

OLS Revenue Snapshot

FY 2013 - Through February 2013

- **Executive Revises Budget Revenues Down \$406.3 Million.** On February 26 the Governor introduced his FY2014 Budget, which included revenue revisions for FY2013. The Executive's FY2013 total revenue targets were reduced by \$406.3 million. Income tax revenues were increased by \$405.6 million, while all other revenues were reduced by a total of \$811.9 million. As a result of these changes, the FY2013 major revenues are now expected to grow by 7.3% this fiscal year. The OLS will publish its ***Tax and Revenue Outlook*** analysis for the budget committees on April 4.
- **Refund Delay Inflates Income Tax; Most Revenues Still Lagging.** Early in the tax filing season, State income tax refund payments have been delayed significantly, artificially inflating net revenues by \$120 million in February. Total major tax revenues through the end of February are running 4.4% ahead of the same period last year, trailing the Executive's lowered year-end target growth rate of 7.3%. To achieve the Executive's revised targets will require growth of 9.8% in the major revenues for the remainder of FY2013.
- **Gross Income Tax (GIT)** cash receipts of \$6.84 billion are 8.6% above the same period last year, slightly below the revised year-end target growth rate of 9.4% for the fiscal year. February's net GIT revenues were inflated by a significant delay in refund payments, which fell \$120 million below the level of refunds paid last February. This reduction is believed to be due to delays in federal tax filing as a result of the "Fiscal Cliff" tax changes. Taxpayers typically wait to file their State returns until after completing their federal returns. The OLS expects tax filing and refund processing to catch up in the coming weeks and months. Had State tax refund payments equaled last year's (OLS had projected some growth in refunds), the GIT net collections would have been \$120 million less at about \$6.72 billion, or growth of 6.7% year to date.
- **Sales Tax** collections through the end of February total \$4.76 billion, up 2.1% from the same period last year. The Executive's revised target is \$206.8 million lower than the certified target, and assumes 3.5% growth for the year. January's and February's growth is an encouraging development.
- **Corporation Business Tax (CBT)** cash collections of \$1.04 billion through February are down 4.4% from the same eight month period last fiscal year. Estimates were revised downward by \$334.0 million, now requiring 9.8% growth for the full year, or 26% growth for the last four months of FY2013.
- **Casino revenues** of \$133.5 million are down 11.6% through the end of February. The revised target for FY 2013 was reduced by \$47.2 million and now assumes a decline of 2.3% for the year. Cash receipts this month tumbled 22.6% from last February.
- **Realty Transfer revenues** of \$124.2 million are up 7.2% compared to last year at the same point. February receipts jumped 50.7% above last February, a hopeful sign for a housing revenue recovery after many years of decline. The Executive did not revise its FY2013 target. In order to achieve the target, realty revenues will need to grow by 61% for the remainder of FY2013.

Office of Legislative Services, March 7, 2013

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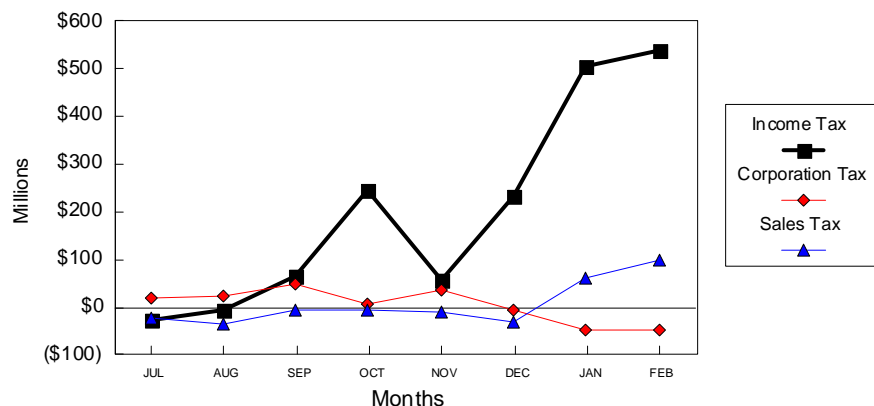
Selected Year-To-Date Cash Collections (\$ millions)

FY 2013 - Through February 2013

REVENUE	FY 2012 Actual Year-To-Date	FY 2013 Actual Year-To-Date	Actual Y-T-D Growth %	Revised Year-End Growth % **	Revised Year-End \$ Estimate
INCOME TAX	\$6,296.7	\$6,836.4	8.6%	9.4%	\$12,173.0
SALES TAX	\$4,657.3	\$4,756.5	2.1%	3.5%	\$8,216.0
CORPORATION TAX	\$1,083.9	\$1,036.5	-4.4%	9.8%	\$2,232.0
c) LOTTERY	\$591.8	\$596.2	0.7%	15.3%	\$1,095.0
TRANSFER INHERITANCE	\$434.4	\$406.6	-6.4%	5.9%	\$680.0
INSURANCE PREMIUM	\$167.9	\$217.1	29.3%	6.0%	\$560.0
* MOTOR FUELS	\$304.9	\$303.7	-0.4%	1.0%	\$545.0
b) MOTOR VEHICLE FEES	\$215.6	\$215.0	-0.3%	0.5%	\$466.4
a) CIGARETTE	\$0.0	\$7.5	--	-8.8%	\$263.0
* REALTY TRANSFER	\$115.9	\$124.2	7.2%	27.8%	\$240.0
* PETROLEUM PRODUCTS	\$131.1	\$120.7	-7.9%	2.1%	\$228.0
CASINO	\$150.9	\$133.5	-11.6%	-2.3%	\$221.9
BANKS & FINANCIAL (CBT)	\$44.5	\$71.2	59.8%	55.1%	\$165.0
* ALCOHOL EXCISE	\$53.4	\$53.7	0.6%	7.5%	\$110.0
TOTALS:	\$14,248.4	\$14,878.8	4.4%	7.3%	\$27,195.3

**Income Tax
Corporation Tax
and Sales Tax**

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



Sources: Executive FY2013 year-end revenues revised February 2013. FY2013 Year-To-Date from Treasury monthly reports.

* Revenues represent 7 month of cash collections. All others represent 8 months of cash collections.

** The percentage difference between FY 2013 revised revenue estimates (February 2013) 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.
- c) The FY13 Lottery estimate includes the anticipation of a \$120 million payment under a pending new management contract.