Economic Indicators

Economic Indicators is a quarterly newsletter published by the Innovation Center at Rogers State University under the direction of Dr. Ray Brown, editor.

The Innovation Center is charged with fostering economic development and addressing the educational needs of area business and industry. The Center provides business counseling services and training for area entrepreneurs and expanding businesses in northeastern Oklahoma.

Established in 2002, the Center provides (1) a technology and business incubator, (2) entrepreneurial training, (3) small business counseling services, and (4) economic, demographic, and social research related to economic development.

Sales Tax Collections

Retail sales, as approximated by retail sales tax collections, are a broad measure of consumer spending trends. These data are not adjusted for the seasonal variations or for inflation.

Table 1: Sales Tax Collections for Claremore & Rogers County, Fiscal Year

Fiscal Year	2005/2006	2006/2007	% Change
Claremore	$9,502,405	$9,597,810	1.0%
Rogers County	$8,778,560	$9,110,144	3.8%

Source: Oklahoma Tax Commission

Table 1 shows the sales tax collected from retail sales in Rogers County and Claremore for the 2005/2006 and 2006/2007 fiscal years. Claremore showed an increase in sales tax collection of one percent while Rogers County showed an increase of almost four percent. The increase in Claremore and Rogers County was modest compared to the previous two years, 6.2% and 5.1% respectively.

Northeast Oklahoma Sales Tax Collections

Table 2 on page 2, shows the actual dollar amount and percentage change of sales tax collections for 2005/2006 and 2006/2007 fiscal years for 18 northeastern Oklahoma cities along with state, county, city, and total sales tax rates. The total tax rate varies from a low of 8.0% in Bartlesville to a high of 9.6% in Pryor with an average of 8.9% in the 18 cities represented. The tax revenues are not adjusted for inflation and collections lag about a month behind actual date of sale. The average annual increase for the 18 cities is over 5%. Sales tax collections for the year at Bixby increased by 23.1% partially caused by an increase in the tax rate. The sales tax rate for Bixby increased from 3% to 3.5% on July 1, 2006 which affected the entire 2007 fiscal year. Without the tax increase, the collections in Bixby were slightly above the regional average. Owasso continue to exhibit substantial increases in sales tax collections probably due to an increase in retail establishments.

Jenks had a decline in sales tax collections of 4.1%. Consumer spending in northeastern Oklahoma grew more rapidly than inflation, indicating a growing economy.

