

FY 2020 January Revenue Snapshot

Office of Legislative Services

Growth in Total Revenues Slows for Second Month; Executive Set to Revise Estimates

Year-to-date revenues of \$17.8 billion outpaced last fiscal year by \$1.0 billion or 6.1 percent. As a whole, revenues were virtually flat for the second consecutive month compared to last fiscal year. Despite these results, year-to-date revenues were still well ahead of the Executive's FY 2020 estimates for major revenues, which currently require 0.3 percent combined growth. The Executive will update its FY 2020 forecast on February 25, 2020 as part of the Governor's FY 2021 Budget Message.

- **Gross Income Tax (GIT)** net revenues of \$8.3 billion through the end of January were ahead by \$469.7 million or 6.0 percent over the prior fiscal year. Year-to-date withholdings were up \$256.3 million or 4.2 percent, estimated payments were up \$123.8 million or 6.7 percent, final payments were up \$106.9 million or 23.5 percent, and refunds increased by \$28.6 million or 4.6 percent. The Executive's year-end target assumes 3.7 percent growth above FY 2019. Despite nonrecurring tax amnesty payments of about \$67.7 million bolstering GIT revenues last January, this January was ahead by \$146.5 million or 6.6 percent.
- **Sales Tax** revenue totaled \$5.4 billion, an increase of \$275.4 million or 5.4 percent, at the end of January.¹ January was the first month this fiscal year that saw a decline in sales tax revenue; however, this decline was largely attributable to last January being enhanced by nonrecurring tax amnesty payments of roughly \$104.4 million. For most of FY 2020, sales tax revenue will benefit from additional remote online sellers remitting payments to the State.² The year-end target assumes 3.0 percent growth above FY 2019.
- **Corporation Business Tax (CBT)** net revenues of \$2.0 billion were \$205.1 million or 11.3 percent above the same period last fiscal year. Year-to-date payments for the CBT were up \$252.1 million or 12.1 percent more than the same period last fiscal year, but refunds also increased by \$47.0 million or 17.5 percent. In addition to the increase in refunds throughout the current fiscal year partially offsetting growth, last January included nonrecurring tax amnesty payments of approximately \$81.8 million. The Executive's year-end target assumes a decline of 17.5 percent for the year, attributable to the temporary surtax phasing down and significant nonrecurring payments booked in FY 2019.
- **CBT Banking and Financial Business** revenues of \$243.0 million were 28.1 percent above the same period last fiscal year. January revenues for this tax fell by roughly \$10.5 million, an 87.8 percent decline. Year-to-date revenues include a non-recurring payment of \$130.0 million attributable to a multi-year liability settlement. The Executive's year-end target assumes a decline of 17.0 percent for the year.
- **Transfer Inheritance and Estate Tax** revenues of \$244.7 million were down 21.7 percent. Of the amounts received, \$226.1 million was attributable to the transfer inheritance tax, down 8.9 percent; and \$18.7 million was attributable to the estate tax, down 71.0 percent.³ The Executive's year-end target assumes growth of 1.4 percent from the FY 2019 level.

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

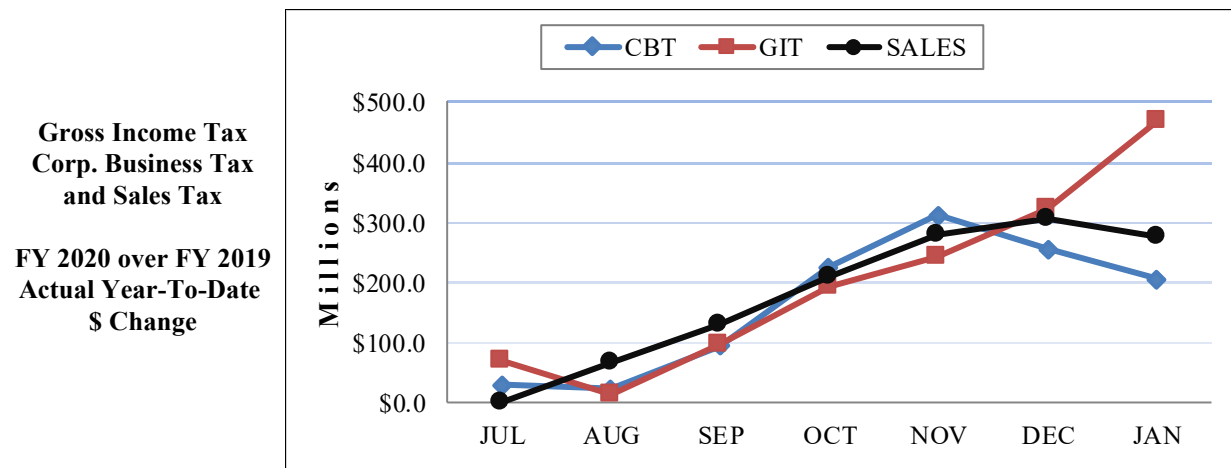
² The State's remote seller law allowed online vendors to request a 180-day deferral period from the law's October 2018 enactment date. Thus, the last two months of sales tax revenue in FY 2019 were the only months that reflected this enactment.

³ The estate tax was repealed on January 1, 2018, so the State does not anticipate receiving significant revenue from this tax in FY 2020.

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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)	\$7,874.2	\$8,343.9	6.0%	\$16,493.3	3.7%
* SALES TAX	\$5,116.5	\$5,391.8	5.4%	\$10,242.5	3.0%
CORP. BUS. TAX (CBT)	\$1,810.4	\$2,015.5	11.3%	\$3,342.0	-17.5%
[a] PETROLEUM PRODUCTS	\$741.0	\$756.7	2.1%	\$1,569.6	4.1%
* MOTOR FUELS	\$255.2	\$248.6	-2.6%	\$492.0	-3.0%
[b] MOTOR VEHICLE FEES	\$132.5	\$140.3	5.9%	\$487.6	8.7%
INSURANCE PREMIUM	(\$39.3)	\$10.0	--	\$473.0	-6.6%
TRANSFER INHERITANCE	\$312.8	\$244.7	-21.7%	\$420.0	-13.4%
* REALTY TRANSFER	\$202.1	\$207.3	2.6%	\$383.5	2.0%
[c] CASINO	\$142.5	\$163.8	15.0%	\$261.5	3.8%
BANKS & FINANCIAL (CBT)	\$189.6	\$243.0	28.1%	\$242.5	-17.0%
* ALCOHOL EXCISE	\$58.9	\$60.0	2.0%	\$113.0	1.8%
[d] CIGARETTE	\$0.0	\$0.0	0.0%	\$85.9	-19.4%
TOTALS:	\$16,796.2	\$17,825.7	6.1%	\$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 six months of cash collections. All others represent seven 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.