



STATE CHAMBER  
OF OKLAHOMA  
RESEARCH FOUNDATION

# ACE BOOK 2015

ACCOUNTABILITY FOR A COMPETITIVE ECONOMY

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# 2015 OVERVIEW: ABOUT THE DATA

The 2015 Accountability for a Competitive Economy (ACE) Book provides a snapshot of some key elements of the Oklahoma economy in order to provide a better understanding of how Oklahoma can build towards the future. This book is broken up into four sections (Economy and Infrastructure, Business Climate, Taxation and Business, and Education and Workforce Development). Each section focuses on the strengths and weaknesses of Oklahoma's economy and how our state compares against our regional neighbors and the United States as a whole.

While Oklahoma's economy has seen improvement due to a significant increase in job creation, gross domestic product and per capita personal income over the past ten years, our state's growth is inhibited by our poor education system and the quality of health of Oklahomans. Workforce development is tied to both of these obstacles, which affects the future of our economy. Until the problems of our education system and the health and well-being of Oklahomans are solved, our economy will not achieve its maximum growth and performance.

This assessment of Oklahoma's situation compared to other states is designed to inform and assist policy makers in their quest to guide Oklahoma towards a more prosperous future.

# CHAPTER 1

## AN OVERVIEW OF OKLAHOMA'S ECONOMY & INFRASTRUCTURE

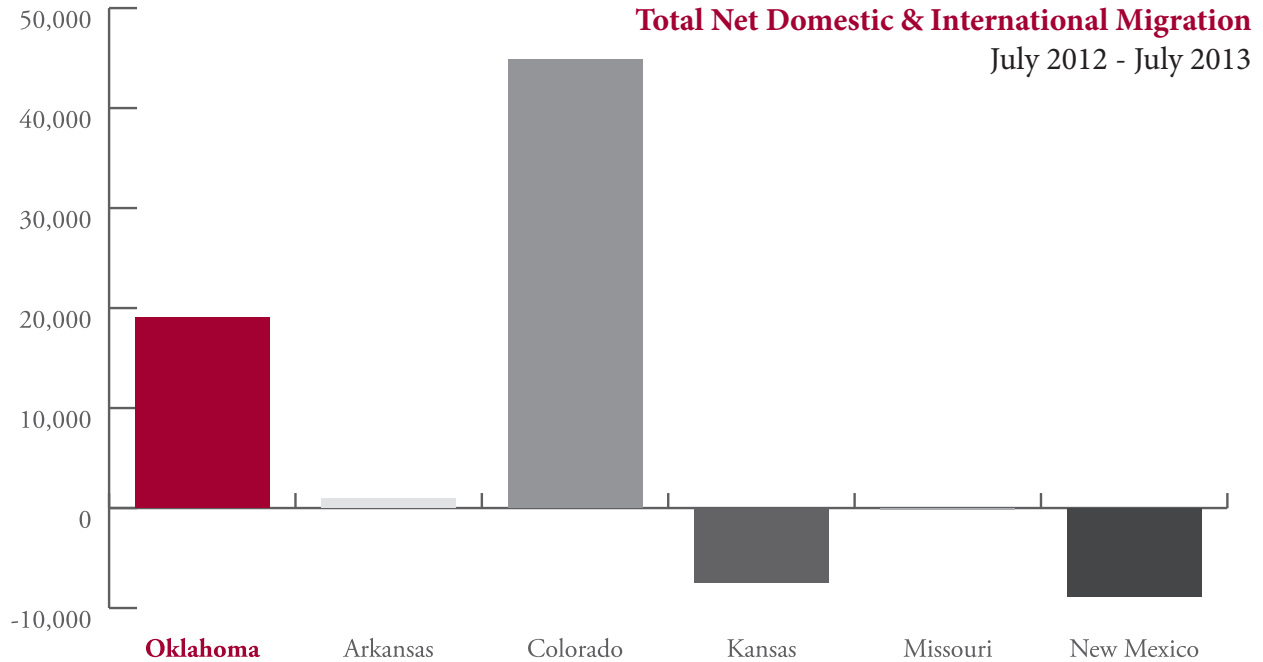
Due to an increase in migration, per capita personal income and non-agricultural employment, Oklahoma's economy continues to show great promise. People are moving to Oklahoma due to our sound economy, which in turn bolsters our state's economic performance.

With more people and businesses moving to our state, a sound infrastructure is critical. From our roads and bridges to our water and telecommunications, every aspect of our infrastructure is important. We must continue to build and maintain our infrastructure so Oklahoma can continue to grow.



# OKLAHOMA'S GROWING ECONOMY CONTINUES TO ATTRACT RESIDENTS FROM OTHER STATES AND COUNTRIES

While Texas welcomed more new residents than every state in the nation with 177,715 migrants, Oklahoma attracted 19,000 new residents, which was the 13th most in the nation. Growth in the oil and gas industry helps explain Oklahoma's large increase in migration since 2000, as more than 118,000 people relocated to Oklahoma between 2002 and 2012.



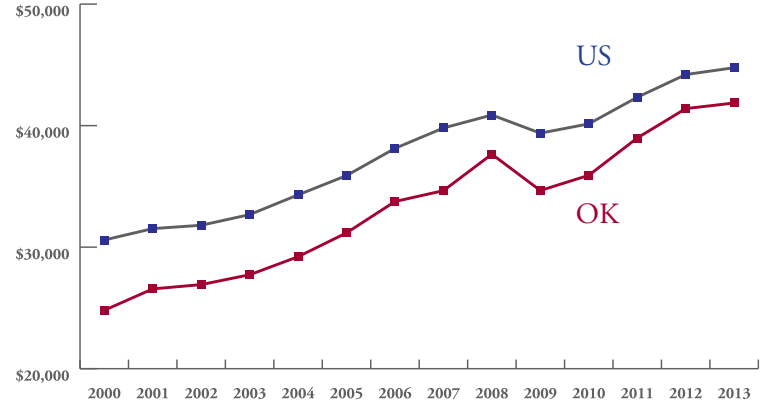
Rank	State	Net Domestic Migration	Net International Migration	Rank
1	Texas	113,528	64,187	4
4	Colorado	36,284	8,573	20
<b>9</b>	<b>Oklahoma</b>	<b>14,268</b>	<b>4,756</b>	<b>32</b>
29	Arkansas	-2,031	2,965	37
38	Missouri	-7,612	7,462	23
41	New Mexico	-10,526	1,717	42
42	Kansas	-12,557	5,105	31

Source: U.S. Census Bureau; State Chamber of Oklahoma Research Foundation (*Economic Assessment of Oil and Gas Tax Policy in Oklahoma*)

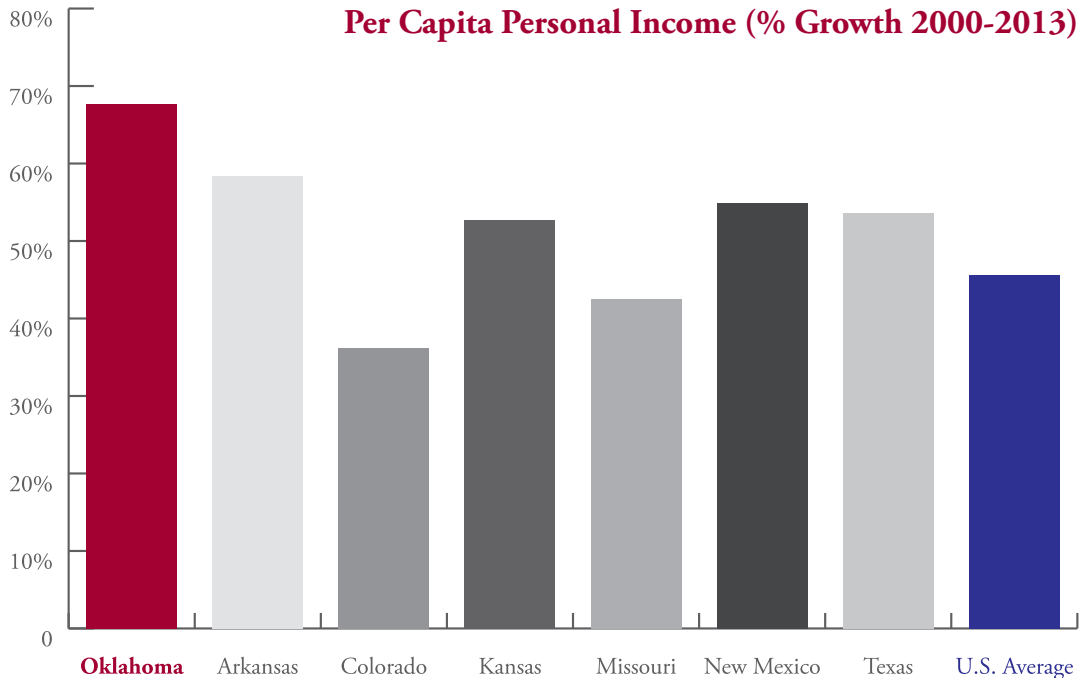
# OKLAHOMA'S PER CAPITA PERSONAL INCOME IS ON THE RISE

## Per Capita Personal Income (2000-2013)

Rank	State	% Change from 2000	2013	Rank
<b>4</b>	<b>Oklahoma</b>	<b>67.67%</b>	<b>\$41,586</b>	<b>28</b>
13	Arkansas	58.40%	\$36,086	45
16	New Mexico	54.95%	\$36,284	42
17	Texas	53.67%	\$43,552	25
20	Kansas	52.68%	\$43,916	24
	United States	45.63%	\$44,543	
35	Missouri	42.46%	\$39,897	33
46	Colorado	36.18%	\$46,610	16



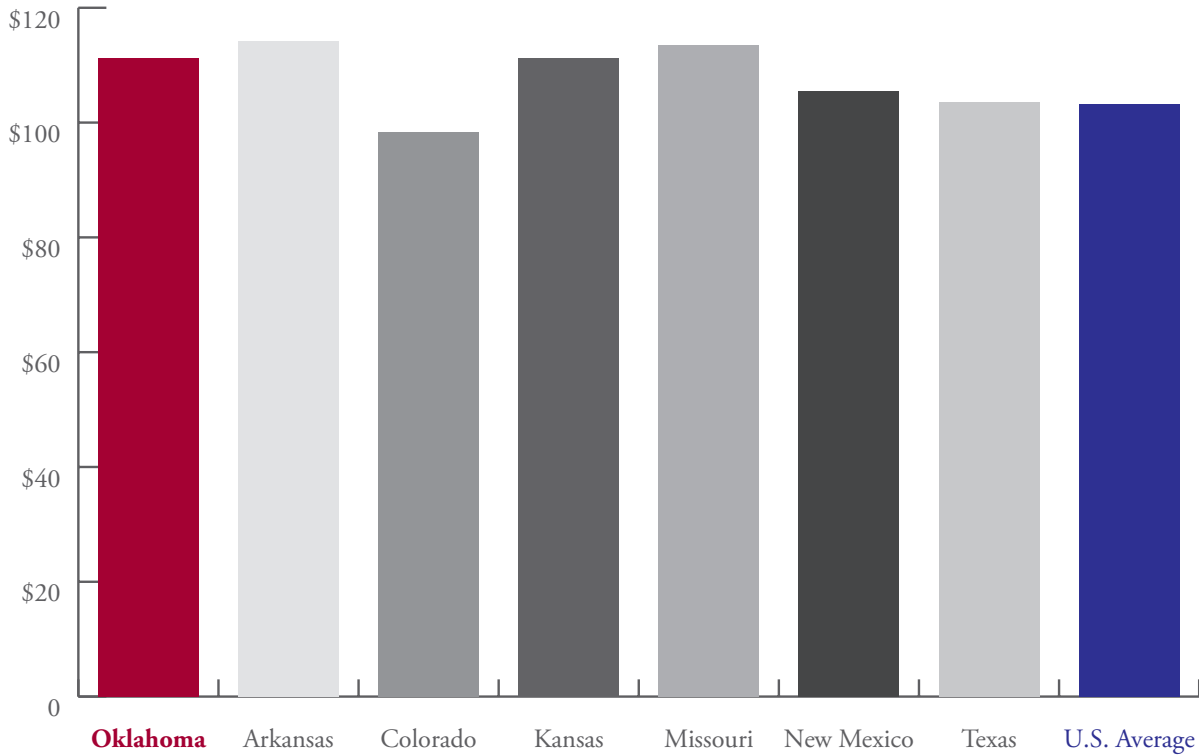
While increasing at a higher rate, Oklahoma's personal per capita income has been consistently lower than the U.S. average since 2000. Oklahoma's largest jump came between 2007 and 2008 when our per capita personal income increased by 8.7% to \$37,648. Although our state saw a large drop the following year due to the effects of the 2008 recession, Oklahoma's per capita personal income has increased at a higher rate than every state in our region since 2000.



