

OLS Revenue Snapshot

FY 2018 - Through March 2018

- **Income and Sales Tax Lead, Most Others Trail Revised Targets.** Through the first nine months of FY 2018, aggregate major revenue collections are up \$1.331 billion, or 7.1%. Year-to-date collections have benefitted from a surge in income tax payments and the annualization of the 2016 tax rate increase in the PPGRT which was not in effect during the early months of FY 2017. However, collections of most other major revenues trail the pace needed to attain revised targets. The Executive's revised FY 2018 year-end¹ targets for major revenues require 5.9% aggregate growth.
- **Gross Income Tax (GIT)** net collections of \$9.831 billion through the end of March were up \$1.032 billion, 11.7% ahead of the same period last year. The Executive's revised FY 2018 GIT target assumes 7.3% growth over FY 2017. Year-to-date GIT receipts now reflect the same number of weekly withholding payments through the same period last fiscal year. Through March, withholding payments are up 5.5%, other payments are up 22.0%, while refunds are down 1.9%. April and May collections are the pivotal months to attaining the revised forecast.
- **Sales Tax** receipts year-to-date totaled \$6.233 billion, up 1.5% from the same period² last year. March collections were 1.9% below last March, largely reflecting 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 a tax modernization initiative, which has been mostly reallocated to other taxes where the initiative has impacted collections.
- **Corporation Business Tax (CBT)** cash collections of \$1.085 billion through the first nine months were 8.6% below the same period last fiscal year. March net receipts fell by 38.7% as final payments decreased by \$33.1 million and refund payments increased by \$36.0 million. The Executive's revised FY 2018 target assumes 2.7% growth. Like the GIT, April collections are crucial to achieving this annual growth rate.
- **Petroleum Products Gross Receipts Tax (PPGRT)** collections¹ of \$926.5 million through March were up \$464.7 million, or 100.6%, 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 \$465.9 million were down 19.2% compared to last year through March. 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 \$256.0 million were 7.8% 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 March sales tax collections reflect February 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 March realty collections reflect February economic activity, as counties remit fee payments to the State with a one-month lag.

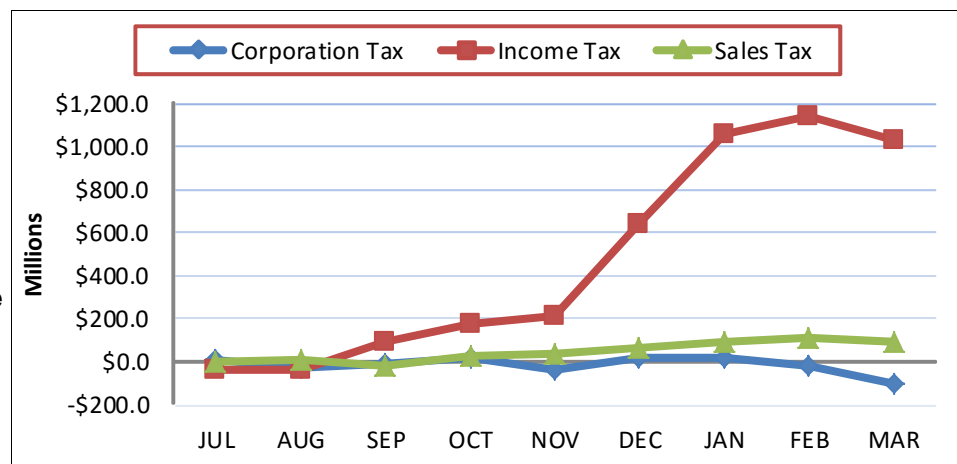
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Selected Year-To-Date Cash Collections (\$ millions)

FY 2018 - Through March 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	\$8,800.0	\$9,831.5	11.7%	7.3%	\$14,980.3
* SALES TAX	\$6,140.0	\$6,232.8	1.5%	1.0%	\$9,545.8
CORP. BUS. TAX (CBT)	\$1,186.3	\$1,084.6	-8.6%	2.7%	\$2,200.1
[a]* PETROLEUM PRODUCTS	\$461.8	\$926.5	100.6%	65.1%	\$1,442.2
TRANSFER INHERITANCE	\$576.5	\$465.9	-19.2%	-18.6%	\$609.6
INSURANCE PREMIUM	\$318.5	\$342.7	7.6%	-8.7%	\$525.0
* MOTOR FUELS	\$350.4	\$327.5	-6.5%	-5.6%	\$503.0
[b] MOTOR VEHICLE FEES	\$315.6	\$294.4	-6.7%	-4.1%	\$500.2
* REALTY TRANSFER	\$237.5	\$256.0	7.8%	10.5%	\$381.8
[c] CASINO	\$155.0	\$150.2	-3.1%	3.2%	\$217.5
BANKS & FINANCIAL (CBT)	\$73.5	\$50.7	-31.1%	-15.0%	\$170.4
[d] CIGARETTE	\$18.0	\$0.0	-100.0%	-22.1%	\$133.2
* ALCOHOL EXCISE	\$66.0	\$67.9	2.8%	0.0%	\$104.8
TOTALS:	\$18,699.2	\$20,030.6	7.1%	5.9%	\$31,313.8

**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 8 months of cash collections. All others represent 9 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).

[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 March, Lottery collections in FY2018 total \$735.3 million, up 4.8% compared to \$701.9 million at the same point in FY2017.