



Support for LD 372 – Ending Sales Tax on Gold and Silver

Chair Grohoski and the rest of the esteemed members of the Joint Taxation Committee, thank you for the opportunity to testify before you today. My name is Jp Cortez and I am the executive director of the Sound Money Defense League.

I ask you to vote YES on LD 372, a measure that removes sales taxation from gold and silver coins and bullion.

Since I last testified before this committee, New Jersey, Mississippi, and Wisconsin ended this tax in their states. Additionally, news has poured in over the last 18 months about central banks all over the world stockpiling gold to shield themselves against potential economic downturns. That is the role gold can serve in a portfolio, and citizens in this state should have that opportunity as well without being taxed for doing so.

In total, 45 states have already ended sales tax on gold and silver – *including New Hampshire, Maine's only bordering state*. Of the five states remaining that still levy this tax, four of them are considering legislation to eliminate it this year.

Gold and silver are one of the few affordable options remaining for those who want to protect their savings with the only form of money mentioned in the U.S. Constitution. Maine doesn't charge sales tax on stocks, bonds, ETFs, or other financial investments, so it's unfair to charge both sales tax AND capital gains tax on precious metals, which Maine currently does.

LD 372 is good policy for several reasons:

- **Taxing precious metals is harmful to small-time savers.** Purchasers of precious metals aren't usually fat-cat investors. Most who buy precious metals do so in small increments as a way of saving money. Precious metals investors are purchasing precious metals as a way to preserve their wealth against the damages of inflation. Inflation harms the poorest among us, including pensioners, Mainers on fixed incomes, wage earners, savers, and more.
- **Levying sales taxes on precious metals makes no sense because they are held for resale.** Sales taxes are typically levied on final consumer goods. Computers, shirts, and shoes carry sales taxes because the consumer is "consuming" the good. Precious metals are inherently held for resale, not "consumption," making the imposition of sales taxes on precious metals illogical from the start.
- **Studies have shown that taxing precious metals is an inefficient form of revenue collection.** The results of a Michigan study, for example, demonstrated that any sales tax proceeds a state collects on precious metals may be surpassed by the state revenue *lost* from conventions, businesses, and economic activity that are driven out of the state.
- **Taxing gold and silver harms in-state businesses.** It's a competitive marketplace, so buyers will take their business to neighboring states (which have all eliminated or reduced sales tax on

precious metals), thereby undermining Maine jobs. Levying sales tax on precious metals harms in-state businesses who will lose business to out-of-state precious metals dealers.

- **Gold and silver are the only money mentioned in the U.S. Constitution.** Article 1, Section 10 states that “no state shall make any Thing but Gold and Silver a tender in payment of debts.” Exchanging one form of U.S. money for another should not be taxed.
- **Other types of savings or investment do not carry a sales tax.** Gold and silver are held as forms of savings and investment. Maine does not assess a sales tax on the purchase of stocks, bonds, ETFs, real estate, currencies, and other financial instruments.

That’s why we ask you to vote YES on LD 372.

We hope Maine will follow the example set by 45 other states that have already eliminated sales taxes on precious metals, honored the only form of money mentioned in the U.S. Constitution, and lowered the tax burden on their constituents.