

MONTHLY REVENUE REPORT

April 2010

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1,628.2 million in April, down 8.5% from last year's level. Increases in income tax withholding and sales tax collections were offset by monthly declines in the Michigan Business Tax (MBT) and use tax collections compared with April 2009. Year-to-date revenue collections are 7.4% below this same time in FY 2008-09. Compared with current revenue estimates for FY 2009-10, year-to-date revenue is running 1.5% or \$90.0 million stronger than expected.

While actual revenue was lower compared with last year, April collections were stronger than expected based on the January consensus forecast estimates. April tax collections were approximately \$38.9 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2010. Collections earmarked to the General Fund were \$31.1 million above the expected level for April and School Aid Fund tax collections were up \$15.5 million for April compared with estimates.

Net income tax revenue totaled \$444.0 million in April 2010, down 18.9% from the April 2009 level. Income tax collections have fallen below the year-ago level for 17 consecutive months. Income tax withholding payments, which represented the majority of net income tax revenue in April, was 1.8% above the year-ago level. However, the rise in income tax withholding was partially offset by income tax refunds, which rose by 2.3% to \$553.3 million.

Annual income tax collections were large in April as well, due to the tax filing deadline. Compared with last year, however, they were very weak, falling nearly 20.0% or almost \$90.0 million from last year. Although the January 2010 revenue consensus had estimated that annual tax payments would fall in April 2010 compared with April 2009, the projected decrease was not large enough and the April estimates were off by \$20.0 million for this month.

Sales tax receipts totaled \$505.2 million in April, which was up 3.8% from the year-ago level. While a definite improvement, this number is coming off the extreme drop in retail sales in early 2009. Sales tax collections are matching the nationally reported increases in retail sales as the economic recovery continues.

Michigan Business Tax revenue totaled \$353.8 million in April, down 23.6% from last year's level. There are several potential reasons for this drop-off, but given the relative newness of the tax it is difficult to ascertain the exact reason at this time. Michigan Business Tax quarterly payments were down significantly by 15.5% and MBT annual payments were down 29.7% compared with April 2009. Most importantly, Michigan Business Tax refunds were up, at over \$22.3 million in April compared with \$17.5 million in April 2009. Higher refunds and lower annual and quarterly payments led to the overall decline in monthly MBT collections.

Real estate transfer tax receipts were up 7.8% from the year-ago level in April, to \$8.3 million. State Education Property Tax revenue was slightly down with a 7.1% decrease from April 2009. The overall picture is that actual revenue collections are coming in below last fiscal year. However, compared with the January consensus, revenue collections are decreasing less rapidly than expected with the exception of the MBT. 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 March 2010. Also presented are the consensus revenue estimates for FY 2009-10 adopted at the January 2010 Consensus Revenue Estimating Conference.

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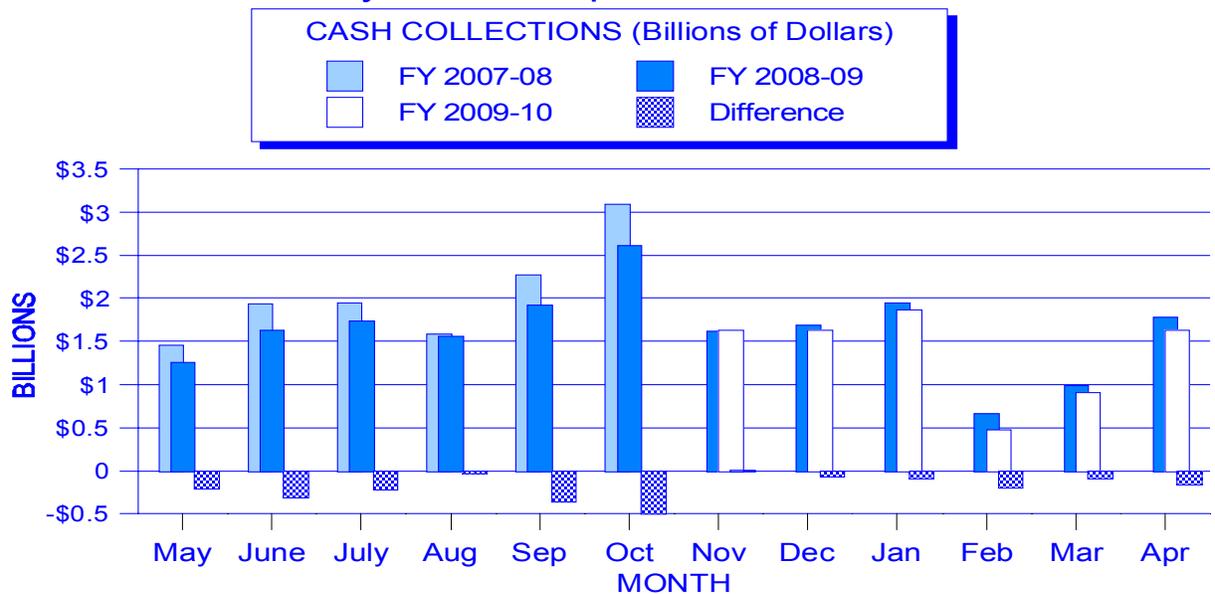


MICHIGAN REVENUE UPDATE
APRIL 2010
(dollars in millions)

Type of Revenue	April 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	\$997.8	4.0%	\$4,213.0	(5.6)%	\$7,648.2	(5.6)%
Refunds	(553.3)	21.1	(2,018.2)	14.8	(2,374.9)	5.9
Net Income Tax	\$444.5	360.8%	\$2,194.8	(18.9)%	\$5,273.3	(9.9)%
Sales Tax	505.0	0.7	3,052.9	1.3	5,894.5	(3.2)
Motor Vehicles	72.8	2.5	376.0	1.8	---	---
All Other Sales Tax	432.2	0.4	2,676.9	1.2	---	---
Use Tax	125.1	6.6	587.9	13.1	1,143.0	2.7
Tobacco Taxes	85.9	(8.4)	482.3	(3.2)	981.8	(6.0)
Single Business Tax	23.1	(109.1)	31.6	(124.4)	(20.0)	(183.0)
Michigan Business Tax	353.8	(29.4)	1,026.5	(21.5)	2,228.4	(1.4)
Insurance Tax	52.4	(30.6)	135.3	(0.9)	271.0	3.8
State Education Property Tax	28.9	(1.7)	363.3	9.0	1,875.0	(8.1)
Real Estate Transfer Tax	8.3	40.0	57.0	8.4	127.0	1.4
Casino Wagering Tax ⁴⁾	7.0	(21.6)	54.9	(3.3)	109.6	(9.7)
Oil & Gas Severance Tax	5.4	55.6	31.6	13.7	55.0	16.5
Other Taxes ⁵⁾	19.4	49.2	155.5	(10.2)	332.0	(3.1)
Total	\$1,658.8	(9.0)%	\$8,173.5	(6.0)%	\$18,270.6	(5.9)%
Addendum:						
Gross Lottery Sales ⁴⁾	\$242.3	(0.1)%	\$1,444.4	4.1%	\$2,329.3	(1.5)%
Net to School Aid Fund ⁴⁾	\$ 77.1	(3.1)%	\$ 427.0	4.4%	\$ 708.1	(2.3)%

- 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 January 11, 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*
May 2008 to April 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.