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Senate Bill 583 (as introduced 8-24-11)
Sponsor: Senator Joe Hune
Committee: Finance

Date Completed: 10-18-11

CONTENT

The bill would amend the Income Tax Act to allow a deduction from the individual income tax for capital gains from the sale or exchange of investment coins and bullion, to the extent included in adjusted gross income.

Under the Act, for a person other than a corporation, estate, or trust, "taxable income" means adjusted gross income as defined in the Internal Revenue Code, subject to adjustments listed in the Act's definition. The bill would allow the deduction described above.

The bill would define "bullion" as gold, silver, or platinum in a bulk state, where its value depends on its content rather than its form, with a purity of not less than 900 parts per 1,000.

"Investment coins" would mean numismatic coins or other forms of money and legal tender manufactured of gold, silver, platinum, palladium, or other metal, and issued by the United States government or a foreign government with a fair market value greater than the face value of the coins.

MCL 206.30

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would reduce General Fund and School Aid Fund revenue by an unknown amount. Based on a variety of assumptions, as well as Internal Revenue Service data, the bill is estimated to reduce revenue by approximately \$20.0 million per year. The actual reduction would be affected by swings in asset prices and the timing of taxpayers' choices to realize any gains.

The bill would not affect local unit revenue because cities levying an income tax are required to tax capital gains to the same extent and on the same basis as under the Internal Revenue Code.

Fiscal Analyst: David Zin

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