



**OKLAHOMA STATE TREASURER
RANDY MCDANIEL**

For Immediate Release: January 6, 2020

2019 Gross Receipts Show Slowing Economy

OKLAHOMA CITY – Oklahoma Gross Receipts to the Treasury for calendar year 2019 paint the picture of a sound, but slowing state economy, State Treasurer Randy McDaniel announced today.

Gross receipts during all of 2019 are 5.7 percent more than during 2018. That growth rate is down from 13.2 percent in 2018 compared to 2017.

McDaniel said the slowdown becomes more pronounced when viewed on a quarterly basis. Growth in collections during the first two quarters of 2019 reflected expansion of almost 10 percent. Third quarter growth fell to 4.2 percent, while fourth quarter receipts contracted by 0.5 percent when compared to the fourth quarter of 2018.

“Recent economic trends appear to be primarily related to low oil and gas prices,” McDaniel said. “We are seeing both a direct and spillover effect on some tax collections due to suppressed energy prices.”

Tax collections on oil and gas production have been significantly below the prior year for four consecutive months. Sales tax receipts have shown contraction for six of the past seven months. In December, use tax collections on out-of-state purchases dropped below those of the prior year for the first time in more than three years.

Tax records show the downturn in sales and use taxes are reflecting the spillover effect of reduced oil field activity due to a drop off in the buying of drilling equipment and related purchases. Drilling activity has plunged by more than 60 percent in the past year. Natural gas prices are down by almost 30 percent and oil prices are off by almost 25 percent since this time last year.

Other indicators

The Oklahoma Business Conditions Index for December rose slightly to 48.4 compared to 47.8 in November. Numbers less than 50 are considered below growth neutral. The index has been below 50 four times in the past five months, indicating expected economic slowing through the middle of 2020.

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The seasonally adjusted jobless rate for Oklahoma increased to 3.4 percent in November, one-tenth of a percentage point above October's rate. The U.S. unemployment rate decreased to 3.5 percent in November, down from 3.6 percent in October, according to figures released by the Oklahoma Employment Security Commission.

December collections

December gross collections total \$1.16 billion, up by \$19.7 million, or 1.7 percent, from December 2018.

Gross income tax collections, a combination of individual and corporate income taxes, generated \$428 million, an increase of \$77.7 million, or 22.2 percent, from the previous December.

Individual income tax collections for the month are \$318.8 million, up by \$25.3 million, or 8.6 percent, from the prior year. Corporate collections are \$109.2 million, an increase of \$52.4 million, or 92.3 percent. Wide monthly variances are not unusual for corporate income tax collections.

Combined sales and use tax collections, including remittances on behalf of cities and counties, total \$468.5 million in December. That is \$26.8 million, or 5.4 percent, less than December 2018.

Sales tax collections in December total \$407.3 million, a drop of \$20.9 million, or 4.9 percent from the same month of the prior year. Use tax receipts, collected on out-of-state purchases including online sales, generated \$61.3 million, a decrease of \$5.9 million, or 8.8 percent, over the year.

Gross production taxes on oil and natural gas generated \$74.3 million in December, a decrease of \$44.1 million, or 37.3 percent, from last December. Compared to November 2019 reports, gross production collections are down by \$7.9 million, or 9.7 percent.

Motor vehicle taxes produced \$70 million, up by \$8.6 million, or 14 percent, from the same month of 2018.

Other collections composed of some 60 different sources including taxes on fuel, tobacco, medical marijuana, and alcoholic beverages, produced \$123.8 million during the month. That is \$4.3 million, or 3.6 percent, more than last December.

Calendar year 2019 collections

Gross revenue totals \$13.71 billion from calendar year 2019. That is \$743.9 million, or 5.7 percent, above collections from calendar year 2018.

Gross income taxes generated \$4.75 billion for the year, reflecting an increase of \$354.7 million, or 8.1 percent, from the prior year.

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Individual income tax collections total \$4.18 billion, up by \$281 million, or 7.2 percent, from the prior year. Corporate collections are \$573.5 million for the period, an increase of \$73.7 million, or 14.8 percent, over the previous calendar year.

Combined sales and use taxes for the year generated \$5.58 billion, an increase of \$149.6 million, or 2.8 percent, from the prior year.

Gross sales tax receipts total \$4.87 billion, up by \$27.3 million, or 0.6 percent, during the year. Use tax collections generated \$715 million, an increase of \$122.2 million, or 20.6 percent, over the previous year.

