



**OKLAHOMA STATE TREASURER  
KEN MILLER**

**For Immediate Release: August 2, 2012**

**Growth in Income, Sales Push July Collections into  
Positive Territory**

**OKLAHOMA CITY** – Driven by increases in income and sales, Oklahoma’s total revenue collections resumed their rise in July after dipping slightly the month before, State Treasurer Ken Miller announced today as he released the gross receipts to the treasury report for the first month of the fiscal year.

Total treasury collections in July grew by just more than one percent over the same month of last year, aided by a double-digit jump in income tax collections but hampered by a more than 43 percent plunge in collections on oil and gas production. It marks the eighth consecutive monthly decline in gross production tax collections from the same month of the prior year.

“While the overall rate of growth in collections has slowed somewhat in the past few months due to lower energy prices and production, most other economic indicators remain positive,” Miller said. “Our July report shows sustained consumer confidence in the economy with Oklahomans earning and spending more money.”

July treasury collections are up by 1.1 percent from July of last year, Miller said. That compares to average growth in the past 12 months of 7.2 percent, including an almost 11 percent increase in income tax collections and almost 9 percent growth in sales tax collections.

**Dodging a bullet**

Reports from the Oklahoma Tax Commission show low natural gas prices earlier this year will not result in a three percentage point gross production tax rate decrease in the coming months. If reports had shown the average price paid for Oklahoma-produced natural gas was below \$2.10 per thousand cubic feet (mcf) in March or April, the lower rate would have been triggered for collections remitted in July and August.

While the spot price of gas at the Henry Hub in Louisiana was \$2.06/mcf in March and \$2.01/mcf in April, Oklahoma-produced gas sold for \$2.92/mcf in March and \$2.17/mcf in April. The regular gross production tax rate is seven percent, but would have been cut to four percent had the price trigger been met.

**(more)**

Miller said concerns have eased somewhat in recent weeks as natural gas spot prices have risen, closing yesterday at \$3.30/mcf. Crude oil prices, which dropped over the past few months, are now close to \$90 per barrel.

When natural gas prices dropped, many producers switched to oil drilling and that trend continues. Baker Hughes reports show 37 active natural gas rigs in Oklahoma this week, compared to 124 a year ago. Active oil rigs are reported as 156 for oil this week, compared to 53 at this time last year.

### **Positive employment picture**

Oklahoma's low unemployment rate of 4.7 percent compares to a national rate of 8.2 percent and is reflected in increased state income tax collections. The 10 percent increase in July collections comes after the tax rate was reduced by a quarter percentage point in January.

The Oklahoma City metro area continues to top the list of lowest jobless rates among the 49 U.S. cities with one million or more population. The metro area's unemployment rate for June was set at 5.0 percent.

"Oklahoma has many reasons to be optimistic about its economy," Miller said. "With low unemployment, signs of positive consumer confidence and an improving picture in the oil patch, the outlook is positive."

### **Outside influences**

As concerns with the energy sector have lessened, Miller said concerns are growing that outside influences could negatively impact the state's economy in the coming months.

"The European debt crisis, China's economic slowdown and political and economic uncertainty in Washington could harm Oklahoma's well-performing economy," he said.

"The biggest domestic threat is the self-imposed 'fiscal cliff' compliments of Congress and the President," Miller said. "Without action in Washington to put the federal government on a sustainable fiscal course while recognizing the fragility of the recovery, the U.S. economy could join Europe in another recession."

### **July collections**

The revenue report for July sets gross collections at \$854.97 million, up \$9.54 million or 1.1 percent from July 2011.

Gross income tax collections, a combination of personal and corporate income taxes, generated \$247.35 million, an increase of \$22.46 million or 10 percent from the previous July.

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Personal income tax collections for the month are \$234.75 million, up \$21.4 million or 10 percent from the prior year. Corporate collections are \$12.6 million, up by \$1.05 million or 9.1 percent.

Sales tax collections, including remittances on behalf of cities and counties, total \$354.44 million in July. That is \$23.49 million or 7.1 percent above July 2011.

Gross production taxes on oil and natural gas generated \$58.32 million in July, a decrease of \$44.49 million or 43.3 percent from last July. Compared to June reports, gross production collections are down by \$1 million or 1.6 percent.

Motor vehicle taxes produced \$57.96 million, up by \$3 million or 5.5 percent from the prior year.

