

FY 2019 November Revenue Snapshot

Office of Legislative Services

Collections Trending Slightly Below Year-End Target Through First Five Months

Major revenue collections through November increased 6.5% in comparison to the same period last year. The Executive's certified¹ FY 2019 estimates for major revenues require 7.2% aggregate growth. Gross income tax and corporation business tax collections remain the predominant sources of revenue growth. FY 2019 major revenue collections will be impacted by policy changes enacted as part of the FY 2019 budget process. Specifically, two of the State's three main revenue sources, the gross income tax and corporation business tax, will reflect increased tax rates pursuant to P.L.2018, c.45 and P.L.2018, c.48.

- **Gross Income Tax (GIT)** net collections of \$4.485 billion through the end of November were \$247.9 million, or 5.9%, above last year. Estimated and final payments were up 13.5% and withholdings were up 4.5% over last year's collections. The Executive's certified FY 2019 target assumes 5.4% growth above FY 2018.
- **Sales Tax** revenues year-to-date totaled \$3.194 billion, up 0.2% from the same period² last year. While sales tax revenues will no longer be impacted by further rate reductions after the two-step tax rate decrease to 6.625% under P.L.2016, c.57, revenues for six months of FY 2019 (August – January) will be growing off a FY 2018 base that had a sales tax rate of 6.875%. Absent this rate reduction, sales tax revenues year-to-date would have grown by 4.0% year-over-year. The certified target assumes 6.2% growth above FY 2018, which includes tax amnesty collections and new collections from online vendors. New Jersey's tax amnesty program began on November 15, 2018 and will end on January 15, 2019.
- **Corporation Business Tax (CBT)** cash collections of \$940.4 million were 76.6% above the same period last fiscal year. The Executive's certified FY 2019 CBT target assumes 47.2% growth for the year, largely attributable to the newly enacted surtax, combined reporting requirements, and other changes under P.L.2018, c.48. Upcoming December collections will include the second quarterly payment date this fiscal year.
- **Petroleum Products Gross Receipts Tax (PPGRT)** collections of \$479.0 million were down 4.0% year-over-year. Although November marks the first month that collections were impacted by a tax rate increase, November collections declined by 2.8% year-over-year. The 4.3 cent tax increase took effect on October 1, 2018 as a result of revenues falling behind targets prescribed under P.L.2016, c.57. The Executive's certified year-end target assumes no growth over FY 2018.
- **Transfer Inheritance** revenues of \$238.8 million were down 13.1% compared to last year through November. Of the amounts collected, \$183.7 million is attributable to the inheritance tax, which grew 18.8%; and \$55.1 million is attributable to the estate tax, which declined by 54.1%. The certified year-end target assumes an aggregate decline of 24.2% from the FY 2018 level, accounting for the repeal of the estate tax which went into effect on January 1, 2018.
- **Insurance Premiums Tax (IPT)** collections for the year have gone negative by \$40.8 million, largely the result of an increasing use by taxpayers of refundable tax credits awarded by the Economic Development Authority. The IPT has two major payment dates, both of which occur during the second half of the fiscal year.

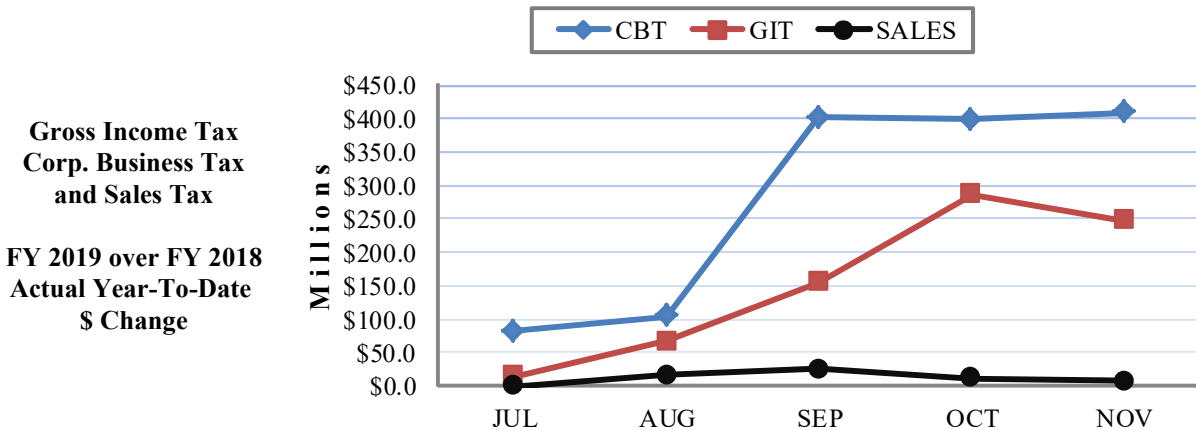
¹ The *OLS Revenue Snapshot* displays the growth rates of cash collections necessary to achieve the Executive's FY 2019 certified year-end targets compared to the estimated FY 2018 totals, as reported by the State Treasurer to the legislative budget committees (May 2018).

² November sales tax collections reflect October economic activity, as this tax is subject to a one-month payment 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. Certif. Year-End Growth % **	Exec. Certif. Year-End \$ Estimate
GROSS INCOME TAX (GIT)	\$4,237.2	\$4,485.1	5.9%	5.4%	\$15,977.7
* SALES TAX	\$3,187.7	\$3,194.2	0.2%	6.2%	\$10,136.1
CORP. BUS. TAX (CBT)	\$532.4	\$940.4	76.6%	47.2%	\$3,046.1
[a] PETROLEUM PRODUCTS	\$499.0	\$479.0	-4.0%	0.0%	\$1,360.5
INSURANCE PREMIUM	(\$9.0)	(\$40.8)	--	0.0%	\$597.0
* MOTOR FUELS	\$170.2	\$168.2	-1.2%	0.0%	\$500.7
[b] MOTOR VEHICLE FEES	\$65.5	\$20.9	-68.2%	-7.7%	\$461.8
TRANSFER INHERITANCE	\$274.8	\$238.8	-13.1%	-24.2%	\$457.6
* REALTY TRANSFER	\$139.9	\$145.2	3.8%	4.9%	\$378.8
[c] CASINO	\$84.9	\$102.6	20.9%	4.9%	\$223.4
BANKS & FINANCIAL (CBT)	\$28.3	\$80.5	185.0%	39.1%	\$202.7
* ALCOHOL EXCISE	\$33.5	\$31.1	-7.2%	2.0%	\$108.4
[d] CIGARETTE	\$0.0	\$0.0	0.0%	-27.8%	\$87.8
TOTALS:	\$9,244.5	\$9,845.2	6.5%	7.2%	\$33,538.6



Sources: Executive's FY 2019 certified estimates. FY 2019 Year-To-Date from the Treasury Monthly reports.

* Revenues represent four months of cash collections. All others represent five months of cash collections.

** The percentage difference between the FY 2019 Executive's certified estimates (July 2018) and estimated FY 2018 figures from the Treasurer's May 2018 projections. Energy revenues for the sales tax and CBT are not included.

[a] The PPGRT year-end estimate reflects the full \$1.360 billion target, including \$725.0 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 November, Lottery collections in FY 2019 total \$457.6 million, up 15% compared to \$397.9 million at the same point in FY 2018.