

# OLS Revenue Snapshot

FY 2014 - Through May 2014

- **May's Revenue Performance Close to Treasury's Revised Revenue Targets.** Through the end of May, overall year-to-date growth in the major revenues of 1.4% is only slightly below the Executive's lowered year-end target growth rate of 2.0%. The weakness is primarily due to the gross income tax, with all other major revenues up about 4.0%. On May 21 and 22 the Treasurer provided the Budget Committees with updated revenue projections. The estimate for all budgeted revenues in FY 2014 was reduced by \$1.07 billion, driven by an \$877.8 million reduction for the gross income tax and an \$83.0 million reduction for the sales tax.
- **Gross Income Tax (GIT)** collections through the end of May of \$10.3 billion are 1.6% below the same period last year, weaker than the Executive's May revised target rate for FY 2014 of a 0.5% decline. Withholding of employee wages remains a bright spot, up 4.5% from last year's levels, and estimated payments are up 10.0%. However, final tax payments are down a sharp 16.1% from last year and refund payments are up 16.8%. The drop in final payments mirrors similar declines in many other states (see a recent [Special Report](#)<sup>1</sup> by the Rockefeller Institute of Government). The OLS anticipates some GIT improvement in the remaining weeks of FY 2014, as the sharp final payment decline is over and refund payments should slow.
- **Sales Tax** receipts in May, which reflect April economic activity due to a one month payment lag, rose 13.3% above last May, the strongest performance since last Fall. After a series of weak months, this may be a sign of a bounce-back for the sales tax. Year-to-date collections total \$7.1 billion, up 5.3% from the same period last year. Growth exceeds the Executive's May revised FY 2014 target rate of 4.4%.
- **Corporation Business Tax (CBT)** collections dropped 0.5% compared to last May. Total CBT receipts of \$1.96 billion through May are up 3.2% from the same period last fiscal year, slightly ahead of the May revised FY 2014 CBT target rate of 2.9%.
- **Casino revenues** of \$186.7 million are 4.6% behind last year through the end of May, trailing the FY 2014 May revised baseline casino revenue target growth rate. Baseline casino revenues exclude amounts from internet gaming. In addition, according to the Division of Gaming Enforcement, State tax revenue from **internet gaming** totaled \$9.3 million from the start of operations in late November 2013 through the end of May 2014. May receipts of \$1.57 million were \$153,000 below April collections. With both April's and May's collections below the March peak of \$1.78 million, the prospects for future growth in this revenue are clouded.

Office of Legislative Services  
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<sup>1</sup> [http://www.rockinst.org/pdf/government\\_finance/state\\_revenue\\_report/2014-06-12-Special\\_Report.pdf](http://www.rockinst.org/pdf/government_finance/state_revenue_report/2014-06-12-Special_Report.pdf)

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.

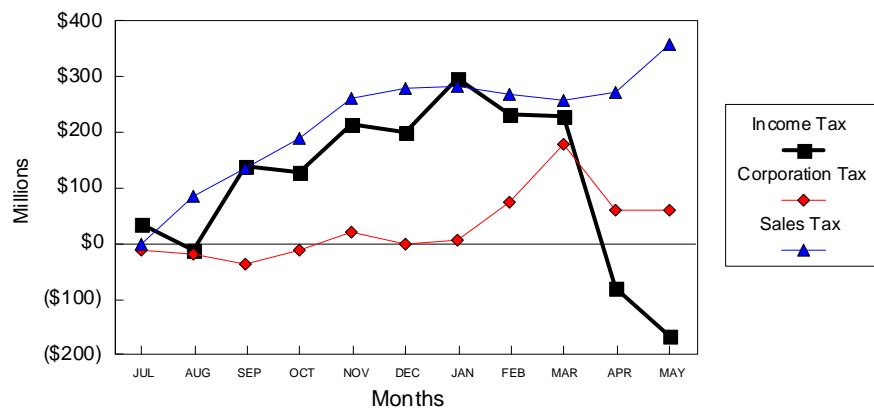
# OLS Revenue Snapshot

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

FY 2014 - Through May 2014

REVENUE	FY 2013 Actual Year-To-Date	FY 2014 Actual Year-To-Date	Actual Y-T-D Growth %	Revised Year-End Growth % **	Revised Year-End \$ Estimate
INCOME TAX	\$10,449.9	\$10,283.9	-1.6%	-0.5%	\$12,050.0
* SALES TAX	\$6,734.4	\$7,089.1	5.3%	4.4%	\$8,597.0
CORPORATION TAX	\$1,900.9	\$1,960.8	3.2%	2.9%	\$2,433.0
LOTTERY	\$863.8	\$849.2	-1.7%	0.0%	\$965.0
TRANSFER INHERITANCE	\$546.9	\$614.6	12.4%	14.6%	\$715.0
INSURANCE PREMIUM	\$508.6	\$514.4	1.1%	4.2%	\$587.0
* MOTOR FUELS	\$425.9	\$435.4	2.2%	2.2%	\$536.0
[b] MOTOR VEHICLE FEES	\$394.5	\$353.9	-10.3%	-5.1%	\$426.7
* REALTY TRANSFER	\$174.4	\$202.6	16.2%	21.2%	\$257.0
[a] CIGARETTE	\$181.3	\$162.2	-10.5%	-8.5%	\$226.0
* PETROLEUM PRODUCTS	\$172.7	\$183.2	6.1%	3.2%	\$213.0
[c] CASINO	\$195.7	\$186.7	-4.6%	-1.9%	\$198.1
BANKS & FINANCIAL (CBT)	\$111.6	\$141.2	26.5%	20.0%	\$197.0
* ALCOHOL EXCISE	\$79.8	\$81.5	2.1%	4.8%	\$108.0
<b>TOTALS:</b>	<b>\$22,740.5</b>	<b>\$23,058.7</b>	<b>1.4%</b>	<b>2.0%</b>	<b>\$27,508.8</b>

**Income Tax  
Corporation Tax  
and Sales Tax**  
  
**FY14 Over FY13  
Actual Year-To-Date  
\$ Change**



Sources: Executive FY2014 year-end revenues revised May 2014. FY2014 Year-To-Date from Treasury monthly reports.

\* Revenues represent 10 months of cash collections. All others represent 11 months of cash collections.

\*\* The percentage difference between FY 2014 revised revenue estimates (May 2014) and audited FY 2013 figures from the Comprehensive Annual Financial Report (March 2014). 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 \$244.9 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.

[c] The FY14 casino amount does not include the new internet gaming revenues.