



**OKLAHOMA STATE TREASURER  
KEN MILLER**

**For Immediate Release: July 5, 2012**

## **Driven by Gross Production, June Revenue Collections Fall Below Prior Year**

**OKLAHOMA CITY** – Oklahoma finished the fiscal year well into the black, but the last month saw the largest decline of the year in gross production tax collections, State Treasurer Ken Miller announced today as he released the gross receipts report for June and fiscal year 2012.

Total collections in June were pushed negative compared to the same month of the prior year due to a 42 percent drop in gross production collections. It was also the seventh consecutive monthly decline in gross production tax collections from the same month of the last year. June marked only the second month in the fiscal year where total collections dipped below the prior year.

“Reductions in gross production and personal income tax collections combine to set our monthly number back, but other economic indicators, such as sales receipts, low unemployment and solid corporate profits, point to continued expansion,” Miller said.

June collections are down by 0.6 percent from June of last year, Miller said. That compares to average growth during FY 2012 of 7.7 percent, including a 10.3 percent increase in income tax collections.

### **Natural gas prices and timing**

The portion of total monthly collections coming from oil and natural gas production has dropped from 10.3 percent of June 2011 receipts to 5.9 percent this past month.

The Tax Commission has not yet determined whether low natural gas prices from earlier this year will result in a gross production tax rate decrease of three percentage points in July or August.

Should reports show the average price paid for Oklahoma-produced natural gas fell below \$2.10 per thousand cubic feet (mcf) in March or April, the lower rate would be triggered for collections remitted later this month or next. Collections from production in those months were paid in May and June and require detailed analysis by the commission to determine average price.

**(more)**

The regular gross production tax rate is seven percent, but would be cut to four percent should the \$2.10/mcf price trigger be met. The tax rate would return to seven percent once reports show the average price has moved above the threshold.

When natural gas prices dropped, many producers switched to oil drilling. At the time, crude prices averaged more than \$100 per barrel (bbl), but prices have dropped the past few months to an average in June of less than \$83/bbl. Those lower oil prices will be reflected in collections in the coming months.

Last week's Baker Hughes report shows Oklahoma had 200 active rigs, 154 for oil and 46 for natural gas. That is an increase of 27 rigs from the same time last year, when 43 rigs were drilling for oil and 130 for natural gas.

### **Working and spending**

Sales tax collections in June surged by 12.5 percent from the prior year, showing Oklahomans are generally upbeat about the economy as they increase their purchasing. Growth in personal income tax collections reflect increased employment and are especially noteworthy in light of the quarter percentage point tax cut that took effect in January. Increased corporate income tax collections indicate state businesses are increasing in profitability.

May unemployment, at 4.8 percent, beats the national rate of 8.2 percent by more than three percentage points, and state employment is at a record high with more than 1.7 million Oklahomans holding jobs.

"While the current price environment affecting Oklahoma's energy industry is less than optimal, there are many reasons to remain optimistic about the state economy," Miller said.

### **June collections**

The revenue report for June sets gross collections at \$994.91 million, down \$6.51 million or 0.6 percent from June 2011.

Gross income tax collections, a combination of personal and corporate income taxes, generated \$376.46 million, an increase of \$2.48 million or 0.7 percent from the previous June.

Personal income tax collections for the month are \$268.43 million, down \$15.43 million or 5.4 percent from the prior year. Corporate collections are \$108.03 million, up by \$17.91 million or 19.9 percent.

Sales tax collections, including remittances on behalf of cities and counties, total \$362.88 million in June. That is \$40.19 million or 12.5 percent above June 2011.

Gross production taxes on oil and natural gas generated \$59.27 million in June, a decrease of \$43.27 million or 42.2 percent from last June. Compared to May reports, gross production collections are down by \$3.84 million or 6.1 percent.

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Motor vehicle taxes produced \$67.45 million, up by \$1.62 million or 2.5 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 \$128.86 million during the month. That is \$7.53 million or 5.5 percent less than last June.

### **Twelve-month collections**

Gross revenue totals \$10.99 billion during FY 2012. That is \$782.03 million or 7.7 percent higher than collections from FY 2011.

