



OKLAHOMA State Treasurer Todd Russ



August Economic Report

A slowing Oklahoma economy reduced Gross Receipts to the state Treasury for the month. On a positive note, the 12-month total of \$17.26 billion is still \$434.44 million or 2.6 percent higher than the gross revenue for the previous 12-month period.

When comparing this August to last August, the totals reveal a drop of \$122 million or 9 percent. This comparison also shows Gross Production Taxes (GPT) decreasing \$123 million or 60 percent. The July GPT revenue compared to August show a \$66 million or 5 percent decline.

OTHER INDICATORS

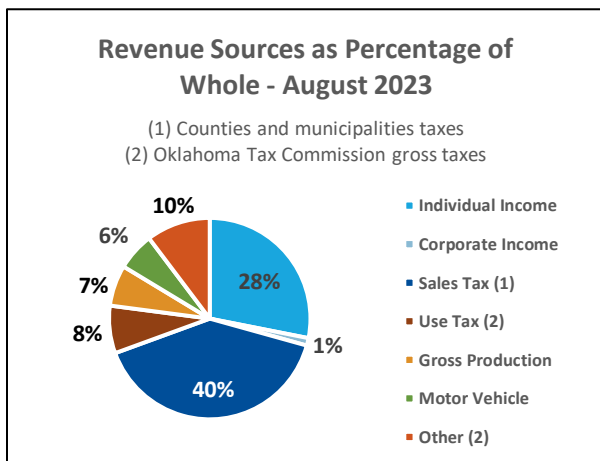
The U.S. jobless rate dropped to 3.5 percent in July, down by 0.1 percent from the prior month. The state's unemployment rate remained at 2.7 percent for July, same as the month before.

The U.S. Bureau of Labor Statistics reported the annual inflation rate rose by 0.2 percent in July to 3.2 percent. The energy component of the Consumer Price Index (CPI) showed a decline over the year, but the food component remained higher than the overall inflation rate.

The Creighton University Mid-America Business Conditions Index for our nine-state region increased from 46.1 to 49.5 in August, but remained below growth neutral for the second consecutive month. The Oklahoma component of the index also improved in August, growing from 41.1 to 46.9.

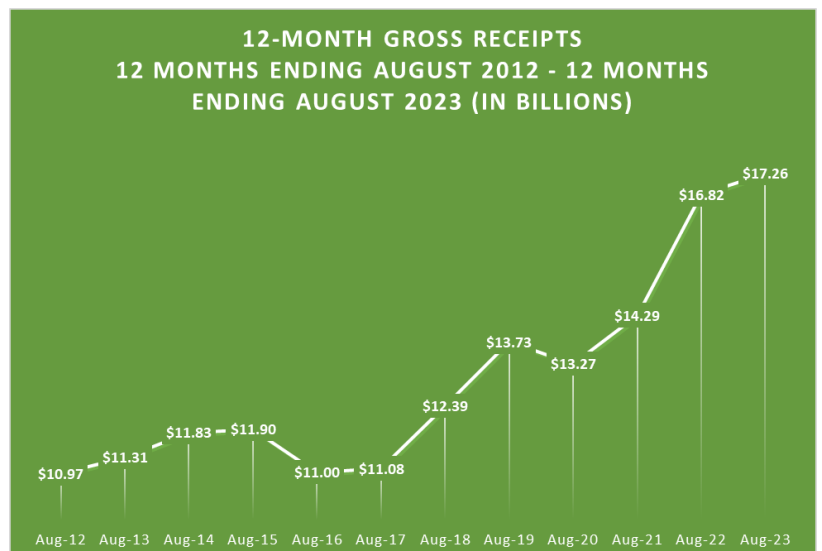
August Comparison

- Total monthly gross revenue is \$1.25 billion, down by \$121.8 million, or 8.9 percent.
- Gross income tax – a combination of **individual income** and **corporate income** taxes – generated \$366.6 million, an increase of \$4.0 million, or 1.1 percent.
- Combined **sales tax** and **use tax** – including remittances on behalf of cities and counties – total \$597.3 million, an increase of \$7.4 million, or 1.2 percent.
- **Gross production taxes** on oil and natural gas total \$82.3 million, a decrease of \$123.3 million, or 60.0 percent.
- **Motor vehicle taxes** produced \$75.7 million, a decrease of \$1.4 million, or 1.8 percent.
- **Other** includes 60 different sources, produced \$128.7 million, a decrease of \$8.6 million, or 6.2 percent.



