



State of New Jersey

Department of the Treasury

For Immediate Release
Dec. 14, 2010

For Information Contact:
Andrew Pratt
(609) 984-6493

Better-Than-Expected Revenue Collections Continued in November

TRENTON – Revenue collections for the first five months of the fiscal year ran 3.8 percent above projections, a welcome development that should help New Jersey avoid mid-year cuts in a budget that already demands shared sacrifice, Treasurer Andrew Sidamon-Eristoff said.

Income tax collections, the biggest source of revenue for the state, are running 12.7 percent above projections so far in the 2011 fiscal year, which began on July 1. In contrast, sales taxes, the second-biggest revenue generator, are still lagging estimates, falling 1.4 percent below conservative forecasts.

“At the risk of sounding overly pessimistic, I’m concerned that sales taxes are down at the same time that income taxes are up,” Sidamon-Eristoff said. “This may signal that income taxes aren’t rising solely because of an improved economy. Instead, a substantial portion of the rise in income tax collections may be attributable to tax strategies employed by high-income earners.”

“Taxpayers may have been trying to shift income from 2011 to 2010 to avoid the potential Jan. 1 increase in federal tax rates,” Sidamon-Eristoff said. “In addition, firms have reportedly been awarding some staff bonuses early to give workers extra cash for holiday shopping. Finally, it’s possible some taxpayers have not reduced their withholding in line with the 2010 reduction in state income taxes.”

These factors could reduce revenue growth in the balance of the fiscal year, hold down final tax payments next spring, and increase refunds, lowering income tax collections for the last six months of fiscal 2011, the Treasurer said.

“The good news is that we are right on target for the first five months of 2010, but collections during the first four months of calendar 2011 will determine whether the faster growth we’re seeing in New Jersey incomes is real and can be sustained,” Sidamon-Eristoff said.

For the month of November alone, income tax collections were 22 percent higher than budget projections. In contrast, sales taxes, which have lagged estimates for the entire fiscal year, were 0.1 percent less than projected.

Corporation business tax collections were 37.2 percent higher than projections. Lottery collections were 4.3 percent under expected receipts.

STATE OF NEW JERSEY
REVENUE SOURCE
BUDGET VERSUS EARNED
NOVEMBER 2010
(\$ Thousands)

Revenue Source	NOVEMBER		Variance Over/(Under) Budget	% Variance Over/(Under) Budget
	Budget	Earned		
Gross Income	\$ 649,000	\$ 790,929	\$ 141,929	21.9%
Sales	587,000	586,637	(363)	(0.1%)
Corporation Business	30,000	41,146	11,146	37.2%
Lottery	74,300	71,094	(3,206)	(4.3%)
Motor Fuels	43,900	41,561	(2,339)	(5.3%)
Motor Vehicle Fees (b)	16,000	13,846	(2,154)	(13.5%)
Transfer Inheritance	53,100	63,240	10,140	19.1%
Casino Revenue	21,700	22,842	1,142	5.3%
Insurance Premium	5,100	7,362	2,262	44.4%
Cigarette (a)	-	-	-	-
Petroleum Products Gross Receipts	19,700	21,683	1,983	10.1%
Corp. Banks & Financial Institutions	(400)	1,095	1,495	373.8%
Alcoholic Beverage Excise	200	(1,371)	(1,571)	(785.5%)
Realty Transfer	21,500	17,184	(4,316)	(20.1%)
Tobacco Products Wholesale Sales (a)	1,400	1,525	125	8.9%
Public Utility	-	7	7	-
Total	\$ 1,522,500	\$ 1,678,780	\$ 156,280	10.3%
All Other (c)	289,100	289,100	-	-
Total Revenues	\$ 1,811,600	\$ 1,967,880	\$ 156,280	8.6%

(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, \$238.0 million of FY 2011 Motor Vehicle Fee collections are dedicated to the New Jersey Motor Vehicle Commission.

(c) Due to the sporadic nature of cash collections, including once a year assessments, OMB accrues to the budgeted target on a monthly basis and adjusts at the time of GBM.

