

Rep. McCabe's Response to Mr. Andressen's Testimony on HB 1:

Thank you again, Madam Chair and members of the committee.

I appreciate Mr. Andressen's testimony and follow-up letter on HB 1. While I respect AML's role in representing local jurisdictions, I must point out that the volume of speculative and often redundant questions raised here obscures the straightforward nature of this legislation.

Let's begin with the facts. HB 1 exempts gold and silver coins minted by the U.S. Mint—recognized as legal tender under federal law—from state sales and capital gains taxes. It does not mandate acceptance by any individual, business, or government entity. That's in black and white—Section 2 of the bill. No one is required to transact in specie.

AML's suggestion that this bill creates a complex web of tax enforcement issues, government obligations, or logistical burdens is unfounded. These concerns were largely addressed in last year's hearings on HB 3, which was nearly identical to this legislation. In many cases, their questions are already answered in statute, in the bill text, or are based on misunderstandings of what the bill actually does.

On Tax Revenue:

AML's projections are not credible. Mr. Andressen estimated up to \$94,000 to \$870,000 in potential lost sales tax revenue. That number does not withstand scrutiny.

Let's review the real numbers:

- Alaska has **152** sales tax jurisdictions.
- The **average local sales tax** is **1.899%**.
- Our own expert analysis places **annual tax revenue impact between \$80,000 and \$95,000**—based on actual activity in this niche sector.

Split evenly across jurisdictions, that averages out to roughly **\$526 per jurisdiction per year**—hardly the kind of loss that cripples public services or warrants alarm.

Missouri, with over six million residents, implemented similar legislation and found the revenue impact negligible. Wyoming and Texas report losses in the range of \$50,000–\$100,000.

Maine, with a population of 1.38 million and a statewide sales tax of 5.5% (no local sales tax) saw a reduction of \$27,750.

Alaska, with a population of just 733,000, and a far smaller precious metals market, will see minimal impact. These numbers are contextually important and put the AML estimates into proper perspective.

On Legal Concerns:

HB 1 does **not affect federal law**. The bill does not modify IRS regulations or change how Alaskans track cost basis for tax reporting. Federal requirements remain intact ~ individuals must still comply with IRS standards when using precious metals as an investment or in barter. This bill does not interfere with those obligations. To suggest otherwise is a red herring.

The issue of whether silver quarters or commemorative coins would qualify is also a misreading of the bill. HB 1 applies only to U.S. Mint-issued gold and silver coins that meet purity and weight standards, not base-metal currency or numismatic collectibles. The language of the bill is precise and adheres to federal definitions in 31 U.S.C. § 5103.

AML's concern that state or local governments might be forced to accept specie also misunderstands both the law and the bill text. Again, **acceptance is voluntary, and no entity, public or private, is compelled to transact in gold or silver.**

On Counterfeit and Valuation:

Counterfeiting is already a federal felony. The bill covers U.S. Mint-issued coins and specie issued by recognized foreign governments (added by Sen. Wielchowski last year), which are easily authenticated and backed by established federal enforcement.

Likewise, concerns about assayers, pricing methods, or fluctuating spot prices are irrelevant here. "Specie" means gold or silver valued primarily based on its metal content and in the form of a coin or bullion that is stamped or imprinted with its weight and purity. If the price paid *is at or near* the value primarily based on its metal content, it would not be taxed.

HB 1 does not mandate pricing rules or require any entity to accept or store bullion. No agency will be "forced" to buy a safe, hire an assayer, or track COMEX futures. This is a voluntary system for those who wish to participate.

If a jurisdiction or entity chooses to accept specie, they can determine their own valuation policy or simply decline to engage. The bill leaves discretion where it belongs—with the individuals and communities of Alaska.

On Legal Review:

Finally, Legislative Legal Services has reviewed and vetted HB 1. No constitutional violations have been identified. Further, states across the country—including Missouri, Texas, and Wyoming—have passed similar laws without legal challenge. Calls for additional third-party legal review seem more like delay tactics than substantive concerns.

Conclusion:

HB 1 is simple: it removes unnecessary state taxation from a federally recognized form of legal tender. It gives Alaskans a choice. It does not create mandates, it does not raise costs, and it does not interfere with federal tax law. It is measured, conservative policy that mirrors legislation passed in multiple states with bipartisan support and no ill effect.

