

FY 2020 December Revenue Snapshot

Office of Legislative Services

Collections Remain Well Above Targets Despite Stagnant December

Year-to-date collections of \$13.793 billion through the first six months of the fiscal year were 7.8% above the year prior. December collections were virtually flat compared to last fiscal year, totaling \$2.950 billion (up \$1.1 million). Increases in the gross income tax and the sales tax were offset by drops in both the corporation business tax and the separate tax on banking and financial businesses. Despite the lackluster performance of revenues in December, year-to-date collections are still well ahead of the Executive's FY 2020 estimates for major revenues, which require 0.3% aggregate growth.

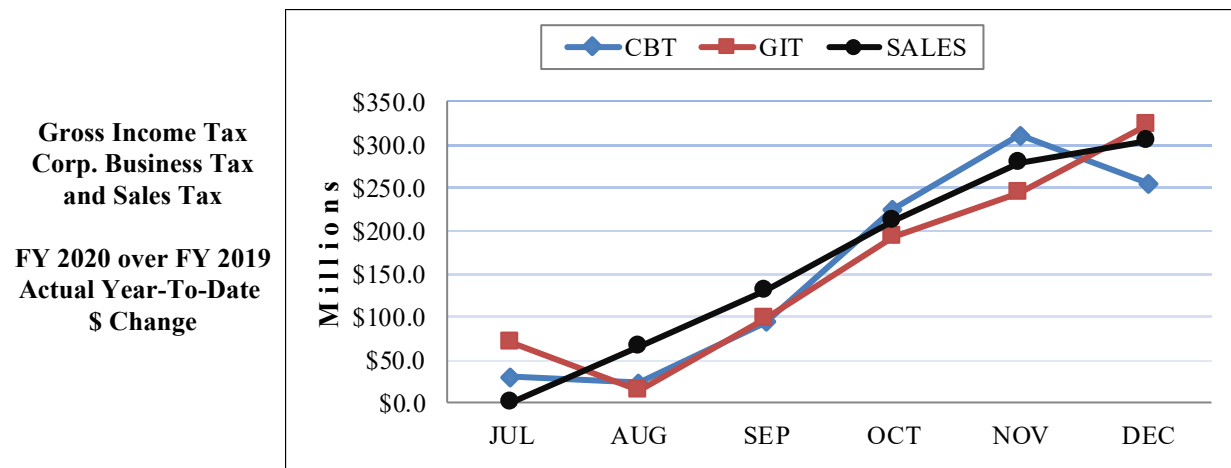
- **Gross Income Tax (GIT)** net collections totaled \$5.990 billion through the end of December, up \$323.2 million or 5.7% over the prior fiscal year. Year-to-date withholdings were up \$184.5 million (3.9%), estimated payments were up \$54.8 million (5.6%), final payments were up \$118.7 million (31.7%), and refunds increased by \$43.3 million (7.7%). The Executive's year-end target assumes 3.7% growth above FY 2019.
- **Sales Tax** revenues year-to-date totaled \$4.287 billion, up 7.6% from the same period¹ last year. Throughout FY 2020, sales tax collections will benefit from additional remote online sellers remitting payments to the State. The State's remote seller law allowed online vendors to request a 180-day deferral period from the law's October 2018 enactment date. Thus, the last two months of sales tax collections in FY 2019 were the only months that reflected this enactment. The year-end target assumes 3.0% growth above FY 2019.
- **Corporation Business Tax (CBT)** cash collections of \$1.794 billion were 16.8% above the same period last fiscal year. Year-to-date growth in the CBT had been driven by a significant increase in final payments, up \$166.9 million or 55.9%, compared to last fiscal year. However, monthly CBT collections were down for the first time since August. Higher refund payments largely account for receipts being \$53.2 million, or 8.9%, lower than last year. The Executive's year-end target assumes a decline of 17.5% for the year, attributable to the temporary surtax phasing down from 2.5 percent to 1.5 percent on January 1, 2020 and significant nonrecurring payments that were booked in FY 2019.
- **CBT Banking and Financial Business** collections of \$241.5 million were 35.9% above the same period last fiscal year. But December collections for this tax fell by roughly \$65.5 million, or 67.4% below last December, a stark contrast to the dip in regular CBT receipts. Year-to-date collections include a non-recurring payment of \$130 million attributable to a multi-year liability settlement. The Executive's year-end target assumes a decline of 17.0% for the year.
- **Transfer Inheritance and Estate Tax** revenues of \$204.4 million were down 22.8%, a steeper drop than the forecasted decline of 13.4%. Of the amounts collected, \$196.3 million was attributable to the transfer inheritance tax, down 5.1%; and \$8.1 million was attributable to the estate tax, down 86.1%. Given that the estate tax was repealed on January 1, 2018, the State does not anticipate receiving significant collections from this tax in FY 2020. The year-end target for the transfer inheritance tax assumes growth of 1.4% from the FY 2019 level.

