

MONTHLY REVENUE REPORT

FEBRUARY 2013

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.04 billion in February 2013, up 32.7% from last year's level. February tax collections were approximately \$47.7 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2013. The above-forecast increase in revenue reflected that a majority of taxes, including income tax withholding, sales, and Michigan Business Tax (MBT), were slightly above-forecast, while income tax refunds were slightly below-forecast.

Collections earmarked to the General Fund were \$45.0 million above the expected level for February, while School Aid Fund tax collections were \$0.2 million below the forecasted level. The remaining \$2.9 million in unanticipated collections was directed to other funds, most notably constitutional revenue sharing. Through February, year-to-date General Fund collections are \$82.6 million above, and School Aid Fund collections \$1.9 million below, the level expected based on the January 2013 consensus revenue estimates.

Net income tax revenue totaled \$215.0 million in February 2013, up substantially from the negative \$19.3 million in February 2012 (when refunds exceeded gross collections) and \$27.9 million above the level forecasted for the month. Withholding payments (which represented the majority of gross income tax revenue) were 3.5% above the year-ago level and \$18.3 million above the predicted level. Individual income tax refunds, which can vary greatly from year to year depending on when returns are filed, were down 34.0% from February 2012 but were \$12.6 million above-forecast. The substantial decline in refunds reflects the income tax changes adopted in 2011.

February 2013 sales tax receipts increased 1.9% from the prior year and were \$16.8 million above the forecasted level. On a year-to-date basis, sales tax collections through February are up 1.1% from last year. February sales tax collections from motor vehicle transactions were down 7.5% from one year ago, and on a year-to-date basis are down 0.6%.

Use tax collections totaled \$99.0 million, and were \$3.7 million above the forecasted level. Use tax collections were up 54.3% from last year because a large use tax refund of nearly \$30.0 million was posted in February 2012. Absent the refund, use tax collections would have been approximately 5.2% above the year-ago level.

Corporate Income Tax collections totaled \$17.0 million and were \$0.6 million above-forecast. Although revenue from the repealed MBT totaled a negative \$2.0 million in February (a net loss to the State due to refunds exceeding collections), MBT revenue was still \$17.5 million above the expected level.

Real estate transfer tax receipts were 54.3% above the year-ago level in February, the fourth consecutive month, and the seventh time in the last 10 months, in which receipts exhibited a year-over-year increase of more than 50%. Year-to-date real estate transfer tax collections are 72.7% above last year's level.

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 January 2013. Also presented are the revised consensus revenue estimates for FY 2012-13, which were adopted at the January 2013 Consensus Revenue Estimating Conference.



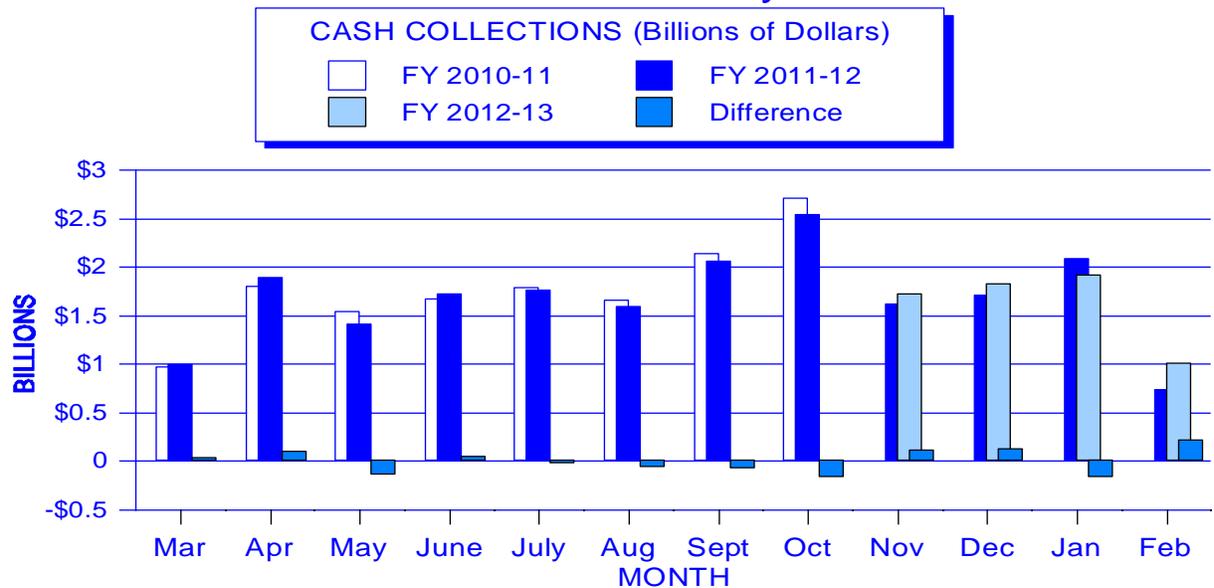
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**MICHIGAN REVENUE UPDATE
FEBRUARY 2013
(dollars in millions)**

Type of Revenue	February Collections		FY 2012-13 to Date ²⁾		FY 2012-13 Estimate ³⁾	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2011-12
Gross Income Tax	\$631.3	3.2%	\$3,087.8	8.7%	\$9,322.8	3.0%
Refunds	(416.3)	(34.0)	(470.4)	(37.9)	(1,585.3)	(25.7)
Net Income Tax	215.0	(1,216.0)	2,617.5	25.6	7,737.5	11.8
Sales Tax	521.8	1.9	2,300.0	1.1	7,134.7	2.6
Motor Vehicles	58.1	(7.5)	248.0	(0.6)	---	---
All Other Sales Tax	463.7	3.3	2,052.0	1.3	---	---
Use Tax	99.0	54.3	376.1	4.1	1,271.5	5.4
Tobacco Taxes	73.8	1.3	310.5	1.3	944.1	(2.0)
Corporate Income Tax	17.0	357.7	233.1	6,039.0	945.0	72.7
Michigan Business Tax	(2.0)	(105.3)	14.4	(97.6)	(623.4)	(178.1)
Insurance Tax	8.4	(4.7)	72.6	(8.6)	307.0	5.8
State Education Property Tax	14.5	(5.9)	303.0	28.1	1,801.6	0.7
Real Estate Transfer Tax	15.6	54.3	61.5	72.7	163.6	13.0
Casino Wagering Tax ⁴⁾	9.0	(13.7)	36.3	(6.9)	108.3	(6.5)
Oil & Gas Severance Tax	5.1	27.0	18.8	(2.2)	53.0	(1.1)
Other Taxes ⁵⁾	19.0	189.0	108.3	27.7	324.9	12.5
Total	\$996.2	37.3%	\$6,451.9	5.3%	\$20,167.8	0.5%
Addendum:						
Gross Lottery Sales ⁴⁾	\$184.6	(5.6%)	\$970.2	0.1%	\$2,381.0	(1.3%)
Net to School Aid Fund ⁴⁾	\$48.5	(21.7%)	\$297.0	(2.6%)	\$750.0	(3.6%)

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2012-13 year-to-date collections begin with November 2012 collections to reflect accrual accounting.
- 3) Consensus revenue estimates adopted at the January 11, 2013, Consensus Revenue Estimating Conference.
- 4) Lottery and casino revenue is not accrued, so FY 2012-13 collections will include October 2012 to September 2013.
- 5) Other Taxes include beer, wine, liquor, single business tax, industrial facilities, utility property, and estate taxes, and penalties and interest.

**Actual Revenue Collections for Major State Taxes*
March 2011 to February 2013**



*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.