

OLS Revenue Snapshot

FY 2003 - Through August 2002

- ! **FY 2003 Begins With Revenue Generally On Target.** In aggregate, the 14 major revenues the OLS tracks each month are generally running close to the growth rates needed to reach the year-end targets certified by the Governor in the FY 2003 Appropriations Act. However, the OLS notes that any analysis of revenues in the first two months of a fiscal year is constrained by limited information and the brevity of the time period analyzed. Under these circumstances, technical and accounting issues can obscure underlying trends. A clearer picture of FY 2003 revenues will begin to emerge after the September quarterly tax payments are made by individuals and corporations.
- ! **Gross Income Tax (GIT)** receipts after the first two months of the fiscal year are at \$441.0 million, 1.0% below the level reported for the same time last year. The FY 2003 certified GIT target requires growth of 6.5% for the fiscal year. Receipts from employer withholding of employee wages are running even with last year's level at this time, while individual payments are down by several million dollars. However, the OLS notes that individual payments are relatively insignificant this early in the fiscal year, becoming more important after the September quarterly estimated payments. Also, some of the current weakness in GIT collections may be related to certain technical and accounting adjustments in refund payments following delays in refund processing at the end of FY 2002.
- ! **Sales Tax** receipts after one month (this tax is subject to a one month payment lag, so August collections are for July activity) total \$532.9 million, up 3.9% from the same period last year. The sales tax target certified for FY 2003 requires growth of 3.0% for the fiscal year. This solid growth rate is consistent with national reports that consumers are continuing to spend, even in the face of the meandering economic recovery.
- ! **Corporation Business Tax (CBT)** collections through the end of August are \$39.0 million, well above the \$12.9 million collected during the same two months last year. However, the growth rate so far this year may be misleading, because collections in the first two months are typically an insignificant proportion of the annual total and are subject to fluctuations from auditing and accounting activities. Next month will be more important for analyzing the CBT as the September quarterly corporate tax payments are due.
- ! **Transfer Inheritance Tax** receipts of \$67.8 million so far this year are 39.8% below collections at this time last year. However, that rate of decline is overstated, as last year benefitted from a significant one-time tax payment in July. Current collections are averaging about \$34 million per month compared to an average of \$42 million per month last year, or down about 20%.
- ! **FY 2002 revenue totals** remain under the annual year-end review by the Executive and the State Auditor and have not yet been released. The OLS will continue to monitor the status of FY 2002 final revenue figures and report to the Legislature when information is available.

*Office of Legislative Services
September 17, 2002*

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 2003 budget projections.

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

REVENUE	FY 2002 Actual Year-To-Date	FY 2003 Actual Year-To-Date	Actual Y-T-D Growth %	Certified Year-End Growth % **	Certified Year-End \$ Estimate
INCOME TAX	\$445.5	\$441.0	-1.0%	6.5%	\$7,297.5
* SALES TAX	\$512.7	\$532.9	3.9%	3.0%	\$6,172.0
CORPORATION TAX	\$12.9	\$39.0	201.8%	56.2%	\$1,829.5
LOTTERY	\$125.0	\$125.7	0.5%	2.7%	\$797.0
* MOTOR FUELS	\$44.7	\$45.4	1.4%	2.9%	\$536.0
TRANSFER INHERITANCE	\$112.5	\$67.8	-39.8%	3.8%	\$530.0
(a) CIGARETTE	\$0.0	\$0.0	0.0%	105.9%	\$487.0
MOTOR VEH FEES	\$66.4	\$74.2	11.8%	4.5%	\$424.9
CASINO	\$66.4	\$67.0	0.9%	4.0%	\$361.8
INSURANCE PREM	\$3.3	\$2.1	-35.6%	-0.3%	\$345.0
* PETROLEUM PRODUCTS	\$20.3	\$18.1	-11.1%	1.4%	\$225.0
* REALTY TRANSFER	\$8.0	\$12.8	60.0%	6.7%	\$96.0
* ALCOHOL EXCISE	\$0.0	\$0.1	42.9%	-2.8%	\$79.0
BANKS & FINANCIAL (CBT)	\$6.1	\$4.3	-29.9%	25.0%	\$52.0

Sources: Executive year-end certified revenues are the amounts from the FY 2003 Appropriations Act.

FY 2003 Year-To-Date actuals are from Treasury monthly reports.

* Revenues represent one month of cash collections. All others represent two months of cash collections.

** The percentage difference between FY 2003 certified revenue estimates (June, 2002) and unofficial, preliminary FY 2002 year-end figures reported through the NJ Comprehensive Financial System.

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