OLS Revenue Snapshot

FY 2008 - Through November 2007

- **Revenue Collections Remain Above Targets.** Most of the State's major tax revenues remain ahead of the year-end target growth rates five months into Fiscal Year 2008, particularly the "Big Three" revenues that account for about two-thirds of annual State revenues. However, an important component of the income tax is showing weakness similar to reports from other states. The December-January period will clarify revenue trends as holiday sales take place and important quarterly corporate and individual tax payments are due. The OLS is mindful of downward revenue adjustments in some other states and will continue to monitor the picture in New Jersey.

- **Gross Income Tax (GIT)** receipts of $3.1 billion are running 11.4% above last year's levels five months into FY08. The certified year-end target growth rate is 8.1%. Estimated quarterly tax payments, from taxpayers with significant sources of non-wage income, continue to drive this revenue source, up a strong 25.2%. On the other hand, withholding receipts may be showing the kind of softness reported in other states. Withholding, which reflects mostly wage income, is up only 4.8% so far this year. Moreover, withholding growth for October and November combined is only 1.5%. The OLS is encouraged by overall GIT growth, but remains cautious for the future outlook, given reports in other states of weakening withholding receipts, questions about year-end bonuses and the volatility in the stock markets. In addition to more withholding data, December and January will provide collection figures from the upcoming important quarterly payments by taxpayers with significant non-wage income.

- **Sales Tax** receipts four months into the fiscal year (November collections are for October activity because this tax is subject to a one month payment lag) total $2.8 billion, up 7.9% from the same period last year. November's increase of 5.6% is encouraging in light of the fact that year-over-year comparisons for this month now reflect the same tax rate and base structure. Growth rates in the first three months of FY08 were expected to be greater than the certified year-end growth of 3.3%, because last year's tax base expansion was not effective until October 1 and the rate increase was not in effect until mid-July. With November's growth measured from similar tax bases this year and last year, the data suggest the possibility of some consumer strength heading into the holiday shopping season. Nationally, many states are reporting weak sales tax revenue growth, but that trend is not yet apparent in New Jersey's revenue collections.

- **Corporation Business Tax (CBT)** collections through the end of November total $841.8 million, 19.3% above the same period last fiscal year. Also, the much smaller **CBT on Banks and Financial Institutions** continues to show strength, up 61.2% so far this year. Combined, these business revenues remain encouraging compared to certified expectations of declines this fiscal year. The OLS will continue to monitor these revenues closely, especially as important December quarterly payments come in.

Office of Legislative Services
December 19, 2007

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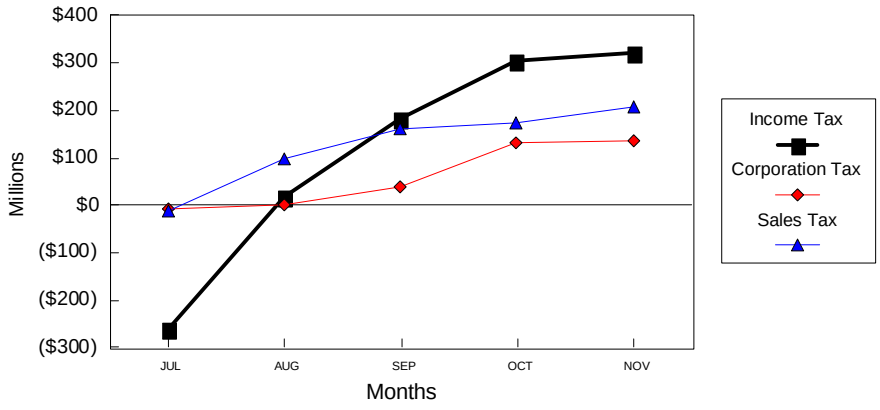
FY 2008 - Through November 2007

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

	REVENUE	FY 2007 Actual Year-To-Date	FY 2008 Actual Year-To-Date	Actual Y-T-D Growth %	Certified Year-End Growth % **	Certified Year-End $ Estimate
	INCOME TAX	$2,815.9	$3,137.4	11.4%	8.1%	$12,379.0
*	SALES TAX	$2,626.5	$2,834.5	7.9%	3.3%	$8,900.4
	CORPORATION TAX	$705.4	$841.8	19.3%	-13.0%	$2,623.0
	LOTTERY	$303.0	$352.5	16.3%	1.7%	$845.0
	TRANSFER INHERITANCE	$254.7	$319.6	25.5%	2.1%	$618.0
*	MOTOR FUELS	$189.5	$195.4	3.1%	1.4%	$572.0
	INSURANCE PREMIUM	$5.5	($7.5)	-236.6%	2.4%	$466.0
	CASINO	$191.2	$176.7	-7.6%	-12.0%	$400.7
*	REALTY TRANSFER	$136.5	$130.8	-4.2%	-5.9%	$380.0
(b)	MOTOR VEHICLE FEES	$7.0	$0.0	-100.0%	1.2%	$278.4
*	PETROLEUM PRODUCTS	$81.5	$76.8	-5.7%	1.3%	$233.0
(a)	CIGARETTE	$0.0	$0.0	0.0%	-4.7%	$195.9
	BANKS & FINANCIAL (CBT)	$24.4	$39.3	61.2%	-7.1%	$130.0
*	ALCOHOL EXCISE	$30.8	$29.6	-3.9%	1.1%	$93.0

Income Tax Corporation Tax and Sales Tax

FY08 Over FY07 Actual Year-To-Date $ Change



Sources: Executive FY 2008 year-end revenues as Certified by the Governor in June 2007.
FY 2008 Year-To-Date actuals are from Treasury monthly reports.

* Revenues represent four months of cash collections. All others represent five months of cash collections.

** The percentage difference between FY 2008 Certified revenue estimates (June 2007) and FY 2007 year-end figures from the Executive's May 2007 estimates.

(a) The first $370 million in cigarette tax collections are deposited into the Health Care Subsidy Fund (P.L.2006, c.37). Additional amounts, estimated at about $191.1 million, are dedicated to pay tobacco bond debt service (P.L.2004, c.68).

(b) The first $204.3 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.

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