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State of New Jersey Department of the Treasury

Fiscal Year 2014 Revenues Outpace Fiscal Year 2013 Year-Over-Year by 4.5 Percent; March Corporation Business Tax Collections Beat Revenue Projections by \$44 Million

TRENTON – Revenues collected by the State of New Jersey from major taxes in Fiscal Year 2014 have outpaced Fiscal Year 2013 by 4.5 percent through nine months. This growth comes despite March's results, which fell short of monthly targets as a faster than anticipated distribution of tax refund payments and the continued impact of severe winter weather constrained net cash collections.

New Jersey brought in \$1.91 billion in revenues from its major tax sources in March, including a combined \$1.46 billion from gross income tax, sales tax and corporation business tax.

Corporation Business Tax collections were up 16.6 percent for the month compared to revised Fiscal Year 2014 projections for March. Transfer inheritance tax collections beat projections by 8.1 percent.

Updated tax return processing technology has allowed the State to distribute refund payments to taxpayers at a faster rate than had been anticipated, as reflected in March's net gross income tax collections compared to revised budget projections.

“The surge in refunds masked the largest amount of income tax payments for any March,” said Dr. Charles Steindel, the Department of Treasury Chief Economist. “We anticipate as refund payments cool off, and final payments come in, net revenues will improve.”

The sales tax and realty transfer tax figures in the March report reflect collections for February. The February results from those sources underscore that abnormally harsh weather negatively impacted economic activity, as it did in previous cold-weather months.

One of the largest blizzards of the season hit New Jersey in February, which recorded above-normal precipitation and several days with temperatures of 10 degrees or lower, according to the Office of the State Climatologist. Gov. Chris Christie declared three states of emergency during the month and two delayed openings of State offices because of adverse weather and hazardous road conditions.

Auto sales, in particular, fell during the period, with Mideast states such as Delaware, Maryland, New Jersey, New York and Pennsylvania heavily affected by inclement weather, which deters shoppers from going to showrooms, according to auto industry analysts.

“Receipts of sales and real estate transaction taxes were likely held back by February weather, holding down retail sales and housing transactions that month,” Dr. Steindel said. “That softness showed up when the tax payments were made in March. We expect that pent-up demand to result in improved sales tax revenues this spring—especially from sources such as auto sales. “

“Accelerated refund payments, in addition to February’s harsh weather, constrained March cash collections compared to projections,” said New Jersey State Treasurer Andrew Sidamon-Eristoff. “We do not believe these factors will carry over to April and the balance of the fiscal year.”

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