



State of New Jersey

OFFICE OF THE STATE TREASURER

PO Box 002

TRENTON, NJ 08625-0002

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

ELIZABETH MAHER MUOIO
State Treasurer

October 8, 2019

Mr. Frank Haines
Legislative Budget and Finance Officer
Office of Legislative Services
State House Annex
P.O. Box 068
Trenton, NJ 08625

Dear Mr. Haines:

Pursuant to your letter dated May 30, 2019, it was requested that I provide a written response to the questions posed by Assemblywoman Jones, Assemblyman Johnson, Assemblyman DiMaio and Assemblyman Thompson following the May 15, 2019 hearing of the Assembly Budget and Appropriations Committee. The questions and their subsequent answers are as follows:

Assemblywoman Jones:

What is the total amount of gross income tax paid by taxpayers within each New Jersey gross income tax bracket?

Please see Attachment A.

Assemblyman Johnson:

Are electric-only stationary fuel cells eligible for clean energy incentives in FY 2020 in the Clean Energy budget?

For the FY20 program, the BPU proposed electric only fuel cells, also characterized as fuel cells without heat recovery, to be eligible to receive program incentives consistent with the information provided in the BPU's proposed compliance filing. Of note, the proposal also includes a manufacturer cap of 30% with respect to new funding proposed for the FY20 Combined Heat Power /Fuel Cell program.

How many applications have you received each fiscal year regarding the film tax credit since the program commenced?

In FY 2019 we received 22 applications. To date in FY 2020 we have received 6 applications.

Assemblyman DiMaio:

Only \$56 million of Energy Tax Receipts will be used from the general fund, but the budget takes \$422 million from CMPTRA to fund the receipts. Where is the rest of the money going? And why aren't all of CMPTRA and all of Energy Tax Receipts going back to municipalities to reduce property taxes?

All CMPTRA and ETR that is appropriated is disbursed. In addition to the General Fund appropriation of \$56 million, there is a PTRF appropriation of \$732 million on page D-410 of the GBM. The remainder of ETR (\$422 million) is appropriated within CMPTRA. To fully fund the inflator for both CMPTRA and ETR, the State would need to appropriate an additional \$1.1 billion across the two programs.

How much are total Energy Tax Receipts revenue this year? And can you subtract that by \$788.5 million from that total so we all have a clear picture of how much the state is stealing from municipalities?

The State anticipates disbursing \$1.211 billion in ETR to municipalities in FY 2020, and projects collecting \$1.067 billion. Thus, the State is anticipating disbursing \$144 million more in ETR than it collects in FY 2020.

Please provide data illustrating new business growth in New Jersey as compared to new business growth in other States in our region.

Please see Attachment B.

What is the national wage growth rate as compared to the wage growth rate in New Jersey?

New Jersey wage and salary income grew at a 3.8% annual rate through the first quarter of 2019. U.S. wage and salary income grew 5.2% year-over-year this past July, which is also the year-to-date average growth rate. New Jersey data on wages & salaries are only reported on a quarterly basis. National data is reported on a monthly basis.

Please explain the underlying policy assumptions supporting the Corporate Responsibility Fee and how the actual fee was determined. Is Massachusetts continuing to assess the fee or is it phasing the fee out? Please discuss.

The policy assumption behind the Corporate Responsibility Fee is that large employers who leave workers to rely on Medicaid should do more to help alleviate the costs pushed onto our Medicaid system. In addition, the Corporate Responsibility Fee would provide an incentive for large employers to begin to provide insurance to all employees.

Please provide a list of the allocation of 9-1-1 Fees.

A detail of eligible expenses from the 9-1-1 System and Emergency Response Fund can be found on appendix H-5 of the Governor's Budget Message for FY 2020.

Assemblyman Thompson:

How many of new business filings are actually paying taxes?

Please see Attachment C.

Please provide information showing state GDP growth since federal tax reform, and before federal tax reform.

Please see Attachment D.

Please provide information showing the incomes of people contributing to population growth, and whether the population growth is expected to become greater in moderate and low-income households.

Please see Attachment E.

Of the \$400 million in tax credits approved in FY 2018, how many companies are recipients?

The number of firms that comprised the FY2018 estimate of \$400 million issue is 530.

Sincerely,

A handwritten signature in black ink, appearing to read 'Elizabeth Maher Muoio', with a long horizontal flourish extending to the right.

