



# State of New Jersey

Department of the Treasury

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For Information Contact:  
Tom Vincz  
(609) 633-6565

## **First Quarter Revenues Three Percent Under Projections**

*Administration Identifies more than \$200 Million in Savings to Close Gap Immediately, Governor Orders Additional \$200 Million in Cuts by December 1*

TRENTON – State Treasurer David Rousseau said today that revenue collections through the first three months of the fiscal year are approximately \$190 million, or 3.1 percent, below estimates for the first quarter of FY 10.

“As has been the case for virtually every other state that has reported revenue activity in the new fiscal year, New Jersey is experiencing the continuing effects of the global economic downturn. While the current year budget is nearly \$4 billion less than the budget signed last year – by far the largest reduction in state history -- collections through the first quarter have fallen short of our conservative projections.”

Through the vigilant monitoring of the budget, the Corzine administration has identified over \$205 million in immediate savings to close the shortfall in the FY 10 budget. The savings include \$26 million in employee salary cost reductions resulting from the continued decrease in the State workforce; \$13 million in added savings from the new pharmacy benefits manager contract for the State Health Benefits program; and nearly \$20 million in additional debt service savings achieved from the FY 10 debt restructuring initiative.

In addition to these savings, the Governor has ordered the Cabinet to identify another \$200 million in budget reductions by December 1. This will be a continuation of the process that was emphasized last year through the intensive midyear line by line review of current year spending. This process resulted in over \$2 billion in midyear spending cuts during FY 09.

“Through four tough budgets, we know how to cut spending and protect education, health care and other services that are most vital to the people of our State,” said Governor Jon S. Corzine.

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“When we see revenues coming in below projections, we take immediate action to meet our responsibility for a balanced budget.”

Governor Corzine’s budget for FY 10 is approximately \$4 billion, or 12 percent, less than the budget enacted for FY 09 and \$1.8 billion less than the Governor’s first budget in FY 07. For the first time in modern budget history, year to year actual spending has been reduced for two successive fiscal years

For the fiscal year that began on July 1, FY 10 collections to date total \$5.9 billion, which is \$190.4 million (-3.1 percent) below projections for the first quarter. More than one-half of the shortfall is attributable to performance of the Gross Income Tax (GIT) and the Corporation Business Tax (CBT). The GIT totals \$1.98 billion which is \$67.1 million (-3.3 percent) below target. The CBT, at \$439.4 million, is \$45.7 million (-9.4 percent) under projections. The other major revenue, the state Sales Tax, finished the quarter closely in line with projections, totaling \$2 billion, or just 0.1 percent under target for the first quarter of the fiscal year.

“We took aggressive actions last fiscal year when the downturn dramatically reduced New Jersey’s revenue flow to the budget, largely \$4.3 billion in shortfalls by cutting current-year spending,” said Treasurer Rousseau. “We’re prepared to cut deeper into FY 10 spending at this early stage of the fiscal year to maintain a balanced budget.”

“These savings will cut spending by over \$205 million, which is in addition to the \$3.3 billion in reductions we made earlier this calendar year to help close a \$8.2 billion shortfall in the FY 10 budget.”

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**STATE OF NEW JERSEY**  
**REVENUE SOURCE**  
**BUDGET VS EARNED**  
**FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2009**  
**(\$ Thousands)**

