

OLS Revenue Snapshot

FY 2017 - Through April 2017

- **FY 2017 Revenues Tracking Executive's Revised Estimates.** On May 16 and 17, the Treasurer informed the Budget Committees of downward revisions to the [Executive's FY 2017 revenue estimates](#). Major revenues were reduced by \$412.6 million and miscellaneous revenues were reduced by an additional \$114.3 million, for a total reduction in budgeted revenues of \$526.9 million. The Executive's downwardly revised FY 2017 estimates for major revenues require 3.8% aggregate growth to reach the year-end¹ targets, close to actual revenue collections, which were up 3.7% compared to the same ten months last year.
- **Gross Income Tax (GIT).** April net collections were up \$266 million, or 12.8%, over last year. However, April cash receipts were enhanced by the transfer of \$117.0 million in out-of-state partnership withholding receipts from the corporation business tax, and a \$144.0 million drop in refund payments due in part to a \$95.1 million increase in TANF monies applied to offset the cost of the enhanced Earned Income Tax Credit program. Absent these two factors, April collections were essentially flat over last year. Other states (CA, MA, CT, and PA) also reported weak April tax collections. Overall, the components which comprise total GIT collections demonstrated mixed results after ten months. On the positive side, underlying withholding receipts were up 3.6%, while lower refund payments (2.8% below last year) boosted net revenues. On the other side of the ledger, estimated payments were down 3.3%, while final payments demonstrated essentially zero growth. All these factors considered, the underlying GIT trend reflects 2.6% growth. The Executive's revised FY 2017 target assumes 3.6% growth above FY 2016.
- **Sales Tax** receipts year-to-date totaled \$7.0 billion, up 1.5% from the same nine-month period² last year. Sales tax collections in April declined by 1.2% year-over-year. This was the third month impacted by the tax rate reduction under P.L.2016, c.57. The Executive's revised target assumes 1.0% growth above FY 2016.
- **Corporation Business Tax** cash collections of \$1.7 billion through the first ten months were 15.4% below the same period last fiscal year. The CBT's year-to-date decline is due to the accelerated transfer of out-of-state partnership withholding payments to the GIT. After adjusting the CBT total upward for this \$397.1 million transfer, underlying CBT receipts were up 4.8% so far this fiscal year on a comparable basis. The Executive's revised FY 2017 CBT target assumes a 4.0% decline for the year.
- **Petroleum Products Tax** collections¹ of \$564.4 million were up 251.0%, propelled by the first five months of higher tax rates under P.L.2016, c.57. Approximately \$395.2 million of these receipts are attributable to the tax rate increases. State voters constitutionally dedicated the revenues to the Transportation Trust Fund.
- **Transfer Inheritance** revenues of \$628.1 million were down 6.3% compared to last year through April. The revised year-end target assumes a decline of 2.2% from the FY 2016 level.
- **Insurance Premiums Tax** revenues of \$325.4 million were down 13.6% through the end of April. The second and final annual payment is due in June. The Executive's revised target assumes an 11.2% decline.
- **Realty Transfer Fee** collections exceeded expectations through April at \$265.9 million, an 11.9% increase year-over-year.³ The Executive's revised year-end target requires growth of 12.0% above FY 2016.

¹ The *OLS Revenue Snapshot* displays the growth rates of cash collections necessary to achieve the Executive's FY 2017 revised year-end targets compared to the audited FY 2016 totals, as reported in the NJ Comprehensive Annual Financial Report (March 2017). The *Snapshot* display includes the full \$877.7 million target for the petroleum products tax, while Treasury's monthly report excludes from the year-end target \$334.6 million allocated to the Petroleum Products Gross Receipts – Capital Reserves.

² April sales tax collections reflect March economic activity, as this tax is subject to a one-month payment lag.

³ April realty collections reflect March economic activity, as counties remit fee payments to the State with a one-month lag.

