

ANALYSIS OF THE NEW JERSEY FISCAL YEAR 2001 - 2002 BUDGET



TAX AND REVENUE OUTLOOK: MAY REVISIONS

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

MAY 2001

NEW JERSEY STATE LEGISLATURE

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This report was prepared by the Revenue, Finance and Appropriations Section of the Office of Legislative Services under the direction of the Legislative Budget and Finance Officer. The primary authors were David J. Rosen, Martin Poethke, and Catherine Z. Brennan.

Questions or comments may be directed to the OLS Revenue, Finance and Appropriations Section (Tel. 609 984-6798) or the Legislative Budget and Finance Office (Tel. 609 292-8030).

**THE NEW JERSEY FISCAL YEAR 2001 - 2002
TAX AND REVENUE OUTLOOK:
MAY REVISIONS**

Prepared by the

OFFICE OF LEGISLATIVE SERVICES

May, 2001

In early April of this year, the Office of Legislative Services (OLS) presented its *Tax and Revenue Outlook* for fiscal years 2001 and 2002. The OLS's independent revenue forecast is one of a series of OLS analyses of the Governor's fiscal 2002 budget proposal.

It is customary for OLS to report back to the Legislature's budget committees in mid- to late May with an updated revenue forecast, following the receipt of important personal and corporate tax payments in April. OLS delivered its revised forecast on May 22 and 23, 2001.

Included within are the prepared remarks of David J. Rosen, Chief of the Revenue, Finance and Appropriations Section in OLS, along with several tables comparing the OLS revisions to earlier Executive and OLS estimates.

**REMARKS OF DAVID J. ROSEN
CHIEF OF THE OFFICE OF LEGISLATIVE SERVICES'
REVENUE, FINANCE AND APPROPRIATIONS SECTION
TO THE ASSEMBLY BUDGET COMMITTEE AND
TO THE SENATE BUDGET AND APPROPRIATIONS COMMITTEE
MAY 22 AND MAY 23, 2001**

SEVEN WEEKS AGO WE CAME BEFORE YOU AND PRESENTED OUR REVENUE FORECAST FOR FISCAL YEARS 2001 AND 2002. WE SAID WE WERE NOT ANTICIPATING A RECESSION AND WE BELIEVED THAT NEW JERSEY'S ECONOMY WOULD OUTPERFORM MOST OTHER STATES. NEVERTHELESS WE CONCLUDED THAT REVENUES AVAILABLE FOR THE FY02 BUDGET WOULD BE ABOUT \$1.0 BILLION LESS THAN THE ADMINISTRATION ANTICIPATED.

OUR FUNDAMENTAL VIEW OF THE ECONOMY HAS NOT CHANGED. HOWEVER, BASED ON TWO ADDITIONAL MONTHS OF TAX COLLECTIONS, TODAY WE ARE REDUCING OUR REVENUE FORECAST FOR FY01 BY \$200 MILLION AND OUR FORECAST FOR FY02 BY \$345 MILLION. COMBINED, WE HAVE REDUCED OUR FORECAST BY \$545 MILLION. ACCORDINGLY, WE NOW ANTICIPATE THAT REVENUES AVAILABLE FOR THE FY02 BUDGET WILL BE ALMOST \$1.6 BILLION LESS THAN ANTICIPATED IN THE GOVERNOR'S JANUARY BUDGET MESSAGE.

NEARLY ALL OF TODAY'S DOWNWARD REVISION CONCERNS THE INCOME TAX.

WHEN WE TESTIFIED LAST MONTH WE DEVOTED MUCH OF THE INCOME TAX DISCUSSION TO OUR FORECAST OF FALLING CAPITAL GAINS DUE TO SIGNIFICANT DECLINES IN STOCK VALUES LAST YEAR. WE ANTICIPATED THAT IF STOCK PRICES ROSE MODERATELY DURING 2001, CAPITAL GAINS WOULD STILL BE SUBSTANTIAL - ACHIEVING THE SECOND BEST YEAR IN THE STATE'S HISTORY. NEVERTHELESS, OUR PROJECTED LEVEL IS ABOUT 25% BELOW THE VERY HIGH PEAK ATTAINED IN 2000. SO FAR THIS YEAR, THE STOCK MARKET HAS UNDER PERFORMED OUR EXPECTATIONS. THE NASDAQ HAS BEEN THE PRIMARY GENERATOR OF THE CAPITAL GAINS BOOM AND, DESPITE THE RECENT REMARKABLE SURGE, THE COMPOSITE INDEX IS STILL DOWN ABOUT 7% SO FAR THIS YEAR AND WELL BELOW ONE-HALF OF LAST YEAR'S PEAK. THE S&P 500 IS SLIGHTLY NEGATIVE FOR THE YEAR AND THE DOW IS UP A FEW PERCENT. WHILE THIS PERFORMANCE IS BELOW OUR EARLIER EXPECTATIONS, WE ARE NOT REVISING OUR CAPITAL GAINS ANTICIPATION DOWNWARD TODAY. HOWEVER, IF STOCK MARKET PERFORMANCE DOES NOT IMPROVE, THIS COMPONENT OF OUR FORECAST MAY PROVE TOO HIGH.

