MEMORANDUM

TO: Financial Estimate Committee

FROM: Chris Allanach, Legislative Revenue Officer

DATE: July 2, 2026

SUBJECT: Preliminary Analysis of Initiative Petition 28

This document provides a preliminary analysis of Initiative Petition (IP) 28 focusing on the economic and tax revenue implications should it become law. At a high level, IP 28 proposes an expansion of Oregon's definitions of animal abuse, animal neglect, and sexual assault of an animal. Certain economic sectors would be eliminated and, depending on implementation, other sectors could be significantly transformed. These changes are expected to disproportionately affect rural and coastal communities.

Outstanding legal questions remain that could affect the analysis included here. For example, the wording of the IP seems to preclude the treatment of shellfish and insects from the effects of the measure. This memo briefly describes the proposed policy followed by analyses of the economic impacts (direct and indirect), impacts on outdoor recreation, and potential revenue impacts. The memo concludes with a brief discussion on the Humane Transition Fund.

Proposed Policy

Oregon Revised Statutes Chapter 167 (Offenses Against General Welfare and Animals) specifies certain crimes based on the treatment of animals. Broadly, these are crimes based on the abuse, neglect, or sexual assault of an animal. Current law also lists specific exemptions from these defined crimes. Initiative Petition (IP) 28 would broaden these criminal laws by removing these exemptions. The IP also creates the Humane Transition Fund to compensate specified individuals and organizations that experience adverse economic impacts should the measure become law.

The IP defines "animal" as "...any nonhuman mammal, bird, reptile, amphibian, or fish." To enact the policy change, the IP removes the following exemptions:

1. Livestock transport by owner or common carrier
2. Rodeos or similar exhibitions
3. Commercially grown poultry
4. Animals subject to "good animal husbandry practices"
5. Slaughtering of livestock
6. Lawful fishing, hunting, and trapping
7. Wildlife management practices under color of law
8. Lawful scientific/research/teaching involving animals
9. Control of vermin or pests
10. Handling/training techniques

Analytical Structure

The structure of IP 28 suggests two parts to a comprehensive analysis. The first part is to examine the impacts on the affected businesses and workers in Oregon, namely the production and processing of meat and seafood and the role they play within Oregon's agricultural sector. The second part is to focus on the impacts on outdoor recreation, namely hunting and fishing.

One standard approach to evaluating economic impacts is to use an input-output analysis. This approach relies on the various interconnections within a regional economy and categorizes effects as direct, indirect, or induced. Direct effects are generally the start of an analysis with a clearly defined change in economic activity, such as the addition of a new business in a region. Such an analysis begins with the details of the proposed change: number of employees, projected output, etc. Indirect effects would then be estimated based on the existing economic linkages in the region, largely the business-to-business activity that the initial change would create. They are the second tier of increased (or decreased) demand for services, supplies, or other inputs. Induced effects are the result of changes to economic activity from changes in household earnings and consumption.

Because IP 28 would make various current legal activities illegal, there are challenges with relying on this standard modeling. The approach taken here is to leverage the input/output structure to describe the economic contribution of sectors expected to be directly affected (fully or partially) by the IP's new prohibitions. A key consideration is that the impact on some sectors would not be new or removed activity but a change in business practices to maintain legal compliance. Following the direct and indirect analyses is a review of an existing study on the economic contribution to Oregon's economy from the hunting and fishing recreational sector.

Economic Sectors: Direct Impacts

This portion of the analysis relies on identifying economic sectors that would be directly affected by IP 28 through a prohibition of the sector (or substantial portion thereof) and sectors that may require changes in business practices to maintain legal compliance.

While some sectors could be fully eliminated, only portions of other sectors would be. Due to data limitations, these partial sector impacts are currently estimated using assumptions derived from various sources and relying on North American Industry Classification System (NAICS) data. The primary economic sectors that include prohibited activities include:

1. Fishing, Hunting, and Trapping
2. Animal Slaughtering and Processing
3. Portions of Animal Production and Aquaculture

For each of these sectors, Exhibit 1 shows the sector's projected direct economic output, jobs, and labor income for 2027 tied to the activities that would become illegal under IP 28. The NAICS codes are provided for reference purposes.[i] Each code represents a collection of activities that are economically similar in some way. One of the challenges for producing estimates for the impacts of IP 28 is to identify how much of a given sector would be affected. Some sectors, such as slaughtering are presumed to be eliminated. Other sectors contain a mix of activities that would be made illegal. The other two sectors - Animal Production and Aquaculture; and Fishing, Hunting, and Trapping - include shellfish, which appears to remain permissible under the IP. The impacts from unaffected activities are excluded from the table.

Exhibit 1

Prohibited Activities, Direct, 2027

NAICS Description (Number)	Output ($M)	Jobs	Labor Income ($M)	Not Affected
Fishing, Hunting, and Trapping (114)	$121	1,217	$83	Shellfish
Slaughtering (3116)	$312	396	$25	
Animal Production and Aquaculture (1124-5)	$85	688	$21	Bees
Total	$517	2,300	$128	

A second group of industries would likely be affected by prohibitions, but to a smaller or different degree. These sectors generally do not include activities that would be made illegal, but passage of the measure could affect current business practices. With IP 28, the potential responses by businesses can reasonably be characterized as a direct impact. Producing estimates without details on any needed employment or business transformations would be largely based on conjecture. That said, Exhibit 2 shows key metrics related to these sectors.