Gross income taxes generated \$3.86 billion for the period, reflecting an increase of \$359.55 million or 10.3 percent from the prior fiscal year.

Personal income tax collections total \$3.31 billion, up by \$260.26 million or 8.5 percent from the prior fiscal year. Corporate collections are \$548.48 million for the period, an increase of \$99.29 million or 22.1 percent over the previous period.

Sales taxes for the period generated \$4.04 billion, an increase of \$324.43 million or 8.7 percent from the prior 12-months.

Oil and gas gross production tax collections brought in \$896.68 million during the 12 months, down by \$81.48 million or 8.3 percent from the previous period.

Motor vehicle collections total \$690.41 million for the period. This is an increase of \$52.17 million or 8.2 percent from the trailing fiscal year.

Other sources generated \$1.51 billion, up \$127.36 million or 9.2 percent from the previous 12 months.

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

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# Gross Receipts to Treasury

PRELIMINARY

## MONTHLY COMPARISON

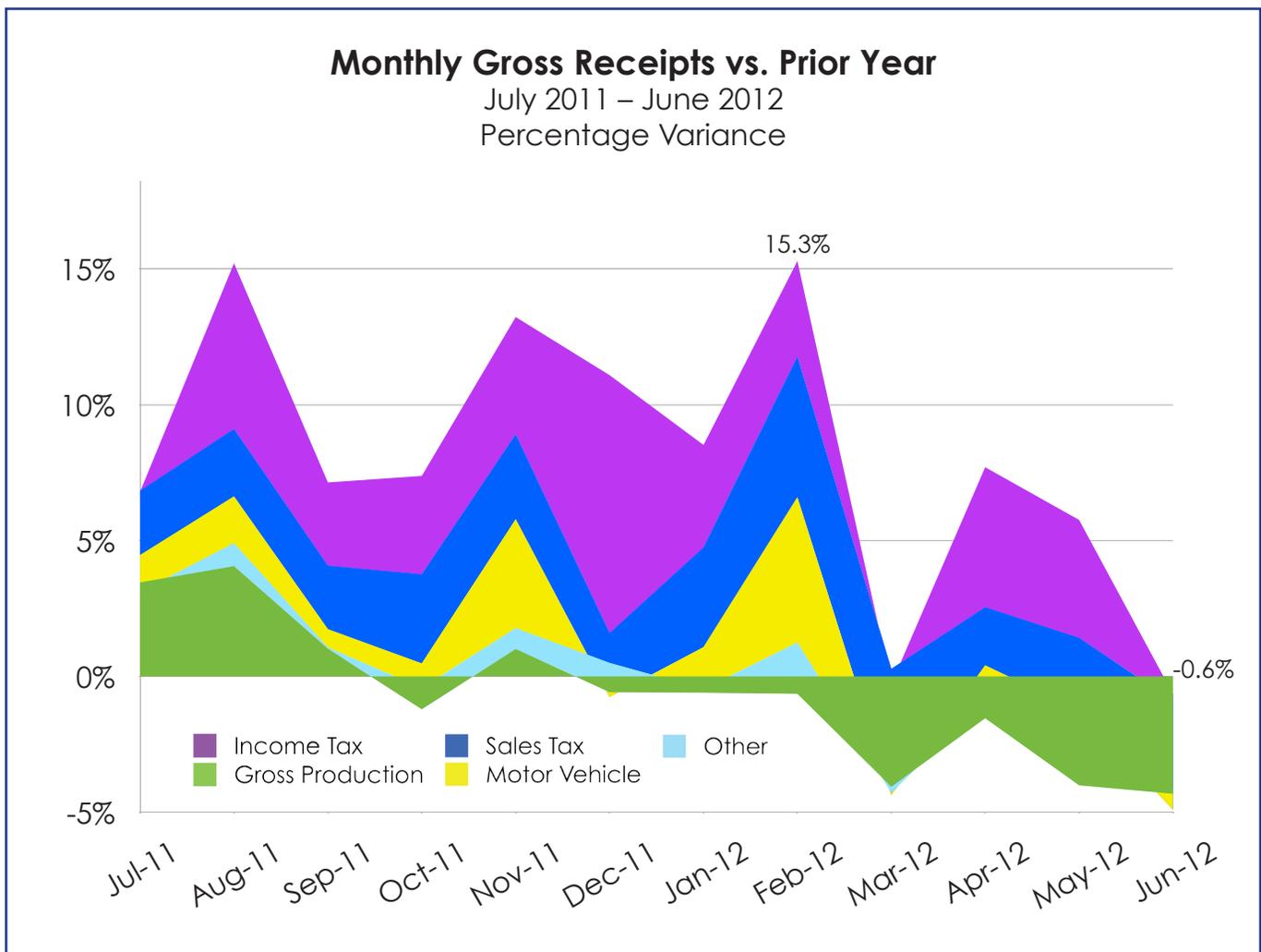
SUMMARY June 2012  
Variance From Prior Year