Table 2: Sales Tax Collections for Northeastern Oklahoma Cities, Fiscal Year

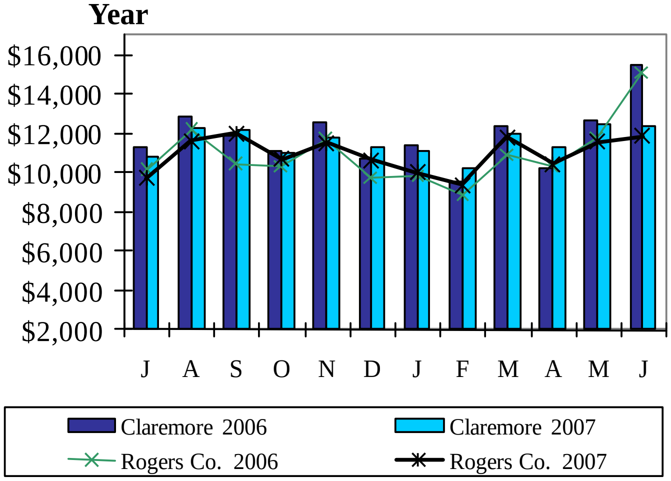
City	State Tax Rate (percent)	County Tax Rate (percent)	City Tax Rate (percent)	Total Tax Rate (percent)	2005/2006 Fiscal Year	2006/2007 Fiscal Year	Percent Change
Bartlesville	4.5	0.500	3.00	8.00	$14,460,444	$15,075,922	4.3%
Bixby	4.5	1.017	3.50	9.02	$5,303,882	$6,530,718	23.1%
Broken Arrow	4.5	1.017	3.00	8.52	$27,146,089	$28,089,139	3.5%
Catoosa	4.5	1.500	3.25	9.25	$2,273,952	$2,421,019	6.5%
Claremore	4.5	1.500	3.00	9.00	$9,502,404	$9,597,810	1.0%
Grove	4.5	1.000	3.40	8.90	$5,361,865	$5,649,713	5.4%
Jenks	4.5	1.017	3.00	8.52	$4,005,393	$3,841,165	-4.1%
Miami	4.5	1.100	3.00	8.60	$4,639,108	$4,833,984	4.2%
Muskogee	4.5	0.150	4.25	8.90	$23,179,032	$23,793,078	2.6%
Nowata	4.5	1.000	3.00	8.50	$740,459	$813,714	9.9%
Okmulgee	4.5	1.000	4.00	9.50	$5,951,406	$5,969,176	0.3%
Owasso	4.5	1.000	3.00	8.50	$13,250,965	$15,598,455	17.7%
Pryor	4.5	1.375	3.75	9.63	$5,873,751	$6,382,037	8.7%
Sand Springs	4.5	1.017	3.50	9.02	$9,139,968	$9,656,697	5.7%
Sapulpa	4.5	1.000	4.00	9.50	$11,016,662	$11,299,354	2.6%
Tahlequah	4.5	2.000	2.50	9.00	$6,044,960	$6,297,934	4.2%
Tulsa	4.5	1.017	3.00	8.52	$192,906,037	$202,436,178	4.9%
Vinita	4.5	2.000	3.00	9.50	$2,591,911	$2,646,954	2.1%

Source: Oklahoma Tax Commission

Tobacco Tax Collections

Figure 1 shows tobacco tax collections distributed by the Oklahoma Tax Commission to Claremore and Rogers County.

Figure 1: Tobacco Tax Collections, Fiscal Year

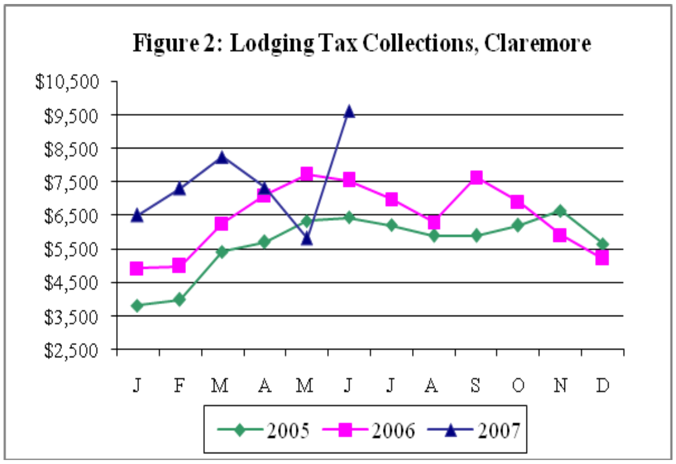


Source: Oklahoma Tax Commission

In 2005 tax payers voted to eliminate the sales tax of $0.23 on cigarettes while raising the excise tax on tobacco to $1.03 per pack. The tobacco tax increase was projected to generate an additional $200 million dollars annually for various state healthcare programs. In the 2007 fiscal year, collections for Rogers County totaled $134,546 compared to $128,866 the previous year. Collections for Claremore rose to $141,821 in 2007 from $140,520 in 2006. The small increase in collections from tobacco taxes could signal a slight rise in tobacco usage, however, the increase in tax revenue could be a result of additional people moving into Rogers County and purchasing cigarettes locally. Since tobacco taxes are apportioned to cities and counties according to city and county sales tax collections, no direct measurement of local tobacco usage is possible.

Lodging Tax Collections

Figure 2 shows lodging tax collections for the city of Claremore. Lodging tax collections reflect the level of expenditures from tourism and travel. The hotel/motel tax in the city of Claremore is 4% of the room charge. The City receives 1% for administrative fees and the other 3% is allocated to the Claremore Convention and Visitors Bureau.



