

# OLS Revenue Snapshot

FY 2012 - Through May 2012

- **Revenue Growth Through the End of May Lags Executive Year-End Targets.** On May 23 and 24, the Treasurer reduced the Executive revenue estimates for FY 2012 by \$514.0 million: \$328.5 million less due to sharply lower receipts from energy-related sources, and \$185.5 million less attributable to other tax revenues. Through the end of May, most major tax revenues have grown at rates below those necessary to achieve the Executive's revised year-end targets. To meet those targets, a significant acceleration of growth rates for a number of taxes will be required in the remaining weeks of the fiscal year.
- **Gross Income Tax (GIT)** cash receipts of \$9.25 billion are 3.5% above the same period last year. However, that growth rate is misleading due to the timing of a weekly withholding date that shifted from June to May this year. Similar shifts between November and December and between February and March occurred previously in FY 2012 (visible as the artificially sharp jumps in November and February in the graph on page 2 of the *Snapshot*). Adjusting for this transitory shift brings the year-to-date growth rate for the GIT to approximately 2.3% through the end of May. The Executive recently revised the year-end target growth rate downward to 2.7%. The GIT (adjusted for the withholding shift) will have to grow by about 4.3% during the final weeks of FY 2012 to reach the year-end target.

Withholding collections are up 3.8% so far this fiscal year, but only up 2.3% after adjusting for the payment timing issue noted above. Quarterly estimated payments are down 0.3% for the fiscal year. Refund payments are down 1.4% compared to last year. The final payments for Tax Year 2011 are up 0.8% from last year's levels.

- **Sales Tax** receipts through the end of May total \$6.5 billion, up 2.6% from the same period last year. May cash receipts surprisingly declined by 2.7% below last May. The Executive's recently revised FY 2012 target is 3.6% growth for the fiscal year. In order to reach the year-end target, sales tax collections must grow by 8.3% for June and July (the sales tax is subject to a one-month payment lag, which extends FY 2012 collections beyond June 30), or more than three times the current year-to-date rate of growth.
- **Corporation Business Tax (CBT)** cash collections of \$1.9 billion are up 1.8% so far this fiscal year. The Executive did not revise the FY 2012 CBT estimate, which represents 3.9% growth for the entire fiscal year. The CBT will have to grow by about 15% in June to reach the year-end target.
- The **Insurance Premiums Tax** is due in two payments each year, at the beginning of March and of June. A portion of the recent June payment is booked in May and the remainder in June. Through the end of May cash receipts are 19.4% ahead of the same point last year. The Executive recently revised the year-end target upward to \$550.0 million, or 20.0% growth over last year. Current information from the State accounting system suggests that total receipts are unlikely to exceed \$530 million.

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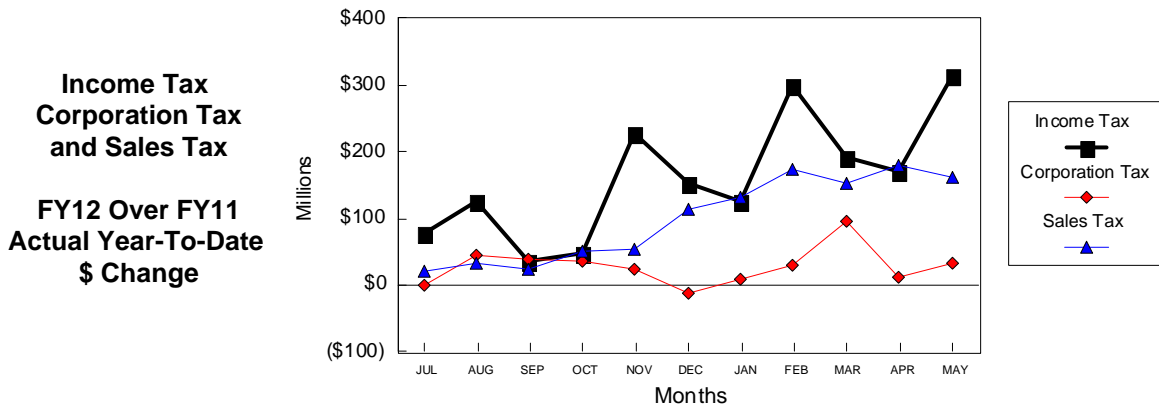
As in past years, the OLS Revenue Snapshot summarizes current cash revenue collections in comparison to prior year cash collections for the same period, using information provided by the Department of Treasury. Certain revenues are reported with a one month lag due to payment schedules.

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

| REVENUE                 | FY 2011<br>Actual<br>Year-To-Date | FY 2012<br>Actual<br>Year-To-Date | Actual<br>Y-T-D<br>Growth % | May Revised<br>Year-End<br>Growth % ** | May Revised<br>Year-End<br>\$ Estimate |
|-------------------------|-----------------------------------|-----------------------------------|-----------------------------|--|--|
| INCOME TAX              | \$8,939.4                         | \$9,254.3                         | 3.5%                        | 2.7%                                   | \$10,900.4                             |
| * SALES TAX             | \$6,369.1                         | \$6,533.2                         | 2.6%                        | 3.6%                                   | \$8,045.6                              |
| CORPORATION TAX         | \$1,870.9                         | \$1,905.1                         | 1.8%                        | 3.9%                                   | \$2,314.0                              |
| LOTTERY                 | \$829.7                           | \$853.0                           | 2.8%                        | 4.0%                                   | \$967.0                                |
| TRANSFER INHERITANCE    | \$554.3                           | \$590.8                           | 6.6%                        | 5.0%                                   | \$674.0                                |
| INSURANCE PREMIUM       | \$366.7                           | \$437.8                           | 19.4%                       | 20.0%                                  | \$550.0                                |
| * MOTOR FUELS           | \$432.2                           | \$446.4                           | 3.3%                        | 4.0%                                   | \$545.0                                |
| (b) MOTOR VEHICLE FEES  | \$339.1                           | \$399.3                           | 17.7%                       | 18.4%                                  | \$483.0                                |
| (a) CIGARETTE           | \$127.1                           | \$226.1                           | 77.9%                       | 30.5%                                  | \$296.6                                |
| CASINO                  | \$236.9                           | \$211.1                           | -10.9%                      | -8.1%                                  | \$230.8                                |
| * PETROLEUM PRODUCTS    | \$181.6                           | \$185.6                           | 2.2%                        | 4.0%                                   | \$225.0                                |
| * REALTY TRANSFER       | \$148.4                           | \$153.1                           | 3.2%                        | 11.2%                                  | \$195.0                                |
| * ALCOHOL EXCISE        | \$76.3                            | \$79.4                            | 4.1%                        | 5.6%                                   | \$104.0                                |
| BANKS & FINANCIAL (CBT) | \$97.0                            | \$57.6                            | -40.6%                      | -15.5%                                 | \$100.0                                |



Sources: Executive FY 2012 year-end revenues as revised in February 2012.

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

\* Revenues represent 10 months of cash collections. All others represent 11 months of cash collections.

\*\* The percentage difference between FY 2012 revised revenue estimates (May 2012) and FY 2011 figures from the State's Comprehensive Annual Financial Report (January 2012). 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 \$194.4 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.