STATE OF NEW JERSEY
REVENUE SOURCE
BUDGET VS EARNED
FOR THE FIVE MONTHS ENDED NOVEMBER 30, 2010
(\$ Thousands)

Revenue Source	<u>NOVEMBER</u>		Variance Over/(Under) Budget	% Variance Over/(Under) Budget
	Budget	Earned		
Gross Income	\$ 3,041,000	\$ 3,425,921	\$ 384,921	12.7%
Sales	3,192,300	3,147,724	(44,576)	(1.4%)
Corporation Business	469,800	537,072	67,272	14.3%
Lottery	368,700	357,149	(11,551)	(3.1%)
Motor Fuels	241,000	229,192	(11,808)	(4.9%)
Motor Vehicle Fees (b)	16,000	13,846	(2,154)	(13.5%)
Transfer Inheritance	267,200	265,311	(1,889)	(0.7%)
Casino Revenue	118,700	116,680	(2,020)	(1.7%)
Insurance Premium	7,100	21,840	14,740	207.6%
Cigarette (a)	-	-	-	-
Petroleum Products Gross Receipts	95,300	93,759	(1,541)	(1.6%)
Corp. Banks & Financial Institutions	40,200	46,338	6,138	15.3%
Alcoholic Beverage Excise	33,400	29,523	(3,877)	(11.6%)
Realty Transfer	116,900	81,711	(35,189)	(30.1%)
Tobacco Products Wholesale Sales (a)	7,200	6,701	(499)	(6.9%)
Public Utility	-	7	7	-
Total	\$ 8,014,800	\$ 8,372,774	\$ 357,974	4.5%
All Other (c)	1,444,000	1,444,000	-	-
Total Revenues	\$ 9,458,800	\$ 9,816,774	\$ 357,974	3.8%

(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, \$238.0 million of FY 2011 Motor Vehicle Fee collections are dedicated to the New Jersey Motor Vehicle Commission.

(c) Due to the sporadic nature of cash collections, including once a year assessments, OMB accrues to the budgeted target on a monthly basis and adjusts at the time of GBM.

STATE OF NEW JERSEY
MONTH AND YEAR-TO-DATE CASH COLLECTIONS
Fiscal 2011 - NOVEMBER 2010 versus 2009

(\$ Thousands)

NOVEMBER			%	NOVEMBER - YTD			%
2009	2010	Change		2009	2010	Change	
\$ 570,139	\$ 603,929	5.9%	Gross Income Tax	\$ 2,885,382 (c)	\$ 3,007,921	4.2%	
562,892	584,637	3.9%	Sales	2,501,292	2,560,724	2.4%	
29,818	41,146	38.0%	Corporation Business	542,680	537,072	(1.0%)	
67,000	71,094	6.1%	Lottery	370,013	357,149	(3.5%)	
44,626	45,361	1.6%	Motor Fuels	184,585	185,292	0.4%	
42,450	13,846	(67.4%)	Motor Vehicle Fees (b)	54,099	13,846	(74.4%)	
40,634	63,240	55.6%	Transfer Inheritance	235,511	265,311	12.7%	
22,483	22,842	1.6%	Casino Revenue	130,428	116,680	(10.5%)	
5,432	7,362	35.5%	Insurance Premium	(20,452)	21,840	206.8%	
-	-	-	Cigarette (a)	-	-	-	
18,106	19,383	7.1%	Petroleum Products Gross Receipts	73,015	74,059	1.4%	
574	1,095	90.8%	Corp. Banks & Financial Institutions	22,477	46,338	106.2%	
17,079	14,529	(14.9%)	Alcoholic Beverage Excise	34,389	29,323	(14.7%)	
11,454	15,384	34.3%	Realty Transfer	64,084	60,211	(6.0%)	
1,415	1,525	7.8%	Tobacco Products Wholesale Sales (a)	6,124	6,701	9.4%	
-	7	-	Public Utility	-	7	-	
<u>\$ 1,434,102</u>	<u>\$ 1,505,380</u>	5.0%	Total Major Revenues	<u>\$ 7,083,627 (c)</u>	<u>\$ 7,282,474</u>	2.8%	

- (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, \$238.0 million of FY 2011 Motor Vehicle Fee collections are dedicated to the New Jersey Motor Vehicle Commission.
- (c) For comparative purposes, the 2009 YTD Gross Income Tax has been adjusted. Due to a formula error, \$111.858 million was recorded in June 2009 that should have been recorded in July 2009. The July Gross Income Tax withholding collections are allocated to June and July based on the number of work days that pertain to June versus July. To accurately reflect the correct allocation between June and July 2009, YTD 2009 Gross Income Tax has been increased by \$111.858 million.