

## Oregon Coalition of Precious Metals Dealers

February 14, 2023

House Committee on Revenue

Testimony in support of HB 3192

Chair Nathanson, Vice Chairs Reschke and Walters and Members of the Committee:

For the record, I am Jo Bell and I am here representing the Oregon Coalition of Precious Metals Dealers.

The Coalition is comprised of precious metals dealers who are local community businesses that buy and/or sell precious metals such as gold, silver, platinum, and palladium. We are here in support of HB 3192.

The Corporate Activity Tax is having a very disruptive and damaging impact on the precious metals businesses in Oregon. It is affecting this small segment of businesses disproportionately. Of equal concern, our Oregon customers are being impacted by these disruptions as well.

With HB 3192, we are requesting that the Corporate Activity Tax be amended to exempt these specific metals. The language we propose is narrowly written and concise, and it mirrors the exemption provided in Washington for their Business & Occupation Tax.

One of the key issues impacting precious metals dealers is the differing ways that the corporate activity tax is handled for brokers and financial planners versus precious metals dealers, which has created an uneven playing field. If these commodities are purchased through a broker or financial planner there are no taxes included on the cost of the precious metals. However, when sold through precious metals dealers, the cost of the precious metals is included in the calculation of the tax owed by the dealers. Many customers prefer to take physical possession of the tangible asset they are investing in. This difference in the application of the tax to the commodity adds additional cost to their investment to obtain the physical commodity.

As I stated previously, the corporate activity tax has had a disproportionate and damaging impact on this small sector of businesses in Oregon. Prior to the passage of the corporate activity tax, there were 33 businesses in the wholesale, retail and refining of precious metals in Oregon. Now there are only 23 businesses left operating in the state. (3 have gone out of business and 7 moved out of state). This loss

of 10 businesses is approximately a 30% decrease in the number of precious metals dealers in Oregon. While the actual number of businesses lost is not large in the overall economy, it is significant for this small sector of businesses. This has also had a negative impact on their customers, who now do not have the opportunity to do business locally from a trusted community business.

For precious metals dealers, the corporate activity tax has also been very disruptive to the normal flow of business within the state. Prior to the corporate activity tax, the business between Oregon wholesalers and retailers was very robust. However, due to the impacts of the tax, Oregon wholesalers and retailers are now doing an average of 50% or more of their business outside of Oregon, instead of buying and selling within the state with each other as they have done in the past.

All of these impacts can be attributed to the very competitive costs of precious metals. When planning a purchase, anyone can access the pricing information easily on public investment and trading sites, which are regularly updated. This public availability results in highly competitive and volatile pricing. That restricts a dealer's ability to adjust their pricing with any consideration of the tax. Oregon consumers who prefer to maintain an established relationship with a trusted, local business are likely paying a higher cost for their investments in precious metals by purchasing them in Oregon.

I would like to make one clarification about the language for the exemption. We are asking for an exemption for the precious metals only, not the precious metals businesses. The reason is that many of the precious metals dealers have other business activities and items as part of their overall business. These do not have the same competitive business practices or pricing issues as the precious metals do.

Thank you for the opportunity to testify today and bring our concerns to your attention. We would respectfully request your support of HB 3192.