

Miller said concerns have eased somewhat in recent weeks as natural gas spot prices have risen, closing yesterday at \$3.30/mcf. Crude oil prices, which dropped over the past few months, are now close to \$90 per barrel.

When natural gas prices dropped, many producers switched to oil drilling and that trend continues. Baker Hughes reports show 37 active natural gas rigs in Oklahoma this week, compared to 124 a year ago. Active oil rigs are reported as 156 for oil this week, compared to 53 at this time last year.

Positive employment picture

Oklahoma's low unemployment rate of 4.7 percent compares to a national rate of 8.2 percent and is reflected in increased state income tax collections. The 10 percent increase in July collections comes after the tax rate was reduced by a quarter percentage point in January.

The Oklahoma City metro area continues to top the list of lowest jobless rates among the 49 U.S. cities with one million or more population. The metro area's unemployment rate for June was set at 5.0 percent.

"Oklahoma has many reasons to be optimistic about its economy," Miller said. "With low unemployment, signs of positive consumer confidence and an improving picture in the oil patch, the outlook is positive."

Outside influences

As concerns with the energy sector have lessened, Miller said concerns are growing that outside influences could negatively impact the state's economy in the coming months.

"The European debt crisis, China's economic slowdown and political and economic uncertainty in Washington could harm Oklahoma's well-performing economy," he said.

"The biggest domestic threat is the self-imposed 'fiscal cliff' compliments of Congress and the President," Miller said. "Without action in Washington to put the federal government on a sustainable fiscal course while recognizing the fragility of the recovery, the U.S. economy could join Europe in another recession."

July collections

The revenue report for July sets gross collections at \$854.97 million, up \$9.54 million or 1.1 percent from July 2011.

Gross income tax collections, a combination of personal and corporate income taxes, generated \$247.35 million, an increase of \$22.46 million or 10 percent from the previous July.

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