WHILE WE ARE NOT LOWERING OUR CAPITAL GAINS ANTICIPATION, WEAK PERFORMANCE IN OTHER ELEMENTS OF THE INCOME TAX HAS FORCED US

TO REVISE OUR INCOME TAX FORECAST DOWNWARD IN BOTH FISCAL YEARS. EMPLOYER WITHHOLDING REPRESENTS ABOUT 70% OF INCOME TAX COLLECTIONS AND WE HAD BEEN ANTICIPATING A GRADUAL SLACKENING OF GROWTH IN THIS COMPONENT DURING THE FOURTH QUARTER OF FY01 AND EARLY FY02. HOWEVER, RATHER THAN SLOWER GROWTH, WE WITNESSED TWO MONTHS IN WHICH EMPLOYER WITHHOLDING HAS FALLEN BELOW THE LEVEL OF A YEAR AGO. WEAKER WITHHOLDING REVENUES WILL AFFECT EVERY MONTH OF THIS FISCAL YEAR AND NEXT.

COLLECTIONS DATA ALSO SHOW THAT THE FIRST QUARTERLY ESTIMATED PAYMENTS FOR TAX YEAR 2001 ARE SUBSTANTIALLY BELOW EXPECTATIONS. WE HAD ANTICIPATED THAT THIS COMPONENT WOULD WEAKEN LATER IN THE TAX YEAR - REFLECTING LOWER LEVELS OF CAPITAL GAINS - BUT THE CHANGE IS ALREADY EVIDENT.

BECAUSE OF WEAKENING RECEIPTS FROM WITHHOLDING AND QUARTERLY ESTIMATED PAYMENTS, THE OLS IS REDUCING ITS INCOME TAX ESTIMATES FOR FY01 BY \$225 MILLION AND FOR FY02 BY \$271 MILLION. AT THIS TIME WE STILL BELIEVE THE INCOME TAX WILL SHOW SOME GROWTH IN FY02, DESPITE THE PROJECTED DECLINE IN REVENUE FROM CAPITAL GAINS. HOWEVER, WE NOTE THAT CALIFORNIA'S GOVERNOR AND THEIR LEGISLATIVE ANALYSTS OFFICE BOTH REVISED DOWNWARD THEIR REVENUE FORECASTS LAST WEEK, LARGELY BECAUSE OF THE IMPACT OF

THE STOCK MARKET. INDEED, THE CALIFORNIA EXECUTIVE AND LEGISLATIVE FORECASTS NOW ANTICIPATE AN ABSOLUTE DECLINE IN INCOME TAX REVENUE FROM THIS YEAR TO NEXT YEAR. THE OLS REMAINS HOPEFUL THAT SUCH A DECLINE WILL NOT OCCUR IN NEW JERSEY.

WE HAVE MADE A NUMBER OF SMALLER CHANGES TO OUR FORECAST OF OTHER REVENUES, INCLUDING SOME TECHNICAL ADJUSTMENTS TO REVENUE FROM TAXES ON ENERGY. OUR UNDERLYING SALES TAX AND CORPORATION TAX ESTIMATES ARE UNCHANGED AT THIS TIME.

THE \$1.6 BILLION DIFFERENCE BETWEEN THE OLS FORECAST AND THE REVENUE PROJECTIONS IN THE GOVERNOR'S BUDGET MESSAGE CAN BE VISUALIZED AS A PIE SLICED INTO FOUR PIECES - WITH EACH SLICE COSTING ABOUT \$400 MILLION. THE FIRST SLICE REFLECTS THE APPARENT EROSION IN REVENUE COLLECTIONS IN FY01. THIS LOWER REVENUE BASE IN FY01 PRODUCES A CORRESPONDING REDUCTION IN FY02 THAT COMPRISES THE SECOND SLICE. THE THIRD SLICE IS A REFLECTION OF OLS' SLIGHTLY LOWER GROWTH RATE ASSUMPTIONS FOR THE MAJOR TAX SOURCES IN FY02. THE LAST SLICE STEMS FROM OUR ASSUMPTION OF A 25% DECLINE IN CAPITAL GAINS IN CONTRAST TO THE ADMINISTRATION'S ASSUMPTION OF GROWTH.

