

# OLS Revenue Snapshot

FY 2018 - Through August 2017

- **FY 2018 Revenue Reporting Begins.** Through the first two months of FY 2018, overall major revenue collections are running 2.4% above the same period last year. The Executive's certified FY 2018 estimates for major revenues require 6.2% aggregate growth to reach the year-end<sup>1</sup> targets. However, clear underlying patterns are difficult to discern this early in the fiscal year as data may be distorted by accounting adjustments and shifts between the prior and new fiscal years. September alone typically yields more revenue than July and August combined, as the first important individual and corporate quarterly tax payments are due.
- **Gross Income Tax (GIT)** net collections of \$982.4 million through the end of August were down \$36.8 million, or 3.6%, from last year. Two GIT components demonstrated initial weakness: withholding receipts were down 2.4% and refund payments rose 17.2%, reducing net revenues. The Executive's certified FY 2018 target assumes 3.9% growth above FY 2017. Next month's **OLS Revenue Snapshot** will include figures for the first quarterly estimated payments of FY 2018.
- **Sales Tax** receipts year-to-date totaled \$785.4 million, up 1.0% from the same period<sup>2</sup> last year. Sales tax collections in FY 2018 will be impacted by the two-step tax rate reductions under P.L.2016, c.57. The certified target assumes 4.4% growth above FY 2017, including a projected gain of \$200.0 million from certain Executive tax administration initiatives. The impact of these initiatives, which are intended to enhance collections of various state taxes, is entirely reflected in the sales tax estimate.
- **Corporation Business Tax** cash collections of \$82.4 million through the first two months were 25.0% below the same period last fiscal year. The Executive's certified FY 2018 CBT target assumes 7.8% growth for the year. The upcoming CBT September quarterly payments should be viewed as a more important indicator of growth patterns for FY 2018, as these payments historically account for three times the revenue booked in July and August combined.
- **Petroleum Products Tax** collections<sup>1</sup> of \$135.7 million were up 569.4%, propelled by the higher tax rates under P.L.2016, c.57. Most of the current growth is attributable to the tax rate increases. State voters constitutionally dedicated the revenues to the Transportation Trust Fund.
- **Transfer Inheritance** revenues of \$109.4 million were down 10.7% compared to last year through August. The revised year-end target assumes a decline of 0.9% from the FY 2017 level, including the phased-in impact of the multi-year elimination of the Estate Tax under P.L.2016, c.57.
- **Realty Transfer Fee** collections of \$36.6 million were 29.4% higher year-over-year.<sup>3</sup> The Executive's revised year-end target requires growth of 9.0% above FY 2017.

<sup>1</sup> The *OLS Revenue Snapshot* displays the growth rates of cash collections necessary to achieve the Executive's FY 2018 certified year-end targets compared to the estimated FY 2017 totals, as reported by the Treasurer to the Legislative Budget Committees (May 2017). The *Snapshot* display reflects the full \$1.487 billion target for the petroleum products tax, including the \$940.2 million allocated to the Petroleum Products Gross Receipts – Capital Reserves. The display no longer includes Lottery revenue in the General Fund pursuant to P.L.2017, c.98.

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

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

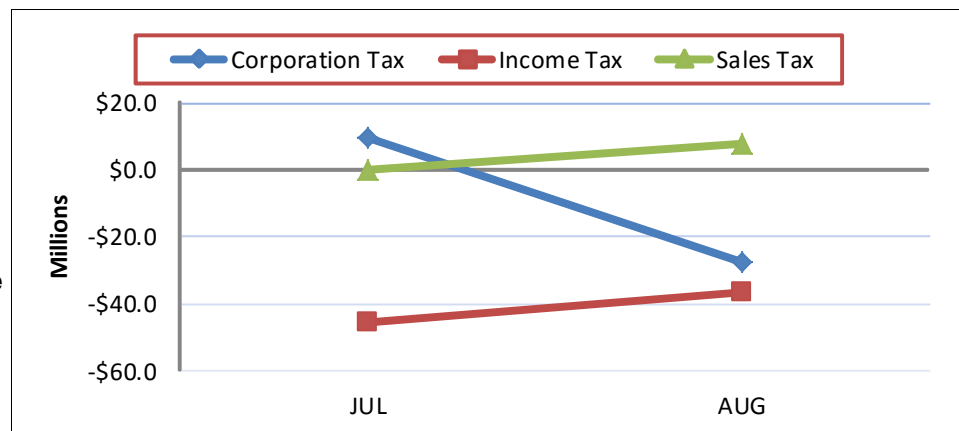
# OLS Revenue Snapshot

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

FY 2018 - Through August 2017

REVENUE	FY 2017 Actual Year-To-Date	FY 2018 Actual Year-To-Date	Actual Y-T-D Growth %	Exec. Certif. Year-End Growth % **	Exec. Certif. Year-End \$ Estimate
INCOME TAX	\$1,019.2	\$982.4	-3.6%	3.9%	\$14,382.2
* SALES TAX	\$777.7	\$785.4	1.0%	4.4%	\$9,704.8
CORP. BUS. TAX (CBT)	\$109.9	\$82.4	-25.0%	7.8%	\$2,375.4
[a]* PETROLEUM PRODUCTS	\$20.3	\$135.7	569.4%	69.4%	\$1,487.2
TRANSFER INHERITANCE	\$122.6	\$109.4	-10.7%	-0.9%	\$745.8
INSURANCE PREMIUM	(\$5.2)	(\$5.0)	--	9.0%	\$578.2
* MOTOR FUELS	\$50.3	\$47.8	-5.1%	2.0%	\$552.5
[b] MOTOR VEHICLE FEES	\$0.0	\$0.0	0.0%	-1.2%	\$508.2
* REALTY TRANSFER	\$28.3	\$36.6	29.4%	9.0%	\$382.8
[c] CASINO	\$35.3	\$33.8	-4.2%	3.6%	\$217.5
BANKS & FINANCIAL (CBT)	(\$1.2)	\$0.2	--	7.5%	\$201.4
[d] CIGARETTE	\$0.0	\$0.0	0.0%	6.2%	\$181.3
* ALCOHOL EXCISE	\$0.0	(\$0.1)	--	1.5%	\$107.0
<b>TOTALS:</b>	<b>\$2,157.1</b>	<b>\$2,208.7</b>	<b>2.4%</b>	<b>6.8%</b>	<b>\$31,424.1</b>

**Income Tax  
Corporation Tax  
and Sales Tax**  
  
**FY18 Over FY17  
Actual Year-To-Date  
\$ Change**



Sources: Executive's FY2018 certified estimates. FY2018 Year-To-Date from the Treasury Monthly reports.

\* Revenues represent 1 month of cash collections. All others represent 2 months of cash collections.

\*\* The percentage difference between the FY2018 Executive's certified estimates (July 2017) and estimated final FY2017 figures from the Treasurer's May 2017 projections. Energy revenues for the Sales tax and CBT are not included.

[a] The petroleum products year-end estimate reflects the full \$1.487 billion target. This total includes \$940.2 million to be allocated to the Petroleum Products Gross Receipts - Capital Reserves.

[b] The first \$221.1 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 \$97.9 million, are dedicated to pay tobacco bond debt service (P.L.2004, c.68).

Note: Lottery revenues are no longer included in the General Fund pursuant to P.L.2017, c.98. Through the end of August, Lottery collections in FY2018 total \$181.8 million compared to \$164.4 million at the same point in FY2017.