

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO ASSEMBLY, No. 5294

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 21, 2023

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 5294.

As amended, this bill provides an exemption from the sales and use tax for the sale of investment metal bullion and investment coins.

The bill, as amended, defines “investment metal bullion” as any elementary precious metal that has been put through a process of smelting or refining, including, but not limited to, gold, silver, platinum, and palladium, and that is in such state or condition that its value depends upon its contents and not its form. Under the bill, as amended, the exemption would not apply to the sale of precious metals that have been assembled, fabricated, manufactured, or processed in one or more specific and customary industrial, professional, aesthetic, or artistic uses.

The bill, as amended, defines “investment coin” as any numismatic coin manufactured of gold, silver, platinum, palladium, or any other metal, including non-precious metals. Under the bill, as amended, the exemption would not apply to the sale of jewelry or works of art made of coins, nor would it apply to the sale of commemorative medallions.

As amended and reported by the committee, Assembly Bill No. 5294 is identical to Senate Bill No. 1825, which was also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments insert the provisions of the bill into current statutory law that provides for a sales and use tax exemption on sales of gold or silver and storage thereof, in the form that can be traded on a contract market or an exchange.

The committee amendments remove the \$1,000 fair market value threshold from the bill’s definition of “investment coin.”

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the sales and use tax exemption of investment metal bullion and investment coins established under the bill would result in a reduction in State revenues between \$4.8 million and \$7 million annually.

The OLS notes that State-specific data concerning the sales of investment metal bullion and investment coins does not appear to be publicly available. For this reason, the OLS assumes that the level of sales of metal bullion and coins in the State is proportionally the same as New Jersey's share of the United States' total amount of personal income.

The OLS notes that the sales tax exemption may encourage consumers to shift some of their metal bullion and coin purchases that they would have made in other states to be made in New Jersey. The OLS cannot predict the magnitude of this potential change in consumer behavior and its impact on State revenues.