

**M e m o r a n d u m**

**To** : Mr. Ramon J. Hirsig  
Executive Director (MIC 83)

**Date:** August 12, 2005

**From** : Randie L. Henry, Deputy Director  
Sales and Use Tax Department (MIC 43)



**Subject** : **Section 6355 Coins and Bullion Bulk Sale Adjustment**  
**August 31, 2005 Administrative Agenda**

As mandated by Revenue and Taxation Code (RTC) section 6355, by September 1st each year, the Board of Equalization is required to index the coins and bullion bulk sale exemption threshold for inflation, based on the (June to June) California Consumer Price Index (CCPI).

RTC section 6355 and Regulation 1599, *Coins and Bullion*, provide an exemption from the sales and use tax for sales in bulk of monetized bullion, nonmonetized gold or silver bullion, and numismatic coins that are substantially equivalent to transactions in securities. Bulk is currently deemed as having a market value of \$1,000 or more, or its equivalent. Pursuant to the statute, when the cumulative inflation adjustment equals or exceeds five hundred dollars (\$500), the coins and bullion bulk sale exemption threshold will automatically increase to the next nearest multiple of \$500. The increase would then become effective January 1st of the succeeding calendar year. After making the calculation for 2005, the cumulative adjustment totals \$351.91, which is below the \$500 amount that would automatically trigger the increase in the operative bulk sale threshold.

We request your approval to place the matter as a consent item on the Administrative Agenda on August 31, 2005, to continue the current bulk sale threshold for coins and bullion.

Attached is a schedule that shows the cumulative adjustment from 1994 through 2005. To date, no increase in the bulk sale threshold has ever occurred. If you have any questions regarding this calculation or section 6355, please let me know.

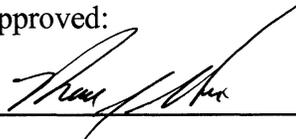
Attachment

Recommendation by:



Randie L. Henry, Deputy Director

Approved:



Ramon J. Hirsig, Executive Director

Approved:



Kristine Cazadd, Chief Counsel  
Legal Division

BOARD APPROVED

At the August 31, 2005 Board Meeting

Deborah Pellegrini, Chief  
Board Proceedings Division

cc: Ms. Selvi Stanislaus (MIC 82)  
Ms. Margaret Shedd (MIC 66)  
Ms. Jerri Dale (MIC 79)  
Ms. Freda Orendt (MIC 47)  
Mr. Stephen Rudd (MIC 46)  
Mr. Joseph Young (MIC 49)  
Mr. Jeffrey L. McGuire (MIC 92)  
Ms. Deborah Pellegrini (MIC 81)  
Mr. John Waid (MIC 82)  
Mr. Geoff Lyle (MIC 50)  
Mr. Vic Anderson (MIC 44)  
Ms. Susanne Buehler (MIC 40)  
Ms. Lisa Andrews (MIC 50)

Bc: PDS file – RTC Section 6355  
Deputy Director's File

Author: Lisa Andrews

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**Rev. & Tax. Code Section 6533  
Coins and Bullion Adjustment**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
	(1)	(2)	(3)	(4)	(5)
	<b>Tentative Bulk</b>				
<b>Year</b>	<b>CCPI Index</b>	<b>CCPI % Change</b>	<b>Sale Adjustment</b>	<b>Yearly Increase</b>	<b>Cumulative Adjustment</b>
1993	148.9		1000.00		\$0.00
1994	150.7	1.209%	1000.00	12.09	\$12.09
1995	154.2	2.322%	1012.09	23.51	\$35.59
1996	156.6	1.556%	1035.59	16.12	\$51.71
1997	160.0	2.171%	1051.71	22.83	\$74.55
1998	163.6	2.250%	1074.55	24.18	\$98.72
1999	167.8	2.567%	1098.72	28.21	\$126.93
2000	174.0	3.695%	1126.93	41.64	\$168.57
2001	183.2	5.287%	1168.57	61.79	\$230.36
2002	185.9	1.474%	1230.36	18.13	\$248.49
2003	189.9	2.152%	1248.49	26.86	\$275.35
2004	195.8	3.107%	1275.35	39.62	\$314.97
2005	201.3	2.809%	1314.97	36.94	\$351.91
2006					

(1) The factor used is the California Consumer Price Index as determined by the FTB pursuant to RTC section 17041. The CCPI is available at the Department of Finance website at [www.dof.ca.gov](http://www.dof.ca.gov), under Financial and Economic Data.

(2)  $\frac{\text{Current Year (A)} - \text{Prior Year (A)}}{\text{Prior Year (A)}}$

(3) Prior Year (C) + Prior Year (D).  
The base rate in 1993 was \$1,000.

(4)  $(B * C)$   
The base rate was multiplied by the CPPI percentage (%) change in 1994 to determine the tentative bulk sale adjustment for the succeeding year.  
Each year thereafter, the tentative adjustment is multiplied by the CPPI % change.

(5) Prior Year (E) + Current Year (D)  
A new operative bulk sale threshold is reached when the cumulative adjustment equals or exceeds \$500.

**Notes**

\*\* By September 1st each year, the Regulation Coordinator computes the RTC section 6355 tentative adjustment for bulk sales of Coins and Bullion.

\*\* The exemption threshold is indexed for inflation.

\*\* When the cumulative adjustment equals or exceeds \$500, the exemption threshold automatically increases to the nearest multiple of \$500, beginning January 1st of the following year.

**CALIFORNIA CONSUMER PRICE INDEX (1955-2005)**

**ALL ITEMS (1982-1984=100)**

<b>Year</b>	<b>Month</b>	<b>All Urban Consumers</b>	<b>Urban Wage Earners and Clerical Workers</b>
2005	June	201.3	194.6
2005	April	202.0	195.5
2005	February	199.1	192.2
<b>2004</b>	<b>Annual</b>	<b>195.4</b>	<b>188.9</b>
2004	December	197.0	190.5
2004	October	198.0	191.6
2004	August	195.3	188.9
2004	June	195.8	189.6
2004	April	194.4	187.9
2004	February	193.1	186.4
<b>2003</b>	<b>Annual</b>	<b>190.4</b>	<b>183.8</b>
2003	December	190.1	183.3
2003	October	191.0	184.2
2003	August	190.3	183.9
2003	June	189.9	183.2
2003	April	191.1	184.6
2003	February	190.5	183.7
<b>2002</b>	<b>Annual</b>	<b>186.1</b>	<b>179.0</b>
2002	December	187.2	180.4
2002	October	187.5	180.4
2002	August	186.8	179.6
2002	June	185.9	178.9
2002	April	186.1	178.9
2002	February	184.1	176.9
<b>2001</b>	<b>Annual</b>	<b>181.7</b>	<b>174.7</b>
2001	December	181.8	174.6
2001	October	183.0	175.9
2001	August	182.9	175.7
2001	June	183.2	176.3
2001	April	181.0	174.1
2001	February	179.8	172.8
<b>2000</b>	<b>Annual</b>	<b>174.8</b>	<b>168.1</b>
2000	December	177.3	170.6
2000	October	177.3	170.5
2000	August	175.6	R/168.9
2000	June	R/174.0	167.4
2000	April	173.6	R/167.1
2000	February	R/172.0	165.3
<b>1999</b>	<b>Annual</b>	<b>168.5</b>	<b>162.2</b>
1999	December	170.0	163.8
1999	October	170.2	163.7