

# OLS Revenue Snapshot

FY 2016 - Through February 2016

- **Revenue Receipts Slump in February.** February collections for the major revenues fell 11.7% below February 2015, pulling year-to-date growth down to 1.8% for the first eight months of FY 2016. The Executive's recently revised estimates for the major revenues require 2.8% growth to reach the year-end<sup>1</sup> targets. Year-to-date, four of the 14 major revenues are outpacing the rates needed to achieve the revised year-end targets, while nine revenues, including each of the "Big Three" tax revenues, are trailing the targets.
- **Gross Income Tax (GIT)** cash receipts of \$7.6 billion are running 2.6% above the same period last year. The revised year-end target assumes growth of 3.8% above FY 2015. February net collections slumped 15.8% *below* last February, driven by a 47% jump in refund payments, which were up \$138 million over the same month last year. Some refund growth was expected beginning in February due to the enhanced Earned Income Tax Credit (EITC) provided under P.L. 2015, c.73, which the Executive estimated would reduce GIT revenues by \$122 million in FY 2016. The OLS is uncertain how much of this refund surge may be growth unrelated to the enhanced EITC and how much reflects an acceleration of refunds that would otherwise occur in later months. Employer withholding from employee wages, which is running only 2.4% above the same eight months last year, also remains a concern. Quarterly estimated payments<sup>2</sup> are up a strong 8.4%.
- **Sales Tax** receipts year-to-date total \$5.4 billion, up 4.5% from the same period<sup>3</sup> last year. February collections declined by 0.4% below last February's monthly amount, marking the weakest month of the fiscal year. The Executive's revised target assumes 5.0% growth above the FY 2015 total.
- **Corporation Business Tax (CBT)** cash collections of \$1.1 billion through the first eight months are 18.0% below the same period last fiscal year. February's net cash collections were *negative* \$6.8 million as refunds exceeded taxpayer payments. The revised FY 2016 CBT estimate reflects a decline of 12.0% for the year. The ongoing weakness of the CBT is partially attributable to a 51% increase (\$114.6 million) in refunds above FY 2015 year-to-date.
- **Transfer Inheritance revenues** of \$543.7 million are up 16.3% compared to last year through February, well ahead of the 4.4% increase anticipated by the revised year-end target.
- **Realty Transfer Fee collections** of \$194.5 million grew by 14.6% year-on-year<sup>4</sup> through the end of February. Year-to-date collections are now above the 13.6% growth rate needed to reach the revised FY 2016 year-end target, after three consecutive months of robust growth.

Office of Legislative Services  
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<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> February sales tax collections reflect January economic activity, as this tax is subject to a one-month payment lag.

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

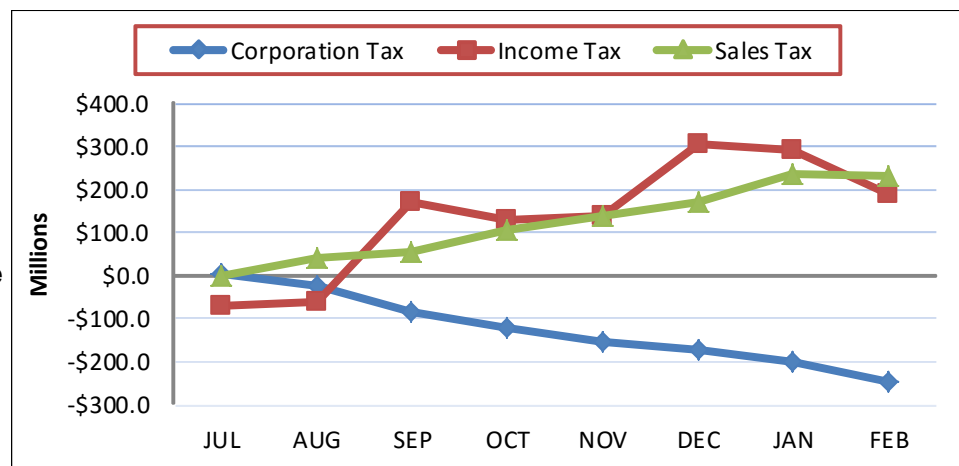
# OLS Revenue Snapshot

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

FY 2016 - Through February 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	\$7,426.8	\$7,617.1	2.6%	3.8%	\$13,758.0
* SALES TAX	\$5,158.1	\$5,389.1	4.5%	5.0%	\$9,315.8
CORPORATION TAX	\$1,373.7	\$1,126.3	-18.0%	-12.0%	\$2,336.0
LOTTERY	\$591.4	\$645.3	9.1%	0.5%	\$965.0
TRANSFER INHERITANCE	\$467.6	\$543.7	16.3%	4.4%	\$828.1
INSURANCE PREMIUM	\$274.8	\$233.0	-15.2%	3.9%	\$668.7
* MOTOR FUELS	\$310.1	\$311.4	0.4%	3.9%	\$556.6
[a] MOTOR VEHICLE FEES	\$174.0	\$214.6	23.3%	9.6%	\$479.1
* REALTY TRANSFER	\$169.7	\$194.5	14.6%	13.6%	\$309.1
* PETROLEUM PRODUCTS	\$128.0	\$124.0	-3.1%	1.4%	\$218.1
[b] CASINO	\$132.2	\$129.0	-2.4%	-1.6%	\$193.6
[c] CIGARETTE	\$0.0	\$0.0	0.0%	-11.2%	\$163.6
BANKS & FINANCIAL (CBT)	\$76.8	\$54.5	-29.1%	22.1%	\$155.3
* ALCOHOL EXCISE	\$55.9	\$55.8	-0.1%	3.7%	\$109.5
<b>TOTALS:</b>	<b>\$16,339.2</b>	<b>\$16,638.3</b>	<b>1.8%</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 7 months of cash collections. All others represent 8 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).