Oklahoma Treasury on the record

As the Oklahoma Treasurer’s Office prepares to welcome a new leader, we take time to reflect on accomplishments of the treasury team. The gains range from the less obvious, such as consolidating all treasury operations into one location, to the more obvious, such as tripling annual returns of unclaimed property by applying private-sector principles to government.

State Treasurer Ken Miller succeeded Scott Meacham as state treasurer in January 2011. Miller came to the treasury following six years in the state House of Representatives, where he served the last three as chair of the Appropriations and Budget Committee.

During the last eight years, the treasurer’s office reduced both its appropriations and staffing by more than 25 percent, and from 61 to 46 employees, respectively.

To gain efficiencies and increase service delivery the agency shed non-core functions, used outsourcing and automation, and consolidated four office locations into one.

Computer systems were updated to increase security and efficiency. The office processes 175 million payments each year, of which 95 percent are conducted electronically. The number of paper checks printed has been "An incentive-pay program for unclaimed property more than tripled money returned to the public.”

Treasury Highlights
January 2011 – December 2018

- Cut appropriations by 25 percent
- Implemented incentive pay program that resulted in more than 300 percent increase in unclaimed property returns
- Absorbed state debt management responsibilities
- Consolidated four offices into one location at the Capitol
- Treasurer became voting trustee of public employees and teachers retirement systems
- Launched Oklahoma Economic Report and monthly Gross Receipts to the Treasury
- Tobacco settlement investor board and college savings board oversaw dramatic improvement in financial condition of each
The honor of a lifetime

While I and the office prepare to transition from one treasurer to another, I remain awed by the peaceful transfer of power that occurs with every election cycle in this great country. From the highest to lowest levels of government we see this common occurrence, yet it remains a marvel.

Though change inevitably brings uncertainties and parting sorrows, it also ushers in opportunities and joys.

As I pen my last column as state treasurer, I am filled with many good thoughts, memories and hopes. Not least among them is how quickly 14 years in public office has transpired. Of course time doesn’t pass, it continues as will this office I have been so honored to lead for a short moment in our history.

Surely, all elected leaders aspire to leave their area of responsibility better than they found it.

But each of us who enjoys the honorable public servant label wears it only because there are those serving on the front lines who daily earn it for us.

By building on the successes of my predecessors, I am confident the treasury now even better serves its purpose than eight years ago. Just as I am confident such will be the case following the tenure of my most capable successor.

I will leave office with a sense of pride and accomplishment made possible only by a team of dedicated professionals and the citizens who entrusted me with their treasure. Together we have accomplished much.

I am proud of the gains made in every division of the treasury; from treasury services, banking operations, investments, administration, accounting and auditing. And, of course, I could not be more proud of the unclaimed property division which underwent a complete transformation.

For eight years, I was blessed with the best possible executive team. My three deputy treasurers worked tirelessly every day to ensure I could fulfill my responsibilities to the best of my ability. For that, I am forever in their debt.

Two will stay on, but the chief deputy is retiring after an exceptional 22 years with the office. And for that, the state is forever in her debt.

In addition to managing the operational components of the office, holding the position of state treasurer provides many

I will forever cherish and be thankful to the good people of the great state of Oklahoma for providing the opportunity and entrusting me with this high honor.”
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.
Oklahoma Gross Receipts continue to push upward

November Gross Receipts to the Treasury reflect ongoing expansion in the Oklahoma economy with total collections increasing by more than 15 percent compared to the same month of last year, State Treasurer Ken Miller announced.

November gross receipts, at $1 billion, and 12-month gross receipts, at $12.8 billion, are the highest on record.

“The economy continues to propel treasury collections,” Treasurer Miller said. “With 20 consecutive months of growth in monthly gross receipts and unemployment at its lowest in 17 years, Oklahoma is on track to finish 2018 on a high note.”

All major revenue streams show growth in November, led by the gross production tax on crude oil and natural gas, which surged by more than 125 percent compared to November 2017.

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October Gross Receipts to the Treasury & General Revenue compared

October Gross Receipts to the Treasury totalled $1.1 billion, while the General Revenue Fund (GRF), as reported by the Office of Management and Enterprise Services, received $520.2 million, or 45.7%, of the total.

The GRF received between 33.5% and 57% of monthly gross receipts during the past 12 months.