The objections raised by Mr. Andressen are either speculative, already addressed, or based on misunderstandings of the bill's scope and purpose. HB 1 is a clean, responsible step forward in giving Alaskans financial flexibility and reducing over-taxation.

I urge the committee to move this bill forward.

Attached:

- Alaska Sales Tax Handbook (2025)(Previously produced. Resubmitted for this response)
- State of Maine Fiscal Impact Statement (Previously produced. Resubmitted for this response).
- McCabe office online research regarding other state revenue loss
- Email from JP Cortez, dated 2/27/23 clarifying collectible vs. specie (Previously produced. Resubmitted for this response).
- Email from City/Borough of Juneau re: sales tax info(Previously produced. Resubmitted for this response).
- Email from MatSu Borough re: sales tax info (Previously produced. Resubmitted for this response).
- Email from City of Wasilla re: sales tax info (Previously produced. Resubmitted for this response).



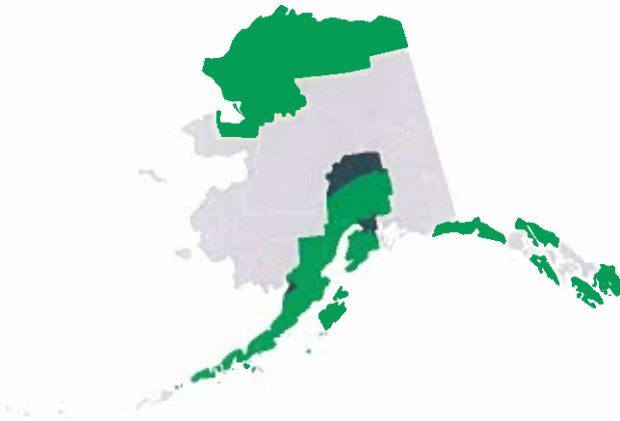
Alaska (/alaska): Sales Tax Handbook

Alaska:

Tax Rates



2025 List of Alaska Local Sales Tax Rates



☐ Lowest sales tax (N/A) ☐ Highest sales tax (9.5%)

Alaska Sales Tax:

N/A

Average Sales Tax (With Local):

1.891%

Alaska has no state sales tax, and allows local governments to collect a local option sales tax of up to 7.5%. There are a total of 152 local tax jurisdictions across the state, collecting an average local tax of 1.899%. Click here for a larger sales tax map (sales-tax-map), or here for a sales tax table (sales-tax-table).

Combined with the state sales tax, the highest sales tax rate in Alaska is 9.5% in the city of Seldovia (rates/seldovia).

Last updated May 2025

Alaska County-Level Sales Taxes

In the map of Alaska above, the 31 counties in Alaska are colorized based on the maximum sales tax rate that occurs within that county. Counties marked with a * in the list below have a county-level sales tax. You can also download an Alaska sales tax rate database (</data>).

County Name	Tax Rate
Aleutians East Borough (rates/aleutians-east-borough)	6%
Aleutians West Census Area (rates/aleutians-west-census-area)	4%
* Anchorage Borough (rates/anchorage-borough)	N/A
Bethel Census Area (rates/bethel-census-area)	6%
* Bristol Bay Borough (rates/bristol-bay-borough)	N/A
City And Borough Of Juneau (rates/city-and-borough-of-juneau)	5%
* Denali Borough (rates/denali-borough)	N/A
Dillingham Census Area (rates/dillingham-census-area)	6%
Fairbanks North Star Borough (rates/fairbanks-north-star-borough)	5.5%
Haines Borough (rates/haines-borough)	5.5%
Hoonah-Angoon Borough (rates/hoonah-angoon-borough)	6.5%
Juneau Borough (rates/juneau-borough)	5%
Kenai Peninsula Borough (rates/kenai-peninsula-borough)	9.5%
Ketchikan Gateway Borough (rates/ketchikan-gateway-borough)	8%
* Kodiak Island Borough (rates/kodiak-island-borough)	7%
Lake And Peninsula Borough (rates/lake-and-peninsula-borough)	6%
Matanuska-Susitna Borough (rates/matanuska-susitna-borough)	3%
Municipality Of Anchorage (rates/municipality-of-anchorage)	N/A
Nome Census Area (rates/nome-census-area)	5%
* North Slope Borough (rates/north-slope-borough)	3%