Source: U.S. Bureau of Economic Analysis

# \$100 WILL TAKE YOU FARTHER IN OKLAHOMA THAN IN MOST OTHER STATES

The Relative Value of \$100

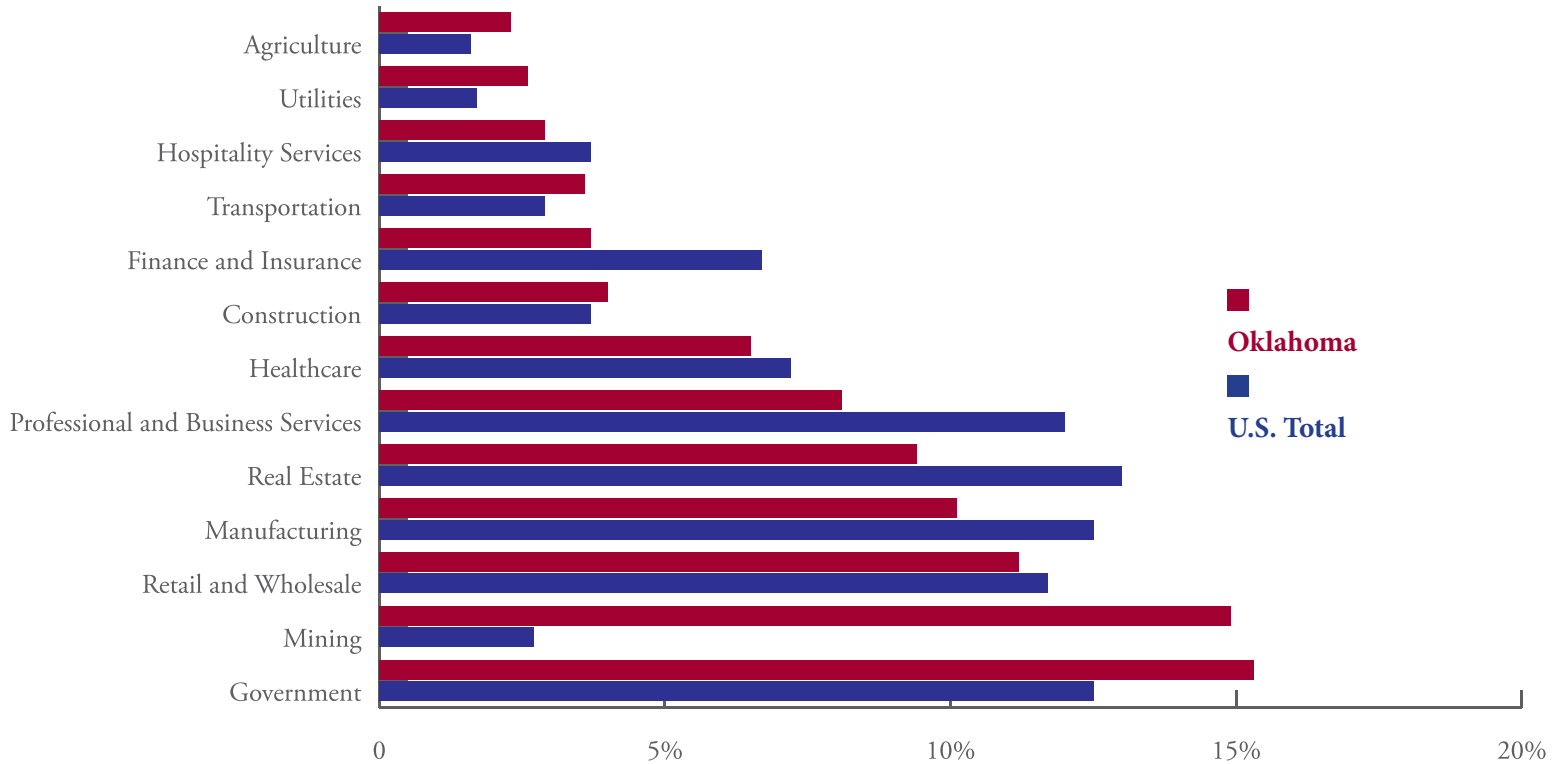


Oklahoma is a low-price state, which means that \$100 will buy what would cost \$111.23 in a state that is closer to the national average. In comparison to the District of Columbia, where \$100 is worth the least at \$84.60, Oklahoma's purchasing power is 32% greater.

Rank	State	Value of \$100
2	Arkansas	\$114.16
3	Missouri	\$113.51
10	Kansas	\$111.23
<b>10</b>	<b>Oklahoma</b>	<b>\$111.23</b>
24	New Mexico	\$105.49
26	Texas	\$103.63
	United States	\$103.15
38	Colorado	\$98.43

# OKLAHOMA'S LARGEST SECTORS: GOVERNMENT AND MINING

Industry GDP as a Percent of Oklahoma's Total GDP Compared to U.S. Total (2013)



Outside of government, Oklahoma's economy leans heavily on the mining, retail and wholesale, and manufacturing industries. Together, the three industries made up 36.2% of Oklahoma's total GDP in 2013.

The mining industry, which includes oil and gas, is a much more significant piece of the economy in Oklahoma than it is nationwide. This is due to Oklahoma being home to the second largest concentration of oil and gas activity in the United States. While oil and gas firms account for only 3.2% of all business establishments in Oklahoma, they hire five percent of wage and salary workers and generate 13.5% of total earnings statewide.

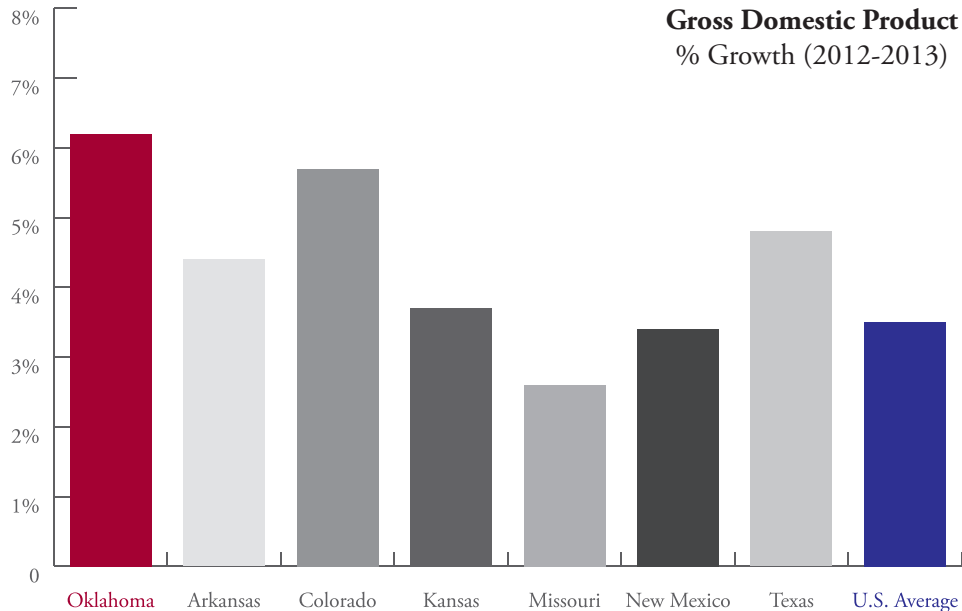
Source: U.S. Bureau of Economic Analysis; State Chamber of Oklahoma Research Foundation (*Economic Assessment of Oil and Gas Tax Policy in Oklahoma*)



# OKLAHOMA'S PERCENT GROWTH IN GDP OUTPACED THE REGION AND MOST OF THE NATION

Overall Rank	State	% Change (2012-2013)	2013 State GDP (in millions)	% of US GDP	Rank
<b>6</b>	<b>Oklahoma</b>	<b>6.2%</b>	<b>\$182,086</b>	<b>1.1%</b>	<b>27</b>
9	Colorado	5.7%	\$294,443	1.8%	18
11	Texas	4.8%	\$1,532,623	9.2%	2
14	Arkansas	4.4%	\$124,218	0.7%	34
23	Kansas	3.7%	\$144,062	0.9%	31
	United States	3.5%	\$16,701,415	100.0%	
27	New Mexico	3.4%	\$92,245	0.6%	36
38	Missouri	2.6%	\$276,345	1.7%	19

Oklahoma's gross domestic product increased 6.2% from 2012 to 2013. The two industries that showed the greatest growth in GDP during this time period are the agriculture, forestry, fishing and hunting industry (36.7%) and the mining industry (24.4%).



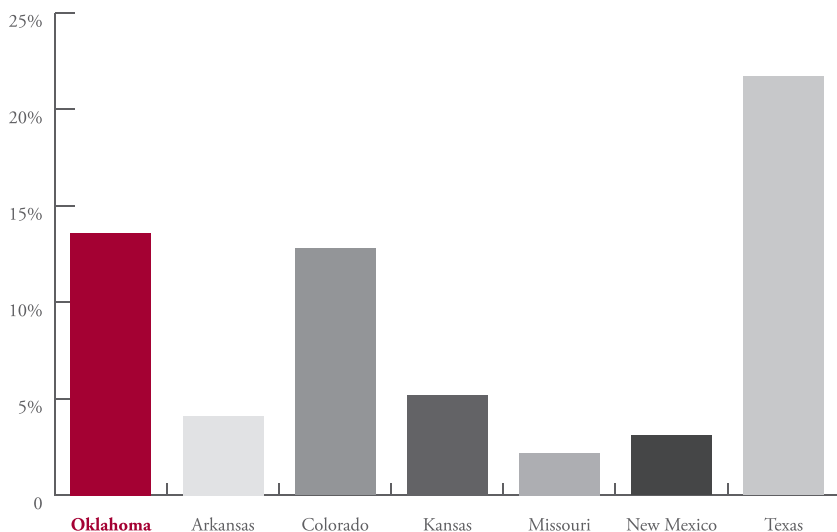
# THE NUMBER OF NON-AGRICULTURAL JOBS IN OKLAHOMA HAS SEEN GREAT GROWTH

## Non-Agricultural Employment Growth 10-Years (April 2004 – April 2014)

Overall Rank	State	% Growth	April 2004*	April 2014*	Jobs Added (Lost)	Rank
2	Texas	21.7%	9,445.5	11,494.8	2,049,300	1
<b>5</b>	<b>Oklahoma</b>	<b>13.6%</b>	<b>1,463.1</b>	<b>1,661.9</b>	<b>198,800</b>	<b>13</b>
6	Colorado	12.8%	2,149.9	2,424.9	275,000	7
26	Kansas	5.2%	1,319.0	1,388.0	69,000	24
33	Arkansas	4.1%	1,149.1	1,196.2	47,100	32
35	New Mexico	3.1%	787.0	811.2	24,200	40
38	Missouri	2.2%	2,721.4	2,780.4	59,000	27

\*Amount in thousands

## Non-Agricultural Job Growth (2004-2014)



In the ten year span from April 2004 to April 2014, Oklahoma added 198,800 non-agricultural jobs. Fifteen percent of those jobs have been added since April 2013. The ten year growth can partly be attributed to growth in the energy industry. Oklahoma oil and gas companies created 29,000 new wage and salary jobs between 2002 and 2012.

