

MONTHLY REVENUE REPORT

OCTOBER 2010

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2,550.3 million in October, down 2.1% from last year's level. Increases in income and sales tax collections were strong but were offset by monthly declines in the insurance tax, Michigan Business Tax (MBT), tobacco tax, and real estate transfer tax, compared with October 2009. Final FY 2009-10 revenue will be adjusted through the accrual process and should be known in mid-December.

Actual tax collections exceeded estimated monthly revenue in October 2010 based on the May consensus forecast estimates. October tax collections were approximately \$83.4 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2010. Collections earmarked to the General Fund were \$74.0 million above the expected level for October and School Aid Fund tax collections were \$8.3 million above for October compared with estimates, excluding the potential impact of MBT refunds and lower lottery revenue.

Net income tax revenue totaled \$559.8 million in October 2010, up 3.9% from the October 2009 level. Income tax withholding payments, which represented the majority of net income tax revenue in October 2010, were up 4.0% or \$22.1 million above the level in October 2009. For the year to date, income tax withholding is running \$74.7 million above the May consensus estimates. Year-to-date net income tax collections are \$166.2 million above the estimated level from the May consensus.

Sales tax receipts totaled \$484.5 million in October, which was up 6.9% from the year-ago level. However, sales tax collections were almost \$9.2 million below the \$493.7 million estimated for the month, after exceeding sales tax expectations in the four previous months. For the year to date, sales tax collections are running \$66.3 million above the May consensus estimates despite the recent slowing in the growth rate.

Michigan Business Tax revenue totaled \$244.4 million in October 2010, which was down \$48.9 million or 16.7% from last year's level. Michigan Business Tax quarterly payments were up 6.9%. Most significantly, MBT refunds were more than 187.5% higher in October compared with October 2009. Given the expectation of higher MBT refunds from the May consensus, this month's refunds did show an increase. It is still expected that the refund estimate from the May consensus is on target for the total amount of MBT refunds. These refunds will partially show up as accruals as part of the book-closing process for FY 2009-10.

Real estate transfer tax receipts were significantly below the year-ago level and State Education Property Tax revenue was down 5.4% from October 2009. Year to date, State Education Tax collections are still up slightly and real estate transfer taxes are still down slightly compared with the May consensus estimates.

Although year-to-date actual revenue has exceeded estimated revenue by over \$400.0 million, the SFA expects MBT refund accruals (known in mid-December) to result in a substantial reduction in that number. 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 October 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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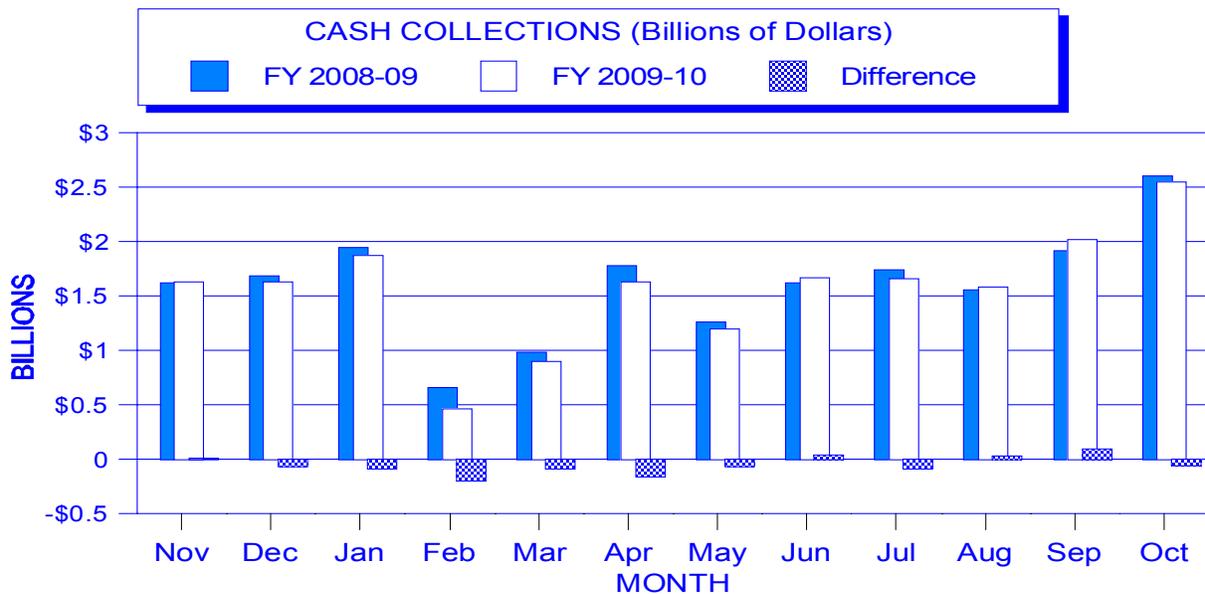


**MICHIGAN REVENUE UPDATE
OCTOBER 2010
(dollars in millions)**

Type of Revenue	October 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	\$609.5	3.6%	\$7,916.9	(1.9)%	\$7,811.2	(3.5)%
Refunds	(49.7)	(0.4)	(2,369.4)	11.5	(\$2,429.9)	8.3
Net Income Tax	\$559.8	3.9%	\$5,547.5	(6.7)%	\$5,381.3	(8.1)%
Sales Tax	484.5	6.9	6,233.0	3.0	6,166.7	1.3
Motor Vehicles	65.4	4.5	812.7	(1.4)	----	----
All Other Sales Tax	419.1	7.3	5,420.3	3.7	----	----
Use Tax	92.2	(1.3)	1,181.7	7.2	1,153.0	3.6
Tobacco Taxes	84.9	(8.4)	1,000.9	(3.9)	991.1	(5.1)
Single Business Tax	19.7	315.8	44.4	(132.3)	(0.0)	(100.0)
Michigan Business Tax	244.4	(16.7)	2,004.2	(19.4)	1,861.4	(17.6)
Insurance Tax	61.2	(2.7)	260.5	(4.4)	273.0	4.6
State Education Property Tax	956.4	(5.4)	1,937.0	(4.0)	1,893.0	(7.2)
Real Estate Transfer Tax	11.8	(27.2)	122.7	(3.5)	127.0	1.4
Casino Wagering Tax ⁴⁾	9.7	(8.5)	100.8	(10.0)	109.6	(9.7)
Oil & Gas Severance Tax	4.6	39.4	58.8	21.5	60.0	27.1
Other Taxes ⁵⁾	21.1	(13.2)	346.0	0.6	329.0	(4.0)
Total	\$2,550.3	(2.1)	\$18,837.5	(3.0)	\$18,345.0	(5.5)
Addendum:						
Gross Lottery Sales ⁴⁾	\$200.8	(4.1)%	\$2,357.9	(0.3)%	\$2,378.1	0.6%
Net to School Aid Fund ⁴⁾	\$ 67.0	13.4%	\$696.3	(3.0)%	\$ 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*
November 2008 to October 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.