

OLS Revenue Final Picture

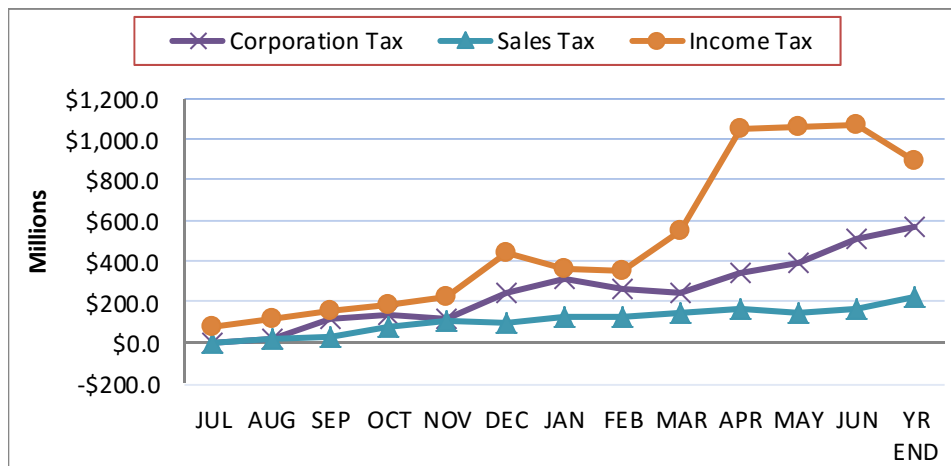
Preliminary FY 2015 Year-End Totals

- Major Revenues for FY 2015 Grow by 6.5%, Exceed Targets.**¹ According to current figures from the State's Comprehensive Financial System, actual collections from the 14 major revenues tracked by OLS exceeded the combined amount certified at the beginning of the fiscal year by \$257.3 million. Collections for the Gross Income Tax (GIT) topped the certified level by \$623.0 million, for the Corporation Business Tax (CBT) by \$65.2 million, and for the inheritance tax by \$35.6 million. Collections for the other 11 revenues fell a combined \$466.5 million below certified levels. This year of strong revenue gains produced an overall increase in the major revenues of \$1.783 billion over FY 2014 levels, or 6.5% growth.

The Governor's revenue certification in June 2014 was the basis for the FY 2015 Appropriations Act. In May 2015, the Executive revised the FY 2015 targets, which also informed the revenue assumptions for the FY 2016 Appropriations Act. The May revisions adjusted the projected FY 2015 growth rate from 5.3% to 5.9%. The actual major revenues exceeded their May revised targets by a combined \$162.5 million. The table on page 3 of this report displays the actual FY 2015 figures compared to both the original certification and the Executive's May revised targets.

For most of FY 2015, the major revenues tracked close to the growth rates needed to achieve the original certified targets. In April, GIT collections jumped, reflecting a rebound from a very weak April the prior year. As a result, in May the Executive increased slightly the overall projections for FY 2015 to reflect year-to-date trends. Selected revenues are discussed on the following page.

The "Big Three" Tax Revenues By Month: FY 2015 Over FY 2014



¹ FY 2015 ended on June 30, but collections for many revenues continued until the end of July. Most FY 2015 major revenue collections and annual year-end revenue accounting adjustments are now complete. The revenues included in this report account for about 87% of budgeted State revenues, and do not include certain energy-related revenues and various miscellaneous sources. Ultimately, the Comprehensive Annual Financial Report (CAFR) will provide the official audit of State resources, as well as official expenditures for FY 2015. While significant revenue adjustments after December are rare, the OLS will update this year-end display if additional adjustments occur and when the final CAFR audit is released.