Oil and gas firms are not the only businesses adding jobs in Oklahoma. With companies like Boeing, NORDAM, and Macy's planning to bring more jobs to Oklahoma, we will continue to see an increase in the number of non-agricultural jobs.

**Source:** U.S. Bureau of Labor Statistics (State Employment Data); State Chamber of Oklahoma Research Foundation (*Economic Assessment of Oil and Gas Tax Policy in Oklahoma*)

# Oklahoma Infrastructure Fast Facts



22,912 Bridges



5,828 Deficient Bridges



112,821 Miles of Public Roads



933 Miles of Interstate



47,872,000,000 Miles Traveled on Oklahoma's Roads in 2012



3,273 Freight Railroad Miles



140 Public Use Airports



5 Military Installations



## Largest Export

Civilian aircraft, engines, and parts – 8.6% of Oklahoma's total exports in 2013



## Largest Import

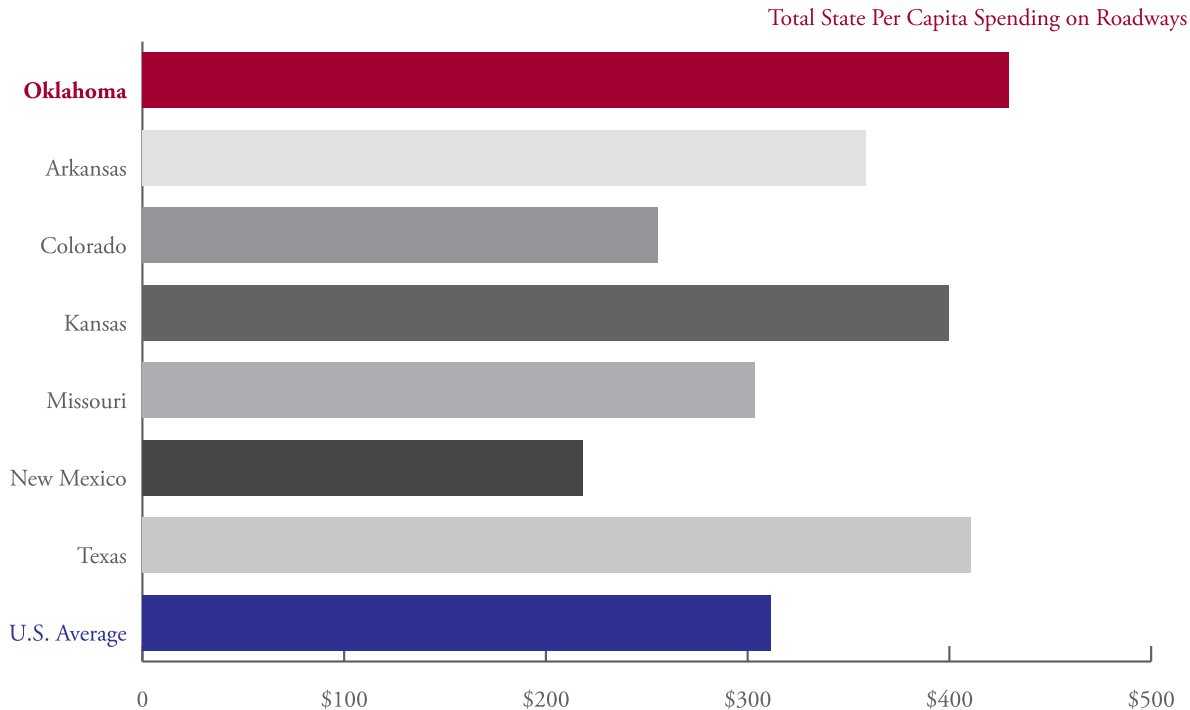
Crude oil from petroleum and bituminous miner – 37.8% of Oklahoma's total imports in 2013

# OKLAHOMA'S ROADS AND BRIDGES CONTINUE TO NEED IMPROVEMENT

## State Expenditures on Roadways (2012)

Rank	State	Total Per Capita	Capital Per Capita	Rank	Maintenance Per Capita	Rank
<b>14</b>	<b>Oklahoma</b>	<b>\$429.36</b>	<b>\$374.90</b>	<b>11</b>	<b>\$54.46</b>	<b>31</b>
15	Texas	\$410.59	\$328.86	15	\$81.73	17
16	Kansas	\$399.68	\$349.17	14	\$50.51	34
20	Arkansas	\$358.67	\$269.17	25	\$89.50	14
	<b>United States</b>	<b>\$311.73</b>	<b>\$242.19</b>		<b>\$69.54</b>	
32	Missouri	\$303.73	\$226.81	33	\$76.92	21
39	Colorado	\$255.59	\$175.21	44	\$80.38	18
46	New Mexico	\$218.19	\$212.65	37	\$5.54	50

While Oklahoma still spends more dollars per capita on roadways than the other six states in our region, from 2011 to 2012, our state's expenditures on roadways dropped almost \$100 per capita.



# CHAPTER 2

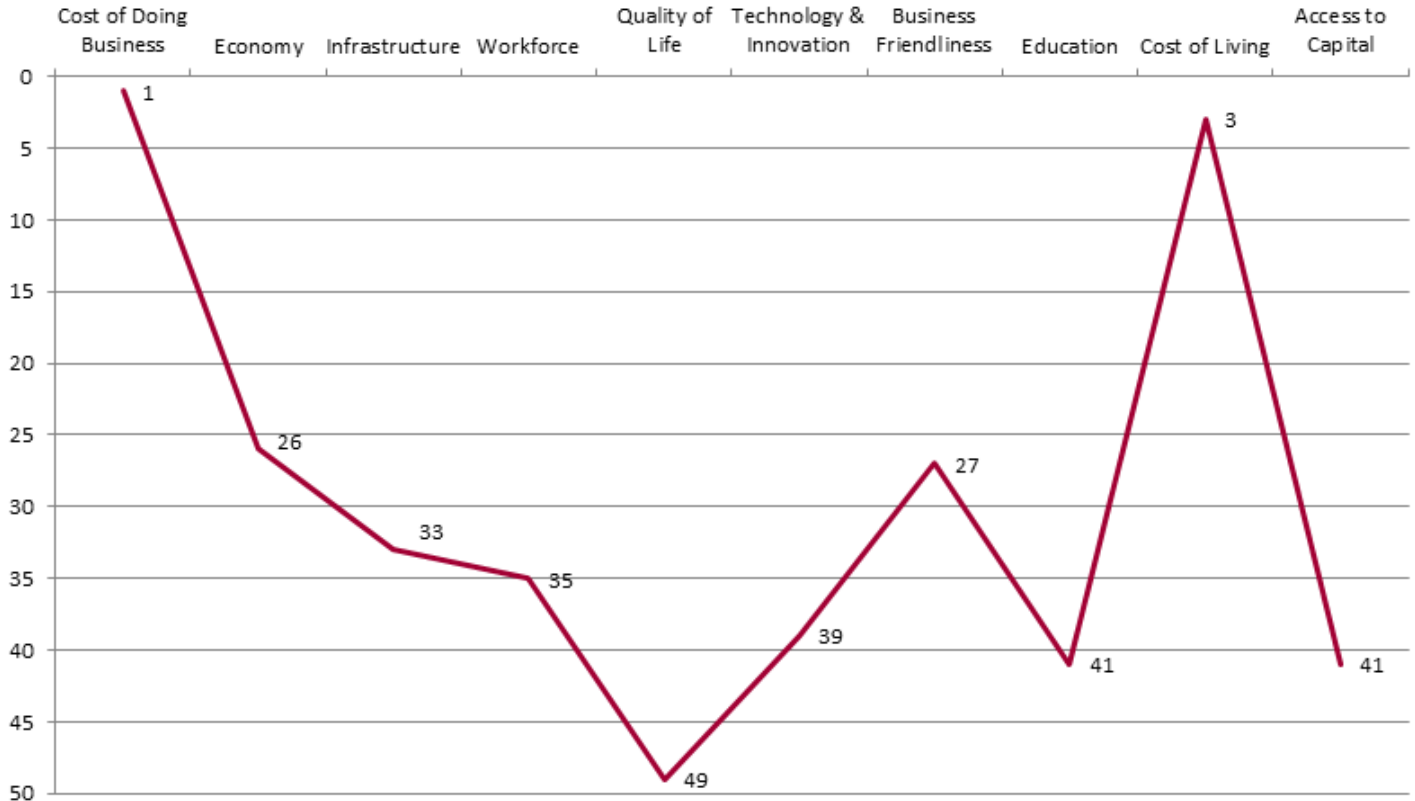
## BUSINESS CLIMATE

Oklahoma continues to be an attractive place for business, as our state provides a more competitive business climate than in the past. While we have improved, more work must be done. This year's ACE Book includes several indicators that could prevent Oklahoma from being competitive with other states, unless we do something to correct them soon.



# OKLAHOMA'S BUSINESS RANKINGS 2014

The graph below shows how Oklahoma ranks in the measures reported in the following CNBC report. Oklahoma moved up one spot to number one this year in the cost of doing business category, but declined overall due to poor air quality, health and education.



# AMERICA'S TOP STATES FOR BUSINESS 2014 (1-25)

Overall Rank	State	Cost of Doing Business	Economy	Infrastructure	Workforce	Quality of Life	Technology & Innovation	Business Friendliness	Education	Cost of Living	Access to Capital
1	Georgia	30	3	1	1	32	16	14	32	22	11
2	Texas	23	1	1	11	37	2	20	27	18	5
3	Utah	16	6	28	12	15	18	4	46	20	1
4	Nebraska	10	11	18	16	8	40	3	19	21	35
5	North Carolina	23	4	21	4	34	12	19	33	14	17
6	Minnesota	38	5	5	30	4	11	15	12	28	11
7	Washington	34	2	17	24	6	4	23	25	38	9
8	Colorado	35	8	29	5	12	9	16	28	34	1
8	Virginia	30	29	19	10	22	10	5	9	32	19
10	North Dakota	22	7	10	8	5	49	7	22	12	45
11	South Dakota	6	20	31	6	10	50	2	30	16	26
12	Iowa	7	18	25	37	20	29	9	22	12	49
13	Arizona	28	15	8	2	27	19	16	50	27	5
14	Tennessee	13	14	4	6	50	28	18	39	9	33
15	Kansas	26	31	8	13	25	27	11	14	24	41
16	Idaho	8	42	34	8	16	41	6	45	11	21
17	Wisconsin	26	22	10	40	24	20	25	10	23	37
18	Ohio	15	15	6	46	43	17	33	15	15	29
19	Indiana	21	30	7	27	44	25	11	15	7	37
20	Florida	37	11	27	3	28	12	35	38	31	7
21	Wyoming	18	41	12	18	16	46	8	12	33	35
22	Oregon	33	10	23	39	13	22	26	39	37	15
23	Missouri	11	15	13	44	48	24	29	20	18	39
24	South Carolina	9	13	14	25	40	30	34	43	10	41
25	Massachusetts	46	19	45	20	7	5	21	3	45	9