Other collections, consisting of about 60 different sources including taxes on fuel, tobacco, horse race gambling and alcoholic beverages, produced \$136.91 million during the month. That is \$5.08 million or 3.9 percent more than last July.

### **Twelve-month collections**

Gross revenue totals \$10.99 billion during the August 2011-July 2012 period. That is \$737.74 million or 7.2 percent higher than collections from the previous 12-month period.

Gross income taxes generated \$3.88 billion for the period, reflecting an increase of \$382.33 million or 10.9 percent from the prior 12 months.

Personal income tax collections total \$3.33 billion, up by \$279.41 million or 9.2 percent from the prior 12 months. Corporate collections are \$549.53 million for the period, an increase of \$102.92 million or 23 percent over the previous period.

Sales taxes for the period generated \$4.06 billion, an increase of \$329.16 million or 8.8 percent from the prior 12-months.

Oil and gas gross production tax collections brought in \$852.19 million during the 12 months, down by \$153.37 million or 15.3 percent from the previous period.

Motor vehicle collections total \$693.41 million for the period. This is an increase of \$57.84 million or 9.1 percent from the trailing 12 months.

Other sources generated \$1.51 billion, up \$121.77 million or 8.8 percent from the previous 12 months.

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### **For more information contact:**

Tim Allen, Deputy Treasurer for Communications & Program Administration  
(405) 522-4212

# Gross Receipts to Treasury

PRELIMINARY

## MONTHLY COMPARISON

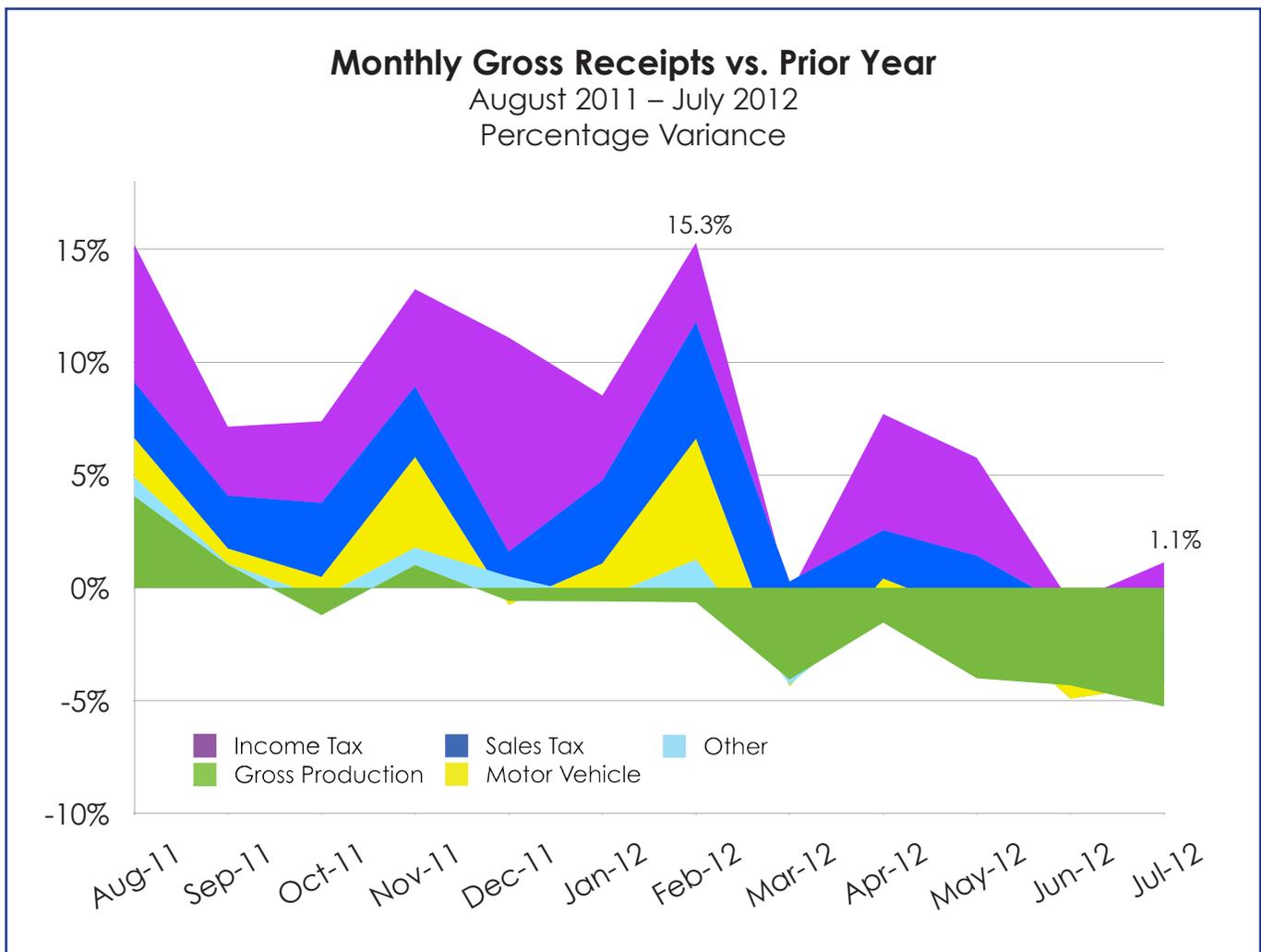
SUMMARY July 2012  
Variance From Prior Year

