

OLS Revenue Snapshot

FY 2018 - Through February 2018

- **February Revenue Growth Lags Behind Revised Target.** Aggregate major revenue collections are up \$1.57 billion, or 9.3%, through the first eight months of FY 2018. The gross income tax continues to support overall major revenue growth with an 8.7% increase in collections in February and a 13.7% increase in collections year-to-date. However, collections of most other major revenues trail the pace needed to attain revised targets, with half of those major revenues trending below the Executive's revised FY 2018 estimates. The Executive's revised FY 2018 projections for major revenues require 5.9% aggregate growth to reach the year-end¹ targets. The OLS will present revised revenue estimates to the Legislative Budget Committees in early April.
- **Gross Income Tax (GIT)** net collections of \$9.42 billion through the end of February were up \$1.13 billion, 13.7% ahead of the same period last year. Year-to-date GIT receipts continue to reflect an additional weekly withholding payment worth about \$125 million compared to the same period last fiscal year. The Executive's revised FY 2018 GIT target assumes 7.3% growth over FY 2017. Driving February GIT collections was a \$75.5 million, or 8.5%, increase in withholding receipts from employee wages. Estimated and final payments were up \$1.5 million, or 1.5%, while refunds increased by \$1.6 million, or 5.2%.
- **Sales Tax** receipts year-to-date totaled \$5.61 billion, up 1.9% from the same period² last year. February collections were 2.7% above last February despite the reduction³ in the sales tax rate from 6.875% to 6.625% on January 1, 2018. The Executive's revised target assumes 1.0% growth above FY 2017. The target no longer includes the full \$200 million anticipated from tax modernization initiative, which has been reallocated to other revenues benefitting from this effort.
- **Corporation Business Tax (CBT)** cash collections of \$957.9 million through the first eight months were 2.2% below the same period last fiscal year. February net receipts fell by 75.6% as refund payments increased by \$34.1 million. The Executive's revised FY 2018 target assumes 2.7% growth.
- **Petroleum Products Gross Receipts Tax (PPGRT)** collections¹ of \$831.2 million through February were up \$477.2 million, or 134.8%, propelled by the higher tax rates under P.L.2016, c.57. State voters constitutionally dedicated the revenues to the Transportation Trust Fund.
- **Transfer Inheritance** revenues of \$410.7 million were down 20.0% compared to last year through February. The revised year-end target assumes a decline of 18.6% 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 \$232.1 million were 9.1% higher year-over-year,⁴ falling short of the Executive's revised year-end target growth rate of 10.5%.

¹ The *OLS Revenue Snapshot* displays the growth rates of cash collections necessary to achieve the Executive's FY 2018 revised year-end targets compared to the final FY 2017 totals, as reported in the Governor's Budget Message (March 2018). The *Snapshot* display reflects the full \$1.442 billion target for the petroleum products tax, including the \$845.7 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.

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

³ FY 2018 collections are impacted by a two-step tax rate reduction under P.L.2016, c.57.

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

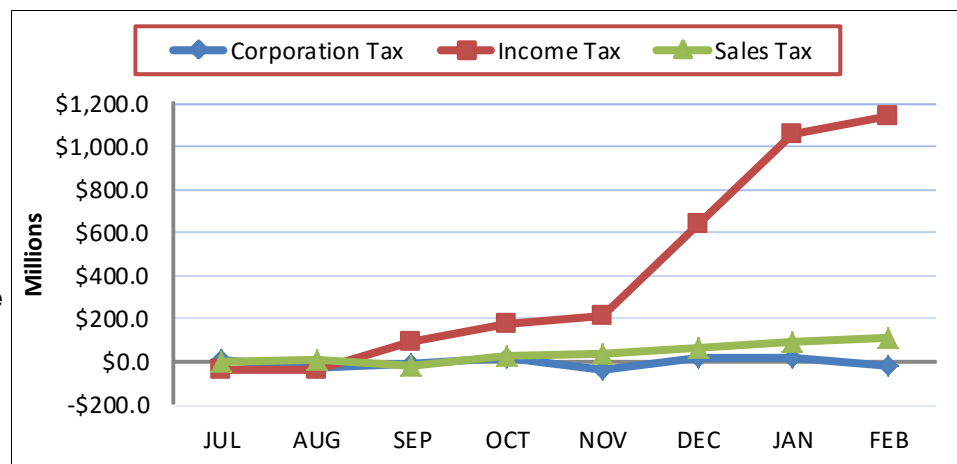
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Selected Year-To-Date Cash Collections (\$ millions)

FY 2018 - Through February 2018

REVENUE	FY 2017 Actual Year-To-Date	FY 2018 Actual Year-To-Date	Actual Y-T-D Growth %	Exec. Rev. Year-End Growth % **	Exec. Rev. Year-End \$ Estimate
INCOME TAX	\$8,282.2	\$9,416.4	13.7%	7.3%	\$14,980.3
* SALES TAX	\$5,509.0	\$5,613.9	1.9%	1.0%	\$9,542.9
CORP. BUS. TAX (CBT)	\$979.6	\$957.9	-2.2%	2.7%	\$2,199.3
[a]* PETROLEUM PRODUCTS	\$353.9	\$831.2	134.8%	65.1%	\$1,442.2
TRANSFER INHERITANCE	\$513.2	\$410.7	-20.0%	-18.6%	\$609.6
INSURANCE PREMIUM	\$199.6	\$196.6	-1.5%	-8.7%	\$525.0
* MOTOR FUELS	\$313.4	\$296.0	-5.6%	-5.6%	\$503.0
[b] MOTOR VEHICLE FEES	\$243.1	\$228.8	-5.9%	-4.1%	\$500.2
* REALTY TRANSFER	\$212.8	\$232.1	9.1%	10.5%	\$381.8
[c] CASINO	\$137.8	\$134.2	-2.6%	3.2%	\$217.5
BANKS & FINANCIAL (CBT)	\$61.1	\$52.4	-14.3%	-15.0%	\$170.4
[d] CIGARETTE	\$0.0	\$0.0	0.0%	-22.1%	\$133.2
* ALCOHOL EXCISE	\$56.0	\$57.4	2.4%	0.0%	\$104.8
TOTALS:	\$16,861.9	\$18,427.6	9.3%	5.9%	\$31,310.1

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



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

* Revenues represent 7 months of cash collections. All others represent 8 months of cash collections.

** The percentage difference between the FY2018 Executive's revised estimates (March 2018) and final FY2017 figures from the Governor's Budget Message (March 2018). Energy revenues for the Sales tax and CBT, as estimated by the OLS, are excluded.

[a] The petroleum products year-end estimate reflects the full \$1.442 billion target. This total includes \$845.7 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 debt service pursuant to 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 February, Lottery collections in FY2018 total \$643.2 million, up 3.9% compared to \$619.4 million at the same point in FY2017.