

OLS Revenue Snapshot

FY 2013 - Through October 2012

- **Major Revenues Continue to Lag Year-End Target Growth Rates.** Through the end of October, most major revenues continue to lag growth rates necessary to achieve the certified year-end targets. According to the Treasury's October revenue report, total revenues are up by only 3.4% above the same period last year. The certified FY 2013 targets for these major revenues assume growth of 8.4% over FY 2012 collections. Since growth has been well below 8.4%, the remaining months of FY 2013 will now need to increase by about 9.9% to compensate.
- **Gross Income Tax (GIT)** cash receipts of \$1.7 billion are 9.9% above the same period last year. However, there are two important payment timing issues influencing the year-over-year collections pattern. First, in FY 2012 about \$60 million of quarterly estimated payments were delayed into November due to Hurricane Irene. Second, in FY 2013 a weekly withholding payment (worth about \$100 million) shifted from November to October, an accounting shift that occurs several times each year depending on the number of Wednesdays that fall in each month. Combined, these two effects artificially boost the current cash flow by about \$160 million compared to last year's baseline. Compensating for this distortion reduces the effective GIT growth rate to about 3.4%. The OLS anticipates that these two factors will be corrected after the November GIT payments are complete. The certified year-end target assumes growth of 5.7% for the entire fiscal year.
- **Sales Tax** remains very weak, with receipts through the end of October totaling \$2.0 billion, down 0.3% from the same period last year (October collections reflect September economic activity because this tax is subject to a one month payment lag). The certified target assumes 6.3% growth for the year.
- **Corporation Business Tax (CBT)** cash collections of \$536.4 million through October represent 1.1% growth from the same period last fiscal year. The certified CBT estimate requires 26.2% growth rate for FY 2013 over FY 2012.
- **Casino revenues** of \$78.2 million are down 0.9% through the end of October. The certified target for FY 2013 requires growth of 18.5%. October cash receipts fell 17.8% below last October, with an unknown portion of this decline attributable to the recent storm.
- **Revenue Impact of Superstorm Sandy is Uncertain.** The major storm that hit New Jersey October 28-30 had a significant adverse impact on lives and property in the State, but the State revenue implications are unclear. October saw a small impact from the closure of Atlantic City casinos, but most other October revenues were already paid by the time the storm hit, based on prior economic activity. Certain State revenues during the next two months may decline below the levels that would have otherwise been expected. On the other hand, an infusion of resources and reconstruction activity may spur growth by the Spring of 2013. In Louisiana, State revenues received a post-Katrina bounce from the economic impact of reconstruction. The OLS will monitor and discuss these impacts in the coming months.

Office of Legislative Services
November 26, 2012

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.

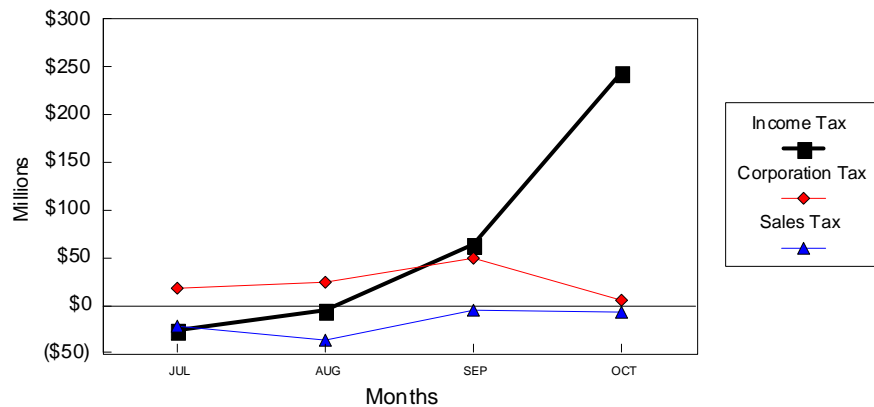
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Selected Year-To-Date Cash Collections (\$ millions)

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	\$2,453.1	\$2,697.1	9.9%	5.7%	\$11,767.4
SALES TAX	\$2,028.5	\$2,021.9	-0.3%	6.3%	\$8,422.8
CORPORATION TAX	\$530.8	\$536.4	1.1%	26.2%	\$2,566.0
LOTTERY	\$285.9	\$293.1	2.5%	15.3%	\$1,095.0
TRANSFER INHERITANCE	\$229.1	\$204.0	-10.9%	12.9%	\$725.0
INSURANCE PREMIUM	\$12.2	\$14.1	16.1%	8.8%	\$575.0
* MOTOR FUELS	\$137.8	\$134.2	-2.6%	4.8%	\$565.0
(b) MOTOR VEHICLE FEES	\$23.2	\$6.1	-73.8%	0.5%	\$466.4
(a) CIGARETTE	\$0.0	\$0.0	0.0%	-5.8%	\$271.6
CASINO	\$78.9	\$78.2	-0.9%	18.5%	\$269.1
* REALTY TRANSFER	\$55.2	\$57.3	3.9%	27.7%	\$240.0
* PETROLEUM PRODUCTS	\$60.1	\$52.6	-12.5%	2.1%	\$228.0
BANKS & FINANCIAL (CBT)	\$19.0	\$24.4	28.0%	55.2%	\$165.0
* ALCOHOL EXCISE	\$20.4	\$16.0	-21.5%	9.5%	\$112.0

**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 3 month of cash collections. All others represent 4 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.