

FY 2019 May Revenue Snapshot

Office of Legislative Services

Collections Through May In Line With Revised Target

Year-to-date collections of \$29.017 billion through the first 11 months of the fiscal year were 9.7% above the prior fiscal year. The Executive's revised¹ FY 2019 estimates for major revenues require 9.8% aggregate growth. May collections for the major taxes totaled approximately \$2.214 billion, a decline of approximately \$146.9 million largely attributable to gross income tax collections.

- **Gross Income Tax (GIT)** net collections totaled \$13.759 billion through the end of May. GIT collections are ahead of last fiscal year by \$624.1 million, or 4.8%. The Executive's revised FY 2019 target assumes 5.8% growth above FY 2018. May experienced a steeper decline than anticipated following a historical April, falling by 30.9%. Withholdings were up \$40.2 million (4.1%), estimated payments were down \$31.4 million (-45.1%), direct payments were down \$279.6 million (-72.9%), and refunds increased by \$35.3 million (8.1%).
- **Sales Tax** revenues year-to-date totaled \$8.098 billion, up 3.3% from the same period² last year. The revised target assumes 3.5% growth above FY 2018 and accounts for new collections from online vendors. Next month's sales tax collections should benefit from more online vendors remitting sales tax to the State, since the State's remote seller law allowed online vendors to request a 180-day deferral period.
- **Corporation Business Tax (CBT)** cash collections of \$3.248 billion were 95.6% above the same period last fiscal year. 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. CBT growth accounts for 62% of the increase in major tax revenue thus far in FY 2019.
- **Petroleum Products Gross Receipts Tax (PPGRT)** collections of \$1.244 billion were up 8.7% 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.
- **Insurance Premiums Tax (IPT)** collections of \$468.6 million were down 9% compared to last year. In anticipation of a June 1 payment due date, IPT taxpayers typically make payments at the end of May. This May experienced an increase in collections of 23.4%. However, May and June are evaluated based on aggregate collections from both months. The Executive's revised year-end target anticipates a decline of 16.1% from FY 2018.
- **Transfer Inheritance** revenues of \$455.7 million were down 18.7% compared to last year. Of the amounts collected, \$383.7 million is attributable to the inheritance tax, up 13.5%; and approximately \$72 million is attributable to the estate tax, down 67.6%. 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 \$314.2 million were 1.2% 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).

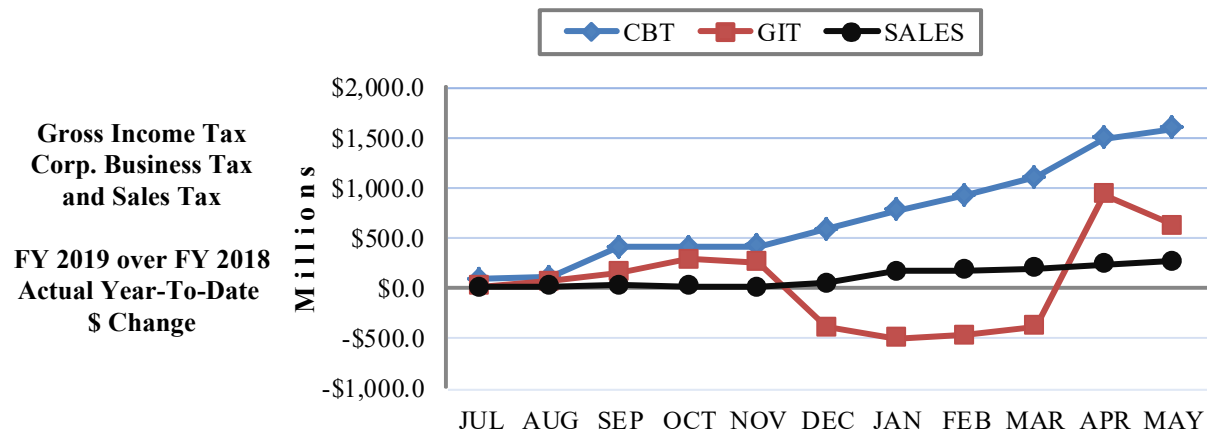
² May sales tax collections reflect April economic activity, as this tax is subject to a one-month payment lag.

³ May realty transfer collections reflect April 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)	\$13,135.1	\$13,759.2	4.8%	5.8%	\$15,911.5
* SALES TAX	\$7,836.3	\$8,098.5	3.3%	3.5%	\$9,954.0
CORP. BUS. TAX (CBT)	\$1,660.6	\$3,248.3	95.6%	64.5%	\$3,808.0
[a] PETROLEUM PRODUCTS	\$1,144.0	\$1,243.9	8.7%	9.8%	\$1,508.5
* MOTOR FUELS	\$410.2	\$408.6	-0.4%	-1.1%	\$507.0
INSURANCE PREMIUM	\$514.9	\$468.6	-9.0%	-16.1%	\$496.0
TRANSFER INHERITANCE	\$560.5	\$455.7	-18.7%	-19.9%	\$485.0
[b] MOTOR VEHICLE FEES	\$441.8	\$374.2	-15.3%	-9.9%	\$448.6
* REALTY TRANSFER	\$310.7	\$314.2	1.2%	1.6%	\$382.5
BANKS & FINANCIAL (CBT)	\$93.0	\$268.4	188.5%	136.1%	\$359.5
[c] CASINO	\$187.3	\$229.1	22.3%	15.7%	\$252.0
* ALCOHOL EXCISE	\$85.8	\$87.3	1.7%	2.8%	\$112.5
[d] CIGARETTE	\$77.4	\$60.9	-21.3%	-26.5%	\$105.1
TOTALS:	\$26,457.6	\$29,016.8	9.7%	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 10 months of cash collections. All others represent 11 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 May, Lottery collections in FY 2019 total \$974.6 million, up 9.1% compared to \$893.1 million at the same point in FY 2018.