

ANALYSIS OF THE NEW JERSEY FISCAL YEAR 2002 - 2003 BUDGET



TAX AND REVENUE OUTLOOK MAY REVISIONS

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

MAY 2002

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 and Martin Poethke.

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The New Jersey Fiscal Year 2002-2003
Tax and Revenue Outlook:
May Revisions

Prepared by the

OFFICE OF LEGISLATIVE SERVICES

May, 2002

In April of this year, the Office of Legislative Services (OLS) presented its *Tax and Revenue Outlook* for fiscal years 2002 and 2003. The OLS's independent revenue forecast is one of a series of OLS analyses of the Governor's fiscal 2003 budget proposal.

It is customary for the OLS to report back to the Legislatures budget committees in mid- to late May with an updated revenue forecast, following the receipt of important personal and corporate tax payments in April. The OLS delivered its revised forecast on May 29 and May 30, 2002.

Included in this document 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 Executive estimates in March and May and to OLS estimates in April.

REMARKS OF DAVID J. ROSEN
SECTION 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 29 AND May 30, 2002

WHEN WE CAME BEFORE YOU FIVE WEEKS AGO, WE REPORTED THAT REVENUES HAD FALLEN DRAMATICALLY FROM THE LEVELS ANTICIPATED BY THE PRIOR ADMINISTRATION AND THAT SUBSTANTIAL UNCERTAINTIES REMAINED FOR THIS YEAR'S REVENUE COLLECTIONS. SOME OF THAT UNCERTAINTY HAS RESOLVED, BUT IMPROVED UNDERSTANDING HAS NOT IMPROVED OUR SITUATION. A BAD SITUATION TURNED WORSE AS APRIL TAX REVENUE COLLECTIONS FELL SHORT OF EXPECTATIONS -- EXPECTATIONS THAT THE EXECUTIVE AND THE OLS HAD SIGNIFICANTLY REDUCED JUST A SHORT TIME EARLIER.

THE TWO-YEAR REVENUE SHORTFALL OF \$500 MILLION THAT THE OLS ESTIMATED FIVE WEEKS AGO IS NOW PROJECTED TO BE A \$1.2 BILLION PROBLEM. THE OLS NOW ESTIMATES FY02 REVENUES WILL COME IN \$589 MILLION BELOW THE LEVEL ASSUMED IN THE GOVERNOR'S MARCH BUDGET PRESENTATION. FY03 REVENUES ARE NOW ESTIMATED TO FALL \$594 MILLION SHORT OF THE GOVERNOR'S BUDGET ASSUMPTION.

THE INCOME TAX

AS WITH THE REVENUE SHORTFALL WE PREDICTED LAST MONTH, THE PRIMARY CULPRIT IS THE GROSS INCOME TAX. THE OLS IS REDUCING ITS ESTIMATE FOR FY02 INCOME TAX REVENUES BY AN ADDITIONAL \$180 MILLION, SO THAT THE OLS PROJECTION IS NOW \$541 MILLION BELOW THE LEVEL ESTIMATED IN MARCH BY THE GOVERNOR.

THE DISMAL PERFORMANCE OF THE INCOME TAX IS UNPRECEDENTED. THE OLS'S FY02 ESTIMATE OF \$6.7 BILLION IS:

- C 21% (OR \$1.8 BILLION) BELOW THE AMOUNT CERTIFIED IN THE FY02 APPROPRIATIONS ACT LAST SUMMER.
- C 16% (OR \$1.3 BILLION) BELOW THE AMOUNT COLLECTED IN FY01.
- C 7% (OR \$500 MILLION) BELOW THE AMOUNT COLLECTED IN FY2000.

APRIL INCOME TAX COLLECTIONS FELL 25% COMPARED TO LAST APRIL, CONTINUING A YEAR-LONG PATTERN OF SHARP DECLINES. THE PRIMARY CAUSE OF THE SHORTFALL IS DECLINING NON-WAGE INCOME FROM SOURCES SUCH AS CAPITAL GAINS AND VARIOUS FORMS OF BUSINESS AND PARTNERSHIP INCOME. TAXES ARE NOT WITHHELD ON MOST FORMS OF NON-WAGE INCOME, BUT RATHER THE TAX LIABILITY IS PAID THROUGH QUARTERLY ESTIMATED PAYMENTS AND FINAL YEAR-END PAYMENTS.