WE APPRECIATE THAT THE NEWS WE BRING TODAY IS EVEN LESS WELCOME THAN OUR LAST PRESENTATION. ALL REVENUE FORECASTS ARE WRONG TO SOME DEGREE AND I CERTAINLY ACKNOWLEDGE THESE NUMBERS WILL NEED TO BE REVISED AGAIN IN THE FUTURE. BUT AS YOU FORMULATE THIS BUDGET, I NEED TO REITERATE THAT THIS FORECAST RESTS ON RELATIVELY OPTIMISTIC ASSUMPTIONS. WE ARE ASSUMING THAT STOCK PRICES WILL RISE FOR THE REST OF THE YEAR. WE ARE ASSUMING THAT THERE WILL NOT BE A NATIONAL RECESSION. WE ARE ASSUMING THAT NEW JERSEY WILL FARE BETTER THAN OUR NEIGHBORS AND THE NATION AS A WHOLE. IF THESE ASSUMPTIONS PROVE INCORRECT, OUR FORECAST IS LIKELY TO BE TOO HIGH.

OLS April & May Revenue Forecasts

Figure 1

\$ in Millions

FY 2001 Revenues

	April 2001 OLS	May 2001 Revised OLS	<i>OLS to OLS April to May Change</i>
Income Tax	\$8,310	\$8,085	-\$225
Sales tax	\$5,785	\$5,785	\$0
Corporation Tax *	\$1,300	\$1,300	\$0
Inheritance Tax	\$480	\$470	-\$10
Other Revenues *	\$5,401	\$5,436	\$35
Total	\$21,276	\$21,076	-\$200

FY 2002 Revenues

	April 2001 OLS	May 2001 Revised OLS	<i>OLS to OLS April to May Change</i>
Income Tax	\$8,435	\$8,164	-\$271
Sales tax	\$6,130	\$6,130	\$0
Corporation Tax *	\$1,300	\$1,300	\$0
Inheritance Tax	\$480	\$470	-\$10
Other Revenues *	\$5,693	\$5,629	-\$64
Total	\$22,038	\$21,693	-\$345

Combined Revenue Change, April to May:	-\$545
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* The corporation tax amounts include only the base tax revenue. Revenue from the corporation tax on energy and from proposed tax changes are included in "Other Revenues".

OLS Revenue Forecasts Compared to the Governor's Budget

Figure 2

\$ in Millions

FY 2001 Revenues

	January 2001 Governor's Budget	Annual % Change	April 2001 OLS	Annual % Change	May 2001 Revised OLS	Annual % Change	OLS to EXEC Jan to May Difference
Income Tax	\$8,310	15.3%	\$8,310	15.3%	\$8,085	12.2%	-\$225
Sales tax	\$5,839	6.0%	\$5,785	5.0%	\$5,785	5.0%	-\$54
Corporation Tax *	\$1,352	-6.9%	\$1,300	-10.5%	\$1,300	-10.5%	-\$52
Inheritance Tax	\$575	18.3%	\$480	-1.2%	\$470	-3.3%	-\$105
Other Revenues *	\$5,393	2.8%	\$5,401	3.0%	\$5,436	3.6%	\$42
Total	\$21,469	7.9%	\$21,276	6.9%	\$21,076	5.9%	
			-\$194				-\$394

FY 2002 Revenues

	January 2001 Governor's Budget	Annual % Change	April 2001 OLS	Annual % Change	May 2001 Revised OLS	Annual % Change	OLS to EXEC Jan to May Difference
Income Tax	\$8,916	7.3%	\$8,435	1.5%	\$8,164	1.0%	-\$752
Sales tax	\$6,247	7.0%	\$6,130	6.0%	\$6,130	6.0%	-\$117
Corporation Tax *	\$1,449	7.2%	\$1,300	0.0%	\$1,300	0.0%	-\$149
Inheritance Tax	\$575	0.0%	\$480	0.0%	\$470	0.0%	-\$105
Other Revenues *	\$5,687	5.5%	\$5,693	5.4%	\$5,629	3.6%	-\$58
Total	\$22,874	6.5%	\$22,038	3.6%	\$21,693	2.9%	
			-\$836				-\$1,181

Combined Revenue Difference: -\$1,030 -\$1,575

* The corporation tax amounts include only the base tax revenue. Revenue from the corporation tax on energy and from proposed tax changes are included in "Other Revenues".

