

MONTHLY REVENUE REPORT

April 2007

The revenue collected from Michigan's General Fund and School Aid Fund earmarked taxes jumped 19.4% in April to \$2.06 billion. This marked the largest one-month gain in tax collections in two years and exceeded the Senate Fiscal Agency's estimate for April tax collections by about \$170.0 million. Unfortunately, this large increase above the expected level of collections does not represent an actual increase in tax collections for FY 2006-07, but largely reflects an unanticipated acceleration of tax payments that otherwise would have been received in May. This acceleration in tax payments primarily occurred in income tax annual payments and single business tax quarterly and annual payments. Adjusting for this speed-up in the timing of these tax receipts reveals that April tax collections were very close to the anticipated amount. On a fiscal year-to-date basis, tax collections are up 1.7%; but after adjusting for this acceleration in tax collections, it appears that fiscal year-to-date collections are about even with last year's level.

Net income tax collections totaled \$823.8 million, which was up 14.6% from last year's level; however, much of this increase is attributable to noneconomic timing factors. As already mentioned, income tax annual payments were up 20.3%, which was largely due to an acceleration of payments that otherwise would have been collected in May. In addition, income tax withholding payments were up 6.5% due in part to an extra key payday in April. As a result, gross income tax collections (withholding, quarterly, and annual payments) were up 12.8% in April, which marked their largest one-month gain since May 2005. So far in FY 2006-07, net income tax revenue is up 5.3%.

Sales tax collections totaled \$576.0 million in April, which was up 22.6%. This very large increase was anticipated due to the timing of collections in March. March ended on a weekend, which caused some sales tax collections that otherwise would have been collected in March to spill over into April. In addition, in 2006, April ended on a weekend, which caused last year's April sales tax collections to be artificially low. Both of these timing factors help explain the strong rate of growth in April's sales tax collections. Sales tax collections from motor vehicle transactions also helped boost sales tax collections in April. Motor vehicle sales tax revenue totaled \$66.8 million, which was up 11.0% from last year's level. This marked the largest monthly increase in motor vehicle sales tax collections in over 40 months. On a fiscal year-to-date basis, sales tax collections are even with the year-ago level.

Single business tax receipts totaled \$327.8 million in April, which was up 39.6%, or over \$90.0 million, from last year's level. This increase was due not to economic activity, but rather to the timing of single business tax payments. Quarterly and annual single business tax payments are due at the end of April, and so some of these payments are received and processed in April and some in May. This year it appears that a much larger share of these payments was received in April, and based on the collections during the first week of May, a smaller share will be received in May. Therefore, the gain in April single business receipts will likely be offset by a decline in May collections.

Among some of the other major taxes, collections increased for the insurance, State education, use, and casino wagering taxes, while receipts declined for the tobacco, real estate transfer, and oil and gas severance taxes.

The table on the back of this report identifies the major taxes included in this report, and provides their respective revenue levels and growth rates for April 2007, along with their fiscal year-to-date collections and growth rates. Also presented are the consensus revenue estimates for FY 2006-07, which were adopted at the January 2007 Consensus Revenue Estimating Conference.



