



Gross Receipts to the Treasury

August 2020

Oklahoma State Treasurer Randy McDaniel

Energy Sector Pullback Pushes Gross Receipts Lower

Gross Receipts to the Treasury slipped by almost five percent in August with oil and gas production taxes the primary driver, State Treasurer Randy McDaniel announced on Friday.

August receipts from all sources total \$979.5 million and are below collections from August 2019 by \$47.3 million, or 4.6 percent. It marks the fifth time since February, the start of the national recession, that total receipts have been less than those of the prior year.

Collections from the gross production tax, the state's severance tax on oil and natural gas, fell by 46.3 percent, generating \$40.7 million, or \$35.1 million less than a year ago. Monthly gross production receipts have been less than the same month of the prior year for 12 consecutive months.

"The gross receipts report provides evidence of the challenges facing Oklahoma's anchor industry," Treasurer McDaniel said. "Oil and gas tax receipts have dropped by more than \$430 million during the past year. We will likely see a growing ripple effect into other sectors of the economy."

August oil and gas receipts reflect production activity during June, when West Texas Intermediate crude oil averaged \$38.11 per barrel. Prices rose to \$42.34 in August, but drilling activity and energy-

related employment have continued to drop. July reports show 34,100 oil field employees in Oklahoma, down by 14,400 over the year. Rigs counts were

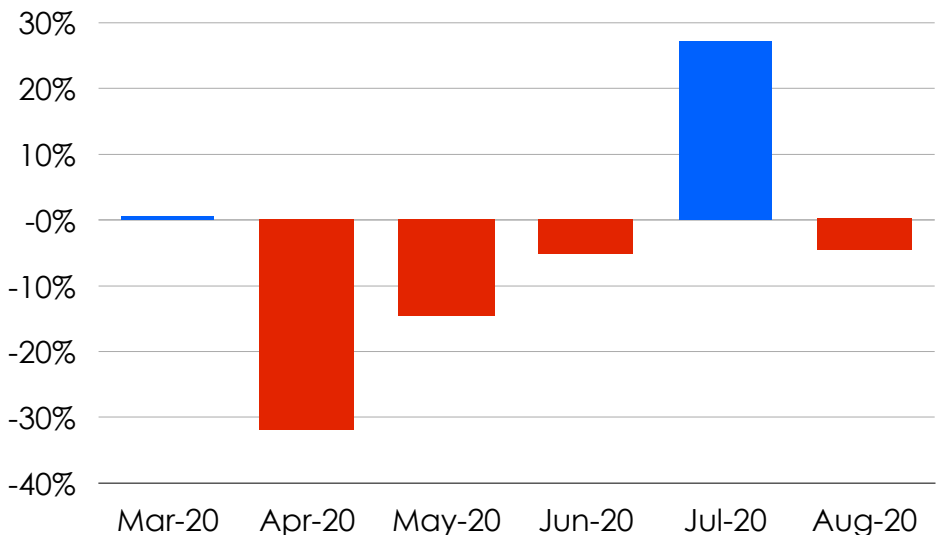
set at 11 in August, a sharp reduction from 80 rigs last August.

"We will likely see a growing ripple effect into other sectors of the economy."

In addition to gross production collections, receipts from sales tax and motor vehicle

taxes were below those of August 2019 by 4.4 percent and 8.2 percent respectively. Gross income tax receipts (MORE)

Monthly Gross Receipts Change from Prior Year



Source: Office of the State Treasurer



August Gross Receipts

rose by 4.8 percent and use taxes paid on out-of-state purchases increased by 2 percent in August compared to the prior year.

Cumulative gross receipts from the past 12 months total \$13.27 billion, down by \$455.8 million, or 3.3 percent, from the trailing 12-month period. All major revenue sources except for corporate income tax and use tax are less than those of the previous 12 months.

Other economic indicators

The Oklahoma Business Conditions Index in August remained above growth neutral for a third month, following three months of numbers indicating economic contraction. The August index was set at 61.8, down from 69 in July. Numbers above 50 indicate economic expansion is expected during the next three to six months.