Revenue Source	SEPTEMBER		Variance Over/(Under) Budget	% Variance Over/(Under) Budget
	Budget	Earned		
Gross Income	\$ 2,049,000	\$ 1,981,870	\$ (67,130)	(3.3%)
Sales	2,020,000	2,017,677	(2,323)	(0.1%)
Corporation Business	485,200	439,486	(45,714)	(9.4%)
Lottery	207,100	227,160	20,060	9.7%
Motor Fuels	142,200	140,883	(1,317)	(0.9%)
Motor Vehicle Fees (b)	-	-	-	-
Transfer Inheritance	183,100	134,723	(48,377)	(26.4%)
Casino Revenue	90,500	85,021	(5,479)	(6.1%)
Insurance Premium	(3,700)	(27,862)	(24,162)	(653.0%)
Cigarette (a)	-	-	-	-
Petroleum Products Gross Receipts	58,600	55,770	(2,830)	(4.8%)
Corp. Banks & Financial Institutions	19,700	16,043	(3,657)	(18.6%)
Alcoholic Beverage Excise	16,500	17,053	553	3.4%
Realty Transfer	62,400	56,366	(6,034)	(9.7%)
Tobacco Products Wholesale Sales (a)	2,600	3,338	738	28.4%
Public Utility	-	-	-	-
<b>Total</b>	<b>\$ 5,333,200</b>	<b>\$ 5,147,528</b>	<b>\$ (185,672)</b>	<b>(3.5%)</b>
All Other	808,200	803,408	(4,792)	(0.6%)
<b>Total Revenues</b>	<b>\$ 6,141,400</b>	<b>\$ 5,950,936</b>	<b>\$ (190,464)</b>	<b>(3.1%)</b>

(a) Pursuant to P.L. 06-37, revenue collections of \$396.5 million from the cigarette and tobacco products wholesale sales taxes are deposited in the Health Care Subsidy Fund. Pursuant to P.L. 04-69 \$0.0325 per cigarette is dedicated to pay debt service on the Cigarette Securitization Bonds.

(b) Pursuant to P.L. 03-13, \$186.7 million of FY 2010 Motor Vehicle Fee collections are dedicated to the New Jersey Motor Vehicle Commission.

**STATE OF NEW JERSEY**  
**REVENUE SOURCE**  
**BUDGET VERSUS EARNED**  
**MONTH OF SEPTEMBER 2009**  
**(\$ Thousands)**

Revenue Source	<u>SEPTEMBER</u>		Variance Over/(Under) Budget	% Variance Over/(Under) Budget
	Budget	Earned		
Gross Income	\$ 1,142,000	\$ 1,074,721	\$ (67,279)	(5.9%)
Sales	735,000	712,833	(22,167)	(3.0%)
Corporation Business	375,000	329,236	(45,764)	(12.2%)
Lottery	67,200	66,879	(321)	(0.5%)
Motor Fuels	47,200	51,743	4,543	9.6%
Motor Vehicle Fees (b)	-	-	-	-
Transfer Inheritance	53,900	39,658	(14,242)	(26.4%)
Casino Revenue	27,600	26,387	(1,213)	(4.4%)
Insurance Premium	(2,100)	475	2,575	122.6%
Cigarette (a)	-	-	-	-
Petroleum Products Gross Receipts	19,000	18,707	(293)	(1.5%)
Corp. Banks & Financial Institutions	16,000	14,006	(1,994)	(12.5%)
Alcoholic Beverage Excise	100	692	592	592.0%
Realty Transfer	20,200	24,638	4,438	22.0%
Tobacco Products Wholesale Sales (a)	1,200	2,698	1,498	124.8%
Public Utility	-	-	-	-
<b>Total</b>	<b>\$ 2,502,300</b>	<b>\$ 2,362,673</b>	<b>\$ (139,627)</b>	<b>(5.6%)</b>
All Other	269,400	268,595	(805)	(0.3%)
<b>Total Revenues</b>	<b>\$ 2,771,700</b>	<b>\$ 2,631,268</b>	<b>\$ (140,432)</b>	<b>(5.1%)</b>

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**STATE OF NEW JERSEY**  
**MONTH AND YEAR-TO-DATE CASH COLLECTIONS**  
**Fiscal 2010 - September 2009 VERSUS 2008**  
(\$ Thousands)

