

OLS Revenue Snapshot

FY 2009 - Through March 2009

- **Revenue Collections Suffer Additional Declines in March.** New Jersey's major tax revenues continued on their downward trajectory in March. Total major revenues are down 9.8% nine months into FY 2009. The three biggest State tax revenues – the income tax, sales tax, and corporation business tax – are still declining at historically significant rates. Next up are the crucial individual and corporate tax payments due every year in April.
- **Gross Income Tax (GIT)** – Nine months into FY2009, receipts of \$6.4 billion are 9.0% below last year at the same time. March collections fell by 8.1% below last March's level, a moderation from the sharp declines of January and February, but a decline nonetheless. Quarterly estimated payments are down 15.4% so far this year, signaling that final year-end tax payments for 2008, which were due April 15, are also likely to fall by double-digit rates. Withholding receipts, typically accounting for 70% of annual GIT collections, remain weak, down 3.4% after 9 months. Refund payments continue to rise, up 13.3% so far this fiscal year.
- **Sales Tax** receipts total \$5.1 billion, down 7.5% compared to the same eight month period last year. March collections (for February sales activity) were off by 6.5% from the same month in 2008. Although sales tax collections have fallen each month this fiscal year, the rate of decline has moderated somewhat since the historically weak 11.7% decline during the winter holiday shopping months.
- **Corporation Business Tax (CBT)** collections through the end of March total \$1.33 billion, down 25.9% from the same period last fiscal year. March receipts fell 20.9% below March 2008 levels. As with the GIT, the upcoming month of April is one of the most significant months for CBT collections each year.
- **OLS Updated Revenue Estimates Below Governor's for FY 2009.** Following on the heels of the Governor's significant \$2.4 billion downward adjustments to estimated budget revenues for FY 2009, reported to the Legislature last month, the OLS believes further caution is warranted and is estimating \$383.1 million less than the Executive for the current fiscal year ([Link to OLS Report](#)). Nearly all major tax revenues are performing poorly. In particular, the OLS estimates \$150 million less than the Executive from the CBT, \$109 million less from the GIT, \$50 million less from realty taxes and fees, and \$40 million less from the sales tax. The OLS now believes that total budgeted revenues will fall 11.0% below FY 2008 levels, driven by overall declines of 14.0% in the second and third quarters of FY 2009.

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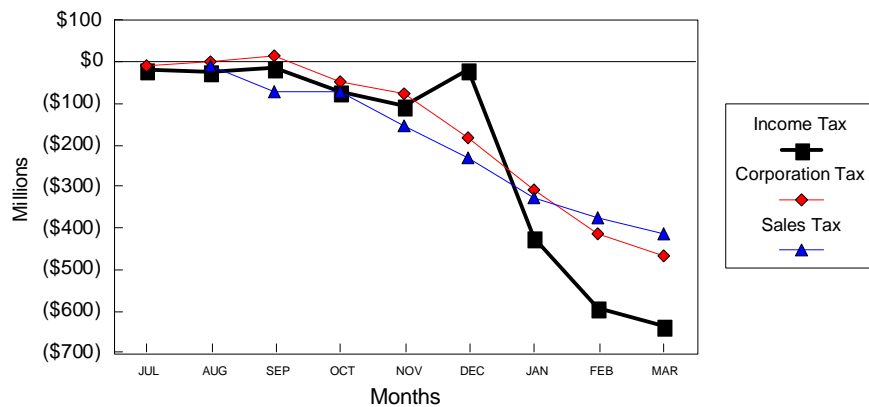
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Selected Year-To-Date Cash Collections (\$ millions)

REVENUE	FY 2008 Actual Year-To-Date	FY 2009 Actual Year-To-Date	Actual Y-T-D Growth %	Revised Year-End Growth % **	Revised Year-End \$ Estimate
INCOME TAX	\$7,042.9	\$6,405.6	-9.0%	-10.8%	\$11,249.0
* SALES TAX	\$5,516.2	\$5,102.2	-7.5%	-5.6%	\$7,925.0
CORPORATION TAX	\$1,801.6	\$1,335.5	-25.9%	-21.7%	\$2,350.0
LOTTERY	\$649.8	\$630.2	-3.0%	0.7%	\$888.0
TRANSFER INHERITANCE	\$520.9	\$511.6	-1.8%	-3.8%	\$671.9
* MOTOR FUELS	\$373.4	\$354.3	-5.1%	-3.7%	\$542.6
INSURANCE PREMIUM	\$296.4	\$271.7	-8.3%	-9.1%	\$466.0
(b) MOTOR VEHICLE FEES	\$123.1	\$195.9	59.2%	-5.1%	\$380.5
CASINO	\$299.1	\$260.4	-13.0%	-11.0%	\$365.8
* REALTY TRANSFER	\$231.9	\$146.1	-37.0%	-18.9%	\$260.0
(a) CIGARETTE	\$69.2	\$50.7	-26.8%	-5.7%	\$236.8
* PETROLEUM PRODUCTS	\$155.9	\$146.0	-6.4%	-2.7%	\$224.4
* ALCOHOL EXCISE	\$59.9	\$62.2	3.9%	0.7%	\$93.8
BANKS & FINANCIAL (CBT)	\$41.3	\$31.7	-23.2%	-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 eight months of cash collections. All others represent nine 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 \$200.2 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.