

**To:** House Tax Committee  
**From:** Dean Schmidt, Owner  
Dean Schmidt Rare Coins & Atchison Rare Coin Company  
**Date:** February 6, 2019  
**Re:** Support of HB 2093

Mr. Chair and members of the committee:

Thank you for the opportunity to express my support for House Bill 2093. My comments speak to the bill's language relating to the sales and use tax exemption of gold and silver bullion that is located on page 37. I'd like to preface my remarks to say I appreciate the work that you do to provide funding for our state government, while being as fair as possible to the citizens of Kansas.

I am the owner of Dean Schmidt Rare Coins, the president of the Kansas Numismatic Association, and lifelong resident of our state. This language should sound familiar to you as the gold and silver bullion exemption bill was approved by the House Tax Committee (HB 2421) last session. The Senate also passed this exact bill 38-2 (HB 2492). Sadly, this exemption was part of the mega tax conference committee report that died last session on the final day. It is important to note the Senate and House Tax Conference Committee conferees agreed to exempting gold and silver in the conference committee report.

My business was founded in 1988, and mainly focused on the numismatic wholesale market on the national level until I opened a brick-and-mortar location in Atchison in 2008. Although I was aware of the sales tax exemption for coins and bullion in Missouri, the lack of an exemption in Kansas has proven to be a major handicap for all customers in Kansas and for my overall business. My business has basically evolved into a buying operation, and instead of having the ability to sell material to customers in my store, almost all sales are wholesale and out-of-state. Several dealers have told me that they will not attend a convention in Kansas as long as the sales tax remains in place. At least one individual has told me he would seriously consider moving his business from Missouri to Kansas if this sales tax exemption is enacted.

We see this as a double taxation issue. Gold and silver are capital assets. Kansas investors are already taxed for capital gains and in our state, we have to pay sales tax too. Other core investments (stocks, bonds) do not have sales tax applied to them. Kansas being one of the few states that charges sales tax puts our investors and dealers at a clear disadvantage.

An excellent analogy for this situation is the inequality of fuel taxes on gasoline between Kansas and Missouri. Currently, the approximate difference in gas taxes is 7 cents a gallon between the states. Kansas motorists cross the bridge to Missouri to save 4 to 5 cents a gallon on gasoline,

and the gasoline business owner in Missouri profits more than the operator would have made in Kansas. The net result is the average Kansas motorist saves 75 cents to a dollar on a tank of gas, Missouri collects all of the fuel tax, and Kansas receives no income for its highway fund.

In conclusion, the collectors, investors, and dealers in Kansas are not asking for an advantage. We are only requesting that the State of Kansas remove a disadvantage so that we can compete fairly with our neighbors in Missouri and businesses across the country.

Because Kansans are forced to do business out of state, there is only a \$7,800 fiscal note for this section, according to the Kansas Department of Revenue.

Thank you for your attention to this matter and your support of our language in HB 2093.

Respectfully,

Dean Schmidt

Owner, Dean Schmidt Rare Coins

President, Kansas Numismatic Association

Professional Numismatists Guild, member #451