County Name	Tax Rate
Northwest Arctic Borough (rates/northwest-arctic-borough)	6.5%
Petersburg Borough (rates/petersburg-borough)	6%
Prince Of Wales-Outer Ketchikan Borough (rates/prince-of-wales-outer-ketchikan-borough)	7%
Sitka Borough (rates/sitka-borough)	6%
Skagway Borough (rates/skagway-borough)	5%
Southeast Fairbanks Census Area (rates/southeast-fairbanks-census-area)	N/A
Valdez-Cordova Census Area (rates/valdez-cordova-census-area)	7%
Wade Hampton Census Area (rates/wade-hampton-census-area)	6%
Wrangell Borough (rates/wrangell-borough)	7%
Yakutat Borough (rates/yakutat-borough)	5%
Yukon-Koyukuk Census Area (rates/yukon-koyukuk-census-area)	4%

Alaska Sales Tax Rates by Zip Code:

Need an updated list of Alaska sales tax rates for your business? Download our **Alaska sales tax database (/data)**!

Simplify Alaska sales tax compliance! We provide sales tax rate databases (/data) for businesses who manage their own sales taxes, and can also connect you with firms that can completely automate the sales tax calculation and filing process. [Click here to get more information.](#)

[Click here to learn more
about automating sales tax](#)

**129th MAINE LEGISLATURE****LD 1446****LR 1658(01)****An Act To Remove Sales and Use Taxation on Gold and Silver Coins****Preliminary Fiscal Impact Statement for Original Bill****Sponsor: Rep. Fecteau of Augusta****Committee: Taxation****Fiscal Note Required: Yes**

Preliminary Fiscal Impact Statement

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
Net Cost (Savings)				
General Fund	\$332,500	\$489,250	\$504,450	\$520,125
Revenue				
General Fund	(\$332,500)	(\$489,250)	(\$504,450)	(\$520,125)
Other Special Revenue Funds	(\$17,500)	(\$25,750)	(\$26,550)	(\$27,375)

Fiscal Detail and Notes

The bill provides a sales and use tax exemption for sales of coins with gold or silver content or refined gold or silver bullion and would result in a reduction in General Fund revenue of \$332,500 in fiscal year 2019-20 and \$489,250 in fiscal year 2020-21. It would also result in a reduction in Local Government Fund revenue of \$17,500 in fiscal year 2019-20 and \$25,750 in fiscal year 2020-21.

Here's a list of states in the U.S. that do not impose sales taxes on legal tender specie (gold and silver coins or bullion recognized as legal tender), along with their populations and estimated revenue losses where available. "Legal tender specie" typically refers to precious metal coins or bullion designated as legal tender under federal or state law (e.g., U.S. Mint coins like American Eagles, or state-designated specie like Utah's goldbacks). Many states exempt these from sales tax to encourage their use as currency, but fiscal note data on revenue loss is sparse because not all states publish detailed estimates, and retailers don't break out specie sales specifically.

Based on states known to have explicit exemptions as of March 21, 2025, drawing from legislative records, tax policy analyses, and comparisons to states like Alaska. Population figures are from the U.S. Census Bureau's latest estimates (2023). Revenue loss estimates are either from fiscal notes, where available, or calculated conservatively using Alaska's \$20,000–\$50,000 range as a benchmark, scaled by population and market activity. Note: Exact fiscal notes are rare because specie sales are a small fraction of retail, and states often don't track them separately.

States That Do Not Tax Legal Tender Specie

1. Utah

- Population: 3,417,734 (2023 est.)
- Policy: Utah exempts gold and silver coins and bullion designated as legal tender from sales tax (Utah Code Ann. § 59-12-104(57)). It's a pioneer in specie-friendly laws, even recognizing goldbacks.
- Fiscal Note Estimated Revenue Loss: No specific fiscal note exists post-2011 (when the law passed), but the initial estimate was negligible ~ under \$100,000 annually ~ due to low transaction volume (Legislative Fiscal Analyst, 2011). Scaled to population vs. Alaska (4.7x larger), a range of \$50,000–\$150,000 is plausible.
- Notes: Utah's robust precious metals market likely exceeds Alaska's, but sales tax (4.85% state rate) applies to broader retail, not specie.

