

OLS Revenue Snapshot

FY 2012 - Through August 2011

- **Revenues Show Growth as FY 2012 Begins.** While revenue collections through the first two months of FY 2012 grew at a rate higher than in FY 2011 and higher than anticipated for this year, it is premature to draw any conclusions from these data. Revenue collection data from the summer months are always muddled by accounting adjustments and shifts between the old and new fiscal years. Usually we suggest that a better sense of underlying trends may be visible after important individual and corporate quarterly payments are made in September. This year, however, tax filing extensions that have been authorized in the wake of Hurricane Irene are likely to keep the picture muddy for at least an additional month. In addition, the primary determinant of New Jersey's revenue collections is the national economy. Since the Administration and the Office of Legislative Services last issued revenue forecasts for FY 2012, the outlook for the national economy has become more precarious, a development that suggests the need for caution.
- **Gross Income Tax (GIT)** cash receipts of \$786.0 million, two months into FY 2012, are 19.1% above the same period last year, ahead of the Governor's certified year-end target, which assumes growth of 5.7% for the entire fiscal year. Part of the strong year-to-date growth is a 13.7 percent increase in withholding receipts, attributable in part to a temporary shift in the timing of certain withholding payments (eight weekly payments received year-to-date compared to seven payments received in FY 11 through August). Much of the remaining strength in net GIT collections is due to refund payments dropping 12.2% below last year at this time. OLS will continue to monitor these collection patterns, the impact of the storm-related filing delay, and the first important quarterly tax payments of FY 2012, due in September.
- **Sales Tax** receipts through the end of August total \$688.1 million, up 5.0% from the same period last year (August collections reflect July economic activity because this tax is subject to a one month payment lag). The certified target assumes a slightly lower 3.9% growth rate for the year. The OLS notes that sales tax receipts due in September may be impacted by the storm-related filing delay.
- **Corporation Business Tax (CBT)** cash collections of \$94.0 million, represent 96.9% growth above the same two-month period last fiscal year. The certified FY 2012 CBT estimate anticipates 7.3% growth for the year. The upcoming September quarterly payments should be viewed as a more important indicator of growth patterns for FY 2012, although the filing delay related to the recent severe storms may impact upcoming payment patterns.
- **Casino revenues** of \$41.8 million are down a sharp 23.9% through the end of August, suggesting that the declines for this beleaguered revenue source in recent years are far from over. September's receipts should also be impacted by the storm-related closures in Atlantic City.

Office of Legislative Services
September 15, 2011

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.

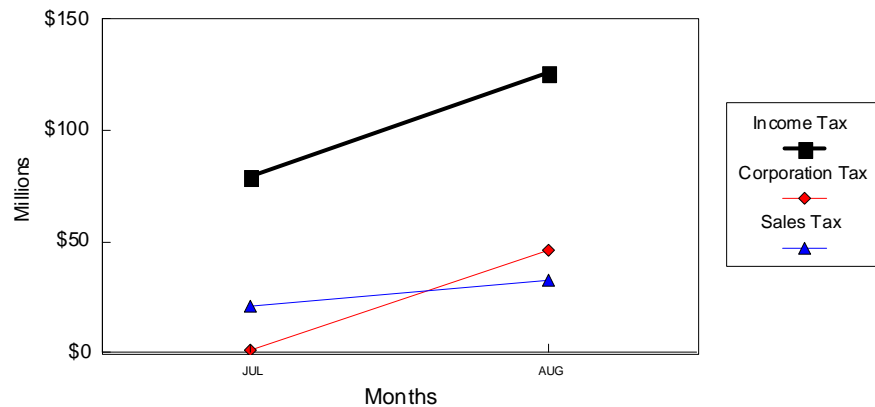
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Selected Year-To-Date Cash Collections (\$ millions)

REVENUE	FY 2011 Actual Year-To-Date	FY 2012 Actual Year-To-Date	Actual Y-T-D Growth %	Certified Year-End Growth % **	Certified Year-End \$ Estimate
INCOME TAX	\$659.9	\$786.0	19.1%	5.7%	\$11,132.0
* SALES TAX	\$655.3	\$688.1	5.0%	3.9%	\$8,153.0
CORPORATION TAX	\$47.8	\$94.0	96.9%	7.3%	\$2,261.0
LOTTERY	\$143.7	\$145.4	1.2%	10.8%	\$1,030.0
TRANSFER INHERITANCE	\$96.6	\$109.7	13.5%	6.2%	\$666.9
* MOTOR FUELS	\$47.9	\$41.1	-14.3%	1.9%	\$535.0
INSURANCE PREMIUM	\$9.5	\$3.2	-66.1%	6.3%	\$499.2
(b) MOTOR VEHICLE FEES	\$0.0	\$0.0	0.0%	19.6%	\$492.7
CASINO	\$54.9	\$41.8	-23.9%	-3.5%	\$234.8
* PETROLEUM PRODUCTS	\$17.9	\$22.9	27.9%	1.7%	\$222.8
(a) CIGARETTE	\$0.0	\$0.0	0.0%	-4.0%	\$205.5
BANKS & FINANCIAL (CBT)	\$13.3	(\$8.9)	-167.2%	16.4%	\$201.9
* REALTY TRANSFER	\$19.5	\$19.4	-0.4%	11.8%	\$191.1
* ALCOHOL EXCISE	\$0.1	\$0.0	-72.9%	0.0%	\$93.4

**Income Tax
Corporation Tax
and Sales Tax**
**FY12 Over FY11
Actual Year-To-Date
\$ Change**



Sources: Executive FY 2012 year-end revenues as certified by the Governor in June 2011.

FY 2012 Year-To-Date actuals are from Treasury monthly reports.

* Revenues represent one month of cash collections. All others represent two month of cash collections.

** The percentage difference between FY 2012 certified revenue estimates (June 2011) and FY 2011 Executive year-end anticipated figures (June 2011). 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 \$185.0 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.