

OLS Revenue Snapshot

FY 2010 - Through December 2009

- **Somber Revenue Outlook Unchanged.** Six months into the fiscal year, most State tax revenues continue to trail last year's collections. While the income tax is showing some signs of improvement, it and all other major revenues are still substantially negative.
- **Gross Income Tax (GIT)** receipts in December *increased* by 5.0% over last December, the second consecutive month of growth. However, year-to-date collections of \$3.9 billion are still 5.0% below last year's levels. Revenues from withholding of employee wages are now 0.6% above FY 2009 levels. FY 2010 year-to-date estimated payments remain below the FY 2009 pace by 16.3%, but December estimated tax payments were up 17.1%. While encouraging, the significance of December's estimated payment growth will become apparent only after the January collections, because these payments are divided between the two months in proportions which vary unpredictably from year to year.
- **Sales Tax** receipts after the first five months (December collections reflect November activity because this tax is subject to a one month payment lag) total nearly \$3.1 billion, down 6.1% from the same period last year. December receipts declined by 3.3%, another poor performance off a base which is historically weak. While the double digit rates of decline experienced through much of the last year are apparently over, growth in the sales tax has yet to materialize. Next month's report will reflect the bulk of the important holiday shopping season.
- **Corporation Business Tax (CBT)** collections through the end of December total \$912.5 million, 22.4% below the same period last fiscal year. December is an important month for CBT payments, but the 9.9% decline in receipts this month represents additional weakness, even though the rate of decline moderated.
- **Realty Transfer tax** receipts increased by 20.2% in December, but it is unclear if this is a turning point or a temporary outgrowth of federal tax incentives for first-time home buyers. Overall, Realty tax collections are still 24.6% below the same period last year and will have a difficult time reaching the FY 2010 year-end target of 2.8% growth.

Office of Legislative Services
January 15, 2010

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 2010 budget projections.

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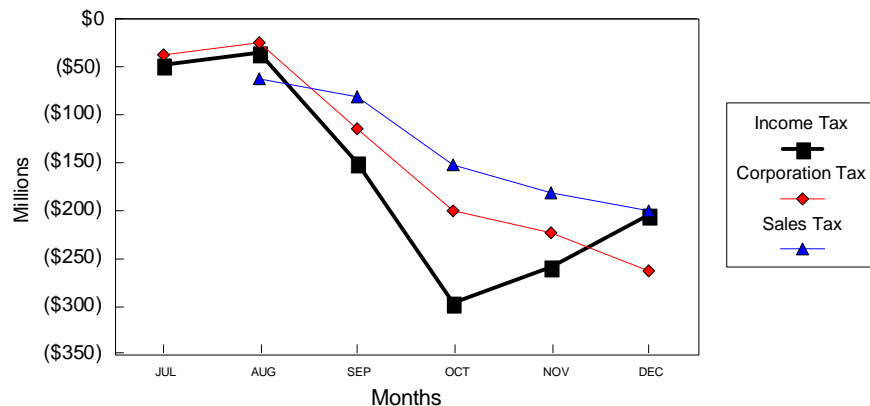
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Selected Year-To-Date Cash Collections (\$ millions)

REVENUE	FY 2009 Actual Year-To-Date	FY 2010 Actual Year-To-Date	Actual Y-T-D Growth %	Certified Year-End Growth % **	Certified Year-End \$ Estimate
INCOME TAX	\$4,102.3	\$3,897.5	-5.0%	0.1%	\$10,393.0
* SALES TAX	\$3,266.0	\$3,065.9	-6.1%	5.1%	\$7,965.0
CORPORATION TAX	\$1,176.3	\$912.5	-22.4%	-0.4%	\$2,224.0
LOTTERY	\$415.9	\$449.2	8.0%	0.7%	\$893.8
TRANSFER INHERITANCE	\$378.5	\$283.7	-25.1%	1.8%	\$645.0
* MOTOR FUELS	\$227.8	\$223.1	-2.1%	2.9%	\$551.0
INSURANCE PREMIUM	\$9.0	(\$17.2)	-290.3%	25.9%	\$542.0
(b) MOTOR VEHICLE FEES	\$51.8	\$98.7	90.5%	3.1%	\$392.6
CASINO	\$182.5	\$150.1	-17.8%	-2.8%	\$320.2
* PETROLEUM PRODUCTS	\$94.6	\$89.7	-5.2%	1.2%	\$223.0
(a) CIGARETTE	\$0.0	\$0.0	0.0%	-4.4%	\$203.5
* REALTY TRANSFER	\$109.2	\$82.4	-24.6%	2.8%	\$199.0
BANKS & FINANCIAL (CBT)	\$47.9	\$42.4	-11.4%	10.3%	\$104.0
* ALCOHOL EXCISE	\$30.1	\$34.6	15.0%	5.8%	\$100.0

**Income Tax
Corporation Tax
and Sales Tax**

**FY10 Over FY09
Actual Year-To-Date
\$ Change**



Sources: Executive FY 2010 year-end revenues as certified by the Governor in June 2009.

FY 2010 Year-To-Date actuals are from Treasury monthly reports.

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

** The percentage difference between FY 2010 certified revenue estimates (June 2009) and unofficial FY 2009 final year-end figures from the Comprehensive Financial System. 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 \$186.7 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.