

BILL SUMMARY
1st Session of the 60th Legislature

Bill No.:	HB2028
Version:	INT
Request Number:	11130
Author:	Rep. Archer
Date:	2/19/2025
Impact:	FY26: \$9.9 million decrease in revenue FY27: \$17.2 million decrease in revenue

Research Analysis

Pending

Prepared By: House Research Staff

Fiscal Analysis

As introduced, HB2028 proposes to exempt gun safes, firearm ammunition, firearms, and firearm optics and attachments from sales tax.

The Oklahoma Tax Commission has provided the following analysis:

ESTIMATED REVENUE IMPACT:

FY26: An estimated decrease of \$9.9 million in state sales tax revenues.

FY27: An estimated decrease of \$17.2 million in state sales tax revenues.

Note: These estimates are attributable to sales of firearms and ammunition; the decrease attributable to sales of gun safes/locks/optics is unknown).

ANALYSIS:

The measure proposes to amend 68 O.S. § 1357 by providing definitions of “gun safes”, “firearm ammunition”, “firearms”, and “firearm optics and attachments” and exempting these items from sales tax.

Based on information from multiple sources, such as the State of Maine, the Federal Bureau of Investigations, and the U.S. Treasury, a partial estimate of the state sales tax revenue decrease is outlined below. Further details are attached.

Exempted Item	FY 26 Impact	FY 27 Impact
Gun Safes	Unknown Decrease	Unknown Decrease
Firearms	-\$8.8 million	-\$15.3 million
Firearm Ammunition	-\$1.1 million	-\$1.9 million
Optics and Attachments	Unknown Decrease	Unknown Decrease

ADDITIONAL INFORMATION:

Gun locks and safes

Maine exempts gun locks and safes from sales tax, resulting in a \$105,000 tax expenditure for FY23. Adjusting for differences in population, tax rates, gun ownership, and inflation, Oklahoma's sales tax collections are **estimated to decrease by \$183,000 in FY26 and \$320,000 in FY27**. The portion specifically related to gun safes is currently unknown.

Firearms

According to FBI data, Oklahoma conducted 354,311 National Instant Criminal Background Check System (NICS) firearm background checks in 2024. Assuming a 1% denial rate and an average firearm price of \$900 (\$800 for handguns, \$1,000 for rifles), taxable receipts are estimated at \$316 million, generating \$14 million in state sales tax revenue for FY24. Adjusted for inflation, **revenues are projected to decrease by \$8.8 million in FY26 and \$15 million in FY27** for an exemption on firearms.

Ammunition

The U.S. Treasury reported \$311 million in federal ammunition tax revenue for FY23 at a 10.5% average tax rate, indicating nearly \$3 billion in national receipts. With Oklahoma accounting for 1.32% of national NICS background checks, Oklahoma taxable receipts are estimated at \$39 million. Applying the state sales tax rate and adjusting for inflation, Oklahoma's **sales tax revenue is projected to decrease by \$1.1 million in FY26 and \$1.9 million in FY27** for an exemption on firearm ammunition.

Optics and attachments

No data are available on the sales generated from optics and direct attachments for firearms.

Prepared By: Zach Penrod, House Fiscal Staff

Other Considerations

None.