

MONTHLY REVENUE REPORT

February 2007

The revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$990.3 million in February, which was down 4.4% from last year's level. This marked the fourth consecutive month that tax collections have fallen below their year-ago level. Taxes whose collections fell in February included the income, sales, use, single business, insurance, and casino taxes. While tax collections were down in February, they were basically on target with the level expected for February. The monthly level expected for any tax is estimated by distributing the tax's fiscal year consensus estimate among the months based on monthly historical collection patterns and noneconomic factors that influence monthly collection patterns. On a fiscal year-to-date basis, the revenue generated from these major taxes is down 2.0% compared with last year's level, but is still on target with the revised revenue estimates adopted in January.

Net income tax collections totaled \$100.0 million in February, which was down 12.5% from the year-ago level. Gross collections (withholding, quarterly, and annual payments) increased 2.4% to \$519.5 million. Most of this increase was due to a 3.1% increase in income tax payments withheld from workers' paychecks. However, this increase in gross income tax collections was more than offset by a 6.7% increase in refunds, which totaled \$419.5 million in February. So far in FY 2006-07, net income tax collections are even with last year's level.

Sales tax receipts totaled \$469.4 million in February. This represented a decrease of 3.3% from the year-ago level and was down from the level expected for February. Sales tax collections from motor vehicle transactions were up 0.4%, which marked the fifth consecutive monthly increase. This gain was more than offset, however, by a 3.7% decline in the sales tax collected from all other taxable retail sales. On a fiscal year-to-date basis, sales tax collections are trailing their FY 2005-06 collection level by 2.4%.

Single business tax collections fell 4.5% in February to \$109.1 million. Based on a three-month moving average to help smooth out the monthly volatility that characterizes single business tax revenue, the decline in February marked the sixth consecutive monthly decline. So far in FY 2006-07, single business tax revenue is coming in more weakly than any other major tax relative to the estimated level. On a fiscal year-to-date basis, single business tax collections are down 11.1%.

Casino tax revenue totaled \$12.7 million in February, which was down 3.8% from the \$13.2 million that was collected in February 2006. This marked the first monthly decline in casino tax collections not strictly attributable to timing factors since April 2004. Despite the decline in February, casino tax collections are up 6.2% so far in FY 2006-07.

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 February 2007, along with their fiscal year-to-date collections and growth rates. Also presented are the revised consensus revenue estimates for FY 2006-07, which were adopted at the January 2007 Consensus Revenue Estimating Conference.



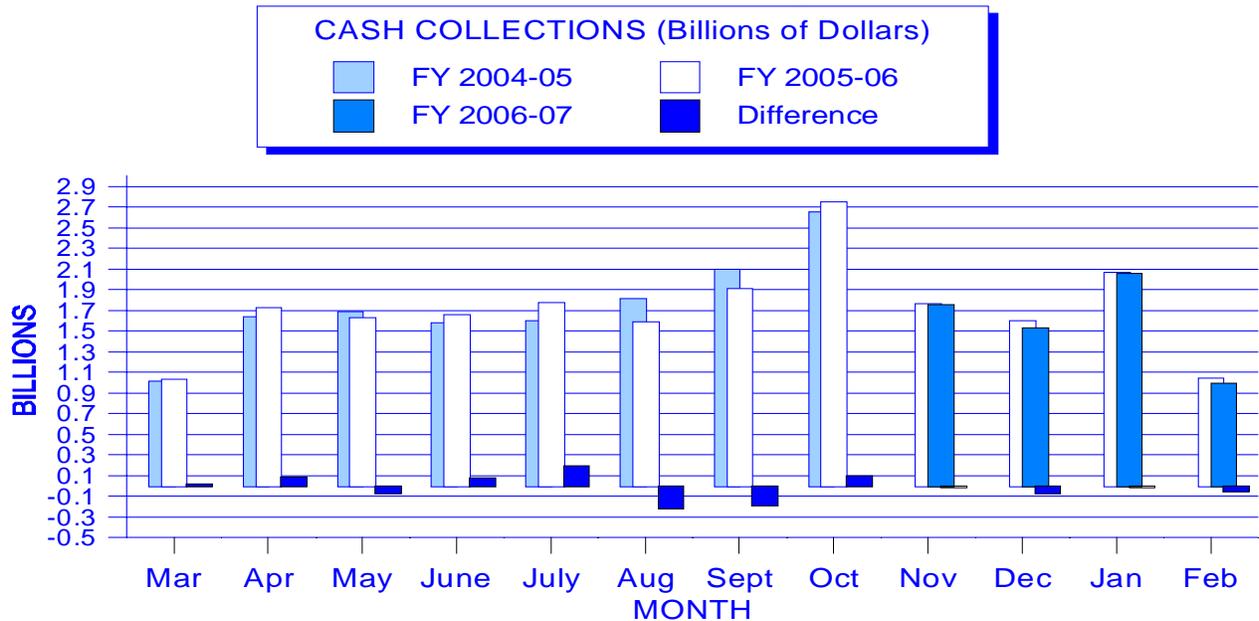
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**MICHIGAN REVENUE UPDATE
FEBRUARY 2007
(dollars in millions)**

Type of Revenue	February 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	\$ 519.5	2.4%	\$2,589.9	1.4%	\$7,937.8	1.1%
Refunds	(419.5)	6.7	(531.3)	14.3	(1,695.7)	4.3
Net Income Tax	\$ 100.0	(12.5)%	\$2,058.6	0.7%	\$6,242.1	0.3%
Sales Tax	469.4	(3.3)	2,145.0	(2.1)	6,732.3	1.4
Motor Vehicles	46.6	0.4	200.6	2.7	---	---
All Other Sales Tax	422.8	(3.7)	1,944.4	(2.5)	---	---
Use Tax	106.8	(7.2)	452.4	4.9	1,414.5	2.8
Tobacco Taxes	88.8	(2.3)	370.1	(2.8)	1,147.0	(1.9)
Single Business Tax	109.1	(4.6)	496.5	(12.8)	1,870.3	1.5
Insurance Tax	24.9	(9.1)	79.3	(9.0)	226.1	3.0
State Education Property Tax	31.5	40.6	399.7	7.8	2,094.5	4.5
Real Estate Transfer Tax	22.1	(12.3)	79.9	(30.7)	244.2	(18.0)
Casino Wagering Tax ⁴⁾	12.7	(3.8)	67.1	8.8	163.0	4.8
Oil & Gas Severance Tax	4.0	(38.5)	20.4	(37.6)	66.0	(19.0)
Other Taxes ⁵⁾	21.0	(1.9)	132.6	(0.5)	450.2	0.9
Total	\$990.3	(4.4)%	\$6,301.6	(1.5)%	\$20,650.2	1.0%
Addendum:						
Gross Lottery Sales ⁴⁾	\$188.6	(3.2)%	\$930.7	(0.2)%	\$2,264.5	2.4%
Net to School Aid Fund ⁴⁾	\$ 63.5	2.2%	\$299.0	(0.1)%	\$ 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*
March 2005 to February 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.