

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 SENATE BILL 2144

By: Paxton

6 AS INTRODUCED

7 An Act relating to taxation; amending 68 O.S. 2021,  
8 Sections 5401, 5402, and 5403, as amended by Section  
9 75, Chapter 171, O.S.L. 2025 (68 O.S. Supp. 2025,  
10 Section 5403), which relate to farm equipment tax;  
11 requiring certain entities to pay tax in lieu of ad  
12 valorem; modifying definition; defining term;  
13 prescribing date that tax is imposed for certain  
14 entities; requiring tax stamp to be based on fair  
15 cash value for certain entities; requiring stamps to  
16 be retained in log; updating statutory language;  
17 updating statutory reference; and providing an  
18 effective date.

19 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

20 SECTION 1. AMENDATORY 68 O.S. 2021, Section 5401, is  
21 amended to read as follows:

22 Section 5401. A. A tax is hereby imposed, in lieu of the ad  
23 valorem tax on certain items of the whole goods ~~inventories~~  
24 agricultural equipment and whole goods attachments, both new and  
used items, owned and/or or possessed for sale or lease by retailers  
of farm tractors and other equipment as defined by subsection C of  
this section and by entities and individuals that operate whole  
goods equipment.

1       B. Items to be taxed in lieu of ad valorem pursuant to the  
2 provisions of this section are those items of inventory of whole  
3 goods agricultural equipment and whole goods attachments thereto  
4 received from suppliers of agricultural equipment, if said such  
5 items have a retail list price of Five Hundred Dollars (\$500.00) or  
6 higher but not including repair or replacement parts and those items  
7 of whole goods agricultural equipment and whole goods attachments  
8 owned by entities and individuals that operate whole goods  
9 equipment. The tax shall be paid by the dealer, entity, or  
10 individual on such items in lieu of the annual ad valorem tax  
11 assessment of dealer's average inventory or property owned by the  
12 dealer, entity, or individual but shall not relieve any other  
13 property of the dealer, entity, or individual from ad valorem  
14 taxation. Each dealer shall maintain a sales log for applicable  
15 items pursuant to this section with a serial number where  
16 applicable. The log shall be subject to inspection by county  
17 assessors. Equipment sold by consignment or by auctions where the  
18 selling agent does not take title to the equipment shall continue to  
19 be subject to ad valorem taxation. Sales of covered whole goods  
20 items between dealers shall be considered wholesale transactions and  
21 shall not be subject to the tax imposed by this section until sold  
22 at retail.

23       C. For purposes of this act Sections 2805 and 5401 through 5404  
24 of this title, a retailer of farm tractors and other equipment is

1 any person having a franchise or dealer agreement for selling and  
2 retailing farm tractors and farm implements. On and after January  
3 1, 1993, those business entities which do not have a franchise or  
4 dealer agreement for retailing farm equipment, but which from time  
5 to time publicly buy and sell such farm equipment, shall also be  
6 subject to the provisions of this section, and the tax imposed by  
7 this section shall apply to the same items and under the same  
8 conditions as apply to franchised dealers.

9       D. "Whole goods agricultural equipment" shall be defined as any  
10 machine, including, but not limited to, a farm tractor, combine,  
11 plow, irrigation unit, or baler, capable of performing agricultural  
12 operations either with power from its own engine, or when drawn or  
13 otherwise moved by another whole goods unit. "Whole goods  
14 attachments" shall be defined as those complete attachments which,  
15 when fitted to, drawn, or otherwise moved by other equipment,  
16 perform specialized agricultural operations. Such attachments  
17 include, but shall not be limited to, combine headers, mowers,  
18 swathers, shredders, and cultivation and haying equipment.

19       E. As used Sections 5401 through 5404 of this title:

20       1. "Agricultural operation" means a farm, including, but not  
21 limited to, the term as defined in Section 1352.1 of this title, a  
22 poultry operation, orchard, ranch, including the business of raising  
23 horses, and dairy operation, as defined in Section 2357.25 of this  
24 title, operated by an individual or entity; and

1       2. "Entities and individuals that operate whole goods  
2       equipment" means an agricultural operation, or any individual or  
3       entity that operates whole goods agricultural equipment or whole  
4       goods attachments in the service of an agricultural operation.

