



State of New Jersey

Department of the Treasury

For Immediate Release:
January 16, 2009

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

State Revenues Below Projections For Third Straight Month

TRENTON – State Treasurer David Rousseau announced today that for the third straight month, revenues fell significantly below budget projections, with December’s collections coming in about \$354 million under target. There were also revenue shortfalls of about \$200 million in November and \$211 million in October. Collections through the first six months of FY09 total \$13.28 billion, which is \$812 million (-5.8 percent) below estimates for the period.

For December, nearly every major revenue source came in below projections. Among the big three, the Gross Income Tax came in \$191.9 million under projections, while the Sales Tax finished \$89 million below targets, and the Corporation Business Tax was \$73 million below budget estimates.

Through the six months ending December 31, Gross Income Tax was \$4.64 billion, which was \$405.6 million (-8 percent) under target. Corporation Business Tax collections came in at \$1.17 billion for the same period, which is \$90.6 million (-7.2 percent) below projections. Sales Tax collections totaled \$4.13 billion, finishing \$248 million (-5.7 percent) under year to date targets.

“The revenue numbers continue to show how deeply the nation’s economic troubles have affected businesses, personal income and consumer spending in New Jersey,” Rousseau said.

Treasurer Rousseau recently estimated that New Jersey’s revenue shortfall for FY09 would reach approximately \$1.7 billion in addition to another \$300 million in updated spending requirements. The estimated shortfall spurred \$812 million in spending reductions announced earlier this month by Gov. Jon S. Corzine. Those reductions came after a line by line review of the budget and touched every part of State government. They included a freeze on pay raises for all State employees for the next 18 months; the shift of \$500 million from the Long Term Debt Reduction Fund; and the use of \$275 million of the State’s Rainy Day Fund.

“We’ve taken the painful but necessary steps to maintain a balanced budget and if further spending reductions are necessary we’ll continue our intense line by line budget review process,” Rousseau said.

##

STATE OF NEW JERSEY
MONTH AND YEAR-TO-DATE CASH COLLECTIONS
Fiscal 2009 - December 2008 VERSUS 2007

(\$ Thousands)

| DECEMBER | | % | | DECEMBER - YTD | | % |
|---------------------|---------------------|---------|--------------------------------------|----------------------|----------------------|---------|
| 2007 | 2008 | | | 2007 | 2008 | |
| \$ 985,172 | \$ 1,070,039 | 8.6% | Gross Income Tax | \$ 4,122,526 | \$ 4,102,309 | (0.5%) |
| 659,556 | 583,993 | (11.5%) | Sales | 3,494,006 | 3,265,973 | (6.5%) |
| 516,587 | 410,655 | (20.5%) | Corporation Business | 1,358,339 | 1,176,312 | (13.4%) |
| 78,150 | 77,639 | (0.7%) | Lottery | 430,634 | 415,910 | (3.4%) |
| 41,376 | 45,375 | 9.7% | Motor Fuels | 236,779 | 227,832 | (3.8%) |
| 24,719 | 43,885 | 77.5% | Motor Vehicle Fees (b) | 24,719 | 51,815 | 109.6% |
| 38,317 | 54,358 | 41.9% | Transfer Inheritance | 357,899 | 378,517 | 5.8% |
| 24,998 | 23,216 | (7.1%) | Casino Revenue | 201,719 | 182,510 | (9.5%) |
| (227) | 590 | 359.9% | Insurance Premium | (7,682) | 9,020 | 217.4% |
| - | - | - | Cigarette (a) | - | - | - |
| 22,162 | 19,772 | (10.8%) | Petroleum Products Gross Receipts | 99,004 | 94,590 | (4.5%) |
| 5,950 | 24,897 | 318.4% | Corp. Banks & Financial Institutions | 45,293 | 47,863 | 5.7% |
| 268 | 145 | (45.9%) | Alcoholic Beverage Excise | 29,909 | 30,089 | 0.6% |
| 31,671 | 15,202 | (52.0%) | Realty Transfer | 162,471 | 109,231 | (32.8%) |
| 1,233 | 1,783 | 44.6% | Tobacco Products Wholesale Sales (a) | 6,104 | 6,799 | 11.4% |
| - | - | - | Public Utility | - | - | - |
| <u>\$ 2,429,932</u> | <u>\$ 2,371,549</u> | (2.4%) | Total Major Revenues | <u>\$ 10,561,720</u> | <u>\$ 10,098,770</u> | (4.4%) |

(a) Pursuant to P.L. 06-37, revenue collections of \$370.0 million from the cigarette and tobacco products wholesale sales taxes are deposited in the Health Care Subsidy Fund starting with fiscal year 2007. 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, \$209.4 million of FY 2009 Motor Vehicle Fee collections are dedicated to the New Jersey Motor Vehicle Commission.

