

# OLS Revenue Snapshot

FY 2016 - Through January 2016

- **Revenue Growth Above Executive's Revised Estimates.** On February 16 the Governor presented his FY 2017 Budget Message, which included revised revenue estimates for FY 2016. The major tax revenues for the current fiscal year are projected to be similar in total to the Governor's June 2015 revenue certification, except for a \$122.0 million gross income tax reduction due to the enhanced Earned Income Tax Credit enacted in July 2015. Other noteworthy Executive changes include reductions in the corporation business tax and lottery estimates and increases in the sales, transfer inheritance, motor fuels, and cigarette tax forecasts.

Although January collections for the major revenues grew by only 2.1% above January 2015, year-to-date growth of 3.5% for the first seven months remains above the 2.8% rate needed to reach the revised year-end<sup>1</sup> targets. Year-to-date, seven of the 14 major revenues are growing at rates above those needed to achieve the revised year-end targets, while six revenues are trailing the targets.

- **Gross Income Tax (GIT)** cash receipts of \$7.1 billion are running 4.3% above the same period last year. The revised year-end target assumes annual growth of 3.8% above FY 2015. Of some concern is employer withholding from employee wages, which is running only 2.2% above the same seven months last year. Withholding typically accounts for more than two-thirds of annual GIT revenue. Quarterly estimated payments<sup>2</sup> are up a strong 8.6%, while refunds are up 8.9% above last year.
- **Sales Tax** receipts year-to-date total \$4.8 billion, up 5.1% from the same period<sup>3</sup> last year. January collections grew by 7.1% over last January's monthly amount. The sales tax remains the most encouraging of the State's three largest tax revenues. That optimism is reflected in the Executive's upwardly revised growth target, which now assumes an annual 5.0% growth rate above the FY 2015 total.
- **Corporation Business Tax (CBT)** cash collections of \$1.1 billion through the first seven months are 15.1% below the same period last fiscal year, after January collections were down 19.3% from last January. The revised FY 2016 CBT estimate projects a decline of 12.0% for the year. The ongoing weakness of the CBT is partially attributable to a 41% increase (\$75.7 million) in refunds above FY 2015 year-to-date.
- **Transfer inheritance revenues** of \$488.1 million are up 20.3% compared to last year through January, well ahead of the 4.4% increase anticipated by the revised year-end target.
- **Realty transfer fee collections** of \$166.7 million grew by 11.4% year-on-year<sup>4</sup> through the end of January. In spite of robust improvements in recent months, year-to-date collections continue to lag the 13.6% growth rate needed to reach the revised FY 2016 year-end target.

Office of Legislative Services  
February 23, 2016

<sup>1</sup> The *OLS Revenue Snapshot* displays the growth rates necessary to achieve the FY 2016 year-end revised targets compared to the FY 2015 final totals, using figures reported in the Governor's Budget Message on February 16, 2016.

<sup>2</sup> Quarterly estimated payments (April, June, September, and December/January) are generally paid by taxpayers with significant non-wage income such as capital gains, dividends, and partnership income.

<sup>3</sup> January sales tax collections reflect December's holiday economic activity, as this tax is subject to a one month payment lag.

<sup>4</sup> January realty collections reflect December economic activity, as counties remit fee payments to the State with a one-month lag.

The OLS Revenue Snapshot compares current cash revenue collections 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.

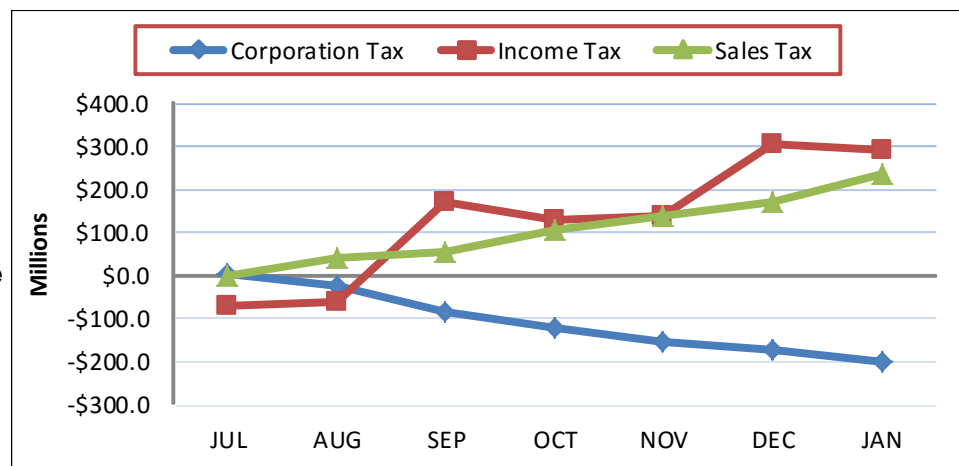
# OLS Revenue Snapshot

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

FY 2016 - Through January 2016

REVENUE	FY 2015 Actual Year-To-Date	FY 2016 Actual Year-To-Date	Actual Y-T-D Growth %	Revised Year-End Growth % **	Revised Year-End \$ Estimate
INCOME TAX	\$6,794.2	\$7,084.4	4.3%	3.8%	\$13,758.0
* SALES TAX	\$4,550.4	\$4,783.6	5.1%	5.0%	\$9,315.8
CORPORATION TAX	\$1,335.2	\$1,133.1	-15.1%	-12.0%	\$2,336.0
LOTTERY	\$509.8	\$574.4	12.7%	0.5%	\$965.0
TRANSFER INHERITANCE	\$405.6	\$488.1	20.3%	4.4%	\$828.1
INSURANCE PREMIUM	\$30.7	\$45.2	47.3%	3.9%	\$668.7
* MOTOR FUELS	\$269.4	\$272.7	1.2%	3.9%	\$556.6
[a] MOTOR VEHICLE FEES	\$123.2	\$161.2	30.9%	9.6%	\$479.1
* REALTY TRANSFER	\$149.6	\$166.7	11.4%	13.6%	\$309.1
* PETROLEUM PRODUCTS	\$111.3	\$106.4	-4.5%	1.4%	\$218.1
[b] CASINO	\$117.9	\$114.0	-3.3%	-1.6%	\$193.6
[c] CIGARETTE	\$0.0	\$0.0	0.0%	-11.2%	\$163.6
BANKS & FINANCIAL (CBT)	\$79.1	\$54.2	-31.4%	22.1%	\$155.3
* ALCOHOL EXCISE	\$53.2	\$55.8	4.9%	3.7%	\$109.5
<b>TOTALS:</b>	<b>\$14,529.7</b>	<b>\$15,039.9</b>	<b>3.5%</b>	<b>2.8%</b>	<b>\$30,056.4</b>

**Income Tax  
Corporation Tax  
and Sales Tax**  
  
**FY16 Over FY15  
Actual Year-To-Date  
\$ Change**



Sources: Executive FY2016 year-end revenues revised February 2016. FY2016 Year-To-Date from Treasury monthly reports.

\* Revenues represent 6 months of cash collections. All others represent 7 months of cash collections.

\*\* The percentage difference between FY2016 revised revenue estimates (Feb. 2016) and final FY2015 figures from the Governor's Budget Message (Feb. 2016). Energy revenues for the Sales tax and CBT are not included. FY2016 Income tax reflects the Executive's downward adjustment of \$122 million for additional Earned Income Tax credits.

[a] The first \$222.8 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.

[b] The casino amounts include internet gaming revenues.

[c] 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 \$107.9 million, are dedicated to pay tobacco bond debt service (P.L.2004, c.68).