

OLS Revenue Snapshot

FY 2008 - Through September 2007

- **Revenue Collections Above Targets Through the First Quarter.** Most of the State's major tax revenues have started the year running ahead of the year-end target growth rates. The First Quarter collections are the first meaningful revenue benchmark for any fiscal year, and so far the revenues, including all three of the biggest revenues, are performing well.
- **Gross Income Tax (GIT)** receipts of \$1.7 billion are running 12.1% above last year's levels after three months of FY08. The certified year-end target growth rate is 8.1%. Withholding collections are up only 5.5% so far this fiscal year, but estimated quarterly tax payments, from taxpayers with significant sources of non-wage income, are up a strong 23.7%. Historically, such strong growth has reflected increases in important non-wage income sources such as capital gains. Given the recent summer turmoil in the stock markets, increased capital gains are a plausible explanation for the strength of GIT estimated payments. First Quarter GIT collections are also often affected by year-to-year accounting adjustments.
- **Sales Tax** receipts after the first two months (September collections are for August activity because this tax is subject to a one month payment lag) total \$1.43 billion, up 12.7% from the same period last year. Growth rates in the first three months of FY08 should be greater than the year-end growth expectation, because last year's tax base expansion was not effective until October 1 and the rate increase was not in effect until mid-July. Therefore, the magnitude of the early positive result in this tax is not a reliable indicator of the overall trend to date. Year-end growth is expected to moderate to 3.3% under the certified target.
- **Corporation Business Tax (CBT)** collections through the end of September total \$538.4 million, 7.7% above the same period last fiscal year. This growth is notably stronger than the certified expectation of a decline of 13.0% in FY 2008. Growth of 10.6% in the first quarterly CBT payments in September is encouraging.
- **State Lottery** revenues, one of the State's more important second tier budget revenues, are performing well early this fiscal year, up 22.7% compared to the First Quarter last year. However, Lottery collection patterns are tied more closely to prize money levels and growth trends do not necessarily continue throughout the year.

Office of Legislative Services
October 10, 2007

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 2008 budget projections.

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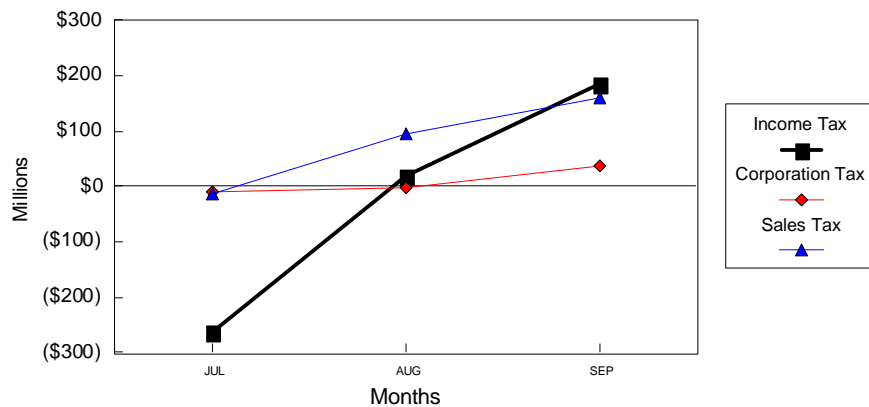
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Selected Year-To-Date Cash Collections (\$ millions)

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	\$1,517.6	\$1,701.9	12.1%	8.1%	\$12,379.0
* SALES TAX	\$1,270.4	\$1,432.1	12.7%	3.3%	\$8,900.4
CORPORATION TAX	\$499.8	\$538.4	7.7%	-13.0%	\$2,623.0
LOTTERY	\$176.4	\$216.5	22.7%	1.7%	\$845.0
TRANSFER INHERITANCE	\$156.8	\$181.0	15.4%	2.1%	\$618.0
* MOTOR FUELS	\$96.0	\$97.7	1.8%	1.4%	\$572.0
INSURANCE PREMIUM	\$0.3	(\$12.7)	-4385.2%	2.4%	\$466.0
CASINO	\$116.1	\$109.4	-5.7%	-12.0%	\$400.7
* REALTY TRANSFER	\$68.9	\$70.3	2.1%	-5.9%	\$380.0
(b) MOTOR VEHICLE FEES	\$0.0	\$0.0	0.0%	1.2%	\$278.4
* PETROLEUM PRODUCTS	\$42.6	\$40.2	-5.5%	1.3%	\$233.0
(a) CIGARETTE	\$0.0	\$0.0	0.0%	-4.7%	\$195.9
BANKS & FINANCIAL (CBT)	\$17.7	\$16.8	-5.0%	-7.1%	\$130.0
* ALCOHOL EXCISE	\$15.0	\$15.3	1.8%	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 three months of cash collections. All others represent two 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.