STATE OF NEW JERSEY
REVENUE SOURCE
BUDGET VERSUS EARNED
MONTH OF DECEMBER 2008
(\$ Thousands)

| Revenue Source | DECEMBER | | Variance Over/(Under) Budget | % Variance Over/(Under) Budget |
|--------------------------------------|---------------------|---------------------|------------------------------------|--------------------------------------|
| | Budget | Earned | | |
| Gross Income | \$ 1,104,000 | \$ 912,039 | \$ (191,961) | (17.4%) |
| Sales | 869,000 | 779,993 | (89,007) | (10.2%) |
| Corporation Business | 484,000 | 410,655 | (73,345) | (15.2%) |
| Lottery | 76,500 | 77,639 | 1,139 | 1.5% |
| Motor Fuels | 50,400 | 52,675 | 2,275 | 4.5% |
| Motor Vehicle Fees (b) | 45,500 | 43,885 | (1,615) | (3.5%) |
| Transfer Inheritance | 44,800 | 54,358 | 9,558 | 21.3% |
| Casino Revenue | 29,400 | 23,216 | (6,184) | (21.0%) |
| Insurance Premium | 200 | 590 | 390 | 195.0% |
| Cigarette (a) | - | - | - | - |
| Petroleum Products Gross Receipts | 20,000 | 20,272 | 272 | 1.4% |
| Corp. Banks & Financial Institutions | 13,300 | 24,897 | 11,597 | 87.2% |
| Alcoholic Beverage Excise | 18,200 | 18,345 | 145 | 0.8% |
| Realty Transfer | 30,200 | 12,502 | (17,698) | (58.6%) |
| Tobacco Products Wholesale Sales (a) | 1,400 | 1,783 | 383 | 27.4% |
| Public Utility | - | - | - | - |
| Total | <u>\$ 2,786,900</u> | <u>\$ 2,432,849</u> | <u>\$ (354,051)</u> | <u>(12.7%)</u> |
| All Other | 277,200 | 277,173 | (27) | (0.0%) |
| Total Revenues | <u>\$ 3,064,100</u> | <u>\$ 2,710,022</u> | <u>\$ (354,078)</u> | <u>(11.6%)</u> |

(a) Pursuant to P.L. 06-37, revenue collections of \$370.0 million from the cigarette and tobacco products wholesale sales taxes are deposited in the Health Care Subsidy Fund starting with fiscal year 2007. 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, \$209.4 million of FY 2009 Motor Vehicle Fee collections are dedicated to the New Jersey Motor Vehicle Commission.

STATE OF NEW JERSEY
REVENUE SOURCE
BUDGET VS EARNED
FOR THE SIX MONTHS ENDING DECEMBER 31, 2008
(\$ Thousands)

| Revenue Source | December | | Variance Over/(Under) Budget | % Variance Over/(Under) Budget |
|--------------------------------------|----------------------|----------------------|------------------------------------|--------------------------------------|
| | Budget | Earned | | |
| Gross Income | \$ 5,050,000 | \$ 4,644,309 | \$ (405,691) | (8.0%) |
| Sales | 4,383,000 | 4,134,973 | (248,027) | (5.7%) |
| Corporation Business | 1,267,000 | 1,176,312 | (90,688) | (7.2%) |
| Lottery | 419,900 | 415,910 | (3,990) | (1.0%) |
| Motor Fuels | 284,200 | 278,232 | (5,968) | (2.1%) |
| Motor Vehicle Fees (b) | 88,700 | 51,815 | (36,885) | (41.6%) |
| Transfer Inheritance | 338,700 | 378,517 | 39,817 | 11.8% |
| Casino Revenue | 201,800 | 182,510 | (19,290) | (9.6%) |
| Insurance Premium | 1,900 | 9,020 | 7,120 | 374.7% |
| Cigarette (a) | - | - | - | - |
| Petroleum Products Gross Receipts | 118,500 | 114,590 | (3,910) | (3.3%) |
| Corp. Banks & Financial Institutions | 35,800 | 47,863 | 12,063 | 33.7% |
| Alcoholic Beverage Excise | 48,900 | 48,289 | (611) | (1.2%) |
| Realty Transfer | 193,100 | 139,431 | (53,669) | (27.8%) |
| Tobacco Products Wholesale Sales (a) | 7,200 | 6,799 | (401) | (5.6%) |
| Public Utility | - | - | - | - |
| Total | <u>\$ 12,438,700</u> | <u>\$ 11,628,570</u> | <u>\$ (810,130)</u> | <u>(6.5%)</u> |
| All Other | <u>1,662,900</u> | <u>1,660,035</u> | <u>(2,865)</u> | <u>(0.2%)</u> |
| Total Revenues | <u>\$ 14,101,600</u> | <u>\$ 13,288,605</u> | <u>\$ (812,995)</u> | <u>(5.8%)</u> |

(a) Pursuant to P.L. 06-37, revenue collections of \$370.0 million from the cigarette and tobacco products wholesale sales taxes are deposited in the Health Care Subsidy Fund starting with fiscal year 2007. 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, \$209.4 million of FY 2009 Motor Vehicle Fee collections are dedicated to the New Jersey Motor Vehicle Commission.