SEPTEMBER		% Change		SEPTEMBER - YTD		% Change
2008	2009			2008	2009	
\$ 1,127,647	\$ 1,012,721	(10.2%)	Gross Income Tax	\$ 1,688,396	\$ 1,538,870	(8.9%)
656,520	637,833	(2.8%)	Sales	1,363,390	1,282,677	(5.9%)
418,792	329,236	(21.4%)	Corporation Business	553,427	439,486	(20.6%)
64,146	66,879	4.3%	Lottery	203,751	227,160	11.5%
45,412	50,743	11.7%	Motor Fuels	92,748	93,683	1.0%
-	-	-	Motor Vehicle Fees (b)	-	-	-
62,875	39,658	(36.9%)	Transfer Inheritance	211,960	134,723	(36.4%)
28,660	26,388	(7.9%)	Casino Revenue	102,313	85,021	(16.9%)
614	475	(22.6%)	Insurance Premium	2,964	(27,862)	(1040.0%)
-	-	-	Cigarette (a)	-	-	-
18,356	19,507	6.3%	Petroleum Products Gross Receipts	38,635	36,770	(4.8%)
15,435	14,006	(9.3%)	Corp. Banks & Financial Institutions	19,901	16,043	(19.4%)
15,382	16,893	9.8%	Alcoholic Beverage Excise	15,620	16,953	8.5%
26,440	23,039	(12.9%)	Realty Transfer	52,815	36,166	(31.5%)
1,065	2,699	153.4%	Tobacco Products Wholesale Sales (a)	2,554	3,338	30.7%
-	-	-	Public Utility	-	-	-
<u>\$ 2,481,344</u>	<u>\$ 2,240,077</u>	(9.7%)	Total Major Revenues	<u>\$ 4,348,474</u>	<u>\$ 3,883,028</u>	(10.7%)

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**FY10 SUMMARY OF OCTOBER 19, 2009 REDUCTIONS**  
**(Amounts in Thousands)**

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	Amount
<b>CHILDREN AND FAMILIES</b>	
Title IV-E - Increased Federal Claiming	(\$20,000)
Miscellaneous Awards - Adjusted Spending Projection	(\$9,000)
<b>Department Subtotal</b>	<b>(\$29,000)</b>
<b>Children and Families Subtotal</b>	<b>(\$29,000)</b>
<b>CORRECTIONS</b>	
Medical - Adjusted Spending Projection	(\$15,000)
<b>Department Subtotal</b>	<b>(\$15,000)</b>
<b>Corrections Subtotal</b>	<b>(\$15,000)</b>
<b>EDUCATION</b>	
Local School District Post Retirement Medical - Adjusted Spending Projection	(\$23,000)
Payment Delay Savings - Adjusted Spending Projection	(\$20,500)
School Construction and Renovation Fund	(\$5,749)
School Construction Debt Service Aid	(\$450)
Revolving Fund Balances	(\$430)
Bridge Loan Interest and Borrowing Cost Savings	(\$304)
<b>Department Subtotal</b>	<b>(\$50,433)</b>
<b>Education Subtotal</b>	<b>(\$50,433)</b>
<b>ENVIRONMENTAL PROTECTION</b>	
Parks - Unexpected Carryforward Balances	(\$1,700)
Capital Balances	(\$721)
Well Permits - Unexpected Carryforward Balances	(\$229)
Payments In Lieu of Taxes (PILOT) - Adjusted Spending Projection	(\$175)
Water Supply - Unexpected Carryforward Balances	(\$110)
<b>Department Subtotal</b>	<b>(\$2,935)</b>
<b>Environmental Protection Subtotal</b>	<b>(\$2,935)</b>
<b>HEALTH &amp; SENIOR SERVICES</b>	
Nursing Homes - Adjusted Spending Assumption	(\$4,688)
Family Health Services Spending Freeze	(\$38)
<b>Department Subtotal</b>	<b>(\$4,726)</b>
<b>Health &amp; Senior Services Subtotal</b>	<b>(\$4,726)</b>
<b>LAW &amp; PUBLIC SAFETY</b>	
Bureau of Securities Balances	(\$4,000)
State Police Operations - Unexpected Carryforward Balances	(\$590)
Noncriminal Records - Unexpected Carryforward Balances	(\$93)
<b>Department Subtotal</b>	<b>(\$4,683)</b>
<b>Law &amp; Public Safety Subtotal</b>	<b>(\$4,683)</b>
<b>STATE</b>	
<b>COMMISSION ON HIGHER EDUCATION</b>	
Special Needs - Diagnostic Assessments and Training Activities	(\$130)
<b>Commission on Higher Education Subtotal</b>	<b>(\$130)</b>
<b>HIGHER ED STUDENT ASSISTANCE AUTH.</b>	
Social Services Student Loan Redemption Program - Unexpected Carryforward Funds	(\$422)
Coordinated Garden State Scholarship Programs - Unexpected Carryforward Funds	(\$286)
<b>Higher Ed Student Assistance Auth. Subtotal</b>	<b>(\$708)</b>

