

# OLS Revenue Snapshot

FY 2009 - Through February 2009

- **Revenue Outlook Remains Bleak.** Virtually all major tax revenues continued to post declines in February. Overall, major revenues are down 10.1% through the end of February. By contrast, in FY2002, the worst year in the State's modern fiscal history, major revenues fell by about 5%.
- **Gross Income Tax (GIT)** – Eight months into FY2009, receipts of \$5.9 billion are 9.1% below last year at the same time. February collections fell by 35.4% below last February's level, the second consecutive month of steep declines. Quarterly estimated payments had been driving the decline. Now withholding receipts, the largest income tax revenue component, are also falling, down 4.6% after 8 months. In addition, refund payments are rising, up 10.8% so far this fiscal year, boosted by a 23.1% jump in February.
- **Sales Tax** receipts total \$4.6 billion, down 7.6% from the same seven months last year. February collections (for January sales activity) were off by 8.4% from the same month in 2008. While receipts for the month were better than the prior quarter, which were down by an unprecedented 11.7%, they were still extraordinarily weak.
- **Corporation Business Tax (CBT)** collections through the end of February total \$1.13 billion, down 26.7% from the same period last fiscal year. February collections actually saw refund payments exceed gross receipts, so that the CBT posted a **net loss** of \$58.9 million for the month. Indeed, February's net loss wiped out January's small net gain of \$13.8 million.
- **Governor Sharply Reduces Revenue Estimates.** With the release of the Governor's Budget Message on March 10, the Executive has significantly reduced revenue estimates for FY2009. Estimates for the major revenues are down by more than \$2.6 billion below the level originally certified last summer. The "Big Three" tax revenues account for most of the drop. The **GIT** estimate was reduced by \$1.45 billion to \$11.249 billion, a 10.9% decline from last year and what would be the second largest drop ever. The **Sales Tax** estimate was reduced by \$663.0 million to \$7.925 billion, a 5.6% decline from last year, which would be the worst decline ever in a year without a rate reduction. The **CBT's** revised estimate is down by \$320.0 million to \$2.35 billion, a 21.7% decline from FY2008.
- Other significant revisions to FY2009 revenue estimates include: **Realty Transfer Tax**, down \$92.7 million; **Assessment on Million Dollar Property Sales**, down \$31.4 million; **CBT Banks and Financial Tax**, down \$31.8 million; and **Casino Revenues**, down \$48.4 million. The OLS will report its own revised revenue estimates to the Legislative Budget Committees at the beginning of April.

Office of Legislative Services  
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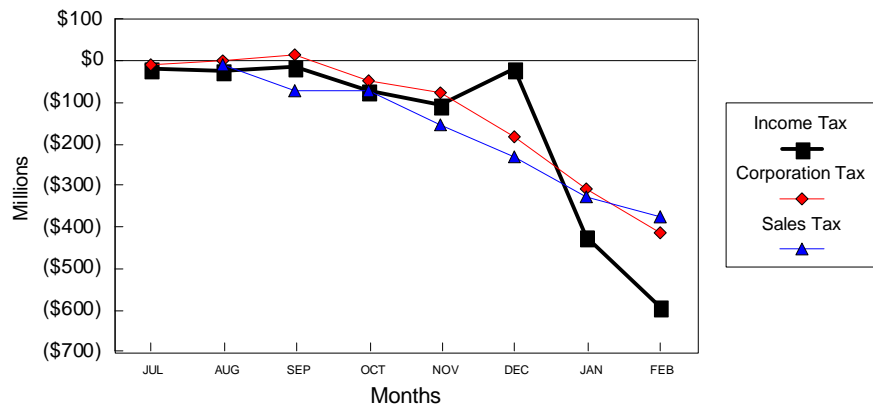
As in past years, the OLS Revenue Snapshot summarizes current cash revenue collections in comparison to prior year cash collections for the same period, using information provided by the Department of Treasury. Certain revenues are reported with a one month lag due to payment schedules. The Treasury publicly reports monthly revenues in a different format which compares estimated or accrued earnings with FY 2009 budget projections.

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

| REVENUE                 | FY 2008<br>Actual<br>Year-To-Date | FY 2009<br>Actual<br>Year-To-Date | Actual<br>Y-T-D<br>Growth % | Revised<br>Year-End<br>Growth % ** | Revised<br>Year-End<br>\$ Estimate |
|-------------------------|-----------------------------------|-----------------------------------|-----------------------------|------------------------------------|------------------------------------|
| INCOME TAX              | \$6,482.4                         | \$5,890.7                         | -9.1%                       | -10.8%                             | \$11,249.0                         |
| * SALES TAX             | \$4,943.1                         | \$4,566.5                         | -7.6%                       | -5.6%                              | \$7,925.0                          |
| CORPORATION TAX         | \$1,543.5                         | \$1,131.2                         | -26.7%                      | -21.7%                             | \$2,350.0                          |
| LOTTERY                 | \$578.4                           | \$555.2                           | -4.0%                       | 0.7%                               | \$888.0                            |
| TRANSFER INHERITANCE    | \$475.3                           | \$465.3                           | -2.1%                       | -3.8%                              | \$671.9                            |
| * MOTOR FUELS           | \$333.2                           | \$316.9                           | -4.9%                       | -3.7%                              | \$542.6                            |
| INSURANCE PREMIUM       | \$190.6                           | \$171.4                           | -10.1%                      | -9.1%                              | \$466.0                            |
| (b) MOTOR VEHICLE FEES  | \$83.7                            | \$136.2                           | 62.7%                       | -5.1%                              | \$380.5                            |
| CASINO                  | \$270.4                           | \$233.9                           | -13.5%                      | -11.0%                             | \$365.8                            |
| * REALTY TRANSFER       | \$209.5                           | \$130.0                           | -37.9%                      | -18.9%                             | \$260.0                            |
| (a) CIGARETTE           | \$29.3                            | \$8.5                             | -71.1%                      | -5.7%                              | \$236.8                            |
| * PETROLEUM PRODUCTS    | \$137.4                           | \$132.2                           | -3.8%                       | -2.7%                              | \$224.4                            |
| * ALCOHOL EXCISE        | \$49.0                            | \$49.6                            | 1.3%                        | 0.7%                               | \$93.8                             |
| BANKS & FINANCIAL (CBT) | \$39.0                            | \$25.7                            | -34.1%                      | -23.0%                             | \$54.6                             |

**Income Tax  
Corporation Tax  
and Sales Tax**  
**FY09 Over FY08  
Actual Year-To-Date  
\$ Change**



Sources: Executive FY 2009 year-end revenues as revised by the Governor's Budget Message in March 2009. FY 2009 Year-To-Date actuals are from Treasury monthly reports.

\* Revenues represent seven months of cash collections. All others represent eight months of cash collections.

\*\* The percentage difference between FY 2009 revised revenue estimates (March 2009) and FY 2008 final 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.