



State of New Jersey

Department of the Treasury

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For Information Contact:
Bill Quinn
(609) 984-6493

Strength in State Revenues Continues in February for Third Month in a Row *February Results 9.5 Percent Ahead of Initial Forecasts*

TRENTON – A second month of strong sales tax collections combined with the continued over-performance of the state’s income tax collections made February the third month in a row where the state’s revenues exceeded initial forecasts. Overall, February revenues were \$156 million, or 9.5 percent, ahead of forecasts.

“February was another strong month for state revenues and the steady gains we have been seeing over the past three months add up to a very encouraging trend,” said State Treasurer Andrew Sidamon-Eristoff.

On a year-over-year basis, collections in February were up 6.6 percent for the sales tax and 5.1 percent for the income tax. For July through February of fiscal year 2013, income tax collections were 8.6 percent higher, and sales tax collections were 2.1 percent higher than those receipts over the same period of time last year. Overall, the \$14.89 billion the state has collected during the first 8 months of fiscal year 2013 represents growth of 4.4 percent over the previous year.

February also saw a more than 50 percent year-over-year increase in collections of the realty transfer tax which is paid when real estate transactions are completed. With February’s gain, collections of the tax in fiscal year 2013 are running 7.2 percent higher than their level in the prior fiscal year.

“The ongoing strength in income and sales taxes combined with a growth in realty transfer tax collections could be a sign that a turnaround in the housing market is

starting and reflects an ongoing improvement in the state's economy," said Dr. Charles Steindel, the Department of the Treasury's Chief Economist.

STATE OF NEW JERSEY
MONTH AND YEAR-TO-DATE CASH COLLECTIONS
Fiscal 2013 - FEBRUARY 2013 versus 2012

(\$ Thousands)

| FEBRUARY | | % | | FEBRUARY - YTD | | % |
|---------------------|---------------------|----------|--------------------------------------|----------------------|----------------------|---------|
| 2012 | 2013 | | | 2012 | 2013 | |
| \$ 668,173 | \$ 701,962 | 5.1% | Gross Income Tax | \$ 6,296,650 | \$ 6,836,426 | 8.6% |
| 577,950 | 616,008 | 6.6% | Sales | 4,657,283 | 4,756,469 | 2.1% |
| 22,210 | 20,444 | (8.0%) | Corporation Business | 1,083,926 | 1,036,535 | (4.4%) |
| 82,606 | 69,386 | (16.0%) | Lottery | 591,843 | 596,214 | 0.7% |
| 35,480 | 40,168 | 13.2% | Motor Fuels | 304,895 | 303,724 | (0.4%) |
| 44,113 | 57,213 | 29.7% | Motor Vehicle Fees (b) | 215,648 | 215,017 | (0.3%) |
| 39,852 | 50,485 | 26.7% | Transfer Inheritance | 434,401 | 406,557 | (6.4%) |
| 19,778 | 15,308 | (22.6%) | Casino Revenue | 150,933 | 133,452 | (11.6%) |
| 144,368 | 190,002 | 31.6% | Insurance Premium | 167,922 | 217,106 | 29.3% |
| - | 7,540 | - | Cigarette (a) | - | 7,540 | - |
| 14,457 | 15,076 | 4.3% | Petroleum Products Gross Receipts | 131,126 | 120,712 | (7.9%) |
| 2,306 | (262) | (111.4%) | Corp. Banks & Financial Institutions | 44,529 | 71,157 | 59.8% |
| 302 | 249 | (17.5%) | Alcoholic Beverage Excise | 53,369 | 53,685 | 0.6% |
| 13,277 | 20,005 | 50.7% | Realty Transfer | 115,857 | 124,173 | 7.2% |
| - | - | - | Savings Institutions | (9) | (1) | - |
| 1,086 | 1,024 | (5.7%) | Tobacco Products Wholesale Sales (a) | 11,936 | 12,334 | 3.3% |
| - | - | - | Public Utility | - | - | - |
| <u>\$ 1,665,958</u> | <u>\$ 1,804,608</u> | 8.3% | Total Major Revenues | <u>\$ 14,260,309</u> | <u>\$ 14,891,100</u> | 4.4% |

(a) Pursuant to P.L. 06-37, revenue collections of \$396.5 million from the cigarette and tobacco products wholesale sales tax 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, \$204.9 million of FY 2013 Motor Vehicle Fee collections are dedicated to the New Jersey Motor Vehicle Commission.