**FY10 SUMMARY OF OCTOBER 19, 2009 REDUCTIONS**  
**(Amounts in Thousands)**

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	Amount
<b>WILLIAM PATERSON UNIVERSITY OF NJ</b>	
The New Jersey Project - Adjusted Spending Projection	(\$100)
<b>William Paterson University of NJ Subtotal</b>	(\$100)
<b>State Subtotal</b>	(\$938)
<b>TREASURY</b>	
Division of Investments - Unexpected Carryforward Balance	(\$335)
<b>Department Subtotal</b>	(\$335)
<b>COMMERCE &amp; ECONOMIC DEVELOPMENT</b>	
Division of Business Assistance Marketing International Trade Operational Efficiencies	(\$25)
<b>Commerce &amp; Economic Development Subtotal</b>	(\$25)
<b>MISCELLANEOUS HIGHER ED.</b>	
New Jersey Marine Sciences Consortium - Reduced Spending	(\$76)
Stem Cell Institute - Unexpected Carryforward Balance	(\$7)
<b>Miscellaneous Higher Ed. Subtotal</b>	(\$83)
<b>TREASURY-DIRECT PROPERTY RELIEF</b>	
Homestead Rebates - Adjusted Spending Projection	(\$35,000)
Senior and Veterans' Property Tax Deduction Reimbursement - Adjusted Spending Projection	(\$3,036)
<b>Treasury-Direct Property Relief Subtotal</b>	(\$38,036)
<b>Treasury Subtotal</b>	(\$38,479)
<b>INTER-DEPARTMENTAL</b>	
<b>INTER-DEPARTMENTAL</b>	
New Jersey Building Authority - Adjusted Spending Projection	(\$2,514)
Capital Balances	(\$1,467)
<b>Inter-departmental Subtotal</b>	(\$3,981)
<b>EMPLOYEE BENEFITS</b>	
Additional Pharmacy Benefit Manager Savings	(\$12,000)
<b>Employee Benefits Subtotal</b>	(\$12,000)
<b>OTHER INTER-DEPARTMENTAL ACCOUNTS</b>	
Lower Interest Cost On Short Term Notes	(\$10,000)
Prior Year Balances	(\$4,100)
<b>Other Inter-departmental Accounts Subtotal</b>	(\$14,100)
<b>RENTALS AND UTILITIES</b>	
Fuel and Utilities	(\$3,000)
Central Rent Line of Credit - Unexpected Carryforward Balance	(\$629)
<b>Rentals and Utilities Subtotal</b>	(\$3,629)
<b>SALARY &amp; OTHER BENEFITS (ADJUSTMNTS)</b>	
Salary Program - Unexpected Carryforward Balances	(\$26,000)
<b>Salary &amp; Other Benefits (Adjustmnts) Subtotal</b>	(\$26,000)
<b>Inter-departmental Subtotal</b>	(\$59,710)
<b>TOTAL</b>	<u>(\$205,904)</u>