



Panhandle **IRRIGATORS**

SEPTEMBER 13, 2021

SENATE FINANCE COMMITTEE

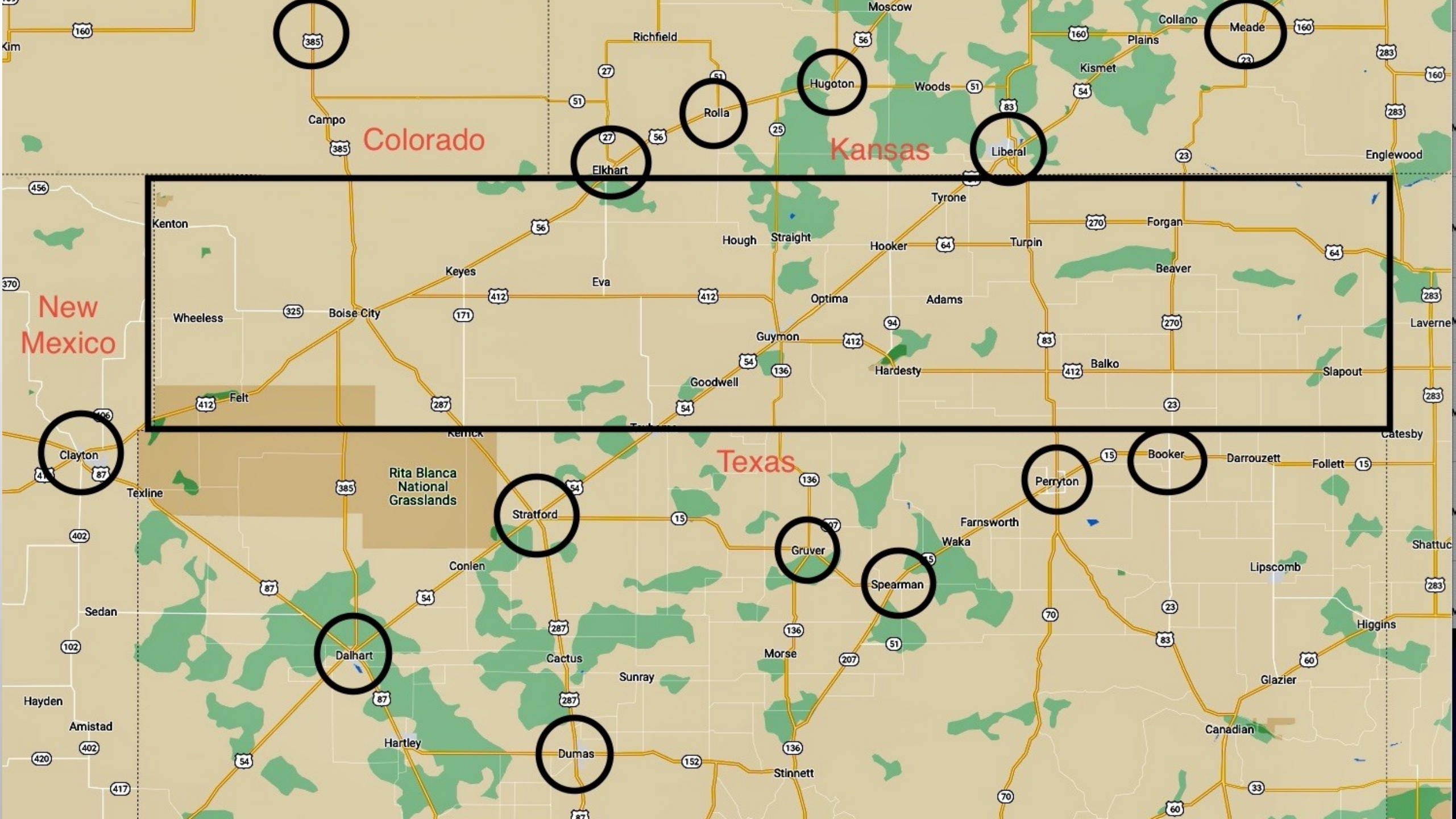
AGRICULTURE SALES TAX EXEMPTION INTERIM STUDY

2020 AGRICULTURE PRODUCTION

- 3 OF TOP 4 AG PRODUCING COUNTIES IN OK
- TX COUNTY ONE OF TOP AG PRODUCING COUNTIES IN US
- 67% OF CORN PRODUCED IN OK
- 69% OF SORGHUM PRODUCED IN OK
- 59% OF HOG & PIG INVENTORY IN OK
- #1 (TEXAS) & #4 (CIMARRON) CATTLE & CALVES IN OK

COST OF CROP PRODUCTION

- GENERALIZED INPUT COSTS OF \$250/ACRE (SEED, CHEMICALS, IRRIGATION FUEL)
- AVG. FARM 5,000 ACRES
- \$1,250,000 GENERALIZED INPUT COSTS
- INPUTS TAXED AT 4.5% WOULD AVERAGE \$50,000 - \$60,000 ANNUALLY



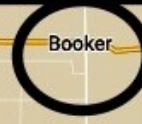
Colorado

Kansas

Texas

New Mexico

Rita Blanca National Grasslands



AGRICULTURE SALES TAX EXEMPTIONS

	Machinery	Parts & repairs	Fuel	Chemicals (fertilizer & pesticides)	Seeds	Animals & Feed
Oklahoma	Yes	Yes	Yes	Yes	Yes	Yes
Colorado	Yes	Yes	Yes	No (2.9%)	Yes	Yes
Kansas	Yes	Yes	Yes	Yes	Yes	Yes
New Mexico	Yes	Yes	Yes	Deduction	Deduction	Yes
Texas	Yes	Yes	Yes	Yes	Yes	Yes

45 states with sales taxes & 32 states offer all six exemptions

CONCLUSIONS

- **COMPETITIVE BALANCE** – We want food and fiber grown and produced in Oklahoma. A tax on agriculture inputs would put OK producers at a competitive disadvantage regionally and nationally.
- **ENCOURAGE PRODUCTION OF HIGHER VALUE PRODUCTS** – Like manufacturing, incentivize development of raw commodities to produce products that sell for higher values.