STATE OF NEW JERSEY
FISCAL YEAR 2013
REVENUE SOURCE
BUDGET VERSUS ACTUAL
MONTH OF FEBRUARY 2013
(\$ Thousands)

| Revenue Source | FEBRUARY | | Variance Over/(Under) Budget | % Variance Over/(Under) Budget |
|--------------------------------------|---------------------|---------------------|------------------------------------|--------------------------------------|
| | Cash Budget | (c) Actual | | |
| Gross Income | \$ 559,600 | \$ 701,962 | \$ 142,362 | 25.4% |
| Sales | 598,800 | 616,008 | 17,208 | 2.9% |
| Corporation Business | 31,700 | 20,444 | (11,256) | (35.5%) |
| Lottery | 79,300 | 69,386 | (9,914) | (12.5%) |
| Motor Fuels | 36,100 | 40,168 | 4,068 | 11.3% |
| Motor Vehicle Fees (b) | 49,500 | 57,213 | 7,713 | 15.6% |
| Transfer Inheritance | 45,000 | 50,485 | 5,485 | 12.2% |
| Casino Revenue | 23,500 | 15,308 | (8,192) | (34.9%) |
| Insurance Premium | 175,500 | 190,002 | 14,502 | 8.3% |
| Cigarette (a) | 14,000 | 7,540 | (6,460) | (46.1%) |
| Petroleum Products Gross Receipts | 16,300 | 15,076 | (1,224) | (7.5%) |
| Corp. Banks & Financial Institutions | 2,000 | (262) | (2,262) | (113.1%) |
| Alcoholic Beverage Excise | 400 | 249 | (151) | (37.8%) |
| Realty Transfer | 15,400 | 20,005 | 4,605 | 29.9% |
| Tobacco Products Wholesale Sales (a) | 1,200 | 1,024 | (176) | (14.7%) |
| Public Utility | - | - | - | - |
| Total Revenues | <u>\$ 1,648,300</u> | <u>\$ 1,804,608</u> | <u>\$ 156,308</u> | 9.5% |

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- (b) Pursuant to P.L. 03-13, \$204.9 million of FY 2013 Motor Vehicle Fee collections are dedicated to the New Jersey Motor Vehicle Commission.
- (c) Monthly budgets are estimates based on long-term, intra-year revenue collection patterns and fiscal year projections. Because of fluctuations in revenue collections from year to year, one month's collections may differ dramatically from year-earlier figures and budgets without necessarily affecting total revenue collections in a fiscal year.

**STATE OF NEW JERSEY
FISCAL YEAR 2013
REVENUE SOURCE
BUDGET VERSUS ACTUAL
FOR THE EIGHT MONTHS ENDED FEBRUARY 28, 2013
(\$ Thousands)**

| Revenue Source | FEBRUARY | | Variance Over/(Under) Budget | % Variance Over/(Under) Budget |
|--------------------------------------|----------------------|----------------------|------------------------------------|--------------------------------------|
| | Cash Budget | (c) Actual | | |
| Gross Income | \$ 6,492,400 | \$ 6,836,426 | \$ 344,026 | 5.3% |
| * Sales | 4,893,000 | 4,756,469 | (136,531) | (2.8%) |
| Corporation Business | 1,254,100 | 1,036,535 | (217,565) | (17.3%) |
| Lottery | 640,700 | 596,214 | (44,486) | (6.9%) |
| * Motor Fuels | 322,600 | 303,724 | (18,876) | (5.9%) |
| Motor Vehicle Fees (b) | 200,800 | 215,017 | 14,217 | 7.1% |
| Transfer Inheritance | 465,700 | 406,557 | (59,143) | (12.7%) |
| Casino Revenue | 185,300 | 133,452 | (51,848) | (28.0%) |
| Insurance Premium | 186,000 | 217,106 | 31,106 | 16.7% |
| Cigarette (a) | 14,000 | 7,540 | (6,460) | (46.1%) |
| * Petroleum Products Gross Receipts | 132,800 | 120,712 | (12,088) | (9.1%) |
| Corp. Banks & Financial Institutions | 80,500 | 71,157 | (9,343) | (11.6%) |
| * Alcoholic Beverage Excise | 60,400 | 53,685 | (6,715) | (11.1%) |
| * Realty Transfer | 145,300 | 124,173 | (21,127) | (14.5%) |
| Tobacco Products Wholesale Sales (a) | 11,600 | 12,334 | 734 | 6.3% |
| Public Utility | - | - | - | - |
| Total Revenues | <u>\$ 15,085,200</u> | <u>\$ 14,891,100</u> | <u>\$ (194,100)</u> | <u>(1.3%)</u> |

* Revenues are on a one month lag. All other revenues represent eight months of cash collections.

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The foregoing estimates were prepared in May 2012 in connection with the preparation of the Fiscal Year 2013 budget. Such estimates and the assumptions supporting them were based on information at the time of the projections, are believed to be reasonable, and are not construed as assurances of actual outcomes. All such estimates of future revenues constitute forward-looking statements and may or may not be realized because of a variety of economic and other circumstances.