

OLS Revenue Snapshot

FY 2006 - Through March 2006

- **FY 2006 Revenue Growth Matching Revised Targets.** The Executive and the OLS each recently revised estimates for FY 2006 revenues upward by about \$300 million. Through the end of March actual collections are consistent with those revised targets overall. However, the most important month of the year looms in April, as individual and corporate tax returns are due. The income tax and corporate tax combined account for nearly 46% of budgeted State revenues this year, up from 38% in FY 1996 and 35% in 1986. This increased dependence on two historically volatile tax revenues means that the tax returns in April have also taken on a greater importance. A clearer picture will emerge by the middle of May.
- **Gross Income Tax (GIT)** receipts of \$6.2 billion are 11.8% greater than last year's level, slightly ahead of the Executive's revised target growth rate of 11.0%. Withholding collections, the largest part of annual GIT receipts, are up by 9.6%, slightly above target. Quarterly estimated payments continue to push the GIT forward, up 18.8% so far this year. These quarterly payments are made by higher-income taxpayers, who often have significant sources of non-wage income. Historically, strong quarterly payments bode well for the important final payments that are due in April. However, growth this April will be dampened, because last April received a one-time boost from the timing of payments following the increased marginal tax rate on incomes over \$500,000.
- **Sales Tax** receipts at the end of eight months (collections through March are for the months through February, because this tax is subject to a one month payment lag) total \$4.4 billion, up 3.5% from the same period last year. The Executive's revised sales tax target for FY 2006 assumes somewhat slower growth of 2.5% for the fiscal year.
- **Corporation Business Tax (CBT)** collections through the end of March of \$1.55 billion are up a robust 31.0% above the same period last fiscal year. This growth is well ahead of the Executive's revised year-end target for the CBT, which requires 18.4% growth in FY 2006. April receipts, the biggest month of the year for the CBT, will be crucial in determining if this strength can continue.

Office of Legislative Services
March 19, 2006

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 2006 budget projections.

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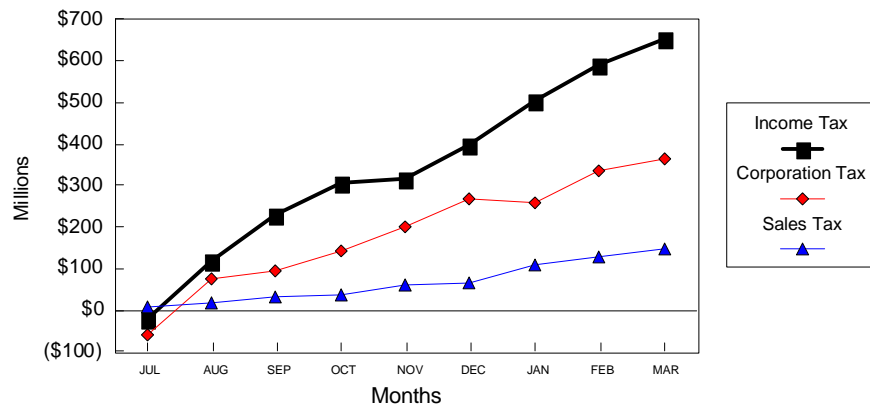
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Selected Year-To-Date Cash Collections (\$ millions)

REVENUE	FY 2005 Actual Year-To-Date	FY 2006 Actual Year-To-Date	Actual Y-T-D Growth %	Revised Year-End Growth % **	Revised Year-End \$ Estimate
INCOME TAX	\$5,551.8	\$6,207.4	11.8%	11.0%	\$10,585.0
* SALES TAX	\$4,249.6	\$4,396.3	3.5%	2.5%	\$6,716.0
CORPORATION TAX	\$1,180.4	\$1,546.6	31.0%	18.4%	\$2,805.0
LOTTERY	\$577.8	\$626.0	8.4%	2.5%	\$832.0
(a) CIGARETTE	\$436.8	\$442.9	1.4%	1.0%	\$640.0
TRANSFER INHERITANCE	\$378.0	\$482.3	27.6%	11.4%	\$580.0
* MOTOR FUELS	\$354.1	\$364.4	2.9%	-0.8%	\$543.0
CASINO	\$340.3	\$361.3	6.2%	5.0%	\$499.2
* REALTY TRANSFER	\$242.4	\$319.0	31.6%	18.2%	\$455.0
INSURANCE PREMIUM	\$263.4	\$324.2	23.1%	3.1%	\$445.0
(b) MOTOR VEHICLE FEES	\$174.3	\$165.6	-5.0%	0.5%	\$264.8
* PETROLEUM PRODUCTS	\$171.8	\$153.6	-10.6%	-0.6%	\$247.0
BANKS & FINANCIAL (CBT)	\$43.5	\$76.2	75.1%	23.4%	\$130.0
* ALCOHOL EXCISE	\$57.0	\$60.9	6.8%	3.0%	\$91.0

**Income Tax
Corporation Tax
and Sales Tax**

**FY06 Over FY05
Actual Year-To-Date
\$ Change**



Sources: Executive FY 2006 year-end revenues as revised by the Governor in March 2006.

FY 2006 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 2006 revised revenue estimates (March 2006) and audited FY 2005 year-end figures.

(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 \$194.8 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.