



ICYMI: Total Major Taxes Decline by 19.6 Percent from Last May

06/15/2023

Year Over Year Sales Tax Drops for First Time in Nearly Three Years

TRENTON – The Department of the Treasury reported today that May revenue collections for the major taxes totaled \$2.640 billion, falling \$641.8 million, or 19.6 percent from last May. Treasury had anticipated a decline from last year’s revenues, but of a smaller magnitude. Fiscal year-to-date total collections of \$39.750 billion are now lower by \$1.065 billion, or 2.6 percent below the same period last year. Revenue collections are projected to remain soft through the remainder of the fiscal year.

May revenues for the Gross Income Tax (GIT), which are dedicated to the Property Tax Relief Fund, totaled \$460.8 million, down \$569.7 million, or 55.3 percent from last May. The sharp drop in net collections was mainly caused by an increase in refunds, which were higher by \$502.4 million, or 101.0 percent compared with last May. The increase in refund activity may be partially attributable to a higher number of tax returns being processed than were processed at the same date last year.

This month’s GIT receipts also included an extra Wednesday employer withholding payment compared to a year ago, which temporarily increases revenue until the calendar variance is rectified at the end of June. Employer withholding collections in May were \$239.6 million higher on an unadjusted basis over last year. Withholding collections continued to show resilience, as after factoring-out the extra payment, collections still increased by \$61.1 million, or 4.8 percent over last May. Fiscal year-to-date, overall GIT collections of \$16.489 billion are down by \$1.678 billion, or 9.2 percent lower than at this point last year.

The Sales and Use Tax (SUT), the largest General Fund revenue source, totaled \$975.1 million, a reduction of \$21.0 million, or 2.1 percent from last May. This is the first month of the SUT registering negative year-over-year growth since July 2020. On a fiscal year-to-date basis, receipts of \$10.730 billion are up \$519.9 million, or 5.1 percent higher compared with the same period last year.

The Corporation Business Tax (CBT), the second largest General Fund revenue source, totaled \$166.1 million in May, a decrease of \$135.4 million, or 44.9 percent from last year. While May marks the due date for CBT final payments, the majority of companies continue to remit final payments at the time of the federal due date in April. Net CBT collections were primarily down due to a decline in final payments and an increase in refunds. Fiscal year-to-date collections of \$4.303 billion are down \$261.6 million, or 5.7 percent lower than at the same time last year.

Insurance Premiums Tax (IPT) revenues of \$251.6 million were \$8.0 million, or 3.3 percent higher than May of the prior year. June 1st marks the due date for the second prepayment of half the estimated calendar year liability for IPT payers, with most collections being remitted during the final week of May. Fiscal year-to-date revenues now total \$594.7 million, down by \$9.0 million, or 1.5 percent from last year.

Realty Transfer Fee revenues of \$27.6 million were down \$17.8 million, or 39.2 percent below last May, as collections continue to fall on a year-over-year basis. The drop in volume of home sales remains the primary driver behind the reduced Realty Transfer collections. Inventories of homes available for sale have also continued to fall, and the restricted supply may be preventing a rapid decline in home prices. Fiscal year-to-date revenues of \$437.5 million are down \$126.1 million, or 22.4 percent from last year. The warmer months ahead will see more housing market activity, but collections are still expected to be well below the levels from last year.

Please see the attached chart ([https://urldefense.com/v3/_https://t.e2ma.net/click/r24smj/nrdedit/zc2zk4_!!J30X0ZrnC1oQtbaILSW0RuzrQDN5a7cAVAofusoe4esfx7YgDNiwoehbVNSbjvU-_Y5qorwCNatZXMzYRmfK9zDbbOX50VIIv97WEjvhy\\$](https://urldefense.com/v3/_https://t.e2ma.net/click/r24smj/nrdedit/zc2zk4_!!J30X0ZrnC1oQtbaILSW0RuzrQDN5a7cAVAofusoe4esfx7YgDNiwoehbVNSbjvU-_Y5qorwCNatZXMzYRmfK9zDbbOX50VIIv97WEjvhy$)) for monthly and yearly revenue collection comparisons.

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