Twelve-month revenue

- Gross revenue totals \$17.26 billion. That is \$434.44 million, or 2.6 percent, above the previous 12 months.
- Gross **income taxes** generated \$6.04 billion, an increase of \$193.5 million, or 3.3 percent.
- Combined **sales tax** and **use tax** produced \$7.1 billion, an increase of \$392.7 million, or 5.9 percent.
- Oil and gas **gross production tax** revenue is \$1.61 billion, a decrease of \$124.4 million, or 7.2 percent.
- **Motor vehicle taxes** total \$878.3 million, up by \$5.8 million, or 0.7 percent.
- **Other sources** generated \$1.64 billion, down by \$33.2 million, or 2.0 percent.



OKLAHOMA Economic Report

Gross Receipts to the Treasury

PREVIOUS MONTH COMPARISON

(In \$ millions)	PREVIOUS MONTH COMPARISON		Variance From prior month	
	July-23	August-23	\$	%
Total Income Tax	392.6	366.6	(26.0)	-6.6%
<i>Individual</i>	364.4	351.5	(12.9)	-3.5%
<i>Corporate</i>	28.2	15.1	(13.1)	-46.5%
Sales & Use Tax (1)	614.1	597.3	(16.8)	-2.7%
<i>Sales Tax</i>	521.0	501.7	(19.4)	-3.7%
<i>Use Tax</i>	93.0	95.6	2.6	2.8%
Gross Production	88.3	82.3	(6.0)	-6.8%
<i>Motor Vehicle</i>	74.9	75.7	0.8	1.0%
<i>Other Sources (2)</i>	147.0	128.7	(18.2)	-12.4%
TOTAL REVENUE	1,316.9	1,250.6	(66.2)	-5.0%

About Gross Receipts to the Treasury

Oklahoma State Treasurer monitors and tracks funds into the state from which taxes are collected from the Oklahoma Tax Commission. This report is developed by the State Treasurer's Office to provide 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 apportioned to other state funds, remitted directly to cities and counties, and paid in rebates and refunds.

Compared to July, Gross Receipts decreased by \$66 million.

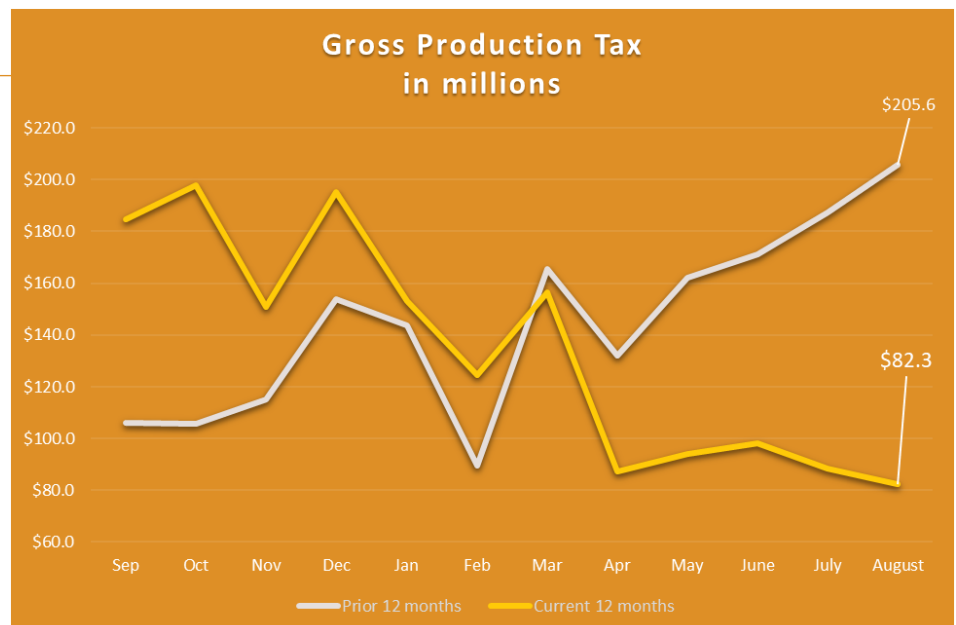
- (1) Counties & municipalities taxes
- (2) Oklahoma Tax Commission gross taxes

