



**SCOTT MEACHAM
OKLAHOMA STATE TREASURER**

For Immediate Release: August 11, 2009

**Revenue Shortfall Declared,
Five Percent Cut in August Budget Allocations Ordered**
Discussions underway on future options

OKLAHOMA CITY – Revenue collections for July, the first month of the new fiscal year, are well below prior year collections and the official estimate. The shortfall is great enough that state officials have ordered an across-the-board budget cut in budget allocations to all state agencies this month, State Treasurer Scott Meacham announced today.

Preliminary reports for collections in the month of July show General Revenue Fund collections totaled \$336.7 million. That amount is:

- \$120.4 million or 26.3 percent below the prior year; and
- \$74.4 million or 18.1 percent below the estimate.

In response to the shortfall, State Finance Director Michael Clingman has ordered a five percent across-the-board reduction to each state agency's allocation in the month of August. This amount represents a total cut in allocations of \$21.9 million for the month of August.

"The less than anticipated collections for the month of July have caused us to reduce August allocations today by five percent," Clingman said. "The cuts would have been deeper, but we were able to minimize the impact by utilizing cash reserves."

Treasurer Meacham said he is meeting with Governor Henry and legislative leaders to discuss options for the coming months.

"We have several options. These include potential use of the Rainy Day Fund, tapping additional federal stimulus money and other responses," Meacham said. "However, I would warn state agencies that additional cuts may very well be coming."

The Rainy Day Fund currently contains \$596.6 million. The state constitution allows up to three-eighths of the fund, or \$223.7 million, to be used upon a revenue shortfall declaration by the State Board of Equalization.

Most state agencies have already been forced to cut budgets. During the last legislative session, many agencies received budget cuts of varying amounts.

(more)

Net income taxes, a combination of personal and corporate income taxes, produced \$132.5 million in July, which is \$23.5 million or 15.1 percent below the prior year and \$4.9 million or 3.6 percent below the estimate.

Personal income tax collections for the month are \$131.7 million. That is \$21.4 million or 14.0 percent below the prior year and \$1.4 million or 1.1 percent below the estimate. Corporate income tax collections were \$0.8 million. That is \$2.1 million or 72.3 percent below the prior year and \$3.5 million or 81.2 percent below the estimate.

Gross production taxes on natural gas yielded \$22.2 million for the month, which is \$67.9 million or 75.4 percent below the prior year and \$42.2 million or 65.6 percent below the estimate.

The state sales tax produced \$129.4 million in July, which is \$12.2 million or 8.6 percent below the prior year and \$21.4 million or 14.2 percent below the estimate.

Motor vehicle taxes produced \$10.9 million, which is \$8.7 million or 44.4 percent below the prior year and \$6.8 million or 38.4 percent below the estimate.

Investments by the treasurer's office yielded \$12.3 million in July. That is \$0.1 million or 1.1 percent below the prior year.

Other revenue, including investment earnings along with taxes on insurance, inheritance, alcoholic beverages and others, produced \$41.8 million for the month. This is \$8.2 million or 16.3 percent below the prior year but \$0.9 million or 2.3 percent above the estimate.

###

For more information contact:

Tim Allen, Deputy Treasurer for Policy and Administration, (405) 522-4212

General Revenue Comparisons With Prior Year

CHART I

PRELIMINARY

(In \$ millions)	MONTHLY COMPARISON		SUMMARY July 2009	
	FY-09 Actual	FY-10 Actual	Variance From Prior Year	
	July 2008	July 2009	\$	%
Net Income Tax	\$156.0	\$132.5	-\$23.5	-15.1%
Gross Production	90.0	22.2	-67.9	-75.4%
Sales Tax	141.6	129.4	-12.2	-8.6%
Motor Vehicle	19.6	10.9	-8.7	-44.4%
Subtotal: Major Taxes	\$407.2	\$295.0	-\$112.2	-27.6%
Other Sources (1)	49.9	41.8	-8.2	-16.3%
TOTAL GEN REVENUE	\$457.1	\$336.7	-\$120.4	-26.3%
Less 1-time receipts	0.0	0.0	0.0	0.0%
Recurring Rev. (2)	\$457.1	\$336.7	-\$120.4	-26.3%

PRELIMINARY

(In \$ millions)	1 MONTH YEAR TO DATE		SUMMARY July 2009	
	FY-09 Actual	FY-10 Actual	Variance From Prior Year	
	Thru July 2008	Thru July 2009	\$	%
Net Income Tax	\$156.0	\$132.5	-\$23.5	-15.1%
Gross Production	90.0	22.2	-67.9	-75.4%
Sales Tax	141.6	129.4	-12.2	-8.6%
Motor Vehicle	19.6	10.9	-8.7	-44.4%
Subtotal: Major Taxes	\$407.2	\$295.0	-\$112.2	-27.6%
Other Sources (1)	49.9	41.8	-8.2	-16.3%
TOTAL GEN REVENUE	\$457.1	\$336.7	-\$120.4	-26.3%
Less 1-time receipts	0.0	0.0	0.0	0.0%
Recurring Rev. (2)	\$457.1	\$336.7	-\$120.4	-26.3%

(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

General Revenue Comparisons With Estimate

CHART II

PRELIMINARY (In \$ millions)	MONTHLY COMPARISON		SUMMARY July 2009	
	FY-10 Estimate	FY-10 Actual	Variance From Estimate	
	July 2009	July 2009	\$	%
Net Income Tax	\$137.4	\$132.5	-\$4.9	-3.6%
Gross Production	64.3	22.2	-42.2	-65.6%
Sales Tax	150.8	129.4	-21.4	-14.2%
Motor Vehicle	17.7	10.9	-6.8	-38.4%
Subtotal: Major Taxes	\$370.3	\$295.0	-\$75.3	-20.3%
Other Sources (1)	40.8	41.8	0.9	2.3%
TOTAL GEN REVENUE	\$411.1	\$336.7	-\$74.4	-18.1%
Less 1-time receipts	0.0	0.0	0.0	0.0%
Recurring Rev. (2)	\$411.1	\$336.7	-\$74.4	-18.1%

PRELIMINARY (In \$ millions)	1 MONTH YEAR TO DATE		SUMMARY July 2009	
	FY-10 Estimate	FY-10 Actual	Variance From Estimate	
	Thru July 2009	Thru July 2009	\$	%
Net Income Tax	\$137.4	\$132.5	-\$4.9	-3.6%
Gross Production	64.3	22.2	-42.2	-65.6%
Sales Tax	150.8	129.4	-21.4	-14.2%
Motor Vehicle	17.7	10.9	-6.8	-38.4%
Subtotal: Major Taxes	\$370.3	\$295.0	-\$75.3	-20.3%
Other Sources (1)	40.8	41.8	0.9	2.3%
TOTAL GEN REVENUE	\$411.1	\$336.7	-\$74.4	-18.1%
Less 1-time receipts	0.0	0.0	0.0	0.0%
Recurring Rev. (2)	\$411.1	\$336.7	-\$74.4	-18.1%

(1) Other sources revenue estimated pending final accounting.

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

Details may not sum due to rounding.