

# OLS Revenue Snapshot

FY 2017 - Through October 2016

- **Major Revenues Stagnant Through October.** With October 2016 cash receipts down 1.6% from last October, year-to-date revenue collections through the first four months of FY 2017 are in no-growth territory. Aggregate major revenue collections are up only 0.1% compared with the same period last year. The Executive's certified estimates for the major revenues require 3.6% aggregate growth to reach year-end<sup>1</sup> targets. The three largest State tax revenues continue to run behind the year-end growth rate targets.
- **Gross Income Tax (GIT)** cash receipts of \$3.17 billion through October are up 1.1%, about \$33.3 million above the same four months last year. Collections for the month fell 3.4% below last October. The Executive's FY 2017 certified year-end GIT target assumes growth of 4.3% above FY 2016. Year-to-date withholding receipts from employee wages are up 2.4%, individual estimated payments are down 13.1% and refund payments are down 2.8% from the same period last year. The GIT performance would be weaker if not for a gain from shifting certain out-of-state partnership withholding receipts from the corporation business tax to the GIT on a monthly basis rather than in a single year-end adjustment. Absent this factor, valued at \$70.6 million through October, the GIT would be down 1.2% compared to last year.
- **Sales Tax** receipts year-to-date total \$2.44 billion, up 2.0% from the same period<sup>2</sup> last year. Sales tax collections grew by 1.1% year-over-year in October. The Executive's FY 2017 target assumes 3.0% growth above the FY 2016 total.
- **Corporation Business Tax (CBT)** cash collections of \$502.1 million through the first four months are 6.6% below the same period last fiscal year. The CBT's October receipts were down 29.8% from the same month last year. The Executive's FY 2017 CBT target reflects growth of 5.8% for the year. The OLS notes that the CBT's year-to-date decline is attributable in large part to the accelerated shift of out-of-state partnership payments to the GIT, as noted in the discussion above. Adjusting for this \$70.6 million factor, CBT receipts would otherwise be up 6.5% so far this fiscal year. In addition, CBT year-to-date revenues are also depressed by a jump in refunds, which are \$53.6 million (35%) above the same point last year.
- **Transfer Inheritance** revenues of \$234.6 million are down 19.7% compared to last year through October. The Executive's certified year-end target assumes growth of 2.5% above FY 2016.
- **Realty Transfer Fee** collections of \$97.8 million increased 18.9% year-over-year<sup>3</sup> through October. 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.*

<sup>1</sup> 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.

<sup>2</sup> October sales tax collections reflect September economic activity, as this tax is subject to a one-month payment lag.

<sup>3</sup> October realty collections reflect September economic activity, as counties remit fee payments to the State with a one-month lag.

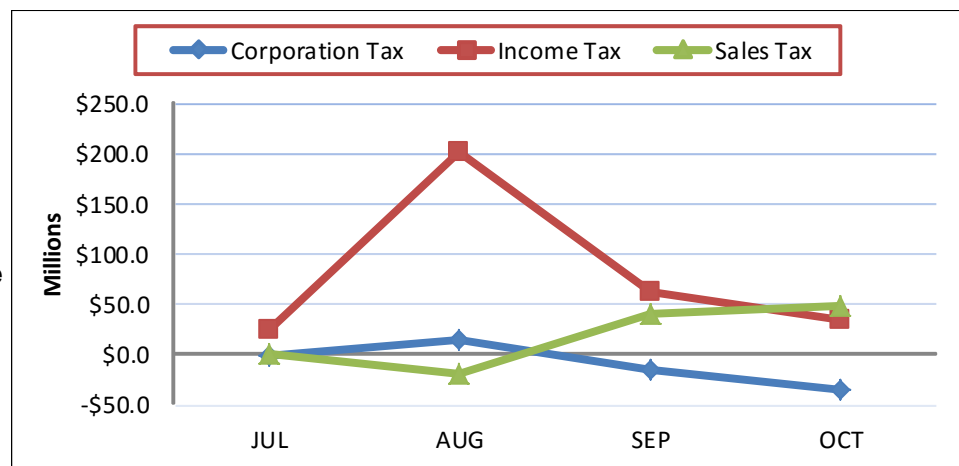
# OLS Revenue Snapshot

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

FY 2017 - Through October 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	\$3,141.3	\$3,174.6	1.1%	4.3%	\$13,982.3
* SALES TAX	\$2,389.4	\$2,437.7	2.0%	3.0%	\$9,597.4
CORP. BUS. TAX (CBT)	\$537.7	\$502.1	-6.6%	5.8%	\$2,471.0
LOTTERY	\$295.6	\$312.8	5.8%	0.0%	\$965.0
TRANSFER INHERITANCE	\$292.0	\$234.6	-19.7%	2.5%	\$848.5
INSURANCE PREMIUM	\$32.0	(\$0.6)	-101.9%	3.0%	\$688.7
* MOTOR FUELS	\$141.4	\$142.7	0.9%	-1.7%	\$540.0
[a] MOTOR VEHICLE FEES	\$5.9	\$32.4	451.7%	7.6%	\$515.6
* REALTY TRANSFER	\$82.3	\$97.8	18.9%	6.9%	\$330.4
* PETROLEUM PRODUCTS	\$55.1	\$57.4	4.1%	0.0%	\$218.1
[b] CASINO	\$70.3	\$70.1	-0.3%	0.0%	\$199.1
BANKS & FINANCIAL (CBT)	\$31.7	\$23.6	-25.5%	3.4%	\$150.0
[c] CIGARETTE	\$0.0	\$0.0	0.0%	-12.3%	\$149.0
* ALCOHOL EXCISE	\$15.9	\$15.4	-2.6%	1.3%	\$110.8
<b>TOTALS:</b>	<b>\$7,090.4</b>	<b>\$7,100.7</b>	<b>0.1%</b>	<b>3.6%</b>	<b>\$30,765.9</b>

**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 3 months of cash collections. All others represent 4 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).