



**OKLAHOMA STATE TREASURER
KEN MILLER**

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Two-year Revenue Growth Streak Ends as Collections Fall

OKLAHOMA CITY – Oklahoma’s two-year revenue growth streak has come to an end as total revenue collections in March fell slightly lower than collections from the same month last year, State Treasurer Ken Miller said today as he released the March gross receipts report.

Total collections for the month were \$920.6 million, down by about \$2.6 million or 0.3 percent from March of last year. Miller said the biggest drop among the major sources of revenue came from the gross production tax, which fell by more than one-third.

Income tax collections were lower for the first time in eight months with negative corporate income tax collections weighing down the slightly positive personal income tax receipts.

Sales tax receipts are the only major revenue source that outperformed the previous year with collections surging 15 percent compared to March 2011.

Watching the energy sector

“In the coming months, we will closely watch the energy sector as it is a leading sector of Oklahoma’s economy,” Miller said.

Gross production collections were down in March for a fourth consecutive month, reflecting the impact of low natural gas prices. On Monday, the spot price of natural gas closed at its lowest point for the year, below \$1.90 per thousand cubic feet (mcf), at the Henry Hub in Louisiana, the primary marketplace for Oklahoma-produced natural gas.

“While one month does not a trend make in overall revenue collections, four continuous months of decreasing gross production collections is getting trendy,” Miller said. “And due to the timing of gross production collections, March receipts reflect market activity from January. We should expect a period of shrinking natural gas tax collections until prices rebound, especially if the price triggers a lower extraction tax rate.”

Miller said state financial authorities will keep a close eye on natural gas prices.

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“Next year’s official revenue estimate reflects natural gas at \$3.64 per mcf,” he said. “In addition, state law mandates the currently assessed tax rate of seven percent be lowered to four percent if the average monthly price falls below \$2.10 per mcf.”

Miller said the energy sector, which helped bolster Oklahoma’s recovery from the national recession, is tied to approximately one-third of the state’s economic activity.

“Undoubtedly, the strong price of crude oil is helping to compensate for the downturn in natural gas prices,” he said.

The exact percentage of gross production revenue generated by natural gas in March is not yet calculated, but the trend over the past several months has been downward. In October, it was 51 percent. In February, it was 35 percent.

Some positive news

Miller said the state’s personal income, as announced late last week by the U.S. Bureau of Economic Analysis, is a ray of light on the economy.

“Oklahoma’s personal income grew faster than the national average last year,” he said. “Total personal income was up 6.2 percent in 2011 at \$141 billion, the fourth-highest change in the nation.”

Per capita personal income growth was also strong in 2011, Miller said.

“The state’s per capita personal income rose from \$35,389 in 2010 to \$37,277 in 2011,” he said. “The growth rate was third highest in the nation at 5.3 percent.”

Nationally, per capita personal income grew by 4.3 percent and total personal income was up by 5.1 percent.

The state’s per capita personal income ranks 34th in the nation at 89 percent of the national average.

Figures for unemployment also brought positive news to Oklahoma, Miller said.

“The state’s unemployment rate dropped to six percent in February, a reduction of 0.1 percentage points from January,” he said.

March collections

The revenue report for March shows gross collections at \$920.63 million, down \$2.63 million or 0.3 percent from March 2011.

Gross income tax collections, a combination of personal and corporate income taxes, generated \$342.21 million, a decrease of \$5.25 million or 1.5 percent from the previous March.

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Personal income tax collections for the month are \$253.44 million, up \$3.51 million or 1.4 percent from the prior year. Corporate collections are \$88.77 million, down by \$8.76 million or 9.0 percent.

Sales tax collections, including remittances on behalf of cities and counties, total \$332.86 million in March. That is \$43.63 million or 15.1 percent above March 2011.

Gross production taxes on oil and natural gas generated \$67.67 million in March, a decrease of \$38.14 million or 36.0 percent from last March. Compared to February reports, gross production collections are down by \$1.49 million or 2.2 percent.

Motor vehicle taxes produced \$62.55 million, down by \$2.07 million or 3.2 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 \$115.35 million during the month. That is \$800,000 or 0.7 percent less than last March.

First quarter collections

During the first quarter of 2012, gross collections totaled \$2.726 billion. That is \$182.84 million or 7.2 percent higher than collections in the first quarter of 2011.

