



Governor Phil Murphy

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Newark, N.J.

ICYMI: Murphy Administration Poised to Make First Deposit in Rainy Day Fund Since Great Recession Dried it up More Than a Decade Ago

05/13/2019

From the New Jersey Department of the Treasury:

TRENTON – State Treasurer Elizabeth Maher Muoio announced that the Murphy administration is poised to make a deposit in New Jersey's Surplus Revenue Fund (SRF) for the first time in more than a decade. The Surplus Revenue Fund, more commonly referred to as the "rainy day fund," has sat dry since late 2008, just after the Great Recession hit

As Governor Murphy noted last week, revenues for FY2019 are coming in ahead of target, which has also increased projections for FY2020. This means the state is not only looking at healthier surplus balances for both fiscal years, but it also triggers the statutory requirement to deposit excess funds in the SRF, which is viewed as a "lock box" because of the statutory provisions governing the emergency use of the funds.

"Everyone is taught the importance of saving for a rainy day, but unfortunately it has been far too long since New Jersey's rainy day fund has seen any deposits," **said Treasurer Muoio.** "Now, for the first time in over a decade, we are going to be making a deposit into our rainy day fund, which has sat completely dry since the Great Recession. The upcoming fiscal year will mark a new chapter for us with a surplus that is nearly triple the previous administration's average, allowing for continued, increased investments in our core priorities. By asking the most fortunate among us to pitch in just a little more, we can truly create a stronger, fairer state, marking a significant 'turning of the page.'"

In FY 2008 the state had \$734.7 million in the SRF. When the economy collapsed, the entire balance was drawn down in just one year's time. New Jersey had not seen a deposit in the fund in the 11 years since.

Treasurer Muoio noted that a healthy economy combined with the Administration's honest approach to revenue forecasting are among the major factors contributing to what is expected to be more than a quarter of a billion dollars deposited into the SRF for the FY 2019.

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The statute governing the fund is designed to ensure that the state appropriately saves any unanticipated excess revenues that are realized above the certified numbers. Treasury noted that the unprecedented nature of tax law changes at both the state and federal level over the last two years were the primary factors contributing to the higher than anticipated revenues the state is witnessing this fiscal year.

State statutes (52:9H-16) require 50 percent of any General Fund revenues in excess of the amount certified at the time of the Appropriations Act to be deposited into the Surplus Revenue Fund, minus any funds that may be needed to cover a shortfall in the Property Tax Relief Fund. The PTRF is primarily supported by the Gross Income Tax while the General Fund is supported by most other major revenue sources.

Treasurer Muoio will provide a detailed revenue update, including its impact on the Surplus Revenue Fund, for both the Senate and Assembly budget committees on Tuesday and Wednesday, respectively.

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