Source: City of Claremore

Lodging tax collections for the first six months of 2007 were generally higher than collections during the same period for the two previous years. Collections during January through March increased considerably. According to the Claremore Convention and Visitors Bureau, the occupancy rates during January and February for many Claremore hotels were at 100%. This was due to severe power outages that forced people to temporarily relocate from areas affected by the ice storm. The decline in May collections was due to a late payment by one hotel that was paid in June explaining the unusual decline in May and increase in June.

Lodging tax collections for the first six months of 2007 have increased 16 percent over the same time period last year. Total lodging tax collections for the fiscal year ending June 30, 2007 were $83,857 compared to $75,078 in/2006. Thus taxes collected from lodging increased by 11.7% in the 2007 compared with 2006 indicating a higher occupancy rate since no additional rooms were added in 2007.

Electric and Water Meters

Statistics on the number of electric meters and water meters suggest that Claremore is continuing to grow but at a slow pace. Table 3 shows that the average number of residential electric meters within the city limits increased by less than one percent between the second quarter of 2006 and the second quarter of 2007.

Table 3: Average Number of Electric Meters, Claremore

	Quarter 2			
	Residential		Commercial	
	2007	Change 2006/07	2007	Change 2006/07
Inside	7,569.0	0.9%	1,177.3	0.0%
Outside	2,140.7	2.1%	191.7	3.8%

Source: City of Claremore

The average number of residential meters served by Claremore Electric that were located outside the city limits increased 2.1%. The average number of electric meters for commercial establishments was unchanged within the city limits, but the number outside the city increased by 3.8%. Thus, the number of residences and commercial establishments located outside the city that are served by Claremore Electric, are growing more rapidly than the number of customers within the city.

The data on water meters does not suggest the same growth pattern, however. In fact, the average number of water meters located within the city grew more rapidly than the number located outside the city limits.

Table 4: Average Number of Water Meters, Claremore

	Quarter 2			
	Residential		Commercial	
	2007	Change 2006/07	2007	Change 2006/07
Inside	6,480.7	2.0%	929.7	0.3%
Outside	116.3	0.3%	25.3	-2.6%

Source: City of Claremore

As noted in Table 4 above, the average number of residential water meters for the second quarter was 2.0% greater in 2007 than one year earlier. The number of water meters located outside the city limits, however, grew by only 0.3%. The only area that experienced a decline in the number of meters was commercial establishments located outside of the city. Since the number of commercial establishments served outside the city limits is small, the average number of meters is rather unstable and very sensitive to small changes that arise when only one or two new businesses open or close their operations. Overall, Tables 3 and 4 indicate that Claremore is growing slowly but the number of electric and water meters are not rising uniformly.

Real Estate Sales

Real estate sales for Claremore and Rogers County are reported in Table 5. The number of residential units sold in the first 6 months of 2007 dropped in both Claremore and Rogers County when compared to the same period one year earlier. In Claremore, the number of residential units sold declined from 174 to 165 and the number in Rogers Country declined from 644 to 580 units. The total value of all units sold also declined. The data on residential sales indicate a slowing of the housing industry. After declining during the last half of 2006, interest rates for 30-year fixed rate mortgages increased almost one percentage point during the first six months of 2007.

Table 5: YTD Number & Value of Residential Real Estate Sales

Claremore	Quarter 1, 2007	Quarter 2, 2007	YTD 2006 **	YTD 2007 **
Number	72	93	174	165
Value***	$8,888	$12,366	$22,488	$21,254
Mean***	$123	$133	$129	$129
Rogers Co.*	Quarter 1, 2007	Quarter 2, 2007	YTD 2006 **	YTD 2007 **
Number	244	336	644	580
Value***	$37,328	$55,359	$93,482	$92,688
Mean***	$153	$165	$145	$160

