

One Hundred Eighth Legislature - First Special Session - 2024

Introducer's Statement of Intent

LB55

Chairperson: Senator Lou Ann Linehan

Committee: Revenue

Date of Hearing: August 01, 2024

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 55 amend the state's revenue and taxation statutes to introduce a luxury tax. The bill proposes a tax on luxury items with specific thresholds: motor vehicles over \$50,000, jewelry over \$5,000, and clothing over \$1,000. There are exemptions for nonresidents on active duty in the U.S. Armed Forces, certain high-weight motor vehicles, and vehicles used for commercial purposes. The base luxury tax is set at 2.25% of the purchase price, but purchases exceeding \$400,000 will be taxed at 3.7%.

An additional 5% tax applies to certain high-value items including passenger motor vehicles over \$100,000, watercraft over \$200,000, aircraft over \$500,000, and high-cost jewelry, fur clothing, or fur footwear. The collected luxury tax, which is supplementary to other taxes, will be handled by the seller and remitted to the Department of Revenue, then credited to the state's General Fund. The Department of Revenue is authorized to enact regulations to implement the tax, with the law becoming effective on January 1, 2025.

Principal Introducer: _____

Senator Justin Wayne