

OLS Revenue Snapshot

FY 2003 - Through February 2003

- ? **Revenue Picture Mixed.** Most of the State's major revenues are running close to the year-end target growth rates that the Governor recently revised. About half of the major revenues are running slightly above target growth rates, while half are running slightly behind those target growth rates. The crucial months of April and May still lie ahead. The Office of Legislative Services will present its revenue outlook to the budget committees at the beginning of April.
- ? **Gross Income Tax (GIT)** receipts through eight months of Fiscal Year 2003 total \$4.0 billion, 1.3% **below** the level reported for the same period last year. The revised GIT target requires growth of 1.9% over the full fiscal year. Withholding of employee taxes has shown some signs of improvement in recent months and total withholding revenue is now up 2.6% from last year's level. However, tax payments on non-wage income remain weak. Quarterly estimated payments are down 7.7% so far this fiscal year. Refund payments are up 3.1% so far, whereas the anticipation was that refund payments would decline somewhat after last year's high levels. These two components may suggest additional weakness when taxpayers' final payments are due in April.
- ? **Sales Tax** receipts after seven months (this tax is subject to a one month payment lag) total almost \$3.5 billion, up 0.8% from the same seven months last year. The Governor's recently lowered sales tax target for FY 2003 requires growth of only 0.1% for the fiscal year, essentially flat with last year. While the current growth rate is slightly above the year-end target, the recent sales tax performance is weaker than it had been earlier in the fiscal year, raising some concerns. Three of the last four months have seen sales tax revenues either decline or increase by less than 1.0%.
- ? **Corporation Business Tax (CBT)** collections through the end of February are \$938 million, 89% ahead of the same period last year. Based on the enactment of the Business Tax Reform Act last year, the revised CBT forecast is for 69% growth in FY 2003. Strong performance in the December corporate payments is encouraging. The next important payment period is in April. The **corporation tax on banks and financial institutions** is also performing strongly, up 93% above last year's levels.
- ? Budgeted **Cigarette Tax** revenues in the General Fund have reached \$254 million through the end of February. When combined with the off-budget \$155 million allocation for the Health Care Subsidy Fund, total cigarette tax receipts are \$409 million, 62% ahead of the \$252 million received through eight months last year. The revised year-end target for the cigarette tax requires total growth of 54%.

*Office of Legislative Services
March 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 2003 budget projections.

OLS Revenue Snapshot

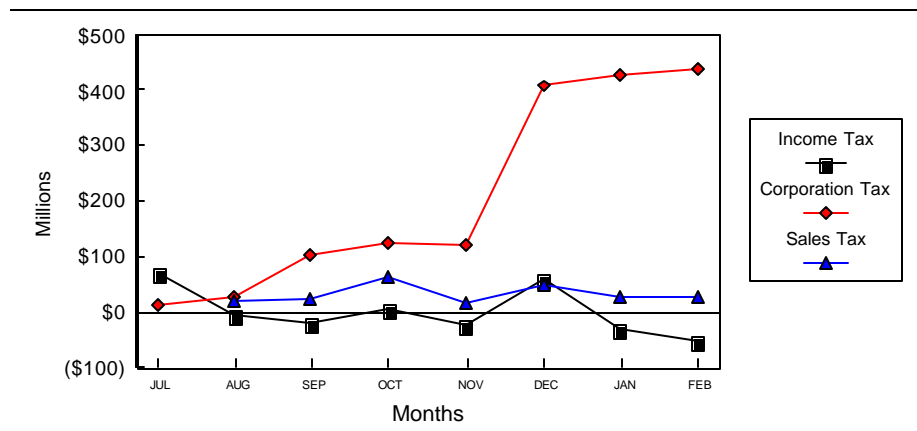
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Selected Year-To-Date Cash Collections (\$ millions)

REVENUE	FY 2002 Actual Year-To-Date	FY 2003 Actual Year-To-Date	Actual Y-T-D Growth %	Revised Year-End Growth % **	Revised Year-End \$ Estimate
INCOME TAX	\$4,072.7	\$4,019.3	-1.3%	1.9%	\$6,966.0
* SALES TAX	\$3,451.9	\$3,480.7	0.8%	0.1%	\$6,000.0
CORPORATION TAX	\$496.7	\$937.7	88.8%	68.6%	\$1,975.0
LOTTERY	\$457.5	\$480.1	4.9%	3.8%	\$783.0
* MOTOR FUELS	\$307.3	\$305.0	-0.7%	1.2%	\$530.0
(a) CIGARETTE	\$97.1	\$254.1	161.5%	88.8%	\$446.0
MOTOR VEH FEES	\$242.9	\$277.1	14.1%	9.0%	\$440.6
TRANSFER INHERITANCE	\$349.4	\$290.4	-16.9%	-17.7%	\$420.0
CASINO	\$229.5	\$227.3	-0.9%	2.0%	\$355.0
INSURANCE PREM	\$113.1	\$144.2	27.5%	0.6%	\$348.0
* PETROLEUM PRODUCTS	\$129.7	\$127.2	-1.9%	-2.1%	\$215.0
* REALTY TRANSFER	\$51.3	\$68.5	33.5%	22.2%	\$110.0
* ALCOHOL EXCISE	\$45.3	\$44.6	-1.5%	0.9%	\$82.0
BANKS & FINANCIAL (CBT)	\$27.9	\$53.8	92.7%	89.7%	\$79.0

**Income Tax
Corporation Tax
and Sales Tax**

**FY03 Over FY02
Actual Year-To-Date
\$ Change**



Sources: Executive revised year-end revenue estimates as published in the FY 2004 Budget proposal.

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

* Revenues represent seven month of cash collections. All others represent eight months of cash collections.

** The percentage difference between FY 2003 revised revenue estimates (February, 2003) and audited FY 2002 year-end figures reported by the NJ Comprehensive Annual Financial Report.

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