

OLS Revenue Snapshot

FY 2011 - Through March 2011

- **Revenues Generally On-Target as Fourth Quarter Begins.** The Governor delivered his annual Budget Address on February 22, including revised appropriations and revenue estimates for FY2011. Total revenue estimates for the current year increased by about \$100.0 million, from the certified target of \$28.16 billion to a revised target of \$28.26 billion. The largest increases were for the gross income tax and the corporation business tax, while the largest decreases were for the sales tax, realty taxes, and certain energy-related taxes. The OLS reported its updated revenue estimates to the Legislative Budget Committees' on March 28 and 29, projecting \$71.8 million (0.3%) less than the Executive in FY2011. Overall revenues remain close to targets through the end of March, with the crucial year-end tax payments still pending in April.
- **Gross Income Tax (GIT)** cash receipts of \$6.63 billion are running 3.8% above last year's levels nine months into FY2011. The revised year-end target assumes a 3.4% *decline* from FY2010, due to the expiration of the Tax Year 2009 temporary increases on high-income tax payers. That impact is expected to appear mostly in April and May of 2011. March net receipts jumped due to an unexpected drop in refund payments. It is not clear if the drop in refund payments represents a significant development or merely a timing issue. Growth in withholding from employee wages moderated in March, up only 1.3% after a jump of 9.3% in February, which may have been due to strong bonus payments in the financial sector. Overall withholding is up 3.1% in FY 2011. The OLS currently agrees with the Executive's GIT estimate for this year, although uncertainty regarding the upcoming April tax payments remains.
- **Sales Tax** receipts after eight months (March collections reflect February activity because this tax is subject to a one month payment lag) total \$5.04 billion, 3.9% ahead of the same period last year. The revised sales tax target requires year-end growth of 3.3%. March receipts grew by a strong 12.5%, offsetting two consecutive months of growth below 2.0%. The OLS currently agrees with the Executive's sales tax forecast for this year.
- **Corporation Business Tax (CBT)** collections through the end of March total just over \$1.2 billion, 1.1% below the same period last fiscal year. The revised year-end target of 16.1% growth for the CBT requires 44.0% growth for the remainder of FY2011. The OLS believes such strong growth in the fourth quarter is plausible, considering the historically weak fourth quarter in FY 2010 and reports of strong corporate profits. However, the OLS projects \$20.0 million less than the Executive for FY 2011, and notes that the CBT is typically one of the most difficult revenues to project.

Office of Legislative Services
April 18, 2011

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 2011 budget projections.

OLS Revenue Snapshot

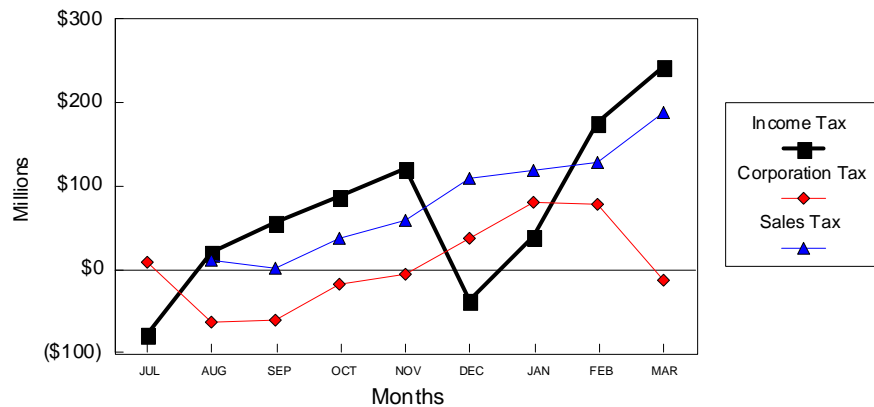
FY 2011 - Through March 2011

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

REVENUE	FY 2010 Actual Year-To-Date	FY 2011 Actual Year-To-Date	Actual Y-T-D Growth %	Revised Year-End Growth % **	Revised Year-End \$ Estimate
INCOME TAX	\$6,386.8	\$6,630.0	3.8%	-3.4%	\$10,076.1
* SALES TAX	\$4,848.1	\$5,037.6	3.9%	3.3%	\$7,775.0
CORPORATION TAX	\$1,240.2	\$1,226.9	-1.1%	16.1%	\$2,320.0
LOTTERY	\$672.5	\$676.7	0.6%	0.6%	\$930.0
TRANSFER INHERITANCE	\$419.6	\$457.2	9.0%	8.0%	\$628.2
* MOTOR FUELS	\$345.5	\$348.2	0.8%	1.0%	\$540.9
INSURANCE PREMIUM	\$272.9	\$247.2	-9.4%	3.7%	\$499.0
(b) MOTOR VEHICLE FEES	\$214.3	\$237.8	11.0%	8.8%	\$412.0
CASINO	\$219.4	\$196.8	-10.3%	-12.5%	\$243.3
* PETROLEUM PRODUCTS	\$141.5	\$143.1	1.1%	1.7%	\$220.0
(a) CIGARETTE	\$21.6	\$34.5	59.6%	-2.1%	\$200.6
BANKS & FINANCIAL (CBT)	\$59.4	\$84.4	42.2%	52.5%	\$198.9
* REALTY TRANSFER	\$120.4	\$122.4	1.7%	-4.4%	\$170.9
* ALCOHOL EXCISE	\$61.0	\$61.0	0.0%	-5.2%	\$88.5

**Income Tax
Corporation Tax
and Sales Tax**

**FY11 Over FY10
Actual Year-To-Date
\$ Change**



Sources: Executive FY 2011 year-end revenues as revised by the Governor in February 2011.

FY 2011 Year-To-Date actuals are from Treasury monthly reports.

* Revenues represent eight month of cash collections. All others represent nine months of cash collections.

** The percentage difference between FY 2011 revised revenue estimates (Feb 2011) and FY 2010 audited year-end figures from the NJ Comprehensive Annual Financial Report. Energy revenues for the sales tax and CBT are not included.

- (a) The first \$396.5 million in cigarette tax collections are deposited into the Health Care Subsidy Fund (P.L.2006, c.37). Additional amounts, estimated at about \$145.0 million, are dedicated to pay tobacco bond debt service (P.L.2004, c.68).
- (b) The first \$230.8 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.