

MONTHLY REVENUE REPORT

April 2009

Michigan's taxes earmarked to the General Fund and School Aid Fund generated \$1.78 billion in April, which was down a sharp 22.7% from last year's level. The weakness in tax collections was well distributed throughout the major taxes, as significant declines occurred in the income, sales, use, Single Business, real estate transfer, casino, and severance taxes. In addition, April tax collections fell well below the amount of revenue expected to be collected in April by \$312.3 million. The estimate for April collections is based on the January 2009 consensus revenue estimate. This marks the fourth consecutive month that actual tax collections have fallen well short of the monthly estimate.

On a fiscal year-to-date basis, tax collections are down from last year's level by 12.9% and are short of the consensus estimate by \$650.0 million. General Fund/General Purpose tax collections are down about \$430.0 million from the consensus revenue estimate and School Aid Fund tax revenue is down about \$200.0 million. This significant shortfall in actual tax collections from the estimated level is a clear indication that economic activity is much weaker than was forecast at the January 2009 Consensus Revenue Estimating Conference.

Income tax revenue totaled \$537.4 million in April, which was 43.1% below last year's level. This marks the fifth month in a row that income tax revenue has fallen short of the previous year's level. Gross collections were 21.5% below last year's level due primarily to sharp declines in quarterly and annual payments. The combined collections from quarterly and annual income tax payments were down from last year's level by \$252.7 million or 32.4%. In addition, income tax refund payments topped last year's level by 25.9%, which also added to the large decline in overall income tax collections in April. So far in FY 2008-09, income tax revenue is down 22.6% from the year-ago level and \$260.0 million from the January consensus estimate.

Sales tax revenue totaled \$486.9 million in April, representing a 7.6% decline from last year's level. Sales tax collections from motor vehicle transactions topped last year's level by 5.8%, but the collections from all other retail sales were down 9.6%. On a fiscal year-to-date basis, sales tax receipts are down 7.6% compared with last year's level and \$111.0 million from the January consensus estimate.

Michigan Business and Single Business Tax collections totaled \$456.7 million in April, which was 9.1% below the year-ago level. While Michigan Business Tax receipts were above last year's level, the increase was much less than was expected. On a fiscal year-to-date basis, the combined revenue from these business taxes is up from last year's level by 10.5%, but compared with the consensus estimate, collections are down \$196.0 million.

Insurance tax revenue totaled \$49.1 million in April, which was up 37.2% from the \$35.8 million that was collected one year ago. The insurance tax is one of only a few taxes whose revenue is tacking above the year-ago level so far in FY 2008-09. On a fiscal year-to-date basis, insurance tax receipts are up 4.7% from last year's level and up \$18.0 million from the consensus estimate.

Real estate transfer tax collections fell to \$7.7 million in April from \$12.1 million one year ago, a decline of 36.4%. In April 2006, real estate transfer tax revenue totaled \$27.7 million. On a fiscal year-to-date basis, real estate transfer tax collections are down 41.2% compared with last year's level and \$14.8 million compared with the January 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 April 2009. Also presented are the consensus revenue estimates for FY 2008-09, which were adopted at the January 2009 Consensus Revenue Estimating Conference.



