

FY 2019 April Revenue Snapshot

Office of Legislative Services

Gross Income Tax Revenues Recover, Propelling Year-to-Date Growth Above Revised Targets

Year-to-date collections of \$26.910 billion through the first ten months of the fiscal year were 11.2% above the prior fiscal year. The Executive's revised¹ FY 2019 estimates for major revenues require roughly 9.8% aggregate growth. April revenues totaled approximately \$5.811 billion, an increase of approximately \$1.771 billion, or 43.8%. The State's three largest revenue sources, the gross income tax, the sales tax, and the corporation business tax, grew well above the revised target growth rates during the month.

- **Gross Income Tax (GIT)** net collections of \$13.075 billion through the end of April outpaced last fiscal year's collections by \$930.3 million, or 7.7%. April collections surged by 56.8%, as withholdings were up \$88.4 million (9.3%), estimated payments were up \$32.1 million (10.4%), direct payments were up a historical \$1.247 billion (81.7%), and refunds were up \$53.7 million (11.5%). Year-to-date gross income tax collections include about \$67.7 million from the State's tax amnesty program. The Executive's revised FY 2019 target assumes 5.8% growth above FY 2018.

GIT collections fully recovered following a significant change in the timing of payments throughout the fiscal year. The decline in collections that resulted from these timing changes was expected to be reversed once taxpayers who typically made larger estimated payments in December and January settled a majority of their tax liabilities at the close of the filing period. In future fiscal years, the timetable for payments experienced this fiscal year should carry forward, with lower estimated payments throughout the year followed by a spike in final payments in April.

- **Sales Tax** revenues year-to-date totaled \$7.332 billion, up 3.3% from the same period² last year. Those collections include approximately \$104.4 million from the State's tax amnesty program. The revised target assumes 3.5% growth above FY 2018 and accounts for new collections from online vendors.
- **Corporation Business Tax (CBT)** cash collections of \$3.111 billion were 91.2% above the same period last fiscal year and include roughly \$81.8 million from the State's tax amnesty program. The Executive's revised FY 2019 CBT target assumes 64.5% growth for the year, largely attributable to the newly enacted surtax, combined reporting requirements, and other changes enacted by the State and federal government.
- **Petroleum Products Gross Receipts Tax (PPGRT)** collections of \$1.101 billion were up 8.3% year-over-year as the 4.3 cent tax increase, which took effect on October 1, 2018, will continue to impact PPGRT revenues. The Executive's revised year-end target assumes 9.8% growth over FY 2018.
- **Transfer Inheritance** revenues of \$421.0 million were down 16.2% compared to last year. Of the amounts collected, \$352.2 million is attributable to the inheritance tax, up 20.6%; and \$68.7 million is attributable to the estate tax, down 67.3%. The revised year-end target assumes an aggregate decline of 19.9% from the FY 2018 level, accounting for the repeal of the estate tax as of January 1, 2018.
- **Realty Transfer Fee** collections of \$286.3 million were 1.7% higher year-over-year.³ The Executive's revised year-end target requires growth of 1.6% above FY 2018.

¹ The *OLS Revenue Snapshot* displays the growth rates of cash collections necessary to achieve the Executive's FY 2019 revised year-end targets (May 2019) compared to the audited FY 2018 totals, as reported in the NJ Comprehensive Annual Financial Report (April 2019).