(In \$ millions)	July-11	July-12	\$	%
Income Tax	224.89	247.35	22.46	10.0%
Gross Production	102.81	58.32	-44.49	-43.3%
Sales Tax (1)	330.94	354.44	23.49	7.1%
Motor Vehicle	54.96	57.96	3.00	5.5%
Other Sources (2)	131.83	136.91	5.08	3.9%
<b>TOTAL REVENUE</b>	<b>845.44</b>	<b>854.97</b>	<b>9.54</b>	<b>1.1%</b>

(1) Includes Collections for Counties and Municipalities

(2) Gross Collections from OTC

Details may not sum due to rounding.



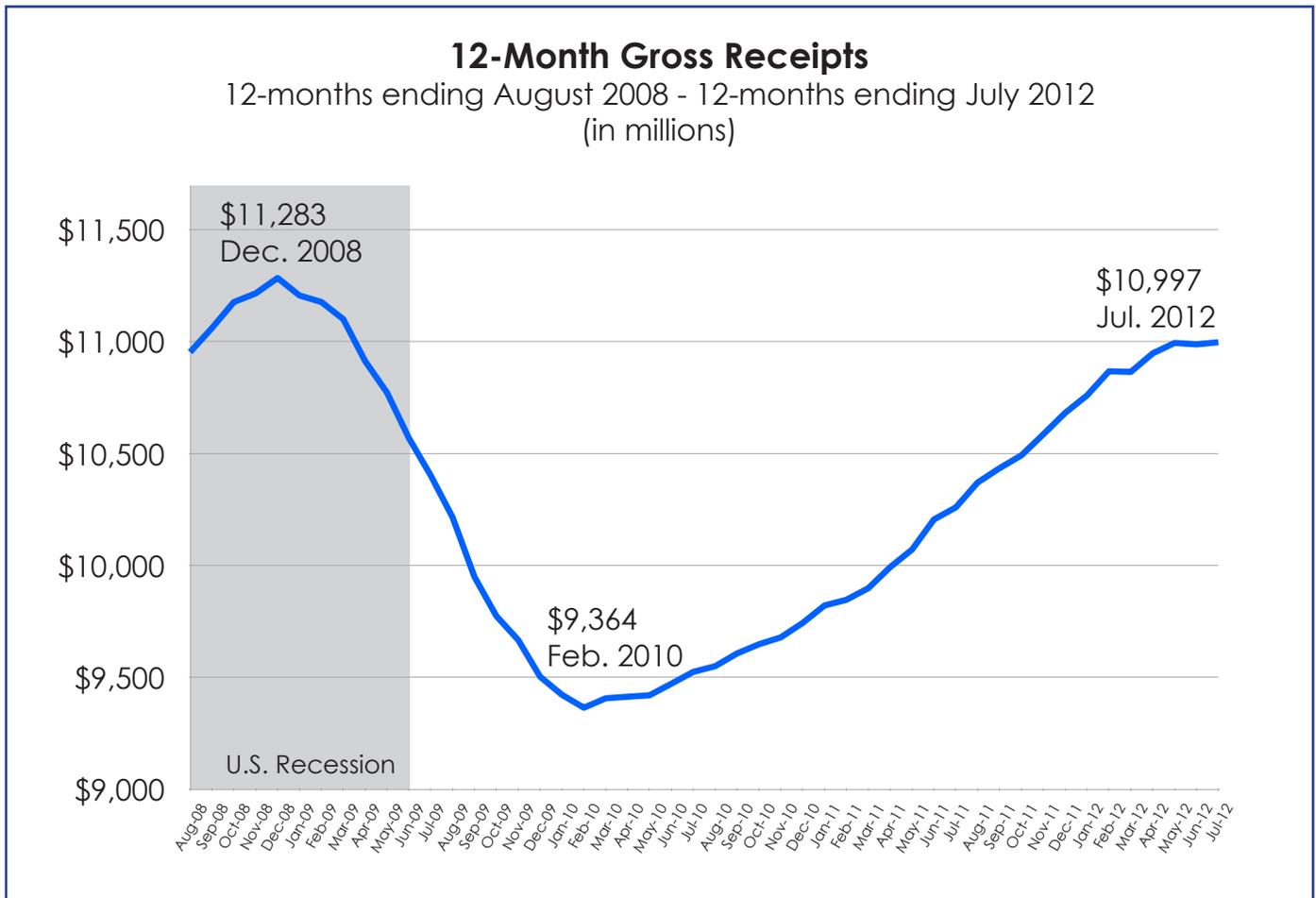
# Gross Receipts to Treasury

PRELIMINARY  (In \$ millions)	12 Month Period Ending August 2011 - July 2012		Summary	
	Prior Year	Current Year	Variance From Prior Year	
	August 2010 - July 2011	August 2011 - July 2012	\$	%
Income Tax	3,495.95	3,878.28	382.33	10.9%
Gross Production	1,005.56	852.19	-153.37	-15.3%
Sales Tax (1)	3,733.20	4,062.35	329.16	8.8%
Motor Vehicle	635.57	693.41	57.84	9.1%
Other Sources (2)	1,388.74	1,510.52	121.77	8.8%
<b>TOTAL REVENUE</b>	<b>10,259.02</b>	<b>10,996.76</b>	<b>737.74</b>	<b>7.2%</b>