Source: Rogers County Real Estate Association

*Rogers County figures include Claremore

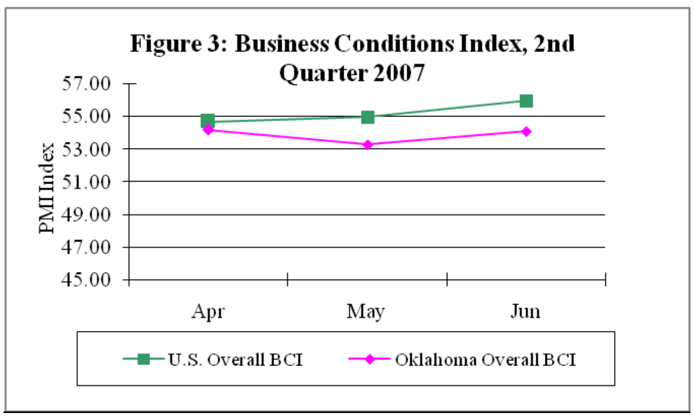
**YTD Figures are based on the calendar year starting January 1 to present

***Value and Mean is rounded and in thousands

The higher interest rate probably discouraged some people from purchasing new homes. Inclement weather may have retarded sales during the first quarter, but there was some recovery in sales during the second quarter especially for Claremore. While the average cost of a house was stable in Claremore, the average cost of a house sold in Rogers County increased from $145,000 to $160,000 over the last year. Although there have been some housing developments with more expensive housing in Claremore, the value of homes sold in rural areas of Rogers County continues to exceed the price of homes sold in Claremore.

Business Conditions Index

Figure 3 illustrates the values of the Business Conditions Index (BCI) for Oklahoma and the United States for the second quarter of 2007. The BCI is prepared by the Creighton Economic Forecasting Group headed by Professor Ernie Goss of Creighton University. This index is compiled by surveying supply managers about their future plans. A BCI value above 50 indicates that supply managers expect expansion in the next three to six months while a value below 50 indicates an expectation of a contraction.



Source: Crieghton University

The Oklahoma overall BCI index stayed in the expansion range, ranging between 53.3 and 54.1 during the quarter. Although the BCI remained in the expansion range, the supply managers expected only slight growth. Perhaps the most significant observation in Figure 3 is that the Oklahoma BMI was consistently below the overall BCI for the United States. This is the first time since the fall of

2004 that the Oklahoma index has been consistently below the United States index during a quarter. Thus Oklahoma supply managers are less optimistic about an expansion of the Oklahoma economy in comparison with the views of supply managers about the national economy.

Table 6 provides detailed information on the components of the Business Conditions Index. From information provided, it is clear that supply managers in Oklahoma were less optimistic about receiving new orders than supply managers were in the United States. With regard to employment, the expectations of the Oklahoma supply managers were very similar to those managers surveyed for the national business conditions index.

Table 6: BCI Index

	April		**May**		**June**	
	U.S.	**OK**	**U.S.**	**OK**	**U.S.**	**OK**
Overall	54.7	54.2	55.0	53.3	56.0	54.1
New Orders	58.5	54.2	59.6	51.4	60.3	55.4
Employment	53.1	52.1	51.9	51.2	51.1	53.0
Confidence	N/A	33.3	N/A	42.9	N/A	33.3

Source: Creighton University

Building Permits

Construction slowed during the second quarter of 2007 as illustrated in Table 7. The number of permits issued for construction in 2007 generally declined in comparison with 2006. There were two exceptions: residential permits in Catoosa increased from seven to nine and the number of commercial permits in Rogers County increased from one to five. The most significant change was the decline of residential permits issued by the Rogers County Planning Commission where the number of permits dropped 30%. Residential permits issued by the City of Claremore were down modestly from 25 to 23.

