



**OKLAHOMA STATE TREASURER
RANDY MCDANIEL**

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Gross Receipts Reveal Signs of Moderation as Overall Growth Continues

OKLAHOMA CITY – Gross Receipts to the Treasury in July are showing signs of moderation in the Oklahoma economy, even as total collections continue to grow, State Treasurer Randy McDaniel announced today.

Gross Receipts to the Treasury in July topped \$1.1 billion, up by 9.5 percent from July of last year. Total collections from the past 12 months are near \$13.7 billion, and are 11.5 percent higher than during the prior 12 months. However, sales tax collections have been less than the prior year for two consecutive months, and gross production tax receipts on oil and natural gas are subsiding, McDaniel said.

“Gross receipts continue to generally reflect the expansion that has been ongoing in the state’s economy,” Treasurer McDaniel said. “Nonetheless, we are beginning to see indications that a potential slowdown in growth revenue is on the horizon.”

After growing for more than two years, sales tax receipts fell below those of the prior year in June, and continued in July. June sales tax was off by 2.5 percent. In July, those collections were down by 0.7 percent.

“We had hoped the reduction in June sales tax collections was an anomaly caused by severe weather damage. However, if that had been the case, we should have seen a rebound in July,” he said.

Lower oil prices are impacting collections, as well. Gross production receipts are up over the prior year by 17.4 percent, but the increase is due to higher tax rates enacted last year. If not for the increased rates, gross production collections in July would have been 23 percent less than those of July 2018.

Employment in the Oklahoma oil field has fallen during the past few months as fewer wells are being drilled.

All other major revenue streams continue to show growth in both the monthly and 12-month reports.

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New Tax Revenue

Revenue generated by increased tax rates approved in House Bill 1010 during special session last year added \$53.9 million to monthly collections, 4.8 percent of all July gross receipts. In the past 12 months, the new rates have added \$604.1 million, or 4.4 percent, to gross collections.

In July, the largest amount, \$28.1 million, came from the increase in the incentive tax rate on oil and natural gas gross production. Higher tax rates on gasoline and diesel fuel generated \$12.1 million, and the \$1 per pack hike in cigarette taxes added \$13.7 million to the July total.

Other indicators

The Oklahoma Business Conditions index for July remained positive for a second consecutive month, but was down to 52.8 from June's 54.9. The index dropped below growth neutral during April and May. Numbers above 50 indicate anticipated economic growth during the next three to six months.

Oklahoma's seasonally adjusted unemployment rate of 3.2 percent in June was unchanged from the previous month, while the U.S. jobless rate of 3.7 percent was up by one-tenth of a percentage point from May, according to figures released by the Oklahoma Employment Security Commission.

July collections

July gross collections total \$1.1 billion, up by \$97.4 million, or 9.5 percent from July 2018.

Gross income tax collections, a combination of individual and corporate income taxes, generated \$339 million, an increase of \$38.3 million, or 12.7 percent, from the previous July.

Individual income tax collections for the month are \$417.5 million, up by \$133.7 million, or 47.1 percent, from the prior year. Tax commission officials said the relatively large increase in individual income tax collections is due to an additional reporting period for withholding taxes this July compared to last.

Corporate collections are \$58 million, an increase of \$41.1 million, or 243.6 percent. Wide variances in corporate receipts are not uncommon.

Combined sales and use tax collections, including remittances on behalf of cities and counties, total \$475.5 million in July. That is \$12 million, or 2.6 percent, more than July 2018.

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Sales tax collections in July total \$417.5 million, a decrease of \$3.1 million, or 0.7 percent from the same month of the prior year. Use tax receipts, paid on out-of-state purchases including online sales, generated \$58 million, an increase of \$15.1 million, or 35.1 percent, over the year. Tax officials primarily credit increased compliance by online retailers as the reason for the growth.

Gross production taxes on oil and natural gas generated \$80.8 million in July, an increase of \$12 million, or 17.4 percent, from last July. Compared to June 2019 reports, gross production collections are down by \$11.3 million, or 12.3 percent.

Motor vehicle taxes produced \$75.9 million, up by \$2.9 million, or 4 percent, from the same month of 2018.

Other collections, consisting of about 60 different sources including taxes on fuel, tobacco, medical marijuana, and alcoholic beverages, produced \$153.7 million during the month. That is \$32.1 million, or 26.5 percent, more than last July.

