

SUBJECT: Amending the Texas Constitution to allow a precious metal tax exemption

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 10 ayes — Burrows, Guillen, Bohac, Cole, Murphy, Noble, E. Rodriguez, Sanford, Shaheen, Wray

0 nays

1 absent — Martinez Fischer

WITNESSES: For — Tom Glass, Right to Use Cash; (*Registered, but did not testify:* Jake Posey, Dillon Gage Metals)

Against — None

On — (*Registered, but did not testify:* Tom Smelker, Comptroller of Public Accounts)

BACKGROUND: Tex. Const. Art. 8, sec. 1 requires all real and tangible personal property in the state to be taxed in proportion to its value unless exempt as required or permitted by the Constitution.

DIGEST: CSHJR 95 would allow the Legislature by general law to exempt from property taxation precious metal held in a precious metal depository in the state. The Legislature by general law could define "precious metal" and "precious metal depository" for purposes of this exemption.

The ballot proposal would be presented to voters at an election on November 5, 2019, and would read: "The constitutional amendment authorizing the legislature to exempt from ad valorem taxation precious metal held in a precious metal depository located in this state."

SUPPORTERS SAY: CSHJR 95 would allow the Legislature to provide certainty to accountholders and investors by creating a property tax exemption for precious metals held in a depository in the state. Other states do not tax

precious metals, and creating this exemption would enable Texas depositories to be more competitive. The state already exempts certain precious metals from sales and use tax, so CSHJR 95 merely would allow the Legislature to extend this treatment to property tax.

OPPONENTS
SAY:

CSHJR 95 could be perceived as allowing the government to pick winners and losers in the economy by using the tax system to encourage people to purchase and hold precious metals in depositories in the state.

NOTES:

According to the Legislative Budget Board, CSHJR 95 would have no fiscal implication to the state other than the cost for publication of the resolution, which would be \$177,289.

HB 2859 by Capriglione, the enabling legislation for CSHJR 95, is scheduled for second reading consideration on today's calendar.