Table 7: Total Number of Building Permits, 2nd Quarter

Area	Residential		Commercial		Industrial	
	2006	2007	2006	2007	2006	2007
Catoosa	7	9	10	5	0	0
Claremore*	25	23	7	5	1	0
Rogers	164	114	1	5	2	2

Source: Catoosa, Claremore, and Rogers County Planning Commissions
*Claremore and Catoosa figures are not included in Rogers County figures

Table 8 shows the value of residential, commercial, and industrial building permits issued in Catoosa, Claremore, and Rogers County in 2006 and 2007. Rogers County again experienced the largest decline in value of residential permits dropping 33% from the same time period last year. Catoosa had a large decrease in the value of commercial permits for the second quarter. The value of commercial permits issued in 2006 was uncharacteristically high because of a permit issued for construction at the Cherokee Nation Enterprise for $11.5 million.

Table 8: Total Monetary Value of Permits, 2nd Quarter *

Area	Residential		Commercial		Industrial	
	2006	2007	2006	2007	2006	2007
Catoosa	1,622	1,332	12,857	137	0	0
Claremore	1,774	1,584	776	766	869	0
Rogers	19,368	12,922	51	586	510	2,952

Source: Catoosa, Claremore, and Rogers County Planning Commissions
*Figures are rounded and in thousands

The value of commercial permits in Claremore in 2007 were comparable to last year while Rogers County permits increased by $534,532. The majority of the increase stemmed from two permits for renovations to Justus Tiawah School for $190,000 each. Neither Claremore nor Catoosa issued new industrial permits for the second quarter. Rogers County issued two permits. The largest permit was issued to Valmont Industries for construction in the Riverside Business Park for $2,930,487.

The average value of the residential permits issued in Claremore ($68,886) continues to be much lower than the average value for those issued for Rogers County ($113,348) or for Catoosa ($148,015). Although there are some permits issued for other purposes such as construction of a garage or barn, most permits are issued for new residential units. The majority of new houses constructed within the city limits of Claremore are less expensive than houses constructed in the rural areas of Rogers County or in Catoosa. The average value of residential permits reported by all three planning entities dropped from 2006 to 2007 with the largest change found in Catoosa where the average dropped from $231,782 to $148,015.

Data on real estate sales and residential construction permits indicate a significant cooling of the residential housing market during the second quarter of 2007 when compared with the same period in 2006. Real estates sales were generally down and the construction of new homes declined in the second quarter of 2007.

Labor Market Information

Table 9 lists the unemployment rates and the number employed for seven northeastern Oklahoma counties plus Oklahoma and the United States for each month in the second quarter of 2007. All seven counties, and the State, experienced rising unemployment rates from April through June. The unemployment rate is not seasonally adjusted. Unemployment rates normally increase during the summer months when teachers and students enter the labor market for temporary jobs. The summer is also the time that the majority of new college graduates enter the labor force. It should be remembered that the unemployment rate is the ratio of those seeking work divided by the total number in the labor force defined as the number seeking work plus the number employed. If discouraged workers return to the workforce or new workers enter the workforce, unemployment rates can rise even though the number of employed persons increased. For instance, this can be seen in the figures for Oklahoma. The number employed in May was 1,660,570 with an unemployment rate of 4.5 while June's employment figure was 1,680,430 with an unemployment rate of 4.7. Thus more people were employed in June although the unemployment rate increased. The highest unemployment rate was found in Nowata county which peaked in May at 6.2%. The number of workers employed in Nowata County dropped by 160. In June, unemployment rates rose to 4.7% for both the United States and the State of Oklahoma. Only Rogers and Washington Counties had unemployment rates lower than the state and national averages in June.