5       SECTION 2.       AMENDATORY       68 O.S. 2021, Section 5402, is  
6       amended to read as follows:

7       Section 5402. A. The in-lieu tax imposed in Section 5401 of  
8       this title shall apply on the date of sale or lease by a dealer and  
9       shall apply for entities and individuals that operate whole goods  
10       equipment on the date one-half (1/2) or more of the taxes are  
11       required to be paid pursuant to paragraph 1 of subsection A of  
12       Section 2913 of this title and shall be evidenced by a tax stamp.  
13       The tax stamp shall be based on the following actual sales price  
14       without reduction for any trade-in for a dealer and the following  
15       fair cash value for entities and individuals that operate whole  
16       goods equipment:

17       1. Beginning with sales or fair cash value of Five Hundred  
18       Dollars (\$500.00) to One Thousand Nine Hundred Ninety-nine Dollars  
19       (\$1,999.00): \$6.00;

20       2. Two Thousand Dollars (\$2,000.00) to Nine Thousand Nine  
21       Hundred Ninety-nine Dollars (\$9,999.00): \$12.00;

22       3. Ten Thousand Dollars (\$10,000.00) to Nineteen Thousand Nine  
23       Hundred Ninety-nine Dollars (\$19,999.00): \$18.00;

1       4. Twenty Thousand Dollars (\$20,000.00) to Twenty-nine Thousand  
2 Nine Hundred Ninety-nine Dollars (\$29,999.00): \$24.00;

3       5. Thirty Thousand Dollars (\$30,000.00) to Thirty-nine Thousand  
4 Nine Hundred Ninety-nine Dollars (\$39,999.00): \$36.00;

5       6. Forty Thousand Dollars (\$40,000.00) to Forty-nine Thousand  
6 Nine Hundred Ninety-nine Dollars (\$49,999.00): \$48.00;

7       7. Fifty Thousand Dollars (\$50,000.00) to Fifty-nine Thousand  
8 Nine Hundred Ninety-nine Dollars (\$59,999.00): \$60.00;

9       8. Sixty Thousand Dollars (\$60,000.00) to Sixty-nine Thousand  
10 Nine Hundred Ninety-nine Dollars (\$69,999.00): \$72.00;

11       9. Seventy Thousand Dollars (\$70,000.00) to Seventy-nine  
12 Thousand Nine Hundred Ninety-nine Dollars (\$79,999.00): \$84.00;

13       10. Eighty Thousand Dollars (\$80,000.00) to Eighty-nine  
14 Thousand Nine Hundred Ninety-nine Dollars (\$89,999.00): \$96.00; and

15       11. Ninety Thousand Dollars (\$90,000.00) and above: \$108.00.

16       B. The appropriate tax stamp or stamps shall be affixed by the  
17 dealer to the dealer's copy of the sales invoice covering new or  
18 used whole goods agricultural equipment and whole goods attachments  
19 thereto sold before transferring ownership to any new or used farm  
20 implement, and the appropriate tax stamp or stamps shall be retained  
21 in a log kept by the entities and individuals that operate whole  
22 goods equipment.

1 SECTION 3. AMENDATORY 68 O.S. 2021, Section 5403, as  
2 amended by Section 75, Chapter 171, O.S.L. 2025 (68 O.S. Supp. 2025,  
3 Section 5403), is amended to read as follows:

4 Section 5403. A. The tax stamp or stamps required by Section  
5 5402 of this title to be retained in a log kept by the entities and  
6 individuals that operate whole goods equipment or affixed upon the  
7 dealer's copy of the sales invoice covering each new or used whole  
8 goods agricultural equipment or whole goods attachment thereto sold  
9 shall be manufactured or purchased by Service Oklahoma in the  
10 required amounts. The tax stamps shall be of such design, color  
11 combination, and material and value in multiples of Six Dollars  
12 (\$6.00) as Service Oklahoma shall deem necessary for the  
13 administration of this tax and to afford the best security to the  
14 tax revenue involved. The stamps shall be purchased by dealers,  
15 entities, or individuals in the county where the business or  
16 operation is located.

17 B. Service Oklahoma may require any manufacturer of such tax  
18 stamps to furnish a bond in such amount as it deems necessary to  
19 protect the state and local taxing entities against loss.

20 C. Service Oklahoma shall distribute such tax stamps to the  
21 county treasurer of each county, taking such receipt therefor as may  
22 be necessary. The county treasurer shall have the responsibility of  
23 the custody and the sale of the stamps to the person required by  
24 Section 5402 of this title to obtain such stamps. In addition, the

1 county treasurer shall have the duty of accounting for such stamps  
2 to ~~their~~ his or her respective counties, and to Service Oklahoma as  
3 it may require.

4 SECTION 4. This act shall become effective January 1, 2027.

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