

# OLS Revenue Snapshot

FY 2007 - Through November 2006

- **Revenue Collections Below Expectations.** After a strong October, November revenue collections slipped back to a pattern of trailing the growth rates needed to match expectations for Fiscal Year 2007. Most significantly, growth in four of the State's five largest revenues remains under the year-end target growth rates. The OLS will continue to monitor these trends, especially in light of looming holiday sales activity, pending individual and corporate quarterly estimated tax payments, and upcoming year-end tax filings.
- **Gross Income Tax (GIT)** receipts of \$2.8 billion are running 4.5% above last year's levels after five months of FY07. The certified year-end target growth rate is 9.2%. Except for a strong October collection, GIT receipts have underperformed most of the fiscal year. Withholding collections are up only 7.5% so far in FY07. Estimated quarterly tax payments, from taxpayers with significant sources of non-wage income, are up only 7.7%. Meanwhile, taxpayer refund payments are substantially above expectations, although this may not be a predictor of the larger, more important refund payments in the spring. December and January will be important bellwethers for the spring tax filing period, as another round of estimated quarterly tax payments are due, and withholding receipts from year-end bonuses are processed.
- **Sales Tax** receipts after the first four months (November collections are for October activity because this tax is subject to a one month payment lag) total \$2.6 billion, up 17.7% from the same period last year. November receipts grew by 23.7% over last November. November receipts should be the first month fully affected by the recent tax law changes, since the expansions of the tax base became effective on October 1. Accordingly, monthly growth rates from now until the end of the year should generally exceed the target growth rate of 29.1% in order to achieve the projected revenue yield.
- **Corporation Business Tax (CBT)** collections through the end of November total \$705.4 million, 3.7% below the same period last fiscal year. The current modest decline in growth represents better-than-projected performance for the CBT, for which a greater decline of 8.1% is assumed in FY 2007. The decline was anticipated because of the phased changes to certain provisions of the tax.
- As was noted last month, **State Lottery** and **Realty Transfer** revenues, two of the State's more important second tier budget revenues, continue to run behind growth rates needed to achieve the year-end targets. Lottery collections are down 12.8% and realty transfer collections are down 17.5%. Lottery collections are subject to periodic swings based on the lure of specific prize payouts. Realty collections most likely reflect the weakening housing market.

Office of Legislative Services  
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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 2007 budget projections.

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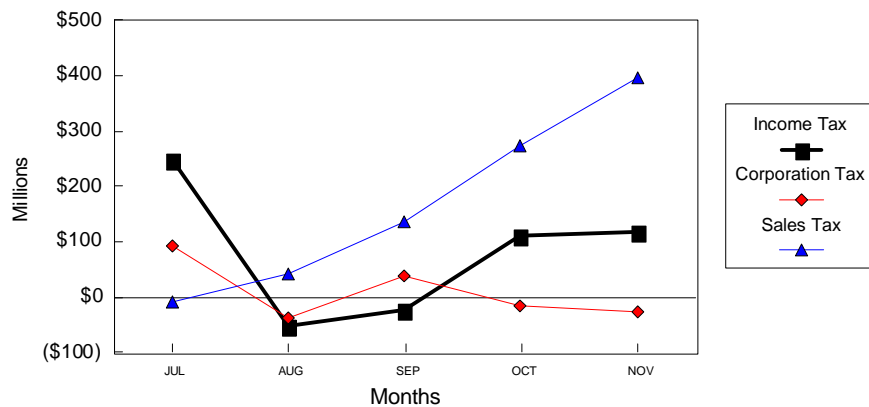
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Selected Year-To-Date Cash Collections (\$ millions)

REVENUE	FY 2006 Actual Year-To-Date	FY 2007 Actual Year-To-Date	Actual Y-T-D Growth %	Certified Year-End Growth % **	Certified Year-End \$ Estimate
INCOME TAX	\$2,695.5	\$2,815.9	4.5%	9.2%	\$11,475.0
* SALES TAX	\$2,231.1	\$2,626.5	17.7%	29.1%	\$8,721.6
CORPORATION TAX	\$732.8	\$705.4	-3.7%	-8.1%	\$2,607.1
LOTTERY	\$347.4	\$303.0	-12.8%	0.7%	\$846.0
TRANSFER INHERITANCE	\$264.0	\$254.7	-3.5%	-1.8%	\$600.0
* MOTOR FUELS	\$186.8	\$189.5	1.4%	0.4%	\$553.0
INSURANCE PREMIUM	\$7.4	\$5.5	-26.3%	-3.3%	\$495.0
CASINO	\$199.8	\$191.2	-4.3%	-6.6%	\$468.1
* REALTY TRANSFER	\$165.6	\$136.5	-17.5%	-9.7%	\$415.0
(b) MOTOR VEHICLE FEES	\$3.5	\$7.0	99.4%	-3.7%	\$275.2
* PETROLEUM PRODUCTS	\$79.1	\$81.5	3.1%	0.1%	\$225.0
(a) CIGARETTE	\$184.4	\$0.0	-100.0%	-66.0%	\$215.0
BANKS & FINANCIAL (CBT)	\$26.3	\$24.4	-7.4%	-22.0%	\$120.0
* ALCOHOL EXCISE	\$30.6	\$30.8	0.8%	3.3%	\$94.0

**Income Tax  
Corporation Tax  
and Sales Tax**

**FY07 Over FY06  
Actual Year-To-Date  
\$ Change**



Sources: Executive FY 2007 year-end revenues as certified by the Governor in July 2006.

FY 2007 Year-To-Date actuals are from Treasury monthly reports.

\* Revenues represent four months of cash collections. All others represent five months of cash collections.

\*\* The percentage difference between FY 2007 certified revenue estimates (July 2006) and estimated FY 2006 year-end figures from the NJ Comprehensive Financial System.

- (a) The first \$370 million in cigarette tax collections are deposited into the Health Care Subsidy Fund (P.L.2006, c.37). Additional amounts, estimated at about \$210 million, are dedicated to pay tobacco bond debt service (P.L.2004, c.68).
- (b) The first \$198.7 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.