

OLS Revenue Snapshot

FY 2010 - Through November 2009

- **The First Positive Sign in a Year?** Tax revenue collections through the first five months of FY 2010 remain well below those for the same period last year. However, at least one major revenue source, the gross income tax, has posted its first month of growth after a year of declines. The OLS is hopeful this may suggest that the revenue slide is bottoming out, but additional positive months from the GIT and a turn-around for the sales tax and the corporation tax are still awaited.
- **Gross Income Tax (GIT)** receipts of \$2.77 billion through November are 8.5% below last year's levels for the same period. However, November receipts actually rose by 7.2% compared to last November, an upturn after a year-long decline. Overall, the GIT is running somewhat ahead of OLS targets so far this year, thanks to stabilizing performance from withholding of employee wages, which are off by only 0.4% from FY 2009. Estimated tax payments continue to drag down the GIT with a 25.6% decline through the first five months of FY 2010. The certified year-end target growth rate, essentially flat with FY 2009, is reliant upon the addition of about \$1.0 billion from temporary tax increases. The primary impact of the one year tax increases should be reflected in the April 2010 final tax payments.
- **Sales Tax** receipts after the first four months (November collections reflect October activity because this tax is subject to a one month payment lag) total \$2.5 billion, down 6.7% from the same period last year. November receipts declined by 4.8%, a discouraging result, in that the base to which this month is compared was quite weak. Collections of \$562.9 million this month are down 16.3% from the \$672.8 million booked two Novembers ago. It is increasingly likely that FY 2010 sales tax collections will fall short of the certified year-end target of 5.1% growth.
- **Corporation Business Tax (CBT)** collections through the end of November total \$542.7 million, 29.1% below the same period last fiscal year. The certified year-end target for the CBT anticipates a decline of only 0.4% over the entire year, so attaining that goal will require significant growth in the second half of FY 2010, an unlikely prospect under current conditions.
- **Casino revenues**, one of the State's larger second tier revenues, are down 18.1% from the same five month period last year. Atlantic City casinos have reported consistent declines for more than a year, and the pattern has yet to show signs of changing. Likewise, **Realty Transfer tax** receipts, another important second tier revenue, are down 31.8% so far in FY 2010, as the State's housing market continues to struggle through a decline that began nearly four years ago.

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 2010 budget projections.

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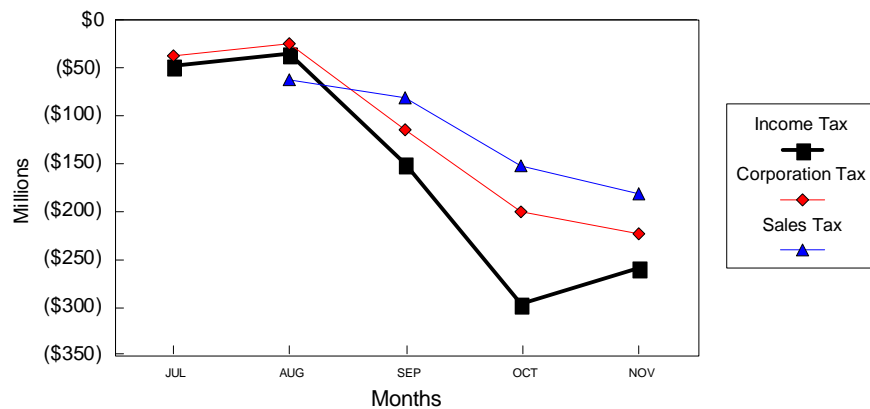
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Selected Year-To-Date Cash Collections (\$ millions)

| 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 | \$3,032.3 | \$2,773.5 | -8.5% | 0.1% | \$10,393.0 |
| * SALES TAX | \$2,682.0 | \$2,501.3 | -6.7% | 5.1% | \$7,965.0 |
| CORPORATION TAX | \$765.7 | \$542.7 | -29.1% | -0.4% | \$2,224.0 |
| LOTTERY | \$338.3 | \$370.0 | 9.4% | 0.7% | \$893.8 |
| TRANSFER INHERITANCE | \$324.2 | \$235.5 | -27.3% | 1.8% | \$645.0 |
| * MOTOR FUELS | \$182.5 | \$184.6 | 1.2% | 2.9% | \$551.0 |
| INSURANCE PREMIUM | \$8.4 | (\$20.5) | -342.6% | 25.9% | \$542.0 |
| (b) MOTOR VEHICLE FEES | \$7.9 | \$54.1 | 582.2% | 3.1% | \$392.6 |
| CASINO | \$159.3 | \$130.4 | -18.1% | -2.8% | \$320.2 |
| * PETROLEUM PRODUCTS | \$74.8 | \$73.0 | -2.4% | 1.2% | \$223.0 |
| (a) CIGARETTE | \$0.0 | \$0.0 | 0.0% | -4.4% | \$203.5 |
| * REALTY TRANSFER | \$94.0 | \$64.1 | -31.8% | 2.8% | \$199.0 |
| BANKS & FINANCIAL (CBT) | \$23.0 | \$22.5 | -2.1% | 10.3% | \$104.0 |
| * ALCOHOL EXCISE | \$29.9 | \$34.4 | 14.8% | 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 four months of cash collections. All others represent five 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 \$200.2 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.