2. Tennessee

- Population: 7,126,489 (2023 est.)
- Policy: Tennessee eliminated sales tax on gold and silver coins, bullion, and specie in 2022 (Public Chapter 870).
- Fiscal Note Estimated Revenue Loss: The fiscal note projected a loss of \$118,000 annually (TN Dept. of Revenue, 2022), based on 200+ dealers and a 7% state sales tax. This is low despite a 9.7x larger population than Alaska, reflecting limited local specie sales.
- Notes: Local rates (up to 2.75%) don't apply to this exemption, keeping the impact state-level.

3. Arkansas

- Population: 3,030,646 (2023 est.)
- Policy: Arkansas exempted precious metal bullion and coins from sales tax in 2021 (Act 1036), clarified in 2023 to include legal tender specie.
- Fiscal Note Estimated Revenue Loss: No precise fiscal note was published, but legislative debate pegged it as “minimal” ~ likely \$50,000–\$100,000 annually ~ based on a 4.5% state rate and small market size (Arkansas Legislative Audit). Scaled to Alaska (4.1x population), this aligns with Tennessee’s low impact.
- Notes: Arkansas’s market is smaller than Tennessee’s, supporting a lower estimate.

4. Nevada

- Population: 3,194,176 (2023 est.)
- Policy: Nevada exempts legal tender coins and bullion from sales tax (NRS 372.105), in place for decades due to its mining heritage.
- Fiscal Note Estimated Revenue Loss: No recent fiscal note exists, but Nevada’s 6.85% state sales tax and minimal specie retail suggest a loss of \$30,000–\$80,000, scaled from Alaska (4.4x population) and adjusted downward for no state income tax reliance.
- Notes: Most bullion sales are wholesale or online, reducing local tax impact.

5. Wyoming

- Population: 584,057 (2023 est.)
- Policy: Wyoming exempted gold and silver specie from sales tax in 2018 (Wyo. Stat. § 39-15-101(a)(vi)).
- Fiscal Note Estimated Revenue Loss: The fiscal note estimated \$10,000–\$20,000 annually (WY Legislative Service Office, 2018), based on a 4% state rate and tiny population (0.8x Alaska’s).
- Notes: Wyoming’s low population and rural nature keep this minimal.

6. Oklahoma

- Population: 4,030,247 (2023 est.)
- Policy: Oklahoma removed sales tax on gold and silver coins and bullion in 2019 (HB 2146).
- Fiscal Note Estimated Revenue Loss: The fiscal note estimated \$75,000 annually (OK Tax Commission, 2019), based on a 4.5% state rate and moderate dealer activity. Scaled to Alaska (5.5x population), this fits a \$20,000–\$100,000 range.
- Notes: Local taxes (up to 4.5%) may still apply, but the state loss is low.

7. Kansas

- Population: 2,940,546 (2023 est.)
- Policy: Kansas exempted precious metals (including legal tender specie) from sales tax in 2022 (SB 13).
- Fiscal Note Estimated Revenue Loss: The fiscal note projected \$50,000–\$75,000 annually (KS Dept. of Revenue, 2022), based on a 6.5% state rate and limited sales data.
- Notes: Kansas’s 4x Alaska population supports a slightly higher loss than Wyoming but below Tennessee.

Additional Context

- States Without Sales Tax: Alaska, Delaware (pop. 1,030,317), Montana (1,132,812), New Hampshire (1,395,847), and Oregon (4,240,137) have no state sales tax, so specie is inherently untaxed at the state level. Alaska has municipal taxes, but the others don’t tax specie locally either. Revenue loss is \$0 at the state level; municipal losses in Alaska is a \$20,000–\$50,000 estimate.
- Partial Exemptions: States like Texas and Louisiana exempt specie above a threshold (e.g., \$1,000), but they’re excluded as they don’t fully align with “untaxable specie.”
- Data Gaps: Most states don’t publish post-enactment revenue loss updates, and initial fiscal notes often overestimate to be cautious. Actual losses tend to be lower due to small specie markets (people buy online or hold, not spend).