Oil and gas gross production tax collections brought in \$1.03 billion during the calendar year, up by \$38 million, or 3.8 percent, from the previous year.

Motor vehicle collections total \$794.5 million for the year. This is an increase of \$10.2 million, or 1.3 percent, from the trailing year.

Other sources generated \$1.56 billion, up by \$191.4 million, or 14 percent, from the previous year.

About Gross Receipts to the Treasury

The Office of the State Treasurer developed the monthly Gross Receipts to the Treasury report in order to provide a timely and broad view of the state's economy.

It is released in conjunction with the General Revenue Fund report from the Office of Management and Enterprise Services, which provides information to state agencies for budgetary planning purposes.

The General Revenue Fund, the state's main operating account, receives less than half of the state's gross receipts with the remainder paid in rebates and refunds, remitted to cities and counties, and apportioned to other state funds.

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For more information contact:

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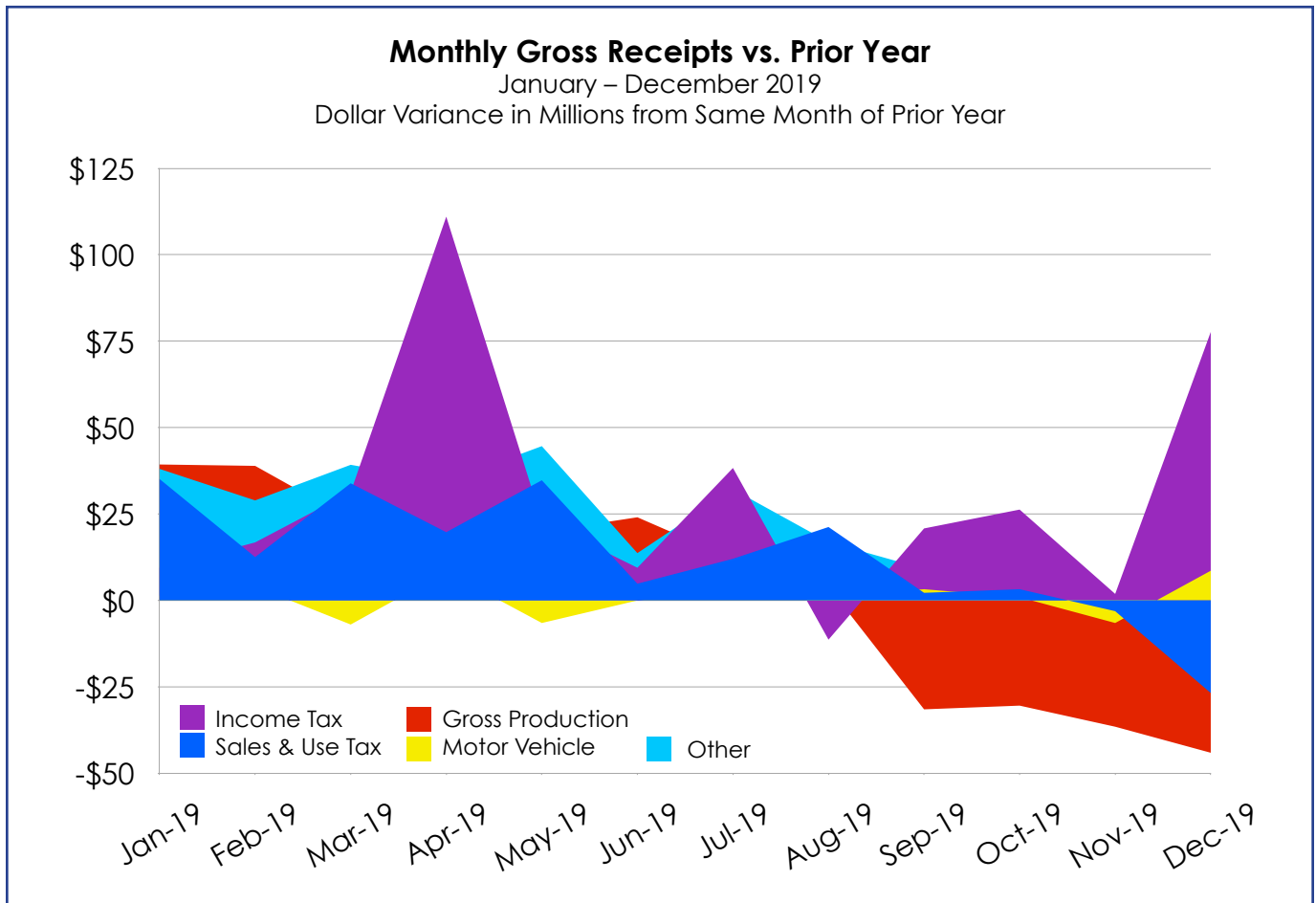
Gross Receipts to Treasury

