

OLS Revenue Snapshot

FY 2017 - Through December 2016

- **Major Revenue Growth Remains Weak. Petroleum Tax Increase Takes Effect.** Aggregate major revenue collections are up 1.7% compared with the same six month period last year. December collections include the initial receipts from the increased petroleum products tax. Absent that new revenue, aggregate revenue growth would be 1.1%. The Executive's certified estimates for the major revenues, adjusted by OLS for recently enacted tax changes, require 5.4% aggregate growth to reach year-end¹ targets.
- **Gross Income Tax (GIT)** cash receipts of \$5.43 billion through December are up 2.3%, about \$122 million above the same six months last year. Collections for the month declined by 2.4% below last December, held down by the shift of one weekly employee wage withholding payment into November. Year-to-date withholding receipts are up 2.1%. Individual estimated payments are down 5.8% and refund payments are up 7.8% from the same period last year. GIT collections in FY 2017 have been enhanced by a gain of \$138.6 million from out-of-state partnership withholding payments transferred from the corporation business tax to the GIT on a monthly basis, rather than in a single year-end transfer. After adjusting the GIT total for this gain, the underlying GIT trend reflects a 0.3% decline compared to last year. The Executive's FY 2017 certified year-end GIT target, adjusted by OLS for enacted tax changes, assumes growth of 3.8%.
- **Sales Tax** receipts year-to-date total \$3.87 billion, up 1.9% from the same five month period² last year. Sales tax collections grew by 3.9% year-over-year in December. The Executive's FY 2017 target, adjusted by OLS for enacted tax changes, assumes 2.0% growth above the FY 2016 total.
- **Corporation Business Tax (CBT)** cash collections of \$940.6 million through the first six months are 6.6% below the same period last fiscal year. However, the CBT's year-to-date decline is due to the accelerated transfer of out-of-state partnership withholding payments to the GIT, as noted in the discussion above. After adjusting upward for this \$138.6 million transfer, underlying CBT receipts are up 7.2% so far this fiscal year. The Executive's FY 2017 CBT target reflects growth of 5.8% for the year.
- **Transfer Inheritance** revenues of \$400.2 million are down 8.3% compared to last year through December. The certified year-end target, adjusted by OLS, assumes growth of 0.5% above FY 2016.
- **Petroleum Products Tax** collections of \$170.3 million are up 87.7%. This tax is now seeing the first enhanced collections from the tax increases under P.L. 2016, c. 57. December receipts, reflecting November sales, were up 353.3%. Treasury notes that \$73.4 million of December receipts is attributable to the tax rate increases. State voters constitutionally dedicated these revenues to the purposes of the Transportation Trust Fund.
- **Realty Transfer Fee** collections of \$149.4 million increased 12.6% year-over-year³ through December. The Executive's certified year-end target requires growth of 6.9% above FY 2016.

¹ The *OLS Revenue Snapshot* displays the growth rates of cash collections necessary to achieve the Executive's FY 2017 certified year-end targets, as adjusted by the OLS for tax changes under P.L. 2016, c.57, compared to the estimated final FY 2016 totals, as reported by the Treasurer to the Legislative Budget Committees (May 2016). The OLS adjustments for FY 2017 are: petroleum products up \$714.8 million; gross income tax down \$62.0 million; sales tax down \$92.4 million; and estate tax (transfer inheritance) down \$16.0 million. The petroleum products tax increase first affects December collections, while the other tax changes first affect February 2017 collections.

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

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

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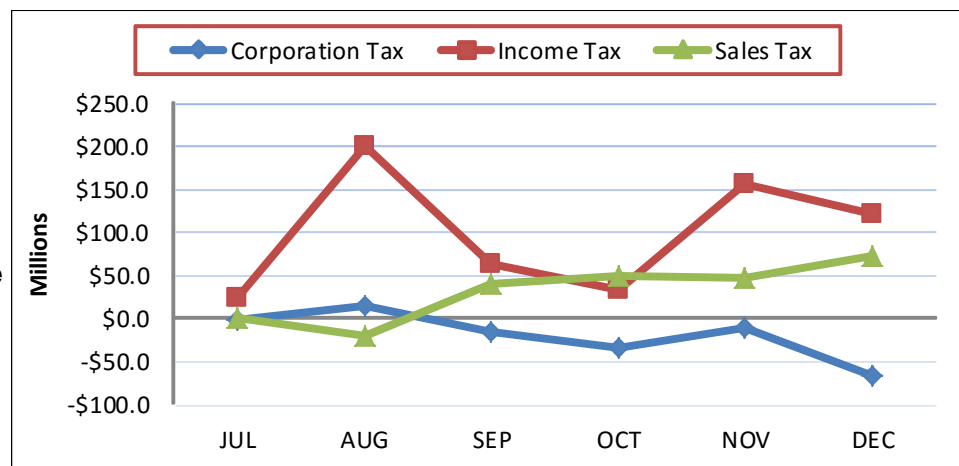
Selected Year-To-Date Cash Collections (\$ millions)

FY 2017 - Through December 2016

REVENUE	FY 2016 Actual Year-To-Date	FY 2017 Actual Year-To-Date	Actual Y-T-D Growth %	OLS Adj. Year-End Growth % **	OLS Adj. Year-End \$ Estimate
INCOME TAX	\$5,303.8	\$5,425.3	2.3%	3.8%	\$13,920.3
* SALES TAX	\$3,800.8	\$3,873.2	1.9%	2.0%	\$9,505.0
CORP. BUS. TAX (CBT)	\$1,006.9	\$940.6	-6.6%	5.8%	\$2,471.0
LOTTERY	\$452.5	\$466.6	3.1%	0.0%	\$965.0
* PETROLEUM PRODUCTS	\$90.8	\$170.3	87.7%	327.8%	\$932.9
TRANSFER INHERITANCE	\$436.6	\$400.2	-8.3%	0.5%	\$832.5
INSURANCE PREMIUM	\$40.9	\$9.5	-76.7%	3.0%	\$688.7
* MOTOR FUELS	\$228.8	\$228.4	-0.2%	-1.7%	\$540.0
[a] MOTOR VEHICLE FEES	\$105.9	\$134.6	27.1%	7.6%	\$515.6
* REALTY TRANSFER	\$132.7	\$149.4	12.6%	6.9%	\$330.4
[b] CASINO	\$98.0	\$104.4	6.5%	0.0%	\$199.1
BANKS & FINANCIAL (CBT)	\$63.7	\$60.0	-5.7%	3.4%	\$150.0
[c] CIGARETTE	\$0.0	\$0.0	0.0%	-12.3%	\$149.0
* ALCOHOL EXCISE	\$33.4	\$31.9	-4.3%	1.3%	\$110.8
TOTALS:	\$11,794.7	\$11,994.5	1.7%	5.4%	\$31,310.3

**Income Tax
Corporation Tax
and Sales Tax**

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



Sources: OLS adjustments to Executive's FY17 certified estimates. FY2017 Year-To-Date from Treasury monthly reports.

* Revenues represent 5 months of cash collections. All others represent 6 months of cash collections.

** The percentage difference between the adjusted FY2017 Executive's certified estimates (June 2016) and estimated FY2016 figures from the Treasurer's report to the Legislature (May 2016). Energy revenues for the Sales tax and CBT are not included. OLS adjusted certain certified targets for tax changes under P.L. 2016, c.57.

[a] The first \$201.5 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 \$104.5 million, are dedicated to pay tobacco bond debt service (P.L.2004, c.68).