

HB 2401 -- TAXATION

SPONSOR: Quade

This bill includes several provisions relating to taxation.

Beginning January 1, 2026, aircraft at least 25 years old and used for noncommercial purposes shall be assessed at 33.3% of its true value in money.

Beginning January 1, 2025, taxpayers shall use the personal income tax table described in the bill to identify the amount of tax owed.

Beginning with the 2026 calendar year, the income tax brackets in such table shall be adjusted annually by the percent increase in inflation, according to the Consumer Price Index. In addition, this bill removes all future income tax rate reductions based on future triggering events, as described in the bill.

Beginning January 1, 2025, the corporate income tax shall increase from 4% to 4.5%.

Beginning January 1, 2026, the purchase of retail food shall be exempt from sales and use tax. Also beginning January 1, 2026, any local sales or use tax currently imposed on retail food shall be annually reduced in equal increments of 1.5% over a period of years until it reaches zero, at which point there shall be no further local sales or use tax imposed on retail food.

Beginning January 1, 2026, a sales tax exemption shall no longer be granted on the purchase of either:

(1) All materials, replacement parts, and equipment purchased for use directly upon, and for the modification, replacement, repair, and maintenance of aircraft, aircraft power plants, and aircraft accessories; or

(2) Any new or used aircraft sold or delivered in this State to a person who is not a resident of this State or a corporation that is not incorporated in this State, and such aircraft is not to be based in this State and shall not remain in this state more than 10 business days.

Additionally, this bill sets an expiration of December 31, 2025, for all current in-lieu watercraft taxes on a boat or vessel documented by the United States Coast Guard.

The provisions of this bill shall be submitted to the voters of this state for approval or rejection in November 2024.