

# MONTHLY REVENUE REPORT

## JUNE 2012

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.8 billion in June, up 3.4% from last year's level. June tax collections were approximately \$118.2 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2012. While sales, use, and withholding receipts all exceeded monthly projections, more than half of the forecast error reflected business tax collections (including \$34.0 million in above-forecast receipts from the repealed Single Business Tax (SBT) and Michigan Business Tax (MBT)). As a result, more than half of the forecast error for the month reflected issues largely unrelated to the economy, as collections from repealed taxes continue the process of winding down and businesses adapt to the new corporate income tax.

Collections earmarked to the General Fund were \$87.4 million above the expected level for June, while School Aid Fund tax collections were \$26.8 million above the forecasted level. The remaining \$4.0 million in unanticipated collections was directed to other funds, most notably constitutional revenue sharing. Through June, year-to-date General Fund collections are \$76.1 million higher, School Aid Fund collections \$25.7 million higher, and other funds collectively \$3.1 million above, the level expected based on the May 2012 consensus revenue estimates.

Net income tax revenue totaled \$741.4 million in June 2012, up 17.6% from June 2011. Withholding payments (which represented the majority of gross income tax revenue) were 15.7% above the year-ago level and \$23.0 million above the predicted level. Generally, withholding receipts during 2012 have been 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.

Sales tax receipts totaled \$576.3 million in June, which is \$5.4 million above the forecast but is down 2.7% from May 2011. On a year-to-date basis, sales tax collections are up 3.4% from last year. Use tax collections totaled \$109.6 million, up 6.9% from June 2011, and year-to-date use tax collections are up 0.2% from last year.

Michigan Business Tax revenue totaled \$28.1 million in June, down 84.2% from June 2011 as businesses switch from the MBT to the new Corporate Income Tax. Despite the year-over-year decline, MBT collections were \$22.1 million above the level expected for the month based on the May 2012 revenue estimates. Revenue from the SBT totaled \$11.6 million in June while Michigan Corporate Income Tax collections totaled \$82.0 million in June.

Tobacco tax collections were up 10.8% from June 2011 and \$8.6 million above the predicted level. In contrast, June revenue from the casino gaming tax was down 1.6% from last June and severance tax collections were down 38.9%. Real estate transfer tax receipts were 43.3% above the year-ago level in June and year-to-date real estate tax collections are up 9.2% from last 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 May 2012. Also presented are the revised consensus revenue estimates for FY 2011-12, which were adopted at the May 2012 Consensus Revenue Estimating Conference.

*David Zin, Chief Economist*

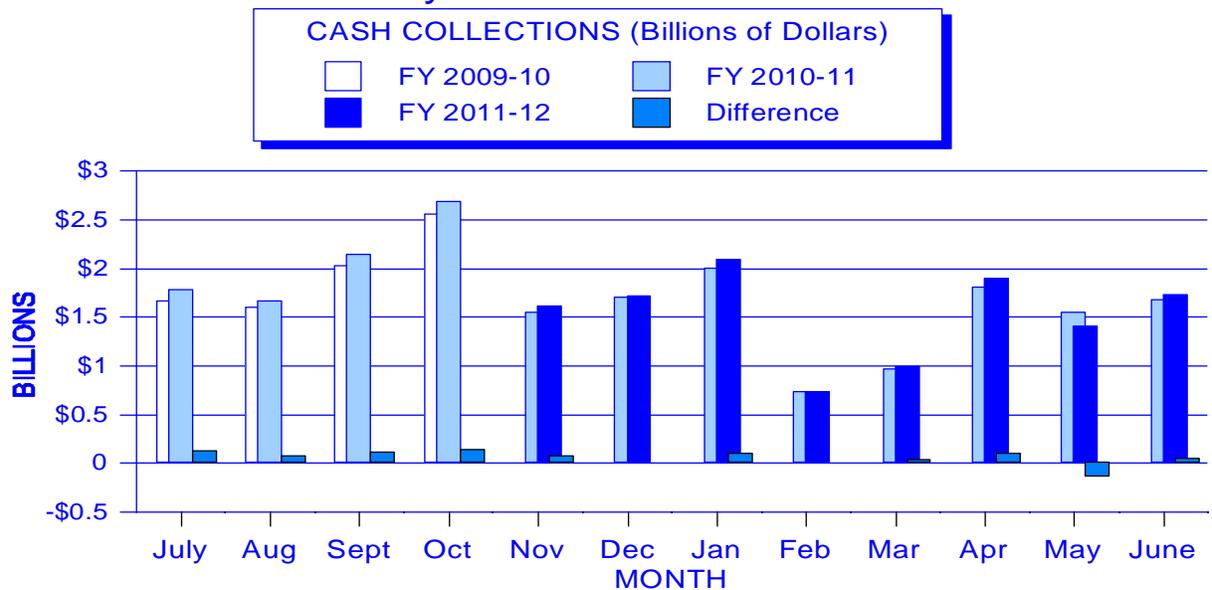


**MICHIGAN REVENUE UPDATE**  
**JUNE 2012**  
(dollars in millions)

Type of Revenue	June 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	\$794.8	15.9	\$6,261.3	5.9	\$9,069.0	6.1%
Refunds	(53.4)	(3.7)	(2,026.5)	(0.0)	(\$2,103.1)	(1.1)
Net Income Tax	741.4	17.6	4,234.8	9.0	\$6,965.9	8.5
Sales Tax	576.3	(2.7)	4,548.5	3.4	7,023.9	4.7
Motor Vehicles	72.2	(2.7)	550.3	3.9	---	---
All Other Sales Tax	504.1	(2.6)	3,998.1	3.3	---	---
Use Tax	109.6	6.9	769.4	0.2	1,182.1	7.4
Tobacco Taxes	89.6	10.8	623.4	1.4	961.7	(0.7)
Corporate Income Tax	82.0	---	223.4	---	485.6	---
Michigan Business Tax	28.1	(84.2)	889.6	(32.7)	713.6	(65.7)
Insurance Tax	1.5	(70.1)	153.7	10.5	300.0	10.6
State Education Property Tax	30.1	(22.1)	331.3	(22.9)	1,807.1	(2.1)
Real Estate Transfer Tax	13.5	43.3	80.1	9.2	124.9	1.4
Casino Wagering Tax <sup>4)</sup>	9.0	498.1	78.6	2.7	114.7	0.6
Oil & Gas Severance Tax	3.8	(38.9)	37.6	(9.0)	60.7	1.5
Other Taxes <sup>5)</sup>	31.2	74.3	158.9	(4.6)	292.7	(10.0)
<b>Total</b>	<b>\$1,716.1</b>	<b>2.7%</b>	<b>\$12,129.1</b>	<b>1.7%</b>	<b>\$20,032.9</b>	<b>(0.8%)</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$219.4	29.1%	\$1,851.9	4.9%	\$2,467.0	5.4%
Net to School Aid Fund <sup>4)</sup>	\$ 66.8	23.4%	\$ 588.5	7.5%	\$ 750.0	3.1%

- 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 May 16, 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\***  
**July 2010 to June 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.