Figure 3

FY 2001 REVENUES	January 2001 Gov's Budget % Change		April 2001 OLS % Change		May 2001 Revised OLS % Change		OLS to EXEC Jan to May Difference	OLS to OLS April to May Change
GENERAL FUND:								
Major Taxes:								
Sales Tax (Base)	5,839.0	6.0%	5,785.0	5.0%	5,785.0	5.0%	-54.0	0.0
<i>Tax Changes</i>								
Sales Tax Total	5,839.0	6.0%	5,785.0	5.0%	5,785.0	5.0%	-54.0	0.0
Corporation Business	1,352.0	-6.9%	1,300.0	-10.5%	1,300.0	-10.5%	-52.0	0.0
<i>Energy contribution</i>	<i>61.7</i>		<i>61.7</i>		<i>90.9</i>		<i>29.2</i>	<i>29.2</i>
Corp. Tax Total	1,413.7	-2.6%	1,361.7	-6.2%	1,390.9	-4.2%	-22.8	29.2
Motor Fuels	525.0	3.7%	520.0	2.7%	520.0	2.7%	-5.0	0.0
Motor Vehicle Fees	398.2	4.0%	385.0	0.5%	385.0	0.5%	-13.2	0.0
Transfer Inheritance	575.0	18.3%	480.0	-1.2%	470.0	-3.3%	-105.0	-10.0
Cigarette	215.0	-7.4%	220.0	-5.2%	225.0	-3.0%	10.0	5.0
Insurance Premiums	300.0	11.6%	300.0	11.6%	300.0	11.6%	0.0	0.0
Petroleum Products Gross Receipts	217.0	3.9%	215.0	2.9%	215.0	2.9%	-2.0	0.0
Public Utilities Excise	8.7	-4.3%	8.7	-4.3%	8.7	-4.3%	0.0	0.0
Alcoholic Beverage Excise	80.0	2.4%	80.0	2.4%	80.0	2.4%	0.0	0.0
Corporation Business - Banks & Financial Instit	49.0	46.3%	70.0	109.1%	60.0	79.2%	11.0	-10.0
Realty Transfer	83.0	6.8%	85.0	9.4%	80.0	3.0%	-3.0	-5.0
Savings Institutions	14.0	22.6%	14.0	22.6%	14.0	22.6%	0.0	0.0
Motor Fuels Use								
Tobacco Products Wholesale	15.0	18.2%	15.0	18.2%	15.0	18.2%	0.0	0.0
Subtotal, Major Taxes **	\$9,732.59	5.0%	\$9,539.40	2.9%	\$9,548.60	3.0%	-184.0	9.2
Misc. Taxes, Fees, Revenues:								
Public Utility Taxes (State Retention)	68.4	-3.9%	68.4	-3.9%	68.4	-3.9%	0.0	0.0
Transitional Energy Facilities Assessments	216.0	31.7%	216.0	31.7%	231.8	41.3%	15.8	15.8
Fair Housing Tax	18.7	0.9%	18.7	0.9%	18.7	0.9%	0.0	0.0
Medicaid Uncompensated Care Reimb.- Ongoir	423.0	-9.6%	423.0	-9.6%	423.0	-9.6%	0.0	0.0
Interdepartmental Accounts	272.5	-10.5%	272.5	-10.5%	272.5	-10.5%	0.0	0.0
MTF Revenue Fund	40.0	-13.0%	40.0	-13.0%	40.0	-13.0%	0.0	0.0
MV Inspection Fund	74.0	-1.9%	74.0	-1.9%	74.0	-1.9%	0.0	0.0
Good Driver Program	62.4	-19.8%	62.4	-19.8%	62.4	-19.8%	0.0	0.0
Investment Earnings	41.5	-16.8%	41.5	-16.8%	41.5	-16.8%	0.0	0.0
Other Misc. Revenue	671.0	8.1%	671.0	8.1%	671.0	8.1%	0.0	0.0
Subtotal, Misc. Revenues	\$1,887.53	-0.4%	\$1,887.53	-0.4%	\$1,903.33	0.4%	15.8	15.8
Interfund Transfers:								
State Lottery Fund	713.0	-1.0%	713.0	-1.0%	713.0	-1.0%	0.0	0.0
Tobacco Settlement Fund	153.2	35.8%	153.2	35.8%	153.2	35.8%	0.0	0.0
Unclaimed Personal Prop. Trust Fund	81.0		81.0		81.0		0.0	0.0
All Other Funds	176.6		176.6		176.6		0.0	0.0
Subtotal, Interfund Transfers	\$1,123.84	-0.7%	\$1,123.84	-0.7%	\$1,123.84	-0.7%	0.0	0.0
TOTAL, GENERAL FUND	\$12,743.96	3.7%	\$12,550.77	2.1%	\$12,575.77	2.3%	-168.2	25.0
PROPERTY TAX RELIEF FUND (Income Tax)								
Gross Income Tax	8,310.0	15.3%	8,310.0	15.3%	8,085.0	12.2%	-225.0	-225.0
<i>Tax Changes</i>								
Subtotal PTRF	\$8,310.0	15.3%	\$8,310.0	15.3%	\$8,085.0	12.2%	-225.0	-225.0
CASINO REVENUE FUND	\$352.3	3.5%	\$352.3	3.5%	\$352.3	3.5%	0.0	0.0
CASINO CONTROL FUND	\$61.5	10.0%	\$61.5	10.0%	\$61.5	10.0%	0.0	0.0
GUBERNATORIAL ELECTION FUND	\$1.5	65.0%	\$1.0	10.0%	\$1.0	10.0%	-0.5	0.0
GRAND TOTAL, ALL FUNDS	\$21,469.25	7.9%	\$21,275.56	6.9%	\$21,075.56	5.9%	-393.7	-200.0

