

OLS Revenue Snapshot

FY 2002 - Through December 2001

- **State Revenues Continue to Slide as Fiscal Year 2002 Reaches the Halfway Mark.** Revenue collections in December continued a troubling pattern of monthly shortfalls. Major revenues fell 14% below last December's levels, the fourth consecutive month of year-over-year declines. OLS records indicate that the State has not experienced such a negative tax revenue trend in at least 20 years. Through the first six months of the fiscal year, major revenues are running well behind budget targets and are actually about 5% below the same time last year. It has become increasingly clear that the certified revenues supporting the FY 2002 Appropriations Act, which were expected to grow by nearly 9% over last year, cannot be achieved under any reasonable economic scenario.
- **Gross Income Tax (GIT)** receipts after the first six months of FY 2002 are about \$2.6 billion, \$298 million or 10.3% **below** the same period last fiscal year. The certified revenues assumed 7% growth by the end of the year. December receipts were nearly 22% below last December. However, due to the timing of certain taxpayer's quarterly estimated payments that are due in January but often paid at the end of December for tax purposes, significant sums of money often fluctuate between December and January each year. Therefore, December and January should be viewed together as December's collections alone could be somewhat misleading. Nevertheless, the GIT is clearly underperforming expectations, a fact that takes on added significance because this tax represents more than one-third of all State revenues.
- **Sales Tax** receipts through the first five months are at \$2.4 billion, or only 1.1% above the same period last year. The certified revenues assumed about 6% growth by the end of the year. One month after the Acting State Treasurer announced evidence of an improving consumer outlook, December's receipts (for November economic activity) came in 6.4% below the same month last year, marking the third month this fiscal year that collections fell below last year's levels. January's receipts (for December economic activity) are due later this month and are traditionally the largest of the year due to the holiday shopping period.
- **Corporation Business Tax (CBT)** collections half way through the fiscal year have reached only \$443.3 million, \$144.0 million or 24.5% **below** the same time last year. The certified revenues assumed about 9% growth by the end of the year, after adjusting for certain tax changes and energy receipts. The important December quarterly payment was down more than 30% from last December's level, which had itself been down 21% from the December before that. Revenues from this tax have plummeted along with the sharp decline in corporate profits and are likely to remain depressed for at least the remainder of this fiscal year and possibly longer, pending an improvement in the corporate profit picture.

*Office of Legislative Services
January 10, 2002*

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 2002 budget projections.

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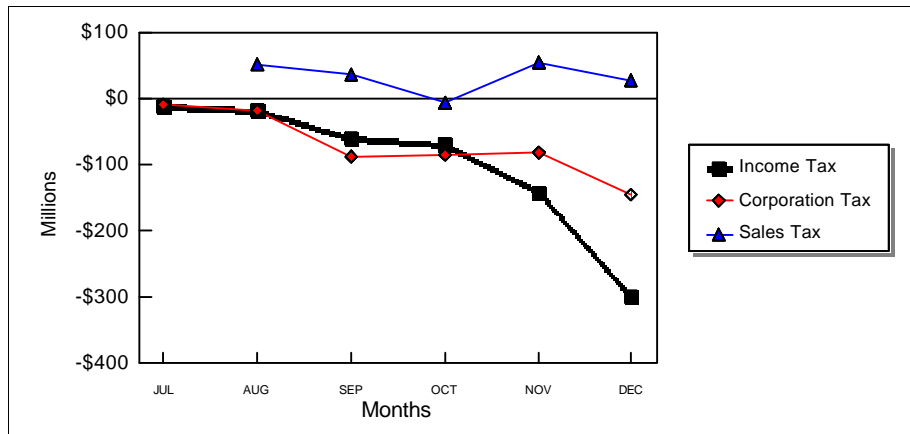
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Selected Year-To-Date Cash Collections (\$ millions)

| REVENUE | FY 2001 Actual Year-To-Date | FY 2002 Actual Year-To-Date | Actual Y-T-D Growth % | Certified Year-End Growth % ** | Certified Year-End \$ Estimate |
|-------------------------|-----------------------------------|-----------------------------------|-----------------------------|--------------------------------------|--------------------------------------|
| INCOME TAX | \$2,886.6 | \$2,588.2 | -10.3% | 6.6% | \$8,545.2 |
| * SALES TAX | \$2,375.6 | \$2,402.7 | 1.1% | 6.2% | \$6,137.0 |
| CORPORATION TAX | \$587.4 | \$443.3 | -24.5% | 38.9% | \$1,854.1 |
| LOTTERY | \$331.0 | \$346.1 | 4.6% | 7.3% | \$765.0 |
| TRANSFER INHERITANCE | \$254.9 | \$276.1 | 8.3% | 13.7% | \$540.0 |
| * MOTOR FUELS | \$219.5 | \$219.2 | -0.1% | 2.7% | \$537.0 |
| MOTOR VEH FEES | \$189.8 | \$178.2 | -6.1% | 0.2% | \$396.8 |
| CASINO | \$173.7 | \$174.4 | 0.4% | 4.1% | \$359.4 |
| INSURANCE PREM | \$10.4 | \$6.4 | -38.3% | 1.0% | \$303.0 |
| * PETROLEUM PRODUCTS | \$90.3 | \$92.9 | 3.0% | 3.2% | \$224.0 |
| (a) CIGARETTE | \$44.3 | \$44.0 | -0.6% | -1.8% | \$221.0 |
| * REALTY TRANSFER | \$36.5 | \$39.7 | 8.7% | 8.7% | \$87.0 |
| * ALCOHOL EXCISE | \$26.8 | \$26.2 | -2.3% | 2.5% | \$82.0 |
| BANKS & FINANCIAL (CBT) | \$26.1 | \$26.0 | -0.3% | 11.7% | \$67.0 |

**Income Tax
Corporation Tax
and Sales Tax**

**FY02 Over FY01
Actual Year-To-Date
\$ Change**



Sources: Executive year-end certified revenues are the amounts from the FY 2002 Appropriations Act.

FY 2002 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 2002 certified revenue estimates (06/01) and final year-end estimated figures released by the Executive in June, 2001.

(a) The first \$155 million in cigarette tax collections are deposited into the Health Care Subsidy Fund (P.L.1997, c.264).