

FY 2020 September Revenue Snapshot

Office of Legislative Services

First Quarter Revenue Collections Surpass Year-end Targets

Year-to-date collections of \$6.110 billion through the first quarter of the fiscal year were 7.5% above the year prior. The Executive's FY 2020 estimates¹ for major revenues require 0.3% aggregate growth. September collections, which included the first quarterly estimated payments of the fiscal year for the gross income tax and corporation business tax, totaled \$3.628 billion, an increase of \$333.3 million. September benefited from positive performances by the three major taxes – the gross income tax, sales tax, and corporation business tax - and a significant nonrecurring multi-year liability settlement payment.

- **Gross Income Tax (GIT)** net collections totaled \$2.682 billion through the end of September, up \$97.3 million or 3.8% over the prior fiscal year. Year-to-date withholdings were up \$88.6 million (4.7%), estimated payments were up \$23.5 million (3.1%), direct payments were up \$11.9 million (10.9%), and refunds increased by \$37.2 million (16.7%). The Executive's year-end target assumes 3.7% growth above FY 2019.
- **Sales Tax** revenues year-to-date totaled \$1.703 billion, up 8.3% from the same period² 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 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 \$932.7 million were 11.1% above the same period last fiscal 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 \$173.6 million were 202.1% above the same period last fiscal year. According to the Department of the Treasury, these collections included a non-recurring payment of \$130 million attributable to a multi-year liability settlement. This unexpected payment comprises about 54% of the entire amount anticipated for FY 2020. The Executive's year-end target assumes a decline of 17% for the year.
- **Transfer Inheritance and Estate Tax** revenues of \$104.2 million were down 38.2%, a steeper drop than the forecasted decline of 13.4%. Of the amounts collected, \$100.4 million was attributable to the transfer inheritance tax, down 16.5%; and approximately \$3.8 million was attributable to the estate tax, down 92.1%. 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.

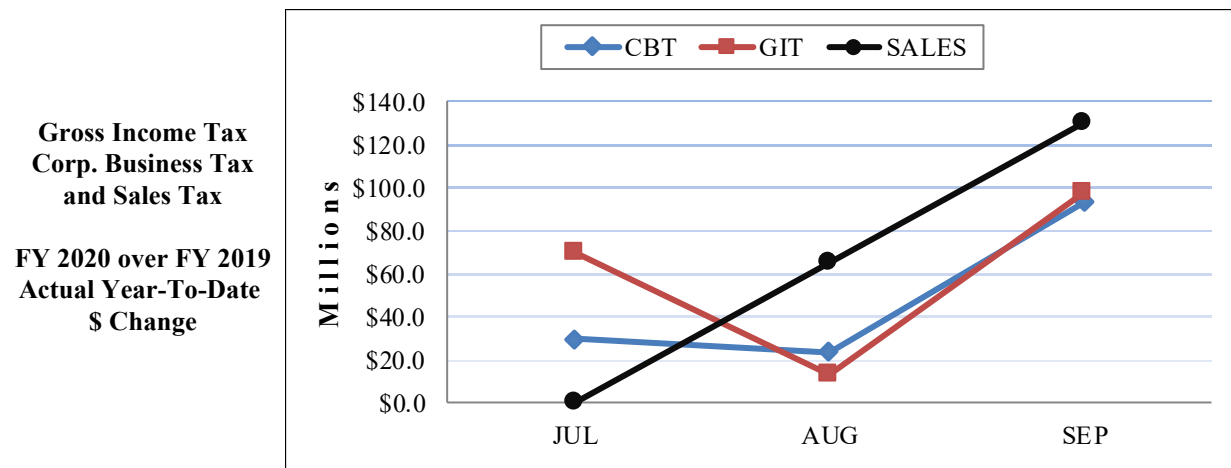
¹ The *OLS Revenue Snapshot* displays the growth rates of cash collections necessary to achieve the Executive's FY 2020 certified year-end targets (June 2019) compared to the Executive's projected FY 2019 totals (June 2019), as reported in the State's bond documents.

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

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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)	\$2,584.8	\$2,682.1	3.8%	\$16,493.3	3.7%
* SALES TAX	\$1,573.6	\$1,703.4	8.3%	\$10,242.5	3.0%
CORP. BUS. TAX (CBT)	\$839.4	\$932.7	11.1%	\$3,342.0	-17.5%
[a] PETROLEUM PRODUCTS	\$233.2	\$274.1	17.5%	\$1,569.6	4.1%
* MOTOR FUELS	\$83.1	\$86.3	3.8%	\$492.0	-3.0%
[b] MOTOR VEHICLE FEES	\$0.0	\$0.0	0.0%	\$487.6	8.7%
INSURANCE PREMIUM	(\$3.5)	(\$5.9)	--	\$473.0	-6.6%
TRANSFER INHERITANCE	\$168.6	\$104.2	-38.2%	\$420.0	-13.4%
* REALTY TRANSFER	\$73.1	\$76.6	4.7%	\$383.5	2.0%
[c] CASINO	\$59.1	\$64.9	9.8%	\$261.5	3.8%
BANKS & FINANCIAL (CBT)	\$57.5	\$173.6	202.1%	\$242.5	-17.0%
* ALCOHOL EXCISE	\$17.1	\$17.9	4.6%	\$113.0	1.8%
[d] CIGARETTE	\$0.0	\$0.0	0.0%	\$85.9	-19.4%
TOTALS:	\$5,686.1	\$6,109.9	7.5%	\$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 two months of cash collections. All others represent three 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.