

# MONTHLY REVENUE REPORT

## January 2010

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.87 billion in January, down 4.0% from last year's level. Increases in sales tax collections were offset by monthly declines in the Michigan Business Tax and the individual income tax collections. January tax collections were approximately \$105.2 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2010. Collections earmarked to the General Fund were \$76.4 million above the expected level for January and School Aid Fund tax collections were up \$30.4 million for January compared with the estimates.

Net income tax revenue totaled \$789.9 million in January 2010, down 8.7% from the January 2009 level. Income tax collections have fallen below the year-ago level for 14 consecutive months. Income tax withholding payments, which represented the majority of net income tax revenue in January, fell 4.97% below the level in January 2009, to \$671.3 million, as lower levels of employment continued to have a negative impact on income tax collections.

Sales tax receipts totaled \$481.0 million in January, which was up 5.3% from the year-ago level. There were no calendar adjustment issues to be addressed between January 2009 and 2010. Given the lack of adjustments, January 2010 was a strong month for sales tax collections. While a definite improvement, this number is coming off the extreme drop in retail sales in early 2009. This performance also matches the general national trend in improving retail sales.

Michigan Business Tax revenue totaled \$296.2 million in January, down 14.7% from last year's level. Michigan Business Tax quarterly payments were down significantly by 21.9% compared with January 2009. The falloff in quarterly payments is the driving factor in the overall decline in Michigan Business Tax revenue.

Real estate transfer tax receipts rose 48.6% from the year-ago level in January, to \$10.7 million. For the past six months, year-over-year real estate transfer tax receipts have varied from 17.4% above the prior year to 27.8% below last year. This month's increase is the strongest over the past six months. This strong increase likely reflects the surge in residential real estate sales due to the Federal tax credits. State education property tax revenue was flat with no change from January 2009.

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 2010. Also presented are the consensus revenue estimates for FY 2009-10 adopted at the January 2010 Consensus Revenue Estimating Conference.

*Eric Scorsone, Senior Economist*

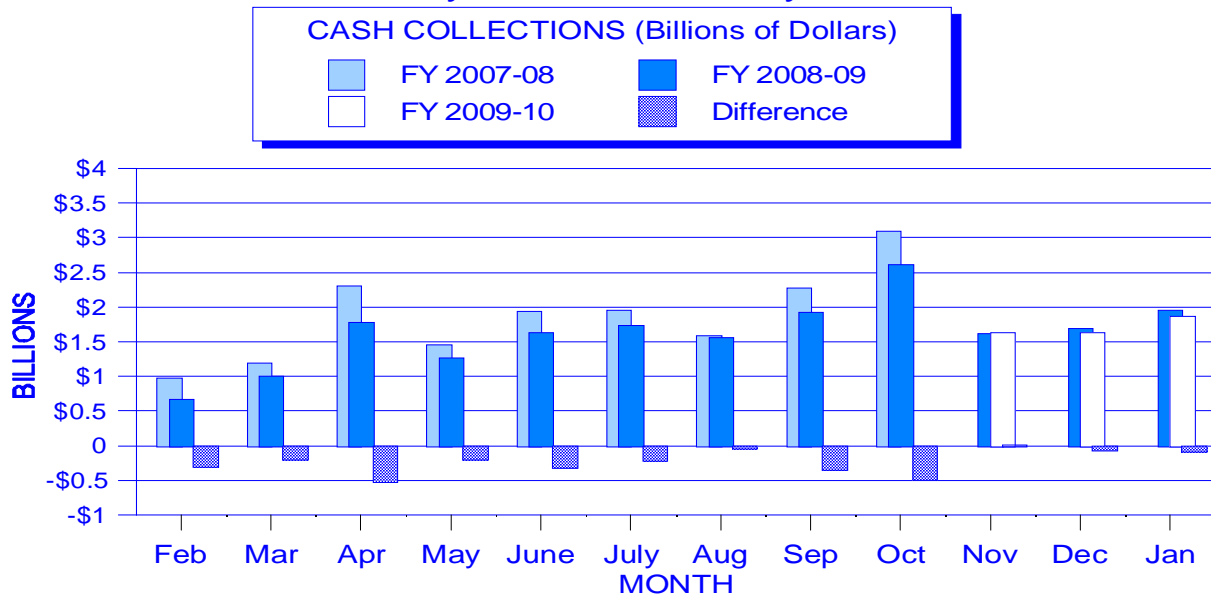


**MICHIGAN REVENUE UPDATE  
JANUARY 2010  
(dollars in millions)**

Type of Revenue	January Collections		FY 2009-10 to Date <sup>2)</sup>		FY 2009-10 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 2008-09
Gross Income Tax	\$823.1	(8.2)%	\$2,037.4	(7.1)%	\$7,648.2	(5.6)%
Refunds	(33.3)	1.8	(75.3)	15.7	(\$2,374.9)	5.9
Net Income Tax	789.8	(8.7)	1,962.1	(7.7)	\$5,273.3	(9.9)
Sales Tax	481.0	5.3	1,567.8	(0.4)	5,894.5	(3.2)
Motor Vehicles	57.5	(5.3)	174.0	5.9	---	---
All Other Sales Tax	423.5	6.9	1,393.8	(1.1)	---	---
Use Tax	86.2	(7.4)	272.6	16.1	1,143.0	2.7
Tobacco Taxes	84.9	(4.3)	250.8	(4.3)	981.8	(6.0)
Single Business Tax	11.5	(196.3)	23.3	(150.1)	(20.0)	(183.0)
Michigan Business Tax	296.2	(14.7)	540.8	(9.5)	2,228.4	(1.4)
Insurance Tax	58.0	2.1	63.3	(0.3)	271.0	3.8
State Education Property Tax	17.1	0.0	293.5	12.4	1,875.0	(8.1)
Real Estate Transfer Tax	10.7	48.6	31.3	6.8	127.0	1.4
Casino Wagering Tax <sup>4)</sup>	10.1	5.2	29.8	4.2	109.6	(9.7)
Oil & Gas Severance Tax	4.4	10.0	15.4	(5.5)	55.0	16.5
Other Taxes <sup>5)</sup>	22.9	21.8	84.0	(22.8)	332.0	(3.1)
<b>Total</b>	<b>\$1,872.8</b>	<b>(4.0)%</b>	<b>\$5,134.7</b>	<b>(2.3)%</b>	<b>\$18,270.6</b>	<b>(5.9)%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$227.9	5.2%	\$801.2	1.2%	\$2,329.3	(1.5)%
Net to School Aid Fund <sup>4)</sup>	\$ 46.2	(27.4)%	\$219.4	(7.7)%	\$ 708.1	(2.3)%

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2009-10 year-to-date collections begin with November 2009 collections to reflect accrual accounting.
- 3) Consensus revenue estimates adopted at the January 11, 2010, Consensus Revenue Estimating Conference.
- 4) Lottery revenue is not accrued, so FY 2009-10 collections will include October 2009 to September 2010.
- 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\*  
February 2008 to January 2010**



\*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.