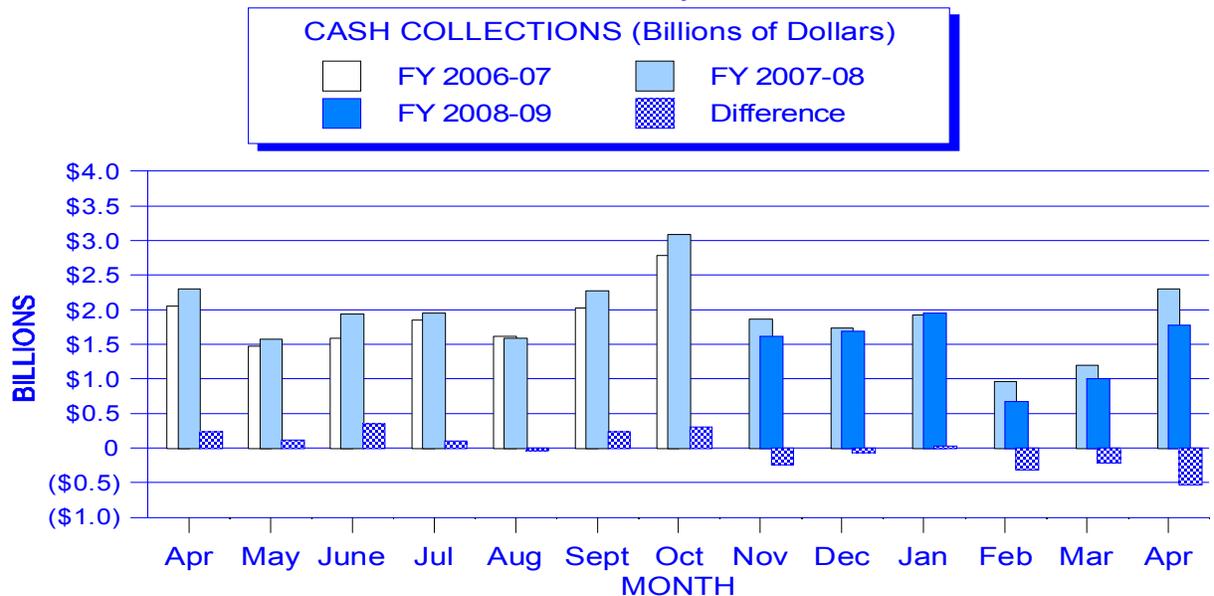
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MICHIGAN REVENUE UPDATE
APRIL 2009
(dollars in millions)

Type of Revenue	April Collections		FY 2008-09 to Date ²⁾		FY 2008-09 Estimate ³⁾	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2007-08
Gross Income Tax	\$1,078.1	(21.5)%	\$4,464.2	(10.1)%	\$8,553.1	(5.1)%
Refunds	(540.7)	25.9	(1,758.5)	19.4	(2,051.9)	14.6
Net Income Tax	537.4	(43.1)	2,705.7	(22.6)	6,501.2	(10.0)
Sales Tax	486.9	(7.6)	3,015.2	(7.6)	6,491.7	(4.2)
Motor Vehicles	73.4	5.8	369.4	11.3	---	---
All Other Sales Tax	413.5	(9.6)	2,645.8	(9.7)	---	---
Use Tax	97.2	(25.2)	519.8	(21.5)	1,267.5	(8.0)
Tobacco Taxes	79.3	(2.5)	498.3	1.3	1,043.7	(2.8)
Single Business Tax	(6.4)	(106.7)	(129.5)	(121.6)	(43.2)	(107.5)
Michigan Business Tax	463.1	13.8	1,307.0	---	2,586.7	36.7
Insurance Tax	49.1	37.2	136.5	4.7	238.8	7.0
State Education Property Tax	31.1	22.9	333.2	(29.6)	2,010.2	(3.3)
Real Estate Transfer Tax	7.7	(36.4)	52.6	(41.2)	144.3	(15.0)
Casino Wagering Tax ⁴⁾	9.0	(14.3)	56.8	(13.9)	118.6	(8.6)
Oil & Gas Severance Tax	2.8	(53.3)	27.8	(33.0)	66.0	(32.0)
Other Taxes ⁵⁾	21.7	(20.8)	173.2	(13.5)	389.4	(6.4)
Total	\$1,778.9	(22.7)%	\$8,696.6	(12.9)%	\$20,814.9	(5.5)%
Addendum:						
Gross Lottery Sales ⁴⁾	\$193.0	8.3%	\$1,386.8	1.2%	\$2,067.0	(5.5)%
Net to School Aid Fund ⁴⁾	\$ 55.0	(7.1)%	\$ 409.1	(6.2)%	\$ 700.1	(5.5)%

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2008-09 year-to-date collections begin with November 2008 collections to reflect accrual accounting.
- 3) Consensus revenue estimates adopted at the January 9, 2009, Consensus Revenue Estimating Conference.
- 4) Lottery and casino revenue is not accrued, so FY 2008-09 collections will include October 2008 to September 2009.
- 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*
March 2007 to April 2009



*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.