



HB 3192: Precious metal sales should not be exempt from CAT

House Committee on Revenue – John Calhoun – 2.14.2023

My name is John Calhoun and I am representing Tax Fairness Oregon, a network of volunteers who advocate a rational and equitable tax code.

HB 3192 is one of many bills seeking exemptions from the Corporate Activity Tax this session. I have some sympathy for a bill a former member of this committee, Senator Findley, has sponsored to exempt medical practitioners from the CAT on their fixed-rate reimbursements like Medicaid and Medicare. At the same time, I have trouble understanding why those who sell precious metals have a higher priority than other businesses subject to the CAT.

The tax is less than ½% of the price of a good. For the past five years, an ounce of gold has sold for somewhat less than \$2,000 an ounce (today it is about \$1,850). If it did sell for \$2,000, the tax would be less than \$10 for the transaction.

I am not an expert in precious metal trading, but what I have learned is that how different states tax precious metals is a complicated mess. Some have no sales taxes, some have normal rates, and some tax some aspects of the business and not others. In most states that have a sales tax, the rate is 10 times our CAT rate—or higher. According to [Noble Gold Investments](#), Nevada applies a 6.85% sales tax, with some exceptions. If Oregon businesses are relocating to Nevada, it's not because of the CAT.

[Golden Eagle Coins](#), is not based in Oregon, but touts on its website, “Fortunately, in the business-friendly state of Oregon there is no sales tax for any transactions of products, including all precious metals no matter the size or amount.”

The industry trade group asserts that the industry is suffering due to the CAT. Oregon's tax may have an impact, but it is also likely that the rapid growth of Crypto currencies during the same period the CAT has been in place contributed to industry problems. The promoters of Crypto use many of the same marketing appeals as those in the precious metals business.

Regardless, any reduction in CAT revenue means less money for schools. Tax Fairness Oregon urges legislators as a matter of principle to offset any reductions in the CAT with increases elsewhere so that school revenue is maintained. The legislature could either increase the 0.57% tax rate or reduce the 35% subtraction for certain business expenses.

Tax Fairness Oregon urges a no vote on HB 3192.

We read the bills and follow the money