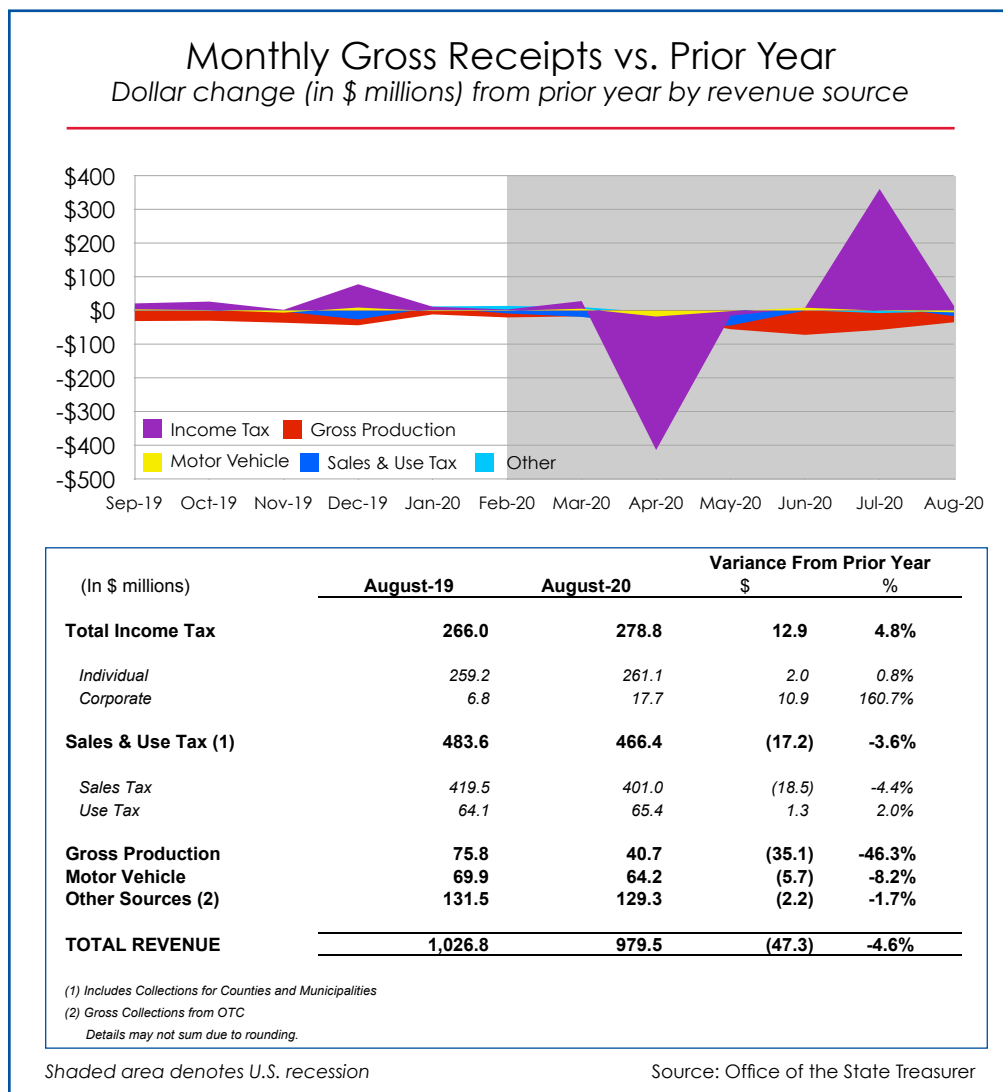
The unemployment rate in Oklahoma was reported as 7.1 percent in July, up from 6.4 percent in June. The seasonally adjusted number of Oklahomans listed as jobless was reported as 128,087, according to figures released by the U.S. Bureau of Labor Statistics. The U.S. unemployment rate was listed at 10.2 percent in July.

August collections

Compared to gross receipts from August 2019, collections in August 2020 showed:

- Total August 2020 gross collections are \$979.5 million, down \$47.3 million, or 4.6 percent.
- Gross income tax collections, a combination of individual and corporate income taxes, generated \$278.8 million, an increase of \$12.9 million, or 4.8 percent.
 - Individual income tax collections are \$261.1 million, up by \$2 million, or 0.8 percent.
 - Corporate collections are \$17.7 million, an increase of \$10.9 million, or 160.7 percent.
- Combined sales and use tax collections, including remittances on behalf of cities and counties, total \$466.4 million – a reduction of \$17.2 million, or 3.6 percent.
 - Sales tax collections total \$401

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August Gross Receipts

million, a decrease of \$18.5 million, or 4.4 percent.

- Use tax receipts, collected on out-of-state purchases including online sales, generated \$65.4 million, an increase of \$1.3 million, or 2 percent.