Figure 4

FY 2002 REVENUES	January 2001 Gov's Budget	% Change	April 2001 OLS	% Change	May 2001 Revised OLS	% Change	OLS to EXEC Jan to May Difference	OLS to OLS April to May Change
GENERAL FUND:								
Major Taxes:								
Sales Tax (Base)	6,247.0	7.0%	6,130.0	6.0%	6,130.0	6.0%	-117.0	0.0
Tax Changes								
Sales Tax Total	6,247.0	7.0%	6,130.0	6.0%	6,130.0	6.0%	-117.0	0.0
Corporation Business	1,449.0	7.2%	1,300.0	0.0%	1,300.0	0.0%	-149.0	0.0
Tax Changes	64.0		64.0		64.0		0.0	0.0
Energy contribution	35.0		35.0		31.1		-3.9	-3.9
Corp. Tax Total	1,548.0	9.5%	1,399.0	2.7%	1,395.1	0.3%	-152.9	-3.9
Motor Fuels	541.0	3.0%	530.0	1.9%	530.0	1.9%	-11.0	0.0
Motor Vehicle Fees	398.8	0.2%	385.0	0.0%	385.0	0.0%	-13.8	0.0
Transfer Inheritance	575.0	0.0%	480.0	0.0%	470.0	0.0%	-105.0	-10.0
Cigarette	200.0	-7.0%	210.0	-4.5%	215.0	-4.4%	15.0	5.0
Insurance Premiums	300.0	0.0%	300.0	0.0%	300.0	0.0%	0.0	0.0
Petroleum Products Gross Receipts	220.0	1.4%	220.0	2.3%	220.0	2.3%	0.0	0.0
Public Utilities Excise	8.7	0.0%	8.7	0.0%	8.7	0.0%	0.0	0.0
Alcoholic Beverage Excise	80.0	0.0%	80.0	0.0%	80.0	0.0%	0.0	0.0
Corporation Business - Banks & Financial Inst	49.0	0.0%	70.0	0.0%	60.0	0.0%	11.0	-10.0
Realty Transfer	85.0	2.4%	85.0	0.0%	80.0	0.0%	-5.0	-5.0
Savings Institutions	14.0	0.0%	14.0	0.0%	14.0	0.0%	0.0	0.0
Motor Fuels Use								
Tobacco Products Wholesale	15.0	0.0%	15.0	0.0%	15.0	0.0%	0.0	0.0
Subtotal, Major Taxes **	\$10,281.5	5.6%	\$9,926.70	4.1%	\$9,902.80	3.7%	-378.7	-23.9
Misc. Taxes, Fees, Revenues:								
Public Utility Taxes (State Retention)	68.4	0.0%	68.4	0.0%	68.4	0.0%	0.0	0.0
Transitional Energy Facilities Assessments	176.1	-18.5%	176.1	-18.5%	126.4	-45.5%	-49.7	-49.7
Fair Housing Tax	18.7	0.0%	18.7	0.0%	18.7	0.0%	0.0	0.0
Medicaid Uncompensated Care Reimb.- Ongc	416.1	-1.6%	416.1	-1.6%	416.1	-1.6%	0.0	0.0
Interdepartmental Accounts	314.6	15.4%	314.6	15.4%	314.6	15.4%	0.0	0.0
MTF Revenue Fund	40.0	0.0%	40.0	0.0%	40.0	0.0%	0.0	0.0
MV Inspection Fund	74.1	0.1%	74.1	0.1%	74.1	0.1%	0.0	0.0
Good Driver Program	62.4	0.0%	62.4	0.0%	62.4	0.0%	0.0	0.0
Investment Earnings	44.2	6.6%	44.2	6.6%	44.2	6.6%	0.0	0.0
Other Misc. Revenue	682.9	1.8%	682.9	1.8%	682.9	1.8%	0.0	0.0
Subtotal, Misc. Revenues	\$1,897.4	0.5%	\$1,897.38	0.5%	\$1,847.68	-2.9%	-49.7	-49.7
Interfund Transfers:								
State Lottery Fund	715.0	0.3%	715.0	0.3%	715.0	0.3%	0.0	0.0
Tobacco Settlement Fund	293.4	91.5%	293.4	91.5%	293.4	91.5%	0.0	0.0
Unclaimed Personal Prop. Trust Fund	132.0	63.0%	132.0	63.0%	132.0	63.0%	0.0	0.0
All Other Funds	209.7	18.8%	209.7	18.8%	209.7	18.8%	0.0	0.0