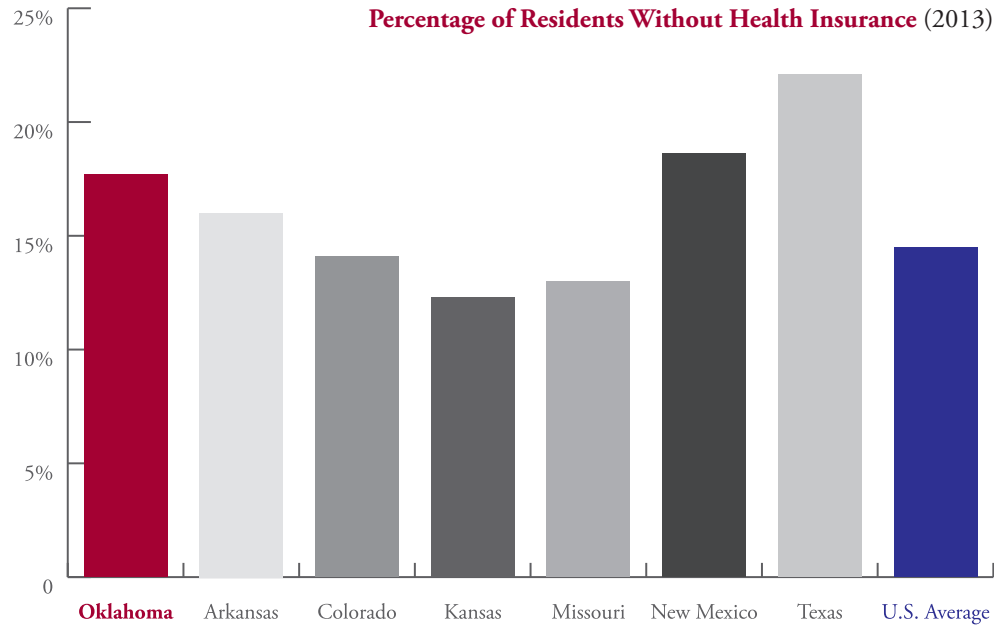
# AMERICA'S TOP STATES FOR BUSINESS 2014 (26-50)

Overall Rank	State	Cost of Doing Business	Economy	Infrastructure	Workforce	Quality of Life	Technology & Innovation	Business Friendliness	Education	Cost of Living	Access to Capital
26	Michigan	31	28	16	15	45	14	32	34	17	23
27	Illinois	40	36	3	32	30	5	41	15	29	14
<b>28</b>	<b>Oklahoma</b>	<b>1</b>	<b>26</b>	<b>33</b>	<b>35</b>	<b>49</b>	<b>39</b>	<b>27</b>	<b>41</b>	<b>3</b>	<b>41</b>
29	Nevada	25	21	19	14	35	35	22	49	30	15
<b>30</b>	<b>Arkansas</b>	<b>2</b>	<b>25</b>	<b>35</b>	<b>19</b>	<b>41</b>	<b>44</b>	<b>45</b>	<b>37</b>	<b>2</b>	<b>39</b>
30	New Hampshire	32	33	48	41	3	26	13	10	43	19
32	California	48	9	24	36	23	1	48	26	47	1
33	Montana	12	38	25	46	11	45	42	21	25	27
34	Alabama	4	40	21	20	46	31	38	47	7	45
35	Maryland	45	24	39	20	26	7	42	7	41	27
36	Mississippi	4	26	31	17	38	47	49	48	6	31
<b>37</b>	<b>New Mexico</b>	<b>17</b>	<b>43</b>	<b>15</b>	<b>30</b>	<b>33</b>	<b>32</b>	<b>47</b>	<b>36</b>	<b>26</b>	<b>23</b>
38	Delaware	36	32	44	34	29	23	1	24	36	44
39	Kentucky	14	46	29	29	42	37	36	35	1	47
40	Louisiana	3	44	36	26	47	36	39	44	4	47
40	New York	50	34	38	43	21	3	29	1	50	4
42	Vermont	41	23	49	50	2	37	31	2	40	31
43	New Jersey	43	47	47	23	18	15	37	4	44	11
44	Pennsylvania	42	37	37	48	35	8	39	6	35	17
45	Maine	29	48	46	41	8	43	28	8	38	29
46	Connecticut	47	49	42	32	14	21	24	5	48	7
47	Alaska	39	50	41	27	30	42	10	30	46	21
48	West Virginia	18	39	40	44	39	48	50	28	5	49
49	Hawaii	49	34	43	49	1	33	44	42	49	33
50	Rhode Island	43	44	50	38	19	34	45	18	42	23



# THE PERCENTAGE OF UNINSURED OKLAHOMANS REMAINS HIGH

The number of uninsured Oklahomans has increased by 0.3% since 2000. While this rate is the third best among states in our region, only six states nationwide have a larger percentage of uninsured residents.



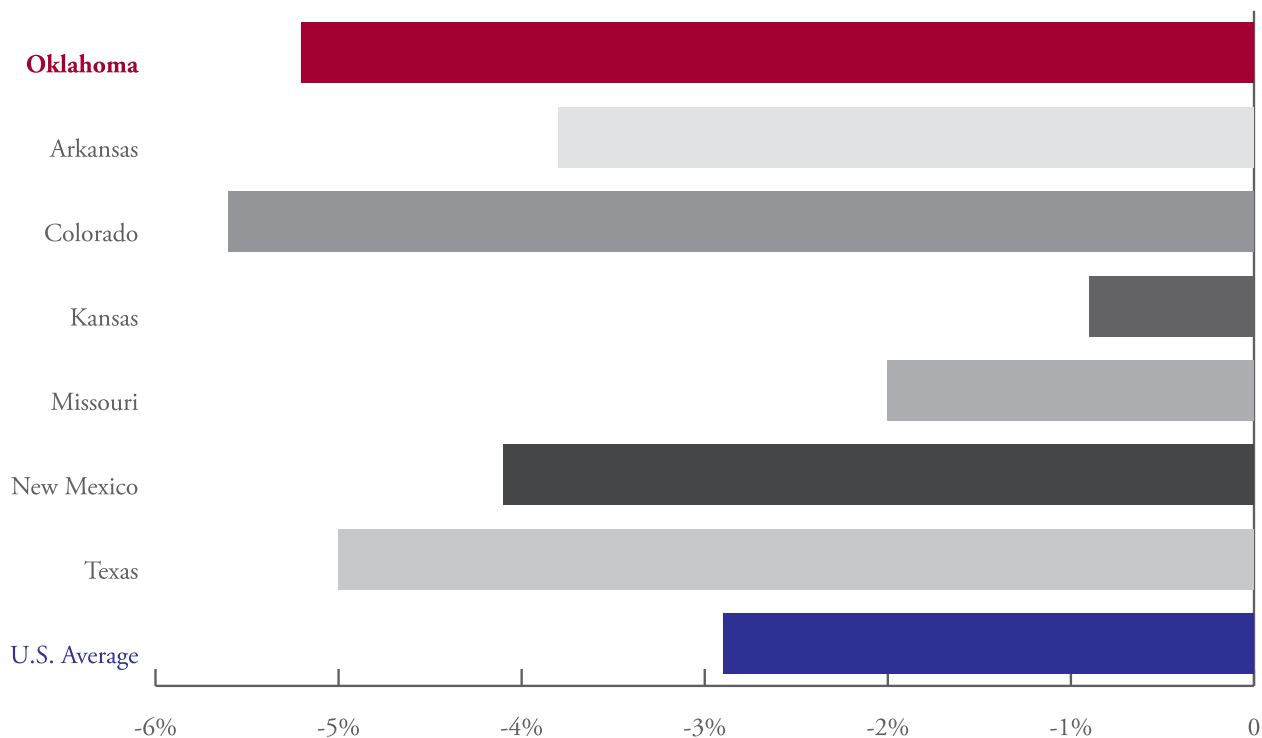
Rank	State	% Uninsured (2013)	% Uninsured (2000)	Rank (2000)	% Change (2000-2013)	Rank (% Change)
20	Kansas	12.3	9.6	16	2.7	33
23	Missouri	13.0	8.6	13	4.4	46
32	Colorado	14.1	12.9	32	1.2	28
	United States	14.5	13.1		1.4	
37	Arkansas	16.0	14.1	37	1.9	30
<b>44</b>	<b>Oklahoma</b>	<b>17.7</b>	<b>17.4</b>	<b>46</b>	<b>0.3</b>	<b>12</b>
46	New Mexico	18.6	23.0	50	-4.4	1
50	Texas	22.1	22.0	49	0.1	10

# THE PERCENTAGE OF PRIVATELY INSURED OKLAHOMANS WITH EMPLOYMENT BASED INSURANCE SIGNIFICANTLY DECLINED FROM 2012 TO 2013

Between 2012 and 2013, the percentage of privately insured Oklahomans with employment-based insurance decreased 5.2%. Only ten other states had larger declines.

Rank	State	2013	2012	2012-2013 Difference	Rank
17	Texas	84.2%	89.2%	-5.0%	39
	United States	83.0%	85.9%	-2.9%	
26	Missouri	82.0%	84.0%	-2.0%	20
30	New Mexico	81.5%	85.6%	-4.1%	36
<b>36</b>	<b>Oklahoma</b>	<b>80.4%</b>	<b>85.6%</b>	<b>-5.2%</b>	<b>40</b>
41	Arkansas	79.5%	83.3%	-3.8%	33
42	Colorado	78.8%	84.4%	-5.6%	43
44	Kansas	78.5%	79.4%	-0.9%	12

Percentage of Privately Insured Persons with Employment-Based Insurance (2012-2013 Difference)



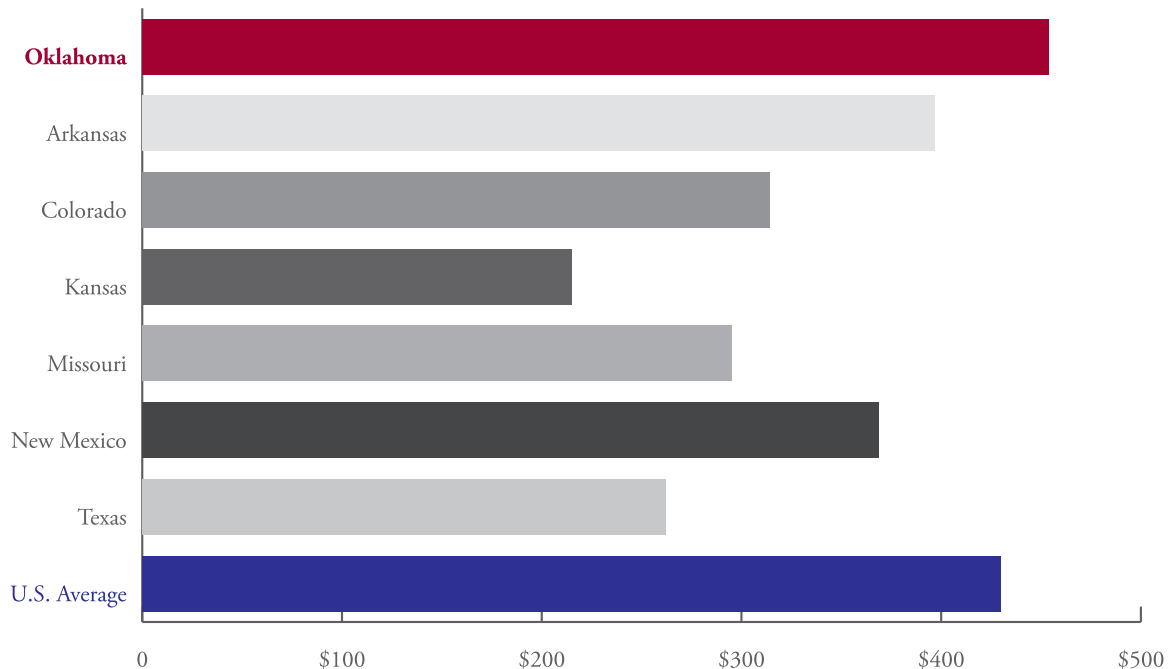
# OKLAHOMA'S UNEMPLOYMENT INSURANCE TAXES HAVE DECLINED

Between 2012 and 2013, Oklahoma's unemployment insurance taxes on average, full-time employees decreased by \$20. Even though our unemployment insurance tax was the highest in the region in 2013, our state is considered to have the least damaging UI tax system in the nation due to having a rate structure with low minimum and maximum rates and a federal level wage base.