¹ December sales tax collections reflect November economic activity, as this tax is subject to a one-month payment lag.

FY 2020 December Revenue Snapshot

Office of Legislative Services

| Revenue (\$ millions) | FY 2019 Actual Year-To-Date | FY 2020 Actual Year-To-Date | Actual Y-T-D Change (%) | Exec. Certified Year-End Estimate | Exec. Certified Year-End Change (%)** |
|-------------------------|-----------------------------|-----------------------------|-------------------------|-----------------------------------|---------------------------------------|
| GROSS INCOME TAX (GIT) | \$5,667.0 | \$5,990.2 | 5.7% | \$16,493.3 | 3.7% |
| * SALES TAX | \$3,982.3 | \$4,286.7 | 7.6% | \$10,242.5 | 3.0% |
| CORP. BUS. TAX (CBT) | \$1,536.5 | \$1,794.3 | 16.8% | \$3,342.0 | -17.5% |
| [a] PETROLEUM PRODUCTS | \$604.3 | \$634.5 | 5.0% | \$1,569.6 | 4.1% |
| * MOTOR FUELS | \$209.1 | \$205.8 | -1.6% | \$492.0 | -3.0% |
| [b] MOTOR VEHICLE FEES | \$70.7 | \$74.7 | 5.7% | \$487.6 | 8.7% |
| INSURANCE PREMIUM | (\$43.0) | \$7.4 | -- | \$473.0 | -6.6% |
| TRANSFER INHERITANCE | \$264.9 | \$204.4 | -22.8% | \$420.0 | -13.4% |
| * REALTY TRANSFER | \$174.7 | \$176.3 | 0.9% | \$383.5 | 2.0% |
| [c] CASINO | \$119.0 | \$140.6 | 18.1% | \$261.5 | 3.8% |
| BANKS & FINANCIAL (CBT) | \$177.7 | \$241.5 | 35.9% | \$242.5 | -17.0% |
| * ALCOHOL EXCISE | \$31.3 | \$36.1 | 15.2% | \$113.0 | 1.8% |
| [d] CIGARETTE | \$0.0 | \$0.0 | 0.0% | \$85.9 | -19.4% |
| TOTALS: | \$12,794.4 | \$13,792.6 | 7.8% | \$34,606.5 | 0.3% |



Sources: Executive's FY 2020 certified estimates (June 2019). FY 2020 Year-To-Date from the Treasury Monthly reports.

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

** The percentage difference between the FY 2020 Executive's certified estimates (June 2019) and the Executive's updated FY 2019 estimates (June 2019). The year-end change 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 \$1,569.6 billion target, including \$801.8 million for Capital Reserves.

[b] The first \$265.3 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 this tax is deposited into the Health Care Subsidy Fund (P.L.2006, c.37), \$91.7 million is dedicated to pay debt service pursuant to P.L.2004, c.68, and \$5.7 million is dedicated for anti-smoking initiatives pursuant to P.L.2017, c.242.