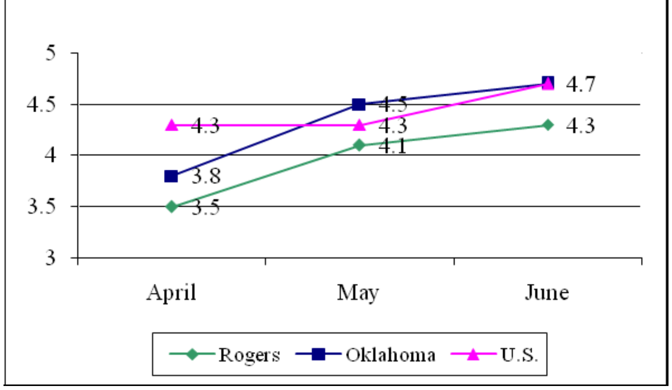
Table 9: Labor Market Information

	April-07		May-07		June-07	
Area	Unemployment Rate	Employed	Unemployment Rate	Employed	Unemployment Rate	Employed
Craig	4.4	6,500	5.2	6,470	5.5	6,490
Delaware	4.2	16,700	4.9	16,710	5.5	16,910
Mayes	4.3	16,860	4.7	16,790	5.1	17,020
Nowata	4.6	4,520	6.2	4,480	6.1	4,360
Ottawa	4.6	16,050	5.4	15,970	5.5	16,280
Rogers	3.5	39,200	4.1	38,900	4.3	39,540
Washington	3.3	24,470	4.0	24,250	4.1	24,840
Oklahoma	3.8	1,672,510	4.5	1,660,570	4.7	1,680,430
USA	4.3	145,297,000	4.3	145,864,000	4.7	146,958,000

Source: Oklahoma Employment Security Commission

Figure 4 shows the unemployment rates for the U.S., Oklahoma, and Rogers County for the second quarter of 2007. As usual, Rogers County experienced lower unemployment rates than Oklahoma and the U.S. For the first time in the past year the unemployment rate in Oklahoma exceeded that of the United States in May.

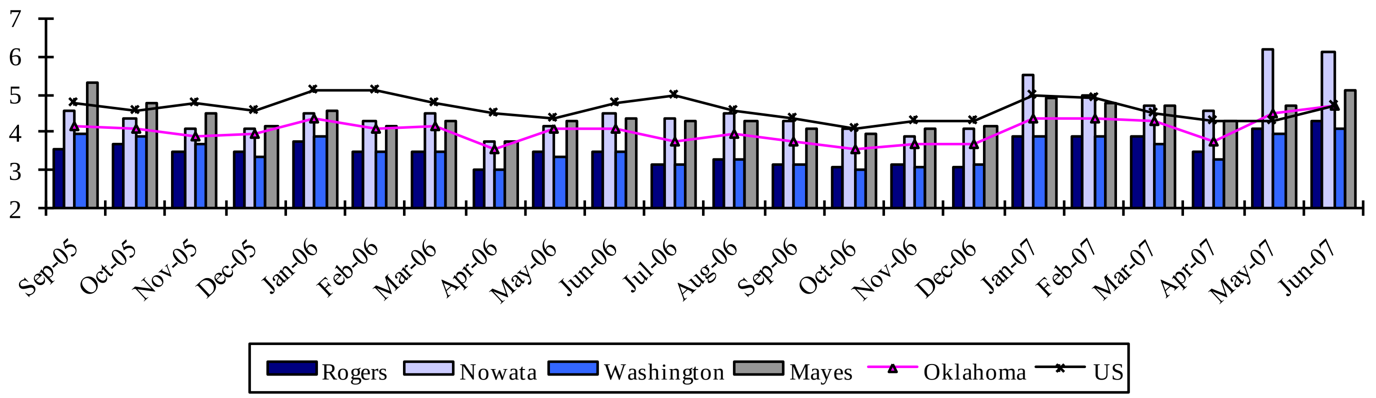
Figure 4: Unemployment Rates



Source: Oklahoma Employment Security Commissions

Figure 5 is a bar chart that illustrates the monthly unemployment rates from September 2005 through June 2007 for Rogers, Nowata, Washington, and Mayes counties. Unemployment rates for the State of Oklahoma and for the U.S. as a whole are shown by lines. Rogers and Washington counties have experienced lower unemployment rates than the other counties, the State, and the United States. Unemployment rates for Nowata increased significantly in January and started to decline through April. In May and June, Nowata experienced another significant increase that surpassed the January unemployment rate.

Figure 5: Unemployment Rates



Source: Oklahoma Employment Security Commissions