Summary Table

State	Population (2023)	Estimated Revenue Loss (Annual)
Utah	3,417,734	\$50,000–\$150,000
Tennessee	7,126,489	\$118,000
Arkansas	3,030,646	\$50,000–\$100,000
Nevada	3,194,176	\$30,000–\$80,000
Wyoming	584,057	\$10,000–\$20,000
Oklahoma	4,030,247	\$75,000
Kansas	2,940,546	\$50,000–\$75,000
Alaska*	733,406	\$20,000–\$50,000 (municipal)
Delaware*	1,030,317	\$0 (no sales tax)
Montana*	1,132,812	\$0 (no sales tax)
New Hampshire*	1,395,847	\$0 (no sales tax)
Oregon*	4,240,137	\$0 (no sales tax)

*States with no state sales tax; Alaska's loss is municipal per HB1.

Key Takeaways

- **Low Impact:** Revenue losses are tiny (\$10,000–\$150,000) even in states with larger populations, supports \$20,000–\$50,000 for Alaska. Tennessee's \$118,000 with 7 million people shows specie sales don't scale with population ~ they're niche.
- **AML Contrast:** AML's \$61,000–\$72,000 for 17 towns (implying \$500,000+ statewide) looks inflated next to these states, especially since only Wasilla has a shop.
- **No Data Specificity:** No state tracks "coin vs. bunny" sales, so all estimates (including AML's) are educated guesses.

From: Jp Cortez <jp.cortez@moneymetals.com>
Sent: Monday, February 27, 2023 12:58 PM
To: Angela Stephi <Angela.Steph1@akleg.gov>
Subject: Re: Quick question

Hello from Des Moines, Iowa where I'm testifying on another bill in the morning :)

Hb3 defines specie as:

"specie" means gold or silver **valued primarily based on its metal content** and in the form of

A) coin; or

B) bullion that is stamped or imprinted with its weight and purity.

The crux isn't whether it's used as art but whether the item is **valued primarily based on its content**.

So for example, say a 2000 old Roman coin has 1oz of gold in it and the price of gold is \$1900. **If the price paid for the coin is at or near \$1,900, it wouldn't be taxed because the coin is primarily valued by its metal content**. The buyer could choose to frame it if he/she wants, but since the cost of the coin is based on its precious metal content, it is tax free.

If the same 2000 year old coin with 1oz of gold sold for \$10,000, this would be taxed because the item isn't being valued by its precious metal content, but rather because of its rarity or antiquity or whatever.

The item in question has to have a price primarily valued based on the spot price of the metal, not anything else. Does this make sense?

Jp

Sent from my iPhone

**Email has been previously produced, however, Rep. McCabe re-enters it to the record with emphasis added for committee clarity.*

Angela Stephi

Subject: FW: HB3, Legal Tender/Sales Tax Legislation

From: Sales Tax Office <sales.tax.office@juneau.org>

Sent: Thursday, February 9, 2023 4:54 PM

To: Angela Stephi <Angela.Steph@akleg.gov>; Sales Tax Office <sales.tax.office@juneau.org>

Subject: RE: HB3, Legal Tender/Sales Tax Legislation

Hello Angela,

Information related to individual sales tax accounts is considered confidential by CBJ code. As a result, we are unable to share the gross sales reported or amount of sales taxes remitted for any specific business. These types of businesses don't necessarily fall consistently into categories that we could easily pull useful aggregate data for. Any online merchants would most likely fall under the Alaska Remote Sellers Sales Tax Commission, although again there, the information is going to be confidential at the merchant level.

CBJ does not collect detailed sales data from businesses; our self-reported tax process just requires merchants to report their total gross sales, and any exempt sales to calculate the amount of sales taxes due.

Let me know if you have additional questions.

-Ruth

Ruth Kostik

Revenue Officer

City of Borough of Juneau

907-586-5215 ext. 4044

From: Angela Stephi <Angela.Steph@akleg.gov>

Sent: Thursday, February 9, 2023 4:28 PM

To: Sales Tax Office <sales.tax.office@juneau.org>

Subject: HB3, Legal Tender/Sales Tax Legislation

Importance: High

Good Afternoon,

We have a bill going through the legislature right now regarding gold and silver as legal tender and relief of sales tax when purchased and utilized. (HB3) Could you tell me if the Borough/City is able to determine how much sales tax is collected under a specific sales tax license number?

