

OLS Revenue Snapshot

FY 2017 - Through February 2017

- **Major Revenues Trailing Executive's Revised Targets.** Aggregate major revenue collections are up 5.1% compared with the same eight-month period last year. However, after adjusting for a delay in income tax refund payments, aggregate collections are up only 2.7% through the end of February. The Executive's revised estimates for FY 2017 major revenues require 5.4% aggregate growth to reach the year-end¹ target. The OLS will present revised revenue estimates to the Legislative Budget Committees in early April.
- **Gross Income Tax (GIT)** cash receipts of \$8.28 billion through February are up 8.7%, about \$665 million above the same eight months last year. However, while year-to-date withholding receipts are up 2.5%, individual estimated payments are down 2.2%. Moreover, a sharp drop in refund payments, down 37.5% from the same period last year, is artificially enhancing net GIT collections at this time. In February, the Division of Taxation delayed the payment of approximately \$400 million in taxpayer refunds. This delay is expected to be fully reversed in March. In addition, GIT collections have been enhanced by a gain of \$207.2 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 downward by \$607.2 million for these factors, the underlying GIT trend reflects 0.8% growth compared to last year.** The Executive's revised FY 2017 target assumes 4.4% growth above the FY 2016 total.
- **Sales Tax** receipts year-to-date total \$5.51 billion, up 2.2% from the same seven-month period² last year. Sales tax collections in February grew by a strong 5.2% year-over-year. The Executive's revised FY 2017 target assumes 1.0% growth above the FY 2016 total.
- **Corporation Business Tax (CBT)** cash collections of \$979.6 million through the first eight months are 13.0% 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 the CBT total upward for this \$207.2 million transfer, underlying CBT receipts are up 5.4% so far this fiscal year on a comparable basis.** The Executive's revised FY 2017 CBT target assumes growth of 7.6% for the year.
- **Petroleum Products Tax** collections of \$353.9 million are up 185.4%, propelled by the first three months of higher tax rates under P.L.2016, c.57. About \$221.6 million of these receipts are attributable to the tax rate increases. State voters constitutionally dedicated the revenues to the purposes of the Transportation Trust Fund.
- **Transfer Inheritance** revenues of \$513.2 million are down 5.6% compared to last year through February. The revised year-end target assumes a decline of 8.5% from the FY 2016 level.
- **Realty Transfer Fee** collections of \$212.8 million increased 9.4% year-over-year³ through February. The Executive's revised year-end target requires growth of 8.2% 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 final FY 2016 totals, as reported in the Governor's Budget Message (February 2017).

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

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

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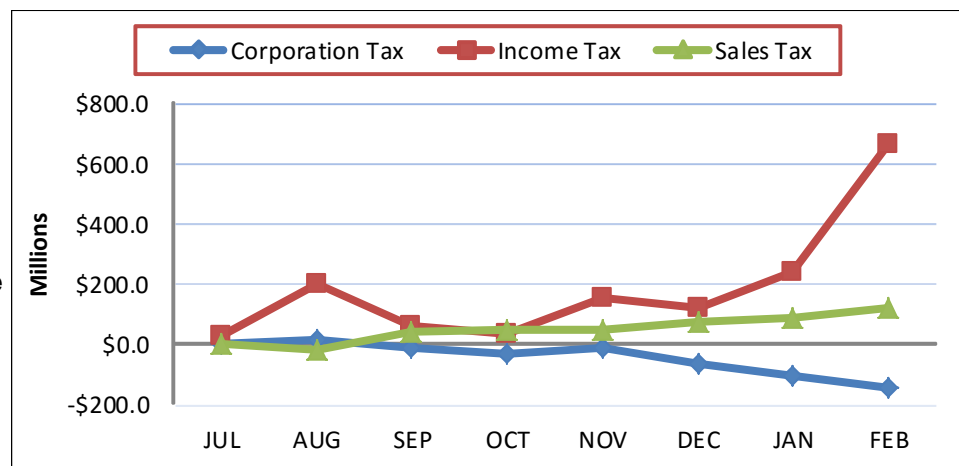
Selected Year-To-Date Cash Collections (\$ millions)

FY 2017 - Through February 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	\$7,617.1	\$8,282.2	8.7%	4.4%	\$13,940.3
* SALES TAX	\$5,389.1	\$5,509.0	2.2%	1.0%	\$9,294.7
CORP. BUS. TAX (CBT)	\$1,126.3	\$979.6	-13.0%	7.6%	\$2,471.0
LOTTERY	\$645.3	\$619.4	-4.0%	-1.7%	\$970.0
[a]* PETROLEUM PRODUCTS	\$124.0	\$353.9	185.4%	337.3%	\$939.0
TRANSFER INHERITANCE	\$543.7	\$513.2	-5.6%	-8.5%	\$703.9
INSURANCE PREMIUM	\$233.0	\$199.6	-14.3%	3.0%	\$615.5
* MOTOR FUELS	\$311.4	\$313.4	0.6%	1.4%	\$562.0
[b] MOTOR VEHICLE FEES	\$214.6	\$243.1	13.3%	8.6%	\$514.2
* REALTY TRANSFER	\$194.5	\$212.8	9.4%	8.2%	\$339.3
[c] CASINO	\$129.0	\$137.8	6.8%	3.8%	\$208.6
[d] CIGARETTE	\$0.0	\$0.0	0.0%	5.5%	\$176.6
BANKS & FINANCIAL (CBT)	\$54.5	\$61.1	12.2%	-3.1%	\$172.7
* ALCOHOL EXCISE	\$55.8	\$56.0	0.4%	4.2%	\$110.3
TOTALS:	\$16,638.3	\$17,481.3	5.1%	5.4%	\$31,018.1

**Income Tax
Corporation Tax
and Sales Tax**

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



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

* Revenues represent 7 months of cash collections. All others represent 8 months of cash collections.

** The percentage difference between the FY2017 Executive's revised estimates (Feb. 2017) and final FY2016 figures from the Governor's Budget Message (Feb. 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 \$201.5 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).