



State of New Jersey

Department of the Treasury

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Strong Sales and Income Tax Collections Helped State Revenues Beat Forecast for a Second Month

TRENTON – A rebound in sales tax collections in January combined with continued strong growth in income tax collections helped New Jersey post a second straight month of overall revenues exceeding budgeted amounts.

On a year-over-year basis, collections in January were up 18.3 percent for the income tax and 11.4 percent for the sales tax. The monthly income tax receipts exceeded targets that took into account the fact that January 2013 included an extra Wednesday of withholding tax payments compared to January 2012.

For fiscal year 2013 to date, income and sales tax collections were respectively 9 and 1.5 percent ahead of their levels in the same period in the previous fiscal year. Total collections from the state's 14 major state revenue sources also continue to be strong. For the fiscal year to date, those revenues came to \$13.08 billion, 3.9 percent higher than their level in the prior fiscal year.

"What is most striking," said Dr. Charles Steindel, the Department of the Treasury's Chief Economist, "is the resurgence of sales tax revenue, which appears to be a

combination of a catch-up of spending deferred by Sandy, additional spending coming in line to make up for losses to Sandy, and the strengthening of the underlying trend in spending late last year.”

Steindel said a surge in Motor Vehicle fee collections, which were 18.5 percent ahead of budget in January, in part reflected the replacement of thousands of cars and trucks that were damaged by Sandy.

Total collections for the month were 2.5 percent ahead of the budgeted level, building on the trend started in December when total revenues were 1.1 percent higher than the budgeted level.

“The recovery in our sales tax collections combined with the trend we have seen throughout this fiscal year of strong outperformance in our income tax collections are both signs that the fundamentals of the state economy are firming up in a way that bodes well for the rest of the fiscal year,” said State Treasurer Andrew Sidamon-Eristoff.

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

(\$ Thousands)

JANUARY		% Change		JANUARY - YTD		% Change
2012	2013			2012	2013	
\$ 1,502,108	\$ 1,776,661	18.3%	Gross Income Tax	\$ 5,628,477	\$ 6,134,464	9.0%
791,984	882,631	11.4%	Sales	4,079,333	4,140,461	1.5%
122,910	84,042	(31.6%)	Corporation Business	1,061,716	1,016,091	(4.3%)
71,657	75,176	4.9%	Lottery	509,237	526,828	3.5%
37,545	44,208	17.7%	Motor Fuels	269,415	263,556	(2.2%)
53,110	63,067	18.7%	Motor Vehicle Fees (b)	171,535	157,804	(8.0%)
52,316	55,570	6.2%	Transfer Inheritance	394,549	356,072	(9.8%)
22,114	16,024	(27.5%)	Casino Revenue	131,155	118,144	(9.9%)
1,258	591	(53.0%)	Insurance Premium	23,554	27,104	15.1%
-	-	-	Cigarette (a)	-	-	-
19,161	17,839	(6.9%)	Petroleum Products Gross Receipts	116,669	105,636	(9.5%)
(3,206)	322	(110.0%)	Corp. Banks & Financial Institutions	42,223	71,419	69.1%
22,374	22,076	(1.3%)	Alcoholic Beverage Excise	53,067	53,436	0.7%
17,632	17,524	(0.6%)	Realty Transfer	102,580	104,168	1.5%
(9)	-	-	Savings Institutions	(9)	(1)	-
2,231	1,951	(12.6%)	Tobacco Products Wholesale Sales (a)	10,850	11,310	4.2%
-	-	-	Public Utility	-	-	-
<u>\$ 2,713,185</u>	<u>\$ 3,057,682</u>	12.7%	Total Major Revenues	<u>\$ 12,594,351</u>	<u>\$ 13,086,492</u>	3.9%

(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, \$213.6 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 JANUARY 2013
(\$ Thousands)

Revenue Source	JANUARY		Variance Over/(Under) Budget	% Variance Over/(Under) Budget
	Cash Budget	(c) Actual		
Gross Income	\$ 1,675,000	\$ 1,776,661	\$ 101,661	6.1%
Sales	847,700	882,631	34,931	4.1%
Corporation Business	125,100	84,042	(41,058)	(32.8%)
Lottery	81,600	75,176	(6,424)	(7.9%)
Motor Fuels	45,700	44,208	(1,492)	(3.3%)
Motor Vehicle Fees (b)	53,200	63,067	9,867	18.5%
Transfer Inheritance	55,500	55,570	70	0.1%
Casino Revenue	23,200	16,024	(7,176)	(30.9%)
Insurance Premium	(1,400)	591	1,991	142.2%
Cigarette (a)	-	-	-	-
Petroleum Products Gross Receipts	19,900	17,839	(2,061)	(10.4%)
Corp. Banks & Financial Institutions	8,000	322	(7,678)	(96.0%)
Alcoholic Beverage Excise	24,000	22,076	(1,924)	(8.0%)
Realty Transfer	22,400	17,524	(4,876)	(21.8%)
Tobacco Products Wholesale Sales (a)	2,300	1,951	(349)	(15.2%)
Public Utility	-	-	-	-
Total Revenues	<u>\$ 2,982,200</u>	<u>\$ 3,057,682</u>	<u>\$ 75,482</u>	2.5%

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- (b) Pursuant to P.L. 03-13, \$213.6 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 SEVEN MONTHS ENDED JANUARY 31, 2013
(\$ Thousands)**

Revenue Source	JANUARY		Variance Over/(Under) Budget	% Variance Over/(Under) Budget
	Cash Budget	(c) Actual		
Gross Income	\$ 5,932,800	\$ 6,134,464	\$ 201,664	3.4%
* Sales	4,294,200	4,140,461	(153,739)	(3.6%)
Corporation Business	1,222,400	1,016,091	(206,309)	(16.9%)
Lottery	561,400	526,828	(34,572)	(6.2%)
* Motor Fuels	286,500	263,556	(22,944)	(8.0%)
Motor Vehicle Fees (b)	151,300	157,804	6,504	4.3%
Transfer Inheritance	420,700	356,072	(64,628)	(15.4%)
Casino Revenue	161,800	118,144	(43,656)	(27.0%)
Insurance Premium	10,500	27,104	16,604	158.1%
Cigarette (a)	-	-	-	-
* Petroleum Products Gross Receipts	116,500	105,636	(10,864)	(9.3%)
Corp. Banks & Financial Institutions	78,500	71,419	(7,081)	(9.0%)
* Alcoholic Beverage Excise	60,000	53,436	(6,564)	(10.9%)
* Realty Transfer	129,900	104,168	(25,732)	(19.8%)
Tobacco Products Wholesale Sales (a)	10,400	11,310	910	8.8%
Public Utility	-	-	-	-
Total Revenues	<u>\$ 13,436,900</u>	<u>\$ 13,086,492</u>	<u>\$ (350,408)</u>	(2.6%)

* Revenues are on a one month lag. All other revenues represent seven 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.