

OLS Revenue Snapshot

FY 2017 - Through November 2016

- **Low Growth Continues for Major Revenues.** Aggregate major revenue collections are up 2.1% compared with the same five month period last year. After adjusting for a temporary shift of certain income tax revenue, underlying aggregate growth is 0.7% through November. The Executive's certified estimates for the major revenues require 3.6% aggregate growth to reach year-end¹ targets.
- **Gross Income Tax (GIT)** cash receipts of \$4.03 billion through November are up 4.0%, about \$156 million above the same five months last year. Collections for the month grew by 16.8% above last November, boosted by the shift² of about \$125 million in withholding receipts from employee wages. Year-to-date withholding receipts are up an estimated 2.5%, after adjusting for the withholding shift. Individual estimated payments are down 12.5% and refund payments are up 6.4% from the same period last year. In addition, GIT collections in FY 2017 have been enhanced by a gain of \$81.7 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 by \$206.7 million for the withholding shift and the partnership payment transfer, the underlying GIT trend reflects a 1.3% decrease compared to last year. The Executive's FY 2017 certified year-end GIT target assumes growth of 4.3%.
- **Sales Tax** receipts year-to-date total \$3.15 billion, up 1.5% from the same period³ last year. Sales tax collections declined by 0.4% year-over-year in November. The Executive's FY 2017 target assumes 3.0% growth above the FY 2016 total.
- **Corporation Business Tax (CBT)** cash collections of \$572.5 million through the first five months are 1.8% below the same period last fiscal year. However, the CBT's year-to-date decline is mostly due to the accelerated transfer of out-of-state partnership withholding payments to the GIT, as noted in the discussion above. After adjusting for this \$81.7 million factor, underlying CBT receipts are up 12.2% so far this fiscal year. The Executive's FY 2017 CBT target reflects growth of 5.8% for the year.
- **Transfer Inheritance** revenues of \$300.5 million are down 15.5% compared to last year through November. The Executive's certified year-end target assumes growth of 2.5% above FY 2016.
- **Realty Transfer Fee** collections of \$125.9 million increased 15.3% year-over-year⁴ through November. The Executive's certified year-end target requires growth of 6.9% above FY 2016.

The OLS notes that the recently enacted tax changes under P.L. 2016, c.57, are estimated to reduce certain FY 2017 revenues by about \$170.4 million and increase FY 2017 fuels tax revenues by about \$714.8 million. The revenue targets in the OLS Revenue Snapshot do not currently adjust for these tax law changes impacting the gross income tax, the sales tax, the estate tax, and fuels taxes.

¹ The *OLS Revenue Snapshot* displays the growth rates of cash collections necessary to achieve the Executive's FY 2017 year-end targets, as certified in June of 2016, compared to the estimated final FY 2016 totals, as reported by the Treasurer to the Legislative Budget Committees in May of 2016.

² Most withholding tax collections are received electronically on Wednesday of each week. At various times each year, a Wednesday payment can shift from one month to another compared to the prior year. November of FY 2017 had five payments compared to only four in November of FY 2016. December FY 2017 will see the offsetting "loss" of one Wednesday payment.

³ November sales tax collections reflect October economic activity, as this tax is subject to a one-month payment lag.

⁴ November realty collections reflect October economic activity, as counties remit fee payments to the State with a one-month lag.

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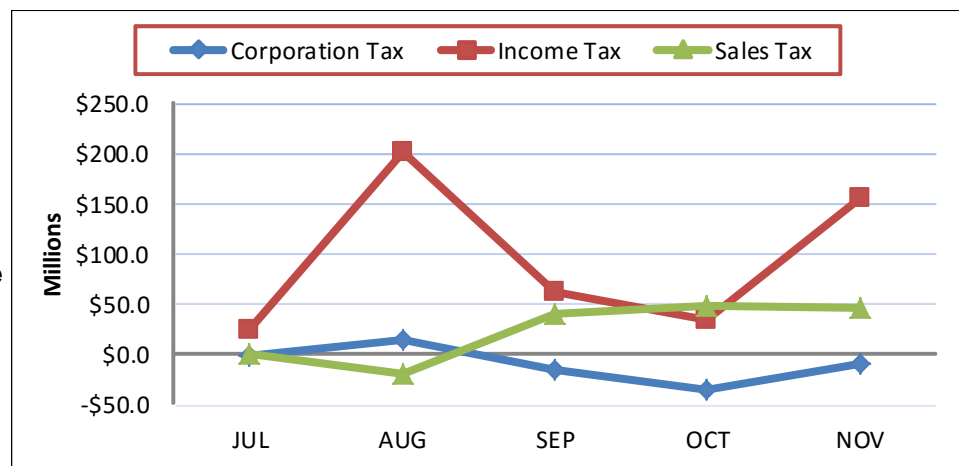
Selected Year-To-Date Cash Collections (\$ millions)

FY 2017 - Through November 2016

REVENUE	FY 2016 Actual Year-To-Date	FY 2017 Actual Year-To-Date	Actual Y-T-D Growth %	Exec. Certif. Year-End Growth % **	Exec. Certif. Year-End \$ Estimate
INCOME TAX	\$3,872.3	\$4,028.3	4.0%	4.3%	\$13,982.3
* SALES TAX	\$3,108.9	\$3,154.5	1.5%	3.0%	\$9,597.4
CORP. BUS. TAX (CBT)	\$583.2	\$572.5	-1.8%	5.8%	\$2,471.0
LOTTERY	\$368.2	\$388.3	5.5%	0.0%	\$965.0
TRANSFER INHERITANCE	\$355.8	\$300.5	-15.5%	2.5%	\$848.5
INSURANCE PREMIUM	\$40.7	\$8.6	-79.0%	3.0%	\$688.7
* MOTOR FUELS	\$184.0	\$184.9	0.5%	-1.7%	\$540.0
[a] MOTOR VEHICLE FEES	\$54.6	\$83.8	53.5%	7.6%	\$515.6
* REALTY TRANSFER	\$109.3	\$125.9	15.3%	6.9%	\$330.4
* PETROLEUM PRODUCTS	\$70.5	\$78.6	11.4%	0.0%	\$218.1
[b] CASINO	\$85.8	\$88.4	3.1%	0.0%	\$199.1
BANKS & FINANCIAL (CBT)	\$31.3	\$41.3	31.9%	3.4%	\$150.0
[c] CIGARETTE	\$0.0	\$0.0	0.0%	-12.3%	\$149.0
* ALCOHOL EXCISE	\$33.4	\$32.1	-3.7%	1.3%	\$110.8
TOTALS:	\$8,897.9	\$9,087.8	2.1%	3.6%	\$30,765.9

**Income Tax
Corporation Tax
and Sales Tax**

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



Sources: Executive's FY2017 year-end estimates certified June 2016. FY2017 Year-To-Date from Treasury monthly reports.

* Revenues represent 4 months of cash collections. All others represent 5 months of cash collections.

** The percentage difference between the 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. No adjustment has been made at this time 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).