| PRELIMINARY (In \$ millions) | MONTHLY COMPARISON | | Variance From Prior Year | |
|---|--------------------|----------------|--------------------------|---------------|
| | December-18 | December-19 | \$ | % |
| Total Income Tax | 350.4 | 428.0 | 77.7 | 22.2% |
| <i>Individual</i> | 293.6 | 318.8 | 25.3 | 8.6% |
| <i>Corporate</i> | 56.8 | 109.2 | 52.4 | 92.3% |
| Sales & Use Tax (1) | 495.4 | 468.5 | (26.8) | -5.4% |
| <i>Sales Tax</i> | 428.2 | 407.3 | (20.9) | -4.9% |
| <i>Use Tax</i> | 67.2 | 61.3 | (5.9) | -8.8% |
| Gross Production Motor Vehicle Other Sources (2) | 118.4 | 74.3 | (44.1) | -37.3% |
| Motor Vehicle | 61.4 | 70.0 | 8.6 | 14.0% |
| Other Sources (2) | 119.5 | 123.8 | 4.3 | 3.6% |
| TOTAL REVENUE | 1,144.9 | 1,164.6 | 19.7 | 1.7% |

(1) Includes Collections for Counties and Municipalities

(2) Gross Collections from OTC

Details may not sum due to rounding.