Gross income tax collections were \$950 million, up by \$54 million or 6.0 percent from the first three months of last year.

Personal income tax collections were \$815.66 million, up \$48.24 million or 6.3 percent from 2011 quarter one. Corporate collections were \$134.33 million, an increase of \$5.75 million or 4.5 percent over the period.

Sales tax collections were recorded as \$1.015 billion for the three months, up by \$113.65 million or 12.6 percent from the same quarter of last year.

Gross production generated \$205.59 million during the quarter, down by \$48.12 million or 19 percent from first quarter of 2011.

Motor vehicle collections produced \$172.56 million, an increase of \$12.38 million or 7.7 percent from last year's first quarter.

Other sources generated \$382.8 million, an increase of \$50.94 million or 15.3 percent from first quarter 2011.

Twelve-month collections

Between April 2011 and March 2012, gross revenue totals \$10.864 billion. That is \$966 million or 9.8 percent higher than collections for the previous 12-month period.

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Gross income taxes generated \$3.763 billion for the period, reflecting an increase of \$438.77 million or 13.2 percent from the prior 12 months.

Personal income tax collections total \$3.241 billion, up by \$314 million or 10.7 percent from the April 2010 to March 2011 period. Corporate collections are \$521.52 million for the period, an increase of \$124.73 million or 31.4 percent over the previous period.

Sales taxes for the period generated \$3.954 billion, an increase of \$306.18 million or 8.4 percent from the prior 12-months.

Oil and gas gross production tax collections brought in \$989 million during the 12 months, up by \$40.8 million or 4.3 percent from the previous period.

Motor vehicle collections total \$675.44 million for the period. This is an increase of \$53.81 million or 8.7 percent from the trailing 12 months.

Other sources generated \$1.483 billion, up \$126.77 million or 9.3 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

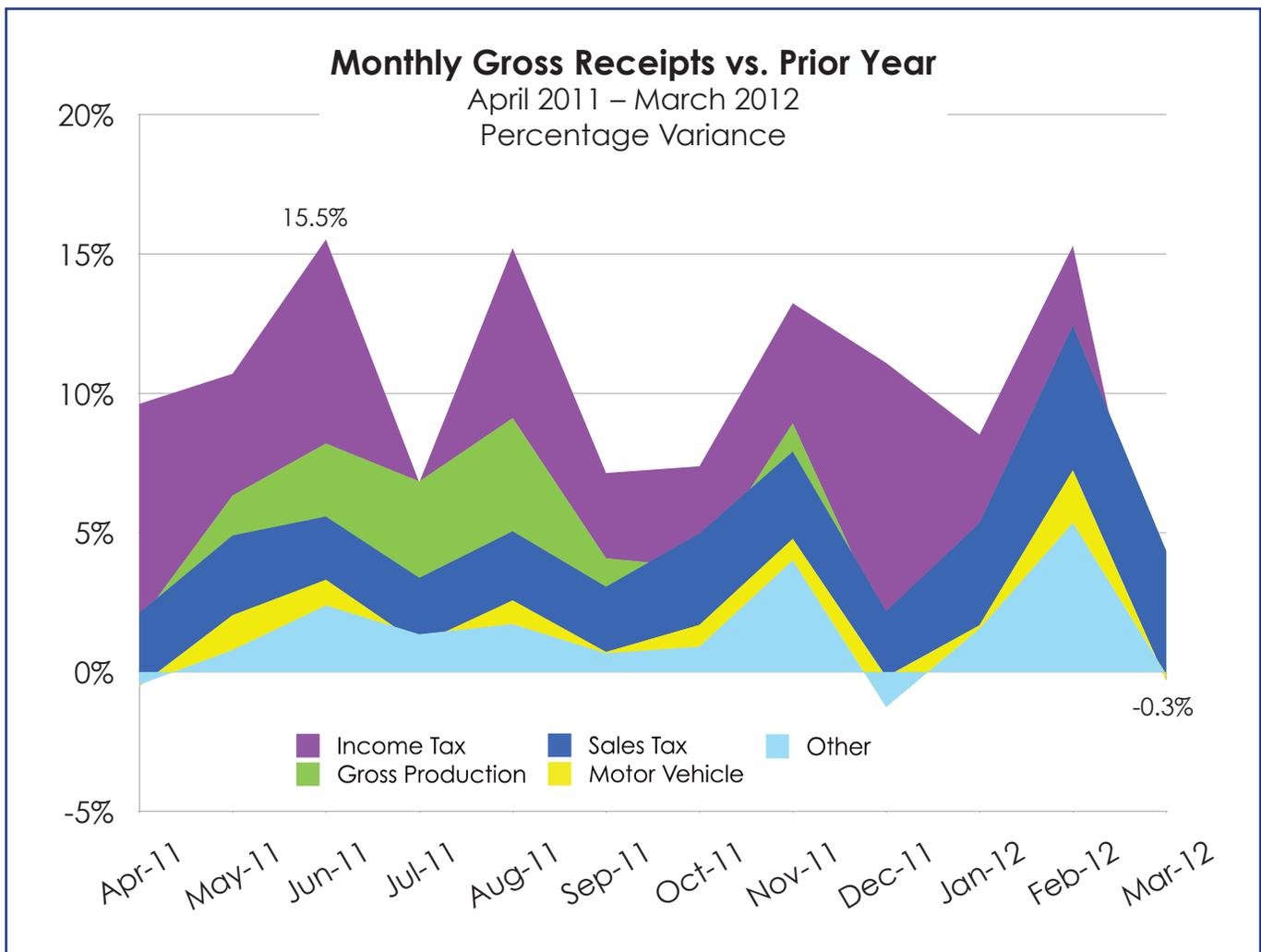
SUMMARY MARCH 2012 Variance From Prior Year

