



**SCOTT MEACHAM
OKLAHOMA STATE TREASURER**

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**State Revenue Shortfall Hits One-Year Mark,
Spending Cuts Continue**

OKLAHOMA CITY – State revenue collections have fallen below prior year collections and the official estimate every month for the past year, and the end of the downturn is not yet in sight, State Treasurer Scott Meacham announced today.

December revenue collections are sufficient to fund allocations to state agencies for the month at the previously announced 10 percent reduction from appropriated levels.

Preliminary reports show General Revenue Fund collections in December are \$402.3 million. That amount is:

- \$165.1 million or 29.1 percent below the prior year; and,
- \$178.6 million or 30.7 percent below the estimate.

Meacham said December's numbers continue to be disappointing.

"We were hopeful that revenues might begin to improve slightly; instead they continued their downward slide," he said.

More Cuts under Discussion

In August, State Finance Director Michael Clingman ordered monthly allocations to state agencies reduced by five percent. That reduced level of funding for state government continued through November. In December and this month, Clingman ordered the allocation cut doubled to 10 percent after Governor Henry and legislative leaders agreed to the increased reductions.

The 10-percent reduction amounts to a monthly cut of \$42.9 million in budgetary allocations to state agencies.

Meacham said the amount of allocation reductions for the remainder of the fiscal year remains under discussion.

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“Governor Henry and legislative leadership are discussing the best course of action to balance the state’s budget by the end of this fiscal year, minimize service reductions and lay the course for funding next fiscal year,” Meacham said.

“Continued spending cuts are a certainty. How much deeper, if any, they will have to go is the question at this point.”

No additional transfers from cash funds were needed to make allocations this month. However, a total of \$233.8 million has already been utilized from those funds since the start of the fiscal year and will have to be repaid by June 30.

December Collections

In December, net income taxes, a combination of personal and corporate income taxes, produced \$172.2 million, which is \$75.5 million or 30.5 percent below the prior year and \$137.4 million or 44.4 percent below the estimate.

Personal income tax collections for the month are \$154.2 million. That is \$57.8 million or 27.3 percent below the prior year and \$114 million or 42.5 percent below the estimate. Corporate income tax collections in December are \$18 million. That is \$17.7 million or 49.5 percent below the prior year and \$23.3 million or 56.4 percent below the estimate.

The state sales tax produced \$135.8 million for the month, which is \$13.2 million or 8.8 percent below the prior year and \$22.9 million or 14.4 percent below the estimate.

The gross production tax on natural gas yielded \$30.2 million for the month, which is \$68.5 million or 69.4 percent below the prior year and \$15.2 million or 33.4 percent below the estimate.

Motor vehicle taxes produced \$11 million in December, which is \$1.8 million or 19.5 percent above the prior year and \$3.6 million or 48.6 percent above the estimate.

For December, investments by the State Treasurer’s Office yielded \$8.7 million. That is \$5.9 million below the same month of the prior year.

Other revenue, including investment earnings along with taxes on insurance, alcoholic beverages and others produced \$53.1 million for the month. This is \$9.8 million or 15.5 percent below the prior year and \$6.8 million or 11.3 percent below the estimate.

Fiscal-Year-to-Date Collections

Preliminary reports show General Revenue Fund collections for the first six months of the fiscal year total \$2.199 billion. That amount is:

- \$882.2 million or 28.6 percent below the prior year; and,
- \$756.1 million or 25.6 percent below the estimate.

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Net income tax collections for the first six months of the fiscal year total \$957.1 million, which is \$284.1 million or 22.9 percent below the prior year and \$318.7 million or 25 percent below the estimate.

Personal income tax collections for the period are \$882.1 million. That is \$227.8 million or 20.5 percent below the prior year and \$241.8 million or 21.5 percent below the estimate. Corporate income tax collections total \$74.9 million for the period. That is \$56.3 million or 42.9 percent below the prior year and \$76.9 million or 50.6 percent below the estimate.

The state sales tax has produced a total of \$755.1 million during the fiscal year, which is \$115.9 million or 13.3 percent below the prior year and \$172.5 million or 18.6 percent below the estimate.

Gross production taxes on natural gas total \$123.9 million for the first two quarters of the fiscal year. That is \$399.6 million or 76.3 percent below the prior year and \$201.7 million or 62 percent below the estimate.

Motor vehicle tax collections for the first half of the fiscal year are \$68.4 million, which is \$26.1 million or 27.6 percent below the prior year and \$7.6 million or 10 percent below the estimate.

