

# OLS Revenue Snapshot

FY 2013 - Through June 2013

- **Despite Strong Income Tax Growth, Overall Revenue Collections Lag FY 2013 Targets.** Through the end of June, the 14 major tax revenues tracked monthly by OLS ran 6.6% ahead of the same period last year, less than the 7.2% growth rate necessary to hit the Executive's revised year-end targets. Most revenues trailed the target growth rates, with the major exception being the gross income tax, which continued to out-pace its target growth rate. Collections for some revenues were essentially complete at the end of June, but other revenues, including the gross income tax and the sales tax, have collections due in July which accrue back into FY 2013. After June 30, revenues are also subject to year-end accounting adjustments, some of which can be significant. Should the June percentage growth shortfall persist, final overall major tax revenue collections will miss the FY 2013 Executive targets by about \$150 million.
- **Gross Income Tax (GIT)** cash receipts through June of \$11.55 billion were 12.4% above the same period last year, well ahead of the Treasury's revised year-end target growth rate of 9.6%. June receipts grew by 7.3% above the prior year. While overall collections growth was strong through June, receipts from withholding on employee wages were up only 4.7% compared to the same 12 months last year. Still remaining for the GIT are the allocation of July withholding receipts (some of which are credited back to FY 2013), refund accruals (which may be affected by the State's acknowledged delay in paying refunds), and the annual shift of certain partnership tax payments from the CBT to the GIT. After these post-June adjustments are complete, the GIT is likely to exceed the FY 2013 target.
- **Corporation Business Tax (CBT)** cash collections of \$2.4 billion through June were down 1.2% from the same 12 months last fiscal year, significantly below the Treasury's revised target of 11.1% growth. The important quarterly tax payments fell 4.8% below last June's levels. Still pending is the annual year-end accounting shift of certain partnership tax payments from the CBT to the GIT of between \$200-\$300 million. Once this shift has been made, the CBT will likely finish the year well below the Treasury's year-end target.
- **Sales Tax** collections through the end of May totaled \$7.2 billion, up 3.7% from the same period last year, and very close to the Treasury's revised year-end target growth rate of 3.8%. As sales tax collections lag by one month, pending July cash receipts will be accrued back to FY 2013.
- **Other major revenues** generally trailed the revised FY 2013 targets. Excluding the Big Three taxes, nine of the other 11 major revenues (lottery, transfer inheritance, motor fuels, motor vehicle fees, cigarette, realty transfer, petroleum products, CBT on banks and financial institutions, and alcohol excise) were running behind their year-end target growth rates through the end of June, while two revenues (casinos and insurance premiums) met or exceeded their growth targets.

Office of Legislative Services, July 25, 2013

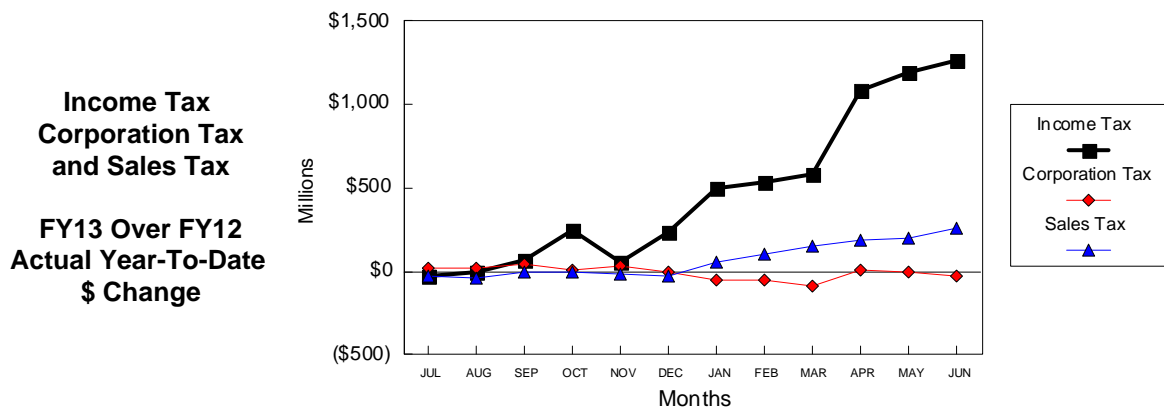
As in past years, the OLS Revenue Snapshot summarizes current cash revenue collections in comparison to prior year cash collections for the same period, using information provided by the Department of Treasury. Certain revenues are reported with a one month lag due to payment schedules.

# OLS Revenue Snapshot

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

FY 2013 - Through June 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	\$10,276.8	\$11,547.6	12.4%	9.6%	\$12,193.0
SALES TAX	\$7,196.8	\$7,460.1	3.7%	3.8%	\$8,241.0
CORPORATION TAX	\$2,433.9	\$2,404.3	-1.2%	11.1%	\$2,257.0
c) LOTTERY	\$944.0	\$1,057.4	12.0%	15.3%	\$1,095.0
TRANSFER INHERITANCE	\$655.4	\$614.5	-6.2%	1.3%	\$650.0
INSURANCE PREMIUM	\$530.5	\$570.0	7.4%	6.0%	\$560.0
* MOTOR FUELS	\$490.1	\$473.2	-3.4%	0.1%	\$540.0
b) MOTOR VEHICLE FEES	\$468.0	\$449.8	-3.9%	-2.0%	\$454.7
a) CIGARETTE	\$281.6	\$246.6	-12.4%	-8.8%	\$263.0
* REALTY TRANSFER	\$170.8	\$190.9	11.8%	21.4%	\$228.0
* PETROLEUM PRODUCTS	\$204.0	\$193.1	-5.4%	-1.5%	\$220.0
CASINO	\$235.0	\$211.3	-10.1%	-10.2%	\$204.1
BANKS & FINANCIAL (CBT)	\$106.8	\$154.5	44.7%	66.4%	\$177.0
* ALCOHOL EXCISE	\$79.5	\$80.0	0.6%	6.5%	\$109.0
<b>TOTALS:</b>	<b>\$24,073.2</b>	<b>\$25,653.2</b>	<b>6.6%</b>	<b>7.2%</b>	<b>\$27,191.8</b>



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

\* Revenues represent 11 month of cash collections. All others represent 12 months of cash collections.

\*\* The percentage difference between FY 2013 revised revenue estimates (May 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 amount includes a \$120 million payment under a new management contract.