Subtotal, Interfund Transfers	\$1,350.2	20.1%	\$1,350.19	20.1%	\$1,350.19	20.1%	0.0	0.0
TOTAL, GENERAL FUND	\$13,529.1	6.2%	\$13,174.27	5.0%	\$13,100.67	4.2%	-428.4	-73.6
PROPERTY TAX RELIEF FUND (Income Tax)								
Gross Income Tax	8,916.0	7.3%	8,435.0	1.5%	8,164.0	1.0%	-752.0	-271.0
Tax Changes								
Subtotal PTRF	\$8,916.0	7.3%	\$8,435.00	1.5%	\$8,164.0	1.0%	-752.0	-271.0
CASINO REVENUE FUND	\$368.1	4.5%	\$368.10	4.5%	\$368.10	4.5%	0.0	0.0
CASINO CONTROL FUND	\$59.7	-2.9%	\$59.70	-2.9%	\$59.70	-2.9%	0.0	0.0
GUBERNATORIAL ELECTION FUND	\$1.5	0.0%	\$1.00	0.0%	\$1.00	0.0%	-0.5	0.0
GRAND TOTAL, ALL FUNDS	\$22,874.4	6.5%	\$22,038.08	3.6%	\$21,693.48	2.9%	-1,180.9	-344.6
			-836.3					

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services provides nonpartisan assistance to the State Legislature in the areas of legal, fiscal, research, bill drafting, committee staffing and administrative services. It operates under the jurisdiction of the Legislative Services Commission, a bipartisan body consisting of eight members of each House. The Executive Director supervises and directs the Office of Legislative Services.

The Legislative Budget and Finance Officer is the chief fiscal officer for the Legislature. The Legislative Budget and Finance Officer collects and presents fiscal information for the Legislature; serves as Secretary to the Joint Budget Oversight Committee; attends upon the Appropriations Committees during review of the Governor's Budget recommendations; reports on such matters as the committees or Legislature may direct; administers the fiscal note process and has statutory responsibilities for the review of appropriations transfers and other State fiscal transactions.

The Office of Legislative Services Central Staff provides a variety of legal, fiscal, research and administrative services to individual legislators, legislative officers, legislative committees and commissions, and partisan staff. The central staff is organized under the Central Staff Management Unit into ten subject area sections. Each section, under a section chief, includes legal, fiscal, and research staff for the standing reference committees of the Legislature and, upon request, to special commissions created by the Legislature. The central staff assists the Legislative Budget and Finance Officer in providing services to the Appropriations Committees during the budget review process.

Individuals wishing information and committee schedules on the FY 2002 budget are encouraged to contact:

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