IT APPEARS THAT FOR FY02:

- C QUARTERLY ESTIMATED TAX PAYMENTS ARE DOWN 27%.
- C FINAL PAYMENTS ARE DOWN NEARLY 30%.
- C REFUND PAYMENTS ARE UP MORE THAN 25%.

NOW THAT THE STOCK MARKET BUBBLE OF THE LATE 1990'S HAS BURST, INCOME TAX REVENUE HAS RECEDED TO A SIGNIFICANTLY LOWER LEVEL, A LEVEL THAT MORE CLOSELY REFLECTS ECONOMIC BEHAVIOR AND WAGE INCOME. THE OLS EXPECTS TO SEE REVENUE GROWTH RETURN IN FY03, BUT WE DO NOT FORESEE A RETURN TO THE SPECTACULAR GROWTH RATES THAT CAME FROM THE STOCK MARKET BOOM.

WHILE WE ANTICIPATE THE INCOME TAX REVENUES WILL GROW BY MORE THAN \$500 MILLION IN FY03, OUR PROJECTED TOTAL IS LESS THAN 1% GREATER THAN INCOME TAX REVENUE COLLECTED IN FY2000. OUR HOPE, THEN, IS THAT INCOME TAX REVENUES MAKE IT BACK TO THE LEVEL THEY HAD ATTAINED THREE YEARS EARLIER

CORPORATION BUSINESS TAX

THE SECOND REASON FOR THE WORSENING REVENUE SHORTFALL IS THE CORPORATION BUSINESS TAX (CBT). THROUGH THE END OF APRIL, THE CBT IS RUNNING 21% BEHIND THE SAME 10-MONTH PERIOD LAST YEAR. APRIL COLLECTIONS FELL 28% BELOW LAST APRIL, EVEN THOUGH COLLECTIONS WERE BUTTRESSED BY THE INFLOW OF ABOUT \$53 MILLION IN NEW PAYMENTS BY CERTAIN LIMITED LIABILITY

COMPANIES (LLC's). OVERALL, THE LLC'S HAVE PAID THE STATE ABOUT \$71 MILLION IN FY02, WELL BELOW THE \$420 MILLION ASSUMED IN THE FY02 APPROPRIATIONS ACT, AND ALSO BELOW THE GOVERNOR'S RECENTLY REDUCED ESTIMATE OF \$220 MILLION. AFTER ADJUSTING FOR THE INFUSION OF LLC MONEY, BASELINE CBT REVENUES ARE DOWN ABOUT 30% IN FY02.

THE OLS IS NOW ESTIMATING THAT THE CBT WILL COLLECT ABOUT \$1 BILLION IN FY02, \$800 MILLION BELOW THE LEVEL CERTIFIED LAST JUNE AND ABOUT \$250 MILLION LESS THAN THE GOVERNOR'S MARCH BUDGET ESTIMATE.

CORPORATION TAX COLLECTIONS FOR FY03 REMAIN SUBJECT TO SIGNIFICANT UNCERTAINTY. THE OLS ANTICIPATES A SMALL BUT CONTINUED DECLINE IN BASELINE COLLECTIONS. HOWEVER, IN TERMS OF REVENUE IMPLICATIONS, THE GOVERNOR'S BUSINESS TAX PROPOSAL IS THE LARGEST UNKNOWN FACTOR IN THE FY03 REVENUE PROJECTIONS.

SPECIFIC DETAILS OF THE LEGISLATION HAVE YET TO BECOME PUBLIC. CONSEQUENTLY, THE OLS HAS NOT HAD THE OPPORTUNITY TO EVALUATE THE REVENUE IMPACT OF THE PROPOSALS OR TO VIEW THE ADMINISTRATION'S SUPPORTING DATA. HOWEVER, EVEN WITH THE BEST DATA, CONFIDENTLY PREDICTING THE IMPACT OF THESE PROPOSED CHANGES IS FOOLHARDY. FOR THE PURPOSES OF THIS REVENUE FORECAST WE ASSUME THAT THE PROPOSAL WILL BE ENACTED AND YIELD THE REVENUES PROJECTED BY THE ADMINISTRATION. THE ACTUAL IMPACT OF THE BUSINESS TAX

CHANGES WILL NOT BE KNOWN UNTIL NEXT SPRING WHEN TAX RETURNS ARE DUE.