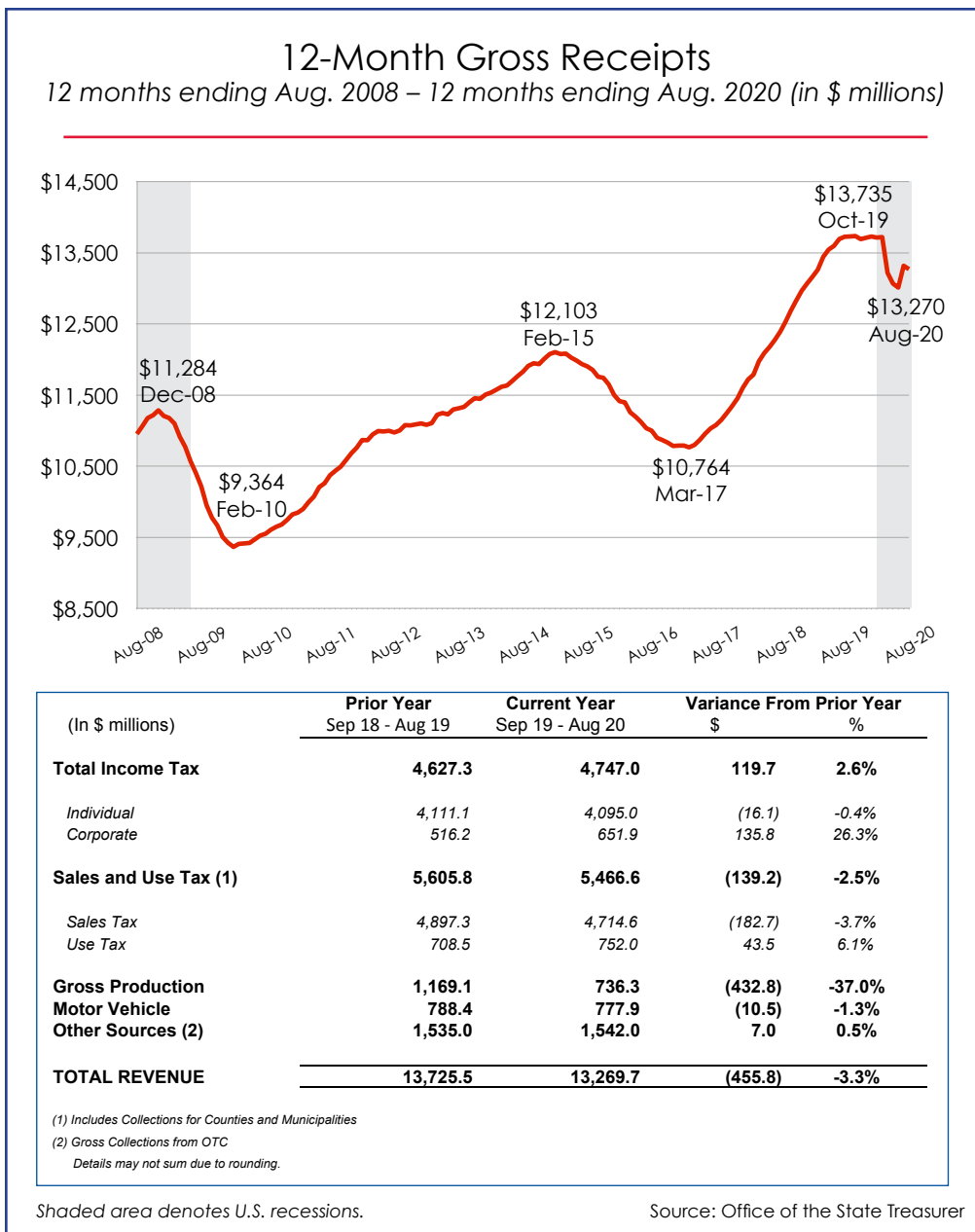
- Gross production taxes on oil and natural gas total \$40.7 million, a decrease of \$35.1 million, or 46.3 percent.
- Motor vehicle taxes produced \$64.2 million, down by \$5.7 million, or 8.2 percent.

- Other collections composed of some 60 different sources including taxes on fuel, tobacco, medical marijuana, and alcoholic beverages, produced \$129.3 million – down by \$2.2 million, or 1.7 percent.

