OKLAHOMA Tax Commission

REVENUE IMPACT STATEMENT
2025 REGULAR SESSION
60TH LEGISLATURE, 1ST SESSION

BILL/VERSION:	HB 2028 / INTRODUCED	**ANALYST**: MM
AUTHORS:	Rep. Archer	**DATE**: 1/23/2025
TAX(ES):	Sales and Use Tax	
SUBJECT(S):	Exemption	
EFFECTIVE DATE:	November 1, 2025	**Emergency** ☐

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

2/7/25 — DATE
Huan Gong — DR. HUAN GONG, CHIEF TAX ECONOMIST

2/11/25 — DATE
MARIE SCHUBLE, DIVISION DIRECTOR

2/11/25 — 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.

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 s**ales 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.