AS I NOTED LAST MONTH, FY03 IS LIKELY TO BE ANOTHER REVENUE CLIFF-HANGER IN LARGE PART DUE TO THE GOVERNOR'S BUSINESS TAX PROPOSAL.

OTHER REVENUES

THE INCOME TAX AND CORPORATION TAXES ARE THE MOST IMPORTANT FACTORS IN THE OLS FORECAST OF A \$1.2 BILLION REVENUE SHORTFALL OVER THE TWO FISCAL YEARS. A FEW OTHER REVENUES ARE ALSO WORTHY OF NOTE.

THE SALES TAX HAS NOT EXPERIENCED THE SAME DRAMATIC DECLINES SEEN IN THE INCOME TAX AND THE CBT. HOWEVER, SALES TAX GROWTH IN FY02 HAS BEEN SLOWER THAN EXPECTED, ESPECIALLY IN RECENT MONTHS. THROUGH THE END OF APRIL, THE SALES TAX IS GROWING AT ONLY 2% ABOVE LAST YEAR. AS A RESULT, THE OLS IS REDUCING ITS EARLIER SALES TAX ESTIMATES BY ABOUT \$40 MILLION IN FY02 AND \$70 MILLION IN FY03.

FOR MOST OTHER REVENUES, THE TRENDS THE OLS SAW FIVE WEEKS AGO HAVE NOT CHANGED SIGNIFICANTLY AND THE OLS HAS MADE ONLY A FEW MINOR ADJUSTMENTS OF RELATIVELY SMALL AMOUNTS.

THE LAST REVENUE ISSUE IN FY02 WORTHY OF NOTE IS THE TAX AMNESTY PROGRAM. TAX AMNESTY IS EXPECTED TO RAISE ABOUT \$150 MILLION. ACCORDING TO THE TREASURY, ABOUT \$25 MILLION HAS BEEN RECEIVED BY LATE LAST WEEK. HOWEVER, MOST OF THE COLLECTIONS ARE EXPECTED TO COME IN AROUND THE JUNE 10TH AMNESTY DEADLINE. DURING THE PREVIOUS TAX AMNESTY, MORE THAN HALF OF ALL COLLECTIONS CAME IN DURING THE FINAL DAYS OF THE PROGRAM. THE TAX AMNESTY WILL REMAIN A SOURCE OF SOME UNCERTAINTY INTO THE MIDDLE OF JUNE. ANYTHING WE COLLECT ABOVE \$150 MILLION WILL LESSEN THE BUDGET PROBLEM; ANYTHING WE COLLECT BELOW \$150 MILLION WILL EXACERBATE IT.

IN FY03 THE TOBACCO SECURITIZATION IS ALSO WORTHY OF NOTE. THIS REVENUE SOURCE IS NOT SUBJECT TO PROJECTION IN THE SAME WAY THAT TAX REVENUES ARE. THE AMOUNT TO BE BOOKED FOR FY03 WILL DEPEND ON THE PORTION OF TOBACCO SETTLEMENT REVENUE TO BE SECURITIZED, THE DEMAND FOR THE BONDS IN THE FINANCIAL MARKETS, AND THE PORTION OF THE BOND PROCEEDS THE STATE CHOOSES TO USE IN THE FY03 BUDGET, RATHER THAN HOLD IN RESERVE FOR FUTURE USE. TOBACCO SETTLEMENT FUNDS COULD SUPPORT A RANGE OF BUDGET AMOUNTS, BOTH HIGHER AND LOWER THAN THE GOVERNOR'S RECENT BUDGET RECOMMENDATION. THE ACTUAL AMOUNT WILL DEPEND ON LEGISLATIVE AND EXECUTIVE POLICY DECISIONS.

