



**OKLAHOMA STATE TREASURER
KEN MILLER**

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Oklahoma Economy Expands, But . . .

OKLAHOMA CITY – Oklahoma’s economy showed growth for a 23rd consecutive month in January as all but one revenue stream improved over the same month of the prior year, State Treasurer Ken Miller said today as he released the state’s monthly gross receipts report.

“Unfortunately, the one source of revenue on the decline – the gross production tax – is a key driver of Oklahoma’s economy and could moderate growth going forward until natural gas supply is reduced and prices rebound,” Miller said.

January receipts from all sources grew by 8.5 percent from the prior year and collections for the past 12 months are up by 9.6 percent. Gross production collections in January fell by 7.4 percent from the prior year.

“Collections from the past 12 months are almost \$1.4 billion higher than when we hit bottom in February 2010. We have recovered 73 percent of the revenue lost from the peak of the expansion cycle in December 2008,” he said.

Miller said low natural gas prices follow simple supply-and-demand principles.

“The reduction in gross production tax collections follows a trend from the past few months caused primarily by record supply. The warmest winter in some 100 years is exacerbating the supply glut and as demand drops so do prices,” Miller said. “Most forecasts show prices will remain low for quite some time.”

Miller said he anticipates natural gas prices will impact revenue estimates when the State Board of Equalization meets later this month.

“The December estimate was based on gas at \$4 per thousand cubic feet,” he said. “Prices are in the \$2.50 range this week with little improvement anticipated in 2013.”

Miller said January’s economic growth comes primarily from income tax and sales tax collections.

“We see the impact from the last part of the Christmas shopping season with sales tax collections more than 10 percent higher than last January,” he said. Miller explained that January sales tax remittances represent taxable purchases made between mid-December and mid-January.

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Starting in January, the state's top personal income tax rate was reduced to 5.25 percent from 5.5 percent. Even so, collections for the month are 7.5 percent higher than in January of last year.

More concerns on the horizon

In addition to natural gas price concerns, Miller said local and international developments could impact the state economy in the coming months.

“Wednesday’s announcement from American Airlines that it plans to eliminate one-third of its Tulsa workforce, or 2,100 jobs, is a significant concern,” he said. “With the Tulsa Metro Chamber estimating a \$300 million negative impact on the regional economy, these reductions are troubling not just for the direct effect on the workers and their families, but also the spillover effects on the aggregate economy.”

Oklahoma could also be affected by developments in the European Union, Miller said.

“We continue to watch developments relating to restructuring of the debt in Greece and Italy,” he said. “As part of the world economy, Oklahoma would not be immune to negative developments in Europe.”

January collections

The revenue report for January shows gross collections at \$995.85 million, up \$78.08 million or 8.5 percent from January 2011.

Gross income tax collections, a combination of personal and corporate income taxes, generated \$375.97 million, an increase of \$34.56 million or 10.1 percent from the previous January.

Personal income tax collections for the month are \$337.96 million, up \$23.51 million or 7.5 percent from the prior year. Corporate collections are \$38.01 million, an increase of \$11.05 million or 41 percent.

Sales tax collections, including remittances on behalf of cities and counties, total \$361.99 million in January. That is \$33.65 million or 10.2 percent above January 2011.

Gross production taxes on oil and natural gas generated \$68.77 million in January, a decrease of \$5.48 million or 7.4 percent from last January. Compared to December reports, gross production collections are down by \$2.64 million or 3.7 percent.

Motor vehicle taxes produced \$55.32 million, up by \$1.16 million or 2.1 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 \$133.8 million during the month. That is \$14.18 million or 11.9 percent more than last January.

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Twelve-month collections

Between February 2011 and January 2012, gross revenue totals \$10.760 billion. That is \$938.7 million or 9.6 percent higher than collections for the previous 12-month period.

Gross income taxes generated \$3.743 billion for the year, reflecting an increase of \$456.93 million or 13.9 percent from the prior 12 months.

Personal income tax collections total \$3.217 billion, up by \$286.69 million or 9.8 percent from the February 2010 to January 2011 period. Corporate collections are \$526.82 million for the period, an increase of \$170.25 million or 47.7 percent over the previous period.