From October gross receipts, the GRF received:

- Individual income tax: 53.4%
- Corporate income tax: None
- Sales tax: 46.3%
- Gross production-Gas: 78.6%
- Gross production-Oil: 0.25%
- Motor vehicle tax: 26.3%
- Other sources: 47.7%

October GRF allocations were above the estimate by 2%. Year-to-date allocations are above the estimate by 1%.

October insurance premium taxes totaled $77,321, a decrease of $99,459, or 56.3%, from the prior year.

Tribal gaming fees generated $12.4 million during the month, up by $649,117, or 5.5%, from October 2017.

October Gross Receipts to the Treasury & General Revenue compared

| Source: Office of the State Treasurer |

| Monthly Gross Receipts vs. Prior Year |

<table>
<thead>
<tr>
<th>Month</th>
<th>Income Tax</th>
<th>Gross Production</th>
<th>Sales Tax</th>
<th>Motor Vehicle</th>
<th>Other Sources</th>
<th>Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov-17</td>
<td>262.8</td>
<td>52.7</td>
<td>382.0</td>
<td>54.5</td>
<td>141.4</td>
<td>893.4</td>
</tr>
<tr>
<td>Nov-18</td>
<td>263.7</td>
<td>118.8</td>
<td>407.7</td>
<td>60.7</td>
<td>182.7</td>
<td>1,033.4</td>
</tr>
<tr>
<td>Var</td>
<td>0.9</td>
<td>66.1</td>
<td>25.7</td>
<td>6.2</td>
<td>41.3</td>
<td>140.1</td>
</tr>
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</table>

<table>
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<th>(In $ millions)</th>
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<th>Variance from Prior Year</th>
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</table>

Dollar change (in millions) from prior year
November gross production payments reflect oilfield activity from two months prior, in September, when West Texas Intermediate crude oil at Cushing averaged $70.23 per barrel. November’s lower crude prices of about $55 per barrel will not be reflected until January remittances.

Sales tax receipts increased by 6.7 percent and motor vehicle collections were up by more than 11 percent during the month. Income tax collection grew by slightly less than 1 percent.

During the past 12 months, all major revenue streams show growth ranging from 78 percent from gross production to 2.7 percent from motor vehicle receipts.

New Tax Revenue

Revenue generated by increased tax rates approved in House Bill 1010XX earlier this year added $61.6 million to monthly collections, 6 percent of November gross receipts.

The largest share, $37.8 million, came from the increase from 2 percent to 5 percent in the incentive tax rate on oil and natural gas gross production. Higher tax rates on gasoline and diesel fuel generated $10.1 million, and the $1 per pack hike in cigarette taxes added $13.6 million to November’s total.

Business conditions

The Oklahoma Business Conditions Index has topped growth neutral for 16 consecutive months. The November index was set at 55.9, up from 55.0 in October. Numbers above 50 indicate anticipated economic growth during the next three to six months.

November collections

November gross collections total $1 billion, up $140.1 million, or 15.7 percent, from November 2017.

Gross income tax collections, a combination of individual and corporate income taxes, generated $263.7 million, an increase of $864,491, or 0.3 percent, from the previous November.

Individual income tax collections for the month are $253.1 million, up by $772,443, or 0.3 percent, from the prior year. Corporate collections are $10.6 million, an increase of $92,048, or 0.9 percent.

Sales tax collections, including remittances on behalf of cities and counties, total $407.7 million in November. That is $25.7 million, or 6.7 percent, more than November 2017.

Gross production taxes on oil and natural gas generated $118.8 million in November, an increase of $66.1 million, or 125.3 percent, from last November. Compared to October reports, gross production remittances are up by $16.7 million, or 16.4 percent.

Motor vehicle taxes produced $60.7 million, up by $6.2 million, or 11.3 percent, from the same month of 2017.

