

OLS Revenue Snapshot

FY 2004 - Through August 2003

- **FY 2004 Begins With Revenues Close to Target.** In aggregate, the major revenues the OLS tracks each month are running close to the growth rates needed to reach the year-end targets certified by the Governor in the FY 2004 Appropriations Act. However, 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 fiscal trends. A clearer picture of annual revenues begins 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 \$469.7 million, 6.5% ahead of the level reported for the same time last year. The FY 2004 certified GIT target requires growth of 4.9% for the full fiscal year. Receipts from employer withholding of employee wages are running 5.6% ahead of last year at the same time. Individual payments and refunds are running close to last year's levels, but these components are relatively insignificant this early in the fiscal year. The September quarterly estimated payments will hold greater importance. It is useful to remember that the anticipated GIT revenue level for FY 2004 will remain **below** levels received in FY 2000 and FY 2001.
- **Sales Tax** receipts after one month (August collections are for July activity because this tax is subject to a one month payment lag) total \$517.4 million, down 2.9% from the first month last year. The sales tax target certified for FY 2004 requires growth of 4.0% for the fiscal year.
- **Corporation Business Tax (CBT)** collections through the end of August are \$112.2 million, well above the \$39.0 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 a small proportion of the annual total and are subject to fluctuations from auditing and accounting activities. September's result will be more important for analyzing the CBT because quarterly corporate tax payments are due.
- **Cigarette Tax and Motor Vehicle Fee** collections-to-date are not reported by the Treasury at this time because receipts are initially allocated to off-budget accounts. The first \$155 million of cigarette tax revenues will be allocated to the Health Care Subsidy Fund. On-budget amounts should begin to accrue in September. The first \$202 million in motor vehicle fee revenues are being allocated to the New Jersey Motor Vehicle Commission. Total fee collections may exceed this threshold as early as October.
- **FY 2003 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 2003 final revenue figures and report to the Legislature when information is available.

Office of Legislative Services
September 17, 2003

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.

OLS Revenue Snapshot

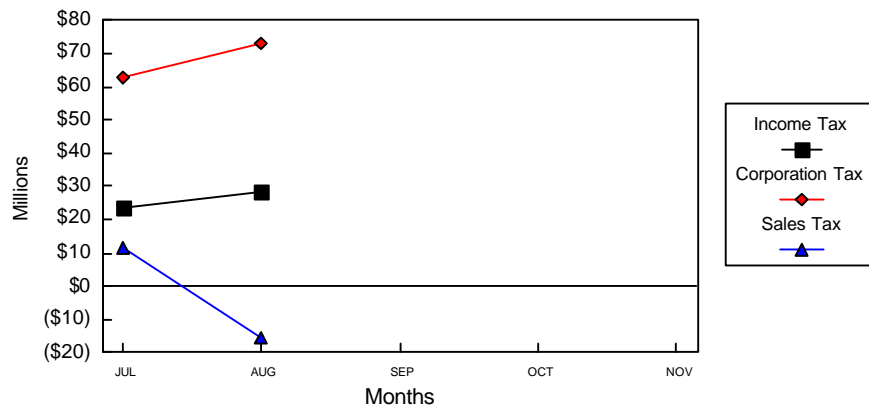
FY 2004 - Through August 2003

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 %	Certified Year-End Growth % **	Certified Year-End \$ Estimate
INCOME TAX	\$441.0	\$469.7	6.5%	4.9%	\$7,130.0
* SALES TAX	\$532.9	\$517.4	-2.9%	4.0%	\$6,165.0
CORPORATION TAX	\$39.0	\$112.2	187.3%	-16.5%	\$2,055.0
LOTTERY	\$125.7	\$118.3	-5.9%	3.6%	\$793.0
(a) CIGARETTE	\$0.0	\$0.0	0.0%	32.8%	\$635.0
* MOTOR FUELS	\$45.4	\$44.6	-1.6%	2.5%	\$544.0
TRANSFER INHERITANCE	\$67.8	\$99.9	47.4%	-2.8%	\$433.0
INSURANCE PREMIUM	\$2.1	\$0.7	-65.4%	6.7%	\$420.0
CASINO	\$67.0	\$71.8	7.1%	3.3%	\$358.0
(b) MOTOR VEHICLE FEES	\$74.2	\$0.0	-100.0%	-17.2%	\$233.1
* PETROLEUM PRODUCTS	\$18.1	\$16.1	-11.1%	4.9%	\$225.0
* REALTY TRANSFER	\$12.8	\$11.7	-8.9%	57.4%	\$172.0
BANKS & FINANCIAL (CBT)	\$4.3	\$9.9	130.6%	1.9%	\$131.0
* ALCOHOL EXCISE	\$0.1	\$0.1	86.0%	-0.1%	\$83.0

**Income Tax
Corporation Tax
and Sales Tax**

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



Sources: Executive revised year-end revenue estimates as certified by the Governor in the FY 2004 Appropriations Act.
FY 2004 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 2004 certified revenue estimates (July, 2003) and preliminary FY 2003 year-end figures reported by 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).

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