

OLS Revenue Snapshot

FY 2017 - Through January 2017

- **Weak Revenue Growth Continues. Executive's Revised Estimates Pending.** Aggregate major revenue collections are up 2.3% compared with the same seven month period last year. 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. Revised revenue estimates for FY 2017 will be presented in the Governor's Budget Message on February 28.
- **Gross Income Tax (GIT)** cash receipts of \$7.33 billion through January are up 3.4%, about \$242 million above the same seven months last year. Year-to-date withholding receipts are up 2.8%. Individual estimated payments are down 2.0% and refund payments are up 10.3% from the same period last year. GIT collections in FY 2017 have been enhanced by a gain of \$190.0 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 0.7% growth compared to last year. The Executive's FY 2017 certified year-end GIT target, adjusted by OLS for enacted tax changes, requires growth of 3.8%.
- **Sales Tax** receipts year-to-date total \$4.87 billion, up 1.8% from the same six month period² last year. Sales tax collections in January, this tax's largest month of the year reflecting holiday sales activity, grew by 1.6% year-over-year. 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 \$1.025 billion through the first seven months are 9.5% 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 \$190.0 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.
- **Petroleum Products Tax** collections of \$250.0 million are up 135.1%, propelled by the first two months of higher tax rates under P.L.2016, c.57. December and January receipts, reflecting November and December sales, were up 379.5%. About \$140 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 \$457.0 million are down 6.4% compared to last year through January. The certified year-end target, adjusted by OLS, assumes growth of 0.5% above FY 2016.
- **Realty Transfer Fee** collections of \$181.0 million increased 8.6% year-over-year³ through January. 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 affected December collections, while the other tax changes first affect February 2017 collections.

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

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

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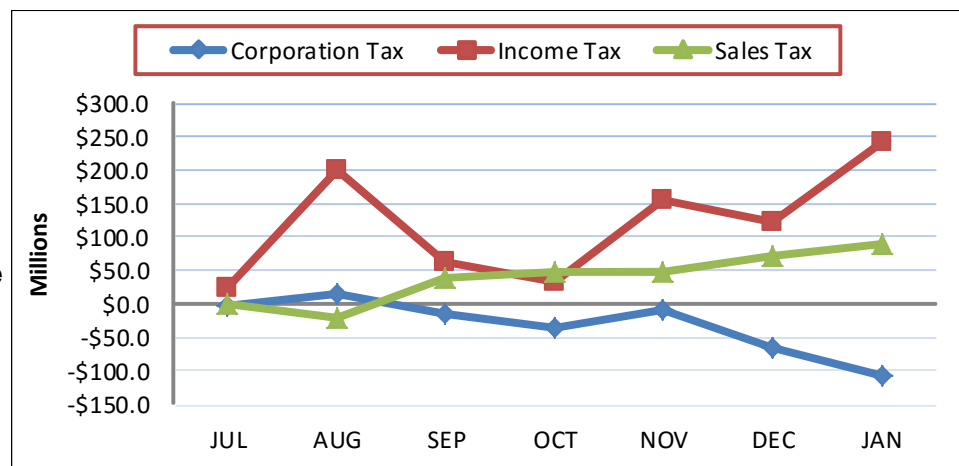
Selected Year-To-Date Cash Collections (\$ millions)

FY 2017 - Through January 2017

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	\$7,084.4	\$7,326.0	3.4%	3.8%	\$13,920.3
* SALES TAX	\$4,783.6	\$4,872.0	1.8%	2.0%	\$9,505.0
CORP. BUS. TAX (CBT)	\$1,133.1	\$1,025.0	-9.5%	5.8%	\$2,471.0
LOTTERY	\$574.4	\$550.0	-4.3%	0.0%	\$965.0
* PETROLEUM PRODUCTS	\$106.4	\$250.0	135.1%	327.8%	\$932.9
TRANSFER INHERITANCE	\$488.1	\$457.0	-6.4%	0.5%	\$832.5
INSURANCE PREMIUM	\$45.2	\$16.0	-64.6%	3.0%	\$688.7
* MOTOR FUELS	\$272.7	\$278.0	1.9%	-1.7%	\$540.0
[a] MOTOR VEHICLE FEES	\$161.2	\$190.0	17.9%	7.6%	\$515.6
* REALTY TRANSFER	\$166.7	\$181.0	8.6%	6.9%	\$330.4
[b] CASINO	\$114.0	\$121.0	6.2%	0.0%	\$199.1
BANKS & FINANCIAL (CBT)	\$54.2	\$61.0	12.5%	3.4%	\$150.0
[c] CIGARETTE	\$0.0	\$0.0	0.0%	-12.3%	\$149.0
* ALCOHOL EXCISE	\$55.8	\$59.0	5.7%	1.3%	\$110.8
TOTALS:	\$15,039.9	\$15,386.0	2.3%	5.4%	\$31,310.3

**Income Tax
Corporation Tax
and Sales Tax**

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



Sources: OLS adjusted Executive's FY17 certified amounts. FY17 Year-To-Date from the State accounting system.

* Revenues represent 6 months of cash collections. All others represent 7 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).