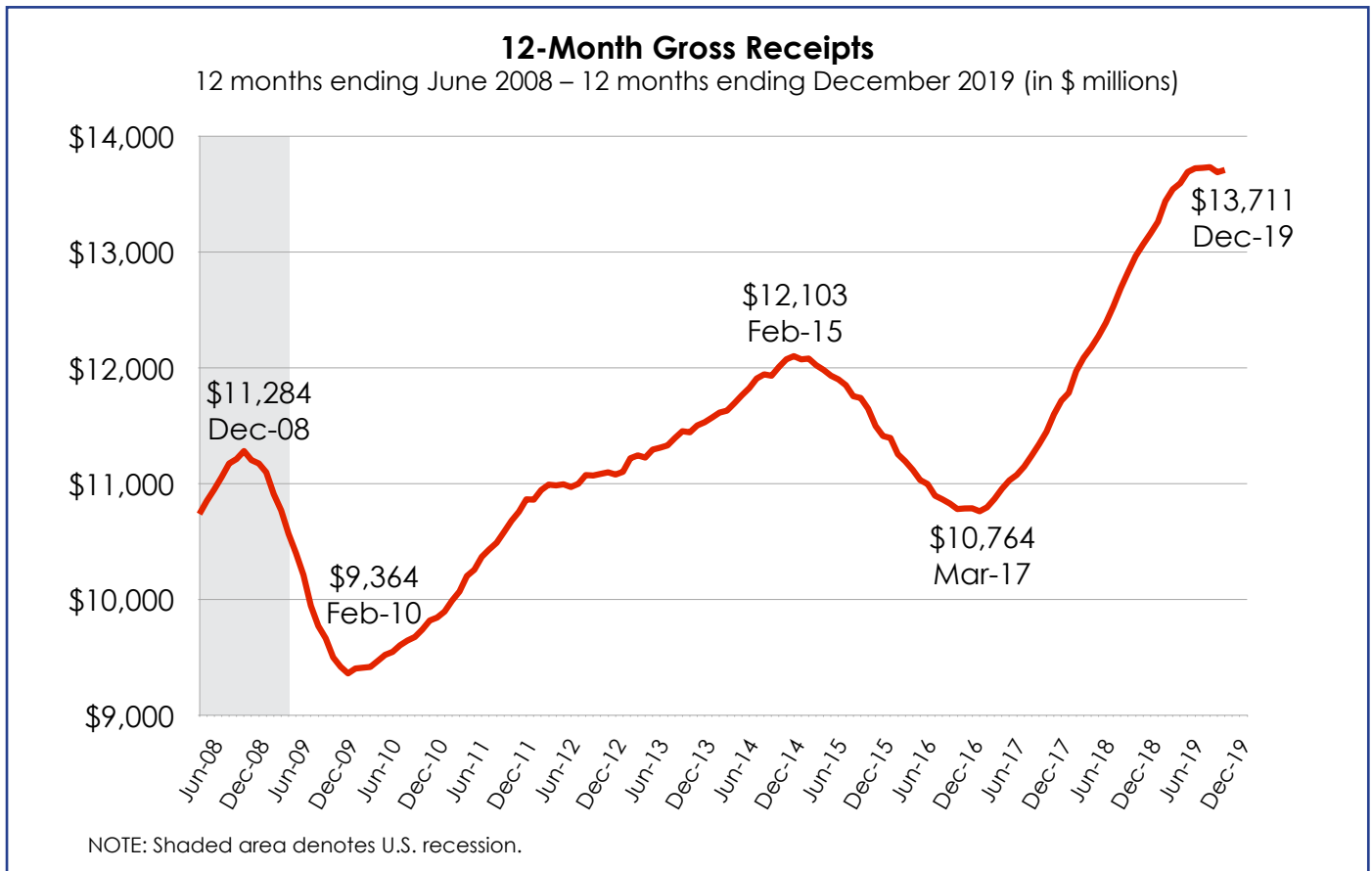
Gross Receipts to Treasury

| PRELIMINARY (In \$ millions) | 12 Month Period Ending Jan 19 - Dec 19 | | | |
|---------------------------------|---|-----------------|--------------------------|--------------|
| | Prior Year | Current Year | Variance From Prior Year | |
| | Jan 18 - Dec 18 | Jan 19 - Dec 19 | \$ | % |
| Total Income Tax | 4,399.2 | 4,753.9 | 354.7 | 8.1% |
| <i>Individual</i> | 3,899.5 | 4,180.5 | 281.0 | 7.2% |
| <i>Corporate</i> | 499.7 | 573.5 | 73.7 | 14.8% |
| Sales and Use Tax (1) | 5,431.7 | 5,581.3 | 149.6 | 2.8% |
| <i>Sales Tax</i> | 4,839.0 | 4,866.3 | 27.3 | 0.6% |
| <i>Use Tax</i> | 592.8 | 715.0 | 122.2 | 20.6% |
| Gross Production | 988.4 | 1,026.4 | 38.0 | 3.8% |
| Motor Vehicle | 784.3 | 794.5 | 10.2 | 1.3% |
| Other Sources (2) | 1,363.7 | 1,555.2 | 191.4 | 14.0% |
| TOTAL REVENUE | 12,967.4 | 13,711.3 | 743.9 | 5.7% |