Elizabeth Maher Muoio
State Treasurer

Attachments

c: Cathy Brennan, Deputy State Treasurer
David Ridolfino, Acting Director, Office of Management and Budget
Aaron Binder, Assembly Democratic Office
Deborah DePiano, Assembly Republican Office
Scott Brodsky, Office of Legislative Services

Returns and Tax Payments by Tax Bracket: 2018

Filing Status	Taxable Income	Bracket Rate	Full-year residents		Nonresidents		Total		Est. Avg. Liability
			Returns	Net Liabilities	Returns	Net Liabilities	Returns	Net Liabilities	
<i>Singles and Separates</i>									
	below 20,000	1.400%	1,000,724	-\$3.9	53,777	\$2.1	1,054,501	-\$1.8	-2
	20,000 - 35,000	1.750%	323,792	108.7	24,208	3.9	348,000	112.6	348
	35,000 - 40,000	3.500%	88,930	49.1	6,389	1.5	95,319	50.6	569
	40,000 - 75,000	5.525%	391,145	513.2	34,819	21.5	425,964	534.7	1,367
	75,000 - 500,000	6.370%	265,374	1,168.8	44,333	116.8	309,707	1,285.6	4,844
	500,000 - 5,000,000	8.970%	5,342	303.1	6,690	88.6	12,032	391.7	73,325
	at least 5,000,000	10.750%	185	271.6	1,055	91.6	1,240	363.2	1,963,243
			2,075,492	2,410.6	171,271	326.0	2,246,763	2,736.6	1,319
<i>Joint, Heads, Widowers</i>									
	at most 20,000	1.400%	491,342	-\$292.6	22,559	\$0.0	513,901	-\$292.6	-596
	20,000+ - 50,000	1.750%	405,437	25.4	32,836	6.1	438,273	31.5	78
	50,000+ - 70,000	2.450%	187,270	168.3	17,052	5.9	204,322	174.2	930
	70,000+ - 80,000	3.500%	85,311	109.1	7,507	3.5	92,818	112.6	1,320
	80,000+ - 150,000	5.525%	467,782	1,348.2	49,740	51.3	517,522	1,399.5	2,992
	150,000+ - 500,000	6.370%	416,055	3,496.3	74,515	229.1	490,570	3,725.4	8,954
	500,000+ - 5,000,000	8.970%	57,700	2,828.5	37,086	389.1	94,786	3,217.6	55,764
	over 5,000,000	10.750%	1,532	1,628.9	4,428	267.7	5,960	1,896.6	1,237,990
			2,112,429	9,312.1	245,723	952.7	2,358,152	10,264.8	4,859
<i>Total by Tax Bracket</i>									
		1.400%	1,492,066	-\$296.5	76,336	\$2.1	1,568,402	-\$294.4	-197
		1.750%	729,229	134.1	57,044	10.0	786,273	144.1	198
		2.450%	187,270	168.3	17,052	5.9	204,322	174.2	930
		3.500%	174,241	158.2	13,896	5.0	188,137	163.2	937
		5.525%	858,927	1,861.4	84,559	72.8	943,486	1,934.2	2,252
		6.370%	681,429	4,665.1	118,848	345.9	800,277	5,011.0	7,354
		8.970%	63,042	3,131.6	43,776	477.7	106,818	3,609.3	57,252
		10.750%	1,717	1,900.5	5,483	359.3	7,200	2,259.8	1,316,133
			4,187,921	11,722.7	416,994	1,278.7	4,604,915	13,001.4	3,104

1/ Source: OREA GIT Extrapolator and Tax Calculator, 5-19

2/ Net liabilities are equivalent to net payments as net liabilities are gross liabilities less all credits. This balanced against withholdings, estimated payments, final payments, less refunds.

3/ Based on projected samples of 2017 returns out to return year 2018.

Q: Please provide data illustrating new business growth in New Jersey as compared to new business growth in other States in our region.

A: The U.S. Census Bureau provides a package of “Business Formation Statistics” at <https://www.census.gov/programs-surveys/bfs.html>. The simplest of these is the “Business Applications” statistic (BA), which tracks IRS form SS-4 filings for new employer identification numbers. To facilitate interstate comparison, we divided seasonally adjusted BA by state populations in thousands; this gives new business applications per 1,000 people, as shown in the table below.

New Business Applications per 1,000 People

Year	NJ	NY	CT	MA	PA	DE	MD
2010	9.8	9.5	7.4	7.1	5.6	14.5	8.8
2011	10.2	9.7	7.3	7.1	5.8	16.1	8.9
2012	10.1	9.6	7.5	7.1	5.8	16.9	9.1
2013	10.3	9.9	7.3	7.2	5.9	16.9	9.6
2014	10.2	10.0	7.4	7.4	6.0	18.2	9.7
2015	10.5	10.2	7.4	7.4	6.3	18.1	9.9
2016	10.8	10.4	7.8	7.6	6.6	20.7	10.3
2017	11.5	11.1	8.5	8.1	7.2	24.2	11.4
2018	12.3	11.7	9.6	8.6	7.7	27.2	12.5

Source: U.S. Census Bureau

**Number of New Businesses in New Jersey
2010 - 2018**

Year	Total Number of New Businesses	Number of New Businesses Subject to Tax & Continue to Operate*	Share of the Total
2010	124,252	49,142	39.6%
2011	127,210	50,820	39.9%
2012	132,750	54,010	40.7%
2013	138,357	56,413	40.8%
2014	141,179	60,289	42.7%
2015	154,005	66,177	43.0%
2016	172,344	72,601	42.1%
2017	177,844	81,766	46.0%
2018	185,552	85,686	46.2%
Average	150,388	64,100	42.3%

*Continue to operate in New Jersey in 2019.

