

OLS Revenue Snapshot

FY 2011 - Through September 2010

- **First Quarter Revenue Trends Show Modest Growth.** Fiscal Year 2011 first quarter collections for the State's total major tax revenues are maintaining modest growth over FY2010 amounts. Overall revenues are performing close to targets, with several revenues growing while others remain either flat or below last year's levels. Early in the new fiscal year there are few significant positive or negative trends.
- **Gross Income Tax (GIT)** receipts of \$1.71 billion are running 3.4% above last year's levels after three months of FY2011. The certified year-end target growth rate assumes a 5.5% decline from FY2010, due to the expiration of about \$1.0 billion in temporary tax increases, most of which will become evident the Spring of 2011, when final tax payments are made in April.

The first estimated tax payments (from taxpayers with significant non-wage income sources) of the new fiscal year show a modest decline of about 1.0%, consistent with expectations. Withholding receipts from employee wages are up 5.6% so far this fiscal year. This withholding growth rate reflects the recent reconciliation by Treasury of withholding payments between FY2009 and FY2010. July 2009 withholding receipts have now been reallocated to the correct fiscal years, changing the baseline withholding data for FY2010 upward by \$111.9 million. This correction resolves the uncertainty over trends raised by the unusually strong withholding growth rate noted in the *August OLS Revenue Snapshot*. Overall, the GIT appears to be performing close to expectations through the first quarter of FY2011.

- **Sales Tax** receipts after the first two months (September collections reflect August activity because this tax is subject to a one month payment lag) total \$1.28 billion, flat with the same period last year. Growth will need to improve by year's end, since the certified sales tax target assumes overall growth of 3.9%.
- **Corporation Business Tax (CBT)** collections through the end of September total \$379.1 million, 13.7% below the same period last fiscal year. However, the important quarterly payments in September were even with last September's payments, suggesting that several years of declines may be ending. Nevertheless, further improvement will be needed to achieve the certified year-end target for the CBT, which anticipates growth of 7.3% over the entire year.

Office of Legislative Services
October 18, 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 2011 budget projections.

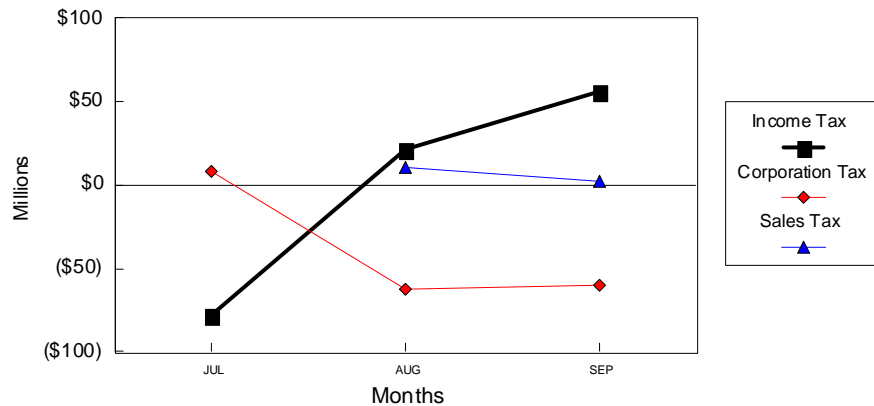
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Selected Year-To-Date Cash Collections (\$ millions)

REVENUE	FY 2010 Actual Year-To-Date	FY 2011 Actual Year-To-Date	Actual Y-T-D Growth %	Certified Year-End Growth % **	Certified Year-End \$ Estimate
INCOME TAX	\$1,650.7	\$1,706.5	3.4%	-5.5%	\$9,855.1
* SALES TAX	\$1,282.7	\$1,285.6	0.2%	3.9%	\$7,829.0
CORPORATION TAX	\$439.5	\$379.1	-13.7%	7.3%	\$2,145.0
LOTTERY	\$227.2	\$211.6	-6.9%	3.2%	\$953.0
TRANSFER INHERITANCE	\$134.7	\$142.9	6.0%	1.0%	\$587.7
* MOTOR FUELS	\$93.7	\$94.0	0.4%	7.1%	\$572.6
INSURANCE PREMIUM	(\$27.9)	\$12.9	--	-0.6%	\$478.0
(b) MOTOR VEHICLE FEES	\$0.0	\$0.0	0.0%	108.1%	\$398.5
CASINO	\$85.0	\$75.8	-10.8%	-7.8%	\$256.4
* REALTY TRANSFER	\$36.2	\$35.5	-2.0%	27.9%	\$228.9
* PETROLEUM PRODUCTS	\$36.8	\$36.5	-0.6%	4.6%	\$226.2
(a) CIGARETTE	\$0.0	\$0.0	0.0%	-2.8%	\$199.0
BANKS & FINANCIAL (CBT)	\$16.0	\$44.9	180.0%	25.8%	\$164.0
* ALCOHOL EXCISE	\$17.0	\$14.7	-13.1%	6.0%	\$99.0

**Income Tax
Corporation Tax
and Sales Tax**
**FY11 Over FY10
Actual Year-To-Date
\$ Change**



Sources: Executive FY 2011 year-end revenues as certified by the Governor in June 2010.

FY 2011 Year-To-Date actuals are from Treasury monthly reports.

* Revenues represent two month of cash collections. All others represent three months of cash collections.

** The percentage difference between FY 2011 revised revenue estimates (June 2010) and FY 2010 preliminary year-end figures from the NJ Comprehensive Financial System. Energy revenues for the sales tax and CBT are not included.

- (a) The first \$396.5 million in cigarette tax collections are deposited into the Health Care Subsidy Fund (P.L.2006, c.37). Additional amounts, estimated at about \$145.0 million, are dedicated to pay tobacco bond debt service (P.L.2004, c.68).
- (b) The first \$238.0 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.