



BILL/VERSION: SB 2144 / INTRODUCED

ANALYST: EC

AUTHORS: Sen. Paxton

DATE: 1/16/2026

TAX(ES): Ad Valorem

SUBJECT(S): Farm Equipment

EFFECTIVE DATE: January 1, 2027

Emergency ☐

ESTIMATED REVENUE IMPACT:

FY27-FY28: unknown decrease to local tax jurisdictions, minimal increase to GRF¹.

ANALYSIS: SB 2144 amends 68 O.S. §§ 5401-5403 to expand application of the in-lieu farm equipment tax to include entities and individuals that operate whole goods agricultural equipment, rather than limiting the tax primarily to dealer inventory. The proposal may shift certain agricultural equipment from ad valorem taxation to the in-lieu stamp tax beginning January 1, 2027.

County level ad valorem data indicate that farm tractors and equipment generated approximately \$23.6 million in ad valorem tax statewide in Tax Year 2025. Using USDA Census of Agriculture data, an estimated 305,643 pieces of qualifying agricultural equipment are in operation statewide². Dividing total fair cash value by this equipment count suggests an average machine value that would fall within the \$12 in-lieu tax tier under the proposal. Under this approach, the average machine currently pays about \$77.30 in ad valorem tax, compared to a \$12 in-lieu tax under the proposal, a difference of approximately \$65 per machine.

The total fiscal impact cannot be determined with certainty, as statewide data does not identify which equipment is currently subject to ad valorem taxation versus the in-lieu tax, nor the share of equipment that would newly qualify under the proposal. However, the analysis suggests the proposal may result in a reduction in local ad valorem tax revenue on affected equipment, which may also indirectly impact state revenue.

¹ The measure shifts the revenue source from ad valorem taxation, which is distributed directly to counties, to an in lieu stamp, of which 2% is deposited into the General Revenue Fund and 98% is distributed to counties. Based on available estimates, the amount distributed to counties is expected to be reduced under the in lieu stamp, as ad valorem taxation is estimated to generate higher revenue per item.

² Equipment counts are based on the 2022 Census of Agriculture, Table 45, "Selected Machinery and Equipment on Operation," published by the U.S. Department of Agriculture, National Agricultural Statistics Service (NASS). Equipment categories include tractors, combines, and other selected whole goods agricultural equipment, excluding pickup trucks.

1/30/26

DATE

Huan Gong

DR. HUAN GONG, CHIEF TAX ECONOMIST

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Marie Schuble

MARIE SCHUBLE, DIVISION DIRECTOR

1/31/26

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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. This estimate reflects current available data as of the date of issuance and is subject to revision if additional information becomes known.