One of the primary responsibilities of any state government is creating and maintaining an environment conducive to business and job growth.

It’s a component of state government’s key purpose – improving the quality of life of its citizens.

In addition to providing an educated and healthy workforce, safe neighborhoods and an efficient transportation system, recruitment is necessary due to competition among the states.

Governor Mary Fallin has taken an active role in luring businesses to bring quality jobs to Oklahoma.

In a guest commentary in this edition of the Oklahoma Economic Report, Governor Fallin outlines specific successes over the past year and ongoing efforts to continue those successes going forward.

Governor Mary Fallin has taken an active role in luring businesses to bring quality jobs to Oklahoma.

Seasonally-adjusted data from the Oklahoma Employment Security Commission show that between January 2017 and January 2018 Oklahoma added more than 25,000 jobs. Also during that time, the state jobless rate decreased by one-

SEE GROWTH PAGE 3
Guest Commentary
By Governor Mary Fallin

Pro-business policies attracting wide variety of businesses, diversifying Oklahoma’s economy

It’s spring, and in Oklahoma there is a feeling of energy and excitement.

We are a growing state. Latest U.S. Census Bureau reports show that from 2010 to 2017, Oklahoma saw a population gain of 179,266 people. The 4.8 percent growth made Oklahoma No. 25 in the nation for percentage growth and brought the population to 3,930,864 people in July 2017.

We can see that growth in many parts of the state, with the construction of new apartments and houses along with the development of new businesses and entertainment venues.

The state’s energy sector is improving, and our state’s business climate is healthy. Our pro-business policies are attracting a wide variety of jobs and businesses to the state, which are diversifying our economy.

Oklahoma offers an incredibly low cost of business with the lowest tax burden in the country.

We have one of the lowest costs of living in the country; our electric power costs are the second-lowest in the nation. At the same time, Oklahoma offers a great quality of life.

My No. 1 priority as governor is to create more jobs and attract more investment in order to build a more prosperous Oklahoma.”

My No. 1 priority as governor is to create more jobs and attract more investment in order to build a more prosperous Oklahoma. Even though my term is winding down, I continue to pursue pro-growth policies that will allow Oklahoma to remain one of the best states to do business.

So far this year, we’ve had some major developments concerning companies coming to Oklahoma or expanding in our state:

• Kratos Defense & Security Solutions: The California-based company is opening administrative and engineering offices as well as production facilities in Oklahoma City. The offices and production facilities will accommodate expected increased demand for high-performance, jet-powered unmanned aerial tactical and target drone systems. The company hopes to be in the new facility by the end of the year, and to have 350 to 500 employees working there within five years;

• A similar company is looking very seriously at moving its operations to Oklahoma City;

• A major consumer goods manufacturing company from

SEE FALLIN PAGE 3
Opinions and positions cited in the Oklahoma Economic Report™ are not necessarily those of Oklahoma State Treasurer Ken Miller or his staff, with the exception of the Treasurer’s Commentary, which of course, is the viewpoint of the treasurer.
Eight months into Fiscal Year 2018, allocations to the General Revenue Fund (GRF), the state’s main operating account, are $3.6 billion and exceed the estimate by $120.4 million, or 3.5 percent, according to the Office of Management and Enterprise Services.

Net income tax collections, a combination of individual and corporate income taxes, have contributed $1.4 billion to General Revenue through February, topping the estimate by $198.2 million, or 16.8 percent.

Gross production taxes on oil and natural gas provided $185.4 million to the GRF, below the estimate by $41.7 million, or 18.4 percent.

Sales tax allocations to the GRF total $1.4 billion and top the estimate by $43.9 million, or 3.2 percent.

Motor vehicle taxes brought $129.4 million to the GRF and are $7.2 million, or 5.3 percent, less than the estimate.

Other sources, a combination of smaller miscellaneous revenue streams, contributed $464.3 million to the GRF. That is $72.7 million, or 13.5 percent less than the estimate.

The GRF receives about 50 percent of state Gross Receipts to the Treasury during the fiscal year. During the first eight months of FY-18, the GRF has received 46.1 percent of the $7.7 billion of total gross receipts.

### Fiscal Year-to-Date General Revenue Estimate vs. Actual

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<tr>
<th>Source: Office of Management and Enterprise Services</th>
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<tr>
<td><img src="image-url" alt="Fiscal Year-to-Date General Revenue Estimate vs. Actual" /></td>
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<tr>
<td><strong>Total GRF</strong></td>
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February reports reflect increasing growth rate in Gross Receipts to the Treasury

February Gross Receipts to the Treasury grew by 15.5 percent from the same month of the prior year and reflect an increasing growth rate in collections over the past year, State Treasurer Ken Miller announced today.

For 13 of the past 14 months, monthly gross receipts have increased over the prior year. During that time, the monthly rate of growth has risen from 0.5 percent in January 2017 to this month’s 15.5 percent.

“The trend line shows increasing growth in Oklahoma gross collections,” Miller said.

“Together with other economic indicators, it appears the state’s economy is gaining momentum.”

