

OLS Revenue Snapshot

FY 2004 - Through March 2004

- **Revenue Collections Remain on Target at the End of Third Quarter.** Nine months into FY 2004, State revenue collections are performing at or above expectations. The "Key Three" major tax revenues (the income tax, sales tax, and the corporation tax) are all performing well, even taking into account a recent processing surge in income tax refund payments. Current collections are consistent with the OLS's revised FY 2004 revenue estimates (presented to the Budget Committees at the end of March) that anticipate \$157 million more than the Executive's most recent targets. Next up on the tax calendar are the important April year-end and quarterly tax payments under the income tax and the corporation tax. April is traditionally the largest collection month of the year.
- **Gross Income Tax (GIT)** receipts of \$4.6 billion are 6.2% ahead of the same nine month period last year, slightly below the Executive's revised growth rate of 7.5% needed to achieve the FY 2004 revenue target. The OLS is estimating a year-end growth rate of 8.4%. Receipts from employer withholding of wages are up 11% so far this fiscal year, although some of this strong growth is due to the accelerated timing of certain receipts that were paid in March this year rather than in April as occurred last year. Estimated quarterly tax payments by individuals are up 2% over last year, after having been down during the first six months. The improving estimated payments are an encouraging sign for the pending April final payments. Dampening year-to-date revenue growth, refund payments have surged in the last two months, up 64% (more than \$200 million) over the February and March refund payments last year. The Treasury Department believes this surge is due to accelerated processing of returns, rather than an unexpected increase in the value of refund returns.
- **Sales Tax** receipts after eight months (March collections are for February activity because this tax is subject to a one month payment lag) total \$4.1 billion, up 5.4% from the same period last year. The Executive's revised sales tax target for FY 2004 requires growth of 5.0% for the fiscal year. The OLS is estimating a year-end growth rate of 5.4%. March collections surged 13% above last March. However, last March was a particularly weak month, down 7%, probably influenced by consumer concern over the impending war with Iraq and by a severe snowstorm that disrupted President's Day weekend shopping.
- Nine months into the fiscal year, **Corporation Business Tax (CBT)** collections are at nearly \$1.3 billion, or 12.5% above the same period last year. The Executive's revised year-end forecast projects an 11.0% decline in collections, as certain provisions of last year's CBT reforms expire or produce less revenue in the second half of FY 2004. April's important quarterly payments will help determine if the CBT does indeed decline as expected this fiscal year.
- Total **Cigarette Tax** collections through the first nine months, including the off-budget \$150 million for the Health Care Subsidy Fund, are at \$559.8 million, 23.9% ahead of last year's \$451.6 million. The Executive's revised target for the year requires 18.5% growth. The OLS estimates 23.3% growth for FY 2004. The growth is attributable to the rate increase adopted last July.

Office of Legislative Services
April 14, 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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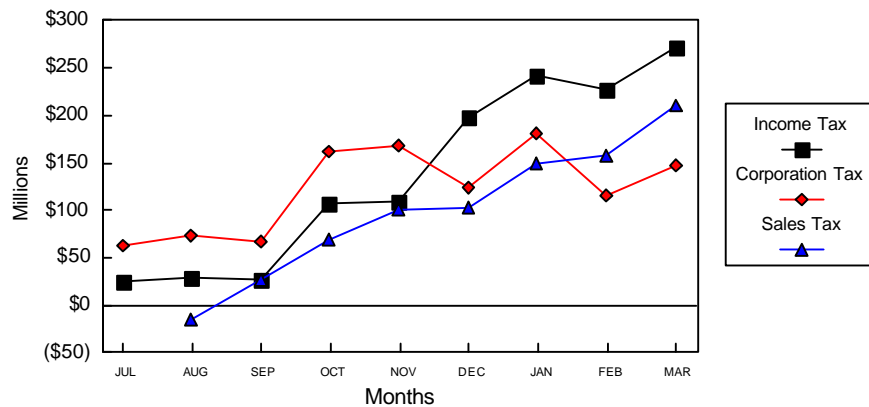
FY 2004 - Through March 2004

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	\$4,357.0	\$4,628.7	6.2%	7.5%	\$7,240.0
* SALES TAX	\$3,881.4	\$4,091.2	5.4%	5.0%	\$6,235.0
CORPORATION TAX	\$1,122.1	\$1,262.4	12.5%	-11.0%	\$2,247.0
LOTTERY	\$542.2	\$570.2	5.2%	3.2%	\$790.0
(a) CIGARETTE	\$301.6	\$409.8	35.8%	24.3%	\$595.0
* MOTOR FUELS	\$343.0	\$364.9	6.4%	1.7%	\$540.0
TRANSFER INHERITANCE	\$332.0	\$409.8	23.5%	14.5%	\$510.0
CASINO	\$256.8	\$332.3	29.4%	32.5%	\$459.0
INSURANCE PREMIUM	\$233.5	\$252.0	7.9%	15.2%	\$430.0
(b) MOTOR VEHICLE FEES	\$330.0	\$133.5	-59.5%	-20.9%	\$233.1
* PETROLEUM PRODUCTS	\$145.0	\$138.5	-4.5%	-4.4%	\$205.0
* REALTY TRANSFER	\$75.9	\$143.0	88.4%	71.1%	\$187.0
BANKS & FINANCIAL (CBT)	\$63.0	\$72.6	15.3%	9.0%	\$140.0
* ALCOHOL EXCISE	\$54.7	\$57.3	4.8%	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 Governor in the FY 2005 Budget proposal.
FY 2004 Year-To-Date actuals are from Treasury monthly reports.

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

** The percentage difference between FY 2004 revised revenue estimates (February 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.