

OLS Revenue Snapshot

FY 2013 - Through November 2012

- **No Growth in Major Revenues After Five Months of FY 2013.** Through the end of November, total major revenues are essentially even with the same five month period last year, up only 0.2%. The certified FY 2013 targets for these major revenues assume growth of 8.4% over FY 2012 collections. Every major revenue source is lagging its necessary year-end target growth rate. Since growth has been well below 8.4%, the remaining months of FY 2013 will now need revenue increases of about 11.9% in order to achieve the year-end targets. The Treasurer has reported that total major revenues are running \$451.2 million below targets so far in FY 2013.
- **Gross Income Tax (GIT)** cash receipts of \$3.3 billion are 1.7% above the same period last year.¹ The certified year-end target assumes growth of 5.7% for the entire fiscal year. The impact on GIT revenues from Superstorm Sandy remains unclear. In particular, employee withholding receipts might weaken as certain taxpayers face storm-related income reductions. However, withholding payments grew by 1.9% in August and September, the two months prior to Sandy, and improved to 3.7% growth in October and November, the two months affected by Sandy thus far, providing little indication of a storm impact.

The OLS notes that the anticipation of federal tax changes may positively enhance State GIT revenue collections during the remainder of the fiscal year. Expecting less favorable treatment of certain investment income and higher marginal rates in some brackets, taxpayers are likely to realize more income in TY 2012 than they would have otherwise. This will provide a bump for the GIT in FY 2013, but this growth will borrow from future years. The magnitude of these impacts is not known.

- **Sales Tax** collections through the end of November total \$2.6 billion, down 0.4% from the same period last year (November collections reflect October economic activity because this tax is subject to a one month payment lag). The certified target assumes 6.3% growth for the year. As with the GIT, the unknown impact on the sales tax from Superstorm Sandy is difficult to distinguish from the total collections data. The sales tax was down 0.3% through the end of both September and October, virtually identical to the decline of 0.4% through the end of November. The pattern of weakness has persisted for the entire fiscal year.
- **Corporation Business Tax (CBT)** cash collections of \$595.0 million through November are up 6.1% from the same period last fiscal year, an improvement from last month, but still well below the 26.2% growth rate required to meet the certified target for FY 2013. Upcoming December collections will be important, as December is one of the largest months each year for corporate tax payments.
- **Casino revenues** of \$89.1 million are down 7.6% through the end of November. The certified target for FY 2013 requires growth of 18.5%. November cash receipts fell 38.0% below last November, the second consecutive month of double-digit percentage declines. Casino revenues have clearly been harmed by Superstorm Sandy. Through the end of September, casino revenues had been growing by a modest 4.7%, but October and November have seen a sharp reversal. Whether this two-month decline will extend into future months is unknown.

Office of Legislative Services, December 21, 2012 (Updated)

¹ November receipts have now corrected for the two important payment timing issues the OLS noted in [last month's Snapshot](#), which had artificially inflated the year-over-year collections pattern.

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

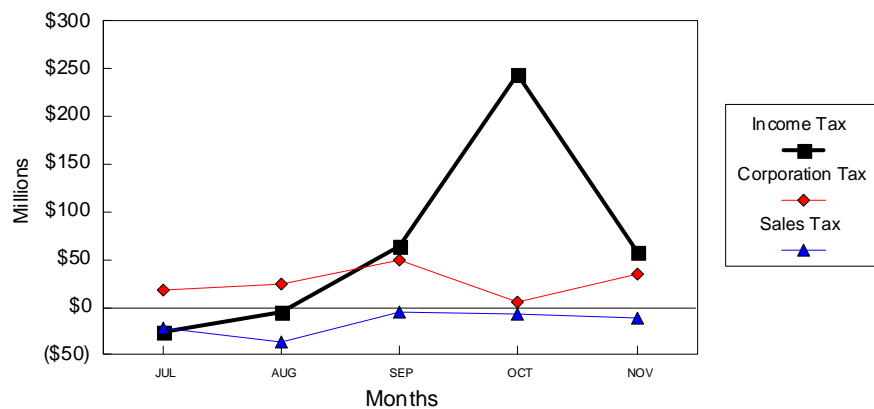
Selected Year-To-Date Cash Collections (\$ millions)

FY 2013 - Through November 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	\$3,236.4	\$3,291.7	1.7%	5.7%	\$11,767.4
SALES TAX	\$2,615.6	\$2,605.9	-0.4%	6.3%	\$8,422.8
CORPORATION TAX	\$560.7	\$595.0	6.1%	26.2%	\$2,566.0
LOTTERY	\$354.6	\$377.7	6.5%	15.3%	\$1,095.0
TRANSFER INHERITANCE	\$287.5	\$246.7	-14.2%	12.9%	\$725.0
INSURANCE PREMIUM	\$21.8	\$21.4	-1.6%	8.8%	\$575.0
* MOTOR FUELS	\$189.6	\$179.5	-5.3%	4.8%	\$565.0
(b) MOTOR VEHICLE FEES	\$72.9	\$46.6	-36.1%	0.5%	\$466.4
(a) CIGARETTE	\$0.0	\$0.0	0.0%	-5.8%	\$271.6
CASINO	\$96.5	\$89.1	-7.6%	18.5%	\$269.1
* REALTY TRANSFER	\$71.1	\$72.4	1.9%	27.7%	\$240.0
* PETROLEUM PRODUCTS	\$79.8	\$70.3	-11.8%	2.1%	\$228.0
BANKS & FINANCIAL (CBT)	\$21.1	\$26.2	24.0%	55.2%	\$165.0
* ALCOHOL EXCISE	\$30.7	\$31.2	1.9%	9.5%	\$112.0
TOTALS:	\$7,638.1	\$7,653.9	0.2%	8.4%	\$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 4 month of cash collections. All others represent 5 months of cash collections.

** The percentage difference between FY 2013 certified revenue estimates (June 2012) and FY 2012 figures from the State's Comprehensive Financial System (September 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 \$213.6 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.