Economic Indicators

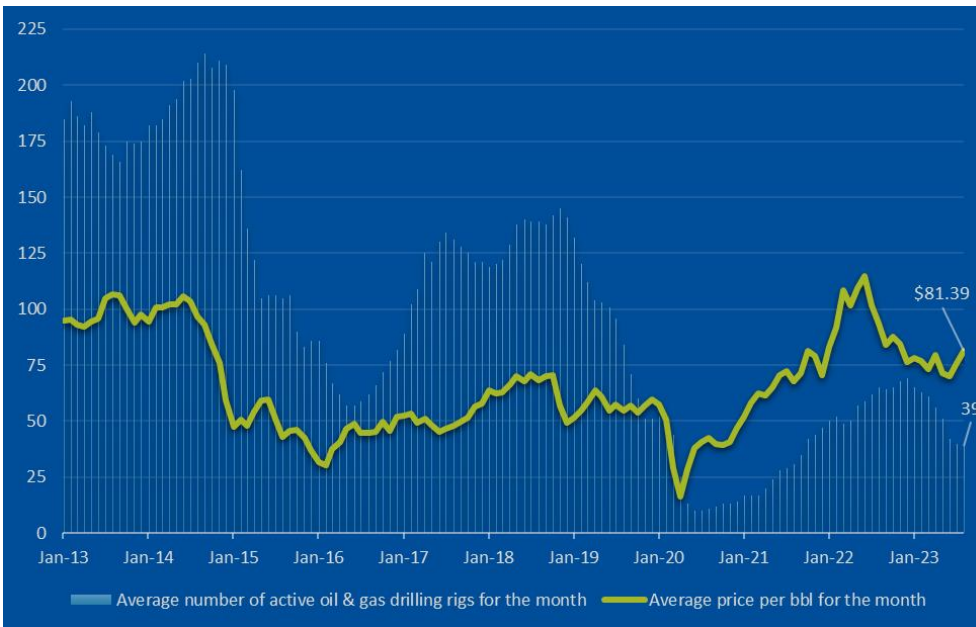
The Gross Production Tax (GPT) is a severance tax imposed on the extraction of oil and natural gas in Oklahoma.

Revenue received from the GPT fluctuates widely because of the volatile nature of commodity prices and production levels. In response, the Revenue Stabilization Fund was created by the Legislature in 2016. This fund receives deposits from the GPT when they are above the five-year rolling average. The savings can then be used to offset future budget shortfalls.

The GPT is an important source of state funding. Over the last twelve months, GPT is \$1.61 billion.



OKLAHOMA Economic Report



WTI Crude Oil Spot Price & Active Rigs in Oklahoma

By month: January 2013 - August 2023
Sources: U.S. Energy Information Administration and Baker Hughes

While there are many important factors, the number of rigs drilling for oil and gas tends to correlate with commodity prices over time – higher prices encourage more drilling activity. Hitting benchmark oil prices, such as over \$100 or below \$25 per barrel, usually has a major effect on drilling activity for the next six to twelve months.

In early 2014, the West Texas Intermediate (WTI) Crude Oil Price eclipsed \$100 per barrel, which preceded the rig count in Oklahoma jumping past 200 later in the year. However, when the price of WTI plummeted to below \$25 per barrel in the beginning stages of the coronavirus pandemic in 2020, the number of rigs dropped under 20 through March 2021.

August’s average WTI Crude Oil Price was up over \$5 from the prior month, settling at \$81.39. Nevertheless, the average drilling rig count in Oklahoma of 39 continues the downward trend line for the year. The data for August follows in the aftermath of oil topping \$100 per barrel in early 2022 for the first time since 2014, leading to the number of rigs in the state reaching 69 in December 2022.

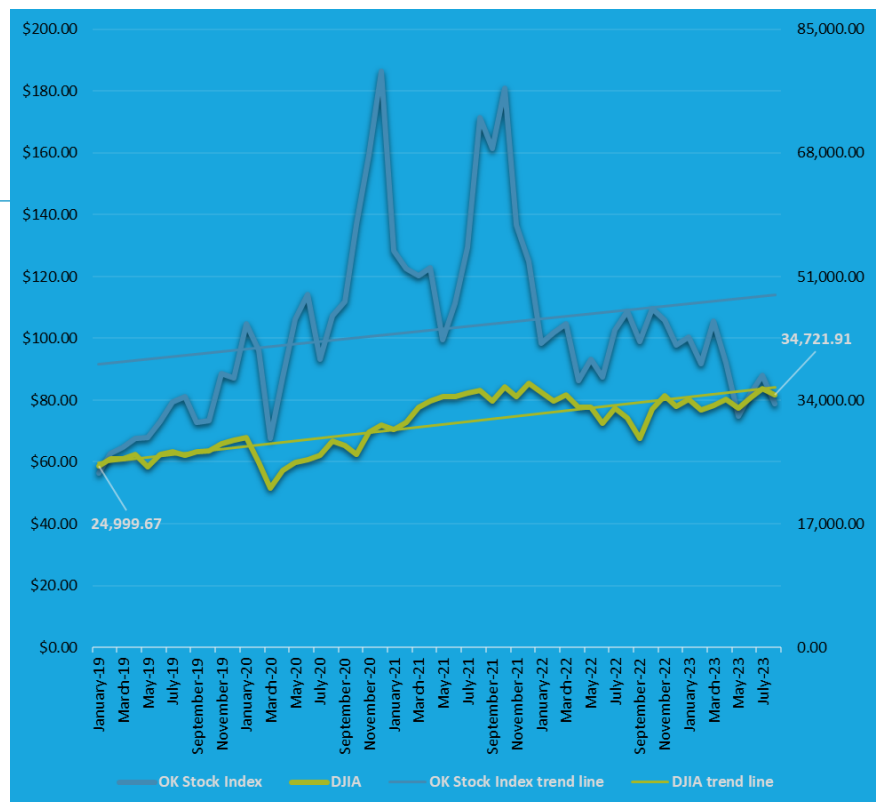
According to AAA, the national average for a gallon of gasoline was \$3.82 at the end of August. The price at the pump is seven cents higher than a month ago, yet two cents less than last August.