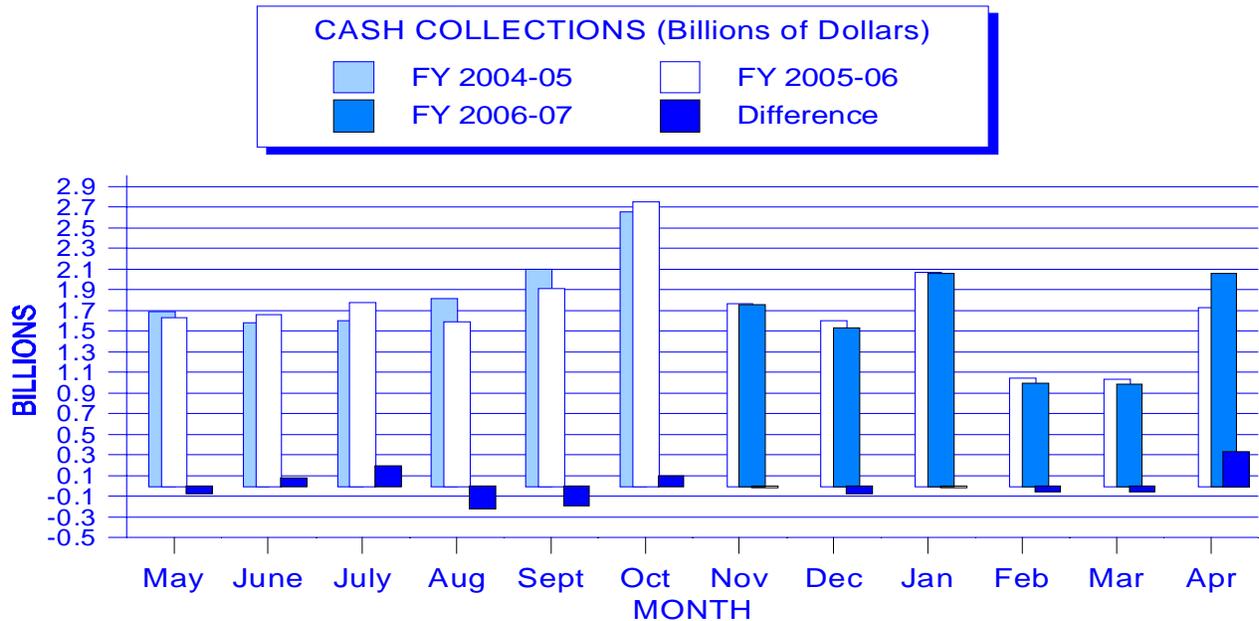
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MICHIGAN REVENUE UPDATE
APRIL 2007
(dollars in millions)

Type of Revenue	April Collections		FY 2006-07 to Date ²⁾		FY 2006-07 Estimate ³⁾	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2005-06
Gross Income Tax	\$1,228.3	12.8%	\$4,444.0	5.0%	\$7,937.8	1.1%
Refunds	(404.5)	9.4	(1,406.0)	4.4	(1,695.7)	4.3
Net Income Tax	\$ 823.8	14.6%	\$3,038.0	5.3%	\$6,242.1	0.3%
Sales Tax	576.0	22.6	3,190.3	0.0	6,732.3	1.4
Motor Vehicles	66.8	11.0	330.7	2.9	---	---
All Other Sales Tax	509.2	24.3	2,859.6	(0.3)	---	---
Use Tax	118.6	12.4	677.3	2.2	1,414.5	2.8
Tobacco Taxes	92.6	(1.7)	546.4	(2.7)	1,147.0	(1.9)
Single Business Tax	327.8	39.6	894.7	2.0	1,870.3	1.5
Insurance Tax	21.9	34.4	111.2	(2.6)	226.1	3.0
State Education Property Tax	27.1	33.5	441.9	9.5	2,094.5	4.5
Real Estate Transfer Tax	18.3	(32.7)	112.3	(28.3)	244.2	(18.0)
Casino Wagering Tax ⁴⁾	13.4	4.7	95.5	6.2	163.0	4.8
Oil & Gas Severance Tax	3.8	(24.0)	30.0	(39.3)	66.0	(19.0)
Other Taxes ⁵⁾	41.6	74.8	209.8	4.3	450.2	0.9
Total	\$2,064.9	19.4%	\$9,347.4	1.7%	\$20,650.2	1.0%
Addendum:						
Gross Lottery Sales ⁴⁾	\$179.1	0.7%	\$1,377.1	2.6%	\$2,264.5	2.4%
Net to School Aid Fund ⁴⁾	\$ 52.8	(10.7)%	\$ 440.6	3.2%	\$ 702.0	2.0%

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2006-07 year-to-date collections begin with November 2006 collections to reflect accrual accounting.
- 3) Consensus revenue estimates adopted at the January 18, 2007, Consensus Revenue Estimating Conference.
- 4) Lottery and casino revenue is not accrued, so FY 2006-07 collections will include October 2006 to September 2007.
- 5) Other Taxes include beer, wine, liquor, industrial facilities, utility facilities, utility property, and estate taxes, and penalties and interest.

Actual Revenue Collections for Major State Taxes*
May 2005 to April 2007



*Comparison of actual collections. Major taxes include the beer, casino, estate, income, industrial facilities, insurance, liquor, oil & gas severance, real estate transfer, sales, SBT, State education, tobacco (cigarette & other tobacco products), use, utility property, and wine taxes, and penalties and interest revenue.