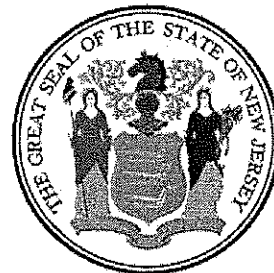


## New Jersey Senate Republicans

State House  
P.O. Box 099  
Trenton, NJ 08625  
Phone: (609) 847-3600  
Fax: (609) 984-8148  
Senatenj.com



July 29, 2020

Honorable Elizabeth Maher Muoio  
Treasurer, State of New Jersey  
PO Box 002  
Trenton, NJ 08625-0002

Dear Treasurer Muoio:

We urge you to immediately file a new disclosure statement with the financial markets to correct what we now know to be a grossly pessimistic Department of Treasury revenue forecast from May 22, 2020 that has been the basis for similar disclosures through July 6.

Governor Murphy has been publicly claiming the May 22 revenue forecast shows the State is experiencing \$10 billion "loss" of State budget revenue through June 30, 2021 as compared to a revenue analysis prepared in February. The same \$10 billion estimate (with a very modest adjustment downward in the last disclosure document dated July 6) remains the most current estimate of COVID 19 State budget impacts shared by you with the financial community.

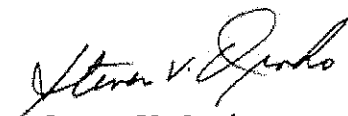
However, a key payment deadline (July 20) for the sales tax and payment deadline (July 15) for the gross income and corporate business taxes have passed. We now know actual tax collections significantly outperformed estimates. The actual sales tax collections for June retail sales and remitted to the State in July appear to be approximately 4.6% less than what was collected in June, 2019. This is materially different than the approximately 30% loss estimated in the May revenue forecast. Additionally, it appears clear to nonpartisan revenue forecasters with the Office of Legislative Services that actual revenue collections from both the Gross Income Tax and Corporate Business Tax meaningfully exceeded May projections.

Failing to provide timely information to investors about the extent to which actual revenue collections are now known to have far exceeded previously disclosed May 22 projections leaves investors and the public with a grossly misleading and exaggerated understanding of the impact of COVID 19 on the State budget. Furthermore, the misleading and exaggerated impacts are continuing to be advanced by the Governor in support of his efforts to secure a \$10 billion "federal" loan and convince federal officials to provide additional grants to the State on top of the more than \$5 billion the State has already received. If an ordinary citizen were to knowingly exaggerate their financial condition and need for money in an effort to secure federal loans and grants, they would rightly risk charges of fraud and prosecution.

Actual revenue collections for the period ending June 30, 2019 were reported to be \$38.6 billion. Even if the May 22 revenue forecast were still reasonable (which it is not) State revenues for 2020 would now be forecast to be \$900 million less than that amount. Characterizing the \$10 billion estimate in the May 22 revenue forecast as "lost revenue" has been misleading and exaggerated from the beginning, and it is becoming more so with every passing day.

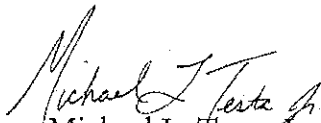
Therefore, in addition to requesting that you immediately file a new disclosure statement to correct materially misleading information that remains filed with investors, we request that the Governor and you refrain from continuing to claim COVID 19 has resulted in a loss of anything close to \$10 billion of State budget revenue.

Sincerely,

  
Steven V. Oroho

  
Samuel Thompson

  
Declan O'Scanlon

  
Michael L. Testa, Jr.

c: Kathy Brennan, Deputy Treasurer  
Gurbir S. Grewal, Attorney General