

OLS Revenue Snapshot

FY 2009 - Through December 2008

- **State Tax Revenue Collections Continue Slump in December.** Most of the State's major tax revenues remain in negative territory through the end of December. In particular, the sales tax is down sharply for the second consecutive month and the corporation business tax reported its first significant decline of the year. Total collections reported by the Treasury are down 4.4% after six months. Two weeks ago, the Treasurer reported that revised revenues for FY 2009 would decline to \$30.7 billion, down by \$1.7 billion from the original certified estimate, and down 5.8% from total revenues of \$32.6 billion in FY 2008.
- **Gross Income Tax (GIT)** – Six months into FY2009, receipts of \$4.10 billion are 0.5% below last year's levels. Nominally, the December 2008 GIT was 8.6% above the December 2007 collection, but the accelerated timing of certain weekly withholding receipts overstates the cash collection trend. The precise value of this overstatement is not known, but a reasonable adjustment would yield a revised December decline of between 1% and 2% rather than the 8.6% growth. Such an adjustment would bring down the six-month decline to about 3.0%, more in line with the Treasurer's recently revised estimate of a 5.5% annual decline from FY 2008. The current picture is further complicated by the timing of the fourth quarterly estimated payments, which can occur in either December or January. The OLS will be monitoring those quarterly payments closely in January.
- **Sales Tax** receipts total \$3.27 billion, down 6.5% from the same period last year. December collections were off by 11.5% from December of 2007, the second consecutive month of double digit rates of decline. December collections are for November sales activity due to a one month payment lag. January receipts will reflect sales activity during December, historically the biggest month of the year for this tax. National reports of historically poor retail sales and tumbling car sales in December leave little room for short-term optimism for sales tax collections.
- **Corporation Business Tax (CBT)** collections through the end of December total \$1.18 billion, down 13.4% from the same period last fiscal year. December is an important month for quarterly estimated payments, but receipts were down 20.5% compared to last December, indicating that corporations are now feeling the effects of the economic recession. For the first time in FY 2009, collections are performing below the decline of 10.5% certified for the CBT this fiscal year.
- **Realty Transfer Tax** revenues continue to decline sharply for the third year in a row. Through the end of December, Realty receipts are down 32.8% as the housing market continues its long downturn. This sharp decline follows on the heels of the 18.5% decline in FY 2008 and the 14.3% decline in FY 2007.

Office of Legislative Services
January 20, 2009

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 2009 budget projections.

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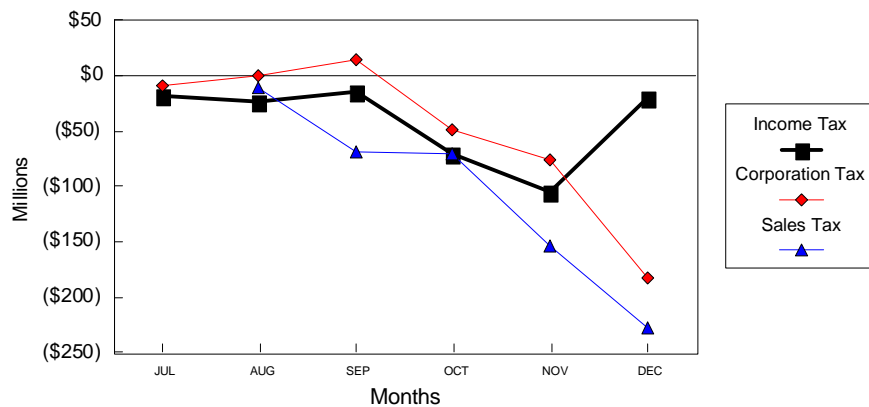
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Selected Year-To-Date Cash Collections (\$ millions)

REVENUE	FY 2008 Actual Year-To-Date	FY 2009 Actual Year-To-Date	Actual Y-T-D Growth %	Certified Year-End Growth % **	Certified Year-End \$ Estimate
INCOME TAX	\$4,122.5	\$4,102.3	-0.5%	0.7%	\$12,700.0
* SALES TAX	\$3,494.0	\$3,266.0	-6.5%	2.2%	\$8,578.0
CORPORATION TAX	\$1,358.3	\$1,176.3	-13.4%	-10.5%	\$2,670.0
LOTTERY	\$430.6	\$415.9	-3.4%	0.7%	\$888.0
TRANSFER INHERITANCE	\$357.9	\$378.5	5.8%	-3.8%	\$671.9
* MOTOR FUELS	\$236.8	\$227.8	-3.8%	-1.0%	\$557.8
INSURANCE PREMIUM	(\$7.7)	\$9.0	--	-12.9%	\$446.6
(b) MOTOR VEHICLE FEES	\$24.7	\$51.8	109.6%	-5.3%	\$391.7
CASINO	\$201.7	\$182.5	-9.5%	-5.6%	\$390.0
* REALTY TRANSFER	\$162.5	\$109.2	-32.8%	10.0%	\$352.7
(a) CIGARETTE	\$0.0	\$0.0	0.0%	-6.7%	\$234.4
* PETROLEUM PRODUCTS	\$99.0	\$94.6	-4.5%	-0.4%	\$229.8
* ALCOHOL EXCISE	\$29.9	\$30.1	0.6%	0.2%	\$93.3
BANKS & FINANCIAL (CBT)	\$45.3	\$47.9	5.7%	21.9%	\$86.4

**Income Tax
Corporation Tax
and Sales Tax**

**FY09 Over FY08
Actual Year-To-Date
\$ Change**



Sources: Executive FY 2009 year-end revenues as certified by the Governor in June 2008.

FY 2009 Year-To-Date actuals are from Treasury monthly reports.

* Revenues represent five months of cash collections. All others represent six months of cash collections.

** The percentage difference between FY 2009 certified revenue estimates (June 2008) and FY 2008 preliminary year-end figures from the Department of the Treasury. Energy revenues for the sales tax and CBT are not included.

- (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 \$191.1 million, are dedicated to pay tobacco bond debt service (P.L.2004, c.68).
- (b) The first \$209.4 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.