Earnings on the treasurer's investment portfolio for the first two quarters of the fiscal year total \$61.5 million. That is \$21.7 million below the prior year.

Other revenue sources produced \$294.5 million during the six months. That is \$56.5 million or 16.1 percent below the prior year and \$55.5 million or 15.9 percent below the estimate.

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For more information contact:

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General Revenue Comparisons With Prior Year

CHART I

PRELIMINARY (In \$ millions)	MONTHLY COMPARISON		SUMMARY Dec 2009	
	FY-09 Actual Dec 2008	FY-10 Actual Dec 2009	Variance From Prior Year \$	%
Net Income Tax	\$247.7	\$172.2	-\$75.5	-30.5%
Gross Production	98.7	30.2	-68.5	-69.4%
Sales Tax	148.9	135.8	-13.2	-8.8%
Motor Vehicle	9.2	11.0	1.8	19.5%
Subtotal: Major Taxes	\$504.5	\$349.2	-\$155.3	-30.8%
Other Sources (1)	62.9	53.1	-9.8	-15.5%
TOTAL GEN REVENUE	\$567.4	\$402.3	-\$165.1	-29.1%
Less 1-time receipts	0.0	0.0	0.0	0.0%
Recurring Rev. (2)	\$567.4	\$402.3	-\$165.1	-29.1%

PRELIMINARY (In \$ millions)	6 MONTH YEAR TO DATE		SUMMARY Dec 2009	
	FY-09 Actual Thru Dec 2008	FY-10 Actual Thru Dec 2009	Variance From Prior Year \$	%
Net Income Tax	\$1,241.2	\$957.1	-\$284.1	-22.9%
Gross Production	523.5	123.9	-399.6	-76.3%
Sales Tax	871.0	755.1	-115.9	-13.3%
Motor Vehicle	94.5	68.4	-26.1	-27.6%
Subtotal: Major Taxes	\$2,730.2	\$1,904.5	-\$825.7	-30.2%
Other Sources (1)	351.0	294.5	-56.5	-16.1%
TOTAL GEN REVENUE	\$3,081.2	\$2,199.0	-\$882.2	-28.6%
Less 1-time receipts	0.0	0.0	0.0	0.0%
Recurring Rev. (2)	\$3,081.2	\$2,199.0	-\$882.2	-28.6%

(1) Other sources revenue estimated pending final accounting.

(2) Recurring revenue after subtracting one-time funds.

Details may not sum due to rounding.

General Revenue Comparisons With Estimate

CHART II

PRELIMINARY

(In \$ millions)	MONTHLY COMPARISON		SUMMARY Dec 2009	
	FY-10 Estimate	FY-10 Actual	Variance From Estimate	
	Dec 2009	Dec 2009	\$	%
Net Income Tax	\$309.5	\$172.2	-\$137.4	-44.4%
Gross Production	45.4	30.2	-15.2	-33.4%
Sales Tax	158.6	135.8	-22.9	-14.4%
Motor Vehicle	7.4	11.0	3.6	48.6%
Subtotal: Major Taxes	\$521.0	\$349.2	-\$171.8	-33.0%
Other Sources (1)	59.9	53.1	-6.8	-11.3%
TOTAL GEN REVENUE	\$580.9	\$402.3	-\$178.6	-30.7%
Less 1-time receipts	0.0	0.0	0.0	0.0%
Recurring Rev. (2)	\$580.9	\$402.3	-\$178.6	-30.7%

PRELIMINARY

(In \$ millions)	6 MONTH YEAR TO DATE		SUMMARY Dec 2009	
	FY-10 Estimate	FY-10 Actual	Variance From Estimate	
	Thru Dec 2009	Thru Dec 2009	\$	%
Net Income Tax	\$1,275.8	\$957.1	-\$318.7	-25.0%
Gross Production	325.6	123.9	-201.7	-62.0%
Sales Tax	927.6	755.1	-172.5	-18.6%
Motor Vehicle	76.0	68.4	-7.6	-10.0%
Subtotal: Major Taxes	\$2,605.1	\$1,904.5	-\$700.6	-26.9%
Other Sources (1)	350.0	294.5	-55.5	-15.9%
TOTAL GEN REVENUE	\$2,955.1	\$2,199.0	-\$756.1	-25.6%
Less 1-time receipts	0.0	0.0	0.0	0.0%
Recurring Rev. (2)	\$2,955.1	\$2,199.0	-\$756.1	-25.6%

(1) Other sources revenue estimated pending final accounting.

(2) Recurring revenue after subtracting one-time funds.

Details may not sum due to rounding.

Office of the State Treasurer