

MONTHLY REVENUE REPORT

SEPTEMBER 2010

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2,023.1 million in September, up 5.3% from last year's level. Increases in income and use tax collections were strong and only partially offset by monthly declines in the insurance tax and sales tax compared with September 2009.

Actual tax collections exceeded estimated monthly revenue in September 2010 based on the May consensus forecast estimates. September tax collections were approximately \$175.5 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 \$105.7 million above the expected level for September and School Aid Fund tax collections were \$53.0 million above estimates for September. Year-to-date collections earmarked to the General Fund were \$235.4 million above the expected level while School Aid Fund tax collections were \$115.0 million higher, excluding the impact of Michigan Business Tax (MBT) refunds and lower lottery revenue.

Net income tax revenue totaled \$661.8 million in September 2010, up 7.7% from the September 2009 level. Income tax withholding payments, which represented the majority of net income tax revenue in September, were 6.3% or \$32.1 million above the level in September 2009. For the year to date, income tax withholding is running \$67.5 million above the May consensus estimates. Year-to-date net income tax collections are \$138.2 million above the estimated level from the May consensus.

Sales tax receipts totaled \$538.7 million in September, which was down 2.0% from the year-ago level. Sales tax collections were almost \$11.3 million above the \$527.4 million estimated for the month. Sales tax collections have faltered this month compared with growth in previous months. For the year to date, sales tax collections are running \$75.5 million above the May consensus estimates.

Michigan Business Tax revenue totaled \$135.4 million in September 2010, which was up \$21.7 million or 19.0% from last year's level. Michigan Business Tax quarterly payments were up 8.2%. Most importantly, MBT refunds were more than 169.2% higher in September compared with September 2009. Consistent with 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. And many of these refunds will show up as accruals as part of the book-closing process for FY 2009-10.

Real estate transfer tax receipts were slightly below the year-ago level and State education property tax revenue was down 1.4% or \$5.7 million from September 2009. Year to date, State Education Tax collections are still up slightly and real estate transfer taxes are flat compared with the May consensus estimate.

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 September 2010. Also presented are the consensus revenue estimates for FY 2009-10 adopted at the May 2010 Consensus Revenue Estimating Conference.

Eric Scorsone, Senior Economist
David Zin, Economist

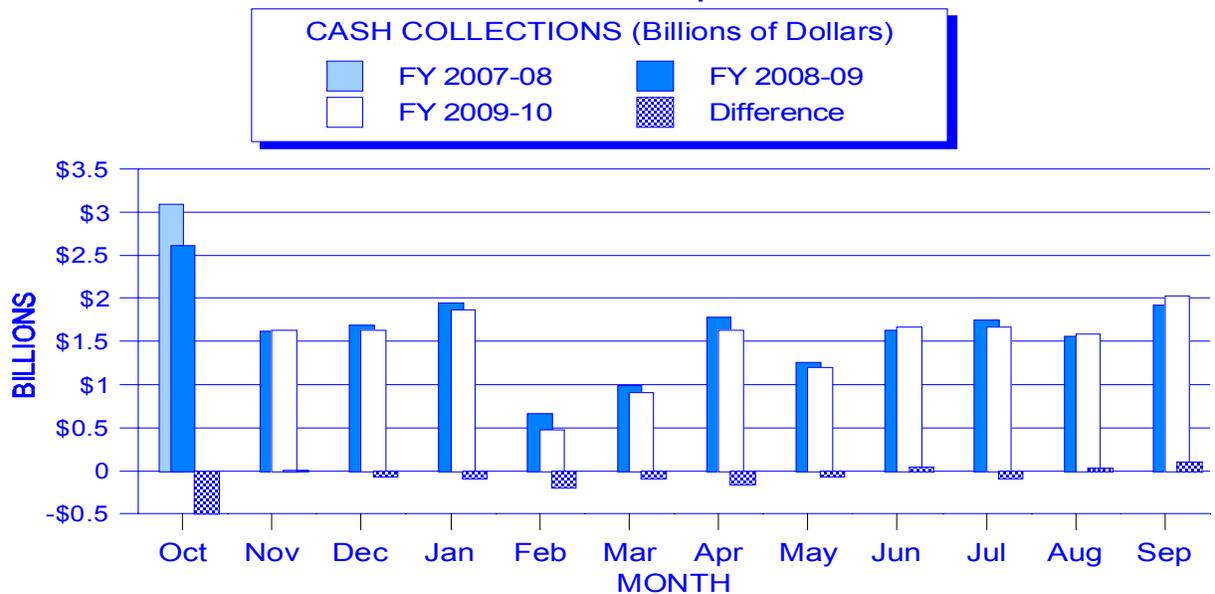


**MICHIGAN REVENUE UPDATE
SEPTEMBER 2010
(dollars in millions)**

Type of Revenue	September 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	\$686.8	4.6%	\$7,307.4	(2.4)%	\$7,811.2	(3.5)%
Refunds	(25.0)	(40.6)	(2,319.7)	11.8	(2,429.9)	8.3
Net Income Tax	661.8	7.7	4,987.7	(7.8)	\$5,381.3	(8.1)
Sales Tax	538.7	(2.0)	5,748.5	2.7	6,166.7	1.3
Motor Vehicles	70.7	7.4	747.3	(1.9)	---	---
All Other Sales Tax	468.0	(3.3)	5,001.2	3.4	---	---
Use Tax	115.7	20.3	1,089.5	8.0	1,153.0	3.6
Tobacco Taxes	86.1	(4.7)	916.0	(3.5)	991.1	(5.1)
Single Business Tax	11.0	(291.8)	24.7	(117.4)	(0.0)	(100.0)
Michigan Business Tax	135.4	19.0	1,759.8	(19.8)	1,861.4	(17.6)
Insurance Tax	(4.3)	(172.9)	199.3	(4.9)	273.0	4.6
State Education Property Tax	408.0	(1.4)	980.6	(2.5)	1,893.0	(7.2)
Real Estate Transfer Tax	9.0	(17.4)	110.9	(0.1)	127.0	1.4
Casino Wagering Tax ⁴⁾	7.6	(3.8)	91.1	(10.2)	109.6	(9.7)
Oil & Gas Severance Tax	5.7	83.9	54.2	20.2	60.0	27.1
Other Taxes ⁵⁾	48.4	120.0	324.9	1.7	329.0	(4.0)
Total	\$2,023.1	5.3%	\$16,287.2	(3.1)%	\$18,345.0	(5.5)%
Addendum:						
Gross Lottery Sales ⁴⁾	\$188.6	12.7%	\$2,357.9	(0.3)%	\$2,378.1	0.6%
Net to School Aid Fund ⁴⁾	\$ 55.2	23.7%	\$ 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*
October 2008 to September 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.