

# MONTHLY REVENUE REPORT

## AUGUST 2011

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.66 billion in August, up 4.2% from last year's level. More than three-fourths of the growth in revenue reflects higher sales tax collections. August tax collections were approximately \$16.4 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2011.

Collections earmarked to the General Fund were \$33.5 million below the expected level for August, while School Aid Fund tax collections were \$43.0 million above the forecasted level. The remaining above-forecast revenue is directed to other funds. On a year-to-date basis, General Fund collections are \$86.5 million higher, and School Aid Fund collections \$170.4 million higher, than expected based on the May 2011 consensus revenue estimates.

Net income tax revenue totaled \$585.5 million in August 2011, compared with \$568.1 million in August 2010, a year-over-year increase of 3.1%. Withholding payments (which represented the majority of gross income tax revenue) were up 1.9% from the year-ago level. On a year-to-date basis, net income tax revenue is up 16.1%, largely due to substantially lower refund requests. Although refunds issued in August were more than predicted, income tax refunds for the fiscal year are down \$189.8 million from the same time last year.

Sales tax receipts totaled \$633.3 million in August, up 8.0% from a year ago, and year-to-date sales tax collections are 7.5% above last year's level. The recent increases appear to reflect higher energy prices and consumption, especially energy costs not associated with motor vehicles, such as natural gas and electricity. August marks the fourth consecutive month in which sales tax growth has exceeded growth in income tax withholding, and year-to-date income tax withholding is up 5.4%, compared with the 7.5% increase in sales tax receipts.

Net Michigan Business Tax (MBT) revenue totaled \$63.5 million in August, down 7.7% from last year's level. Estimated MBT payments were down 10.6% compared with year-ago levels, while annual payments were 15.6% lower. The lower level of payments was accompanied by a lower level of refund requests, which were down 30.1% from the year-ago level. Comparing year-to-date MBT revenue with the previous year does not currently provide meaningful information, due to refunds issued in November 2010, as indicated in earlier issues of this report. If November collections are excluded, year-to-date MBT revenue is up 10.5% from last year.

Real estate transfer tax receipts were up 1.0% from the year-ago level in August, the first year-over-year increase since April. Year-to-date real estate transfer tax collections are 6.5% below the year-ago level. A major factor in the weak real estate transfer tax collections during 2011 is that 2010 sales were boosted by the Federal home buyer credit, which expired in mid-2010. State education property tax revenue in August was 8.1% above the August 2010 level, and year-to-date collections are up 1.4%, although almost 90.0% of revenue from this tax is received between August and November of each year, with August generally being the weakest of the three months.

The table on the back of this report identifies the major taxes included in the report, and provides their respective revenue levels and growth rates for August 2011. Also presented are the consensus revenue estimates for FY 2010-11 adopted at the May 2011 Consensus Revenue Estimating Conference.