Source: Taxation Data Warehouse

New Jersey GDP Growth Rates		
Year	Real GDP	Nominal GDP
2014	0.3%	2.5%
2015	1.6%	4.1%
2016	0.7%	2.1%
2017	1.3%	3.1%
2018	2.0%	4.3%
2019	n/a	n/a

The table below shows New Jersey income tax returns by income level from 2000 to 2017, and total tax return growth.

New Jersey Resident Gross Income Tax Returns

Counts by Taxable Income, 2000 - 2017

Year	Under \$50K	\$50K - \$100K	\$100K - \$500K	\$500K - \$1M	\$1M - \$5M	Over \$5M	All Returns
2000	2,400,791	756,549	463,091	20,847	11,586	1,469	3,654,333
2001	2,420,838	775,138	480,644	19,314	9,529	950	3,706,413
2002	2,494,398	780,555	488,480	18,659	8,701	801	3,791,594
2003	2,499,581	785,398	514,563	19,831	9,159	816	3,829,348
2004	2,458,387	799,182	558,097	23,594	11,544	1,152	3,851,956
2005	2,549,313	811,247	615,733	26,906	13,202	1,335	4,017,736
2006	2,532,150	825,650	672,477	30,485	15,246	1,598	4,077,606
2007	2,563,713	840,955	726,290	33,738	17,482	1,918	4,184,096
2008	2,541,434	838,842	740,311	31,173	15,081	1,435	4,168,276
2009	2,524,932	809,641	716,672	26,885	11,699	972	4,090,801
2010	2,524,705	803,264	734,612	30,248	13,544	1,229	4,107,602
2011	2,550,292	800,585	760,010	32,120	14,317	1,243	4,158,567
2012	2,534,220	799,397	781,955	35,221	16,437	1,588	4,168,818
2013	2,533,570	807,141	811,915	37,026	15,648	1,360	4,206,660
2014	2,529,215	812,044	843,613	40,694	17,740	1,613	4,244,919
2015	2,566,370	838,927	888,938	44,020	19,391	1,749	4,359,395
2016	2,564,537	847,933	900,621	44,749	18,560	1,663	4,378,063
2017	2,565,824	825,942	927,461	47,214	20,292	1,802	4,388,535

Total Growth in Counts Above, by Time Period

Period	Under \$50K	\$50K - \$100K	\$100K - \$500K	\$500K - \$1M	\$1M - \$5M	Over \$5M	All Returns
2000 - 2017	7%	9%	100%	126%	75%	23%	20%
2003 - 2017	3%	5%	80%	138%	122%	121%	15%
2009 - 2017	2%	2%	29%	76%	73%	85%	7%

Data source: New Jersey Division of Taxation

The table below shows the distribution of income in New Jersey for households, families, married-couple, and nonfamily households, according to the U.S. Census. The distribution is somewhat stable over time, except there is a noticeable jump for the two highest income levels, \$150K to \$199.9K and over \$200K.

Category	2013-2017 (5-Year Averages, in 2017 Inflation-Adjusted Dollars)				2006-2010 (5-Year Averages, in 2010 Inflation-Adjusted Dollars)			
	Households	Families	Married-Couple Families	Nonfamily Households	Households	Families	Married-Couple Families	Nonfamily Households
Less than \$10,000	5.3%	3.20%	1.10%	11.40%	5.3%	3.1%	1.0%	11.0%
\$10,000 to \$14,999	3.5%	2.00%	1.00%	7.40%	4.0%	2.1%	1.0%	8.6%
\$15,000 to \$24,999	7.7%	5.20%	2.90%	14.00%	7.9%	5.5%	3.4%	14.3%
\$25,000 to \$34,999	7.3%	5.90%	4.10%	10.70%	7.9%	6.4%	4.6%	11.8%
\$35,000 to \$49,999	10.1%	8.90%	7.10%	13.00%	11.2%	10.0%	8.1%	14.1%
\$50,000 to \$74,999	15.3%	14.50%	13.20%	16.90%	16.9%	16.6%	15.6%	17.3%
\$75,000 to \$99,999	12.2%	12.90%	13.20%	10.10%	13.5%	14.9%	15.9%	9.8%
\$100,000 to \$149,999	17.4%	20.40%	23.60%	9.70%	17.3%	20.8%	24.4%	8.2%
\$150,000 to \$199,999	9.3%	11.60%	14.20%	3.30%	7.8%	10.0%	12.4%	2.5%
\$200,000 or more	11.9%	15.30%	19.60%	3.40%	8.2%	10.7%	13.6%	2.4%
Total Percentage	100%	100%	100%	100%	100%	100%	100%	100%
Total Number	3,199,111	2,217,279	1,638,023	991,832	3,176,069	2,198,650	1,642,649	977,419
Median Income	\$76,475	\$94,337	\$113,655	\$41,692	\$69,811	\$84,904	\$100,572	\$39,306
Mean Income	\$105,917	\$123,936	\$144,655	\$60,767	\$93,475	\$109,067	\$126,200	\$54,673

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2006-2010 and 2013-2017