Sales taxes for the period generated \$3.874 billion, an increase of \$268.73 million or 7.5 percent from the prior 12-months.

Oil and gas gross production tax collections brought in \$1.032 billion during the 12 months, up by \$90.04 million or 9.6 percent from the previous period.

Motor vehicle collections total \$664.21 million for the period. This is an increase of \$42.99 million or 6.9 percent from the trailing 12 months.

Other sources generated \$1.446 billion, up \$80 million or 5.9 percent from the previous 12 months.

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Gross Receipts to Treasury

PRELIMINARY

MONTHLY COMPARISON

SUMMARY January 2012
Variance From Prior Year

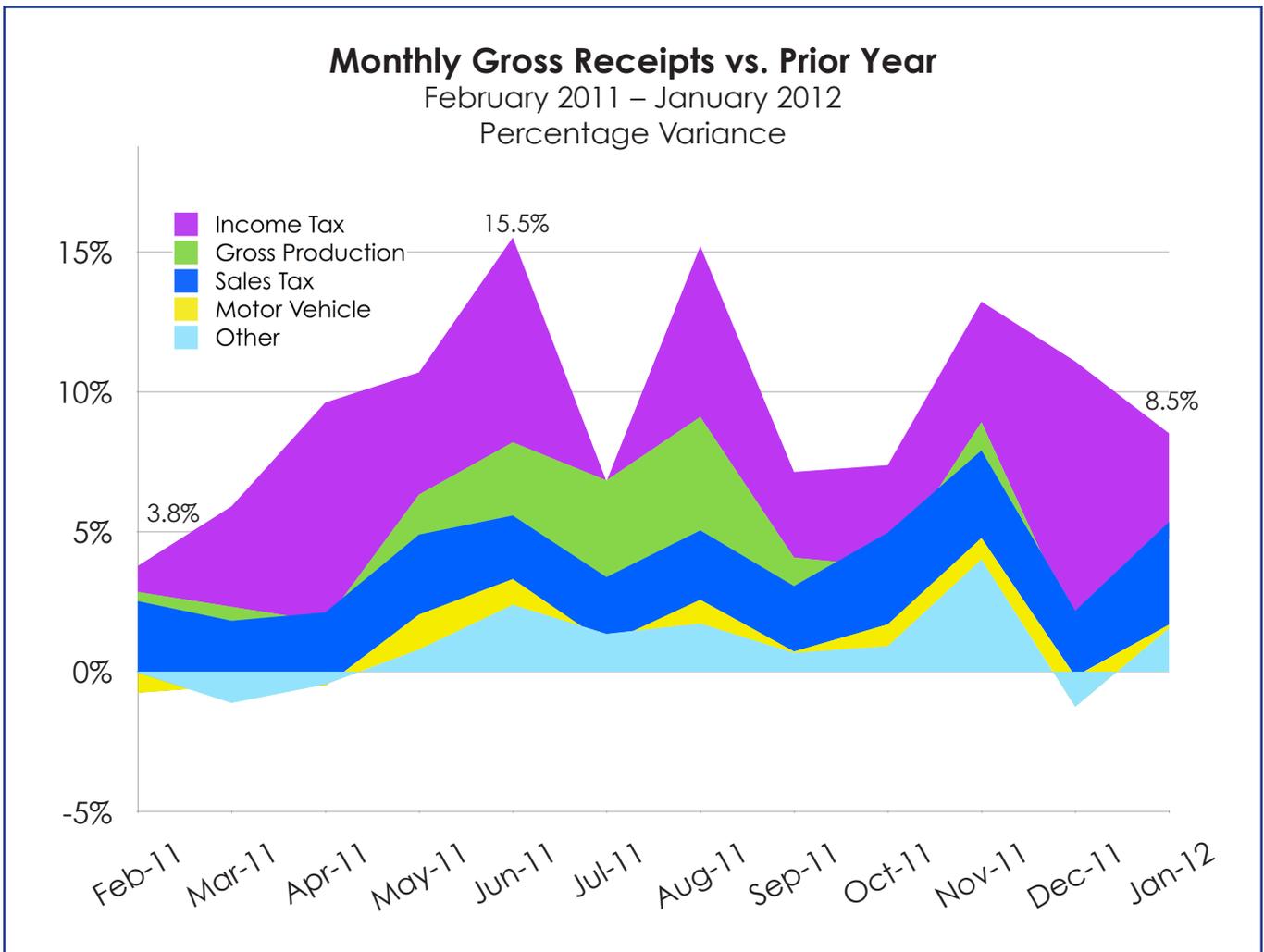
(In \$ millions)