## Unemployment Insurance Taxes (2013)

Overall Rank	State	Tax on Average Full-Time Employee	Tax Rate	Taxable Wage Base
<b>22</b>	<b>Oklahoma</b>	<b>\$454</b>	<b>2.26</b>	<b>\$20,100</b>
	United States	\$430	3.31	\$12,992
23	Arkansas	\$397	3.31	\$12,000
27	New Mexico	\$369	1.61	\$22,900
33	Colorado	\$314	2.78	\$11,300
35	Missouri	\$295	2.27	\$13,000
39	Texas	\$262	2.91	\$9,000
46	Kansas	\$215	2.69	\$8,000

## UI Tax on Average Full-Time Employee



Source: U.S. Department of Labor, Employment and Training Administration (*UI Data Summary*); Tax Foundation (*2015 State Business Tax Climate Index*)

# OKLAHOMA'S WORKERS' COMPENSATION COSTS ARE THE HIGHEST IN OUR REGION

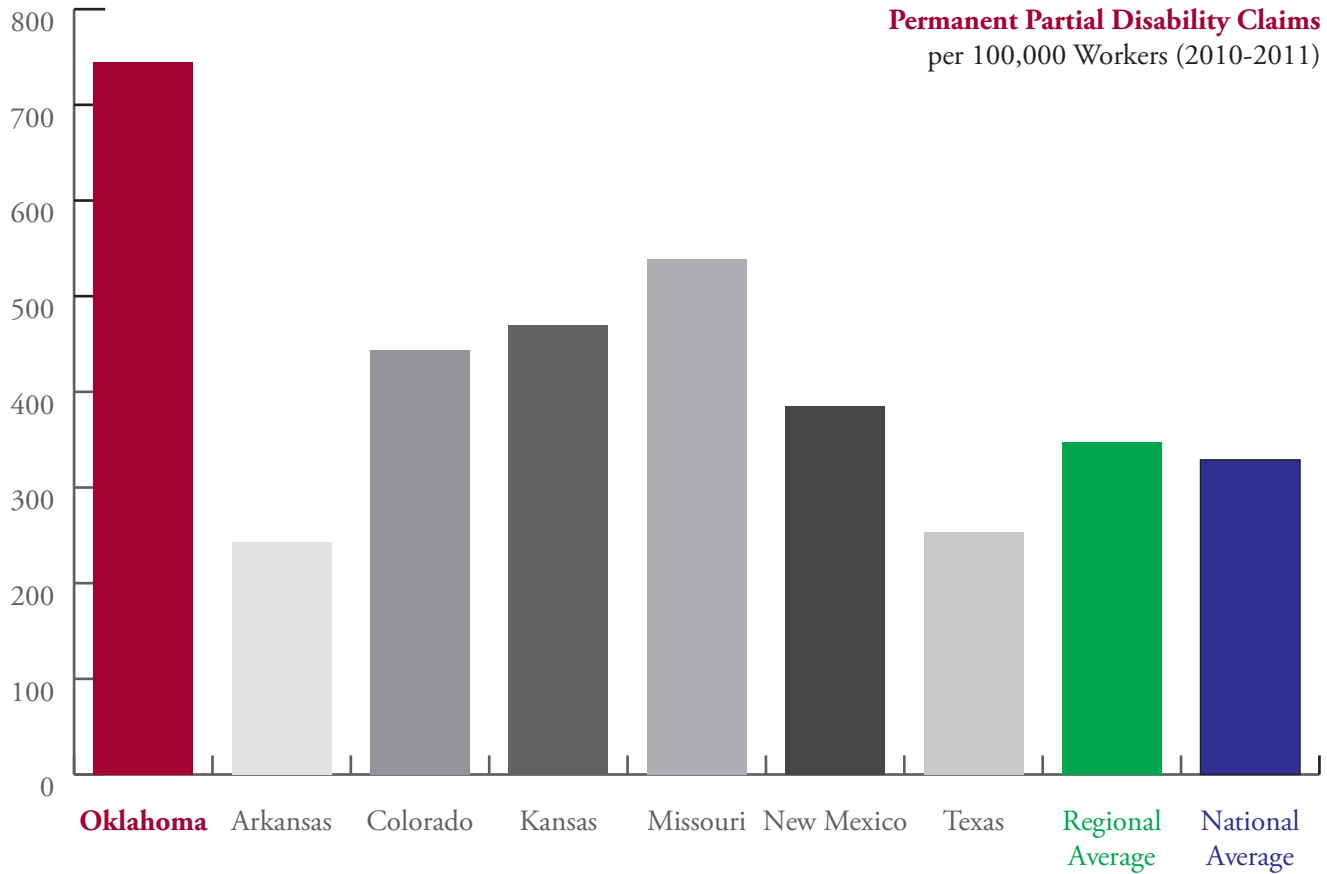
Rank	State	\$ Per Covered Worker	% of Covered Wages	Rank
1	Washington	\$840.31	1.63%	3
2	Alaska	\$797.55	1.61%	4
3	California	\$783.95	1.38%	7
4	West Virginia	\$701.87	1.81%	1
5	New York	\$640.07	1.02%	19
<b>6</b>	<b>Oklahoma</b>	<b>\$622.08</b>	<b>1.52%</b>	<b>5</b>
7	Montana	\$605.17	1.67%	2
8	Wyoming	\$598.91	1.36%	8
9	New Jersey	\$594.75	1.02%	19
10	Connecticut	\$550.73	0.89%	30
11	Maine	\$541.76	1.43%	6
12	Delaware	\$541.50	1.05%	16
13	Pennsylvania	\$533.21	1.11%	11
14	South Carolina	\$529.17	1.36%	8
15	Vermont	\$504.98	1.25%	10
16	Illinois	\$488.07	0.94%	25
17	Louisiana	\$469.36	1.09%	14
18	Iowa	\$445.01	1.11%	11
19	Hawaii	\$436.61	1.05%	16
20	Wisconsin	\$434.43	1.04%	18
21	Ohio	\$428.84	0.98%	21
22	New Mexico	\$422.49	1.07%	15
23	Florida	\$415.07	0.97%	22
24	Maryland	\$410.81	0.79%	37
25	Oregon	\$409.77	0.93%	26
26	Rhode Island	\$402.87	0.88%	31

Rank	State	\$ Per Covered Worker	% of Covered Wages	Rank
27	Minnesota	\$401.88	0.82%	34
28	Georgia	\$399.18	0.87%	32
29	Idaho	\$396.55	1.11%	11
30	Colorado	\$384.15	0.77%	40
31	Kentucky	\$383.70	0.96%	23
32	North Carolina	\$383.02	0.90%	28
33	Alabama	\$382.84	0.93%	26
34	New Hampshire	\$378.55	0.79%	37
35	North Dakota	\$378.53	0.83%	33
36	Nebraska	\$350.28	0.90%	28
37	Missouri	\$344.52	0.82%	34
38	Nevada	\$336.41	0.78%	39
39	Mississippi	\$333.54	0.95%	24
40	Kansas	\$330.06	0.81%	36
41	Tennessee	\$320.86	0.74%	41
42	Michigan	\$316.02	0.68%	42
43	Massachusetts	\$306.84	0.51%	49
44	Arizona	\$300.05	0.67%	44
45	Virginia	\$272.36	0.54%	47
46	Utah	\$248.61	0.61%	45
47	South Dakota	\$242.61	0.68%	42
48	Indiana	\$225.83	0.55%	46
49	Texas	\$203.17	0.40%	50
50	Arkansas	\$195.94	0.52%	48
	District of Columbia	\$195.62	0.26%	
	<b>United States</b>	<b>\$464.34</b>	<b>0.95%</b>	

From 2011 to 2012, Oklahoma's workers' compensation benefits per covered worker increased by \$11.67. However, workers' compensation costs are expected to decline as of January 1, 2015, because Oklahoma's overall loss cost rate will drop by 7.8%. This will allow businesses to pay less in workers' compensation insurance costs in 2015 than they did in previous years. The National Council on Compensation Insurance expects goods and services to be the industry in Oklahoma with the largest average loss cost change at -9.6%.

**Source:** National Academy of Social Insurance; National Council on Compensation Insurance; Oklahoma State Advisory Forum 2014

# OKLAHOMA HAS MORE PERMANENT PARTIAL DISABILITY CLAIMS THAN EVERY STATE IN OUR REGION



Even though the most recently released data shows that Oklahoma experienced 745 claims for Permanent Partial Disability (PPD) for every 100,000 workers from June 2010 to May 2011, we expect to see those numbers drop substantially in the near future due to the passage of Senate Bill 1062 in 2013.

# CHAPTER 3

## TAXATION & BUSINESS

Business taxes are an important part of every state's tax code. In 2013, businesses in Oklahoma paid \$7 billion in total state and local taxes. Most of the taxes collected were not from the corporate income tax, which is commonly misconceived as the only tax cost for businesses. There are many other taxes that businesses have to pay, including property taxes and excise taxes. Oklahoma's largest portion of taxes paid by businesses came in the form of sales taxes in 2013, while businesses nationwide paid the largest portion of their taxes in property taxes.



# SNAPSHOT OF OKLAHOMA'S TAXES

Compared to other states, many of Oklahoma's tax rates rank in the bottom 25 of the 50 states. Twenty-nine states have a higher top individual income tax rate, and 33 states have a higher corporate tax rate. The only tax rate where Oklahoma ranks near the top is our combined state and average local sales tax rate.

Note: For all rankings on this page, 1 indicates the highest among the 50 states.

Individual Income Tax	
Number of brackets	7
Top income tax rate	5.25%
Top bracket kick-in	\$8,700
Bottom income bracket rate	0.50%
Bottom bracket kick-in	\$0
Collections per capita	\$730
Collections rank	32

Excise Taxes	Rate	Rank
Gasoline taxes and fees	\$0.17 per gallon	47
Cigarette taxes	\$1.03 per pack	30
Spirits taxes	\$5.56 per gallon	25
Beer taxes	\$0.40 per gallon	15
Cell phone taxes	9.87%	25

Sales Tax	
State rate	4.50%
State + average local rate	8.72%
State + average local rank	5
Collections per person	\$1,039
Collections rank	17

Property Tax	
Collections per capita	\$590
Collections rank	49
Property taxes paid as share of owner-occupied housing value	0.84%
Property taxes paid rank	30

Corporate Income Tax	
Number of brackets	1
Corporate tax rate	6%
Collections per capita	\$117
Collections rank	28

Other Taxes	Rate
Gross receipts tax	None
Capital stock tax	0.125%
Inheritance tax	None
Estate tax	None

General Info		Rank	National Average
Income per capita	\$40,620	28	\$43,735
Federal aid as % of general revenue	36.2%	14	32.8%
State debt per capita	\$2,626	33	\$3,678

# OKLAHOMA BUSINESS TAX CLIMATE RANKS BELOW MOST NEIGHBORING STATES

Oklahoma's business tax climate falls behind competing states like Texas and Missouri due to a high sales tax rate and a low top bracket kick-in for the top individual income tax rate. We rank 38th in the sales tax category due to a high local option sales tax of 4.26%.

