

OLS Revenue Snapshot

FY 2004 - Through April 2004

- **April Revenue Collections Exceed Projections; Revenue Estimates Increased.** Ten months into FY 2004, State revenue collections are performing well enough to allow the Executive and the OLS to increase revenue estimates for FY 2004. Due primarily to robust income tax and corporation tax collections, the Executive is increasing its estimates for FY 2004 budgeted revenue by \$511 million over the Governor's February estimates. The OLS's revised estimates are \$470 million above the Governor's February estimates for FY 2004.
- **Gross Income Tax (GIT)** receipts of \$5.85 billion are 6.9% ahead of the same 10 month period last year. The Executive has revised its FY 2004 target upward, so that a GIT growth rate of 10.5% is needed to achieve the year-end goal. The OLS is estimating a year-end growth rate of 10.0%. Receipts from employer withholding of wages are up 7.6% so far this fiscal year. Estimated quarterly tax payments by individuals grew by 17% in April. Likewise, April's important final tax payments came in about 11% ahead of last April. Accordingly, both the Executive and the OLS anticipate continued strong GIT growth in May and June.
- **Sales Tax** receipts after nine months (April collections are for March activity because this tax is subject to a one month payment lag) total \$4.6 billion, up 5.6% from the same period last year. The Executive and the OLS have both revised their sales tax target for FY 2004 upward, anticipating growth of 5.6% for the fiscal year.
- Ten months into the fiscal year, **Corporation Business Tax (CBT)** collections are at nearly \$2.0 billion, or 3.4% above the same period last year. Since the growth rate peaked in November, CBT collections have declined by 7.0%, but April payments did not decline as much as previously anticipated, so the Executive's revised forecast now estimates a decline in collections of only 1.0% by the end of FY 2004. The declines are due to certain provisions of last year's CBT reforms which expire or produce less revenue in the latter months of FY 2004. The OLS estimates an overall decline of about 2.0%.

Office of Legislative Services
May 21, 2004

Special Notice for April Report: Because the Department of the Treasury has not reported revenue collection data for the month of April, this **Revenue Snapshot** has been prepared by the Office of Legislative Services using OLS's best estimate of April cash receipts. OLS monitors revenue activity in the State's financial accounting system on a daily basis, but to avoid confusion, the OLS utilizes the State Treasurer's announcement of "official" monthly totals for the various tax and other revenue sources in preparing that month's **Revenue Snapshot**. In the absence of such announcement for April, OLS believes that the information reported in this *Snapshot* is a reasonable extrapolation and interpretation of April's revenue trends.

As in past years, the OLS Revenue Snapshot summarizes current cash revenue collections in comparison to prior year cash collections for the same period, using information provided by the Department of Treasury. Certain revenues are reported with a one month lag due to payment schedules. The Treasury publicly reports monthly revenues in a different format which compares estimated or accrued earnings with FY 2004 budget projections.

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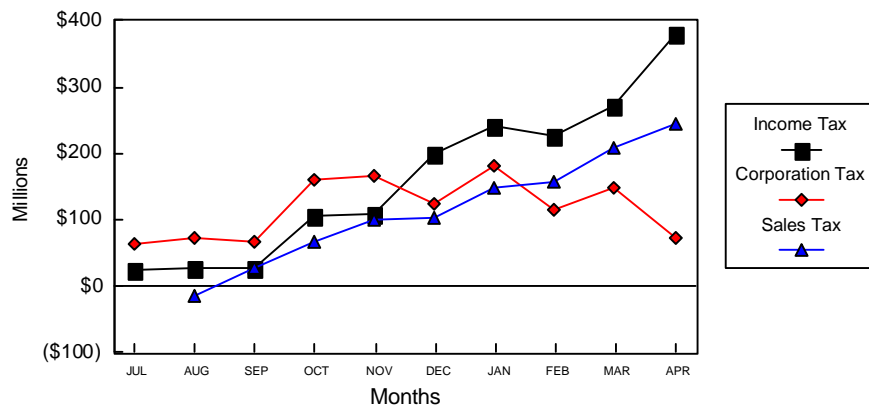
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Selected Year-To-Date Cash Collections (\$ millions)

REVENUE	FY 2003 Actual Year-To-Date	FY 2004 Actual Year-To-Date	Actual Y-T-D Growth %	Revised Year-End Growth % **	Revised Year-End \$ Estimate
INCOME TAX	\$5,468.4	\$5,848.2	6.9%	10.5%	\$7,240.0
* SALES TAX	\$4,374.8	\$4,618.6	5.6%	5.6%	\$6,235.0
CORPORATION TAX	\$1,891.4	\$1,955.6	3.4%	-1.0%	\$2,247.0
LOTTERY	\$619.9	\$646.7	4.3%	3.2%	\$790.0
(a) CIGARETTE	\$352.3	\$466.4	32.4%	24.3%	\$595.0
* MOTOR FUELS	\$395.3	\$413.3	4.5%	3.6%	\$540.0
TRANSFER INHERITANCE	\$363.4	\$444.6	22.3%	19.0%	\$510.0
CASINO	\$283.8	\$369.7	30.3%	31.3%	\$459.0
INSURANCE PREMIUM	\$236.4	\$257.9	9.1%	12.5%	\$430.0
(b) MOTOR VEHICLE FEES	\$356.1	\$160.7	-54.9%	-20.9%	\$233.1
* PETROLEUM PRODUCTS	\$162.1	\$154.4	-4.7%	-4.4%	\$205.0
* REALTY TRANSFER	\$81.1	\$163.3	101.4%	83.0%	\$187.0
BANKS & FINANCIAL (CBT)	\$112.4	\$101.4	-9.8%	1.2%	\$140.0
* ALCOHOL EXCISE	\$54.7	\$57.3	4.8%	3.5%	\$86.0

**Income Tax
Corporation Tax
and Sales Tax**

**FY04 Over FY03
Actual Year-To-Date
\$ Change**



Sources: Executive revised FY 2004 year-end revenues as presented by the Treasurer to the Budget Committees in May 2004. FY 2004 Year-To-Date actuals are estimated based on amounts in the NJ Comprehensive Financial System.

* Revenues represent nine months of cash collections. All others represent eight months of cash collections.

** The percentage difference between FY 2004 revised revenue estimates (May 2004) and FY 2003 year-end figures reported by the NJ Comprehensive Annual Financial Report (CAFR, December 2003).

(a) The first \$155 million in cigarette tax collections are deposited into the Health Care Subsidy Fund (P.L.1997, c.264).

(b) The first \$202 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.