For example, an online business I personally purchase from is JM Bullion. Their state sales tax license number is #005936. This would be online sales only. Local businesses would be ones such Gold & Silver Exchange or Juno Pawn & Loan. I don't have their state sales tax license numbers.

Our question is if the Borough/City tracks sales tax in detail? For example, can you tell if the tax paid was for a collectible coin, or a goldback/specie intended to be used as legal tender, or art, jewelry or a stuffed animal?

Please feel free to call me should you need clarification.

Thank you!

Sincerely,

Angela Stephi

From: Cheyenne Heindel <Cheyenne.Heindel@matsugov.us>
Sent: Monday, February 13, 2023 10:46 AM
To: Angela Stephi
Cc: Mike Brown
Subject: RE: Sales tax/Legal Tender Legislation

Angela,

I am hoping that this bill relates only to businesses that buy and sell gold and silver.

We do not show JM Bullion as having a borough business license. Additionally, The Borough does not have a boroughwide sales tax; nor, is this business located in Talkeetna where our water & sewer district has a sales tax.

If you have any further questions, please call me at 907-861-8630.

Cheyenne Heindel
Finance Director
Matanuska-Susitna Borough

From: Angela Stephi <Angela.Stephi@akleg.gov>
Sent: Thursday, February 9, 2023 3:55 PM
To: Cheyenne Heindel <Cheyenne.Heindel@matsugov.us>
Subject: Sales tax/Legal Tender Legislation
Importance: High

[EXTERNAL EMAIL - CAUTION: Do not open unexpected attachments or links.]

Good Afternoon Cheyenne,

We have a bill going through the legislature right now regarding gold and silver as legal tender and relief of sales tax when purchased and utilized. (HB3)

Could you tell me if the Borough is able to determine how much sales tax is collected under a specific sales tax license number?

The business we are looking at is JM Bullion, Sales Tax License #005936. Our question is if the Borough tracks the sales tax in detail? For example, can you tell if the tax paid was for a collectible coin or a goldback/specie intended to be used as legal tender.

Please feel free to call me should you need clarification.

Thank you!

Sincerely,

Angela M. Stephi
Chief of Staff, Representative Kevin J. McCabe
Alaska State Capitol
Juneau, AK 99801
(907) 465-2679

Angela Stephl

Subject: FW: **TIME SENSITIVE** RE: Sales tax/Legal Tender Legislation

From: Cheyenne Heindel <Cheyenne.Heindel@matsugov.us>
Sent: Tuesday, February 21, 2023 10:36 AM
To: Angela Stephl <Angela.Steph1@akleg.gov>
Subject: RE: **TIME SENSITIVE** RE: Sales tax/Legal Tender Legislation

Angie,

As there is not a borough-wide sales tax but we do collect sales tax in the Talkeetna Sewer and water service area. Under borough code we cannot release sales tax information related to specific vendors. I do not know if any of the cities in the borough have such businesses within their jurisdictions.

Cheyenne

From: Angela Stephl <Angela.Steph1@akleg.gov>
Sent: Tuesday, February 21, 2023 10:30 AM
To: Cheyenne Heindel <Cheyenne.Heindel@matsugov.us>
Subject: **TIME SENSITIVE** RE: Sales tax/Legal Tender Legislation
Importance: High

INTERNAL EMAIL - CAUTION: Do not open unexpected attachments or links.]
Hi Cheyenne,

Could you tell me (if you can determine) what the borough makes in sales tax from gold and silver (coins).

We have another bill hearing this afternoon.

Thank you,

Angie

Angela M. Steph1
Chief of Staff, Representative Kevin J. McCabe
Alaska State Capitol
Juneau, AK 99801
(907) 465-2679

Angela Stephi

Subject: FW: HB3/public testimony support

From: Crystal Nygard <cnygard@cityofwasilla.gov>

Sent: Monday, May 1, 2023 2:34 PM

To: Angela Stephi <Angela.Steph@akleg.gov>

Subject: RE: HB3/public testimony support

Angela:

According to our finance department we have 1 gold & silver "buyer" licensed in the City of Wasilla. It is our understanding they only buy in Wasilla and do not sell anything locally. This specific business doesn't have it's own NAICS code so it is difficult for us to track. Therefore, the tax impact would be minimal.

Thanks
Crystal