

FY 2020 February Revenue Snapshot

Office of Legislative Services

Revenues Ahead of Executive's Revised Target; Pandemic Obscures Future

Year-to-date revenues of \$20.3 billion improved over last fiscal year by \$1.3 billion or 6.6 percent. In February, the Executive moved its combined year-end target for all major revenues upwards from the 0.3 percent growth rate underlying its FY 2020 revenue certification to 3.6 percent, representing an increase of \$1.1 billion. Revenues through February continued to outpace the Executive's targets; however, the rapid spread of the COVID-19 pandemic clouds the outlook for the remainder of the current and ensuing fiscal year.

- **Gross Income Tax (GIT)** net revenues of \$9.5 billion through the end of February were ahead by \$590.3 million or 6.6 percent over the prior fiscal year. Year-to-date withholdings were up \$350.6 million or 5.0 percent, estimated payments were up \$123.4 million or 6.5 percent, final payments were up \$136.3 million or 27.7 percent, and refunds increased by \$29.4 million or 4.5 percent. The Executive's revised year-end target assumes 5.6 percent growth above FY 2019.
- **Sales Tax** revenue totaled \$6.1 billion, an increase of \$323.6 million or 5.6 percent, at the end of February.¹ After experiencing a decline in January, sales tax revenue rebounded significantly with 7.2% growth for the month of February. For most of FY 2020, sales tax revenue will benefit from additional remote online sellers remitting payments to the State.² The revised year-end target assumes 4.7 percent growth above FY 2019.
- **Corporation Business Tax (CBT)** net revenues of \$2.1 billion were \$176.6 million or 9.4 percent above the same period last fiscal year. Year-to-date payments for the CBT were up \$211.1 million or 9.6 percent more than the same period last fiscal year, but refunds also increased by \$34.5 million or 10.3 percent. The previous fiscal year's base included nonrecurring tax amnesty payments of \$81.8 million. The Executive's revised year-end target assumes a decline of 3.3 percent for the year, which is substantially less than the original projected decline of 17.5 percent. The CBT was expected to endure a steeper decline than what has occurred year-to-date, largely due to the temporary surtax phasing down and significant nonrecurring payments booked in FY 2019.
- **CBT Banking and Financial Business** revenue of \$233.8 million was 23.0 percent above the same period last fiscal year. February's net cash collections were *negative* \$9.1 million, as refunds exceeded taxpayer payments. Year-to-date revenue includes a non-recurring payment of \$130.0 million attributable to a multi-year liability settlement. The Executive's revised year-end target assumes growth of 4.5 percent for the year.
- **Transfer Inheritance and Estate Tax** revenues of \$269.2 million were down 21.7 percent. Of the amounts received, \$249.9 million was attributable to the transfer inheritance tax, down 10.0 percent; and \$19.3 million was attributable to the estate tax, down 71.0 percent. In the aggregate, the Executive's revised year-end target for both taxes assumes a decline of 15.5 percent from FY 2019.
- **Insurance Premiums Tax** revenue of \$275.8 million was up 94.4 percent over the prior fiscal year. The first major payment of the tax is due March 1 and is typically split between February and March. The large increase reported this month is due to a larger share of these payments appearing in February, as well as a reduction in refund activity in the early part of the fiscal year. The Executive's revised estimate anticipates growth of 6.8 percent.

¹ February sales tax revenue reflects January economic activity, as this tax is subject to a one-month payment lag.

² 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 revenue in FY 2019 were the only months that reflected this enactment.

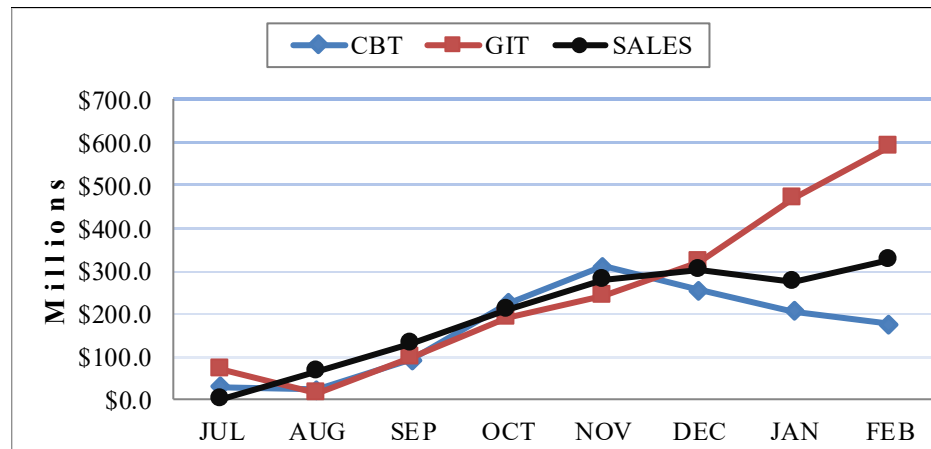
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Revenue (\$ millions)	FY 2019 Actual Year-To-Date	FY 2020 Actual Year-To-Date	Actual Y-T-D Change (%)	Exec. Revised Year-End Estimate	Exec. Revised Year-End Change (%)**
GROSS INCOME TAX (GIT)	\$8,937.9	\$9,528.2	6.6%	\$16,801.5	5.6%
* SALES TAX	\$5,787.7	\$6,111.3	5.6%	\$10,406.5	4.7%
CORP. BUS. TAX (CBT)	\$1,873.4	\$2,050.0	9.4%	\$3,897.0	-3.3%
[a]* PETROLEUM PRODUCTS	\$857.7	\$885.1	3.2%	\$1,460.0	-0.4%
INSURANCE PREMIUM	\$141.9	\$275.8	94.4%	\$557.5	6.8%
* MOTOR FUELS	\$290.8	\$277.6	-4.6%	\$485.0	-3.0%
[b] MOTOR VEHICLE FEES	\$183.2	\$192.7	5.1%	\$465.6	6.6%
TRANSFER INHERITANCE	\$344.0	\$269.2	-21.7%	\$415.0	-15.5%
* REALTY TRANSFER	\$234.5	\$240.7	2.6%	\$387.0	3.4%
BANKS & FINANCIAL (CBT)	\$190.2	\$233.8	23.0%	\$305.5	4.5%
[c] CASINO	\$162.6	\$190.1	16.9%	\$290.7	9.2%
[e]* ALCOHOL EXCISE	\$59.1	\$60.0	1.5%	\$114.5	2.0%
[d] CIGARETTE	\$0.0	\$0.0	0.0%	\$71.1	-28.1%
TOTALS:	\$19,063.0	\$20,314.3	6.6%	\$35,656.9	3.6%

**Gross Income Tax
Corp. Business Tax
and Sales Tax**

**FY 2020 over FY 2019
Actual Year-To-Date
\$ Change**



Sources: FY 2021 Governor's Budget Message. FY 2020 Year-To-Date from the Treasury Monthly reports.

* Revenues represent seven months of cash collections. All others represent eight months of cash collections.

** The percentage difference between the FY 2020 Executive's revised estimates (February 2020) and final FY 2019 figures from the Governor's Budget Message (February 2020). 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 \$1,460.0 billion target, including \$725.5 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 (HCSF) (P.L.2006, c.37), \$91.7 million is dedicated to pay debt service pursuant to P.L.2004, c.68, and \$6.0 million is dedicated for anti-smoking initiatives pursuant to P.L.2017, c.242.

[e] The first \$33.0 million from this tax is deposited in the Alcohol Education, Rehabilitation and Enforcement Fund and HCSF.