

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
SECOND REGULAR SESSION, FIFTY-FOURTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 3, 2014

BILL NUMBER: SB 1224 STATUS AND DATE OF BILL: Introduced 01/03/2014

AUTHORS: House Osborn Senate Justice

TAX TYPE (S): Sales Tax SUBJECT: Exemption

PROPOSAL: Amendatory 68 O.S. § 1357.7 & 1358

The measure proposes a sales tax exemption for sales of commercially raised cervidae (deer). Also it adds commercially raised animals of the family cervidae to the definitions of "agriculture products" and "ranching" or "ranch" for purposes of the sales tax exemption for sales of items directly used in the production of agricultural products.

EFFECTIVE DATE: November 1, 2014

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 15: A decrease of \$70,000 in state sales tax revenues
FY 16: A decrease of \$122,000 in state sales tax revenues.

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 15: None

Feb. 4, 2014
DATE

Rick Miller
DIVISION DIRECTOR

msm

2-4-14
DATE

Reece Womack
REECE WOMACK, ECONOMIST

2/5/14
DATE

Dan Cass
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT—SB 1224-[Introduced] Prepared February 3, 2014

The measure proposes a sales tax exemption for sales of commercially raised cervidae (deer). Also it adds commercially raised animals of the family cervidae to the definitions of "agriculture products" and "ranching" or "ranch" for purposes of the sales tax exemption for sales of items directly used in the production of agricultural products.

Information received from industry sources indicate that there are presently fifty (50) farms in Oklahoma dedicated solely to the commercial production of deer. Each of these farms on average sell 12 deer per year at an average cost of \$3,000 per deer resulting in estimated sales of 600 deer annually at an estimated combined sales price of \$1,800,000. Application of the state sales tax rate results in an estimated decrease of \$81,000 in state sales tax revenues.

Additionally, the sources relate that these deer farms average about 100 head of deer per farm with estimated average annual expenditures of \$167 per head yielding estimated annual expenditures per farm of \$16,700. Multiplying 50 farms by the average expenditures per farm, results in total estimated taxable expenditures of \$835,000. Application of the state sales tax rate equals an estimated decrease in state sales tax revenues of \$37,575.

The estimated combined decrease in sales tax collections for FY 15 (including a 1.5% inflation rate¹ adjustment) is \$120,354.

With an effective date of November 1, 2014, an estimated decrease in state sales tax collections of \$70,207 will occur in FY 15² and a decrease in state sales tax collection of \$122,159 will occur in FY 16 (again applying a 1.5% inflation rate adjustment).

¹ Based on latest version of Consumer Price Index-All Urban Consumers.

² FY 15 impact includes seven months of sales tax collections.