



State of New Jersey
DEPARTMENT OF THE TREASURY

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Fiscal Year 2016 Revenues Surpass \$16.65 Billion through February; Refund Distribution Outpaces 2015

TRENTON – Revenues for New Jersey’s 16 largest revenue sources through February now total more than \$16.65 billion for Fiscal Year 2016. The month of February typically contributes only a small portion of total revenues to the State.

Income tax monthly collections appear to decline from February 2015, however this is caused primarily by an increase in refund processing. Withholding and final tax payments remain strong. The Division of Taxation processed approximately 673,000 tax refunds in February this year, a 16 percent increase compared to the same period in Fiscal Year 2015. Approximately \$134 million more in refunds were distributed to taxpayers compared to February last year. The average refund is 25 percent higher than a year ago.

The increase in average Gross Income Tax refund size is attributable, at least in part, to Governor Christie’s expansion of the Earned Income Tax Credit (EITC) program. In July 2015, the Legislature enacted Governor Christie’s proposal to increase the State EITC by 50 percent. Additionally, there was an extra day of refund distribution compared to February 2015, on account of 2016 being a leap year.

Corporation Business Tax refunds exceeded collections in February. February is typically a very small month for Corporation Business Tax collections, and this February the Division of Taxation distributed \$39 million more in refunds than last year. Year-to-date, Corporation Business Tax refunds are running \$115 million ahead of Fiscal Year 2015.

Sales Tax revenues, which are reported on a one month lag, appeared to slow in January despite strong job creation and the lowest unemployed rate in many years. Depressed collections can be attributed to a severe snow storm that closed most State retail stores and retail traffic for a full weekend late in the month of January.

Reflecting the continued recovery in New Jersey’s housing market and a drop in foreclosures, Realty Transfer Tax revenues, generated from home sales, showed year-over-year growth of 38 percent in February, the largest monthly growth of Fiscal Year 2016 thus far. The year-to-date revenue growth from the Realty Transfer Tax is now 14.6 percent.

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STATE OF NEW JERSEY
MONTH AND YEAR-TO-DATE CASH COLLECTIONS
Fiscal Year 2016 - FEBRUARY 2016 versus 2015

(\$ Thousands)

| | FEBRUARY | | % Change | FEBRUARY YTD | | % Change | FY 2016 Projected * Growth Rate |
|--------------|--------------|------|-------------|---------------|---------------|-------------|------------------------------------|
| | 2015 | 2016 | | 2015 | 2016 | | |
| \$ 632,617 | \$ 532,646 | | (15.8%) | \$ 7,426,775 | \$ 7,617,094 | 2.6% | 3.8% |
| 607,622 | 605,475 | | (0.4%) | 5,158,070 | 5,389,116 | 4.5% | 5.0% |
| 38,459 | (6,784) | | (117.6%) | 1,373,690 | 1,126,285 | (18.0%) | (12.0%) |
| 81,648 | 70,838 | | (13.2%) | 591,421 | 645,272 | 9.1% | 0.5% |
| 40,716 | 38,733 | | (4.9%) | 310,133 | 311,425 | 0.4% | 3.9% |
| 50,876 | 53,413 | | 5.0% | 174,029 | 214,569 | 23.3% | 9.6% |
| 61,938 | 55,615 | | (10.2%) | 467,582 | 543,741 | 16.3% | 4.4% |
| 14,344 | 15,004 | | 4.6% | 132,218 | 128,985 | (2.4%) | (1.4%) |
| 244,130 | 187,833 | | (23.1%) | 274,821 | 233,035 | (15.2%) | 3.9% |
| - | - | | - | - | - | - | (11.2%) |
| 16,689 | 17,659 | | 5.8% | 128,027 | 124,019 | (3.1%) | 1.4% |
| (2,247) | 249 | | 111.1% | 76,843 | 54,466 | (29.1%) | 22.1% |
| 2,681 | 6 | | (99.8%) | 55,900 | 55,818 | (0.1%) | 3.7% |
| 20,105 | 27,768 | | 38.1% | 169,728 | 194,480 | 14.6% | 13.6% |
| 1,514 | 1,556 | | 2.8% | 14,235 | 13,750 | (3.4%) | (4.0%) |
| - | - | | - | - | - | - | 0.0% |
| \$ 1,811,092 | \$ 1,600,011 | | (11.7%) | \$ 16,353,472 | \$ 16,652,055 | 1.8% | 2.7% |

(a) Pursuant to P.L. 03-13, \$222.1 million of FY 2016 Motor Vehicle Fee collections are dedicated to the New Jersey Motor Vehicle Commission.

(b) 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.

* Projected annual growth rate is the change from the FY 2015 CAFR to the FY 2016 revenue estimates per the FY 2017 Governor's Budget Message.