

OLS Revenue Snapshot

FY 2004 - Through May 2004

- **May Revenue Collections Growth Softens.** Eleven months into FY 2004, State revenue collections are running slightly below rates necessary to reach the Executive's revised year-end targets. Each of the "Big Three" revenues (the income tax, the sales tax, and the corporation tax) are somewhat behind their growth targets heading into the final month of the fiscal year. Important June quarterly payments will determine if those targets are to be achieved.
- **Gross Income Tax (GIT)** receipts of \$6.22 billion are 7.8% ahead of the same 10 month period last year. The Executive's revised FY 2004 target requires a growth rate of 10.5% to achieve the year-end goal. The OLS is estimating a year-end growth rate of 10.0%. Receipts from employer withholding of wages, which typically account for more than 80% of total GIT collections, are up 7.5% so far this fiscal year. Both the Executive and the OLS anticipate strong GIT growth in June, the last quarterly payment month of the fiscal year.
- **Sales Tax** receipts after ten months (May collections are for April activity because this tax is subject to a one month payment lag) total \$5.13 billion, up 5.5% from the same period last year. The Executive and the OLS have both revised their sales tax target for FY 2004 upward, anticipating growth of 5.6% for the fiscal year.
- Eleven months into the fiscal year, **Corporation Business Tax (CBT)** collections are at \$2.04 billion, or 1.6% **below** the same period last year. The Executive's revised forecast estimates a decline in collections of 1.0% by the end of FY 2004. The OLS estimates an overall decline of about 2.0%. June quarterly payments will mark the end of the fiscal year for this revenue.
- Real estate sales have yet to slow, and **Realty Transfer** revenues continue to pour into State coffers at a rate exceeding expectations. After ten months of cash receipts (this tax has a one-month payment lag similar to that of the sales tax), collections have reached \$181.9 million, 98.3% ahead of last year at the same time, and also ahead of the Executive's revised target of 83% growth by year's-end (These high growth rate targets reflect tax rate changes enacted last summer).

Office of Legislative Services
July 7, 2004

As in past years, the OLS Revenue Snapshot summarizes current cash revenue collections in comparison to prior year cash collections for the same period, using information provided by the Department of Treasury. Certain revenues are reported with a one month lag due to payment schedules. The Treasury publicly reports monthly revenues in a different format which compares estimated or accrued earnings with FY 2004 budget projections.

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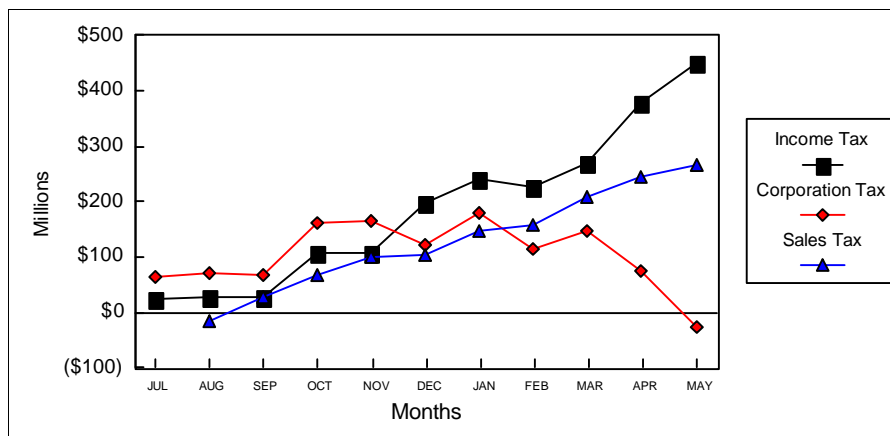
FY 2004 - Through May 2004

Selected Year-To-Date Cash Collections (\$ millions)

REVENUE	FY 2003 Actual Year-To-Date	FY 2004 Actual Year-To-Date	Actual Y-T-D Growth %	Revised Year-End Growth % **	Revised Year-End \$ Estimate
INCOME TAX	\$5,770.2	\$6,220.8	7.8%	10.5%	\$7,445.0
* SALES TAX	\$4,862.1	\$5,128.6	5.5%	5.6%	\$6,270.0
CORPORATION TAX	\$2,072.8	\$2,039.4	-1.6%	-1.0%	\$2,500.0
LOTTERY	\$681.0	\$706.5	3.7%	3.2%	\$790.0
(a) CIGARETTE	\$406.0	\$527.8	30.0%	24.3%	\$595.0
* MOTOR FUELS	\$439.8	\$464.8	5.7%	3.6%	\$550.0
TRANSFER INHERITANCE	\$396.2	\$478.2	20.7%	19.0%	\$530.0
CASINO	\$315.8	\$410.6	30.0%	31.3%	\$454.9
INSURANCE PREMIUM	\$330.6	\$382.8	15.8%	12.5%	\$420.0
(b) MOTOR VEHICLE FEES	\$409.8	\$199.9	-51.2%	-20.9%	\$233.1
* PETROLEUM PRODUCTS	\$181.7	\$170.2	-6.3%	-4.4%	\$205.0
* REALTY TRANSFER	\$91.7	\$181.9	98.3%	83.0%	\$200.0
BANKS & FINANCIAL (CBT)	\$115.5	\$102.5	-11.2%	1.2%	\$130.0
* ALCOHOL EXCISE	\$68.1	\$71.1	4.5%	3.5%	\$86.0

**Income Tax
Corporation Tax
and Sales Tax**

**FY04 Over FY03
Actual Year-To-Date
\$ Change**



Sources: Executive revised FY 2004 year-end revenues as presented by the Treasurer to the Budget Committees in May 2004. FY 2004 Year-To-Date actuals are estimated based on amounts in the NJ Comprehensive Financial System.

* Revenues represent ten months of cash collections. All others represent eleven months of cash collections.

** The percentage difference between FY 2004 revised revenue estimates (May 2004) and FY 2003 year-end figures reported by the NJ Comprehensive Annual Financial Report (CAFR, December 2003).

(a) The first \$155 million in cigarette tax collections are deposited into the Health Care Subsidy Fund (P.L.1997, c.264).

(b) The first \$202 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.