

# MONTHLY REVENUE REPORT

## JANUARY 2012

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.1 billion in January, up 4.4% from last year's level. January tax collections were approximately \$45.9 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2012. Monthly collections from withholding under the individual income tax were less than estimated, as were collections from the sales tax and use tax, although a portion of the shortfall was offset by higher-than-expected Michigan Business Tax (MBT) collections.

Collections earmarked to the General Fund were \$11.9 million below the expected level for January, while School Aid Fund tax collections were \$29.8 million below the forecasted level. The remaining \$4.2 million in revenue, which was also below forecasted levels, was directed to other funds, most notably constitutional revenue sharing. On a year-to-date basis, General Fund collections are \$17.0 million lower, and School Aid Fund collections \$29.0 million lower, than expected based on the January 2012 consensus revenue estimates.

Net income tax revenue totaled \$875.8 million in January 2012, a 7.6% increase over last year's level. Withholding payments (which represented the majority of gross income tax revenue) were 7.9% above the year-ago level but \$11.1 million below the predicted level. Withholding receipts in January were expected to be much higher than in 2011 due to the tax changes enacted in May 2011, many of which were expected to increase withholding. Net income tax revenue also was reduced by refunds, which totaled \$95.8 million, up 21.1% from January 2011 and \$34.6 million more than expected.

Sales tax receipts totaled \$597.1 million in January 2012, a 9.0% increase from the prior year. Most of the year-over-year growth in sales tax collections reflected calendar factors -- adjusting for them, the year-over-year increase would have been only 1.2%. Between the tax changes affecting the income tax and the calendar factors affecting sales tax collections, it is difficult to accurately compare the growth rates of the two taxes, but it appears that January may represent the first month since March 2011 that income tax withholding has grown more rapidly than sales tax collections. January sales tax collections from motor vehicle transactions were down 5.1% from one year ago.

Michigan Business Tax revenue totaled \$303.8 million in January, a 5.1% decline compared with January 2011, but still \$41.0 above the level expected based on the revised revenue estimates. The increases in MBT collections reflected a 73.4% year-over-year increase in annual payments. Quarterly MBT payments were down 11.3% from last year's level.

Real estate transfer tax receipts were 2.5% below the year-ago level in January. Year-to-date real estate transfer tax collections are now running 8.4% below last year's level. State education property tax revenue was down 13.0% from January 2011, although the overwhelming majority of revenue is received during August through November of each fiscal year.

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 2012. Also presented are the revised consensus revenue estimates for FY 2011-12, which were adopted at the January 2012 Consensus Revenue Estimating Conference.



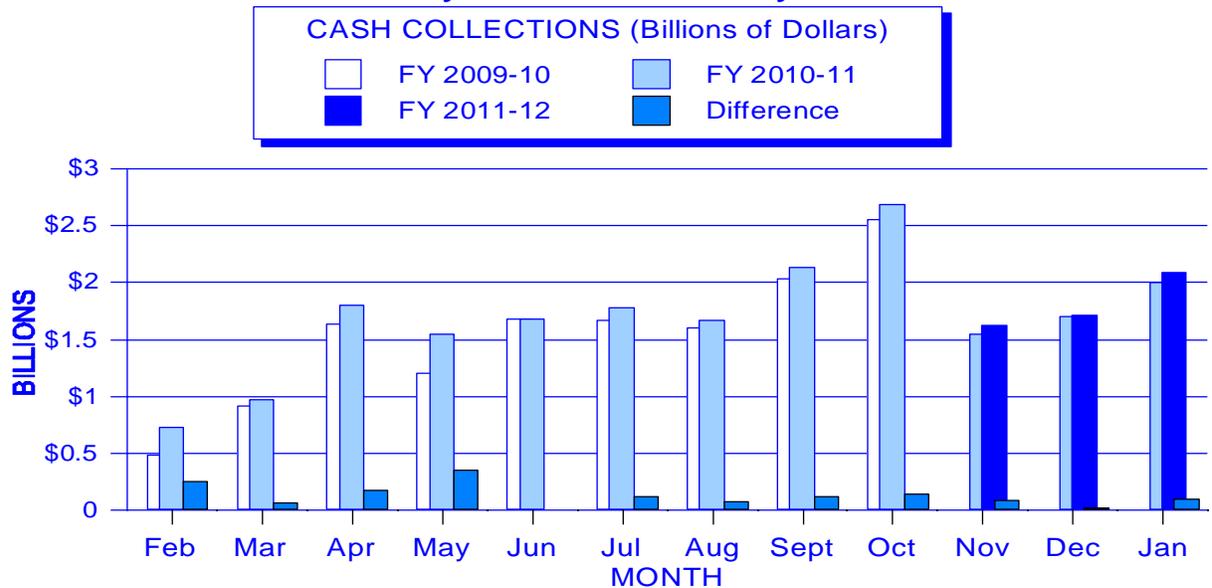
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**MICHIGAN REVENUE UPDATE  
JANUARY 2012  
(dollars in millions)**

Type of Revenue	January Collections		FY 2011-12 to Date <sup>2)</sup>		FY 2011-12 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 2010-11
Gross Income Tax	\$971.5	8.8%	\$2,230.2	1.7%	\$9,073.0	6.2%
Refunds	(95.8)	21.1	(126.5)	13.1	(2,041.1)	(4.0)
Net Income Tax	\$875.8	7.6%	\$2,103.7	1.1%	\$7,031.9	9.6%
Sales Tax	597.1	9.0	1,764.0	3.3	6,883.9	2.6
Motor Vehicles	61.8	(5.1)	186.8	1.2	---	---
All Other Sales Tax	535.2	10.9	1,577.2	3.5	---	---
Use Tax	105.5	2.7	296.9	0.4	1,199.1	8.9
Tobacco Taxes	74.9	(4.8)	233.7	(1.5)	941.7	(2.7)
Corporate Income Tax	0.1	---	0.1	---	485.6	---
Michigan Business Tax	303.8	(5.1)	564.2	33.6	637.3	(69.4)
Insurance Tax	65.0	10.0	70.6	13.2	282.0	4.0
State Education Property Tax	14.0	(13.0)	221.1	(23.0)	1,820.0	(1.4)
Real Estate Transfer Tax	9.4	(2.5)	25.5	(8.4)	132.9	7.9
Casino Wagering Tax <sup>4)</sup>	9.2	(0.8)	28.6	4.1	113.7	(0.3)
Oil & Gas Severance Tax	5.3	(1.4)	15.2	13.6	62.2	4.0
Other Taxes <sup>5)</sup>	26.9	(25.3)	78.2	11.7	312.6	(3.8)
<b>Total</b>	<b>\$2,087.0</b>	<b>4.4%</b>	<b>\$5,401.8</b>	<b>3.2%</b>	<b>\$19,902.9</b>	<b>(1.5%)</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$174.7	(0.1)	\$773.3	(2.5%)	\$2,368.3	0.1%
Net to School Aid Fund <sup>4)</sup>	\$ 54.9	3.1%	\$243.0	(5.7%)	\$ 720.0	(1.0%)

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2011-12 year-to-date collections begin with November 2011 collections to reflect accrual accounting.
- 3) Consensus revenue estimates adopted at the January 13, 2012, Consensus Revenue Estimating Conference.
- 4) Lottery and casino revenue is not accrued, so FY 2011-12 collections will include October 2011 to September 2012.
- 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\*  
February 2010 to January 2012**



\*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.