

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2176

2005 SENATE FINANCE AND TAXATION

SB 2176

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2176

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date February 2, 2005

Tape Number	Side A	Side B	Meter #
#1		X	34.3 - 57.3
#2	X		26.5 - 29.4
Committee Clerk Signature <i>Sharon Benbow</i>			

Minutes:

SEN. WARDNER: appeared as prime sponsor of the bill stating we are talking about a sales and use tax exemption for sales of precious metals (bullion) which means silver and gold.

SEN. COOK: can an individual sell it to another individual or through some sort of retail store.

ANSWER; doesn't know.

DAVE HAULSTAD from Dickinson on behalf of himself appeared in support stating this is one of those items that you look at and say why is there really tax on this. To make any money investing in gold and silver, you gotta play the market when its up and down. Should be handled as investment item.

SEN. COOK: your going to collect sales tax if I buy it from you? I AM

I don't have to collect sales tax if I sell it to Sen. Wardner? Probably not

GARY ANDERSON: Tax Dept. Appeared neutral to speak on the fiscal note. The intent was to provide an exemption in metal bullion and one of the concerns we have is with the purity

Level.

SEN. COOK: any idea policies of other states regarding this issue?

ANSWER; no I don't, we can certainly find out for the committee

SEN. EVERY: what about a card collector, I don't pay sales tax, am I supposed to?

ANSWER: generally going to a card show or trade show, the participate should be charging tax, if its a hobby, don't need to unless your a licensed retailer and working as a seller.

LARRY SCHNEIDER: Gold and Silver Exchange owner appeared in support stating this is the best consumer protection bill you could pass. The opportunity to purchase and sell within the State would be great.

SEN. URLACHER: Does the city sales tax apply to that as well?

ANSWER: yes it does

SEN. BERCIER: would you suggest the 999 pure vs the 925?

ANSWER; I think it would eliminate a lot of confusion with people because some of the bars go to the lesser grade and don't tell their public. We'd like to see that standard at that 999
Closed the hearing.

AFTERNOON COMMITTEE WORK

SEN. WARDNER: presented amendments and explained that we should use 999 instead of 900 parts.

SEN. EVERY: made a motion to **ADOPT THE AMENDMENTS**, seconded by Sen. Bercier

VOICE VOTE: 5-0-1

SEN. BERCIER: made a motion for **DO PASS AS AMENDED**, seconded by Sen. Every.

Page 3

Senate Finance and Taxation Committee

Bill/Resolution Number SB 2176

Hearing Date February 2, 2005

ROLL CALL VOTE: 5-0-1 It was noted to leave open for Sen. Cook to vote. Sen. Bercier will carry the bill.

FISCAL NOTE
Requested by Legislative Council
02/07/2005

Amendment to: SB 2176

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$9,400)	(\$800)		
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Engrossed SB 2176 provides a sales tax exemption for precious metal bullion.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

If enacted, Engrossed SB 2176 is expected to reduce state general fund and state aid distribution fund revenues by \$10,200 in the 2005-07 biennium.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	02/08/2005

FISCAL NOTE
Requested by Legislative Council
01/12/2005

Bill/Resolution No.: SB 2176

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$9,400)	(\$800)		
Expenditures						
Appropriations						

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2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2176 provides a sales tax exemption for precious metal bullion.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

If enacted, SB 2176 is expected to reduce state general fund and state aid distribution fund revenues by \$10,200 in the 2005-07 biennium.

Note: This fiscal note assumes gold and sterling jewelry and flatware and similar items do not become exempt under the provisions of this bill.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	02/01/2005

PROPOSED AMENDMENTS TO SENATE BILL NO. 2176

Page 1, line 9, after "hundred" insert "ninety-nine"

Renumber accordingly

Date: 22-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. *SB 2176*

Senate	Finance and Taxation	Committee
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☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Adapt Amendments

Motion Made By Evans Seconded By Bercier

[illegible]

Total	(Yes)	No
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Absent

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

Date: 2-2-05
Roll Call Vote #: 2

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2176

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as Amended

Motion Made By Bercier Seconded By Every

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher	✓		Sen. Bercier	✓	
Sen. Wardner	✓		Sen. Every	✓	
Sen. Cook	✓				
Sen. Tollefson	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Bercier

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2176: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2176 was placed on the Sixth order on the calendar.

Page 1, line 9, after "hundred" insert "ninety-nine"

Renumber accordingly

2005 HOUSE FINANCE AND TAXATION

SB 2176

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2176**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **February 28, 2005**

Tape Number	Side A	Side B	Meter #
1	X		311
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

REP. WES BELTER, CHAIRMAN Called the committee hearing to order.