(1) Includes Collections for Counties and Municipalities

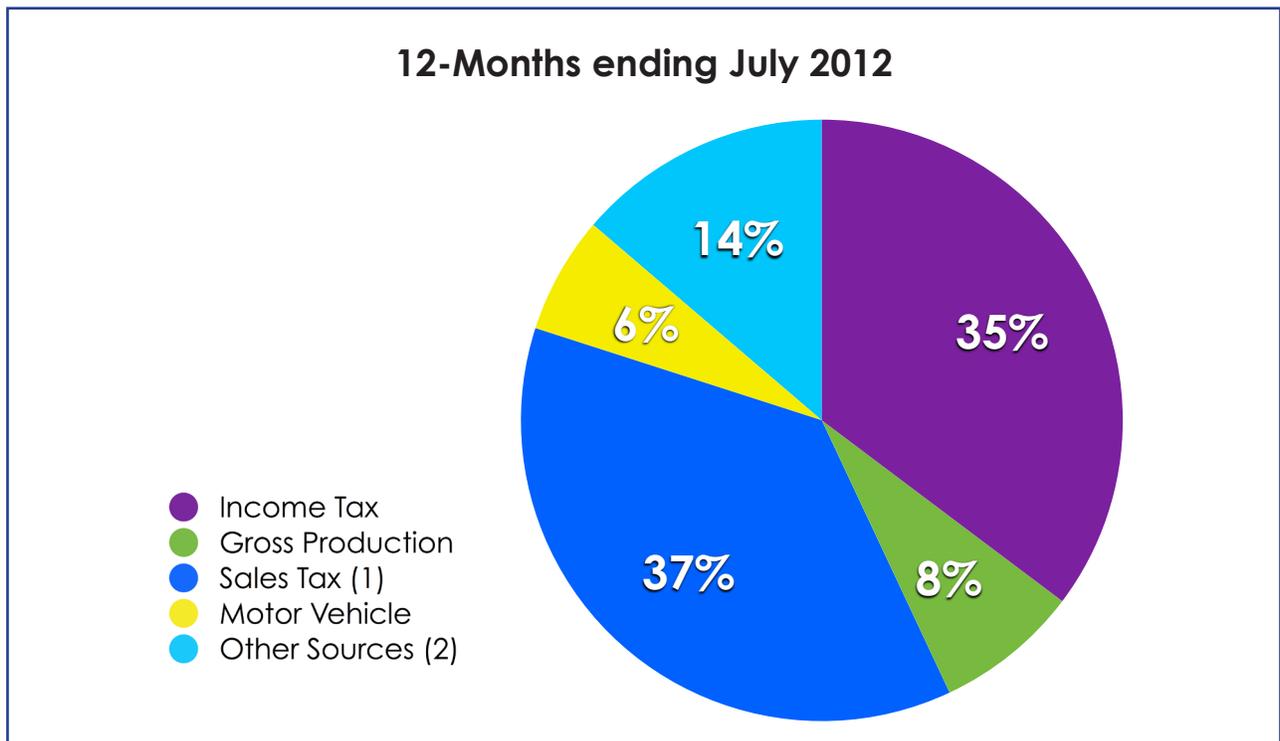
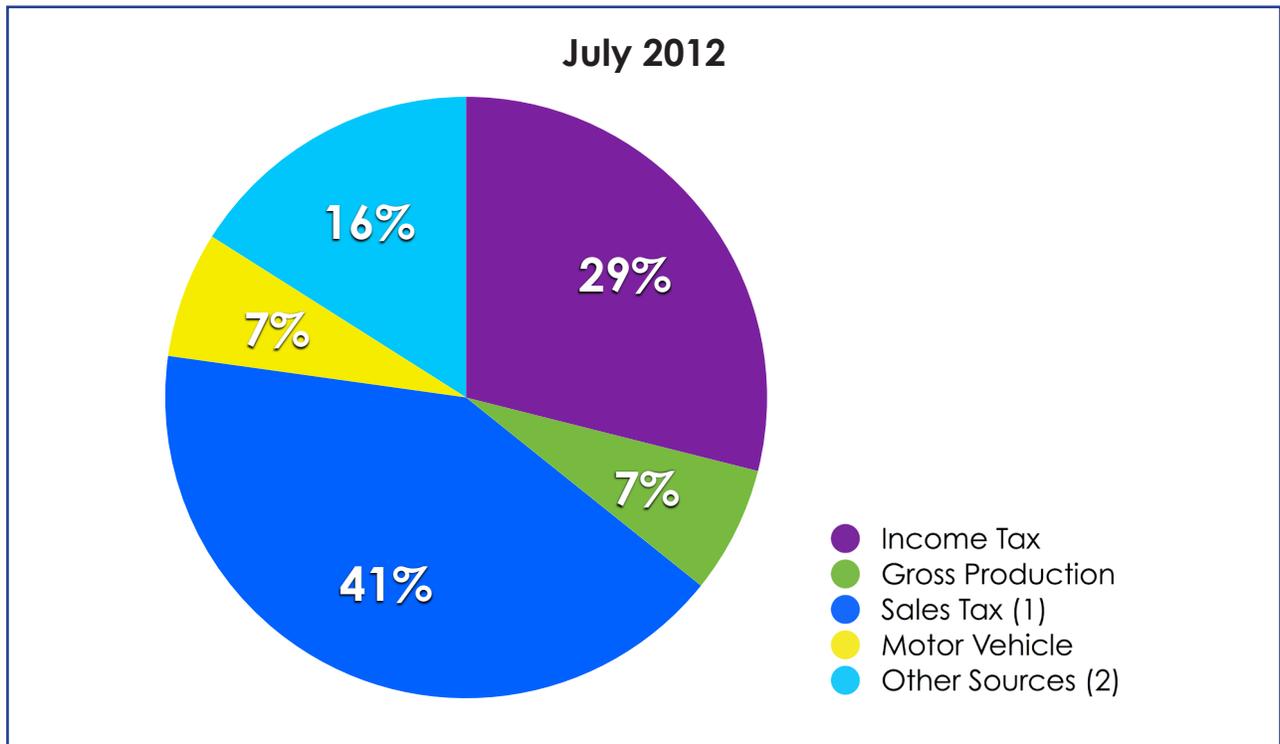
(2) Gross Collections from OTC

Details may not sum due to rounding.



# Gross Receipts to Treasury

## Revenue Sources as Percentage of Whole



(1) Includes Collections for Counties and Municipalities

(2) Gross Collections from OTC