Oklahoma remains competitive in some categories by having the least damaging unemployment insurance taxes in the nation and a single-rate corporate income tax system with a comparatively low rate of six percent. Our state also scores high in the property tax category as a result of having a low effective property tax rate of 1.56% and collecting less in property taxes per capita than 48 other states.

**Note:** 1 is best, 50 is worst.

**Source:** Tax Foundation  
(2015 State Business Tax Climate Index)

	Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Unemployment Insurance Tax Rank	Property Tax Rank
Wyoming	1	1	1	13	34	35
South Dakota	2	1	1	35	41	18
Nevada	3	1	1	39	43	9
Alaska	4	30	1	5	24	32
Florida	5	14	1	12	3	16
Montana	6	18	20	3	18	8
New Hampshire	7	48	9	2	44	43
Indiana	8	22	10	10	7	5
Utah	9	5	12	19	22	4
Texas	10	39	6	36	15	36
Washington	11	28	6	46	19	23
Oregon	12	36	31	4	30	15
Michigan	13	10	14	7	47	27
Delaware	14	50	33	1	2	13
Tennessee	15	15	8	47	26	37
North Carolina	16	25	15	33	11	29
Missouri	17	4	29	29	12	7
Mississippi	18	11	21	28	8	33
Idaho	19	21	24	22	46	3
Colorado	20	12	16	43	35	22
West Virginia	21	17	26	25	23	25
Kansas	22	38	18	30	9	28
Arizona	23	24	19	49	4	6
Massachusetts	24	37	13	21	48	45
North Dakota	25	19	36	20	16	2
Kentucky	26	29	30	11	45	17
Virginia	27	6	39	6	37	26
Alabama	28	27	23	41	25	10
Nebraska	29	31	25	27	13	39
Hawaii	30	9	37	15	28	12
Illinois	31	47	11	34	38	44
<b>Oklahoma</b>	<b>32</b>	<b>7</b>	<b>40</b>	<b>38</b>	<b>1</b>	<b>11</b>
Maine	33	45	22	9	42	40
Pennsylvania	34	46	17	24	50	42
Louisiana	35	23	27	50	6	24
Georgia	36	8	42	17	36	30
South Carolina	37	13	41	18	40	21
New Mexico	38	35	35	45	10	1
Arkansas	39	40	28	44	39	19
Maryland	40	16	45	8	21	41
Iowa	41	49	32	23	33	38
Connecticut	42	32	34	31	20	49
Wisconsin	43	33	43	14	27	31
Ohio	44	26	47	32	5	20
Rhode Island	45	43	38	26	49	47
Vermont	46	42	44	16	17	48
Minnesota	47	44	46	37	29	34
California	48	34	50	42	14	14
New York	49	20	49	40	31	46
New Jersey	50	41	48	48	32	50

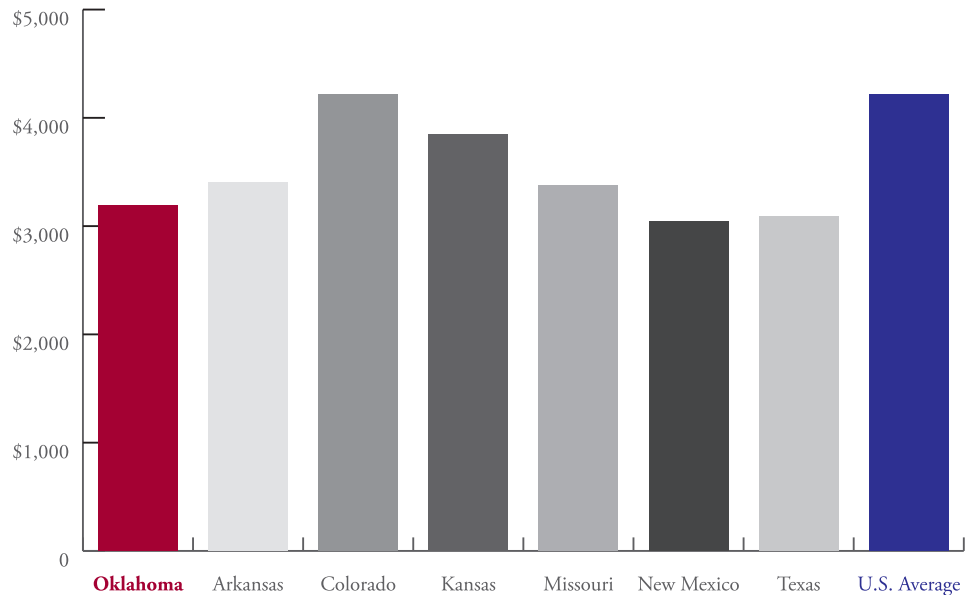


# OKLAHOMA'S PER CAPITA TAX BURDEN IS LOWER THAN MOST STATES

## 2011 Per Capita Tax Burden

A state's per capita tax burden accounts for taxes paid by residents to their home state and taxes paid to other states. States without a major tax are some of the least-burdened. Texas does not have a tax on wage income and has the lowest burden as a share of income in the region.

From 2010 to 2011, the U.S. average of state-local tax burdens as a share of income decreased from 10.2% to 9.8%. Oklahoma also saw a decrease from 9.0% to 8.5%. This correlates with Oklahoma's increase in per capita income during the same time period.



## State-Local Tax Burden 2011

Rank	State	2011 Per Capita Burden	As % of State Income	% of State Income Rank
6	New Mexico	\$3,044	8.6%	14
8	Texas	\$3,088	7.5%	4
<b>12</b>	<b>Oklahoma</b>	<b>\$3,187</b>	<b>8.5%</b>	<b>12</b>
19	Missouri	\$3,380	9.0%	18
21	Arkansas	\$3,405	10.3%	39
30	Kansas	\$3,849	9.4%	25
	United States	\$4,217	9.8%	
35	Colorado	\$4,220	9.0%	19

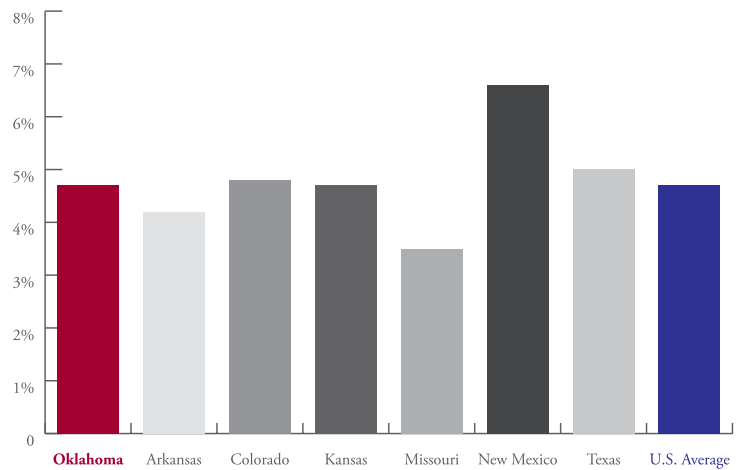
Source: U.S. Bureau of Economic Analysis; Tax Foundation (*Annual State-Local Tax Burden Rankings FY 2011*)

# OKLAHOMA BUSINESSES PAY HALF OF OUR STATE'S TAXES

State and local business taxes accounted for 49.8% of all taxes collected in Oklahoma in 2013. Out of the states in our region, only Texas and New Mexico collected a greater percentage of their taxes from businesses. The reason that Texas businesses pay such a large percentage of their state's taxes is because the state does not collect an individual income tax.

The graph shows the total effective business tax rate (TEBTR) imposed on businesses by state and local governments for the states in our region. The TEBTR, which is the ratio of state and local business taxes to private-sector gross state product (GSP), helps compare tax burdens across states, but it does not indicate the economic incidence of a tax. While businesses that reside in states with higher TEBTRs bear a larger initial tax burden than those in states with lower TEBTRs, they may be able to pass part of their tax burden on to consumers depending on how their state derives its business taxes. Oklahoma's TEBTR is the 22nd highest out of 50 at 4.7%, which is the same as the U.S. average.

**Total Effective Business Tax Rate (TEBTR)**



## Business Share of Total State and Local Taxes, FY2013

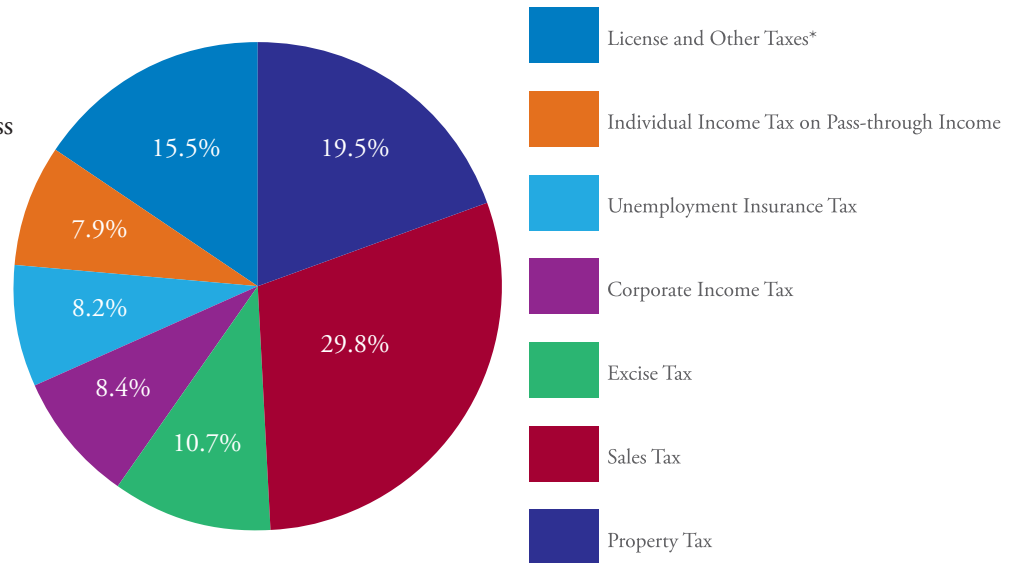
Rank	State	Business Share of Total State and Local Taxes	Business Share of State Taxes	Rank	Business Share of Local Taxes	Rank	Change from FY2012	Rank
4	Texas	63.5%	63.1%	4	63.9%	8	7.7%	3
6	New Mexico	58.6%	57.3%	8	61.8%	11	1.1%	43
<b>17</b>	<b>Oklahoma</b>	<b>49.8%</b>	<b>46.9%</b>	<b>14</b>	<b>55.8%</b>	<b>23</b>	<b>-0.2%</b>	<b>45</b>
19	Colorado	48.0%	36.3%	34	59.1%	17	4.9%	13
	United States	44.9%	40.6%		51.4%		4.3%	
29	Kansas	44.3%	34.8%	38	59.7%	15	-2.6%	47
38	Arkansas	40.9%	39.6%	27	47.0%	39	4.7%	17
40	Missouri	40.3%	32.5%	46	50.3%	34	1.8%	41

Source: Council on State Taxation (*Total State and Local Business Taxes: State-by-State Estimates for Fiscal Year 2013*)

# OKLAHOMA COLLECTED \$7 BILLION IN TOTAL STATE AND LOCAL BUSINESS TAXES IN 2013

## Composition of Oklahoma's State and Local Business Taxes, FY2013

Out of the seven states in our region, Oklahoma ranks in the middle of the pack in terms of state and local business tax collections. Out of the seven tax categories, Oklahoma collected the most from businesses through the sales tax (29.8%) and the least from businesses through the individual income tax on pass-through income (7.9%). The corporate income tax made up 8.4% of Oklahoma's total business taxes in fiscal year 2013.



\*Taxes categorized under "other" include death and gift taxes, documentary and stock transfer taxes, severance taxes and local gross receipts taxes.

