

Comment Report

HF 659

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. (Formerly HF 208; See HF 2626.)

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

Date: 01/31/2024

Time: 11:30 AM

Location: House Lounge

Name: Jp Cortez

Comment: Hello, members of the House Ways and Means Subcommittee, Thank you for the opportunity to testify through written testimony. The ferocious wave of inflation Americans face today is largely caused by actions at the federal level, but states don't have to sit idly by while citizens suffer from a broken monetary system. That's why I strongly urge you to vote YES on HF 659, a measure pending before the House Ways and Means Committee to exempt capital gains and losses from precious metals from Iowa's taxable income. A tax neutral bill, HF 659 would simply cause taxpayers to back out any gains or losses on sales of gold and silver reported on their federal tax returns. Iowa rightfully exempted the monetary metals from state sales taxes years ago. Removing income tax from the precious metals is the logical next step. By passing this bill, Iowa would join several other states in ending income taxation of the only form of money mentioned in U.S. Constitution. Wyoming, Arizona, Utah have already passed bills similar to HF 659. South Carolina, West Virginia, Missouri, and Idaho are considering such measures right now. Several decades ago, monetary gold and silver and dollars formally redeemable in gold and silver were supplanted by the Federal Reserve note as America's currency. However, an increasing number of Iowa citizens are realizing that holding gold and/or silver as a form of savings can help protect against the ongoing devaluation of the Federal Reserve note. Here are a few reasons why slapping an income tax on the monetary metals is wrong: 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, it's 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 Hawkeye 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. Taxing imaginary gains is harmful to citizens attempting to protect their assets. Investments in precious metals coins and bullion are rightly exempt from Iowa's sales tax. Neutralizing Iowa's income tax treatment of the monetary metals would remove the last major disincentive in Iowa that stands against the ownership and use of the monetary metals. 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 Congress and the Federal Reserve. On behalf of Iowa savers, wage earners, and all those who use gold and silver to help insure against the devastating effects of inflation, we strongly urge you to vote YES on HF 659 and remove income taxes from gold and silver.