(In \$ millions)	June-11	June-12	\$	%
Income Tax	373.98	376.46	2.48	0.7%
Gross Production	102.53	59.27	-43.27	-42.2%
Sales Tax (1)	322.69	362.88	40.19	12.5%
Motor Vehicle	65.83	67.45	1.62	2.5%
Other Sources (2)	136.39	128.86	-7.53	-5.5%
<b>TOTAL REVENUE</b>	<b>1,001.42</b>	<b>994.91</b>	<b>-6.51</b>	<b>-0.6%</b>

(1) Includes Collections for Counties and Municipalities

(2) Gross Collections from OTC

Details may not sum due to rounding.



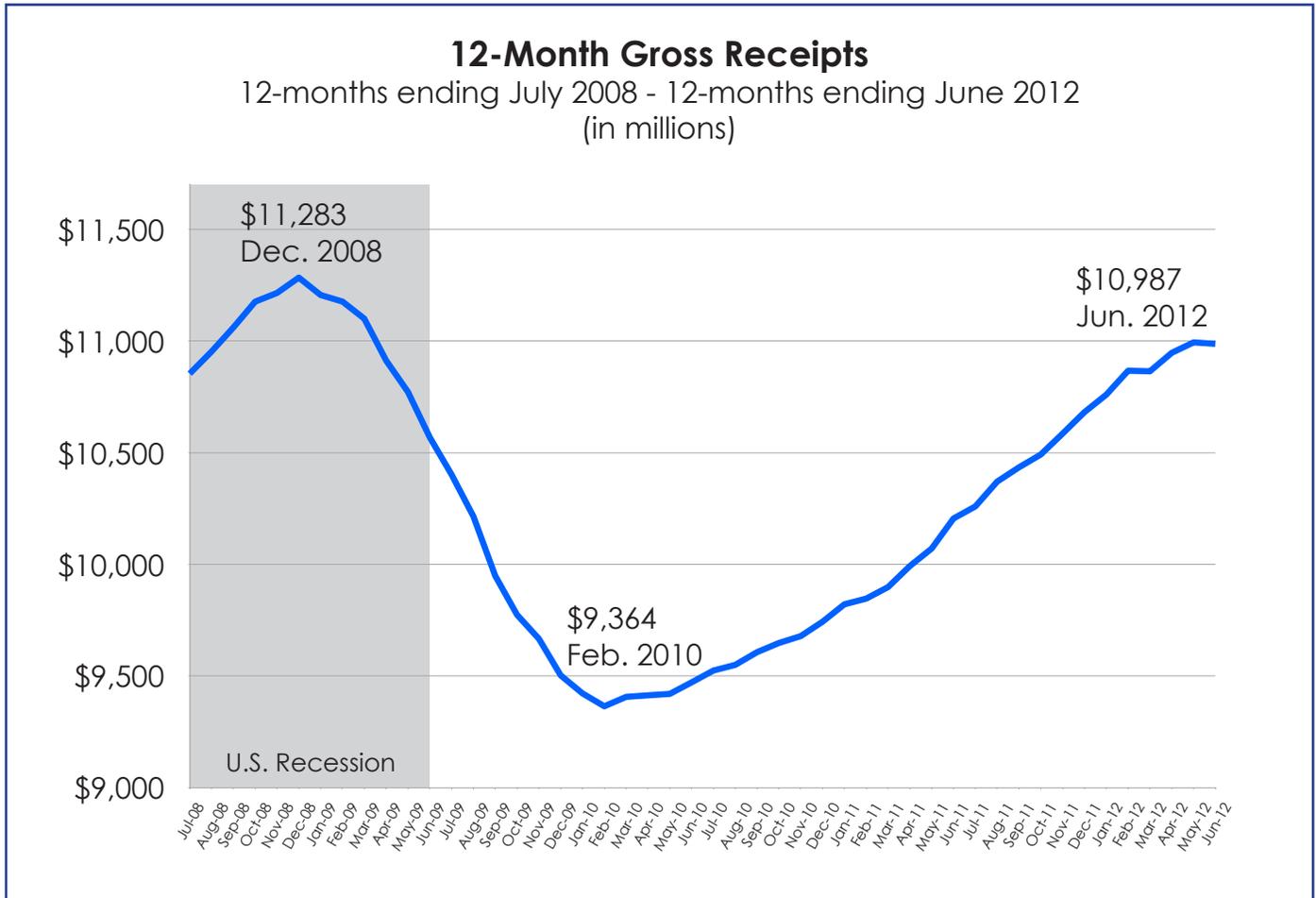
# Gross Receipts to Treasury

PRELIMINARY  (In \$ millions)	12 Month Period Ending July 2011 - June 2012		Summary	
	Prior Year	Current Year	Variance From Prior Year	
	July 2010 - June 2011	July 2011 - June 2012	\$	%
Income Tax	3,496.28	3,855.83	359.55	10.3%
Gross Production	978.17	896.68	-81.48	-8.3%
Sales Tax (1)	3,714.43	4,038.86	324.43	8.7%
Motor Vehicle	638.24	690.41	52.17	8.2%
Other Sources (2)	1,378.08	1,505.44	127.36	9.2%
<b>TOTAL REVENUE</b>	<b>10,205.19</b>	<b>10,987.22</b>	<b>782.03</b>	<b>7.7%</b>

