

New Jersey Office of Legislative Services

May 2022 Revenue Snapshot

Through May¹, year-to-date collections of \$40.8 billion were \$6.7 billion (19.6 percent) higher than FY 2021. The Executive's revised estimates for the major taxes anticipate 16.7 percent growth above FY 2021, up from 5.9 percent prior to the Executive's May revisions. Revenue collections have consistently outperformed projections for most of the fiscal year. However, differences in tax filing deadlines across FY 2021 and FY 2022 have produced a misleading revenue picture for May monthly collections, which were down 38.7 percent. Last year, significant gross income tax and corporation business tax payments, which are typically finalized in April, were shifted to May. This year's final payments for those taxes occurred as scheduled in April.

Gross Income Tax (GIT) revenue totaled \$18.2 billion through the end of May, \$3.1 billion (20.4 percent) over the prior fiscal year. Year-to-date withholding payments were up \$1.4 billion (12.3 percent), final payments were up \$1.8 billion (45.5 percent), estimated payments were up \$184.1 million (7.3 percent), and refunds were up \$403.7 million (12.6 percent). The significant jump in final payments is likely attributable to higher wages, profits, and capital gains realization following one of the strongest years of economic growth in decades, which more than erased the adverse effects that the COVID-19 pandemic had on the national gross domestic product in calendar year 2020. The Executive's revised year-end target assumes 16.5 percent growth relative to FY 2021.

Sales Tax revenue totaled \$10.2 billion through the end of May, which was about \$1.1 billion (12.1 percent) over the prior fiscal year. Reflecting April's economic activity, May collections grew by 11.2 percent over the same month in the prior fiscal year. Sales and use tax collections have held strong despite concerns and reports of consumer spending dwindling down in the face of higher gas and food prices. The Executive's revised year-end target assumes growth of 9.4 percent above FY 2021.

Corporation Business Tax (CBT) year-to-date revenue collections of \$4.6 billion were \$793.6 million (21.0 percent) over the same period in the prior fiscal year. Year-to-date gross payments, excluding refunds, were up \$1.2 billion (29.5 percent). Year-to-date refunds were up \$432.1 million (110.9 percent). The Executive's revised year-end target assumes an increase of 12.5 percent above FY 2021.

Pass-Through Business Alternative Income Tax (PT-BAIT) collections totaled \$3.1 billion through the end of May, an increase of \$1.3 billion (68.5 percent) from the prior fiscal year. PT-BAIT tax payments generate identical credits to be applied against a taxpayer's GIT or CBT liability. The significant growth in year-to-date collections was expected to reduce final payments and increase refunds under the gross income tax in the spring. However, the filing date for final returns was extended to June 15, 2022. The Executive's revised year-end target assumes an 88.0 percent increase above FY 2021.

Petroleum Products Gross Receipts Tax (PPGRT) year-to-date collections of \$1.3 billion were down \$26.1 million (2.0 percent) compared to the prior fiscal year. The PPGRT rate decreased by 8.5 cents per gallon beginning October 2021 in accordance with the statutory rate determination formula. The Executive's revised year-end target assumes a 3.1 percent decline below FY 2021.

Realty Transfer Fee year-to-date collections of \$563.6 million were \$141.6 million (33.5 percent) over the same period in the prior fiscal year. However, May monthly collections were down 12 percent, the first year-over-year decline since September 2020. Revenue growth had been primarily driven by elevated housing prices; however, recent interest rate increases may be starting to slow down home sales and stabilizing prices. Additional rate increases would intensify the downward pressure on the market and revenues. The Executive's revised year-end target assumes an increase of 27.9 percent above FY 2021.