The Oklahoma Stock Index vs. the Dow Jones Industrial Average

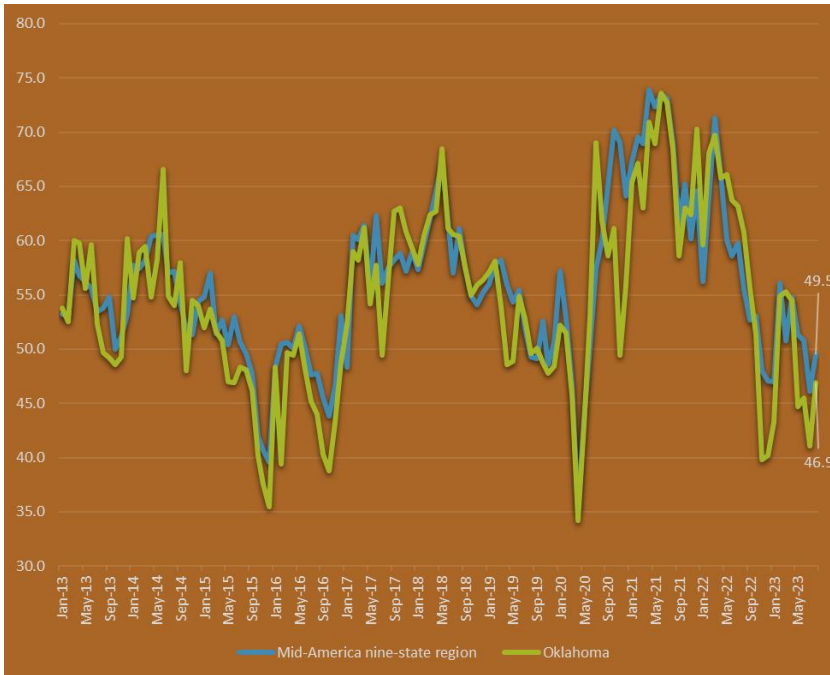
By month: January 2019 - August 2023

The Oklahoma Stock Index tracks the performance of Oklahoma based companies that trade on the New York Stock Exchange (NYSE) or NASDAQ. The Index is weighted by market capitalization and uses the closing stock prices from the last trading day each month.

The Dow Jones Industrial Average, more commonly referred to as the Dow, is a stock market index. It’s one of the oldest and most frequently followed indexes. The Dow tracks 30 major blue chip companies that trade on the NYSE or NASDAQ as a way to monitor the direction and performance of the equities market in the United States.



OKLAHOMA Economic Report



Business Conditions Index

By month: January 2023 - August 2023

Source: Creighton University

A number under 50 indicates contraction over the next three to six months.

The nine states making up Creighton University's Mid-America Business Conditions Index stretch from Oklahoma and Arkansas in the south to North Dakota and Minnesota in the north. At 49.5 for the region, the Index increased in August from 46.1 the previous month. The Index ranges between 0 and 100 with 50 being the point of growth neutrality. As a result, the regional August reading is forecasting a slight economic contraction over the next three to six months.

The Business Conditions Index is based on the methodology of the Institute of Supply Management, which seeks to identify and analyze the key resources necessary for organizations to operate as they make strategic business decisions.

The index for Oklahoma increased but remained below 50 for the third straight month, coming in at 46.9 compared to 41.1 for July.

Unemployment Rate

By month: January 2000 - July 2023

The unemployment rate is the percentage of the labor force who are actively pursuing employment but currently do not have a job. As shown in the above graph, Oklahoma has maintained an unemployment rate below the national average.

Unemployment is one of the most significant factors economists, business executives and political leaders use to measure the health of the economy. As a general rule, a high unemployment rate depicts a contracting economy. Meanwhile, a low unemployment rate signals an expanding economy, as companies hire more workers to meet rising consumer demand of products and services. The U.S. jobless rate dropped to 3.5 percent in July, while Oklahoma's unemployment remained at 2.7 percent for the month.