Twelve-month collections

Gross revenue totals \$13.7 billion from the past 12 months, August 2018 through July 2019. That is \$1.4 billion, or 11.5 percent, more than collections from the previous 12-month period.

Gross income taxes generated \$4.6 billion for the fiscal year, reflecting an increase of \$351.4 million, or 8.2 percent, from the prior 12 months.

Individual income tax collections total \$4.1 billion, up by \$305.9 million, or 8 percent, from the prior fiscal year. Corporate collections are \$518.4 million for the period, an increase of \$45.4 million, or 9.6 percent, over the previous 12 months.

Combined sales and use taxes for the 12 months generated \$5.6 billion, an increase of \$356.4 million, or 6.8 percent, from the prior period.

Gross sales tax receipts total \$4.9 billion, up by \$165.9 million, or 3.5 percent, during the period. Use tax collections generated \$669.8 million, an increase of \$190.5 million, or 37.4 percent over the previous 12 months.

Oil and gas gross production tax collections brought in \$1.2 billion during the 12 months, up by \$438.4 million, or 60.3 percent, from the previous period.

Motor vehicle collections total \$787.3 million for the 12 months. This is an increase of \$13.7 million, or 1.8 percent, from the trailing period.

Other sources generated \$1.5 billion, up by \$257.1 million, or 20.4 percent, from the previous period.

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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 macro economy.

It is released 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 apportioned to other state funds.