Exhibit 2

Affected Activities, Direct, 2027

NAICS Description (Number)	Output ($M)	Jobs	Labor Income ($M)	Not Affected
Raising Animals (1121-1123)	$2,172	9,422	$119	
Meat/Fish Processing (3116 and 3117)	$1,522	2,446	$165	
Extermination Services (56171)	$269	2,364	$107	Insects
Total	$3,963	14,233	$390	

Cattle ranching provides an illustrative example. Many of the animals are transported out of Oregon to be slaughtered.[ii] Depending on the legal interpretation, the primary impact of IP 28 on this sector is to ensure the animals are not abused, neglected, or sexually assaulted. Raising cattle in Oregon is not outright prohibited though the slaughtering of the animal would have to occur outside Oregon. In a similar manner, the processing of meat or fish would not become illegal, but the animal death would have to occur outside Oregon. The third sector, Extermination Services, is different from the other two sectors in that IP 28 would make the killing of certain animals (e.g., mice) but not insects because they are not included in the definition of “animal” in IP 28. Extermination is included here because it’s unclear to what extent the industry relies on killing pests that meet the IP’s definition of animals.

Another possible direct impact is that some businesses may simply face increased costs, depending on their current business practices. For example, businesses that produce eggs, wool, or fiber could be required to change certain aspects of their operations. Such changes could range from minor to significant. As an example, and again depending on the legal interpretation, the question of whether hens would be required to be free range or have a minimum amount of space is crucial to estimating the direct financial effects of the proposed measure.

Regional considerations are also important to contextualize any estimated economic impacts from IP 28. The distribution of these activities throughout the state is not uniform. Certain regional economies rely on these activities more than others. For example, the impacts on the fishing industry would primarily affect coastal communities but even that impact is unlikely to be felt uniformly along Oregon's coast. Some of the regional economies along the coast rely more heavily than others on the fishing industry.

Economic Sectors: Indirect Impacts

In addition to the direct effects, other sectors of Oregon's economy would be indirectly affected. Generally, these would be sectors of the economy that have linkages to the above described sectors, either providing inputs to, or relying on the outputs of those sectors. Examples include businesses that produce or sell animal feed, and stores that sell (or buy) other goods, services, or equipment to (or from) the directly-affected sectors.

1. Support Activities for Agriculture and Forestry (e.g., breeding services)
2. Food Manufacturing (e.g., processing of meats or seafood, rendering)
3. Merchant Wholesalers, Nondurable Goods (e.g., distribution of meats and seafood)
4. Food and Beverage Retailers (e.g., grocery stores)
5. Other Retailers (fishing and hunting supplies)
6. Professional, Scientific, and Technical Services (e.g., veterinary services)
7. All other economic sectors providing goods and/or services to the aforementioned directly-affected sectors

These indirect impacts would be negative for the banning of fishing and hunting (discussed in the next section) and for businesses that would be eliminated by the IP. The consequence of removing these activities from Oregon's economy would extend beyond those specific sectors, leading to a reduction in aggregate income and jobs. Estimating these impacts depends on the ability to clearly identify and estimate the direct impacts.

For businesses that face structural or procedural changes, some of the aggregate economic impacts could be positive. For example, there could be a shift in how certain activities are conducted, such as breeding. Again, depending on the legal interpretation, these activities could lead to an increase in the demand for veterinary services. Also, businesses that change their current practices to follow the new law could have a change in the demand from one set of goods or services to a different set of goods and services.

Exhibit 3 shows the indirect and induced effects for output, jobs, and labor income from all sectors (and households) that have an economic linkage to the prohibited activities described above. It is analogous to the direct effects shown in Exhibit 1. For example, Exhibit 1 shows that the economic output of the three sectors is $517 million. Exhibit 3 shows that businesses in other economic sectors create an additional $174 million of output due to the activity in the three sectors.

Exhibit 3
Prohibited Activities, Indirect & Induced 2027

NAICS Description (Number)	Output ($M)	Jobs	Labor Income ($M)	Not Affected
Fishing, Hunting, and Trapping (114)	$68	338	$23	Shellfish
Slaughtering (3116)	$89	413	$33	
Animal Production and Aquaculture (1124-5)	$17	82	$6	Bees
Total	$174	833	$62	

Another aspect to understanding the potential indirect impact of the IP is that it does not change the demand for animal products, hunting, or fishing. Hunters and Anglers would move their activities to other states (assuming full compliance). The response by businesses would likely mean a shift toward imports to satisfy the demand for animal products. While some businesses may be able to adjust their operations accordingly, it may mean a shift in economic activity among businesses. Businesses that already import various meat products may benefit from passage of IP 28.