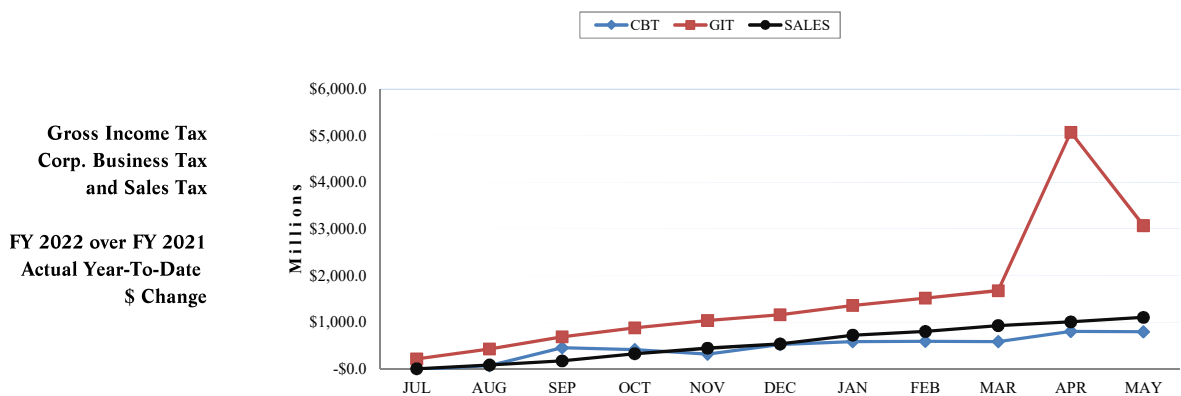
Insurance Premiums Tax year-to-date collections of \$603.7 million were \$169.8 million (39.1 percent) over the same period in the prior fiscal year ahead of the June 1 payment date. Revenue growth is primarily attributable to the absence of non-recurring refund activity and a settlement that affected collections during the first half of FY 2021. The Executive's revised year-end target assumes an increase of 37.9 percent above FY 2021.

¹ This report reflects the 12-month period for FY 2022 in comparison to the same 12-month accounting period for FY 2021.

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Revenue (\$millions)	FY 2021 Actual Year-To-Date	FY 2022 Actual Year-To-Date	Actual Year-To-Date Change (%)	Exec. Revised Year-End Estimate	Exec. Revised Year-End Change (%) **
Gross Income Tax (GIT)	\$15,092.1	\$18,166.3	20.4%	\$20,346.0	16.5%
* Sales Tax	\$9,104.8	\$10,209.7	12.1%	\$12,333.9	9.4%
Corporation Business Tax (CBT)	\$3,770.9	\$4,564.4	21.0%	\$5,495.7	12.5%
Business Alternative Income Tax	\$1,831.3	\$3,085.9	68.5%	\$3,700.0	88.0%
[a] *Petroleum Products Tax	\$1,324.7	\$1,298.6	-2.0%	\$1,573.5	-3.1%
Insurance Premiums Tax	\$433.9	\$603.7	39.1%	\$640.0	37.9%
[b] Motor Vehicle Fees	\$407.5	\$376.8	-7.5%	\$439.1	-8.0%
* Motor Fuels	\$344.1	\$373.7	8.6%	\$467.5	7.6%
Inheritance Tax and Estate Tax	\$456.3	\$541.6	18.7%	\$557.3	13.8%
* Realty Transfer Fee	\$422.1	\$563.6	33.5%	\$673.0	27.9%
[c] Casino Revenue	\$304.9	\$392.8	28.8%	\$454.9	25.1%
CBT - Banks and Financial	\$84.8	\$75.7	-10.8%	\$105.0	-2.6%
[d] * Alcoholic Beverage Excise Tax	\$110.1	\$110.8	0.6%	\$137.8	-1.6%
[e] Other Major Revenues	\$449.1	\$452.1	0.7%	\$238.2	20.6%
TOTALS:	\$34,136.5	\$40,815.6	19.6%	\$47,162.0	16.7%



Sources: Executive's FY 2023 Revised Estimates (May 2022); FY 2022 Year-To-Date from Treasury's monthly revenue reports.

* Revenues represent 10 months of cash collections. All others represent 11 months of cash collections.

** Percentage difference between FY 2022 Executive's revised estimates and FY 2021 Annual Comprehensive Financial Report (May 2022).

The year-end total change estimate reflects only those revenues displayed in the table above and is based on 12-month accounting periods.

[a] The PPGRT year-end estimate reflects the full \$1.573 billion target, including \$770.6 million for Capital Reserves.

[b] The first \$265.9 million in motor vehicle fee collections are dedicated to the NJ Motor Vehicle Commission.

[c] The casino amounts include internet gaming and sports betting revenues.

[d] The first \$53.0 million from this tax is deposited into the Alcohol Education, Rehabilitation and Enforcement Fund and Health Care Subsidy Fund (HCSF).

[e] To present totals that are consistent with those shown in Treasury's monthly revenue reports, the Other Major Revenues line aggregates net collections from the sales tax and corporation business tax on energy, PPGRT - Capital Reserve dedication, cigarette tax, tobacco products tax, public utility excise tax, and the sales tax dedication for property tax reform.