	January-11	January-12	\$	%
Income Tax	341.41	375.97	34.56	10.1%
Gross Production	74.25	68.77	-5.48	-7.4%
Sales Tax (1)	328.34	361.99	33.65	10.2%
Motor Vehicle	54.16	55.32	1.16	2.1%
Other Sources (2)	119.62	133.80	14.18	11.9%
TOTAL REVENUE	917.78	995.85	78.08	8.5%

(1) Includes Collections for Counties and Municipalities

(2) Gross Collections from OTC

Details may not sum due to rounding.



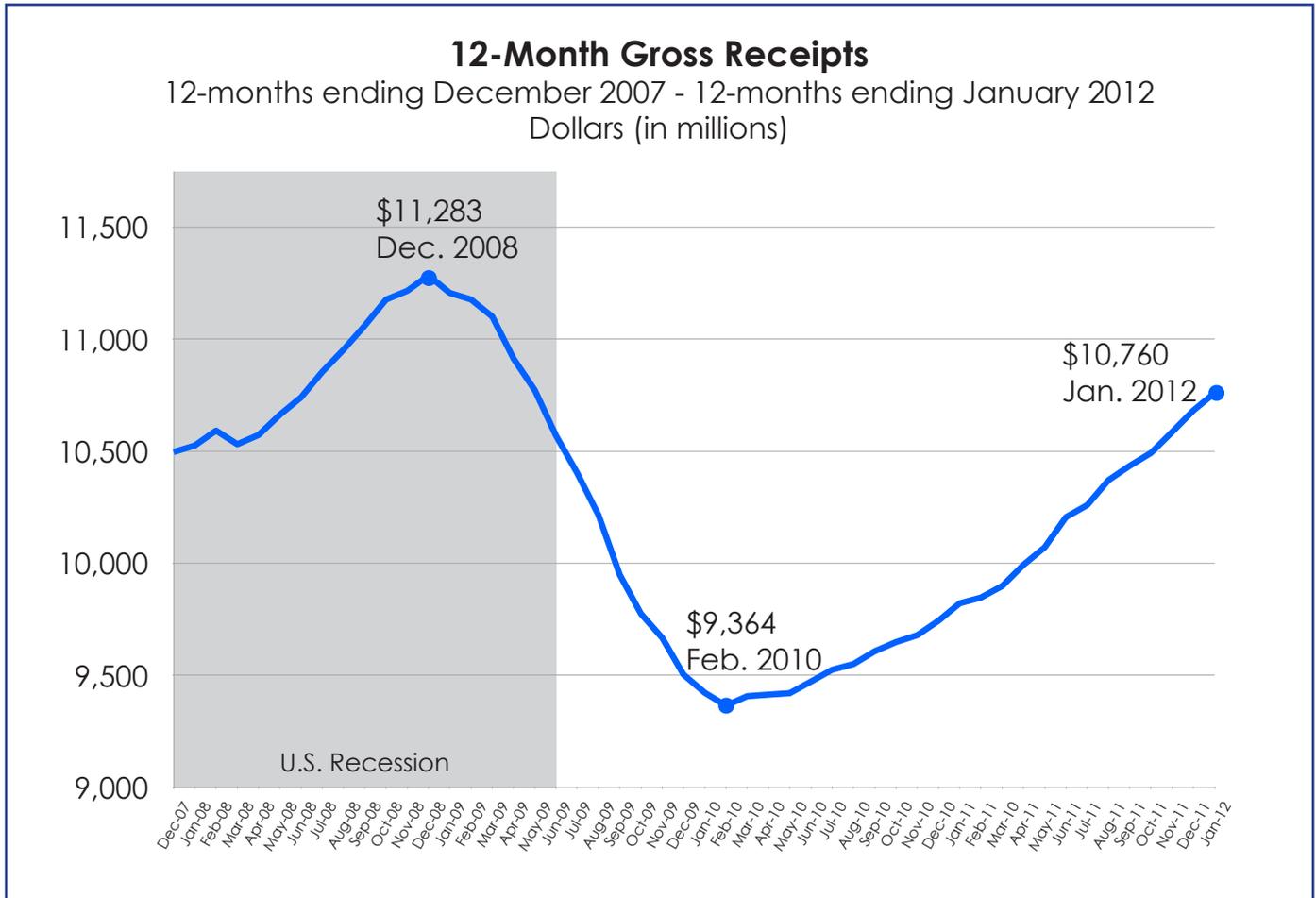
Gross Receipts to Treasury

PRELIMINARY (In \$ millions)	12 Month Period Ending January		Summary	
	Prior Year	Current Year	Variance From Prior Year	
	Feb 2010 - Jan 2011	Feb 2011 - Jan 2012	\$	%
Income Tax	3,286.44	3,743.37	456.93	13.9%
Gross Production	941.61	1,031.65	90.04	9.6%
Sales Tax (1)	3,605.44	3,874.17	268.73	7.5%
Motor Vehicle	621.22	664.21	42.99	6.9%
Other Sources (2)	1,366.12	1,446.12	80.00	5.9%
TOTAL REVENUE	9,820.83	10,759.53	938.70	9.6%

