

OLS Revenue Snapshot

FY 2018 - Through January 2018

- **Gross Income Tax Collections Spur Revenue Growth Through January.** State revenue receipts in January were up 14.5% over last January, propelled by a 21.9% increase in gross income tax collections. Through the first seven months of FY 2018, major revenue collections are up \$1.49 billion, or 10.0%, above the same period last year. Two dedicated revenue sources account for this growth: \$1.05 billion is attributable to the gross income tax, while \$471.8 million is driven by a statutory rate change to the petroleum products gross receipts tax. However, trends among all other major revenues are slightly down in the aggregate. The Executive's certified FY 2018 estimates for major revenues require 6.2% aggregate growth to reach the year-end¹ targets.
- **Gross Income Tax (GIT)** net collections of \$8.38 billion through the end of January were up \$1.05 billion, 14.4% ahead of the same period last year. The Executive's FY 2018 GIT target assumes 3.9% growth over FY 2017. GIT collections were boosted by the shift² of about \$125 million in withholding receipts from employee wages. Adjusting for the withholding shift, year-to-date withholdings were up 5.1%. Individual payments were up 25.1% and refunds were down 3.3%. January's adjusted withholding receipts were up \$117.9 million, or 11.9%, above last January. Estimated and final payments were up \$159.4 million, or 17.3%.
- **Sales Tax** receipts year-to-date totaled \$4.96 billion, up 1.8% from the same period³ last year. January collections were 2.5% above last January. FY 2018 collections are impacted by a two-step tax rate reduction 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. Absent this \$200.0 million, the underlying FY 2018 sales tax growth target would be 2.3%.
- **Corporation Business Tax (CBT)** cash collections of \$1.04 billion through the first seven months were 1.2% above the same period last fiscal year. January net receipts fell by 2.8% as refund payments increased by \$6.3 million. The Executive's certified FY 2018 target assumes 7.8% growth.
- **Petroleum Products Gross Receipts Tax (PPGRT)** collections¹ of \$722.2 million through January were up \$471.8 million, or 188.4%, propelled by the higher tax rates under P.L.2016, c.57. This growth is in line with the FY 2018 certified estimate for a year-over-year increase of more than \$600.0 million. State voters constitutionally dedicated the revenues to the Transportation Trust Fund.
- **Transfer Inheritance** revenues of \$370.2 million were down 18.9% compared to last year through January. The 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 \$201.8 million were 11.4% higher year-over-year,⁴ exceeding the Executive's revised year-end target growth rate of 9.0%.

¹ 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.

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. January of FY 2018 had five payments compared to only four in January of FY 2017. March of FY 2018 will see the offsetting "loss" of one Wednesday payment.

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

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

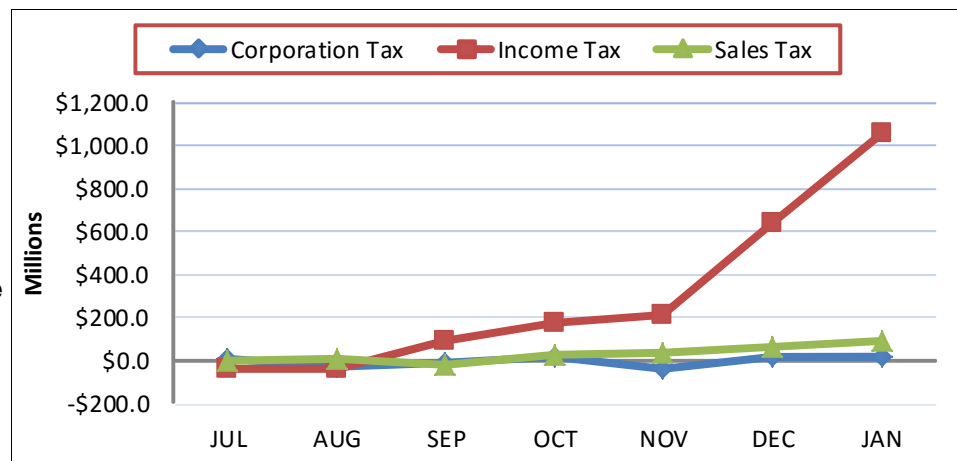
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Selected Year-To-Date Cash Collections (\$ millions)

FY 2018 - Through January 2018

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	\$7,326.2	\$8,377.6	14.4%	3.9%	\$14,382.2
* SALES TAX	\$4,872.0	\$4,959.4	1.8%	4.4%	\$9,704.8
CORP. BUS. TAX (CBT)	\$1,024.8	\$1,037.4	1.2%	7.8%	\$2,375.4
[a]* PETROLEUM PRODUCTS	\$250.4	\$722.2	188.4%	69.4%	\$1,487.2
TRANSFER INHERITANCE	\$456.7	\$370.2	-18.9%	-0.9%	\$745.8
INSURANCE PREMIUM	\$15.9	(\$6.6)	-141.6%	9.0%	\$578.2
* MOTOR FUELS	\$278.6	\$261.4	-6.1%	2.0%	\$552.5
[b] MOTOR VEHICLE FEES	\$194.7	\$175.5	-9.8%	-1.2%	\$508.2
* REALTY TRANSFER	\$181.2	\$201.8	11.4%	9.0%	\$382.8
[c] CASINO	\$120.9	\$118.1	-2.3%	3.6%	\$217.5
BANKS & FINANCIAL (CBT)	\$61.2	\$52.1	-14.9%	7.5%	\$201.4
[d] CIGARETTE	\$0.0	\$0.0	0.0%	6.2%	\$181.3
* ALCOHOL EXCISE	\$59.5	\$57.6	-3.2%	1.5%	\$107.0
TOTALS:	\$14,842.0	\$16,326.8	10.0%	6.2%	\$31,424.1

**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 6 months of cash collections. All others represent 7 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 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 January, Lottery collections in FY2018 total \$570.5 million, up 5.2% compared to \$542.4 million at the same point in FY2017.