SUMMARY

FINISHING FY02 AND PREPARING THE FY03 BUDGET PRESENT THE LEGISLATURE WITH DAUNTING TASKS. ALL OTHER THINGS BEING EQUAL, THE OLS REVENUE FORECAST FOR THE FISCAL YEAR THAT WILL END ON JUNE 30, 2002, SUGGESTS THE STATE FACES A POTENTIAL DEFICIT IN THE ABSENCE OF OTHER ACTIONS BEING TAKEN. THE OLS SEES A CURRENT YEAR REVENUE SHORTFALL OF NEARLY \$600 MILLION, WHICH EXCEEDS THE GOVERNOR'S PLANNED \$500 MILLION SURPLUS FOR FY02. THE STATE WILL NEED TO TAKE ACTION DURING THE NEXT FEW WEEKS TO ADDRESS THE CONSTITUTIONAL REQUIREMENT FOR A BALANCED BUDGET.

THE BUDGET DIFFICULTIES IN THE FY02 "END GAME" WILL SPILL OVER INTO FY03. THE GOVERNOR'S FY03 BUDGET COUNTS ON \$500 MILLION BEING AVAILABLE FROM THIS YEAR'S SURPLUS. EACH DOLLAR BY WHICH THE FY02 SURPLUS IS DRAWN DOWN BELOW \$500 MILLION WILL INCREASE THE FY03 REVENUE SHORTFALL, WHICH OLS ALREADY PROJECTS TO BE \$594 MILLION. BY WAY OF EXAMPLE, IF WE END FY02 WITH A \$200 MILLION SURPLUS INSTEAD OF THE PLANNED \$500 MILLION, OUR FY03 BUDGET PROBLEM GROWS FROM \$594 MILLION TO \$894 MILLION.

AS ALWAYS, WE WILL ASSIST THE COMMITTEE IN ANY WAY THAT WE CAN.

OLS Revenue Forecasts Compared to the Governor's Budget
\$ in Millions

Figure 1

FY 2002 Revenues

	March 2002 Governor's Budget	Annual % Change	April 2002 OLS	Annual % Change	May 2002 Revised OLS	Annual % Change	OLS to EXEC March to May Difference	OLS to OLS April to May Change
Income Tax	\$7,241	-9.4%	\$6,880	-13.9%	\$6,700	-16.1%	-\$541	-\$180
Sales tax	\$5,901	2.5%	\$5,940	3.1%	\$5,900	2.5%	-\$1	-\$40
Corporation Tax	\$842	-39.4%	\$950	-31.6%	\$940	-32.3%	\$98	-\$10
CBT -- Net LLC	\$220		\$220		\$71		-\$149	-\$149
Other Revenues	\$6,652	14.2%	\$6,639	14.0%	\$6,656	14.3%	\$4	\$17
Total	\$20,856	-0.5%	\$20,629	-1.6%	\$20,267	-3.3%		-\$362
			-\$227				-\$589	

FY 2003 Revenues

	March 2002 Governor's Budget	Annual % Change	April 2002 OLS	Annual % Change	May 2002 Revised OLS	Annual % Change	OLS to EXEC March to May Difference	OLS to OLS April to May Change
Income Tax	\$7,740	6.9%	\$7,430	8.0%	\$7,250	8.2%	-\$490	-\$180
Sales tax	\$6,194	5.0%	\$6,235	5.0%	\$6,165	4.5%	-\$29	-\$70
Corporation Tax	\$820	-2.6%	\$825	-13.2%	\$820	-12.8%	\$0	-\$5
New Revenue Proposals	\$2,502		\$2,502		\$2,502		\$0	\$0
Other Revenues	\$6,482	-2.6%	\$6,471	-2.5%	\$6,407	-3.7%	-\$75	-\$64
Total	\$23,738	13.8%	\$23,463	13.7%	\$23,144	14.2%		-\$319
			-\$275				-\$594	

