

OLS Revenue Snapshot

FY 2010 - Through January 2010

- **Revenue Collections Remain Weak; Governor Projects Year-End Revenue Shortfall of \$1.2 Billion.** Seven months into FY 2010, most State tax revenues remain below last year's levels, including each of the three biggest State tax revenues. Today, the new Administration announced significant mid-year budget actions in the face of an estimated \$1.2 billion revenue shortfall. While income tax revenues appear to be on-target so far, the Executive projects many other major tax revenues to fall below the FY 2010 Certified targets. The sales tax shortfall is estimated at \$442 million, the corporation business tax shortfall is \$180 million, the combined insurance premiums tax and realty transfer tax shortfalls equal \$200 million, and all other budgeted revenues are estimated to fall short by \$390 million. Additional revenue and budget details will be announced in March, when the Governor delivers the FY 2011 Budget message.
- **Gross Income Tax (GIT)** receipts in January were 1.9% below last January. Year-to-date collections of \$5.35 billion are 4.2% below last year's levels. Revenues from withholding of employee wages are running 3.7% below FY 2009 levels, reflecting on-going weakness in employee wages. FY 2010 year-to-date estimated payments (from taxpayers with significant sources of non-wage income) are running below FY 2009 by 4.8%, but these payments in December and January combined were up by 10.7%, an encouraging sign for the important final tax payments due in April. In addition, the primary impact of the one-year tax increases should also be reflected in the April tax payments.
- **Sales Tax** receipts after the first six months (January collections reflect December activity because this tax is subject to a one month payment lag) total about \$3.8 billion, down 4.6% from the same period last year. ***January 2010 receipts, reflecting the bulk of the important holiday shopping season, increased by 1.9% over last January, the first monthly increase since May of 2008.*** After 19 consecutive negative months, this first positive growth reading is a hopeful sign that the sales tax tumble has bottomed out. However, as a reminder of how low sales tax receipts have fallen during the economic downturn, the January 2010 collection of \$763 million remains 10% below January 2008 and about 8% below January 2007.
- **Corporation Business Tax (CBT)** collections through the end of December total \$970.2 million, 18.5% below the same period last fiscal year. Nominally, cash collections should improve next month, in comparison to the prior year, due to unusually high refund payments last February that resulted in negative net collections. However, even such an improvement will still leave the CBT lagging FY 2009's year-to-date results.

Office of Legislative Services
February 11, 2010

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 2010 budget projections.

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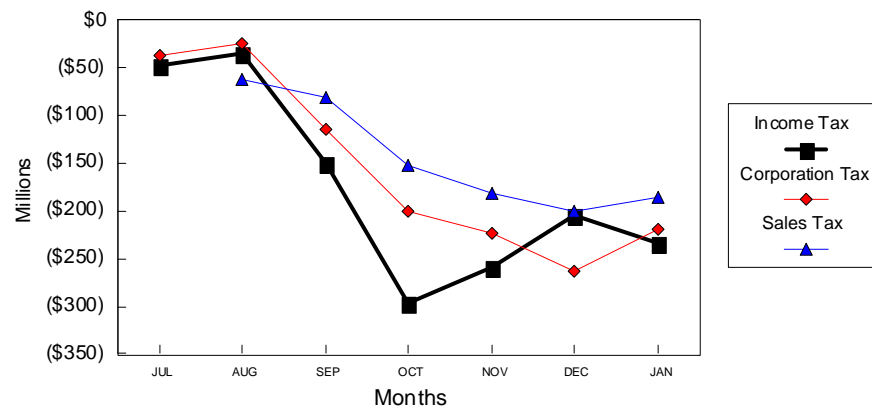
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Selected Year-To-Date Cash Collections (\$ millions)

REVENUE	FY 2009 Actual Year-To-Date	FY 2010 Actual Year-To-Date	Actual Y-T-D Growth %	Certified Year-End Growth % **	Certified Year-End \$ Estimate
INCOME TAX	\$5,585.3	\$5,352.1	-4.2%	0.1%	\$10,393.0
* SALES TAX	\$4,015.0	\$3,829.3	-4.6%	5.1%	\$7,965.0
CORPORATION TAX	\$1,190.1	\$970.2	-18.5%	-0.4%	\$2,224.0
LOTTERY	\$482.2	\$522.1	8.3%	0.7%	\$893.8
TRANSFER INHERITANCE	\$424.4	\$327.0	-22.9%	1.8%	\$645.0
* MOTOR FUELS	\$273.7	\$270.1	-1.3%	2.9%	\$551.0
INSURANCE PREMIUM	\$13.2	(\$19.1)	-244.6%	25.9%	\$542.0
(b) MOTOR VEHICLE FEES	\$91.2	\$146.9	61.0%	3.1%	\$392.6
CASINO	\$207.4	\$173.5	-16.4%	-2.8%	\$320.2
* PETROLEUM PRODUCTS	\$114.6	\$109.1	-4.9%	1.2%	\$223.0
(a) CIGARETTE	\$0.0	\$0.0	0.0%	-4.4%	\$203.5
* REALTY TRANSFER	\$123.8	\$98.4	-20.5%	2.8%	\$199.0
BANKS & FINANCIAL (CBT)	\$33.9	\$47.8	41.2%	10.3%	\$104.0
* ALCOHOL EXCISE	\$49.4	\$53.8	8.9%	5.8%	\$100.0

**Income Tax
Corporation Tax
and Sales Tax**

**FY10 Over FY09
Actual Year-To-Date
\$ Change**



Sources: Executive FY 2010 year-end revenues as certified by the Governor in June 2009.

FY 2010 Year-To-Date actuals are from Treasury monthly reports.

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

** The percentage difference between FY 2010 certified revenue estimates (June 2009) and unofficial FY 2009 final year-end figures from the Comprehensive Financial System. 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 \$186.7 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.