

MONTHLY REVENUE REPORT NOVEMBER 2010

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.5 billion in November, down 5.7% from last year's level. November tax collections were approximately \$148.2 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2010. Largely due to Michigan Business Tax (MBT) revenue (discussed below), collections earmarked to the General Fund were \$106.8 million below the expected level for November and School Aid Fund tax collections fell \$61.4 million short. November tax collections represent the first month of revenue for FY 2010-11, because under accrual accounting (which the State of Michigan uses) most of October's tax revenue will be included in FY 2009-10 revenue.

Net income tax revenue totaled \$588.3 million in November, up 4.5% from the November 2009 level. Income tax collections have risen above the year-ago level for four consecutive months and were \$30.9 million above the monthly forecast. Income tax withholding payments rose 3.1% above the year-ago level in November, to \$595.5 million, as stable employment and increases in the average number of hours worked have improved withholding tax collections.

Sales tax receipts totaled \$569.7 million in November, 9.0% above the November 2009 level. It was the eighth out of the last 11 months that sales tax growth has exceeded growth in withholding. Sales tax collections from motor vehicle transactions were 13.3% above the year-ago level, the third consecutive month that sales tax collections from motor vehicle transactions have exceeded the year-ago level.

Michigan Business Tax revenue totaled a negative \$57.8 million in November, down 201.3% from last year's level and \$123.5 million below the monthly forecast. For several months this report has highlighted processing issues that have delayed MBT refunds and caused MBT revenue to exceed projections. In November, \$143.8 million in MBT refunds posted to the accounting system, compared with \$7.2 million in November 2009. The \$143.8 million in refunds effectively offset the \$142.8 million by which MBT revenue between November 2009 and October 2010 exceeded the monthly revenue estimates. Most of these refunds are expected to be accrued against FY 2009-10 revenue. Quarterly estimated MBT payments were up 6.5% from the year-ago level, the fourth consecutive month of year-over-year growth. Before August 2009, MBT quarterly payments had exhibited negative year-over-year growth in 14 of the preceding 16 months, with many declines in excess of 30%.

Real estate transfer tax receipts fell 14.4% from the year-ago level in November, to \$10.1 million. For the past five months, year-over-year real estate transfer tax receipts have declined from year-ago levels, reflecting the impact of the Federal homebuyer credit in pushing up home sales between late-2009 and mid-2010. State Education Property Tax revenue was down 0.4% from November 2009.

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 November 2010. Also presented are the consensus revenue estimates for FY 2010-11, which were adopted at the May 2010 Consensus Revenue Estimating Conference.

David Zin, Economist

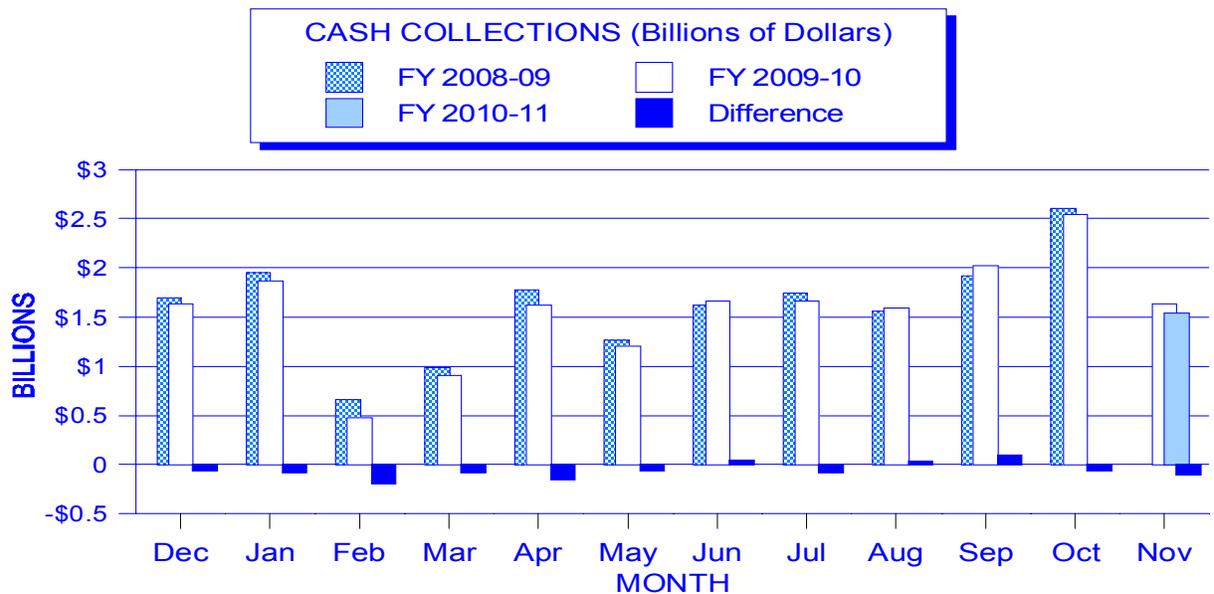


**MICHIGAN REVENUE UPDATE
NOVEMBER 2010
(dollars in millions)**

Type of Revenue	November Collections		FY 2010-11 to Date ²⁾		FY 2010-11 Estimate ³⁾	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2009-10
Gross Income Tax	\$610.2	3.2%	\$610.2	3.2%	\$8,020.6	2.7%
Refunds	(21.9)	(22.3)	(21.9)	(22.3)	(2,482.6)	2.2
Net Income Tax	\$588.3	4.5%	\$588.3	4.5%	\$5,538.0	2.9
Sales Tax	569.7	9.0	569.7	9.0	6,260.8	1.5
Motor Vehicles	63.0	13.3	63.0	13.3	---	---
All Other Sales Tax	506.7	8.5	506.7	8.5	---	---
Use Tax	99.3	2.9	99.3	2.9	1,170.0	1.5
Tobacco Taxes	78.4	(8.5)	78.4	(8.5)	955.0	(3.6)
Single Business Tax	(23.1)	538.2	(23.1)	538.2	0.0	---
Michigan Business Tax	(57.8)	(201.3)	(57.8)	(201.3)	2,191.4	17.7
Insurance Tax	0.1	(85.7)	0.1	(85.7)	286.6	5.0
State Education Property Tax	238.0	(0.4)	238.0	(0.4)	1,833.0	(3.2)
Real Estate Transfer Tax	10.1	(14.4)	10.1	(14.4)	140.0	10.2
Casino Wagering Tax ⁴⁾	9.0	(7.2)	9.0	(7.2)	112.0	2.2
Oil & Gas Severance Tax	4.1	(34.9)	4.1	(34.9)	64.0	6.7
Other Taxes ⁵⁾	21.8	(49.1)	21.8	(49.1)	336.3	2.2
Total	\$1,537.9	(5.7)%	\$1,537.9	(5.7)%	\$18,887.1	0.3%
Addendum:						
Gross Lottery Sales ⁴⁾	\$174.5	0.8%	\$174.5	0.8%	\$2,434.2	3.1%
Net to School Aid Fund ⁴⁾	\$ 54.2	(5.1)%	\$ 54.2	(5.1)%	\$ 740.0	2.4%

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2010-11 year-to-date collections begin with November 2010 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 2010-11 collections will include October 2010 to September 2011.
- 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*
December 2008 to November 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.