

OLS Revenue Snapshot

FY 2013 - Through January 2013

- **Income Tax Surge Continues in January; Most Other Revenues Still Lagging.** Total major revenues are up 3.9% over the same period last year. January receipts rose by 12.7%, driven for the second consecutive month by the income tax, and by a one-month jump in the sales tax. However, overall growth continues to lag the certified year-end growth target of 8.3%, so the remaining months of FY 2013 will need the major revenues to increase by about 12.7% in order to achieve the year-end target. The Executive will present revised FY 2013 revenues at the end of February with the release of the annual Governor's Budget Message (GBM). The OLS will publish its ***Tax and Revenue Outlook*** analysis about five weeks later.
- **Gross Income Tax (GIT)** cash receipts of \$6.13 billion are 9.0% above the same period last year, exceeding the certified year-end target growth rate of 5.7% for the fiscal year. For the second consecutive month GIT growth surged by nearly 20%. The exceptional growth in January is driven primarily by strong stock market performance in Tax Year 2012 and taxpayer reaction to the federal tax law changes.¹ In addition, the shifting of one week's withholding collection from February last year into January this year boosted receipts by between \$120-\$150 million. The OLS expects the GIT growth rate to moderate significantly in February and March, but remain positive overall.
- **Sales Tax** collections through the end of January total \$4.14 billion, up 1.5% from the same period last year. The certified target assumes 6.1% growth for the year. January's strong 11.4% growth is a welcome rebound after three consecutive months of declining collections. It is not clear if this jump in January revenue (from December sales activity) is a catch-up from the weak months or the beginning of a positive trend.
- **Corporation Business Tax (CBT)** cash collections of \$1.02 billion through January are down 4.3% from the same period last fiscal year. CBT growth remains well below the 26.3% growth rate required to meet the certified target for FY 2013. The much smaller **CBT for Banks and Financial Institutions** is running ahead of expectations.
- **Casino revenues** of \$118.1 million are down 9.9% through the end of January. The certified target for FY 2013 requires growth of 18.4%. Cash receipts this January dropped by 27.5% from last year.
- **Realty Transfer revenues** of \$104.2 million are up 1.5% compared to last year through the end of January, well below the certified target for FY 2013, which requires growth of 27.8%.

Office of Legislative Services, February 22, 2013

¹ OLS noted in prior **Snapshots** that federal tax changes would affect taxpayer behavior and 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

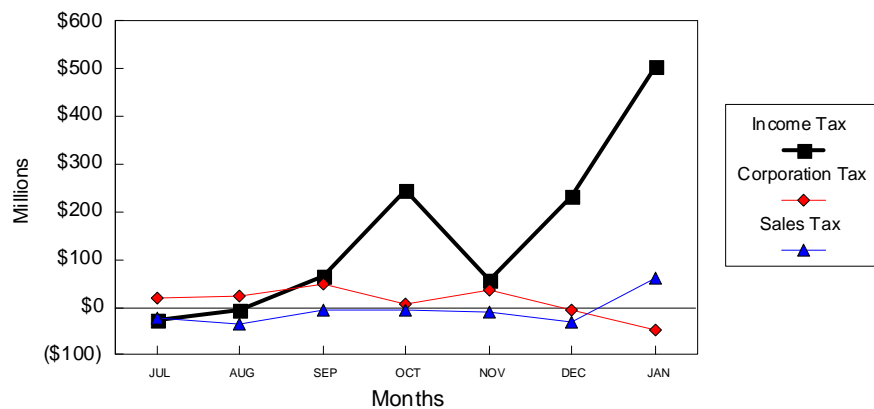
Selected Year-To-Date Cash Collections (\$ millions)

FY 2013 - Through January 2013

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	\$5,628.5	\$6,134.5	9.0%	5.7%	\$11,767.4
SALES TAX	\$4,079.3	\$4,140.5	1.5%	6.1%	\$8,422.8
CORPORATION TAX	\$1,061.7	\$1,016.1	-4.3%	26.3%	\$2,566.0
c) LOTTERY	\$509.2	\$526.8	3.5%	15.3%	\$1,095.0
TRANSFER INHERITANCE	\$394.5	\$356.1	-9.8%	13.0%	\$725.0
INSURANCE PREMIUM	\$23.6	\$27.1	15.1%	8.8%	\$575.0
* MOTOR FUELS	\$269.4	\$263.6	-2.2%	4.7%	\$565.0
b) MOTOR VEHICLE FEES	\$171.5	\$157.8	-8.0%	0.5%	\$466.4
a) CIGARETTE	\$0.0	\$0.0	0.0%	-5.8%	\$271.6
CASINO	\$131.2	\$118.1	-9.9%	18.4%	\$269.1
* REALTY TRANSFER	\$102.6	\$104.2	1.5%	27.8%	\$240.0
* PETROLEUM PRODUCTS	\$116.7	\$105.6	-9.5%	2.1%	\$228.0
BANKS & FINANCIAL (CBT)	\$42.2	\$71.4	69.1%	55.1%	\$165.0
* ALCOHOL EXCISE	\$53.1	\$53.4	0.7%	9.5%	\$112.0
TOTALS:	\$12,583.5	\$13,075.2	3.9%	8.3%	\$27,468.3

**Income Tax
Corporation Tax
and Sales Tax**

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



Sources: Executive FY2013 year-end revenues certified June 2012. FY2013 Year-To-Date from Treasury monthly reports.

* Revenues represent 6 month of cash collections. All others represent 7 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.

- 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).
- The first \$213.6 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.
- The FY13 Lottery estimate includes the anticipation of a \$120 million payment under a pending new management contract.