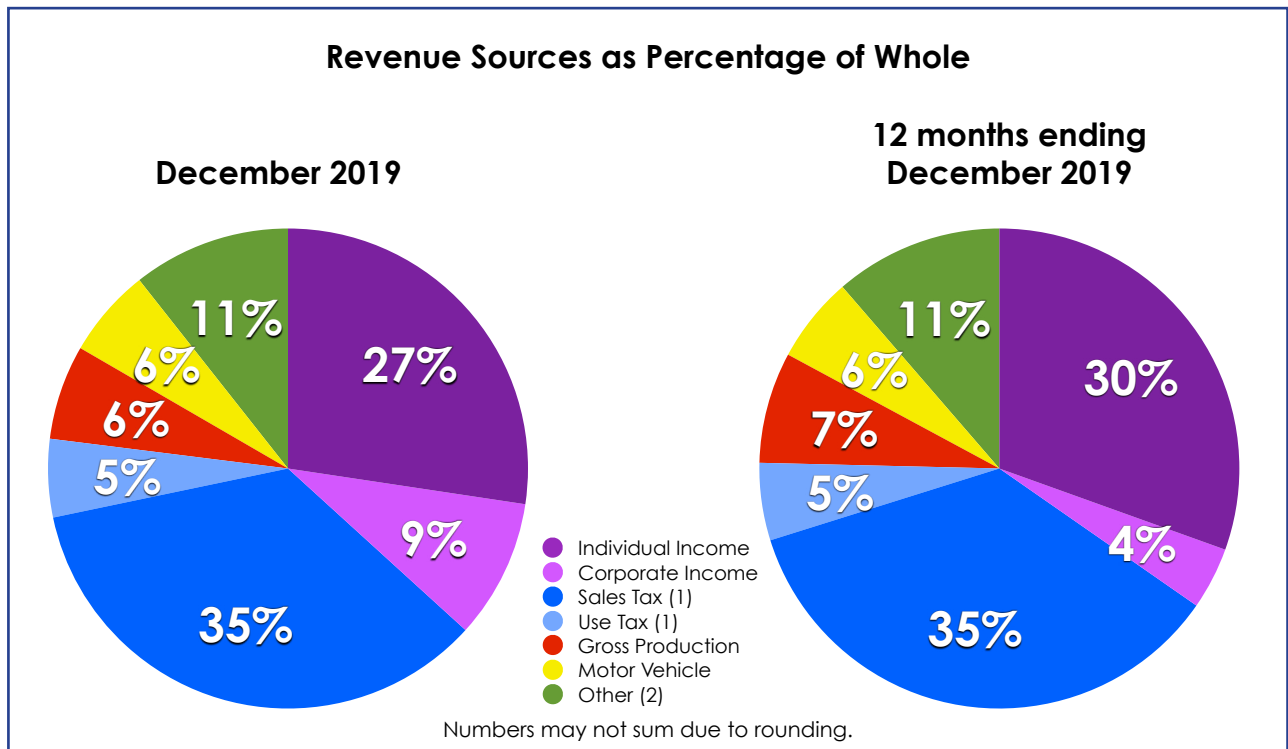
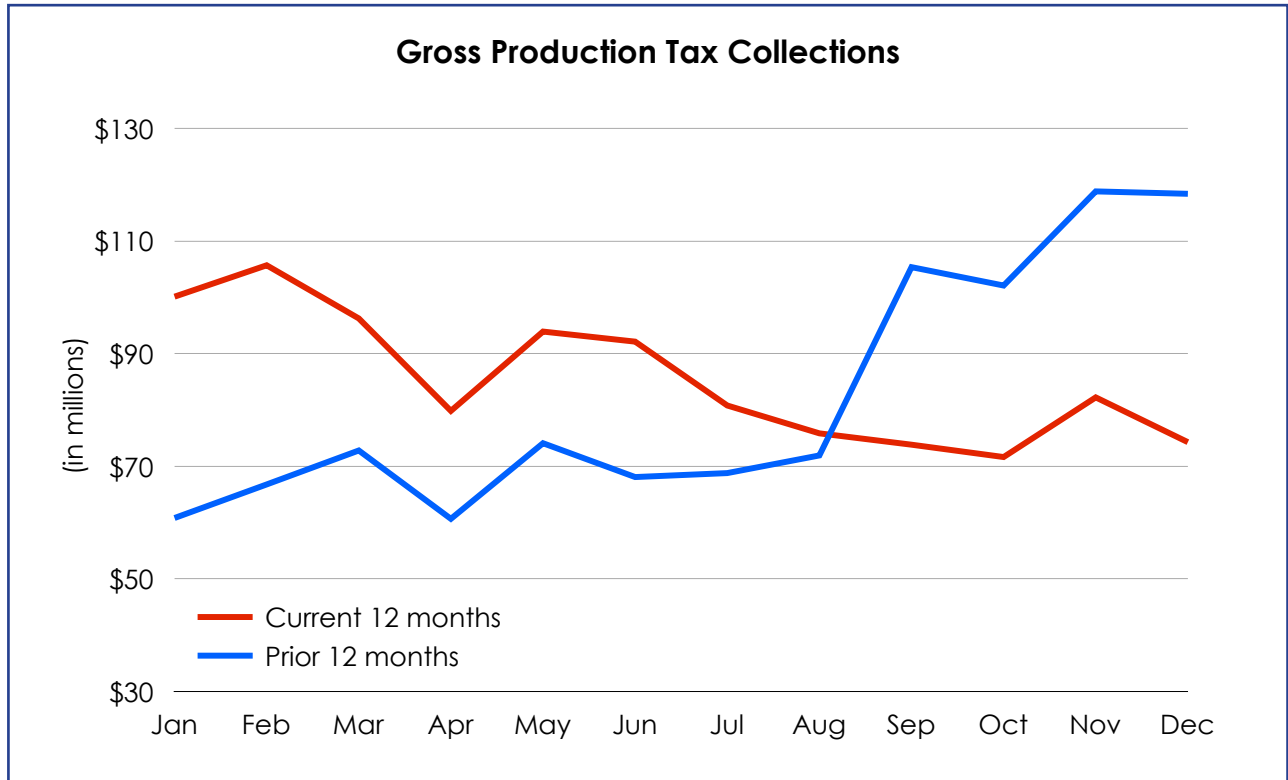
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Gross Receipts to Treasury



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(2) Gross Collections from OTC