Twelve-month collections

Combined gross receipts for the past 12 months (September 2019 through August 2020) compared to the prior 12 months showed:

- Gross revenue totals \$13.27 billion. That is \$455.8 million, or 3.3 percent, below collections from the previous 12-month period.
- Gross income taxes generated \$4.75 billion, reflecting an increase of \$119.7 million, or 2.6 percent.
 - Individual income tax collections total \$4.1 billion, down by \$16.1 million, or 0.4 percent.
 - Corporate collections are \$651.9 million, an increase of \$135.8 million, or 26.3 percent.
- Combined sales and use taxes generated \$5.47 billion, a drop of \$139.2 million, or 2.5 percent.
 - Gross sales tax receipts total \$4.71 billion, down by \$182.7 million, or 3.7 percent.
 - Use tax collections generated \$752 million, an increase of \$43.5 million, or 6.1 percent.



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August Gross Receipts

- Oil and gas gross production tax collections generated \$736.3 million, down by \$432.8 million, or 37 percent.
- Motor vehicle collections total \$777.9 million. This is a decrease of \$10.5 million, or 1.3 percent.
- Other sources generated \$1.54 billion, up by \$7 million, or 0.5 percent.

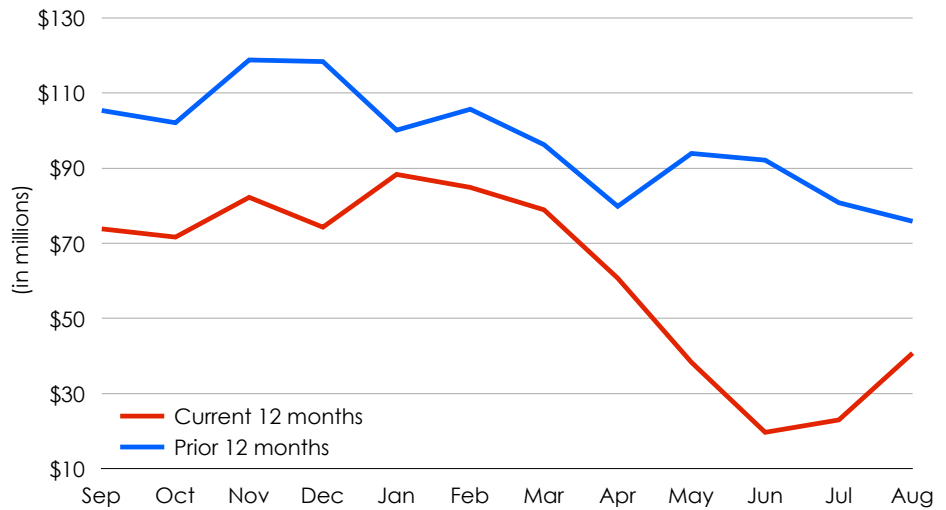
About Gross Receipts to the Treasury

The monthly Gross Receipts to the Treasury report, developed by the state treasurer's office, provides a timely and broad view of the state's economy.

It is released in conjunction with the General Revenue Fund report from the Office of Management and Enterprise Services, which provides information to state agencies for budgetary planning purposes.

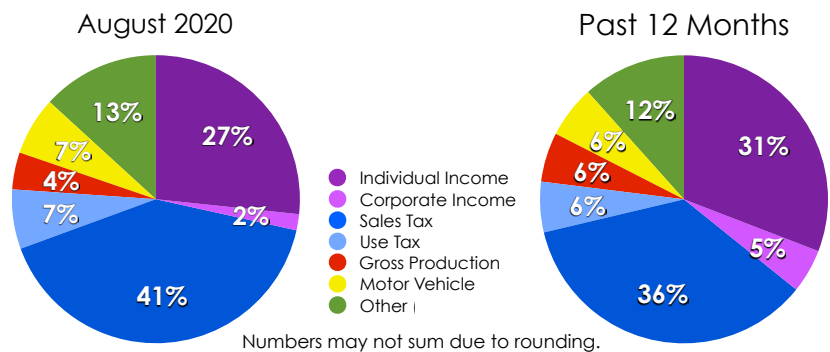
The General Revenue Fund, the state's main operating account, receives less than half of the state's gross receipts with the remainder paid in rebates and refunds, remitted to cities and counties, and apportioned to other state funds.

Gross Production (Extraction) Tax Collections



Source: Office of the State Treasurer

Revenue Sources as Percentage of Whole



More information

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