

Luxury tax options with \$50,000 deduction

Description This proposal would create an additional sales and use tax of 10% on *that portion of the selling price/value that exceeds \$50,000* on the following luxury items:

- a. Noncommercial motor vehicles;
- b. Recreational watercraft; and
- c. General aviation aircraft.

Note: This proposal could be modified to apply tax to only some of these items, or to adjust the deduction.

Current Law

- These items are subject to the regular sales and use tax.
- Motor vehicles are subject to an additional sales tax of 0.3%.
- Recreational watercraft and general aviation aircraft are also subject to annual excise taxes.

Revenue Impact General Fund Impact (\$ in millions):

	# of # Impacted Taxpayers	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
36a	2,000	\$ -	\$ 7.5	\$ 7.5	\$ 8.3	\$ 8.1	\$ 16.5
36b	1,100	\$ -	\$ 23.1	\$ 23.1	\$ 26.3	\$ 27.5	\$ 53.9
36c	20	\$ -	\$ 6.4	\$ 6.4	\$ 7.1	\$ 7.2	\$ 14.3

Notes:

- Estimates assume a July 1, 2016 effective date, representing 11 months of collections for FY 2017.
- Estimates reflect the November 2015 Economic & Revenue Forecast Council revenue forecast.

Expenditure Impact

#	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
36a	\$ 47,400	\$ 98,000	\$ 145,400	\$ 83,800	\$ 76,800	\$ 160,600
36b	\$ 46,300	\$ 90,500	\$ 136,800	\$ 83,800	\$ 76,800	\$ 160,600
36c	\$ 45,000	\$ 7,600	\$ 52,600	\$ -	\$ -	\$ -