Combined Revenue Difference: -\$502 -\$1,183

**FY 2002 OLS and Executive
Revenue Comparison**
\$ Millions

Figure 2

	FY 2002 March 2002 Executive	FY 2002 April 2002 OLS	FY 2002 May 2002 OLS	OLS to EXEC March to May Difference	OLS to OLS April to May Change
GENERAL FUND:					
Major Taxes:					
Sales Tax (Base)	\$5,901.0	\$5,940.0	\$5,900.0	-\$1.0	-\$40.0
<i>Tax Amnesty</i>	50.0	50.0	50.0	0.0	0.0
Sales Tax Total	\$5,951.0	\$5,990.0	\$5,950.0	-\$1.0	-\$40.0
Corporation Business	842.0	950.0	940.0	98.0	-10.0
<i>Tax Amnesty</i>	50.0	50.0	50.0	0.0	0.0
<i>Tax Changes</i>	220.0	220.0	71.0	-149.0	-149.0
<i>Energy contribution</i>	0.0	0.0	0.0	0.0	0.0
Corp. Tax Total	\$1,112.0	\$1,220.0	\$1,061.0	-\$51.0	-\$159.0
Motor Fuels	529.0	529.0	523.0	-6.0	-6.0
Motor Vehicle Fees	393.4	393.4	393.4	0.0	0.0
Transfer Inheritance	518.0	518.0	500.0	-18.0	-18.0
Cigarette	219.0	219.0	219.0	0.0	0.0
Insurance Premiums	307.0	307.0	337.0	30.0	30.0
Petroleum Products Gross Receipts	220.0	220.0	220.0	0.0	0.0
Public Utilities Excise	8.7	8.7	8.7	0.0	0.0
Alcoholic Beverage Excise	76.0	80.0	80.0	4.0	0.0
Corporation Business - Banks & Fin. Inst.	67.0	45.0	45.0	-22.0	0.0
Realty Transfer	86.0	86.0	86.0	0.0	0.0
Savings Institutions	6.0	11.0	11.0	5.0	0.0
Tobacco Products Wholesale	12.0	12.0	12.0	0.0	0.0
Subtotal, Major Taxes	\$9,505.1	\$9,639.1	\$9,446.1	-\$59.0	-\$193.0
Misc. Taxes, Fees, Revenues:					
Subtotal, Misc. Revenues	1,979.9	1,979.9	1,956.1	-23.8	-23.8
Interfund Transfers:					
State Lottery Fund	747.0	747.0	776.2	29.2	29.2
Tobacco Settlement Fund	357.1	357.1	360.8	3.7	3.7
Unclaimed Personal Property Trust Fund	198.0	198.0	198.0	0.0	0.0
Various Statutory and Other Fund Transfers	141.0	141.0	141.0	0.0	0.0
All Other Funds	221.0	221.0	220.5	-0.5	-0.5
Subtotal, Interfund Transfers	1,664.1	1,664.1	1,696.5	32.4	32.4
TOTAL, GENERAL FUND	\$13,149.1	\$13,283.1	\$13,098.7	-\$50.4	-\$184.4
PROPERTY TAX RELIEF FUND (Income Tax)					
Gross Income Tax	7,241.0	6,880.0	6,700.0	-541.0	-180.0
<i>Tax Amnesty</i>	50.0	50.0	50.0	0.0	0.0
Subtotal PTRF	\$7,291.0	\$6,930.0	\$6,750.0	-\$541.0	-\$180.0
CASINO REVENUE FUND	350.0	350.0	352.5	2.5	2.5
CASINO CONTROL FUND	64.6	64.6	64.6	0.0	0.0
GUBERNATORIAL ELECTION FUND	1.5	1.0	1.0	-0.5	0.0
GRAND TOTAL, ALL FUNDS	\$20,856.2	\$20,628.7	\$20,266.9	-\$589.4	-\$361.9

