

OLS Revenue Snapshot

FY 2009 - Through September 2008

- **Revenue Collections Below Targets Through the First Quarter.** Most of the State's major tax revenues have begun FY2009 running below 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 the two biggest revenues, are performing below expectations. The OLS will closely monitor State revenues as the international financial crisis and the weakening domestic economy evolve in the coming months.
- **Gross Income Tax (GIT)** receipts of \$1.69 billion are running 0.8% below last year's levels after three months of FY2009. The certified year-end target growth rate is a historically conservative increase of only 0.7%. Withholding collections are down 1.1% so far this fiscal year and estimated quarterly tax payments, from taxpayers with significant sources of non-wage income, are down 5.5%. Somewhat moderating the revenue losses is a decline in refund payments. First Quarter GIT collections are also often affected by accounting adjustments across fiscal years, so it may take a few more months before the underlying trends are clear.
- **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 \$1.36 billion, down 4.8% from the same period last year. The certified year-end target growth rate is 2.2%, but the current downturn is consistent with national reports of weak retail sales and declining automobile sales.
- **Corporation Business Tax (CBT)** collections through the end of September total \$553.4 million, 2.8% above the same period last fiscal year. This growth is stronger than the certified expectation of a decline of 10.5% in FY2009. However, the OLS notes that the CBT has historically been among the State's most volatile revenues and that the First Quarter growth may not be a good indicator of future collections.
- **Realty Transfer Tax** revenues, one of the State's more important second tier budget revenues, are down 24.9% compared to the First Quarter last year. The housing market has been the primary source of economic weakness and financial market instability throughout the nation.

Office of Legislative Services
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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 2009 budget projections.

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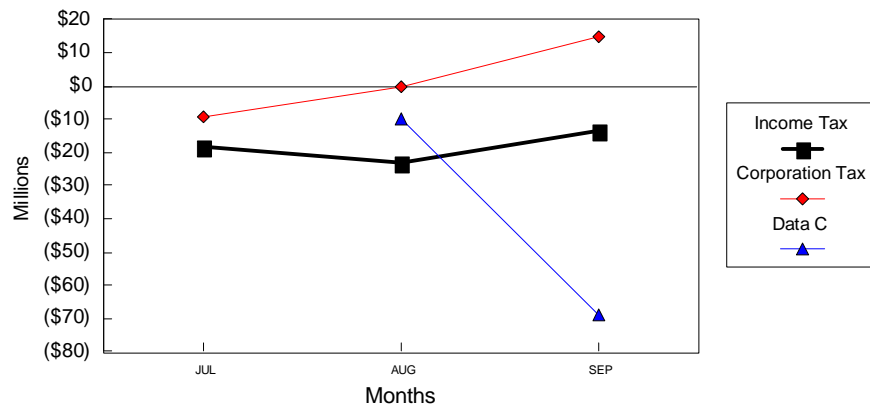
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Selected Year-To-Date Cash Collections (\$ millions)

REVENUE	FY 2008 Actual Year-To-Date	FY 2009 Actual Year-To-Date	Actual Y-T-D Growth %	Certified Year-End Growth % **	Certified Year-End \$ Estimate
INCOME TAX	\$1,701.9	\$1,688.4	-0.8%	0.7%	\$12,700.0
* SALES TAX	\$1,432.1	\$1,363.4	-4.8%	2.2%	\$8,578.0
CORPORATION TAX	\$538.4	\$553.4	2.8%	-10.5%	\$2,670.0
LOTTERY	\$216.5	\$203.8	-5.9%	0.7%	\$888.0
TRANSFER INHERITANCE	\$181.0	\$212.0	17.1%	-3.8%	\$671.9
* MOTOR FUELS	\$97.7	\$92.7	-5.0%	-1.0%	\$557.8
INSURANCE PREMIUM	(\$12.7)	\$3.0		-12.9%	\$446.6
(b) MOTOR VEHICLE FEES	\$0.0	\$0.0	0.0%	47.4%	\$391.7
CASINO	\$109.4	\$102.3	-6.5%	-5.6%	\$390.0
* REALTY TRANSFER	\$70.3	\$52.8	-24.9%	10.0%	\$352.7
(a) CIGARETTE	\$0.0	\$0.0	0.0%	-6.7%	\$234.4
* PETROLEUM PRODUCTS	\$40.2	\$38.6	-4.0%	-0.4%	\$229.8
* ALCOHOL EXCISE	\$15.3	\$15.6	2.3%	0.2%	\$93.3
BANKS & FINANCIAL (CBT)	\$16.8	\$19.9	18.6%	21.9%	\$86.4

**Income Tax
Corporation Tax
and Sales Tax**

**FY09 Over FY08
Actual Year-To-Date
\$ Change**



Sources: Executive FY 2009 year-end revenues as certified by the Governor in June 2008.

FY 2009 Year-To-Date actuals are from Treasury monthly reports.

* Revenues represent two months of cash collections. All others represent three months of cash collections.

** The percentage difference between FY 2009 certified revenue estimates (June 2008) and FY 2008 preliminary year-end figures from the Department of the Treasury. Energy revenues for the sales tax and CBT are not included.

- (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 \$209.4 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.