

OLS Revenue Snapshot

FY 2002 - Through February 2002

- **Revenue Slump Continues in February.** For the sixth consecutive month, State revenue collections fell below the same month a year ago. Eight months into FY 2002, major revenues are running 6% below the same period last year, including February's 2% decline from last February. In particular, the income tax and the corporation business tax remain far behind last year's pace.
- **Gross Income Tax (GIT)** receipts continue to fall well behind the original targets certified in the Appropriations Act last year. After the first eight months of FY 2002, total collections of just under \$4.1 billion remain **13% below** the same period last fiscal year. Employer withholding of employee wages (about two-thirds of total GIT revenues) is **down 5%** so far this fiscal year. According to the New Jersey Department of Labor, recently updated payroll employment figures are down only 0.2% since peaking in June of 2001, so the decline in withholding may have less to do with job losses and more to do with income declines from bonuses and from most kinds of stock options, which are both subject to withholding. Moreover, **refund payments have jumped sharply this year, up nearly 40%**. The refund trend, when combined with the significant **28% decline in quarterly estimated tax payments**, support the notion that **non-wage income** is suffering a marked decline. Taxpayers with sizable amounts of non-wage income, such as capital gains, must make quarterly estimated tax payments.
- **Sales Tax** receipts in February, which reflect January sales activity, were up only 0.3% over the same month last year. Through the first seven months of FY 2002, cash receipts are at \$3.45 billion, or **2.5% above** the same period last year. The certified revenues assumed over 6% growth by the end of the year, while the Administration's new projection assumes about 1% growth.
- **Corporation Business Tax** collections eight months into the fiscal year have reached only \$497 million, **19% below** the same time last year. April will be the next important month for this tax revenue, as quarterly tax payments, year-end settlements, and new remittances on behalf of limited liability corporations are due.
- **Revised FY 2002 Revenue Forecast Due March 26th.** When Governor McGreevey presents the FY 2003 Budget on March 26th, the official (certified) State revenues for FY 2002 will also be revised. Until the complete list of revised revenues is released, the OLS will continue to show the comparison with the original certified targets on the second page of the **Snapshot**. The OLS will present its analysis of State revenues for this fiscal year and next fiscal year in April, when the Legislative Budget Committees begin their review of the Governor's Budget.

*Office of Legislative Services
March 7, 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 2002 budget projections.

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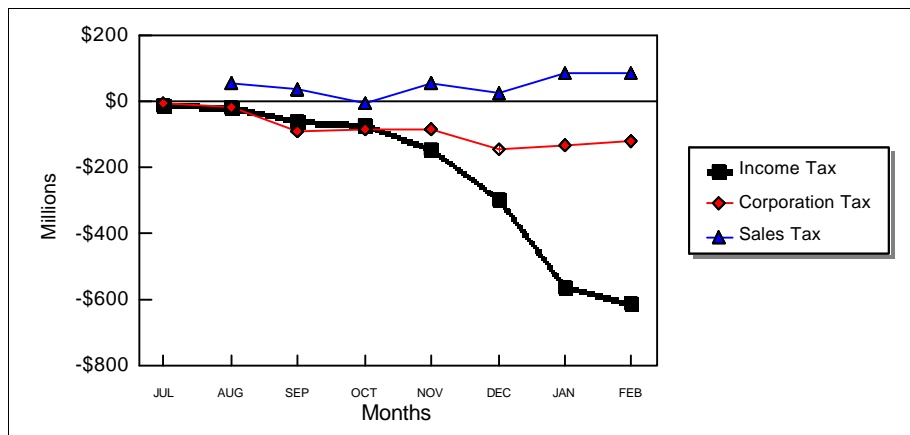
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Selected Year-To-Date Cash Collections (\$ millions)

REVENUE	FY 2001 Actual Year-To-Date	FY 2002 Actual Year-To-Date	Actual Y-T-D Growth %	Certified Year-End Growth % **	Certified Year-End \$ Estimate
INCOME TAX	\$4,681.5	\$4,072.7	-13.0%	7.0%	\$8,545.2
* SALES TAX	\$3,366.7	\$3,451.9	2.5%	6.6%	\$6,137.0
CORPORATION TAX	\$616.1	\$496.7	-19.4%	33.4%	\$1,854.1
LOTTERY	\$447.7	\$457.5	2.2%	9.7%	\$765.0
TRANSFER INHERITANCE	\$317.5	\$349.4	10.1%	13.0%	\$540.0
* MOTOR FUELS	\$304.6	\$307.3	0.9%	4.0%	\$537.0
MOTOR VEH FEES	\$250.4	\$242.9	-3.0%	-10.7%	\$396.8
CASINO	\$225.7	\$229.5	1.7%	5.5%	\$359.4
INSURANCE PREM	\$112.7	\$113.1	0.4%	-2.0%	\$303.0
* PETROLEUM PRODUCTS	\$128.5	\$129.7	0.9%	3.8%	\$224.0
(a) CIGARETTE	\$101.3	\$97.1	-4.1%	-3.2%	\$221.0
* REALTY TRANSFER	\$50.6	\$51.3	1.5%	10.0%	\$87.0
* ALCOHOL EXCISE	\$43.7	\$45.3	3.6%	2.6%	\$82.0
BANKS & FINANCIAL (CBT)	\$30.7	\$27.9	-9.1%	28.9%	\$67.0

**Income Tax
Corporation Tax
and Sales Tax**

**FY02 Over FY01
Actual Year-To-Date
\$ Change**



Sources: Executive year-end certified revenues are the amounts from the FY 2002 Appropriations Act.

FY 2002 Year-To-Date actuals are from Treasury monthly reports.

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

** The percentage difference between FY 2002 certified revenue estimates (06/01) and final year-end audit figures released through 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).