



State of New Jersey

Department of the Treasury

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December Revenues Beat Estimates, Continuing Trend

TRENTON – The first half of fiscal year 2011 ended with revenue collections at 4.5 percent above estimates, a welcome sign that the state’s finances are slowly improving, Treasurer Andrew Sidamon-Eristoff said.

Income taxes, the biggest source of state revenue, are running 11 percent above projections so far in FY 2011. Sales taxes, which are the second-biggest revenue generator, are slightly behind estimates. Corporate taxes are running 22 percent higher than expected.

“It is a welcome relief to see revenues meet expectations in the first half of the fiscal year, but we certainly aren’t out of the woods,” Sidamon-Eristoff said. “The critical January-to-April collection period will determine whether FY 2011 will indeed meet or exceed our expectations or end in disappointment.”

Sidamon-Eristoff repeated his concern that tax planning to take advantage of expiring (but later extended) federal tax breaks at the end of last year may have contributed to that fact income taxes have risen at a fast pace while sales taxes did not keep pace with forecasts.

“It’s reasonable to assume that the ongoing economic recovery should spark similar percentage gains in both sales and income taxes,” Sidamon-Eristoff said. “Accordingly, caution is clearly appropriate in the face of contradictory revenue data.”

For the month of December alone, income tax collections were 6.5 percent higher than budget projections. Corporation business tax collections were 33 percent higher than projections. Lottery collections were 4.2 percent below forecasts.

STATE OF NEW JERSEY
REVENUE SOURCE
BUDGET VS EARNED
FOR THE SIX MONTHS ENDED DECEMBER 31, 2010
(\$ Thousands)

Revenue Source	DECEMBER		Variance Over/(Under) Budget	% Variance Over/(Under) Budget
	Budget	Earned		
Gross Income	\$ 3,932,000	\$ 4,374,465	\$ 442,465	11.3%
Sales	3,987,300	3,969,424	(17,876)	(0.4%)
Corporation Business	779,800	949,067	169,267	21.7%
Lottery	451,200	436,184	(15,016)	(3.3%)
Motor Fuels	291,400	276,865	(14,535)	(5.0%)
Motor Vehicle Fees (b)	62,400	59,710	(2,690)	(4.3%)
Transfer Inheritance	310,000	323,577	13,577	4.4%
Casino Revenue	135,900	130,655	(5,245)	(3.9%)
Insurance Premium	8,300	25,220	16,920	203.9%
Cigarette (a)	-	-	-	-
Petroleum Products Gross Receipts	115,300	111,880	(3,420)	(3.0%)
Corp. Banks & Financial Institutions	64,300	76,032	11,732	18.2%
Alcoholic Beverage Excise	53,600	49,625	(3,975)	(7.4%)
Realty Transfer	134,400	90,178	(44,222)	(32.9%)
Tobacco Products Wholesale Sales (a)	8,900	7,427	(1,473)	(16.6%)
Public Utility	-	7	7	-
Total	\$ 10,334,800	\$ 10,880,316	\$ 545,516	5.3%
All Other (c)	1,733,100	1,733,100	-	-
Total Revenues	\$ 12,067,900	\$ 12,613,416	\$ 545,516	4.5%

(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 VERSUS EARNED
DECEMBER 2010
(\$ Thousands)

Revenue Source	DECEMBER		Variance Over/(Under) Budget	% Variance Over/(Under) Budget
	Budget	Earned		
Gross Income	\$ 891,000	\$ 948,544	\$ 57,544	6.5%
Sales	795,000	821,700	26,700	3.4%
Corporation Business	310,000	411,995	101,995	32.9%
Lottery	82,500	79,035	(3,465)	(4.2%)
Motor Fuels	50,400	47,673	(2,727)	(5.4%)
Motor Vehicle Fees (b)	46,400	45,864	(536)	(1.2%)
Transfer Inheritance	42,800	58,266	15,466	36.1%
Casino Revenue	17,200	13,975	(3,225)	(18.8%)
Insurance Premium	1,200	3,380	2,180	181.7%
Cigarette (a)	-	-	-	-
Petroleum Products Gross Receipts	20,000	18,121	(1,879)	(9.4%)
Corp. Banks & Financial Institutions	24,100	29,694	5,594	23.2%
Alcoholic Beverage Excise	20,200	20,102	(98)	(0.5%)
Realty Transfer	17,500	8,467	(9,033)	(51.6%)
Tobacco Products Wholesale Sales (a)	1,700	726	(974)	(57.3%)
Public Utility	-	-	-	-
Total	\$ 2,320,000	\$ 2,507,542	\$ 187,542	8.1%
All Other (c)	289,100	289,100	-	-
Total Revenues	\$ 2,609,100	\$ 2,796,642	\$ 187,542	7.2%

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(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.

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

(\$ Thousands)

DECEMBER				DECEMBER - YTD		
2009	2010	% Change		2009	2010	% Change
\$ 1,123,989	\$ 965,544	(14.1%)	Gross Income Tax	\$ 4,009,371 (c)	\$ 3,973,465	(0.9%)
564,655	613,700	8.7%	Sales	3,065,947	3,174,424	3.5%
369,810	411,995	11.4%	Corporation Business	912,490	949,067	4.0%
79,189	79,035	(0.2%)	Lottery	449,202	436,184	(2.9%)
38,550	41,173	6.8%	Motor Fuels	223,135	226,465	1.5%
44,624	45,864	2.8%	Motor Vehicle Fees (b)	98,723	59,710	(39.5%)
48,172	58,266	21.0%	Transfer Inheritance	283,683	323,577	14.1%
19,642	13,975	(28.9%)	Casino Revenue	150,070	130,655	(12.9%)
3,284	3,380	2.9%	Insurance Premium	(17,168)	25,220	246.9%
-	-	-	Cigarette (a)	-	-	-
16,685	17,821	6.8%	Petroleum Products Gross Receipts	89,700	91,880	2.4%
19,926	29,694	49.0%	Corp. Banks & Financial Institutions	42,403	76,032	79.3%
209	102	(51.2%)	Alcoholic Beverage Excise	34,598	29,425	(15.0%)
18,277	12,467	(31.8%)	Realty Transfer	82,361	72,678	(11.8%)
768	726	(5.5%)	Tobacco Products Wholesale Sales (a)	6,892	7,427	7.8%
-	-	-	Public Utility	-	7	-
<u>\$ 2,347,780</u>	<u>\$ 2,293,742</u>	(2.3%)	Total Major Revenues	<u>\$ 9,431,407 (c)</u>	<u>\$ 9,576,216</u>	1.5%

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- (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.