

# September 2020 Revenue Snapshot

## Office of Legislative Services

### Revenue Collections Remain Weak through Third Quarter of CY 2020

Year-to-date revenue collections through September 2020<sup>1</sup> of \$5.6 billion were \$544.2 million or 8.9 percent below FY 2020. The Executive's revenue targets for FY 2021 anticipate a decline of roughly 5.3 percent.

- **Gross Income Tax (GIT)** revenue of \$2.4 billion through the end of September was \$297.3 million, or 11.1 percent below the prior fiscal year, primarily because of a sharp rise in taxpayer refunds. Year-to-date withholdings were up \$91.0 million or 4.6 percent, reflecting a boost from an additional withholding payment date in September due to calendar variance. Final payments were up \$19.8 million or 16.4 percent, estimated payments were down \$59.7 million or 7.7 percent, and refunds were up by a significant \$339.7 million or 131.1 percent. The extension of the gross income tax return filing and payment deadline under P.L.2020, c.19 appears to have caused refunds to spike in the first quarter of FY 2021. The Executive's year-end target assumes a 7.3 percent decline below FY 2020.

For the month, estimated payments totaled \$671.7 million, a decrease of 7.9 percent from the \$729.4 million collected last September. This is a significant improvement from June 2020, the last quarterly payment month, which plummeted by 43.7 percent compared to the same month the year before.

- **Sales Tax** revenue totaled \$1.7 billion through the end of September, which was about \$35.8 million or 2.1 percent above last year. The sales tax grew for the second consecutive month after several months of decline brought upon by the COVID-19 pandemic, and policy and consumer behavior responses thereto. In recent months, sales tax collections have benefited from the gradual easing of restrictive health and safety measures, the expenditure by consumers of previous federal income support payments, and a shift in consumer spending from often non-taxable services to frequently taxable goods. The Executive's year-end target assumes growth of 1.0 percent above FY 2020.
- **Corporation Business Tax (CBT)** revenue of \$784.2 million was \$148.5 million or 15.9 percent below the same period last fiscal year. Year-to-date gross payments, excluding refunds, were down \$100.0 million or 9.8 percent compared to the same period last fiscal year. Year-to-date refunds were up \$48.6 million or 57.1 percent. Similar to the GIT, the extension of corporation business tax return filing and payment deadlines under P.L.2020, c.19 appears to have pushed some refund activity into FY 2021. The Executive's year-end target assumes a decline of 16.0 percent below FY 2020.

For the month of September, CBT estimated payments totaled \$493.2 million, a decrease of \$69.2 million or 12.3 percent. This is an improvement from June 2020 estimated payments, which sunk by 30.5 percent compared to the prior year.

- **CBT Banking and Financial Business** collections of \$43.1 million were \$130.5 million or 75.2 percent below the same period last fiscal year. According to the Department of the Treasury at the time, September 2019 collections included a non-recurring payment of \$130 million attributable to a multi-year liability settlement. Thus, the drop in September 2020 collections is attributable to the absence of that non-recurring settlement. The Executive's year-end target assumes a decline of 46.8 percent below FY 2020.

<sup>1</sup> This report reflects the 12-month accounting period for FY 2021 in comparison to the 12-month accounting period for FY 2020.

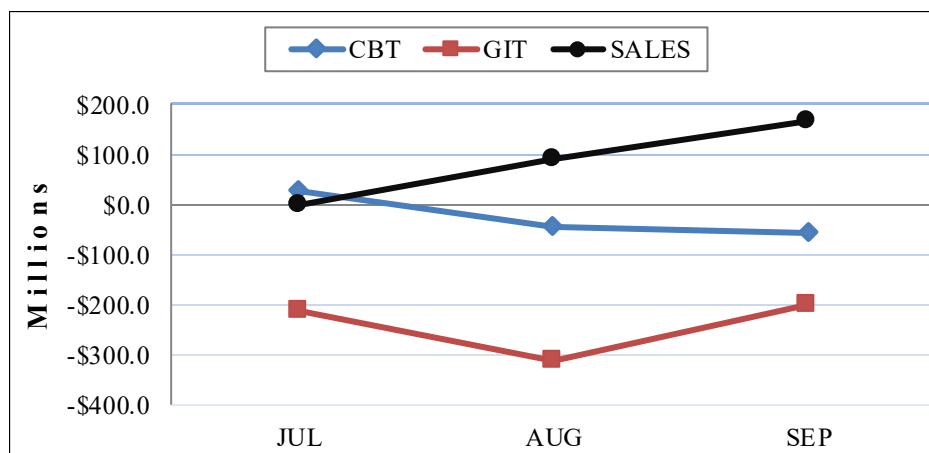
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Revenue (\$ millions)	FY 2020 Actual Year-To-Date	FY 2021 Actual Year-To-Date	Actual Y-T-D Change (%)	Exec. Year-End Estimate	Exec. Year-End Change (%)**
GROSS INCOME TAX (GIT)	\$2,682.1	\$2,384.8	-11.1%	\$15,015.6	-7.3%
* SALES TAX	\$1,703.4	\$1,739.2	2.1%	\$9,869.1	1.0%
CORP. BUS. TAX (CBT)	\$932.7	\$784.2	-15.9%	\$3,246.6	-16.0%
[a] PETROLEUM PRODUCTS	\$274.1	\$245.1	-10.6%	\$1,635.1	21.6%
INSURANCE PREMIUM	(\$5.9)	\$26.3	--	\$555.0	-12.5%
[b] MOTOR VEHICLE FEES	\$0.0	\$0.0	0.0%	\$515.7	27.4%
* MOTOR FUELS	\$86.3	\$70.5	-18.3%	\$440.2	1.1%
TRANSFER INHERITANCE	\$104.2	\$114.0	9.4%	\$368.7	-4.1%
* REALTY TRANSFER	\$76.6	\$67.7	-11.6%	\$361.4	-0.9%
[c] CASINO	\$64.9	\$67.0	3.2%	\$259.6	-0.7%
BANKS & FINANCIAL (CBT)	\$173.6	\$43.1	-75.2%	\$160.0	-46.8%
[e] ALCOHOL EXCISE	\$17.9	\$23.9	33.6%	\$120.2	-1.5%
[d] CIGARETTE	\$0.0	\$0.0	0.0%	\$50.0	-33.2%
<b>TOTALS:</b>	<b>\$6,109.9</b>	<b>\$5,565.7</b>	<b>-8.9%</b>	<b>\$32,597.2</b>	<b>-5.3%</b>

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

**FY 2021 over FY 2020  
Actual Year-To-Date  
\$ Change**



Sources: Executive's FY 2021 Estimates (August and September 2020); FY 2021 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 2021 Executive's estimates (August and September 2020) and the FY 2020 Executive revised estimates (August 2020). The year-end change estimate reflects only those revenues displayed in the table above and is based on 12-month accounting periods.

[a] The PPGRT year-end estimate reflects the full \$1,635.1 billion target.

[b] The first \$332.0 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), \$86.0 million is dedicated to pay debt service pursuant to P.L.2004, c.68, and roughly \$5.3 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.