

OLS Revenue Snapshot

FY 2002 - Through October 2001

- **Revenue Situation Deteriorates in October.** Revenue collections in October were 4.3% lower than they were in October 2000. Four months into FY 2002, nine of the 14 major tax revenues that the OLS tracks are running behind their year-end target growth rates, including all of the "Big Three" taxes. Moreover, the Big Three (the gross income tax, the sales tax, and the corporation business tax) are each performing **below** last year's collections.
- **An Early Look at the Impact of September 11.** October tax revenue collections provide the first tangible information about the impact that the September 11 terrorist attack has had on State revenue collections. In particular, the sales tax receipts fell sharply in October (down 8.3%), reflecting sales activity for the month of September. The other major taxes appear to be following growth patterns consistent with weak collections before September 11. Weakness in overall receipts to date is largely attributable to a sagging economic situation evident in a number of key indicators -- including employment, retail sales, personal income, new and existing home sales and consumer confidence -- prior to the terrorist attack.
- **Gross Income Tax (GIT)** receipts at the end of the first four months of the fiscal year are at \$1.56 billion, or about 4.3% **below** the same period last fiscal year. The certified year-end target requires GIT growth of about 6.6% for the year. While withholding payments by employers so far this fiscal year are down 0.5%, collections are actually *overstated* because October had an additional weekly payment. As a result, withholding collections should decline further in November. Quarterly estimated tax payments are down 10.4% compared to last year, while refund payments are up 13.2%.
- **Sales Tax** receipts for the first three months are at \$1.46 billion, or 0.4% **below** the same period last year. The certified year-end target for this revenue requires growth of about 6.2% for the year. Following the events of September 11, October sales tax receipts, reflecting September sales activity, **fell** 8.3% below last October's receipts. The sharp decline this month may be a one-time occurrence following the September 11 terrorist attack. According to national surveys, retail sales fell in most regions of the country during this time, with the largest declines posted in the Northeast region. Sales and financing incentives in the auto industry and the approaching holidays may spur consumer activity, but the generally sluggish economy will continue to raise concerns about sales tax revenue growth potential.
- **Corporation Business Tax (CBT)** collections after four months are only \$283.7 million, **down** a sharp 23.1% compared to the same time last year. The certified year-end target for the CBT requires a growth rate of 38.9% overall. Most of this growth is anticipated to occur in the spring, as the Executive anticipates \$420 million in receipts from certain limited liability corporations (LLC's) under legislation passed during the summer (P.L.2001, c.136). After adjusting for the anticipated LLC revenue, certain revenue from energy-related corporations, and other tax changes, the underlying growth in the Certified CBT base is about 9.0%, still much higher than the actual growth so far this year. This revenue is driven by quarterly corporate payments with the next important payment month being December.

*Office of Legislative Services
November 14, 2001*

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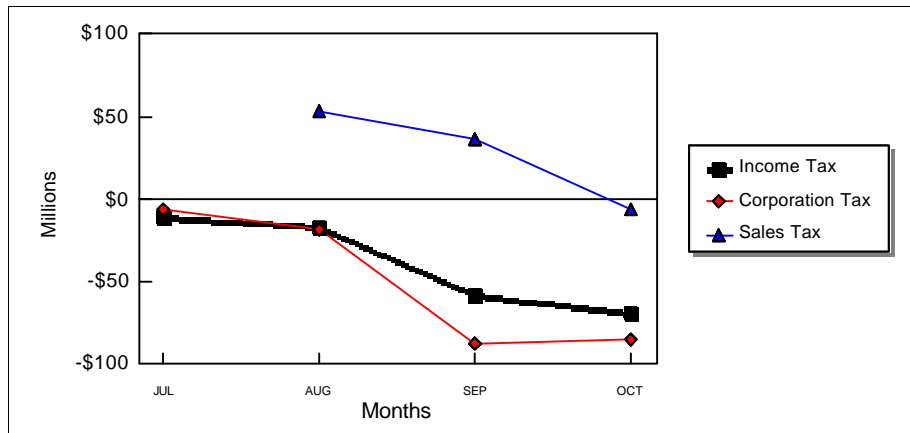
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Selected Year-To-Date Cash Collections (\$ millions)

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	\$1,628.2	\$1,558.2	-4.3%	6.6%	\$8,545.2
* SALES TAX	\$1,468.8	\$1,462.7	-0.4%	6.2%	\$6,137.0
CORPORATION TAX	\$369.0	\$283.7	-23.1%	38.9%	\$1,854.1
LOTTERY	\$225.8	\$235.5	4.3%	7.3%	\$765.0
TRANSFER INHERITANCE	\$175.0	\$198.4	13.4%	13.7%	\$540.0
* MOTOR FUELS	\$134.4	\$128.4	-4.4%	2.7%	\$537.0
MOTOR VEH FEES	\$124.3	\$126.4	1.7%	0.2%	\$396.8
CASINO	\$123.7	\$121.3	-1.9%	4.1%	\$359.4
INSURANCE PREM	\$8.3	\$4.1	-50.0%	1.0%	\$303.0
* PETROLEUM PRODUCTS	\$55.0	\$56.6	2.9%	3.2%	\$224.0
(a) CIGARETTE	\$0.0	\$0.0	0.0%	-1.8%	\$221.0
* REALTY TRANSFER	\$23.5	\$26.0	10.4%	8.7%	\$87.0
* ALCOHOL EXCISE	\$14.1	\$13.8	-2.4%	2.5%	\$82.0
BANKS & FINANCIAL (CBT)	\$16.0	\$11.5	-28.0%	11.7%	\$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 three months of cash collections. All others represent four months of cash collections.

** The percentage difference between FY 2002 certified revenue estimates (06/01) and final year-end estimated figures released by the Executive in June, 2001.

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