

# OKLAHOMA TAX COMMISSION

## REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** February 1, 2024

**BILL NUMBER:** SB 2028 **STATUS AND DATE OF BILL:** Introduced 1/18/2024

**AUTHORS:** House: n/a Senate: Kidd

**TAX TYPE(S):** Sales Tax **SUBJECT:** Exemption

**PROPOSAL:** Amendatory

The measure proposes to amend 68 O.S. § 1358 by expanding the agricultural sales tax exemption by including game animals<sup>1</sup> into the definition of an “agricultural product.”

**EFFECTIVE DATE:** November 1, 2024

### REVENUE IMPACT:

Industry sources have provided estimates for the number of game animal farms (mainly deer) and expenditure estimates to determine an estimated impact on state sales tax. See attached for further analysis.

**FY 25: An estimated decrease of \$87,000 in state sales tax revenues**

**FY 26: An estimated decrease of \$151,000 in state sales tax revenues**

2/11/24

DATE

Marie Schuble

MARIE SCHUBLE, DIVISION DIRECTOR

msm

2/9/24

DATE

Huan Gong

HUAN GONG, ECONOMIST

2/11/2024

DATE

Joseph P. Gappa

JOSEPH P. GAPPA, FOR THE COMMISSION

***The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.***

<sup>1</sup> “Game animals” means animals bred to be hunted for sport or food but shall not include feral swine, as defined in Section 6-603 of Title 2 of the Oklahoma Statutes.

## **ATTACHMENT TO REVENUE IMPACT – SB 2028 [Introduced] Prepared: 2/1/24**

### **CURRENT LAW:**

Under current statutes, deer, elk and other do not fall under the definition of agricultural products as defined in 68 O.S. § 1358. Farmers/ranchers that raise such animals are not qualified to receive a sales tax exemption.

### **PROPOSED AMENDMENTS:**

The measure proposes to amend 68 O.S. § 1358 by expanding the agricultural sales tax exemption by including game animals<sup>2</sup> into the definition of an “agricultural product.”

### **ANTICIPATED IMPACT:**

SB 2028 is anticipated to result in a \$86,507 decrease in state sales revenue in FY 25, and \$151,263 in FY 26.

#### *Analysis:*

Previous personal communications with industry sources suggest there are an estimated 50 establishments in Oklahoma dedicated solely to the commercial production of deer. There are other entities that are dedicated to other animals and non-domestic fowl, but it is believed that such revenues associated with these types of operation are minimal and that entities involved in deer production represent most of the effected revenues.

Each of these entities on average sell 1 deer per month at an average cost of \$3,704 per deer which results in a combined estimated monthly sales price of \$181,850, and \$8,183 per month in state sales tax revenues (4.5%). After adjusting for inflation<sup>3</sup> and applying the November 1, 2024 effective date, an estimated \$59,563 decrease in state sales tax revenues for FY 25 is expected, and an estimated \$104,150 decrease in state sales tax revenues for FY 26.

Industry sources also indicate that the average annual monthly expenditure per farm is \$1,675.52, or a total estimated taxable expenditure of \$83,776 per month, with \$3,770 in state sales tax revenue per month. After adjusting for inflation and applying the November 1, 2024 effective date, an estimated \$26,944 decrease in state sales tax revenues for FY 25 is expected, and an estimated \$47,113 decrease in state sales tax revenues for FY 26.

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<sup>2</sup> “Game animals” means animals bred to be hunted for sport or food but shall not include feral swine, as defined in Section 6-603 of Title 2 of the Oklahoma Statutes.

<sup>3</sup> S&P Forecast Flash, February 2024. PCE price excl food and energy, 2.1% for 2025 and 2.0% for 2026.