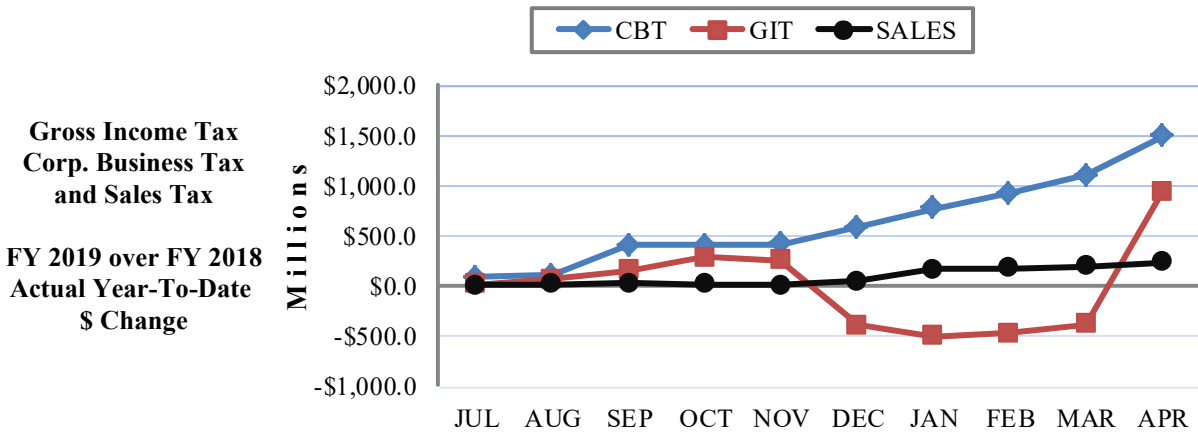
² April sales tax collections reflect March economic activity, as this tax is subject to a one-month payment lag.

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

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Revenue (\$ millions)	FY 2018 Actual Year-To-Date	FY 2019 Actual Year-To-Date	Actual Y-T-D Growth %	Exec. Revised Year-End Growth % **	Exec. Revised Year-End \$ Estimate
GROSS INCOME TAX (GIT)	\$12,144.8	\$13,075.1	7.7%	5.8%	\$15,911.5
* SALES TAX	\$7,096.3	\$7,332.5	3.3%	3.5%	\$9,954.0
CORP. BUS. TAX (CBT)	\$1,626.5	\$3,110.6	91.2%	64.5%	\$3,808.0
[a] PETROLEUM PRODUCTS	\$1,016.3	\$1,101.0	8.3%	9.8%	\$1,508.5
* MOTOR FUELS	\$372.4	\$371.8	-0.1%	-1.1%	\$507.0
INSURANCE PREMIUM	\$347.5	\$262.0	-24.6%	-16.1%	\$496.0
TRANSFER INHERITANCE	\$502.5	\$421.0	-16.2%	-19.9%	\$485.0
[b] MOTOR VEHICLE FEES	\$373.5	\$314.2	-15.9%	-9.9%	\$448.6
* REALTY TRANSFER	\$281.5	\$286.3	1.7%	1.6%	\$382.5
BANKS & FINANCIAL (CBT)	\$90.4	\$269.6	198.2%	136.1%	\$359.5
[c] CASINO	\$167.2	\$208.3	24.6%	15.7%	\$252.0
* ALCOHOL EXCISE	\$68.5	\$70.6	3.0%	2.8%	\$112.5
[d] CIGARETTE	\$32.3	\$9.6	-70.3%	-26.5%	\$105.1
TOTALS:	\$24,119.8	\$26,832.5	11.2%	9.8%	\$34,330.2



Sources: Executive's revised FY 2019 estimates (May 2019). FY 2019 Year-To-Date from the Treasury Monthly reports.

* Revenues represent nine months of cash collections. All others represent 10 months of cash collections.

** The percentage difference between the FY 2019 Executive's revised estimates (May 2019) and final FY 2018 figures from the Comprehensive Annual Financial Report (CAFR) (April 2019). The year-end growth estimate reflects only those revenues displayed in the table above. Energy revenues for the sales tax and CBT are not included.

[a] The PPGRT year-end estimate reflects the full \$1.508 billion target, including \$885.4 million for Capital Reserves.

[b] The first \$270.8 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.

[c] The casino amounts include internet gaming and sports betting revenues.

[d] The first \$391.5 million from the tax on cigarettes is deposited into the Health Care Subsidy Fund (P.L.2006, c.37). An additional \$94.8 million is 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 April, Lottery collections in FY 2019 total \$887.0 million, up 9.1% compared to \$813.4 million at the same point in FY 2018.