

OLS Revenue Snapshot

FY 2010 - Through October 2009

- **Waiting for the Upturn.** Fiscal Year 2010 tax revenue collections through the first four months remain well below those for the same period last year. October receipts continued a dismal pattern that started 12 months ago. Revenue collections have fallen by between 8.1% and 21.0% during the last three quarters of FY 2009 and the first quarter of FY 2010, more than twice the rate of decline of any four quarter period in at least three decades. According to the Rockefeller Institute, the nationwide decline in state revenues over the past year was the worst in the post-World War II era. However, the OLS is cautiously optimistic that this unprecedented revenue decline will moderate in the coming months. The weak baseline revenues provide room for improvement, and some national data suggest that the deep recession has bottomed out. If this is true for New Jersey, revenue data in the coming months should begin to report level or growing receipts for some tax sources.
- **Gross Income Tax (GIT)** receipts of \$2.2 billion through October are 11.9% below last year's levels for the same period. Withholding receipts are down 4.1% and estimated quarterly tax payments are down 26.5% so far this fiscal year. However, these declines are consistent with OLS expectations, and the OLS anticipates improving revenue collections later in FY 2010. The certified year-end target growth rate, essentially flat with FY2009, 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 three months (October collections reflect September activity because this tax is subject to a one month payment lag) total \$1.94 billion, down 7.3% from the same period last year. The historically unprecedented decline in the sales tax receipts began 12 months ago. Between November 2008 and October 2009, sales tax revenues fell by 10.6%, the worst period in the history of this revenue. The OLS expects the remaining months of FY 2010 to show some improvement off these low baseline figures. However, it may be difficult to achieve the certified year-end target of 5.1% growth in FY 2010.
- **Corporation Business Tax (CBT)** collections through the end of October total \$512.9 million, 28.0% 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 FY2010.

Office of Legislative Services
November 25, 2009

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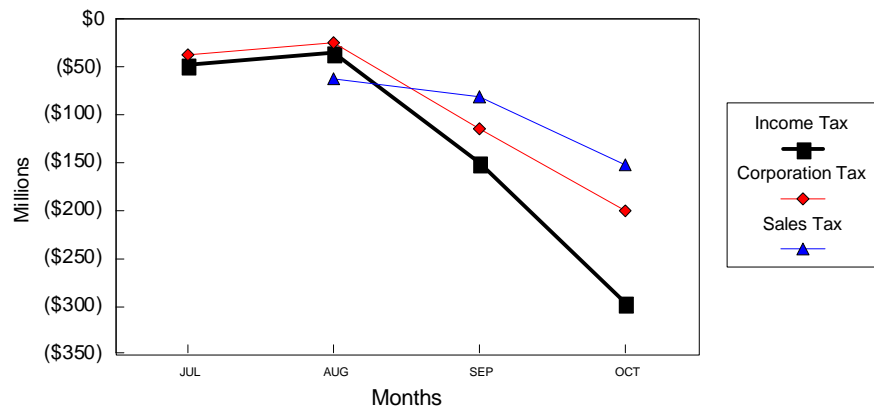
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Selected Year-To-Date Cash Collections (\$ millions)

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	\$2,500.4	\$2,203.4	-11.9%	0.1%	\$10,393.0
* SALES TAX	\$2,090.6	\$1,938.4	-7.3%	5.1%	\$7,965.0
CORPORATION TAX	\$712.7	\$512.9	-28.0%	-0.4%	\$2,224.0
LOTTERY	\$269.6	\$303.0	12.4%	0.7%	\$893.8
TRANSFER INHERITANCE	\$267.0	\$194.9	-27.0%	1.8%	\$645.0
* MOTOR FUELS	\$139.4	\$140.0	0.4%	2.9%	\$551.0
INSURANCE PREMIUM	\$3.7	(\$25.9)	-806.4%	25.9%	\$542.0
(b) MOTOR VEHICLE FEES	\$0.0	\$11.6	--	3.1%	\$392.6
CASINO	\$131.5	\$107.9	-17.9%	-2.8%	\$320.2
* PETROLEUM PRODUCTS	\$58.4	\$54.9	-6.0%	1.2%	\$223.0
(a) CIGARETTE	\$0.0	\$0.0	0.0%	-4.4%	\$203.5
* REALTY TRANSFER	\$75.3	\$52.6	-30.1%	2.8%	\$199.0
BANKS & FINANCIAL (CBT)	\$23.3	\$21.9	-5.9%	10.3%	\$104.0
* ALCOHOL EXCISE	\$15.7	\$17.3	10.2%	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 three months of cash collections. All others represent four 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.