

MONTHLY REVENUE REPORT

August 2010

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1,590.0 million in August, up 1.9% from last year's level. Increases in income and sales tax collections were strong and only partially offset by monthly declines in the Michigan Business Tax (MBT) and State Education Tax compared with August 2009.

Actual tax collections exceeded estimated monthly revenue in August 2010 based on the May consensus forecast estimates. August tax collections were approximately \$33.6 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 \$12.7 million above the expected level for August and School Aid Fund tax collections were \$17.4 million above estimates for August.

Net income tax revenue totaled \$568.1 million in August 2010, up 3.2% from the August 2009 level. Income tax withholding payments, which represented the majority of net income tax revenue in August, were 5.1% or \$28.5 million above the year-ago level. For the year to date, income tax withholding is running \$51.8 million above the May consensus estimates. Income tax refunds were higher compared with August 2009 by \$13.5 million. For the year to date, net income tax collections are \$91.4 million above the estimated level from the May consensus.

Sales tax receipts totaled \$586.3 million in August which was up 10.3% from the year-ago level. Sales tax collections were almost \$7.6 million above the \$578.7 million estimated for the month. Sales tax collections are continuing on a slightly upward trend. For the year to date, sales tax collections are running \$64.2 million above the May consensus estimates.

Michigan Business Tax revenue totaled \$69.1 million in August 2010, which was down \$13.5 million or 21.8% from last year's level. Michigan Business Tax quarterly payments were up 11.3% and MBT annual payments were down 2.2% compared with August 2009. Most importantly, MBT refunds were over 375.3% higher in August compared with August 2009. Given the May consensus expectation of higher MBT refunds, this month's refunds did show an increase. However, it remains to be seen how and when these expected large refunds will be incurred and what their overall impact on revenue collections will be. There is an increasing likelihood that these refunds will show up in accruals as opposed to cash collections.

Real estate transfer tax receipts were flat from the year-ago level and State education property tax revenue was down 18.5% or \$26.7 million from August 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.

Overall year to date, actual revenue collections are coming in well below last fiscal year's actual collections as of August 2010. However, year-to-date actual collections through August were approximately \$234.8 million above the Senate Fiscal Agency's expectations given the May consensus revenue estimates, excluding the impact of expected MBT refunds and lower lottery revenue. Year-to-date collections earmarked to the General Fund were \$130.6 million above the expected level while School Aid Fund tax collections were \$62.0 million higher, again excluding the impact of MBT refunds and lower lottery revenue. 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 August 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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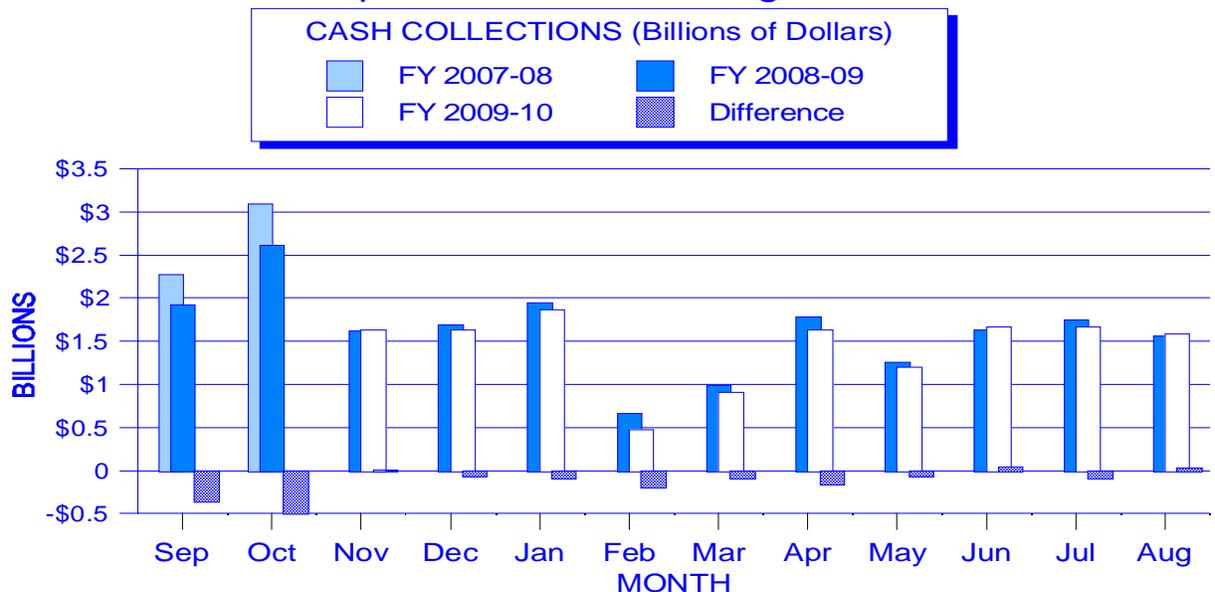


MICHIGAN REVENUE UPDATE
AUGUST 2010
(dollars in millions)

Type of Revenue	August 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	\$609.6	5.4%	\$6,620.6	(3.0)%	\$7,811.2	(3.5)%
Refunds	(41.5)	48.2	(2,294.7)	12.9	(2,429.9)	8.3
Net Income Tax	\$568.1	3.2%	\$4,325.9	(9.8)%	\$5,381.3	(8.1)%
Sales Tax	586.3	10.3	5,209.8	3.2	6,166.7	1.3
Motor Vehicles	78.7	(18.7)	676.6	(2.8)	---	---
All Other Sales Tax	507.6	16.8	4,533.2	4.1	---	---
Use Tax	125.3	24.4	973.8	6.7	1,153.0	3.6
Tobacco Taxes	89.8	(8.9)	829.9	(3.4)	991.1	(5.1)
Single Business Tax	(28.9)	452.5	13.7	(110.0)	(0.0)	(100.0)
Michigan Business Tax	69.1	(13.5)	1,625.6	(21.8)	1,861.4	(17.6)
Insurance Tax	5.0	8.7	203.6	(0.0)	273.0	4.6
State Education Property Tax	117.6	(18.5)	572.6	(3.3)	1,893.0	(7.2)
Real Estate Transfer Tax	13.2	(1.5)	101.9	1.8	127.0	1.4
Casino Wagering Tax ⁴⁾	8.2	(8.9)	83.5	(10.7)	109.6	(9.7)
Oil & Gas Severance Tax	3.5	(18.6)	48.5	15.5	60.0	27.1
Other Taxes ⁵⁾	33.2	15.5	276.5	(7.1)	329.0	(4.0)
Total	\$1,590.3	1.9%	\$14,265.3	(4.2)	\$18,345.0	(5.5)%
Addendum:						
Gross Lottery Sales ⁴⁾	\$171.9	(13.1)%	\$2,169.3	(1.3)%	\$2,378.1	0.6%
Net to School Aid Fund ⁴⁾	\$ 44.7	(31.5)%	\$ 641.1	(4.7)%	\$ 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*
September 2008 to August 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.