(1) Includes Collections for Counties and Municipalities

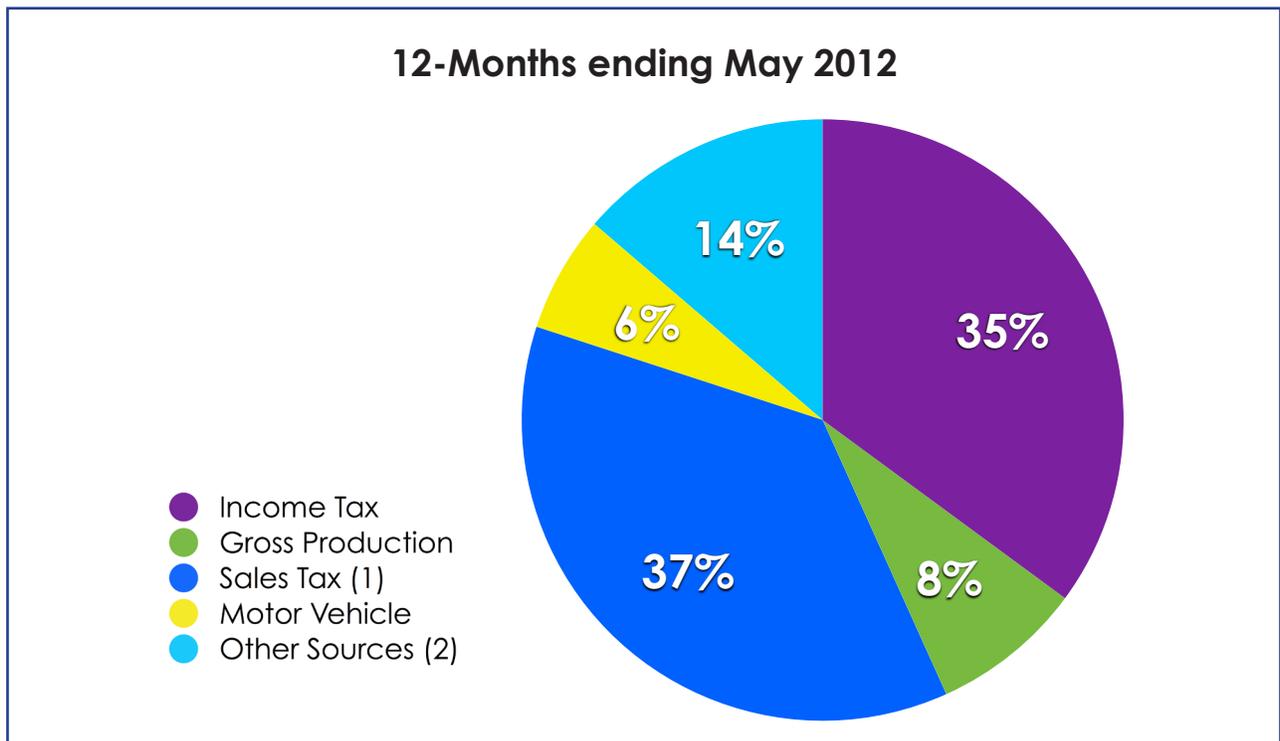
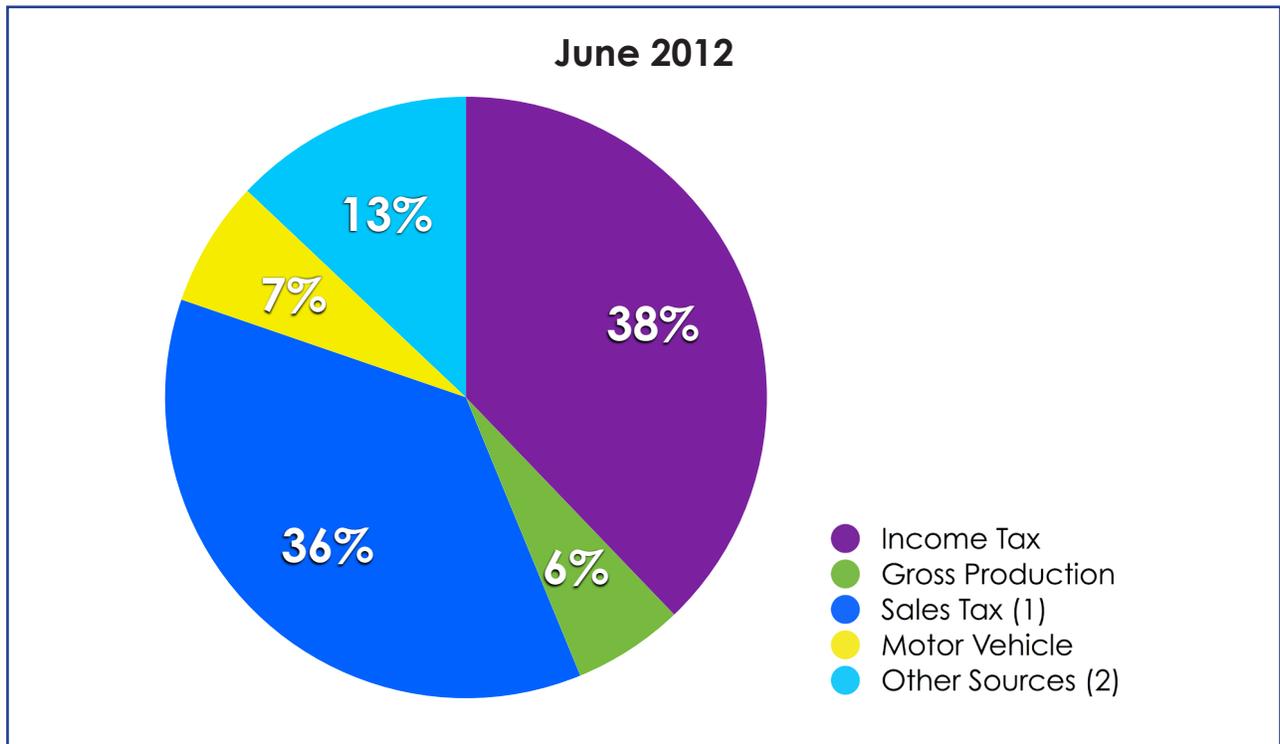
(2) Gross Collections from OTC

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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