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[HF 2626](#) – Capital Gains Tax, Exemption for Bullion, Coins, and Currency (LSB1638HZ)  
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Fiscal Note Version – New

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**Description**

[House File 2626](#) exempts capital gains and losses that are the result of buying and selling bullion, coins, and currency from the State income tax.

The term “bullion” means bars, ingots, or commemorative medallions of gold, silver, platinum, palladium, or a combination of these where the value of the metal depends on its content and not the form. As defined in Iowa Code section [423.3\(91\)](#), the term “coins” or “currency” means a coin or currency made of gold, silver, or other metal or paper that is or has been used as legal tender.

The change is effective for tax year (TY) 2025 and after.

**Background**

The federal Internal Revenue Service (IRS) regards the items defined as bullion, coins, and currency in the Bill as “collectibles” and provides federal Form 1040, [Schedule D](#) (part II, line 18), and the associated [28% Rate Gain Worksheet](#) (see page D-12) for the taxation of capital gains and losses that occur through the buying and selling of collectibles.

For purposes of the taxation of capital gains, the IRS considers investments in exchange-traded funds (ETFs) that hold physical gold and other metals for the benefit of the ETF owners and that are organized as trusts to be, for the ETF shareholders, the same as owning the physical metal itself.

**Assumptions**

- The proposed capital gains income tax exemption applies not only to transactions where the purchaser takes and maintains actual possession of the item, but also applies to situations where the purchaser owns the items as a member of a collection of owners through financial structures such as the SPDR Gold Shares (ticker [GLD](#)).
- The value of an ounce of gold has generally increased over the past 20 years, so over that time period, positive capital gains would have been likely. In March 2003, the price of an ounce of gold was approximately \$335; for March 2013, the price was approximately \$1,590; and for March 2023, the price was approximately \$1,910. This calculates to an average annual increase over the first 10-year period of 16.9% per year and 1.9% per year over the most recent 10-year period.
- Capital gains from buying and selling gold and similar items are reported on IRS Schedule D (Capital Gains and Losses). For TY 2020, the IRS [reports](#) that all federal individual income taxpayers reported net capital gains on Schedule D totaling \$1,121.2 million and that Iowa taxpayers reported a total of \$5,754.9 million (0.5% of the U.S. total).
- Gold and other items are considered collectibles for federal taxation purposes and are reported on Schedule D, part II, line 18. For TY 2020, the IRS [reports](#) that all federal individual income taxpayers reported a total of positive \$5,165.7 million on part II, line 18.

- The percentage of part II, line 18, personal income that is the result of gold and similar items covered by the capital gains exemption proposed in the Bill is not known. For this **Fiscal Note**, the percentage is assumed to be 30.0%. Applying that percentage to the \$5,165.7 million in part II, line 18, income results in \$1,549.7 million in federal capital gains from gold and similar items. Applying the assumed 0.5% Iowa income share to the \$1,549.7 million yields \$8.0 million in capital gains income that is subject to Iowa income tax.
- Iowa's top individual income tax rate is 4.82% for TY 2025 and 3.90% for TY 2026 and after.
- The tax and surtax reductions estimated for a tax year are assumed to result in reduced final income tax payments or increased income tax refunds when the tax return is due (the TY 2025 estimated income tax reduction occurs in FY 2026).
- The income surtax to local governments is estimated at 2.4% of the individual income tax.

**Fiscal Impact**

The capital gains income tax exemption for the buying and selling of bullion, coins, and currency is projected to decrease State General Fund revenue by the following amounts:

- FY 2026 — \$0.4 million
- FY 2027 and after — \$0.3 million

The Bill is expected to reduce income surtax to local governments by the following amounts:

- FY 2026 — \$9,000
- FY 2027 and after — \$7,000

**Sources**

Internal Revenue Statistics of Income  
 Legislative Services Agency  
 SPDR Gold Shares Exchange-Traded Fund

/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.