

OLS Revenue Snapshot

FY 2006 - Through January 2006

- **FY 2006 Revenue Growth Remains Encouraging.** The State's first and third largest revenues are exceeding the growth rates needed to reach the budgeted targets. Of the "big three" revenues, only the sales tax is lagging expectations. Overall, nine of the 14 major State revenues that the OLS tracks each month are reporting growth rates above what would be needed to reach year-end certified targets. The Executive will release revised revenue estimates for FY 2006 on March 21, as part of the presentation of the FY 2007 budget plan. The OLS will present revised revenue estimates to the budget committees in April.
- **Gross Income Tax (GIT)** receipts of \$5.1 billion are 10.9% greater than last year's level, ahead of the target growth rate of 7.7%. Withholding collections, the largest part of annual GIT receipts, are up by 7%, slightly below target. Quarterly estimated payments continue to push the GIT forward, up 21% so far this year, including strong growth of 18% during the important December/January payment period. 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.
- **Sales Tax** receipts at the end of the first two quarters (collections through January are for the six months through December, because this tax is subject to a one month payment lag) total \$3.45 billion, up 3.3% from the same period last year. The sales tax target certified for FY 2006 assumes somewhat greater growth of 4.5% for the fiscal year. While sales tax revenue grew only 2.5% during the first five months of the fiscal year, holiday sales tax revenues reported in January were up 6.8% above last year.
- **Corporation Business Tax (CBT)** collections through the end of January of \$1.27 billion are up a robust 25.6% above the same period last fiscal year. This growth remains well ahead of the certified year-end target for the CBT, which requires 1.4% growth in FY 2006.

Office of Legislative Services
February 28, 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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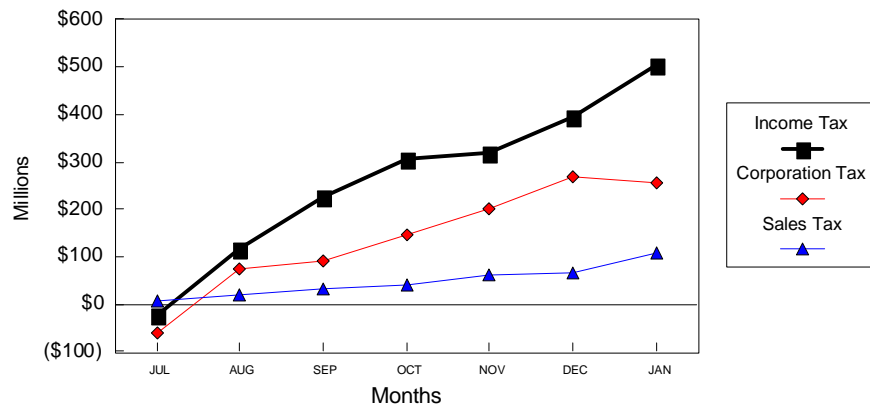
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Selected Year-To-Date Cash Collections (\$ millions)

REVENUE	FY 2005 Actual Year-To-Date	FY 2006 Actual Year-To-Date	Actual Y-T-D Growth %	Certified Year-End Growth % **	Certified Year-End \$ Estimate
INCOME TAX	\$4,630.4	\$5,136.7	10.9%	7.7%	\$10,275.0
* SALES TAX	\$3,338.6	\$3,449.4	3.3%	4.5%	\$6,850.0
CORPORATION TAX	\$1,007.9	\$1,266.3	25.6%	1.4%	\$2,402.0
LOTTERY	\$455.9	\$480.6	5.4%	1.0%	\$820.0
(a) CIGARETTE	\$321.4	\$322.6	0.4%	-1.2%	\$626.0
* MOTOR FUELS	\$268.9	\$277.9	3.3%	5.1%	\$575.0
TRANSFER INHERITANCE	\$301.1	\$362.7	20.5%	-4.0%	\$500.0
CASINO	\$264.5	\$278.9	5.4%	0.9%	\$480.0
INSURANCE PREMIUM	\$9.0	\$8.3	-7.4%	9.6%	\$473.0
* REALTY TRANSFER	\$185.4	\$251.2	35.5%	11.7%	\$430.0
(b) MOTOR VEHICLE FEES	\$44.4	\$84.9	91.4%	11.8%	\$294.3
* PETROLEUM PRODUCTS	\$136.8	\$117.6	-14.0%	2.6%	\$255.0
BANKS & FINANCIAL (CBT)	\$22.4	\$64.8	189.5%	-5.1%	\$100.0
* ALCOHOL EXCISE	\$46.8	\$48.1	2.9%	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 certified by the Governor in June 2005.

FY 2006 Year-To-Date actuals are from Treasury monthly reports.

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

** The percentage difference between FY 2006 certified revenue estimates (June 2005) 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 \$197.7 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.