(In \$ millions)	March-11	March-12	\$	%
Income Tax	347.46	342.21	-5.25	-1.5%
Gross Production	105.81	67.67	-38.14	-36.0%
Sales Tax (1)	289.23	332.86	43.63	15.1%
Motor Vehicle	64.62	62.55	-2.07	-3.2%
Other Sources (2)	116.15	115.35	-0.80	-0.7%
TOTAL REVENUE	923.26	920.63	-2.63	-0.3%

(1) Includes Collections for Counties and Municipalities

(2) Gross Collections from OTC

Details may not sum due to rounding.



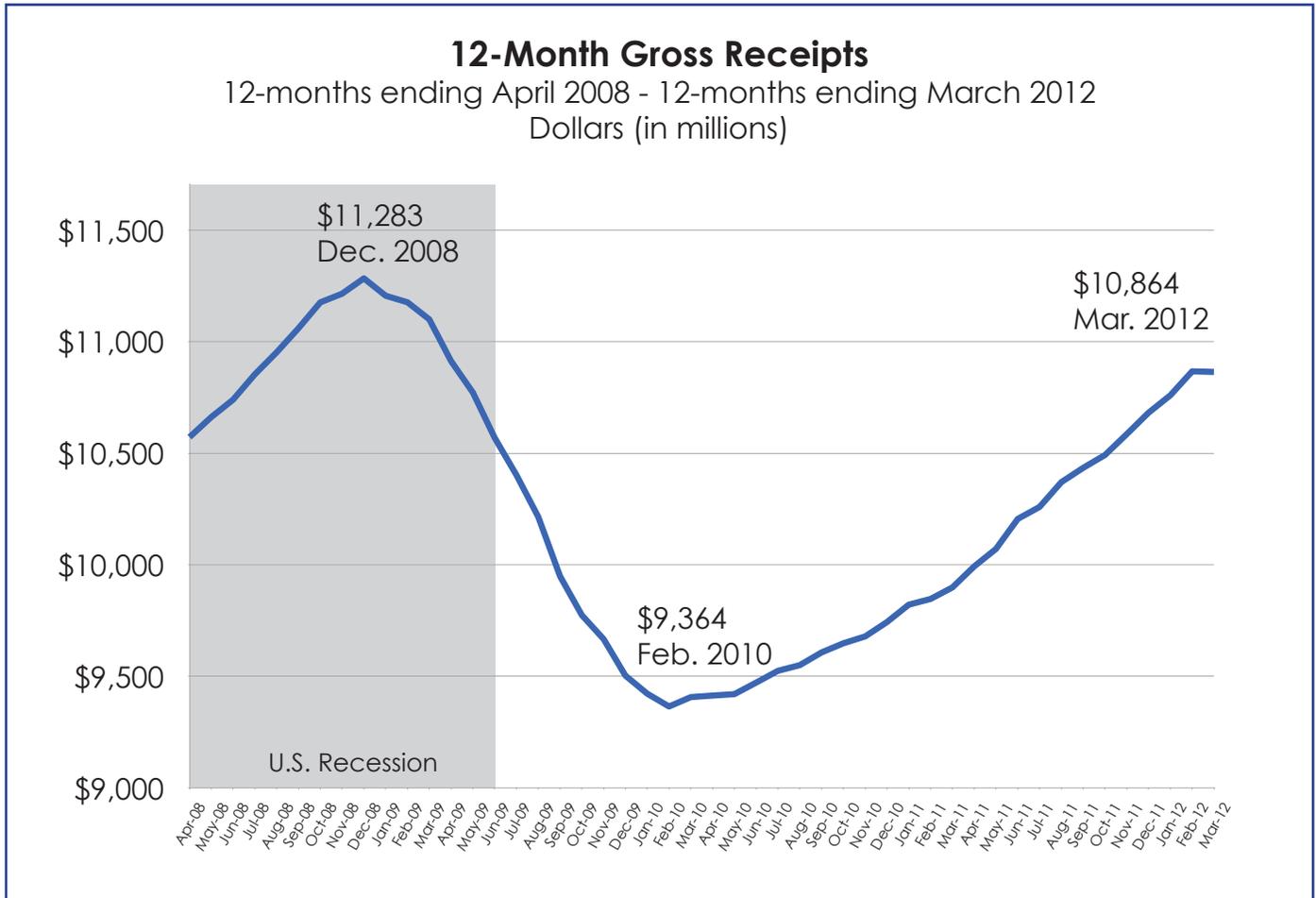
Gross Receipts to Treasury

PRELIMINARY (In \$ millions)	12 Month Period Ending March		Summary	
	Prior Year	Current Year	Variance From Prior Year	
	April 2010 - March 2011	April 2011 - March 2012	\$	%
Income Tax	3,324.03	3,762.80	438.77	13.2%
Gross Production	948.20	989.01	40.80	4.3%
Sales Tax (1)	3,647.98	3,954.16	306.18	8.4%
Motor Vehicle	621.63	675.44	53.81	8.7%
Other Sources (2)	1,356.11	1,482.88	126.77	9.3%
TOTAL REVENUE	9,897.95	10,864.29	966.33	9.8%