State	Property Tax	Sales Tax	Excise Tax Including Public Utilities and Insurance	Corporate Income Tax	Unemployment Insurance Tax	Individual Income Tax on Business Income	License and Other Taxes	Total Business Taxes
Arkansas	\$1.0	\$1.5	\$0.5	\$0.4	\$0.4	\$0.3	\$0.3	\$4.4
Colorado	\$5.7	\$2.4	\$1.0	\$0.7	\$1.0	\$0.7	\$0.6	\$12.0
Kansas	\$2.4	\$1.6	\$0.5	\$0.4	\$0.4	\$0.2	\$0.2	\$5.8
Missouri	\$3.2	\$2.1	\$0.7	\$0.4	\$0.7	\$0.6	\$0.7	\$8.5
New Mexico	\$0.8	\$2.0	\$0.4	\$0.3	\$0.2	\$0.1	\$0.9	\$4.6
<b>Oklahoma</b>	<b>\$1.4</b>	<b>\$2.1</b>	<b>\$0.7</b>	<b>\$0.6</b>	<b>\$0.6</b>	<b>\$4.0</b>	<b>\$1.1</b>	<b>\$7.0</b>
Texas	\$28.0	\$18.5	\$7.6	--	\$2.8	--	\$11.2	\$68.0
United States	\$242.1	\$139.8	\$82.8	\$53.3	\$50.8	\$36.6	\$65.4	\$670.8

Source: Council on State Taxation (*Total State and Local Business Taxes: State-by-State Estimates for Fiscal Year 2013*)

## CHAPTER 4

# EDUCATION & WORKFORCE DEVELOPMENT

Oklahoma's education system is underperforming. We are lagging behind most states in terms of student achievement, education spending and teacher salaries. Consequently, our students are not ready for college or the workforce after they graduate from high school.

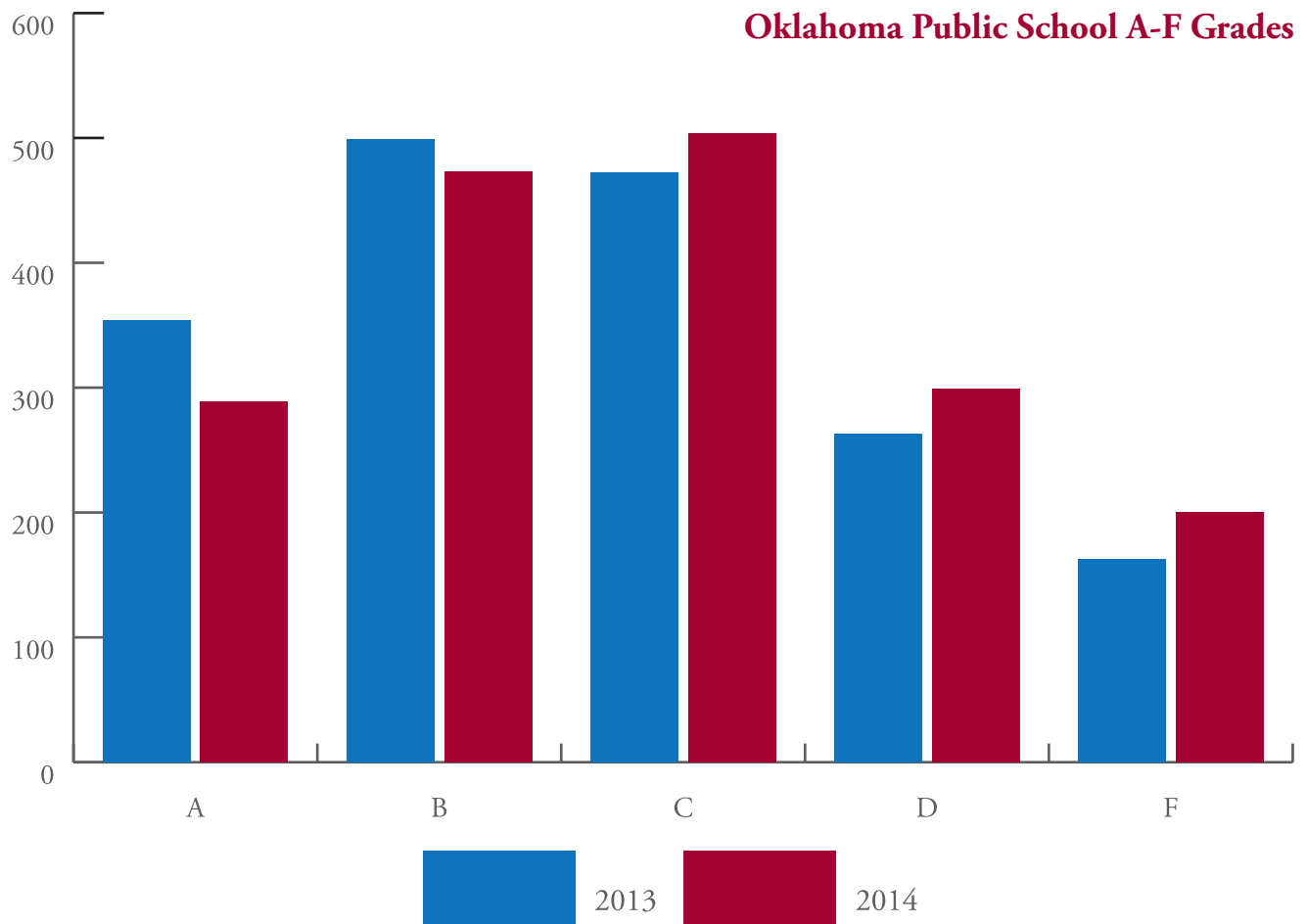
Workforce development needs to be more of a priority, and it starts with common education. Oklahoma must look at our education system as an early training ground for developing a workforce that will help our state thrive in the future.



# OKLAHOMA'S PUBLIC SCHOOLS ARE NOT MEETING EXPECTATIONS

Oklahoma is one of 15 states that currently uses an A-F grading system to rate its public schools. It is designed to show how students within a school are meeting or exceeding grade-level academic standards.

In 2014, more Oklahoma schools were given grades of "C", "D" and "F", while the number of schools given grades of "A" and "B" decreased. This is the second straight year that the number of schools given "D" and "F" grades has increased.

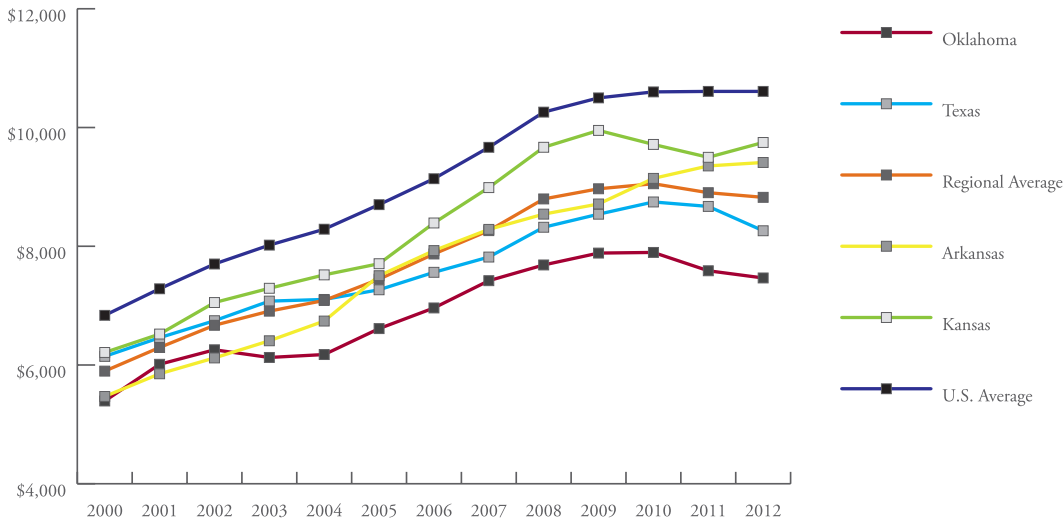


Source: Oklahoma State Department of Education; American Legislative Exchange Council

# OKLAHOMA SPENDS LESS MONEY ON EDUCATION THAN EVERY STATE IN OUR REGION

## State per Pupil Spending (2012)

2012 Regional Overall Rank		Total Spending	Instructional Spending		Administrative Spending	
1	United States	10,608	US	6,430	MO	298
2	Kansas	9,748	KS	6,040	KS	252
3	Missouri	9,436	MO	5,661	<b>OK</b>	<b>249</b>
4	Arkansas	9,411	AR	5,350	AR	224
5	New Mexico	8,899	NM	5,138	US	202
6	Colorado	8,548	CO	4,944	NM	188
7	Texas	8,261	TX	4,934	CO	143
<b>8</b>	<b>Oklahoma</b>	<b>7,466</b>	<b>OK</b>	<b>4,065</b>	TX	122



## Total per Pupil Spending (2000-2012)

While Oklahoma spent more per pupil in 2012 than 2000, per pupil spending declined from 2010 to 2012. This could be due to a 17.2% loss between 2011 and 2012 in federal education funds under the American Recovery and Reinvestment Act of 2009. This loss occurred because the federal government allowed most of the emergency fiscal relief aid to expire at the end of the 2011 fiscal year. While state-appropriated dollars for education have slightly increased since 2010, they have not increased enough to make up for the loss in federal funds.

Oklahoma has remained in last place for total spending per pupil in comparison to six regional states and the national average since 2000. **The only area that Oklahoma has outspent the national average is in administrative spending.**

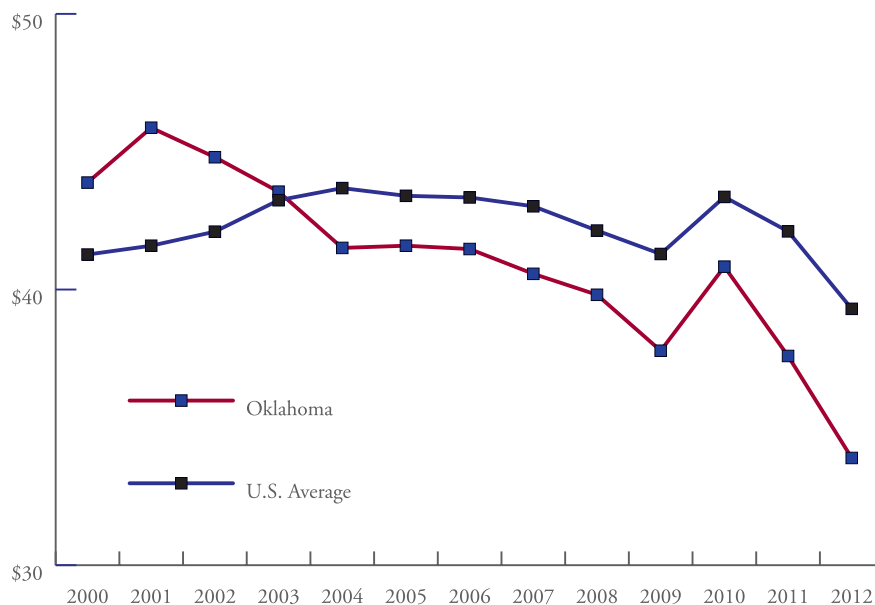
# OKLAHOMA'S EDUCATIONAL SPENDING IS LOWER THAN THE NATIONAL AVERAGE

## Educational Spending per \$1,000 of Personal Income (2012)

2012 Regional Overall Rank		Total Spending	Instructional Spending		Administrative Spending	
1	Arkansas	44.79	AR	25.48	MO	1.17
2	New Mexico	40.46	KS	24.30	<b>OK</b>	<b>1.12</b>
3	United States	39.30	US	24.02	AR	1.07
4	Kansas	39.21	NM	23.36	KS	1.01
5	Texas	37.99	TX	22.69	NM	0.85
6	Missouri	36.92	MO	22.15	US	0.74
7	<b>Oklahoma</b>	<b>33.89</b>	<b>OK</b>	<b>18.56</b>	TX	0.56
8	Colorado	31.91	CO	18.47	CO	0.53

