From:	Rep. Laddie Shaw
To:	House State Affairs
Cc:	Joshua Walton
Subject:	FW: Support for House Bill 3 -
Date:	Monday, January 30, 2023 9:06:16 AM
Attachments:	Rep Shaw.pdf

From: Jp Cortez <jp.cortez@soundmoneydefense.org>
Sent: Sunday, January 29, 2023 9:54 AM
To: Rep. Laddie Shaw <Rep.Laddie.Shaw@akleg.gov>
Subject: Re: Support for House Bill 3 -

Dear Representative Shaw,

On behalf of the Sound Money Defense League, I ask you to please vote YES on HB 3, a measure that ensures gold and silver coins and bullion remain tax-free, and reaffirms them as legal tender in the state of Alaska.

Under current law, the Alaska doesn't levy a sales tax on gold and silver, but boroughs and other localities could. Alaska citizens are discouraged from insuring their savings against the devaluation of the dollar when they are penalized with taxation for doing so.

Passage of this measure would ensure there are no disincentives to holding gold and silver for this purpose. HB 3 is important for a few reasons:

- **Investments are not typically subject to sales tax.** Alaska does not tax the purchase of stocks, bonds, ETFs, currencies, and other financial instruments. Gold and silver are held as forms of savings and investment. Taxing precious metals is unfair to certain savers and investors.
- **Studies have shown that taxing precious metals is an inefficient form of revenue collection.** The results of one study involving Michigan show that any sales tax proceeds a state collects on precious metals are likely surpassed by the state revenue *lost* from conventions, businesses, and economic activity that are driven out of the state.

  In total, 42 states (including Alaska) and the overwhelming majority of cities and boroughs across the nation have reduced or eliminated sales tax on the monetary metals.
- **Taxing gold and silver harms local businesses.** It's a competitive marketplace, so buyers will take their business to neighboring municipalities or online with more fair tax laws on precious metals, thereby undermining jobs. Levying sales tax on precious metals harms local businesses who will lose business to other precious metals dealers. Investors can easily avoid paying $107 in sales taxes, for example, on a $1,950 purchase of a one-ounce gold bar.

  - **Levying sales taxes on precious metals is inappropriate.** 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 application of sales taxes on precious metals inappropriate.

- **Taxing precious metals is harmful to citizens attempting to protect their assets.** Purchasers of precious metals aren't 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, Alaskans on fixed incomes, wage earners, savers, and more.

In 2023, the trend is to remove sales taxes on precious metals, not impose them. Measures to remove taxation on sound, constitutional money have been introduced in more than a dozen states.

Please vote YES on HB 3 to give legislators the opportunity to follow the example set by 42 states and countless other boroughs which have already reduced or eliminated sales taxes on precious metals, to honor the only form of money mentioned in the U.S. Constitution, and to lower the tax burden on Alaska constituents.

Please let me know if you have any questions about the bill. I am eager to discuss this important subject with you. My phone number is (404) 948-8935 and my email is jp.cortez@soundmoneydefense.org

Sincerely,
Jp Cortez
Policy Director
Sound Money Defense League

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Jp Cortez, Policy Director
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