

Revised per response from Dept. of Revenue

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

| <b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates) |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | <b>FY 2024-25</b>   |                     | <b>FY 2025-26</b>   |                     |
|   | <b>EXPENDITURES</b> | <b>REVENUE</b>      | <b>EXPENDITURES</b> | <b>REVENUE</b>      |
| GENERAL FUNDS   | \$263,796           | \$22,000,000        |                     | \$55,000,000        |
| CASH FUNDS  |                     |                     |                     |                     |
| FEDERAL FUNDS   |                     |                     |                     |                     |
| OTHER FUNDS   |                     |                     |                     |                     |
| <b>TOTAL FUNDS</b>  | <b>\$263,796</b>    | <b>\$22,000,000</b> |                     | <b>\$55,000,000</b> |

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

Under LB 8, a luxury tax would be imposed upon the purchaser of any:

- Motor vehicle that costs more than \$50,000;
- Jewelry that costs more than \$5,000; and
- Clothing that costs more than \$1,000.

Purchases of the following would be exempt from the luxury tax:

- Any motor vehicle purchased by a nonresident serving on active duty in Nebraska as a member of the United States Armed Forces or the United States Reserve Forces or by such nonresident’s spouse;
- Any motor vehicle with a gross vehicle weight rating of more than \$12,500 pounds; and
- Any motor vehicle with a gross vehicle weight rating less than or equal to 12,500 pounds that is designed or used for commercial purposes and is registered as a commercial motor vehicle.

The luxury tax would be equal to 2.25% of the purchase price except when purchases exceed \$400,000. When purchases would exceed \$400,000, the luxury tax would be equal to 3.7% of the amount of the purchase price.

The luxury tax would be in addition to all other taxes.

The luxury tax would be collected by the seller and remitted to and enforced by the Department of Revenue (DOR).

All taxes remitted to the DOR under this bill would be remitted to the State Treasurer for credit to the General Fund.

The DOR could adopt and promulgate rules and regulations to carry out this bill.

The bill would become operative on January 1, 2025.

The DOR estimates the following increase to General Fund revenues as a result of this bill:

| <b>Fiscal Year</b> | <b>General Fund revenues</b> |
|--------------------|------------------------------|
| FY24-25            | \$22,000,000                 |
| FY25-26            | \$55,000,000                 |
| FY26-27            | \$57,000,000                 |
| FY27-28            | \$58,000,000                 |

Additionally, the DOR estimates one-time costs to be paid to Office of the Chief Information Officer (OCIO) of \$263,796 as result of this bill.

There is no basis to disagree with these estimates.

**TECHNICAL NOTE:** The DOR notes that the luxury tax on jewelry and clothing creates a compliance issue with the streamlined Sales and Use Tax Agreement which requires one sales and use tax rate on items of personal property or services.



It is estimated that LB 8 will have the following impact on the General Fund revenues:

| Fiscal Year | General Fund revenues |
|-------------|-----------------------|
| FY24-25     | \$22,000,000          |
| FY25-26     | \$55,000,000          |
| FY26-27     | \$57,000,000          |
| FY27-28     | \$58,000,000          |

LB 8 requires a one-time programming charge of \$263,796 paid to the OCIO for web team development.

The operative date for this bill is January 1, 2025.