Recreational Fishing and Hunting Impacts

The analysis to this point has focused on business that operate in specific economic sectors. IP 28 also bans fishing and hunting, which are significant sources of economic activity in Oregon. For insight into the impacts of recreational dollars spent on fishing and hunting, this memo relies on a 2019 study that evaluates the economic impacts of hunting, fishing, and wildlife viewing. Only the portions of the analysis that focus on hunting and fishing are included here.

A 2019 study by Earth Economics, titled “Economic Analysis of Outdoor Recreation in Oregon”, provides estimates for the value that fishing and hunting in Oregon have on employment, wages, and State & Local taxes, in addition to spending estimates.[iii] Exhibit 4 shows their estimated impacts for fishing and hunting in Oregon.

Exhibit 4
Economic Impact of Fishing and Hunting, 2019

Sector	Spending ($M)	Employment	Wages ($M)	State & Local Taxes ($M)
Fishing	$397	3,669	$124	$17
Hunting	$228	2,219	$73	$11
Total	$625	5,888	$197	$28

Revenue Impacts

Preliminary estimates of the revenue impacts for IP 28 are still being developed. This section shows how they will be organized in a manner parallel to the structure of this report. Estimates are first provided for income taxes, consumption taxes, property taxes, and other taxes. The direct estimates are separately provided for the ‘prohibited activities’ and the ‘affected activities’; indirect estimates for both groups are then reported. The impacts of prohibiting fishing and hunting are then provided as they are based on the 2019 research described above.

Income Taxes

This estimate includes both Personal and Corporation Income Taxes. The direct impact would be the loss of jobs and the corresponding reduction in wages, salaries, and sole proprietor income.

Indirect impacts include those tied to recreational dollars as well as the business that support the directly affected businesses.

- Direct Impacts:
  - Prohibited Sectors:
  - Affected Sectors:
- Indirect/Induced:

Consumption Taxes:

This estimate includes the Corporate Activity Tax, Selective Sales taxes, and licenses. The direct impact is due to the loss of business sales of the directly affected businesses or those businesses that are economically linked to them.

- Direct Impacts:
  - Prohibited Sectors:
  - Affected Sectors:
- Indirect/Induced:

Property Tax:

To the extent meat production as an economic activity no longer operates in Oregon, there is a question of how to value the corresponding land. On the one hand, ranchers could lose their special assessment due to a lack of the required activity. Technically, this loss would trigger a liability for back taxes and increase the tax liability moving forward, unless they were able to put the land to a different, qualifying use. On the other hand, IP 28 could significantly reduce the real market value of this land, particularly if there are no other uses for the land. Coupled with the loss of business income, it's unclear how the taxes could be paid.

- Direct Impacts:
  - Prohibited Sectors:
  - Affected Sectors:
- Indirect/Induced:

Other Taxes

This estimate includes various other taxes and assessments. The direct impact is due to the loss of business sales of the directly affected businesses or those businesses that are economically linked to them.

- Direct Impacts:
  - Prohibited Sectors:
  - Affected Sectors:
- Indirect/Induced:

Outdoor Recreation

The authors of the cited report do not provide a breakdown among direct, indirect, and induced effects. The report also does not separately provide estimates for specific state or local taxes. It does, however, provide total state and local estimates for fishing and hunting.

- Direct, Indirect, and Induced Impacts:
    - Fishing:
    - Hunting:

Humane Transition Fund

Section 11 of IP 28 states:

> *To the greatest extent allowable by law, all subsidies distributed in Oregon to be used for a purpose that would no longer be allowable by the implementation of this Act shall instead be credited to the Humane Transition Fund.*

Depending on the definition of "subsidy", there do not appear to be any direct state subsidies provided through either ODA or ODFW that could be a redirected source of revenue.[iv] That said, there may be some "indirect subsidies" funded through the GF/L related to some programs (e.g., predation) that may qualify depending on the scope of the definition.

There are also some Other Funds that may meet the definition of "subsidy", but they are based on hunting and angling licenses that would presumable no longer exist.

Another interpretation of "subsidy" might be a reference to various provisions in Oregon's tax code, commonly referred to as Tax Expenditures. The Department of Revenue (DOR) produces this report each biennium as a companion document to the Governor's Budget.[v] A table that organizes these tax provisions by policy area can be found here. While many of the provisions refer to various crops, some of them may be applicable with respect to the potential implementation of IP 28.

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[i] https://www.census.gov/naics/?58967?yearbck=2022

[ii] https://www.nichemeatprocessing.org/wp-content/uploads/2019/07/Small_scale_meat_JGardner_4-2-09.pdf

[iii] https://issuu.com/traveloregon2019/docs/economicanalysisofoutdoorrecreationinoregon_otc-ea and https://www.dfw.state.or.us/agency/docs/Factsheet-Economic%20Impact%20OR%20Counties-Earth%20Economics%202019.pdf

[iv] There may be relevant federal subsidies, but presumably Oregon does not control the disbursement of these funds.

[v] https://www.oregon.gov/dor/programs/gov-research/Documents/2025-27%20Tax%20Expenditure%20Report_Web%20(SECURED).pdf