



## **State of New Jersey**

Department of the Treasury

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**For Information Contact:**  
Bill Quinn or Chris Santarelli  
609-633-6565

### **Despite December Results, State Revenues Grew 5.7 Percent for the First Half of the Fiscal Year**

**Trenton** – New Jersey brought in \$2.33 billion in revenues from its major taxes in December, 1.4 percent less than a year earlier, as collections of income, sales and corporation business taxes fell short of their monthly targets.

Despite December's results, revenues from major taxes posted strong overall results during the first half of the fiscal year. Their growth rate of 5.7 percent was the highest the State has seen since the first half of 2008.

"We believe some of the year-over-year drop in income tax revenues that we saw in December was due to individual tax planning decisions that taxpayers made as 2012 drew to a close," said Treasury Chief Economist Dr. Charles Steindel.

"In particular, it seems that less bonus income was realized in December 2013 than in December 2012. At the end of 2012, many taxpayers were concerned about the prospect of higher federal tax rates taking effect in 2013 and sought to collect bonuses they were due before the end of 2012. "

"Last month, however, there were no similar reasons to accelerate income payments or capital gains into 2013 as compared with 2014," Dr. Steindel said. "We therefore expect

to see a normalizing effect on revenues in January as income events that were pushed to occur in December 2012 instead of January 2013 follow a more typical path and appear as part of our January 2014 revenues. That has already been evident in the income tax collection levels we have seen so far this month which are trending higher than they were at the beginning of 2013.

“We continue to see signs of firming in the New Jersey economy, including rates of job growth that are running ahead of those in neighboring states, gains in auto sales, strengthening of the housing market and continued reductions in our unemployment rate,” State Treasurer Andrew Sidamon-Eristoff observed. “These are all positive indicators for the State’s revenue outlook for the second half of the fiscal year.”

**STATE OF NEW JERSEY**  
**MONTH AND YEAR-TO-DATE CASH COLLECTIONS**  
**Fiscal 2014 - DECEMBER 2013 versus 2012**

(\$ Thousands)

DECEMBER		% Change		DECEMBER - YTD		% Change
2012	2013			2012	2013	
\$ 1,066,081	\$ 1,049,756	(1.5%)	Gross Income Tax	\$ 4,357,803	\$ 4,557,403	4.6%
651,953	670,151	2.8%	Sales	3,257,830	3,536,363	8.5%
337,074	314,942	(6.6%)	Corporation Business	932,049	930,123	(0.2%)
73,909	87,457	18.3%	Lottery	451,652	470,498	4.2%
39,802	36,403	(8.5%)	Motor Fuels	219,348	219,303	(0.0%)
48,179	40,736	(15.4%)	Motor Vehicle Fees (b)	94,737	63,010	(33.5%)
53,773	50,649	(5.8%)	Transfer Inheritance	300,502	346,635	15.4%
13,002	11,551	(11.2%)	Casino Revenue	102,120	103,655	1.5%
5,065	828	(83.7%)	Insurance Premium	26,513	30,521	15.1%
-	-	-	Cigarette (a)	-	-	-
17,478	17,813	1.9%	Petroleum Products Gross Receipts	87,797	94,532	7.7%
44,944	34,741	(22.7%)	Corp. Banks & Financial Institutions	71,097	95,062	33.7%
111	159	43.2%	Alcoholic Beverage Excise	31,360	32,083	2.3%
14,195	17,380	22.4%	Realty Transfer	86,644	112,600	30.0%
1,858	1,195	(35.7%)	Tobacco Products Wholesale Sales (a)	9,359	9,191	(1.8%)
-	-	-	Public Utility	-	-	-
<u>\$ 2,367,424</u>	<u>\$ 2,333,761</u>	(1.4%)	Total Major Revenues	<u>\$ 10,028,810</u>	<u>\$ 10,600,979</u>	5.7%

(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, \$244.9 million of FY 2014 Motor Vehicle Fee collections are dedicated to the New Jersey Motor Vehicle Commission.

**STATE OF NEW JERSEY  
FISCAL YEAR 2014  
REVENUE SOURCE  
BUDGET VERSUS ACTUAL  
MONTH OF DECEMBER 2013  
(\$ Thousands)**

Revenue Source	DECEMBER		Variance Over/(Under) Budget	% Variance Over/(Under) Budget
	Cash Budget (c)	Actual		
Gross Income	\$ 1,137,200	\$ 1,049,756	\$ (87,444)	(7.7%)
Sales	683,200	670,151	(13,049)	(1.9%)
Corporation Business	388,300	314,942	(73,358)	(18.9%)
Lottery	86,400	87,457	1,057	1.2%
Motor Fuels	43,900	36,403	(7,497)	(17.1%)
Motor Vehicle Fees (b)	48,600	40,736	(7,864)	(16.2%)
Transfer Inheritance	62,800	50,649	(12,151)	(19.3%)
Casino Revenue	18,600	11,551	(7,049)	(37.9%)
Insurance Premium	3,500	828	(2,672)	(76.3%)
Cigarette (a)	-	-	-	-
Petroleum Products Gross Receipts	19,100	17,813	(1,287)	(6.7%)
Corp. Banks & Financial Institutions	52,700	34,741	(17,959)	(34.1%)
Alcoholic Beverage Excise	100	159	59	59.0%
Realty Transfer	21,700	17,380	(4,320)	(19.9%)
Tobacco Products Wholesale Sales (a)	1,300	1,195	(105)	(8.1%)
Public Utility	-	-	-	-
<b>Total Revenues</b>	<u>\$ 2,567,400</u>	<u>\$ 2,333,761</u>	<u>\$ (233,639)</u>	<u>(9.1%)</u>

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(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 2014  
REVENUE SOURCE  
BUDGET VERSUS ACTUAL  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013  
(\$ Thousands)**

Revenue Source	<u>DECEMBER</u>		Variance Over/(Under) Budget	% Variance Over/(Under) Budget
	Cash Budget	( c) Actual		
Gross Income	\$ 4,662,200	\$ 4,557,403	\$ (104,797)	(2.2%)
* Sales	3,544,700	3,536,363	(8,337)	(0.2%)
Corporation Business	1,034,500	930,123	(104,377)	(10.1%)
Lottery	492,400	470,498	(21,902)	(4.4%)
* Motor Fuels	241,100	219,303	(21,797)	(9.0%)
Motor Vehicle Fees (b)	72,200	63,010	(9,190)	(12.7%)
Transfer Inheritance	363,900	346,635	(17,265)	(4.7%)
Casino Revenue	111,600	103,655	(7,945)	(7.1%)
Insurance Premium	29,000	30,521	1,521	5.2%
Cigarette (a)	-	-	-	
* Petroleum Products Gross Receipts	99,900	94,532	(5,368)	(5.4%)
Corp. Banks & Financial Institutions	102,500	95,062	(7,438)	(7.3%)
* Alcoholic Beverage Excise	38,700	32,083	(6,617)	(17.1%)
* Realty Transfer	130,900	112,600	(18,300)	(14.0%)
Tobacco Products Wholesale Sales (a)	9,100	9,191	91	1.0%
Public Utility	-	-	-	
<b>Total Revenues</b>	<u>\$ 10,932,700</u>	<u>\$ 10,600,979</u>	<u>\$ (331,721)</u>	(3.0%)

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

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The foregoing cash budget estimates were prepared in June 2013 in connection with the adoption of the Fiscal Year 2014 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.