

OLS Revenue Snapshot

FY 2016 - Through April 2016

- **April Revenues Fall as Gross Income Tax Refunds Surge.** April collections for the major revenues fell below last April by 7.6%, the second decline in the last three months. As a result, aggregate growth is only 0.5% for the first 10 months of FY 2016. The Executive's revised (May 2016) estimates for the major revenues require 1.5% aggregate growth to reach the year-end¹ targets. Seven of the 14 major revenues are outpacing the rates needed to achieve the revised year-end targets, while six revenues are trailing the targets, including the gross income tax, the State's largest tax revenue.
- **Gross Income Tax (GIT)** cash receipts through April of \$10.5 billion are running 1.4% *below* the same period last year. April net collections were down 14.8% below last April, held back primarily by a \$227.0 million jump (up 44%) in refund payments and the shift of a withholding payment to March. Some refund growth was expected due to the enhanced Earned Income Tax Credit, provided under P.L.2015, c.73, and accelerated refund processing. However, refunds are not the sole source of GIT weakness. Employer withholding from employee wages is running only 1.6% above the same ten months last year. Moreover, April final taxpayer payments for Tax Year 2015 produced only \$1.75 billion, flat with last April. Finally, while quarterly estimated payments² are up 6.5% year-over-year, these payments declined by 1.2% in April. Unless taxpayer payments pick up and refunds level off as expected, the GIT may have difficulty achieving the year-end target. The Executive's revised year-end target assumes growth of 1.2% above FY 2015.
- **Sales Tax** receipts year-to-date total \$6.9 billion, up 5.2% from the same period³ last year. April collections increased 8.2%, the second consecutive month with growth in excess of 7.0%. The Executive's target assumes 5.0% growth above the FY 2015 total.
- **Corporation Business Tax (CBT)** cash collections of \$2.0 billion through the first ten months are 10.6% below the same period last fiscal year. More than half of the net decline is due to a \$129.8 million jump in refund payments compared to last year. The Executive's FY 2016 CBT estimate reflects a decrease of 12.0% for the year. April's net cash collections were 1.7% above last April. While far from robust, April receipts were an improvement over the declines experienced throughout much of FY 2016.
- **Transfer Inheritance revenues** of \$670.2 million are up 10.3% compared to last year through April, tempered by a decline of 33.6% from a very strong base last April. Total collections remain ahead of the 4.4% increase anticipated by the year-end target.
- **Realty Transfer Fee collections** of \$237.7 million grew by 14.7% year-over-year⁴ through the end of April. Year-to-date collections remain slightly above the 13.6% growth rate needed to reach the FY 2016 year-end target.

¹ The *OLS Revenue Snapshot* displays the growth rates of cash collections necessary to achieve the Executive's FY 2016 year-end revised targets (May 2016) compared to the audited final FY 2015 totals, as reported in the Comprehensive Annual Financial Report (March 2016).

² Quarterly estimated payments (April, June, September, and December/January) are generally paid by taxpayers with significant non-wage income such as capital gains, dividends, and partnership income.

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

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

OLS Revenue Snapshot

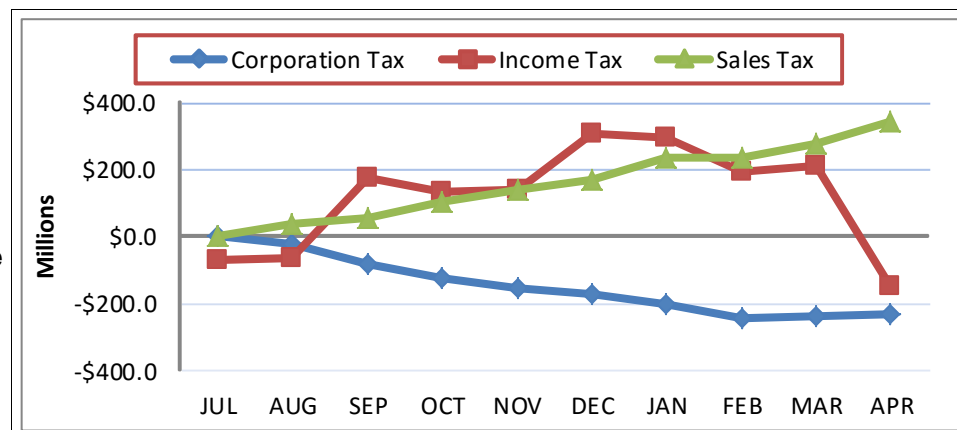
Selected Year-To-Date Cash Collections (\$ millions)

FY 2016 - Through April 2016

REVENUE	FY 2015 Actual Year-To-Date	FY 2016 Actual Year-To-Date	Actual Y-T-D Growth %	Exec. Revised Year-End Growth % **	Exec. Revised Year-End \$ Estimate
INCOME TAX	\$10,617.5	\$10,467.4	-1.4%	1.2%	\$13,408.0
* SALES TAX	\$6,542.8	\$6,885.0	5.2%	5.0%	\$9,315.8
CORPORATION TAX	\$2,193.2	\$1,960.6	-10.6%	-12.0%	\$2,336.0
LOTTERY	\$746.7	\$800.0	7.1%	0.5%	\$965.0
TRANSFER INHERITANCE	\$607.7	\$670.2	10.3%	4.4%	\$828.1
INSURANCE PREMIUM	\$385.3	\$376.4	-2.3%	3.9%	\$668.7
* MOTOR FUELS	\$391.5	\$401.7	2.6%	2.6%	\$549.5
[a] MOTOR VEHICLE FEES	\$310.0	\$344.9	11.3%	9.6%	\$479.1
* REALTY TRANSFER	\$207.2	\$237.7	14.7%	13.6%	\$309.1
* PETROLEUM PRODUCTS	\$162.6	\$160.8	-1.1%	1.4%	\$218.1
[b] CASINO	\$163.0	\$168.0	3.1%	1.2%	\$199.2
[c] CIGARETTE	\$68.5	\$62.4	-8.9%	-7.8%	\$170.0
BANKS & FINANCIAL (CBT)	\$136.7	\$118.6	-13.3%	14.0%	\$145.0
* ALCOHOL EXCISE	\$66.2	\$66.1	-0.3%	3.7%	\$109.5
TOTALS:	\$22,598.9	\$22,719.8	0.5%	1.5%	\$29,701.0

**Income Tax
Corporation Tax
and Sales Tax**

**FY16 Over FY15
Actual Year-To-Date
\$ Change**



Sources: Executive's FY2016 year-end estimates revised May 2016. FY2016 Year-To-Date from Treasury monthly reports.

* Revenues represent 9 months of cash collections. All others represent 10 months of cash collections.

** The percentage difference between the FY2016 Executive's revised estimates (May 2016) and final FY2015 figures from the Comprehensive Annual Financial Report (March 2016). Energy revenues for the Sales tax and CBT are not included.

[a] The first \$222.1 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 \$107.9 million, are dedicated to pay tobacco bond debt service (P.L.2004, c.68).