

OLS Revenue Snapshot

FY 2013 - Through December 2012

- **December Revenue Collections Better Than Prior Months, Still Lag Year-end Growth Targets.**
Through the end of December, total major revenues are up 1.5% over the same six month period last year. December receipts rose by 5.9%, driven largely by the income tax. Nevertheless, the certified FY 2013 targets for these major revenues assume growth of 8.3% over the audited (NJ CAFR) FY 2012 collections. Since growth has lagged, the remaining months of FY 2013 will now need revenue increases of about 12.7% in order to achieve the year-end targets. The Treasurer has reported that total major revenues are running \$425.9 million below their targets so far in FY 2013.
- **Gross Income Tax (GIT)** cash receipts of \$4.36 billion are 5.6% above the same period last year, matching the certified year-end target growth for the fiscal year. GIT collections exceeded collections for last December by 19.8%. Driving the strong performance was growth in employer withholdings of wages (up 12.1% for the month) and quarterly estimated payments (up 22.7%), while refund payments dropped (down 49.6%). To the extent that the withholding jump reflects a timing shift in bonus payments, a corresponding reduction may show up in January or February. While OLS was expecting growth in estimated payments due to the Federal tax law changes, the magnitude of that jump will not be discernible until next month, as fourth quarter estimated payments are split between December and January.¹
- **Sales Tax** collections through the end of December total \$3.26 billion, down 0.9% from the same period last year. The certified target assumes 6.1% growth for the year. December's 2.9% decline compared to the prior trend of a 0.4% decline, appears to reflect Sandy's impact on November economic activity (the sales tax has a one month reporting lag).
- **Corporation Business Tax (CBT)** cash collections of \$932.0 million through December are down 0.7% from the same period last fiscal year, a sharp reversal from last month. CBT growth remains well below the 26.3% growth rate required to meet the certified target for FY 2013. The important December quarterly payments were particularly disappointing, falling 10.9% below last December, indicating continuing underperformance. On the other hand, the much smaller **CBT for Banks and Financial Institutions** is meeting expectations with a growth rate of 56.5% so far this year.
- **Casino revenues** of \$102.1 million are down 6.3% through the end of December. The certified target for FY 2013 requires growth of 18.4%. December cash receipts rose by 3.6% over last December, ending two consecutive months of double-digit percentage declines. The influence of Superstorm Sandy continues to be felt in the lagging casino revenues.

Office of Legislative Services, January 15, 2013

¹ OLS noted in the November **Snapshot**, the anticipation of federal tax changes would enhance State GIT revenue collections during FY 2013. Expecting less favorable federal treatment of certain investment income and higher marginal rates in some brackets, taxpayers were likely to have realized more income in TY 2012 than they would have otherwise.

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.

OLS Revenue Snapshot

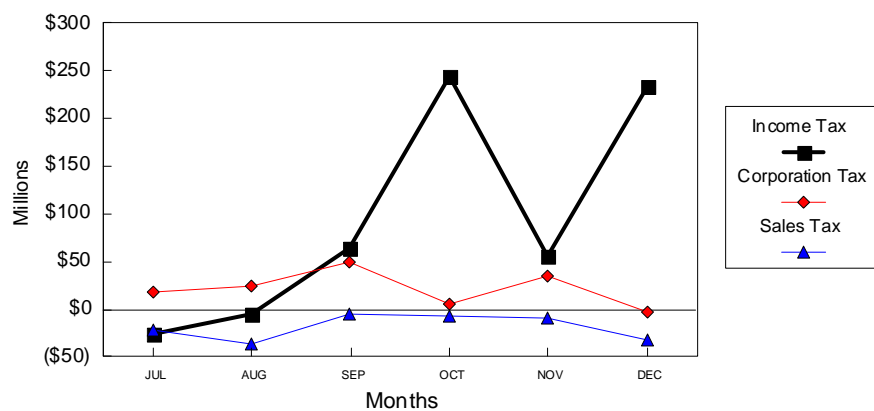
Selected Year-To-Date Cash Collections (\$ millions)

FY 2013 - Through December 2012

REVENUE	FY 2012 Actual Year-To-Date	FY 2013 Actual Year-To-Date	Actual Y-T-D Growth %	Certified Year-End Growth % **	Certified Year-End \$ Estimate
INCOME TAX	\$4,126.4	\$4,357.8	5.6%	5.7%	\$11,767.4
SALES TAX	\$3,287.3	\$3,257.8	-0.9%	6.1%	\$8,422.8
CORPORATION TAX	\$938.8	\$932.0	-0.7%	26.3%	\$2,566.0
LOTTERY	\$437.6	\$451.7	3.2%	15.3%	\$1,095.0
TRANSFER INHERITANCE	\$342.2	\$300.5	-12.2%	13.0%	\$725.0
INSURANCE PREMIUM	\$22.3	\$26.5	18.9%	8.8%	\$575.0
* MOTOR FUELS	\$231.9	\$219.3	-5.4%	4.7%	\$565.0
(b) MOTOR VEHICLE FEES	\$118.4	\$94.7	-20.0%	0.5%	\$466.4
(a) CIGARETTE	\$0.0	\$0.0	0.0%	-5.8%	\$271.6
CASINO	\$109.0	\$102.1	-6.3%	18.4%	\$269.1
* REALTY TRANSFER	\$84.9	\$86.6	2.0%	27.8%	\$240.0
* PETROLEUM PRODUCTS	\$97.5	\$87.8	-10.0%	2.1%	\$228.0
BANKS & FINANCIAL (CBT)	\$45.4	\$71.1	56.5%	55.1%	\$165.0
* ALCOHOL EXCISE	\$30.7	\$31.4	2.2%	9.5%	\$112.0
TOTALS:	\$9,872.5	\$10,019.5	1.5%	8.3%	\$27,468.3

**Income Tax
Corporation Tax
and Sales Tax**

**FY13 Over FY12
Actual Year-To-Date
\$ Change**



Sources: Executive FY 2013 year-end revenues as certified in June 2012.

FY 2013 Year-To-Date actuals are from Treasury monthly reports.

* Revenues represent 5 month of cash collections. All others represent 6 months of cash collections.

** The percentage difference between FY 2013 certified revenue estimates (June 2012) and final audited FY 2012 figures from the Comprehensive Annual Financial Report (January 2013). 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 \$213.6 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.