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Gross Receipts to Treasury

PRELIMINARY

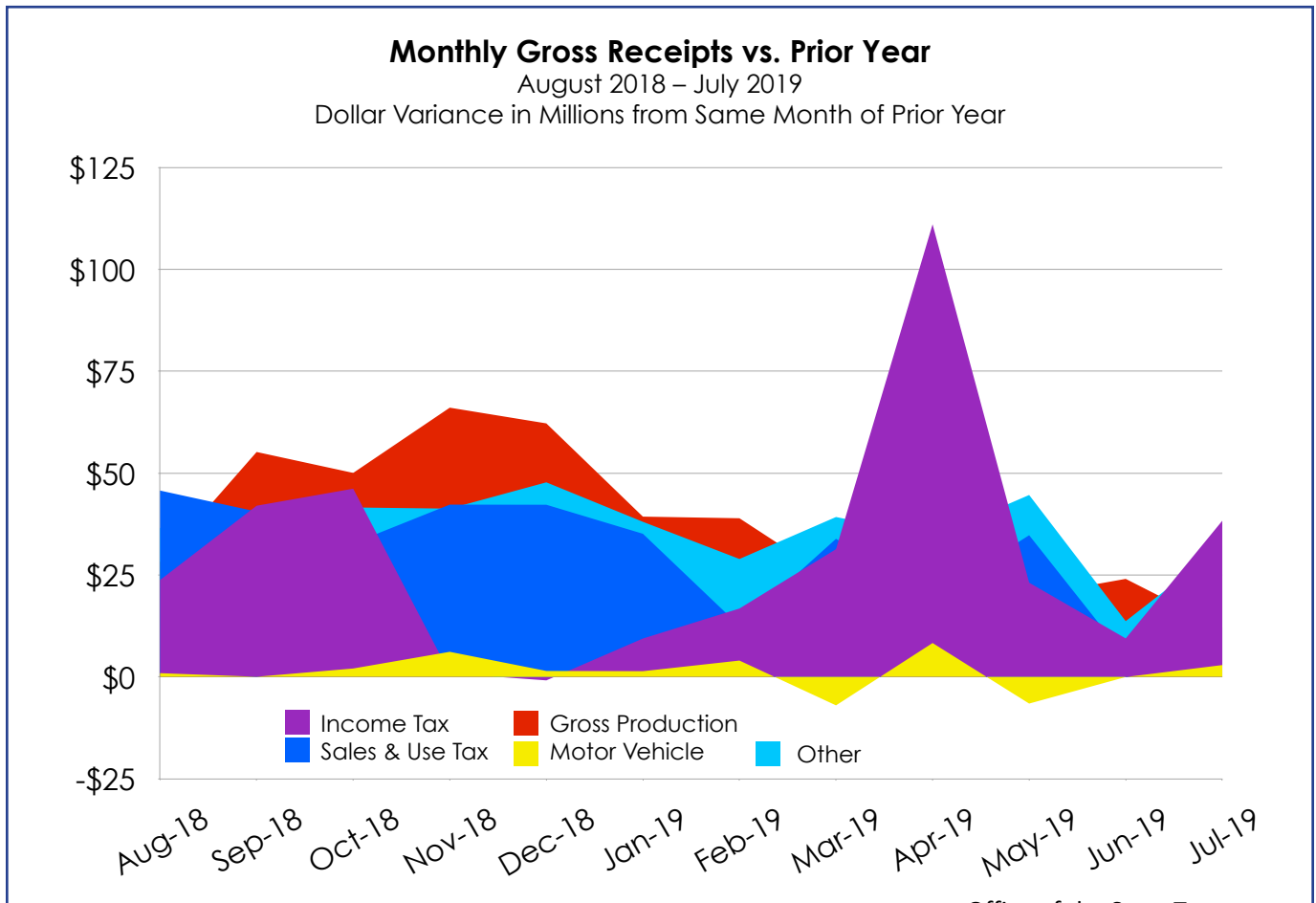
MONTHLY COMPARISON

(In \$ millions)	MONTHLY COMPARISON		Variance From Prior Year	
	June-18	June-19	\$	%
Total Income Tax	300.7	339.0	38.3	12.7%
<i>Individual</i>	283.8	320.6	36.8	13.0%
<i>Corporate</i>	16.9	18.4	1.5	9.0%
Sales & Use Tax (1)	463.5	475.5	12.0	2.6%
<i>Sales Tax</i>	420.5	417.5	(3.1)	-0.7%
<i>Use Tax</i>	42.9	58.0	15.1	35.1%
Gross Production	68.8	80.8	12.0	17.4%
Motor Vehicle	73.0	75.9	2.9	4.0%
Other Sources (2)	121.5	153.7	32.1	26.5%
TOTAL REVENUE	1,027.5	1,124.9	97.4	9.5%

(1) Includes Collections for Counties and Municipalities

(2) Gross Collections from OTC

Details may not sum due to rounding.



