

# OLS Revenue Snapshot

FY 2014 - Through February 2014

- **Executive Revises Revenue Targets Down \$251 Million.** On February 25 the Governor presented the FY2015 Budget Recommendation, including revised revenue targets for FY2014. Overall targets were reduced by \$250.7 million. The income tax was reduced by \$111.2 million, casino revenues (including internet gaming) were reduced by \$126.8 million, and other major tax revenues were reduced by a net of \$96.7 million. Partially offsetting these reductions, various other revenues rose by a net \$84.0 million (including \$92 million from a Tobacco Settlement transaction). The OLS will present its ***Tax and Revenue Outlook*** to the Budget Committees in the first week of April.
- **February Revenue Growth Trails the Revised Target.** The State's major revenues in February rose by only 0.5% above last February. For the last three months, total collections are only 1.3% ahead of the same months last year. Year-to-date growth in the major revenues has slowed to 4.7%, which is less than the Executive's revised year-end target growth rate of 5.9% for FY 2014.
- **Gross Income Tax (GIT)** collections for the month fell by 8.9% below last February. Receipts of \$7.07 billion were 3.4% above the same eight month period last year, half the revised target rate of 6.8%. While collections are lagging, some of the apparent weakness is due to a significant delay in refund processing last year. Refund payments in 2014, which are closer to historical norms, are running about \$200 million above last year's level, depressing net collections. The refund issue aside, underlying GIT growth is much closer to, but still trailing, the target rate. These processing issues should be largely resolved by the close of FY2014.
- **Sales Tax** receipts through the end of February total \$5.03 billion, up 5.7% from the same period last year. February collections, which reflect January economic activity due to a one month payment lag, declined for the first time in FY2014, falling 2.3% below last February. The target rate is unchanged at 5.4% growth for FY2014.
- **Corporation Business Tax (CBT)** collections of \$1.11 billion through February are up 7.2% from the same period last fiscal year. The FY2014 CBT revised target rate is 2.3%. Net cash receipts jumped considerably in February, due in part to a sharp decline in refund payments.
- **Casino revenues** of \$136.1 million are 2.0% ahead of last year through the end of February. The FY 2014 revised baseline casino revenues target rate appears to be 3.6% growth. Baseline casino revenues exclude amounts from internet gaming.
- According to the Division of Gaming Enforcement, State tax revenue from **internet gaming** totaled \$4.22 million from the start of operations in late November 2013 through the end of February 2014. The Executive revised the target down from the \$160.0 million certification, although the new target has not been revealed. If the revised target is \$34.0 million (down \$126.0 million), tax collections would need to average \$7.44 million per month over the remaining four months of this fiscal year.

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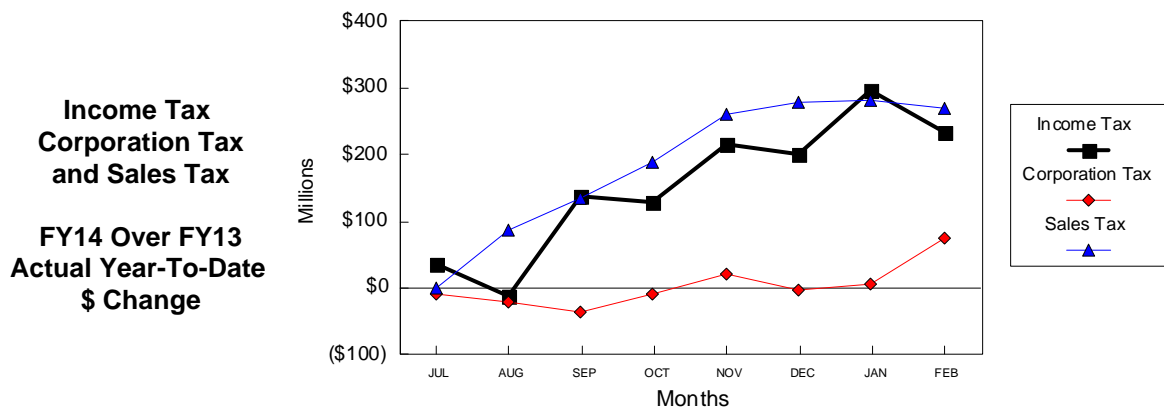
The OLS Revenue Snapshot summarizes current cash revenue collections in comparison to prior year cash collections for the same period, using information provided by the Department of Treasury. Certain revenues are reported with a one month lag due to payment schedules.

# OLS Revenue Snapshot

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

FY 2014 - Through February 2014

REVENUE	FY 2013 Actual Year-To-Date	FY 2014 Actual Year-To-Date	Actual Y-T-D Growth %	Revised Year-End Growth % **	Revised Year-End \$ Estimate
INCOME TAX	\$6,836.4	\$7,070.8	3.4%	6.8%	\$12,927.8
* SALES TAX	\$4,756.5	\$5,025.4	5.7%	5.4%	\$8,680.0
CORPORATION TAX	\$1,036.5	\$1,111.1	7.2%	2.3%	\$2,419.7
LOTTERY	\$596.2	\$609.9	2.3%	2.9%	\$993.0
TRANSFER INHERITANCE	\$406.6	\$452.0	11.2%	14.6%	\$715.0
INSURANCE PREMIUM	\$217.1	\$253.3	16.6%	8.7%	\$612.0
* MOTOR FUELS	\$303.7	\$312.2	2.8%	2.2%	\$536.0
[b] MOTOR VEHICLE FEES	\$215.0	\$164.9	-23.3%	-2.5%	\$438.5
* REALTY TRANSFER	\$124.2	\$156.7	26.2%	35.3%	\$287.0
[a] CIGARETTE	\$7.5	\$2.7	-64.2%	-10.3%	\$221.4
* PETROLEUM PRODUCTS	\$120.7	\$128.5	6.5%	3.2%	\$213.0
[c] CASINO	\$133.5	\$136.1	2.0%	3.6%	\$209.1
BANKS & FINANCIAL (CBT)	\$71.2	\$97.5	37.0%	20.0%	\$197.0
* ALCOHOL EXCISE	\$53.7	\$55.0	2.4%	4.8%	\$108.0
<b>TOTALS:</b>	<b>\$14,878.8</b>	<b>\$15,576.0</b>	<b>4.7%</b>	<b>5.9%</b>	<b>\$28,557.5</b>



Sources: Executive FY2014 year-end revenues revised February 2014. FY2014 Year-To-Date from Treasury monthly reports.

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

\*\* The percentage difference between FY 2014 revised revenue estimates (Feb 2014) and audited FY 2013 figures from the Comprehensive Annual Financial Report (March 2014). 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 \$244.9 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.
- [c] The FY14 casino amount does not include the new internet gaming revenues.