

To Whom it May Concern:

Below are my comments on the proposed federal resale royalty rights for visual artists. I have been a collector and patron of visual art for almost 20 years and do not agree with this proposal. I do not think this right is needed.

1. The art market already takes care of this a few ways
  - a. The most respected galleries do share resale profits with their artists, this allows the galleries to differentiate.
  - b. Collectors tend to purchase more art from artists to “support” the artists so this may make collectors feel that they need to do less of this because the government is now handling it.
2. From a financial perspective
  - a. For any gains in art sales, collectors already pay a 28% cap gains, a (soon) 3.8% healthcare tax and roughly a 10% commission to sell. So they are already paying 42% in selling costs. An additional cost is punitive.
  - b. It makes sense to have royalty fees for music, books, movies, etc because those products can generate revenue over time through many means and a high volume of transactions. A painting is typically bought and stays on a wall. If the collector decides to sell it, it will then sit on another wall. The turn over of visual arts is very small.
    - i. A painting is not a means of business such as a song or book.
  - c. It is not always guaranteed that a piece is sold at a financial gain, in fact I would wager that most visual art is not sold and, if it is sold, is not sold at a gain or at least not a large gain.
  - d. The major art auctions are really only dominated by a relatively few major artists who are dead and this kind of additional royalty fee would harm the lesser known emerging artists.
    - i. Basically this fee will enrich a few wealthy estates of the most popular dead artists at auction.
3. The 3.5% fee that Government will take for their slice is a tax, not a royalty fee. There is no reason to tax art collectors to fund “artist charities”. As a group, most of the collectors already support their local museums and are extremely generous with their money. They are also very generous with giving art to museums. There is really no reason to add a 3.5% tax and call it a “royalty fee”. It’s a tax pure and simple.

Thank You,  
Derek Wilson