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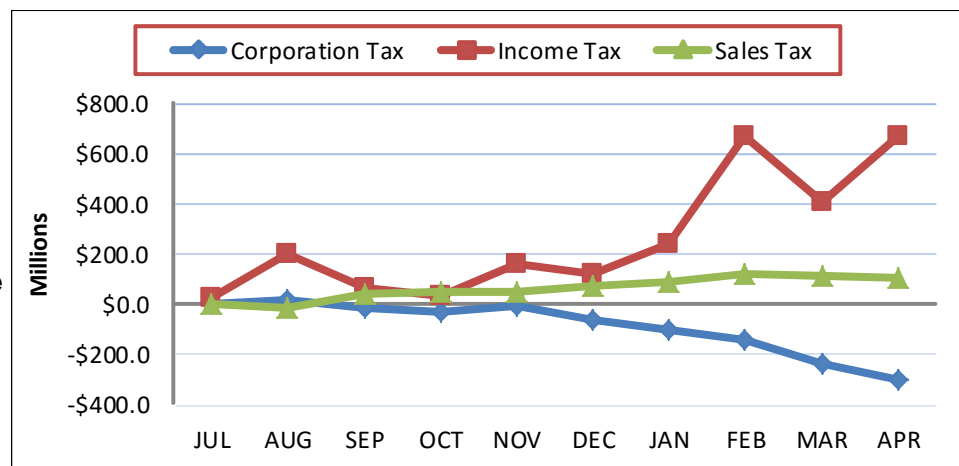
Selected Year-To-Date Cash Collections (\$ millions)

FY 2017 - Through April 2017

REVENUE	FY 2016 Actual Year-To-Date	FY 2017 Actual Year-To-Date	Actual Y-T-D Growth %	Exec. Rev. Year-End Growth % **	Exec. Rev. Year-End \$ Estimate
INCOME TAX	\$10,467.4	\$11,136.4	6.4%	3.6%	\$13,838.3
* SALES TAX	\$6,885.0	\$6,986.0	1.5%	1.0%	\$9,294.7
CORP. BUS. TAX (CBT)	\$1,960.6	\$1,658.2	-15.4%	-4.0%	\$2,203.4
LOTTERY	\$800.0	\$778.6	-2.7%	-1.7%	\$970.0
[a]* PETROLEUM PRODUCTS	\$160.8	\$564.4	251.0%	308.7%	\$877.7
TRANSFER INHERITANCE	\$670.2	\$628.1	-6.3%	-2.2%	\$752.4
* MOTOR FUELS	\$401.7	\$397.0	-1.2%	-2.3%	\$541.7
INSURANCE PREMIUM	\$376.4	\$325.4	-13.6%	-11.2%	\$530.5
[b] MOTOR VEHICLE FEES	\$344.9	\$380.3	10.2%	8.6%	\$514.2
* REALTY TRANSFER	\$237.7	\$265.9	11.9%	12.0%	\$351.2
[c] CASINO	\$168.0	\$171.2	1.9%	4.4%	\$209.9
BANKS & FINANCIAL (CBT)	\$118.6	\$126.5	6.7%	5.1%	\$187.3
[d] CIGARETTE	\$62.4	\$72.7	16.6%	1.9%	\$170.7
* ALCOHOL EXCISE	\$66.1	\$65.8	-0.4%	-0.4%	\$105.4
TOTALS:	\$22,719.8	\$23,556.5	3.7%	3.8%	\$30,547.3

**Income Tax
Corporation Tax
and Sales Tax**

**FY17 Over FY16
Actual Year-To-Date
\$ Change**



Sources: Executive's FY17 May 2017 revised estimates. FY17 Year-To-Date from the Treasury Monthly reports.

* Revenues represent 9 months of cash collections. All others represent 10 months of cash collections.

** The percentage difference between the FY2017 Executive's revised estimates (May 2017) and final FY2016 figures from the Comprehensive Annual Financial Report (March 2017). Energy revenues for the Sales tax and CBT are not included.

[a] The petroleum products year-end estimate reflects the full \$939.0 million target. Treasury's monthly report excludes from the year-end target \$416.2 million allocated to the Petroleum Products Gross Receipts - Capital Reserves.

[b] The first \$202.2 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.

[c] The casino amounts include internet gaming revenues.

[d] 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 \$104.5 million, are dedicated to pay tobacco bond debt service (P.L.2004, c.68).