**FY 2003 OLS and Executive
Revenue Comparison**
\$ Millions

Figure 3

	FY 2003 March 2002 Executive	FY 2003 April 2002 OLS	FY 2003 May 2002 OLS	OLS to EXEC March to May Difference	OLS to OLS April to May Change
GENERAL FUND:					
Major Taxes:					
Sales Tax (Base)	6,194.3	6,235.0	6,165.0	-29.3	-70.0
<i>Tax Changes</i>	33.0	33.0	33.0	0.0	0.0
Sales Tax Total	\$6,227.3	\$6,268.0	\$6,198.0	-\$29.3	-\$70.0
Corp. Tax Total	\$1,854.4	\$1,859.8	\$1,829.5	-\$24.9	-\$30.3
Motor Fuels	528.0	540.0	536.0	8.0	-4.0
Motor Vehicle Fees	451.9	451.9	424.9	-27.0	-27.0
Transfer Inheritance	488.0	473.0	458.0	-30.0	-15.0
<i>Transfer Inheritance Tax Change</i>	72.0	72.0	72.0	0.0	0.0
Cigarette	412.0	412.0	412.0	0.0	0.0
Insurance Premiums	318.0	318.0	345.0	27.0	27.0
Petroleum Products Gross Receipts	225.0	225.0	225.0	0.0	0.0
Public Utilities Excise	8.7	8.7	8.7	0.0	0.0
Alcoholic Beverage Excise	76.0	82.0	82.0	6.0	0.0
Corporation Business - Banks & Fin. Inst.	70.0	50.0	50.0	-20.0	0.0
Realty Transfer	88.0	88.0	88.0	0.0	0.0
Savings Institutions	5.0	11.0	11.0	6.0	0.0
Tobacco Products Wholesale	13.0	13.0	13.0	0.0	0.0
Subtotal, Major Taxes **	\$10,837.3	\$10,872.4	\$10,753.1	-\$84.2	-\$119.3
Misc. Taxes, Fees, Revenues:					
Subtotal, Misc. Revenues	2,012.3	2,012.3	2,011.4	-0.9	-0.9
Interfund Transfers:					
State Lottery Fund	797.0	797.0	797.0	0.0	0.0
Tobacco Settlement Fund	1,351.7	1,351.7	1,351.7	0.0	0.0
Unclaimed Personal Prop. Trust Fund	255.0	255.0	255.0	0.0	0.0
All Other Funds	283.5	283.5	259.5	-24.0	-24.0
Subtotal, Interfund Transfers	2,687.2	2,687.2	2,663.2	-24.0	-24.0
TOTAL, GENERAL FUND	\$15,536.7	\$15,571.9	\$15,427.6	-\$109.1	-\$144.2
PROPERTY TAX RELIEF FUND (Income Tax)					
Gross Income Tax	7,739.5	7,430.0	7,250.0	-489.5	-180.0
<i>Tax Changes</i>	37.5	37.5	37.5	0.0	0.0
Subtotal PTRF	\$7,777.0	\$7,467.5	\$7,287.5	-\$489.5	-\$180.0
CASINO REVENUE FUND	360.0	360.0	364.8	4.8	4.8
CASINO CONTROL FUND	62.7	62.7	62.7	0.0	0.0
GUBERNATORIAL ELECTION FUND	1.5	1.0	1.0	-0.5	0.0
GRAND TOTAL, ALL FUNDS	\$23,738.0	\$23,463.1	\$23,143.7	-\$594.3	-\$319.4