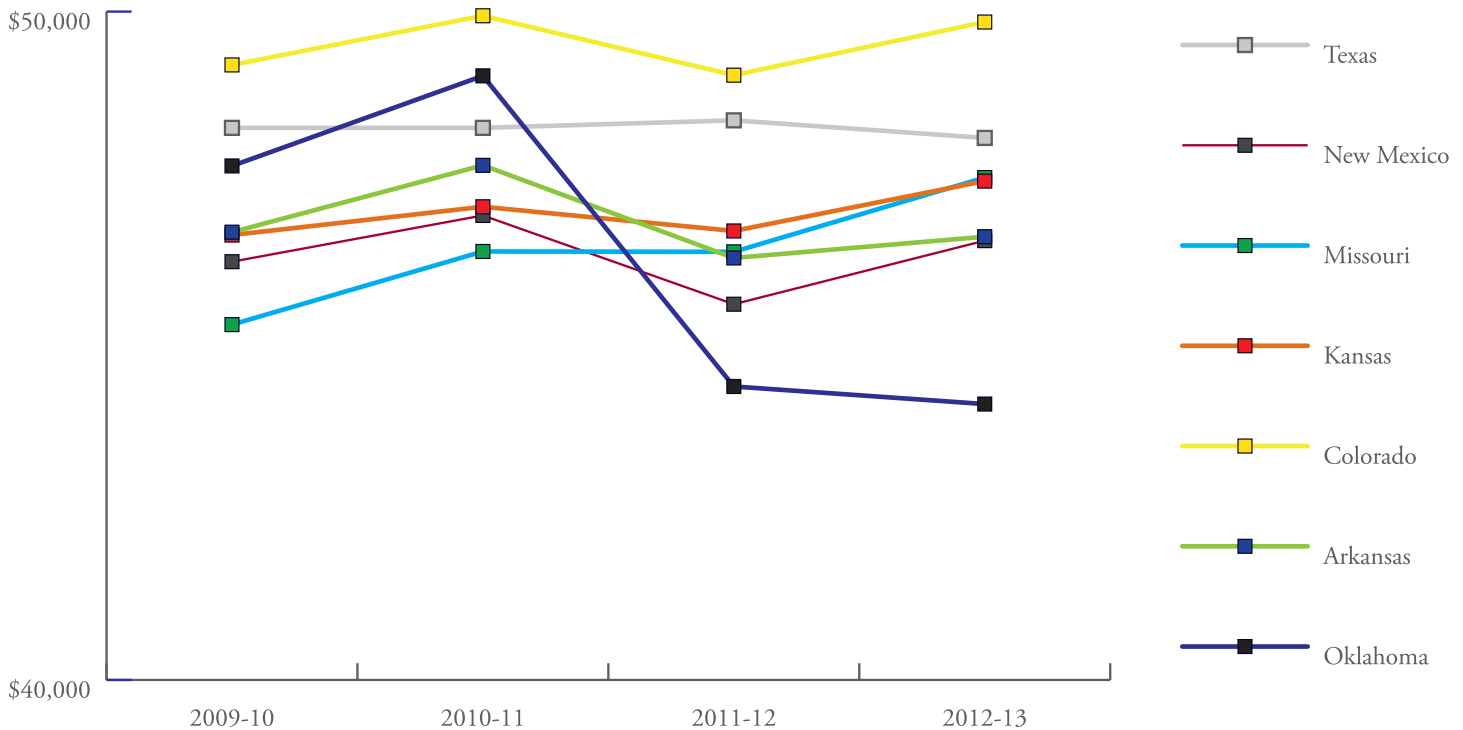
## Educational Spending per \$1,000 of Personal Income (2000-2012)

Oklahoma's total educational spending per \$1,000 of personal income has been consistently lower than the national average since 2003. This could be explained by the gradual increase in per capita personal income in Oklahoma since 2000.



# AVERAGE TEACHER PAY FOR THE REGION FALLS BELOW THE NATIONAL AVERAGE

## Average Annual Salary of Public School Teachers



## Average Annual Salary of Teachers in Public Elementary and Secondary Schools (2012-13)

Oklahoma's average annual salary of public school teachers dropped 10.5% between the 2010-11 and 2011-12 school years. The U.S. average only dropped 1.2% during the same time period. While the loss in federal funds coincides with this drop, it does not explain it because Oklahoma's state minimum teacher salary schedule did not change between the 2010-11 and 2011-12 school years.

Rank	State	Average Annual Salary
	United States	\$56,383
31	Colorado	\$49,844
37	Texas	\$48,110
40	Missouri	\$47,517
41	Kansas	\$47,464
44	Arkansas	\$46,632
45	New Mexico	\$46,573
<b>48</b>	<b>Oklahoma</b>	<b>\$44,128</b>

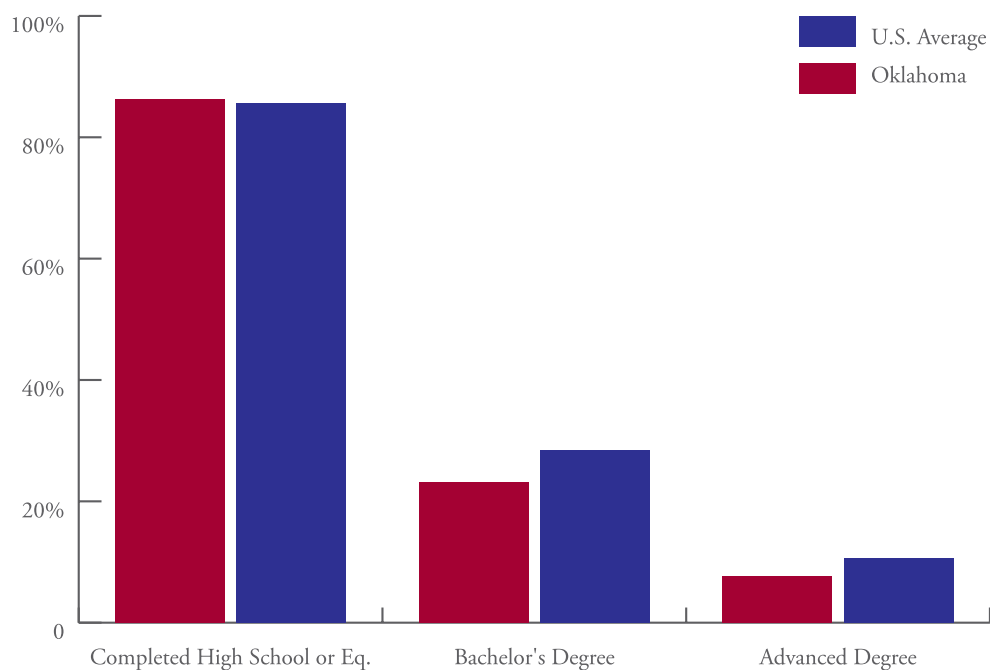


# FINISHING COLLEGE NEEDS TO BE MORE OF A PRIORITY IN OKLAHOMA

## Educational Attainment of Population 25 and Older (2012)

		Bachelor's Degree	Completed High School (or Eq.)		Advanced Degree	
Rank	Region	%	%	Rank	%	Rank
2	Colorado	36.7	89.9	16	13.2	8
15	Kansas	30.0	89.7	17	10.4	18
	United States	28.5	85.7		10.6	
30	Texas	26.3	80.8	50	8.7	34
33	Missouri	25.8	87.2	28	9.6	27
34	New Mexico	25.6	83.4	42	11.0	15
<b>42</b>	<b>Oklahoma</b>	<b>23.2</b>	<b>86.2</b>	<b>32</b>	<b>7.7</b>	<b>44</b>
49	Arkansas	19.8	83.3	44	6.7	50

While Oklahoma's percentage of the population 25 and older who have a bachelor's degree or higher decreased from 2011 to 2012, the percentage of Oklahoman's who have completed high school has increased.



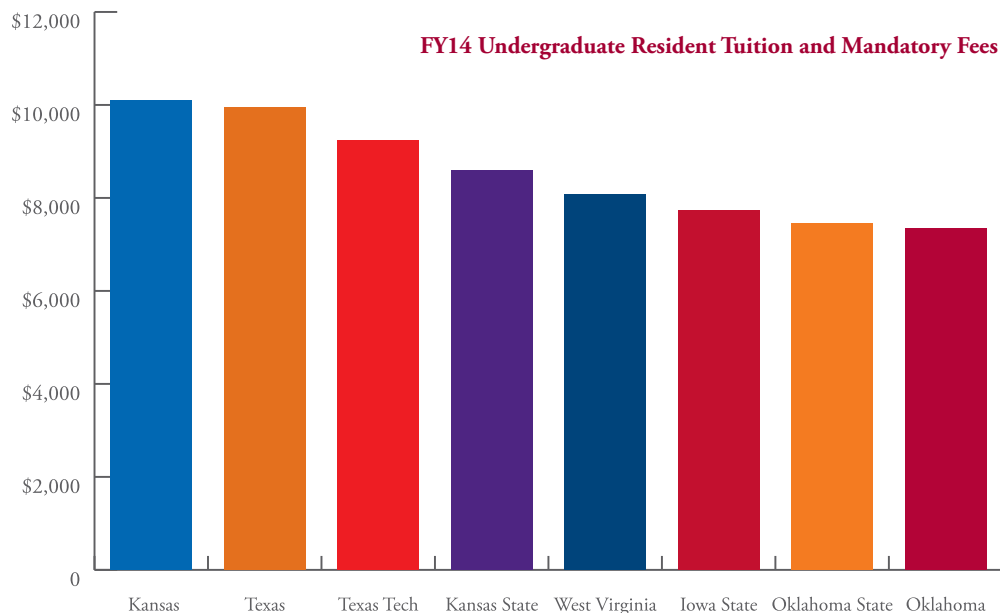
Source: American Community Survey (2008-2012)

# MORE HIGH SCHOOL GRADUATES COME TO OKLAHOMA FOR COLLEGE THAN LEAVE THE STATE TO PURSUE HIGHER EDUCATION

Oklahoma has a higher import/export ratio of college-bound high school graduates than every state in our region and the national average. Students come from all 50 states to attend Oklahoma's 45\* colleges and universities. A large number of Oklahoma high school graduates stay in state for their college education as well. This could be due to the affordability of Oklahoma's colleges and universities for Oklahoma residents. The average cost of attending one of Oklahoma's two research universities is ten percent less than the average of the other public Big 12 universities, while the cost of attending one of Oklahoma's community colleges is 38% less than the peer average.

## Import/Export Ratio of College-Bound High School Graduates (Fall 2012)

Rank	State	Import/Export Ratio (<1=Exporter, >1=Importer)	Migration Out-of-State	Migration In State	Freshmen Enrolled in Institutions Inside State	Rank
9	Oklahoma	2.80	2,459	6,893	27,102	28
10	Arkansas	2.64	1,940	5,112	23,356	32
20	Kansas	1.83	3,181	5,814	24,867	31
25	Missouri	1.47	7,118	10,434	46,105	14
34	New Mexico	1.15	1,928	2,214	15,117	35
	United States	1.11	402,327	446,197	2,174,664	
38	Colorado	0.89	7,872	7,019	30,290	27
44	Texas	0.51	20,294	10,330	166,881	2



\*Note: Does not include branch campuses.

Source: National Center for Educational Statistics; Oklahoma State Regents for Higher Education  
(FY 2013-14 Tuition Impact Analysis Report; 2013 Annual Report)

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