SEN. RICH WARDNER, DIST. 37, DICKINSON Introduced the bill. This bill deals with gold bullion and silver. He stated a constituent of his, called him asking why do they pay sales tax on gold when it is an investment. It is like buying stocks on the stock market. They have to pay capital gains on it and also sales tax. In the Senate, we amended it to nine hundred and ninety nine parts per thousand, that was recommended by someone in the industry, to make sure you are dealing with the right commodity.

REP. BELTER Some people believe diamonds are a good investment, what is the difference between bullion and diamonds?

SEN. WARDNER The same individual that asked me to put this bill in, wanted it for diamonds too. I can't figure out a way to separate diamonds for diamond rings and jewelry, and when they are speculating on it. I didn't put that bill in.

LARRY SNIDER, BISMARCK GOLD AND SILVER EXCHANGE Testified in support of

the bill. If you can look at this bill, more than anything else, as consumer production. What is happening in our state, has been happening the last twenty five years, people from out of state contact our residents here and say, purchase your gold and silver from us, and you can avoid the sales tax by sending a check to us, out of state, and we will start a material for you in our vault. A receipt is passed back and forth. Personally, there has been a lot of money lost, because this is going on. This bill would direct business to us here in North Dakota. People would buy and sell locally. The commission on a bar of silver is about twenty dollars, so the sales tax far exceeds the commission. If the bill was passed, it would create a two way market for us here in North Dakota, people would come back to us and sell the products back to us. It would also save the consumer a lot of money. As far as gold and silver versus diamonds, generally, diamonds are purchased once in a person's lifetime. Gold and silver are purchased routinely as an investment. Another aspect coming on the horizon, is the American dollar is shrinking, the more solid ground there would be gold and silver.

REP. CONRAD How would we rank compared to the other states?

LARRY SNIDER About half of the states now. States are reluctant to give up sales tax. From my standpoint, this is a justifiable exemption.

REP. WRANGHAM It seems to me, diamonds are used for jewelry, but this type of precious metal, where we are talking about nine hundred and ninety nine parts per one thousand, is that what is typically used for jewelry, or is this a different grade of metal.

LARRY SNIDER When this bill was introduced in the Senate, I had recommended to go to nine, nine, nine, because that is the best bar. The jewelry aspect generally runs between ten and

eighteen karats, which is about 6.55% or 7.9% gold, this nine nine find, was to keep the bars at an investment credit formation so the tax department could enforce it.

REP. IVERSON Are you talking about an Englehart bar, which comes in a wrapper, and is ten ounces or five ounces, or a huge ingot, or whatever?

LARRY SNIDER Yes, that is correct.

REP. SCHMIDT Would this solve the problem of silver being sold, I sold silver at an auction, I never charged sales tax, this would solve the problem?

LARRY SNIDER The law becomes applicable, when you are making a business out of it, like I am. Occasional sales, are not real rampant.

With no further testimony, the committee hearing was closed.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2176**

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date **February 28, 2005**

Tape Number	Side A	Side B	Meter #
2		x	12
Committee Clerk Signature			

Minutes:

COMMITTEE ACTION

REP. IVERSON Made a motion for a **do pass**.

REP. NICHOLAS Second the motion. **MOTION CARRIED.**

9 YES 3 NO 2 ABSENT

REP. IVERSON Was given the floor assignment.

Date: 2-28-05
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2174

House FINANCE & TAXATION

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Do Pass

Motion Made By

Rep. Iverson

Seconded By

Rep. Nicholas

Representatives	Yes	No	Representatives	Yes	No
BELTER, WES, CHAIRMAN		✓			
DROVDAL, DAVID, V-CHAIR	✓				
BRANDENBURG, MICHAEL	✓				
CONRAD, KARI	✓				
FROELICH, ROD		✓			
GRANDE, BETTE	✓				
HEADLAND, CRAIG	✓				
IVERSON, RONALD	✓				
KELSH, SCOT	✓				
NICHOLAS, EUGENE	✓				
OWENS, MARK	✓				
SCHMIDT, ARLO	✓				
WEILER, DAVE		✓			
WRANGHAM, DWIGHT	✓				

Total (Yes)

9

No

3

Absent

Floor Assignment

Rep. Iverson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 28, 2005 3:31 p.m.

Module No: HR-36-3788
Carrier: Iverson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2176, as engrossed: Finance and Taxation Committee (Rep. Belter, Chairman)
recommends DO PASS (9 YEAS, 3 NAYS, 2 ABSENT AND NOT VOTING).
Engrossed SB 2176 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

SB 2176

SENATE FINANCE & TAX

Senate Bill ~~2165~~
2176

Information Request:
Prepared by Gary Anderson
February 2, 2005

How many states exempt "precious metal bullion"?

Colorado

Connecticut (exempt if total value of bullion sold is \$1,000 or more)

Idaho

Texas (exempt if total sales price of bullion is \$1,000 or more)

Washington