

MONTHLY REVENUE REPORT

MARCH 2013

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.2 billion in March 2013, a 9.4% increase from last year's level. March tax collections were approximately \$64.0 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. Almost all of the above-forecast increase in revenue reflected above-forecast collections from income tax withholding, the Michigan Business Tax (MBT), and the Corporate Income Tax that more than offset above-forecast income tax refunds.

Collections earmarked to the General Fund were \$37.1 million above the expected level for March, while School Aid Fund tax collections were \$24.0 million above the forecasted level. The remaining \$2.9 million in unanticipated collections was directed to other funds, most notably constitutional revenue sharing. Through March, year-to-date General Fund collections are \$119.6 million above, and School Aid Fund collections \$22.1 million above, the level expected based on the January 2013 consensus revenue estimates.

Net income tax revenue totaled \$288.2 million in March 2013, more than double the \$134.1 million received in March 2012 and \$13.7 million above the level forecasted for the month. Withholding payments (which represented the majority of gross income tax revenue) were 0.8% above the year-ago level but were \$37.8 million above the predicted level. Individual income tax refunds, which can vary greatly from year to year depending on when they are filed, were down 21.7% from March 2012 but were \$29.7 million above-forecast. The substantial decline in refunds reflects the income tax changes adopted in 2011.

Sales tax receipts declined 1.1% from the March 2012 level but were \$6.2 million above the forecasted level. On a year-to-date basis, sales tax collections through March are up 0.7% from last year. March sales tax collections from motor vehicle transactions were down 4.4% from one year ago, and on a year-to-date basis are down 1.5%. Total sales tax collections have declined from the year-ago level in three of the last five months, and collections from motor vehicle transactions have exhibited year-over-year declines in four of the last five months.

Use tax collections totaled \$93.7 million, up 2.1% from March 2012 and \$0.6 million below the forecasted level. Real estate transfer tax receipts were 5.8% above the year-ago level in March, the first month since October 2012 in which receipts have exhibited a year-over-year increase of less than 50%. Year-to-date real estate transfer tax collections are 58.5% above last year's level.

Corporate Income Tax collections totaled \$53.4 million and were \$13.1 million above-forecast. Although revenue from the repealed MBT totaled a negative \$3.5 million in March (a net loss of revenue to the State due to refunds' exceeding collections), MBT revenue was still \$25.1 million above the expected level. The forecast for MBT revenue in FY 2012-13 is based substantially on the expectations of several large refunds. The timing of when these refunds are claimed and processed will significantly affect the accuracy of monthly MBT estimates.

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



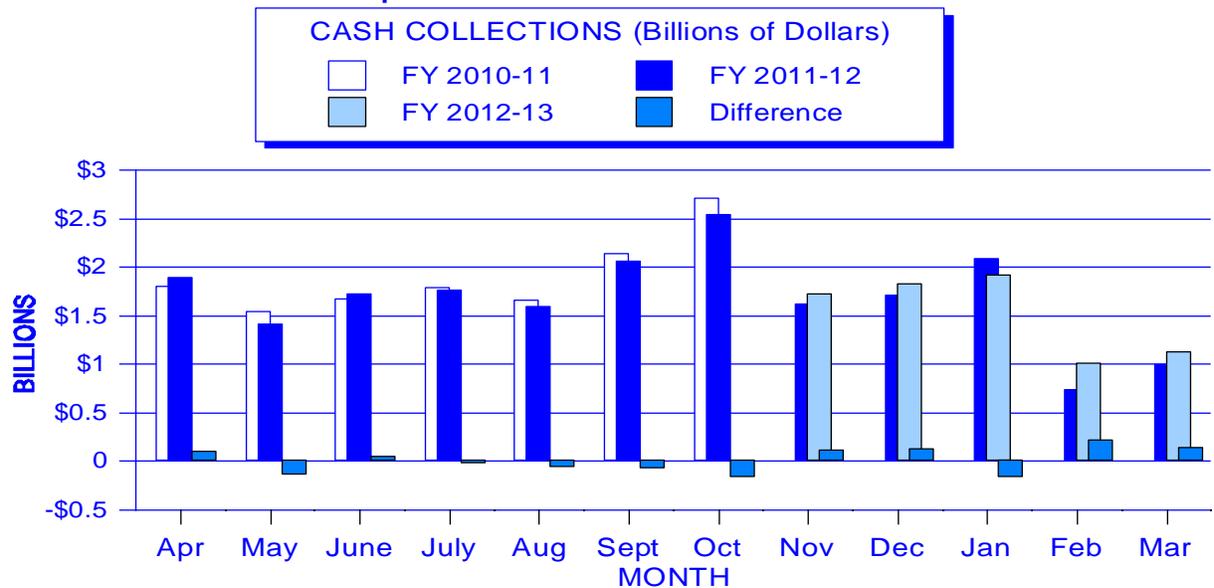
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**MICHIGAN REVENUE UPDATE
MARCH 2013
(dollars in millions)**

Type of Revenue	March 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	\$770.3	2.7%	\$3,858.1	7.4%	\$9,322.8	3.0%
Refunds	(482.0)	(21.7)	(952.4)	(30.6)	(1,585.3)	(25.7)
Net Income Tax	288.2	114.9	2,905.7	31.0	\$7,737.5	11.8
Sales Tax	531.3	(1.1)	2,831.3	0.7	7,134.7	2.6
Motor Vehicles	72.8	(4.4)	320.9	(1.5)	---	---
All Other Sales Tax	458.4	(0.5)	2,510.5	0.9	---	---
Use Tax	93.7	2.1	469.7	3.7	1,271.5	5.4
Tobacco Taxes	74.2	3.3	384.7	1.7	944.1	(2.0)
Corporate Income Tax	53.4	---	286.5	---	945.0	72.7
Michigan Business Tax	(3.5)	(105.6)	10.9	(98.4)	(623.4)	(178.1)
Insurance Tax	12.0	10.5	84.6	(6.3)	307.0	5.8
State Education Property Tax	21.8	30.2	324.7	28.2	1,801.6	0.7
Real Estate Transfer Tax	10.1	5.8	71.7	58.5	163.6	13.0
Casino Wagering Tax ⁴⁾	10.9	1,192.9	47.3	(5.5)	108.3	(6.5)
Oil & Gas Severance Tax	4.5	(12.6)	23.3	(4.4)	53.0	(1.1)
Other Taxes ⁵⁾	24.9	10.5	133.2	24.1	324.9	12.5
Total	\$1,121.7	13.2%	\$7,573.6	6.4%	\$20,167.8	0.5%
Addendum:						
Gross Lottery Sales ⁴⁾	\$254.7	(12.5%)	\$1,224.9	(2.8%)	\$2,381.0	(1.3%)
Net to School Aid Fund ⁴⁾	\$72.3	(28.0%)	\$369.2	(8.9%)	\$750.0	(3.6%)

- Total collections are unadjusted cash collections unless otherwise noted.
- FY 2012-13 year-to-date collections begin with November 2012 collections to reflect accrual accounting.
- Consensus revenue estimates adopted at the January 11, 2013, Consensus Revenue Estimating Conference.
- Lottery and casino revenue is not accrued, so FY 2012-13 collections will include October 2012 to September 2013.
- 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*
April 2011 to March 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.