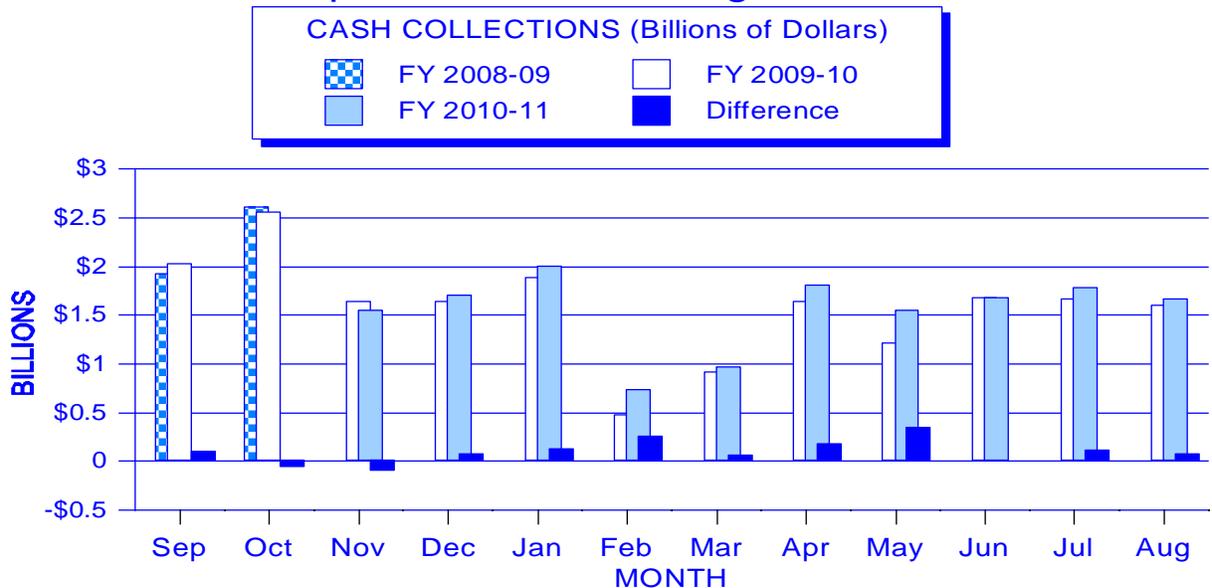
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**MICHIGAN REVENUE UPDATE**  
**AUGUST 2011**  
(dollars in millions)

Type of Revenue	August Collections		FY 2010-11 to Date <sup>2)</sup>		FY 2010-11 Estimate <sup>3)</sup>	
	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From FY 2009-10
Gross Income Tax	\$623.7	2.3%	\$7,128.5	7.7%	\$8,460.2	3.3%
Refunds	(38.1)	(8.1)	(2,104.9)	(8.3)	(2,238.7)	2.0
Net Income Tax	585.5	3.1	5,023.6	16.1	6,221.5	3.8
Sales Tax	633.3	8.0	5,599.2	7.5	6,498.6	2.9
Motor Vehicles	78.6	(0.1)	674.5	(0.3)	---	---
All Other Sales Tax	554.7	9.3	4,924.7	8.6	---	---
Use Tax	112.7	(10.1)	974.3	0.0	1,149.0	13.0
Tobacco Taxes	89.0	(0.8)	793.5	(4.4)	961.0	(3.2)
Single Business Tax	(9.4)	(67.6)	2.8	(79.9)	0.0	(100.0)
Michigan Business Tax	63.5	(7.7)	1,674.1	3.1	2,060.0	13.4
Insurance Tax	5.2	4.4	208.7	2.5	265.5	5.5
State Education Property Tax	127.2	8.1	580.5	1.4	1,852.0	(3.7)
Real Estate Transfer Tax	13.3	1.0	95.3	(6.5)	125.0	2.8
Casino Wagering Tax <sup>4)</sup>	9.3	13.7	95.6	14.5	114.0	0.8
Oil & Gas Severance Tax	5.1	45.7	52.5	8.2	67.0	12.9
Other Taxes <sup>5)</sup>	21.5	(35.3)	260.8	(5.7)	335.8	0.6
<b>Total</b>	<b>\$1,656.4</b>	<b>4.2%</b>	<b>\$15,360.7</b>	<b>7.7%</b>	<b>\$19,649.4</b>	<b>4.3%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$172.5	0.4%	\$2,146.7	(1.0%)	\$2,348.8	(0.7%)
Net to School Aid Fund <sup>4)</sup>	\$ 52.9	18.3%	\$ 664.0	3.6%	\$ 714.0	1.8%

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2010-11 year-to-date collections begin with November 2010 collections to reflect accrual accounting.
- 3) Consensus revenue estimates adopted at the May 16, 2011, Consensus Revenue Estimating Conference.
- 4) Lottery and casino revenue is not accrued, so FY 2010-11 collections will include October 2010 to September 2011.
- 5) Other Taxes include beer, wine, liquor, industrial facilities, utility property, and estate taxes, and penalties and interest.

**Actual Revenue Collections for Major State Taxes\***  
**September 2009 to August 2011**



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