

OLS Revenue Snapshot

FY 2016 - Through September 2015

- **First Quarter Revenue Results Mixed.** Major revenues through September, which marks the completion of the first quarter of FY 2016, grew by 4.7%, ahead of the 3.4% rate needed to reach the year-end¹ targets. However, this growth is exaggerated by a timing shift for certain income tax payments, which is discussed below. Adjusting for this shift yields a year-to-date growth in the major revenues of about 2.1%. Excluding the income tax, five of the 14 major revenues are growing at rates above those needed to achieve their certified year-end revenue targets, while six revenues are initially falling below the growth rates needed to meet their certified year-end revenue targets.
- **Gross Income Tax (GIT)** cash receipts of \$2.3 billion are running 8.1% above the same period last year. The certified year-end target assumes annual growth of 3.5% above FY 2015. Withholding from employee wages increased by about 12.1%, but much of that growth is due to the receipt of one extra withholding payment compared to last year at the same time. Adjusting for that extra payment, withholding would be up about 4.0%, while adjusted overall GIT growth would be approximately 2.0%. Quarterly estimated payments² are up a strong 16.4%. However, refunds are up sharply, 74.9% above the same period last year, which is a drag on net collections.
- **Sales Tax** receipts through the end of September total \$1.53 billion, up 3.6% from the same period³ last year. The certified target assumes an annual 2.9% growth rate above the preliminary FY 2015 total.
- **Corporation Business Tax (CBT)** cash collections of \$471.3 million through the end of September represent a 15.4% decline from the same period last fiscal year. The certified FY 2016 CBT estimate requires 5.9% growth for the year. The September collections, which include the first quarterly payments in the new fiscal year, fell by 14.3%, a concern, but not yet a clear signal that the FY 2016 target is too optimistic.
- **Casino revenues** of \$52.9 million are down 15.9% compared to last year through September. The certified target for FY 2016 casino revenues assumes a more modest decline of 2.5%.
- **Lottery revenues** of \$220.3 million are up 7.4% compared to last year through September, almost matching the 7.5% growth rate needed to meet the certified year-end target.

Office of Legislative Services
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¹ The *OLS Revenue Snapshot* displays the growth rates necessary to achieve the FY 2016 year-end certified targets compared to the FY 2015 preliminary totals provided in the Treasurer's May budget update. These growth rates will change when final FY 2015 collections are established later this year.

² 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.

³ September sales tax collections reflect August economic activity because this tax is subject to a one month payment lag.

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

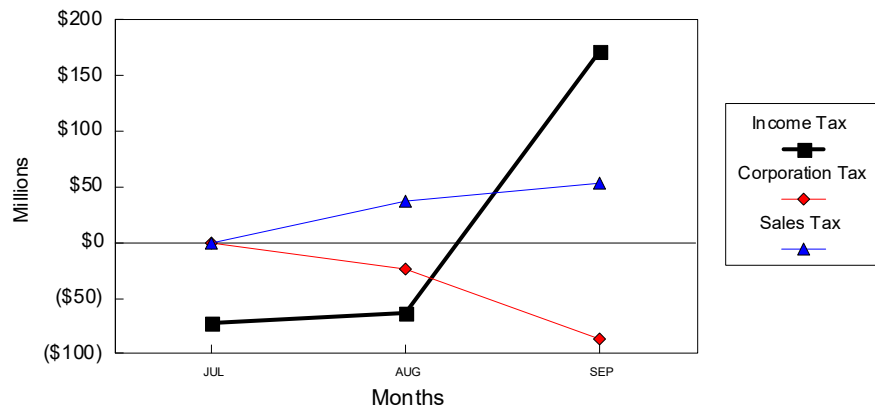
Selected Year-To-Date Cash Collections (\$ millions)

FY 2016 - Through September 2015

REVENUE	FY 2015 Actual Year-To-Date	FY 2016 Actual Year-To-Date	Actual Y-T-D Growth %	Certified Year-End Growth % **	Certified Year-End \$ Estimate
INCOME TAX	\$2,106.1	\$2,277.4	8.1%	3.5%	\$13,810.0
* SALES TAX	\$1,477.7	\$1,530.6	3.6%	2.9%	\$9,090.0
CORPORATION TAX	\$557.1	\$471.3	-15.4%	5.9%	\$2,575.0
LOTTERY	\$205.1	\$220.3	7.4%	7.5%	\$1,000.0
TRANSFER INHERITANCE	\$158.8	\$217.9	37.2%	1.9%	\$755.0
INSURANCE PREMIUM	\$11.1	\$26.1	135.5%	2.8%	\$660.0
* MOTOR FUELS	\$89.3	\$93.4	4.6%	0.7%	\$534.9
[a] MOTOR VEHICLE FEES	\$0.0	\$0.0	0.0%	7.8%	\$472.1
* REALTY TRANSFER	\$60.5	\$57.4	-5.2%	10.0%	\$309.1
* PETROLEUM PRODUCTS	\$36.4	\$34.4	-5.6%	0.0%	\$215.0
[b] CASINO	\$62.8	\$52.9	-15.9%	-2.5%	\$194.2
BANKS & FINANCIAL (CBT)	\$26.4	\$34.7	31.5%	-14.1%	\$165.0
[c] CIGARETTE	\$0.0	\$0.0	0.0%	-16.6%	\$147.6
* ALCOHOL EXCISE	\$16.4	\$15.7	-4.2%	1.9%	\$107.0
TOTALS:	\$4,807.8	\$5,032.1	4.7%	3.4%	\$30,034.9

**Income Tax
Corporation Tax
and Sales Tax**

**FY16 Over FY15
Actual Year-To-Date
\$ Change**



Sources: Executive FY2016 year-end revenues certified June 2015. FY2016 Year-To-Date from Treasury monthly reports.

* Revenues represent 2 months of cash collections. All others represent 3 months of cash collections.

** The percentage difference between FY2016 certified revenue estimates (June 2015) and FY2015 figures from the Treasurer's budget update (May 2015). Energy revenues for the Sales tax and CBT are not included. FY2016 Income tax reflects the Executive's downward adjustment of \$120 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).