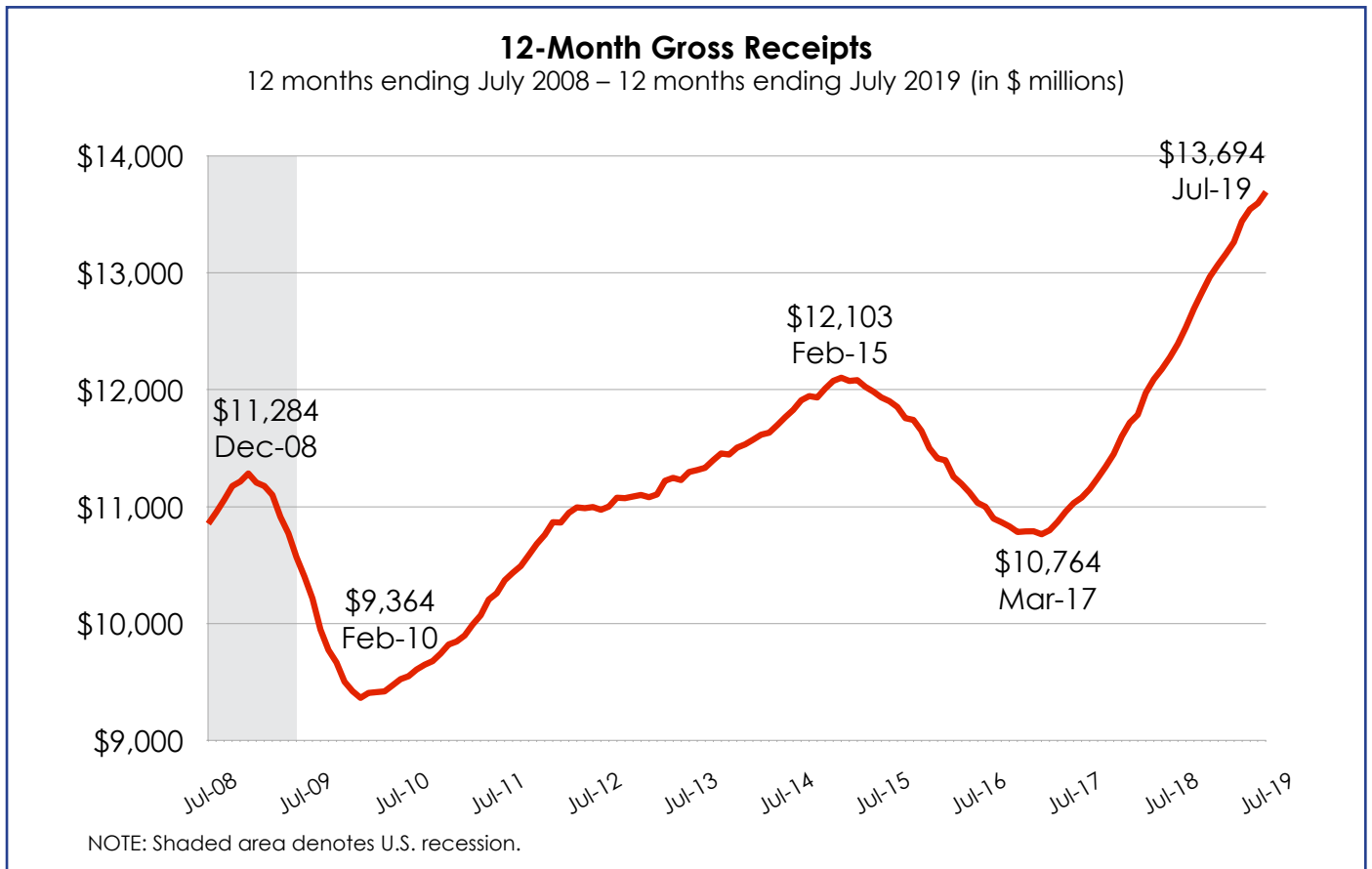
Gross Receipts to Treasury

PRELIMINARY (In \$ millions)	12 Month Period Ending Aug 18 - Jul 19		Variance From Prior Year	
	Prior Year Aug 17 - Jul 18	Current Year Aug 18 - Jul 19	\$	%
Total Income Tax	4,287.3	4,638.7	351.4	8.2%
<i>Individual</i>	3,814.3	4,120.2	305.9	8.0%
<i>Corporate</i>	473.0	518.4	45.4	9.6%
Sales and Use Tax (1)	5,228.2	5,584.6	356.4	6.8%
<i>Sales Tax</i>	4,718.9	4,884.7	165.9	3.5%
<i>Use Tax</i>	509.3	699.8	190.5	37.4%
Gross Production	726.8	1,165.1	438.4	60.3%
Motor Vehicle	773.7	787.3	13.7	1.8%
Other Sources (2)	1,261.0	1,518.1	257.1	20.4%
TOTAL REVENUE	12,276.9	13,693.8	1,416.9	11.5%

