

OLS Revenue Snapshot

FY 2018 - Through September 2017

- **FY 2018 First Quarter Results Mixed.** Through the first three months of FY 2018, aggregate major revenue collections are up \$255.3 million, or 5.3%, 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-end¹ targets. However, \$221.6 million of the current growth is driven by a statutory rate change to the petroleum products gross receipts tax, while trends among the other major revenues are decidedly mixed. New Jersey's largest tax revenue, the gross income tax, is on-target so far, but the State's second and third largest tax revenues, the sales tax and the corporation business tax, are running below FY 2018 targets.
- **Gross Income Tax (GIT)** net collections of \$2.43 billion through the end of September were up \$90.6 million, or 3.9%, from last year. Quarterly estimated payments, including important September payments, were flat with last year's collections, but direct payments of prior tax year liabilities jumped by \$47.9 million, up 50.1%. Withholding receipts were up 1.4%, while withholding from non-resident partnerships surged by \$41.2 million, up 72.5%. Refund payments rose 11.4%, holding down net revenue growth. The Executive's certified FY 2018 target assumes 3.9% growth above FY 2017.
- **Sales Tax** receipts year-to-date totaled \$1.55 billion, down 1.4% from the same period² last year. September collections were down 3.7% from last September. Sales tax collections in FY 2018 are 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. Absent this \$200.0 million, the underlying FY 2018 sales tax growth target would be 2.3%.
- **Corporation Business Tax (CBT)** cash collections of \$438.3 million through the first three months were 3.8% below the same period last fiscal year. September receipts, which include important quarterly estimated payments, grew 3.0%. The Executive's certified FY 2018 target assumes 7.8% growth.
- **Petroleum Products Gross Receipts Tax (PPGRT)** collections¹ of \$262.3 million through September were up \$221.6 million, or 544.0%, 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 \$167.0 million were down 6.1% compared to last year through September. 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 \$71.8 million were 5.4% higher year-over-year.³ The Executive's revised year-end target requires growth of 9.0% above FY 2017.

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 September sales tax collections reflect August economic activity, as this tax is subject to a one-month payment lag.

³ September realty collections reflect August economic activity, as counties remit fee payments to the State with a one-month lag.

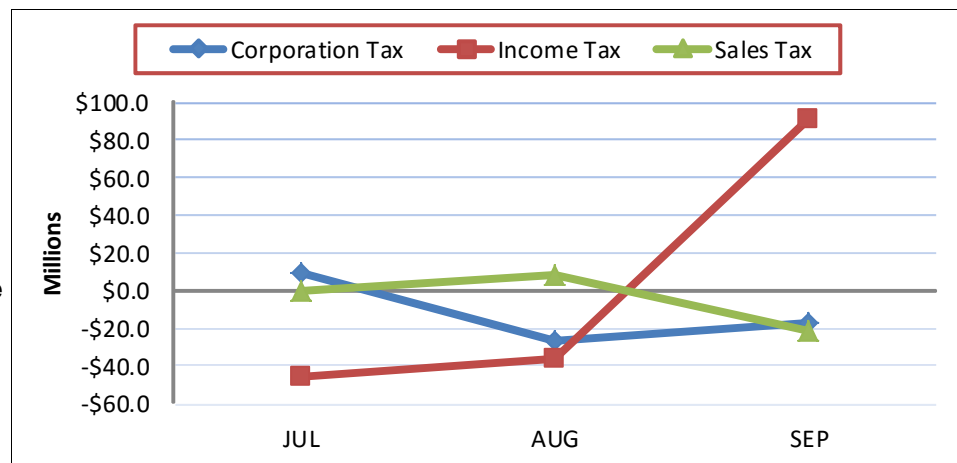
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Selected Year-To-Date Cash Collections (\$ millions)

FY 2018 - Through September 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	\$2,339.9	\$2,430.5	3.9%	3.9%	\$14,382.2
* SALES TAX	\$1,569.5	\$1,548.0	-1.4%	4.4%	\$9,704.8
CORP. BUS. TAX (CBT)	\$455.6	\$438.3	-3.8%	7.8%	\$2,375.4
[a]* PETROLEUM PRODUCTS	\$40.7	\$262.3	544.0%	69.4%	\$1,487.2
TRANSFER INHERITANCE	\$177.9	\$167.0	-6.1%	-0.9%	\$745.8
INSURANCE PREMIUM	(\$5.0)	(\$4.7)	--	9.0%	\$578.2
* MOTOR FUELS	\$95.6	\$86.6	-9.4%	2.0%	\$552.5
[b] MOTOR VEHICLE FEES	\$0.0	\$0.0	0.0%	-1.2%	\$508.2
* REALTY TRANSFER	\$68.1	\$71.8	5.4%	9.0%	\$382.8
[c] CASINO	\$54.8	\$51.4	-6.2%	3.6%	\$217.5
BANKS & FINANCIAL (CBT)	\$23.0	\$22.9	-0.3%	7.5%	\$201.4
[d] CIGARETTE	\$0.0	\$0.0	0.0%	6.2%	\$181.3
* ALCOHOL EXCISE	\$15.5	\$16.6	7.1%	1.5%	\$107.0
TOTALS:	\$4,835.6	\$5,090.9	5.3%	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 2 month of cash collections. All others represent 3 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 September, Lottery collections in FY2018 total \$253.2 million compared to \$239.8 million at the same point in FY2017.