

**TESTIMONY OF
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation
Hearing Date: *February 12, 2025, Wednesday, at 1:00 PM*

LD 372 – *“An Act to Protect Maine People from Inflation by Exempting Gold and Silver Coins and Bullion from the State Sales and Use Tax”*

Senator Grohoski, Representative Cloutier, and members of the Taxation Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Neither For Nor Against LD 372, *“An Act to Protect Maine People from Inflation by Exempting Gold and Silver Coins and Bullion from the State Sales and Use Tax.”*

LD 372 is one of three bills published to date, with two more bills anticipated later this session, that proposes to exempt gold and silver coins and bullion in some fashion. Bills printed and referenced to this Committee but not yet scheduled for public hearing are LD 190, “An Act to Exempt Certain Numismatic Transactions from State Sales Tax,” and LD 443, “An Act to Exempt Gold and Silver Coins and Bullion from the State Sales and Use Tax.” The two remaining LRs that have not yet been printed are LR 1621, “An Act to Protect Maine Residents from Inflation by Exempting Gold and Silver Coins and Bullion from the State Sales and Use Tax,” and LR 1862, “An Act to Protect Residents from Inflation by Exempting Gold and Silver Coins and Bullion from the Sales and Use Tax.”

The bill before you today is identical to LD 1051 in the 131st Legislative Session, as amended, which died between houses. The amendment incorporated

prior DAFS testimony suggesting gold and silver coins and bullion be “defined in terms of grade, purity level, or elemental content” for the purposes of administering the exemption.

The preliminary fiscal impact estimate for LD 372 is an annual revenue loss of approximately \$750,000 per year. Note that this amount is a decrease from the \$1 million per year estimate for LD 1051 in the 131st, based on a significant decrease in bullion sales from fiscal year 2023 to 2024.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee’s questions.