Other collections, consisting of

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**Total Gross Production Tax Collections**

December 2016 – November 2018

<table>
<thead>
<tr>
<th>Month</th>
<th>Current 12 months</th>
<th>Prior 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec</td>
<td>$30</td>
<td>$30</td>
</tr>
<tr>
<td>Jan</td>
<td>$50</td>
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<tr>
<td>Feb</td>
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<td>$70</td>
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<td>Mar</td>
<td>$90</td>
<td>$90</td>
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<tr>
<td>Apr</td>
<td>$110</td>
<td>$110</td>
</tr>
<tr>
<td>May</td>
<td>$130</td>
<td>$130</td>
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</tbody>
</table>

(Total receipts in $ millions)

Source: Oklahoma Tax Commission
Revenue
FROM PAGE 5

about 60 different sources including use taxes, along with taxes on fuel, tobacco, and alcoholic beverages, produced $182.7 million during the month.

That is $41.3 million, or 29.2 percent, more than last November.

Twelve-month collections

Gross revenue totals $12.8 billion from the past 12 months. That is $1.5 billion, or 13.1 percent, more than collections from the previous 12 months.

Gross income taxes generated $4.4 billion for the period, reflecting an increase of $405.6 million, or 10.2 percent, from the prior 12 months.

Individual income tax collections total $3.9 billion, up by $308.8 million, or 8.6 percent, from the prior 12 months. Corporate collections are $497.7 million for the period, an increase of $96.8 million, or 24.1 percent, over the previous period.

Sales taxes for the 12 months generated $4.8 billion, an increase of $419.6 million, or 9.5 percent, from the prior period.

Oil and gas gross production tax collections brought in $926.2 million during the 12 months, up by $405.8 million, or 78 percent, from the previous period.

Motor vehicle collections total $782.8 million for the period. This is an increase of $20.8 million, or 2.7 percent, from the trailing period.

Other sources generated $1.9 billion, up by $237.3 million, or 14.2 percent, from the previous 12 months.

About Gross Receipts to the Treasury

The Office of the State Treasurer has issued the monthly Gross Receipts to the Treasury report since March 2011 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 placed into off-the-top earmarks to other state funds.

State jobless rate drops to 3.4 percent in October

Oklahoma’s seasonally adjusted unemployment rate of 3.4 percent in October is down by one-tenth of a percentage point from September. The U.S. jobless rate of 3.7 percent is unchanged from the prior month, according to figures released by the Oklahoma Employment Security Commission (OESC).

Since October 2017, the number of working Oklahomans has risen by 32,720, while the number of those listed as unemployed has dropped by 13,461.

### Oklahoma Unemployment Report

<table>
<thead>
<tr>
<th>October 2018</th>
<th>Unemp. rate*</th>
<th>Labor force*</th>
<th>Employment*</th>
<th>Unemployment*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oklahoma</td>
<td>3.4%</td>
<td>1,861,601</td>
<td>1,798,992</td>
<td>62,609</td>
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<tr>
<td>United States</td>
<td>3.7%</td>
<td>162,637,000</td>
<td>156,562,000</td>
<td>6,075,000</td>
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<tr>
<td>OKLAHOMA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sept ’18</td>
<td>3.5%</td>
<td>1,863,224</td>
<td>1,797,930</td>
<td>65,294</td>
</tr>
<tr>
<td>Aug ’18</td>
<td>3.7%</td>
<td>1,864,493</td>
<td>1,796,169</td>
<td>68,324</td>
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<tr>
<td>July ’18</td>
<td>3.8%</td>
<td>1,862,880</td>
<td>1,792,477</td>
<td>70,403</td>
</tr>
<tr>
<td>June ’18</td>
<td>3.9%</td>
<td>1,859,187</td>
<td>1,787,007</td>
<td>72,180</td>
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<tr>
<td>May ’18</td>
<td>4.0%</td>
<td>1,854,897</td>
<td>1,781,093</td>
<td>73,804</td>
</tr>
<tr>
<td>Oct ’17</td>
<td>4.1%</td>
<td>1,842,332</td>
<td>1,766,262</td>
<td>76,070</td>
</tr>
</tbody>
</table>

* Data adjusted for seasonal factors

Source: OESC

Learn more

Read the complete report and view charts and graphs at go.usa.gov/xPuYM
Economic Indicators

Unemployment Rate
January 1980 – October 2018

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

Leading Economic Index
January 2001 – October 2018

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

Oklahoma Oil Prices & Active Rigs
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Oklahoma Natural Gas Prices & Active Rigs
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Shaded areas denote U.S. recessions.

Source: Bureau of Labor Statistics

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

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Price per MMBtu

Active Rigs

Price per BBL

Active Rigs

Price