(1) Includes Collections for Counties and Municipalities

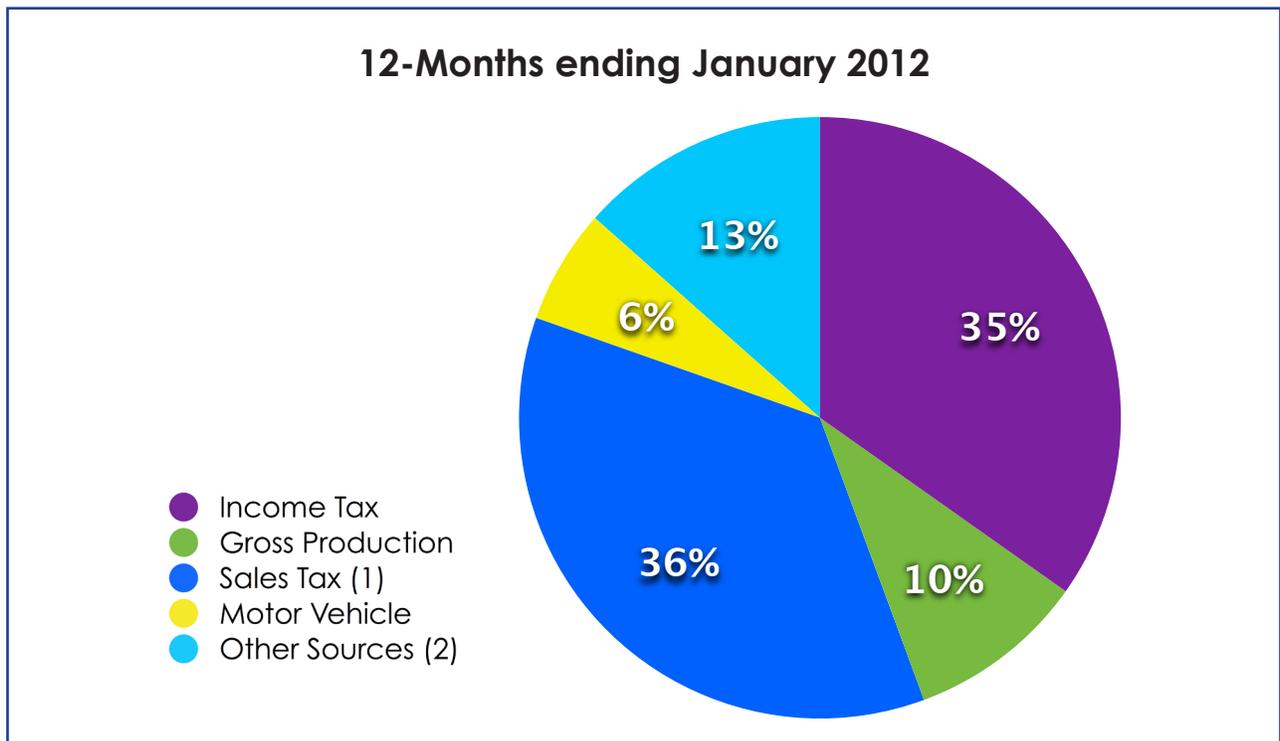
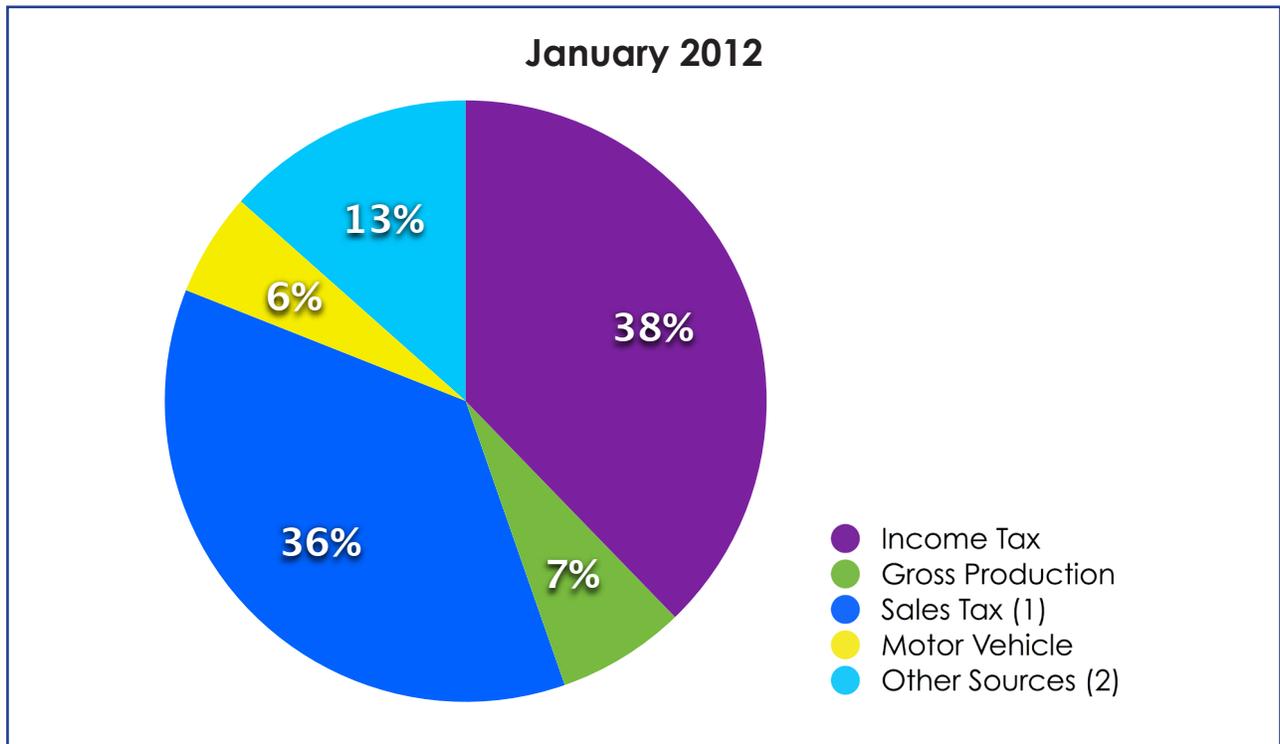
(2) Gross Collections from OTC

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Gross Receipts to Treasury

Revenue Sources as Percentage of Whole



(1) Includes Collections for Counties and Municipalities

(2) Gross Collections from OTC