

Comment Report

HF 208

A bill for an act modifying the computation of net income for the individual income tax related to the capital gain or loss from the sale of bullion, coins, and currency, and including applicability provisions.(See HF 659.)

Subcommittee Members: Boden-CH, Forbes, Wills, J.

Date: 02/28/2023

Time: 12:30 PM

Location: House Lounge

Name: Jp Cortez

Comment: Representative Shipley has introduced House File 208, a taxneutral measure to exclude from gross income any net capital gain and any net capital loss derived from the exchange of precious metals bullion.Policies that penalize savers in precious metals reduce the likelihood that Iowa citizens will take prudent steps to insulate themselves from the inflation and financial turmoil caused by the Federal Reserve.In recent years, legislation to remove capital gains taxes currently assessed on the sale of the monetary metals progressed through several state legislatures Wyoming and Arizona were the last two states to remove income taxes from constitutional money. Alabama, West Virginia, South Carolina, Missouri, and Kansas are currently considering similar legislation.Here are a few reasons why slapping an income tax on the monetary metals is wrong, and why you should vote YES on HF 208: Current Iowa law assesses taxes on imaginary gains. Under current law, a taxpayer who sells precious metals may end up with a capital gain in terms of Federal Reserve Notes. This capital gain is not necessarily a real gain, its often a nominal gain that results from the inflation created by the Federal Reserve and the attendant decline in the dollars purchasing power.Yet this nominal gain is taxed at the federal level and, because Iowa uses federal adjusted gross income (AGI) as a starting point for Iowa income calculations, this nominal gain is taxed again by the state. Inflation harms the poorest among us. Inflation is a regressive tax. The hardest hit are wage earners, savers, and pensioners on fixed incomes as well as those who own few or no tangible assets. HF 208 is a tax neutral measure it excludes any gains OR losses on the monetary metals. Investments in precious metals coins and bullion are rightly exempt from Iowas sales tax. Neutralizing Iowas income tax treatment of the monetary metals would remove the last major disincentive in the Hawkeye State that stands against the ownership and use of the monetary metals.This legislation would simply cause taxpayers to back out any gains OR losses on gold and silver that were reported on their federal returns. Iowa would assume a neutral stance as to taxation of the only form of money mentioned in U.S. Constitution.