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- **Gross Income Tax** receipts of \$13.25 billion grew by 7.6% over the prior year. Growth rebounded from the much weaker 1.7% rate attained in FY 2014. Overall, GIT collections exceeded the original FY 2015 certification by \$623.0 million, but trailed the Executive's May revised target by \$90.0 million.
- **Sales Tax** receipts totaled \$8.875 billion. The 2.7% growth from FY 2014 somewhat underperformed long-run historical average growth rates. The FY 2015 total was \$192.9 million below the certified level but \$45.1 million above the Executive's May revised target.
- **Corporation Business Tax (CBT)** collections of \$2.655 billion in FY 2015 were up a robust 26.4% from FY 2014, \$65.2 million above the original certified level, and \$223.2 million above the Executive's May revised target. On the other hand, the much smaller **CBT for banks and financial institutions** yielded \$127.1 million in FY 2015, a 31.7% decline from the prior year, \$82.9 million below the certified level, and \$64.9 million less than the Executive's May revised target. Historically, corporation tax revenues are highly volatile from year to year.
- **Casino Tax** revenues of \$196.8 million were down 5.4% from the FY 2014 level, \$60.8 million below the certified level and \$2.4 million below the Executive's May revised target. Tax revenue from "brick and mortar" casino operations declined for the ninth year in a row, while the first full year of the internet gaming component yielded \$19.8 million.
- After the first \$788.5 million of sales tax and CBT revenues from the energy sector is allocated to an off-budget municipal aid program, the remainder appears in the General Fund, but is not among the revenues the OLS tracks each month in its **Revenue Snapshot**. In recent years energy receipts have been a source of annual General Fund revenue shortfalls, but not in FY 2015. The original certification assumed a net \$245.0 million from the sales tax and \$20.0 million from the CBT. In May the Executive revised those projections to \$198.0 million from the sales tax and \$55.0 million from the CBT. Currently, the Comprehensive Financial System is showing \$248.8 million and \$83.7 million respectively in FY 2015. The combined yield is \$66.5 million above the certification and \$78.5 million above the May revised projection.

Office of Legislative Services
December 22, 2015

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Major Revenues (\$ millions)

Preliminary FY 2015 Year-End Totals Compared to Targets

REVENUE	Certified*	May Revised*	Actual**	Actual Difference from		Growth Rate from FY 2014 to FY 2015
				Certified	May Revised	
INCOME TAX	\$12,627.0	\$13,340.0	\$13,250.0	\$623.0	(\$90.0)	7.6%
SALES TAX	\$9,068.0	\$8,830.0	\$8,875.1	(\$192.9)	\$45.1	2.7%
CORPORATION TAX	\$2,590.0	\$2,432.0	\$2,655.2	\$65.2	\$223.2	26.4%
LOTTERY	\$1,036.9	\$930.0	\$960.0	(\$76.9)	\$30.0	-0.5%
TRANSFER INHERITANCE	\$757.9	\$741.0	\$793.5	\$35.6	\$52.5	15.4%
INSURANCE PREMIUM	\$627.0	\$642.0	\$616.8	(\$10.2)	(\$25.2)	6.7%
MOTOR FUELS	\$541.0	\$531.0	\$532.8	(\$8.2)	\$1.8	0.5%
MOTOR VEHICLE FEES	\$432.4	\$438.1	\$433.7	\$1.3	(\$4.4)	0.8%
REALTY TRANSFER	\$305.0	\$281.0	\$272.2	(\$32.8)	(\$8.8)	9.2%
PETROLEUM PRODUCTS	\$215.0	\$215.0	\$215.1	\$0.1	\$0.1	-0.8%
CASINO	\$257.6	\$199.2	\$196.8	(\$60.8)	(\$2.4)	-5.4%
BANKS & FINANCIAL (CBT)	\$210.0	\$192.0	\$127.1	(\$82.9)	(\$64.9)	-31.7%
CIGARETTE	\$180.8	\$177.0	\$182.0	\$1.2	\$5.0	-18.8%
ALCOHOL EXCISE	\$110.0	\$105.0	\$105.5	(\$4.5)	\$0.5	1.2%
Total Major Revenues	\$28,958.5	\$29,053.3	\$29,215.8	\$257.3	\$162.5	6.5%

* Executive FY 2015 estimates as certified in June 2014 and as revised in May 2015.

** FY 2015 Actual revenues represent collections through the end of the fiscal year as recorded in the NJ Comprehensive Financial System (CFS) in December 2015. Final numbers will be reported in the winter or spring of 2016 in the State Audit (Comprehensive Annual Financial Report, CAFR). Energy revenues for the sales tax and CBT are not included.

Note: The major revenues above consist of on-budget amounts. Some revenues, such as the cigarette tax and motor vehicle fees, also have significant components reported off-budget as Schedule 2 revenues.