(1) Includes Collections for Counties and Municipalities

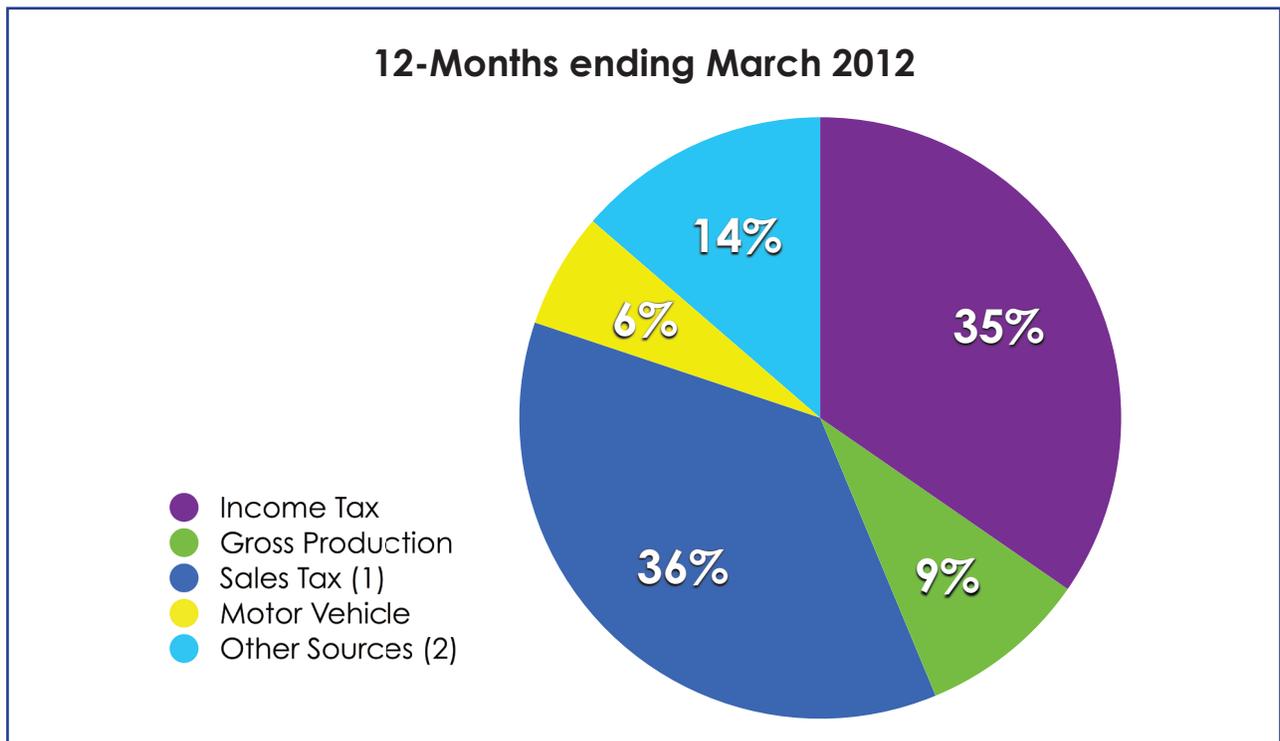
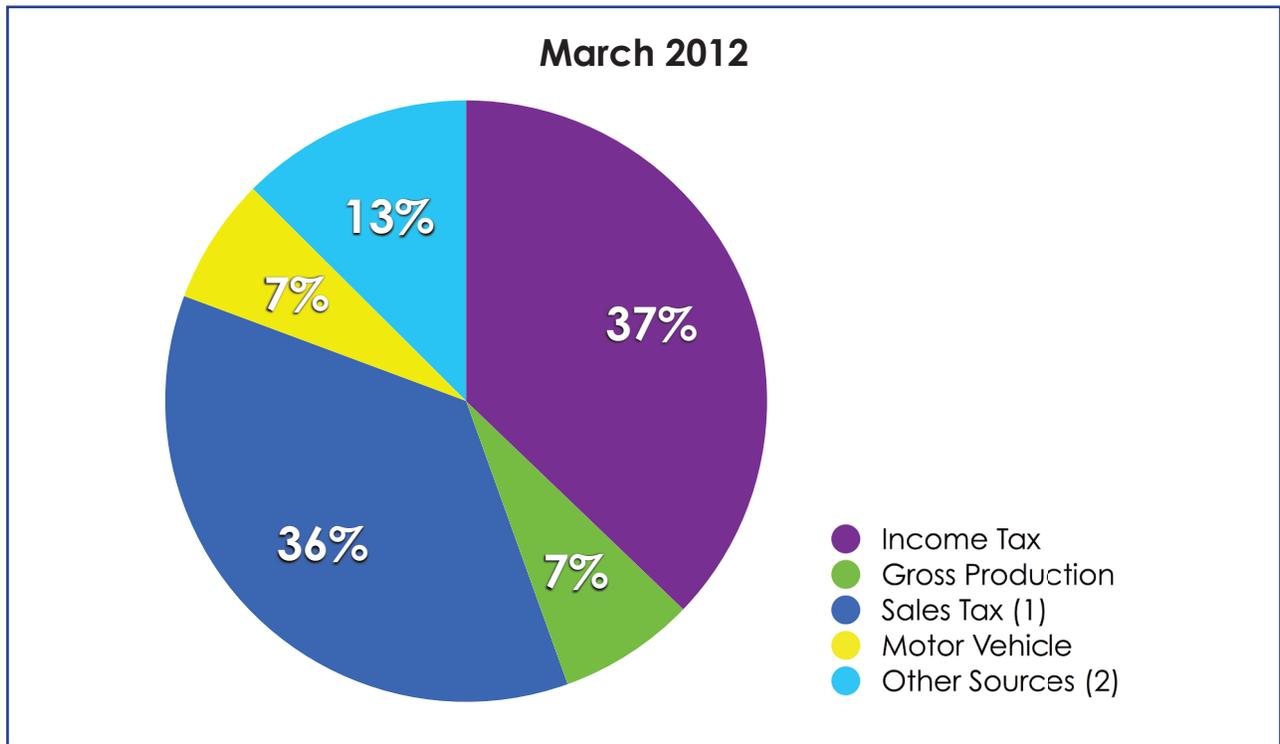
(2) Gross Collections from OTC

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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