local leaders on both “battlefields.”

Mike Fuljenz, president of Universal Coin & Bullion in Beaumont, Texas, spearheaded the fight in the Lone Star



State, hiring a lobbyist and waging a two-year campaign to block threatened removal of the limited exemption then in effect.

“There were people pushing to do away with the exemption over \$1,000,” Fuljenz said. “We not only got the legislature to preserve that exemption, but ended up gaining a total exemption on everything.”

In Louisiana, Paul Hollis was in a unique position to muster support for the cause. Besides operating Paul Hollis Rare Coins in Mandeville, Louisiana, Hollis is also a first-term member of his state’s House of Representatives.

He shepherded a similar bill through both houses of the Louisiana legislature.

ICTA provides technical support for such efforts by monitoring legislative developments nationwide and furnishing advisories and ongoing expert guidance to its members. Fuljenz and Hollis are both members of the organization’s Board of Directors.

There are strong arguments for exempting coins and bullion from sales tax, says ICTA’s executive director, Eloise Ullman. For one thing, she says, it’s unfair to impose such tax when other investment vehicles, notably stocks and bonds, are exempt. Beyond that, she adds, the loss of sales tax revenue is more than offset in tax-free states by the income those states derive from retaining healthy businesses that advertise extensively, encouraging new ones and attracting major coin shows and auctions that otherwise might be held elsewhere.

At present, ICTA reports, 30 states grant at least partial sales tax exemptions to coins and precious metals. But there’s no exemption at all in the other 20 states. And Uncle Sam has been poking his prominent nose under the tent. The Marketplace Fairness Act of 2013, already passed by the U.S. Senate, would grant states the right to collect taxes across state lines on all remote sales, such as Internet, telephone and TV home-shopping transactions.

The prospect is scary. But hobbyists can find hope in the triumphs just achieved in Texas and Louisiana. And they can find apt humor in yet another Will Rogers witticism.

“I don’t make jokes,” Rogers once observed. “I just watch the government and report the facts.” ☺