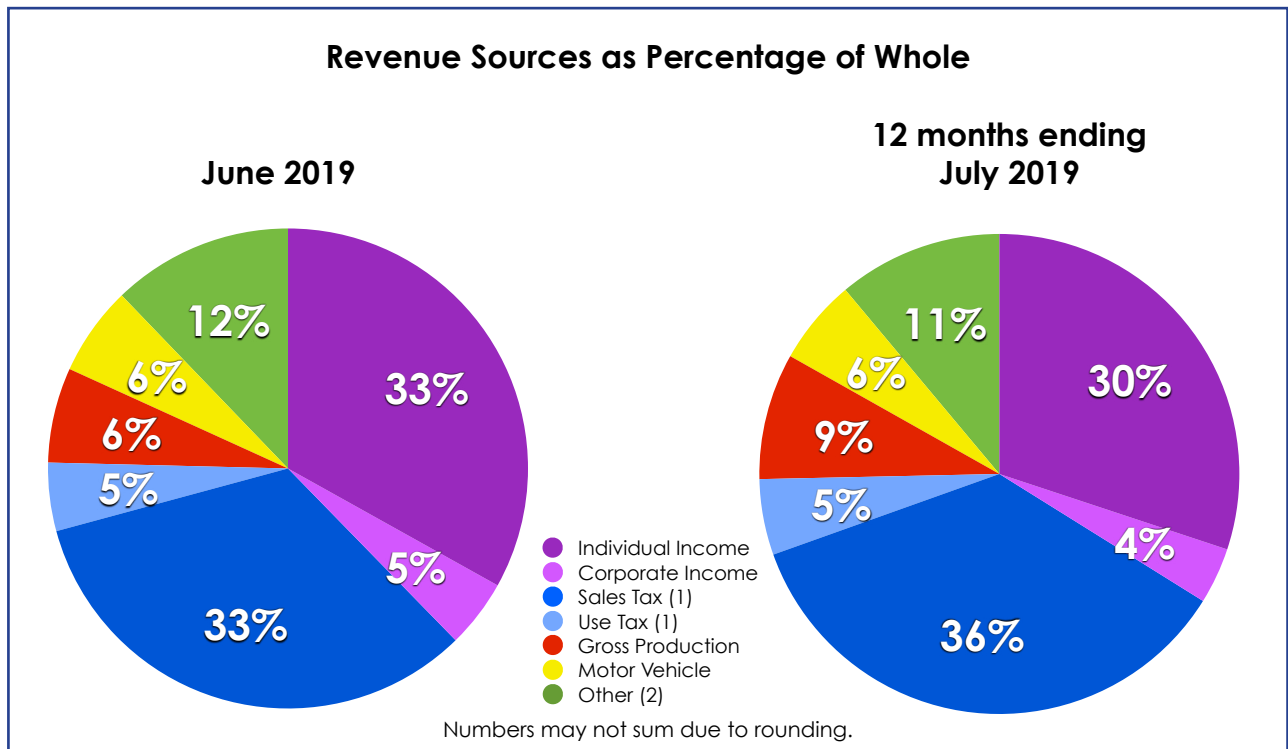
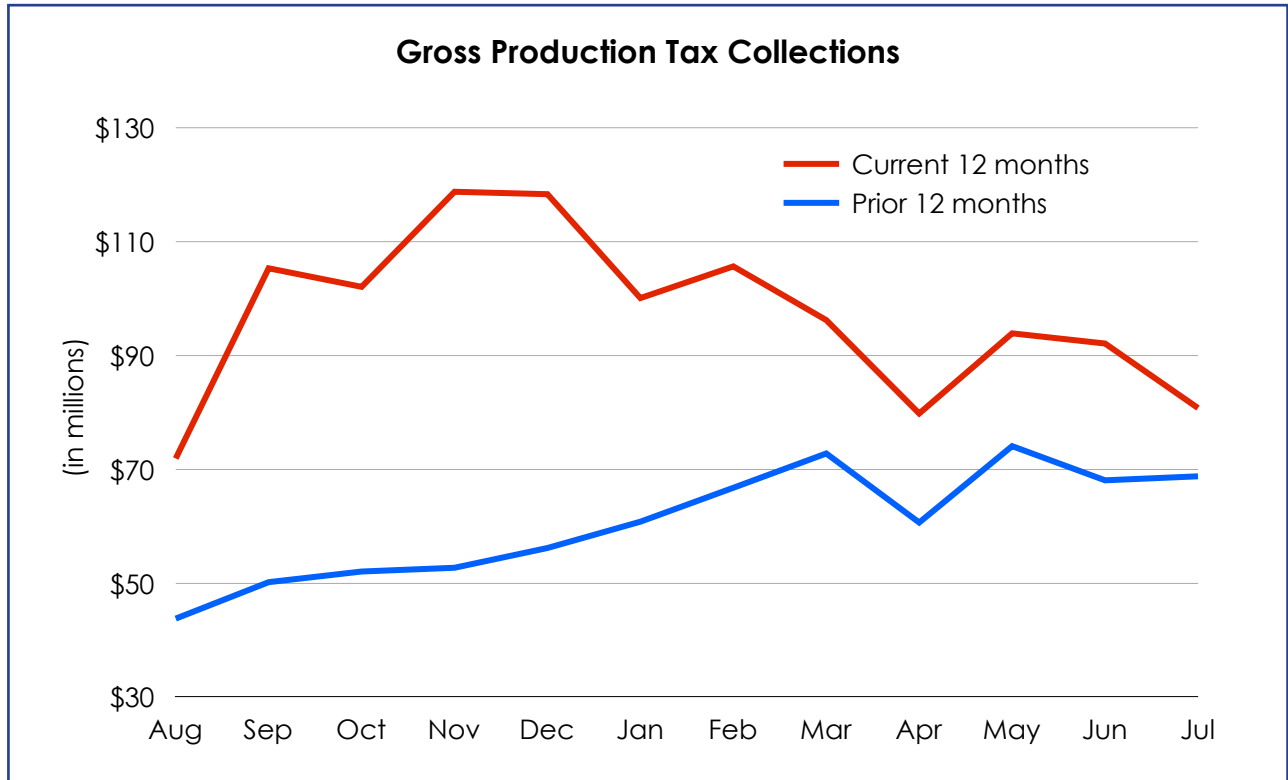
(1) Includes Collections for Counties and Municipalities

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Gross Receipts to Treasury



(1) Includes Collections for Counties and Municipalities

(2) Gross Collections from OTC