SEE REVENUE PAGE 6
February gross receipts show increases in collections from individual income, sales, and gross production taxes.

Decreases are seen in corporate income and motor vehicle tax collections. The bottom line for the month is up by $117.8 million.

Collections from the past 12 months compared to the previous 12 months show growth in every major revenue stream except for corporate income tax.

Total 12-month collections are up by $929.3 million, or 8.6 percent.

New revenue collections

The tax commission attributes $31.7 million in February to new revenue resulting from legislation enacted during 2017. The additional revenue comes primarily from changes in sales tax exemptions and gross production tax incentives.

The new revenue accounts for 3.6 percent of February gross receipts.

Out of $6.8 billion in gross collections since August, $172.6 million, or 2.5 percent, has resulted from law changes from last year.

Other Indicators

The Oklahoma Business Conditions Index has topped growth neutral for seven consecutive months.

The February index was set at 60.5, up from 57.8 in January.

Numbers above 50 indicate anticipated economic growth during the next three to six months.

February collections

February gross collections total $877.3 million, up $117.8 million, or 15.5 percent, from February 2017.

Gross income tax collections, a combination of individual and corporate income taxes, generated $273.7 million, an increase of $35.7 million, or 15 percent, from the previous February.

Individual income tax collections for the month are $268.5 million, up by $36.1 million, or 15.6 percent, from the prior year.

Corporate collections are $5.2 million, a decrease of $474,000, or 8.3 percent.

Sales tax collections, including remittances on behalf of cities and counties, total $363.1 million in February. That is $39.2 million, or 12.1 percent, more than February 2017.

Gross production taxes on oil and natural gas generated $66.8 million in February, an increase of $28.9 million, or 76.1 percent, from last February.

Compared to January reports, gross production collections are up by $6 million, or 9.8 percent.

Motor vehicle taxes produced $53.2 million, down by $280,000, or 0.5 percent, from the same month of 2017.

Other collections, consisting of about 60 different sources including use taxes, along with taxes on fuel, tobacco, and alcoholic beverages,
Oklahoma Economic Report

February 2018

Revenue

FROM PAGE 6

produced $120.5 million during the month. That is $14.4 million, or 13.5 percent, more than last February.

Twelve month collections

Gross revenue totals $11.7 billion from the past 12 months. That is $929.3 million, or 8.6 percent, more than collections from the previous 12 months.

Gross income taxes generated $4.1 billion for the period, reflecting an increase of $212.2 million, or 5.4 percent, from the prior 12 months.

Individual income tax collections total $3.7 billion, up by $227.2 million, or 6.5 percent, from the prior 12 months.

Corporate collections are $419.8 million for the period, a decrease of $15 million, or 3.5 percent, over the previous period.

Sales taxes for the 12 months generated $4.5 billion, an increase of $324.1 million, or 7.7 percent, from the prior period.

Oil and gas gross production tax collections brought in $593.8 million during the 12 months, up by $226.5 million, or 61.7 percent, from the previous period.

Motor vehicle collections total $759.4 million for the period. This is an increase of $19.4 million, or 2.6 percent, from the trailing period.

Other sources generated $1.7 billion, up by $147.2 million, or 9.4 percent, from the previous year.

About Gross Receipts to the Treasury

Since March 2011, the Office of the State Treasurer has issued the monthly Gross Receipts to the Treasury report, which provides a timely and broad view of the state’s macro economy.

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

The General Revenue Fund receives less than half of the state’s gross receipts with the remainder paid in rebates and refunds, remitted to cities and counties, and placed into off-the-top earmarks to other state funds.

Learn more

Read the full Gross Receipts monthly report and view additional charts and graphs at https://go.usa.gov/xnuJS.

Oklahoma unemployment rate holds steady in January

At 4.1 percent, Oklahoma’s seasonally-adjusted unemployment rate in January remained unchanged since September of last year, according to figures released by the Oklahoma Employment Security Commission.

State jobless numbers improved by five-tenths of a percentage point over the year.

The U.S. jobless rate was also set at 4.1 percent in January equal to Oklahoma’s rate for a fourth consecutive month.
Economic Indicators

Unemployment Rate
January 1980 – January 2018

Gross Receipts vs. Oil & Gas Employment
January 2008 – February 2018

Leading Economic Index
January 2001 – December 2017

Oklahoma Stock Index
Top capitalized state companies
January 2009 – February 2018

Oklahoma Natural Gas Prices & Active Rigs
January 2011 – February 2018

Oklahoma Oil Prices & Active Rigs
January 2011 – February 2018

Shaded areas denote U.S. recessions

Source: Bureau of Labor Statistics

Shaded area denotes U.S. recession
Sources: Bureau of Labor Statistics & State Treasurer

Shaded area denotes U.S. recession
Source: Federal Reserve of Philadelphia

Shaded area denotes U.S. recession
Source: Office of the State Treasurer

Sources: Baker Hughes & U.S. Energy Information Administration

Sources: Baker Hughes & U.S. Energy Information Administration