**FY 2002 OLS and Executive
Revenue Comparison**
\$ Millions

Figure 4

	FY 2002 May 2002 Executive	FY 2002 May 2002 OLS	Difference
GENERAL FUND:			
Major Taxes:			
Sales Tax (Base)	\$5,901.0	\$5,900.0	-\$1.0
<i>Tax Amnesty</i>	50.0	50.0	0.0
Sales Tax Total	\$5,951.0	\$5,950.0	-\$1.0
Corporation Business	910.2	940.0	29.8
<i>Tax Amnesty</i>	50.0	50.0	0.0
<i>Tax Changes</i>	71.0	71.0	0.0
<i>Energy contribution</i>	0.0	0.0	0.0
Corp. Tax Total	\$1,031.2	\$1,061.0	\$29.8
Motor Fuels	523.0	523.0	0.0
Motor Vehicle Fees	393.4	393.4	0.0
Transfer Inheritance	500.0	500.0	0.0
Cigarette	219.0	219.0	0.0
Insurance Premiums	337.0	337.0	0.0
Petroleum Products Gross Receipts	220.0	220.0	0.0
Public Utilities Excise	8.7	8.7	0.0
Alcoholic Beverage Excise	78.0	80.0	2.0
Corporation Business - Banks & Fin. Inst.	49.0	45.0	-4.0
Realty Transfer	87.0	86.0	-1.0
Savings Institutions	6.0	11.0	5.0
Tobacco Products Wholesale	13.0	12.0	-1.0
Subtotal, Major Taxes	\$9,416.3	\$9,446.1	\$29.8
Misc. Taxes, Fees, Revenues:			
Subtotal, Misc. Revenues	1,956.1	1,956.1	0.0
Interfund Transfers:			
State Lottery Fund	776.2	776.2	0.0
Tobacco Settlement Fund	360.8	360.8	0.0
Unclaimed Personal Property Trust Fund	198.0	198.0	0.0
Various Statutory and Other Fund Transfers	141.0	141.0	0.0
All Other Funds	220.5	220.5	0.0
Subtotal, Interfund Transfers	1,696.5	1,696.5	0.0
TOTAL, GENERAL FUND	\$13,068.9	\$13,098.7	\$29.8
PROPERTY TAX RELIEF FUND (Income Tax)			
Gross Income Tax	6,730.0	6,700.0	-30.0
<i>Tax Amnesty</i>	50.0	50.0	0.0
Subtotal PTRF	\$6,780.0	\$6,750.0	-\$30.0
CASINO REVENUE FUND	352.5	352.5	0.0
CASINO CONTROL FUND	64.6	64.6	0.0
GUBERNATORIAL ELECTION FUND	1.5	1.0	-0.5
GRAND TOTAL, ALL FUNDS	\$20,267.6	\$20,266.9	-\$0.7

FY 2003 OLS and Executive Revenue Comparison

Figure 5

\$ Millions

	FY 2003 May 2002 Executive	FY 2003 May 2002 OLS	Difference
GENERAL FUND:			
Major Taxes:			
Sales Tax (Base)	6,157.0	6,165.0	8.0
<i>Tax Changes</i>	33.0	33.0	0.0
Sales Tax Total	\$6,190.0	\$6,198.0	\$8.0
Corp. Tax Total	\$1,829.5	\$1,829.5	\$0.0
Motor Fuels	536.0	536.0	0.0
Motor Vehicle Fees	424.9	424.9	0.0
Transfer Inheritance	458.0	458.0	0.0
<i>Transfer Inheritance Tax Change</i>	72.0	72.0	0.0
Cigarette	412.0	412.0	0.0
Insurance Premiums	345.0	345.0	0.0
Petroleum Products Gross Receipts	225.0	225.0	0.0
Public Utilities Excise	8.7	8.7	0.0
Alcoholic Beverage Excise	79.0	82.0	3.0
Corporation Business - Banks & Fin. Inst.	52.0	50.0	-2.0
Realty Transfer	96.0	88.0	-8.0
Savings Institutions	5.0	11.0	6.0
Tobacco Products Wholesale	13.0	13.0	0.0
Subtotal, Major Taxes **	\$10,746.1	\$10,753.1	\$7.0
Misc. Taxes, Fees, Revenues:			
Subtotal, Misc. Revenues	2,011.4	2,011.4	0.0
Interfund Transfers:			
State Lottery Fund	797.0	797.0	0.0
Tobacco Settlement Fund	1,351.7	1,351.7	0.0
Unclaimed Personal Prop. Trust Fund	255.0	255.0	0.0
All Other Funds	259.5	259.5	0.0
Subtotal, Interfund Transfers	2,663.2	2,663.2	0.0
TOTAL, GENERAL FUND	\$15,420.6	\$15,427.6	\$7.0
PROPERTY TAX RELIEF FUND (Income Tax)			
Gross Income Tax	7,222.5	7,250.0	27.5
<i>Tax Changes</i>	37.5	37.5	0.0
Subtotal PTRF	\$7,260.0	\$7,287.5	\$27.5
CASINO REVENUE FUND	364.8	364.8	0.0
CASINO CONTROL FUND	62.7	62.7	0.0
GUBERNATORIAL ELECTION FUND	1.5	1.0	-0.5
GRAND TOTAL, ALL FUNDS	\$23,109.7	\$23,143.7	\$34.0

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 2003 budget are encouraged to contact:

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