


After Illegal Veto, Kentucky Becomes 45th State to End Sales Taxes on Gold and Silver

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FRANKFORT, KY / ACCESSWIRE / April 12, 2024 / In a high-stakes showdown with Gov. Andy Beshear over a gold and silver sales tax exemption, the Kentucky legislature today deemed his attempted line-item veto as an illegal act -- and directed the Secretary of State to enroll the exemption into law.

This action makes the Bluegrass State the 45th state in the nation to enact this sound money policy - and the second this year.

Originally introduced by Rep. Steven Doan as a standalone bill, the sales tax exemption on purchases of gold, silver, platinum, and palladium coins, bars, and rounds enjoyed strong grassroots support -- thanks, in large part, to the hard work of the Sound Money Defense League, Money Metals Exchange, and in-state activists.

Ultimately, Kentucky House and Senate leaders added the popular sound money provision into House Bill 8, an overarching revenue bill that also involved other tax matters, and sent the bill to the governor.

However, Beshear, a progressive Democrat, attempted to line-item veto the sales tax exemption on Tuesday. In his veto message, he even went out of his way to smear small-time Kentucky savers (who are desperately trying to protect themselves from Bidenflation) as rich people.

Under the Kentucky constitution, however, governors only have a line item veto power with respect to appropriations (or spending) bills -- and HB 8 was not such a bill.

Moreover, a formal opinion of the state's Attorney General further affirms that a line-item veto power does not exist for revenue bills, giving further weight to the legislature's action to deem Beshear's veto attempt illegal.

Once it takes effect on August 1, the sales tax exemption covers bullion as well as "coins or currency made of gold, silver, platinum, palladium, or other metal or paper money that is, or has been, used as legal tender and is sold based on its value as a collectible item rather than its value as a medium of exchange."

Bill sponsor Rep. Doan explained, "Sound money is the bedrock of economic stability, ensuring the preservation of wealth and purchasing power over time. For Kentuckians and businesses in the state, sound money fosters confidence in transactions, encourages savings, and facilitates long-term investment, ultimately driving sustainable economic growth.

"As enshrined in the Constitution, sound money protects against the corrosive effects of inflation, safeguarding the financial well-being of individuals, families, and enterprises alike," he continued.

"Kentucky lawmakers finally listened to the overwhelming grassroots pressure and common sense and got this done," said Jp Cortez, executive director of the Sound Money Defense League. "Sound money is a winning political issue, the voters want it, and our nation desperately needs it."

Including Kentucky, eight states in the last three years have enacted laws to reduce or eliminate the sales tax on purchases of precious metals (Wisconsin and Kentucky in 2024, Mississippi in 2023, Tennessee, Alabama, and Virginia in 2022, and Arkansas and Ohio in 2021).

Kentucky had been completely surrounded by states that had already ended this controversial tax.

Ending the sales tax on purchases of gold and silver is good policy for several reasons:

Other types of savings or investments do not carry a sales tax. Gold and silver are held as forms of savings and investment. Kentucky already does not assess a sales tax on the purchase of stocks, bonds, ETFs, real estate, currencies, and other financial instruments.

Levying sales taxes on precious metals makes no sense because they are held for resale. Sales taxes are typically levied on final consumer goods. Computers, shirts, and shoes carry sales taxes because the consumer is "consuming" the goods. Precious metals are inherently held for resale, not "consumption," making the imposition of sales taxes on precious metals illogical from the start.

Studies have shown that taxing precious metals is an inefficient form of revenue collection. The results of a Michigan study, for example, demonstrated that any sales tax proceeds a state collects on precious metals may be surpassed by the state revenue lost from conventions, businesses, and economic activity that are driven out of the state.

Taxing gold and silver harms in-state businesses. It's a competitive marketplace, so buyers will take their business to neighboring states, thereby undermining jobs. By going elsewhere, investors can easily avoid paying \$132 in sales taxes, for example, on a \$2,200 purchase of a one-ounce gold bar.

Gold and silver are the only money mentioned in the U.S. Constitution. Article 1, Section 10 states that "no state shall make any Thing but Gold and Silver a tender in payment of debts." Exchanging one form of U.S. money for another should not be a taxable event.

Taxing precious metals is harmful to small-time savers. Purchasers of precious metals aren't generally fat-cat investors. Most who buy precious metals do so in small increments as a way of saving money. Inflation harms everyone, but especially pensioners, wage earners, savers, and small business folks.

"We're nowhere near done. Politicians in the remaining 'hold-out states' - New Jersey, Maine, Vermont, Hawaii, and New Mexico - should expect to hear from sound money activists and constituents very soon," added Stefan Gleason, CEO of Money Metals and Chairman of the Sound Money Defense League.

It's still possible that New Jersey could become the third state to end sales taxes on precious metals this year. Such a bill has already passed through the New Jersey Senate.

More than two dozen other states have considered pro-sound money legislation in 2024 so far, including Alaska, Indiana, Iowa, Georgia, Kansas, Missouri, Idaho, Arizona, Utah, New Hampshire, Oklahoma, Nebraska, Kansas, Vermont, West Virginia, and Wisconsin.

Kentucky was tied for 45th out of 50 in the 2024 Sound Money Index. Enactment of this measure is expected to boost the state's ranking dramatically.

As of this writing, it's unclear whether Governor Beshear will file suit against the legislature for refusing to accept his line-item veto as valid.

View the original press release on [accesswire.com](https://www.accesswire.com)

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