

MONTHLY REVENUE REPORT

June 2010

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1,668.2 million in June, up 2.6% from last year's level. Increases in net income, sales, and use tax collections were offset by monthly declines in Michigan Business Tax collections, compared with June 2009.

So far in FY 2009-10, tax collections are below the comparable year-ago level by 4.9% or \$676.7 million and are \$104.2 million above the year-to-date estimate based on the May 2010 consensus estimates. June tax collections were approximately \$166.5 million above the level expected in the Senate Fiscal Agency's estimate for the month. Collections earmarked to the General Fund were \$71.6 million above the expected level for June and School Aid Fund tax collections were \$74.1 million above the expectation for June.

Net income tax revenue totaled \$624.0 million in June 2010, up 1.9% from the June 2009 level. This is the second consecutive time in the last 17 months that income tax collections have exceeded the amount collected in the same month of the previous year. Income tax withholding payments, which represented the majority of net income tax revenue in June 2010, were 0.1% above the year-ago level. Income tax refunds were also down substantially from June 2009 and far lower than the estimated amount for the month. As a result of all of these changes, net income tax collections were above actual collections in June 2009 as well as nearly \$43.1 million greater than estimated for the month. On a fiscal year-to-date basis, net income tax revenue is down 13.1% or \$538.1 million from last year's level.

Sales tax receipts totaled \$600.8 million in June 2010, which was up 0.5% from the year-ago level. Sales tax collections are continuing on a slightly upward trend. The recent slowdown in national retail sales may have an impact on sales tax collections later in the fiscal year. However, so far in FY 2009-10, sales tax collections are up 2.7%.

Michigan Business Tax (MBT) revenue totaled \$148.4 million in June 2010, which was down \$40.0 million or 34.1% from last year's level. Michigan Business Tax quarterly payments were actually up 5.9%, but Michigan Business Tax annual payments were down 74.5% compared with June 2009. More importantly, MBT refunds were up slightly at over \$15.6 million in June 2010 compared with only \$14.7 million in June 2009. Much lower annual payments led to the significant overall decline in monthly MBT revenue collections.

Real estate transfer tax receipts were up 41.2% from the year-ago level in June, to \$12.0 million. State education property tax revenue was slightly up with a 2.9% increase from June 2009. On a fiscal year-to-date basis, real estate transfer tax receipts are up 12.3%. These numbers reflect the continuing upward trend in home sales due to the Federal tax credits, which expired in spring 2010.

Overall actual revenue collections in June 2010 came in 2.6% above last fiscal year's actual collections in June. Compared with estimated tax collections, June actual collections were above estimates by a substantial amount. Given the uncertainty over the pace of the economic recovery, these trends will need to be carefully monitored going forward. 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 June 2010. Also presented are the consensus revenue estimates for FY 2009-10 adopted at the May 2010 Consensus Revenue Estimating Conference.

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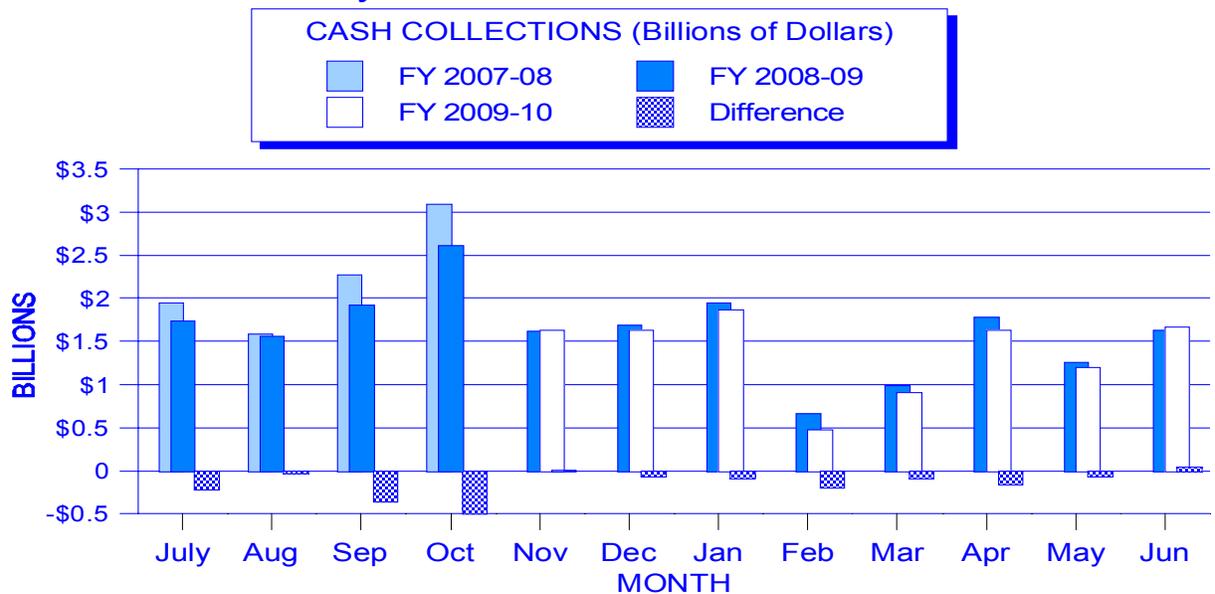


MICHIGAN REVENUE UPDATE
JUNE 2010
(dollars in millions)

Type of Revenue	June Collections		FY 2009-10 to Date ²⁾		FY 2009-10 Estimate ³⁾	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2008-09
Gross Income Tax	\$684.3	(0.2)%	\$5,445.4	(4.4)%	\$7,811.2	(3.5)%
Refunds	(60.3)	(17.4)	(2,212.0)	11.9	(2,429.9)	8.3
Net Income Tax	\$624.0	1.9%	\$3,233.4	(13.1)%	\$5,381.3	(8.1)%
Sales Tax	600.8	3.5	4,109.9	2.7	6,166.7	1.3
Motor Vehicles	78.1	(6.7)	522.8	0.4	---	---
All Other Sales Tax	522.7	5.2	3,587.1	3.0	---	---
Use Tax	111.2	4.7	748.3	5.7	1,153.0	3.6
Tobacco Taxes	83.4	(3.1)	650.3	(2.7)	991.1	(5.1)
Single Business Tax	14.3	(139.9)	53.9	(135.5)	(0.0)	(100.0)
Michigan Business Tax	148.4	(21.5)	1,261.5	(25.4)	1,861.4	(17.6)
Insurance Tax	0.6	(75.0)	136.8	(2.4)	273.0	4.6
State Education Property Tax	45.7	2.9	442.3	7.3	1,893.0	(7.2)
Real Estate Transfer Tax	12.0	41.2	77.7	12.3	127.0	1.4
Casino Wagering Tax ⁴⁾	6.7	(24.7)	68.2	(9.3)	109.6	(9.7)
Oil & Gas Severance Tax	3.7	15.6	40.2	18.9	60.0	27.1
Other Taxes ⁵⁾	17.3	(14.1)	189.6	(12.3)	329.0	(4.0)
Total	\$1,668.2	2.6%	\$11,012.1	(4.9)%	\$18,345.0	(5.5)%
Addendum:						
Gross Lottery Sales ⁴⁾	\$170.4	(1.5)%	\$1,792.4	0.4%	\$2,378.1	0.6%
Net to School Aid Fund ⁴⁾	\$ 48.0	4.5%	\$ 530.6	(3.8)%	\$ 723.0	(0.2)%

- 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 May 21, 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*
July 2008 to June 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.