

MONTHLY REVENUE REPORT

December 2001

Tax collections posted a surprisingly strong gain in December 2001. The revenue collected from 12 of Michigan's major General Fund and School Aid Fund earmarked taxes totaled \$1.58 billion in December, which was up 8.9% from the year-ago level. While collections were up for the income, single business, insurance, and real estate transfer taxes, the biggest increases were posted by the sales and use taxes. On a fiscal year-to-date basis, revenues from these major taxes are up 4.3% so far in FY 2001-02. This fast start in tax collections is well in excess of the 0.7% rate of growth forecast for these taxes for FY 2001-02, at the Consensus Revenue Estimating Conference held on January 15, 2002.

Gross income tax collections totaled \$656 million in December, which was up 4.1% from last year's level. Gross income tax collections include income tax revenue withheld from taxpayers' paychecks, and quarterly and annual payments. The income tax withheld from paychecks, which accounted for over 90% of total income tax collections in December, topped last year's level by 5.6% in December, while quarterly and annual payments were down 10.9% and 14.1%, respectively. So far in FY 2001-02, gross income tax collections are up 2.7%.

Sales tax collections totaled \$585 million in December, representing a very strong increase of 13.9%. The zero percent financing special incentive that most motor vehicle companies continued to offer in December helped boost vehicle sales, which in turn helped boost sales tax collections. In December, sales tax collections derived from motor vehicle transactions were up 36.2%, which followed a 55% increase in November. Sales tax collections from all other taxable retail transactions were up a surprisingly strong 11.4% after being down 4.7% in November. On a fiscal year-to-date basis, sales tax collections are up 8.5%.

Use tax collections totaled \$136 million in December, which was up 44.2% from last year's level. Even after adjusting for a large one-time audit payment, use tax collections were still up about 10.0% in December. In November, use tax collections were up only 1.7%. So far in FY 2001-02, use tax collections are up 21.8%.

Single business and insurance tax collections totaled \$103 million in December, representing an increase of 2.7%. This increase occurred despite the fact that the tax rate in December 2001 was down 0.1 percentage point compared with the rate in December 2000. This marked only the fourth monthly increase in single business and insurance tax collections during the past 14 months. The increase in December was not, however, large enough to offset the 20.7% decline that occurred in November. As a result, single business and insurance tax collections so far in FY 2001-02 are down 13.5%.

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 December 2001, along with their fiscal year-to-date revenue collections and growth rates. Also presented are their respective consensus revenue estimates for FY 2001-02.

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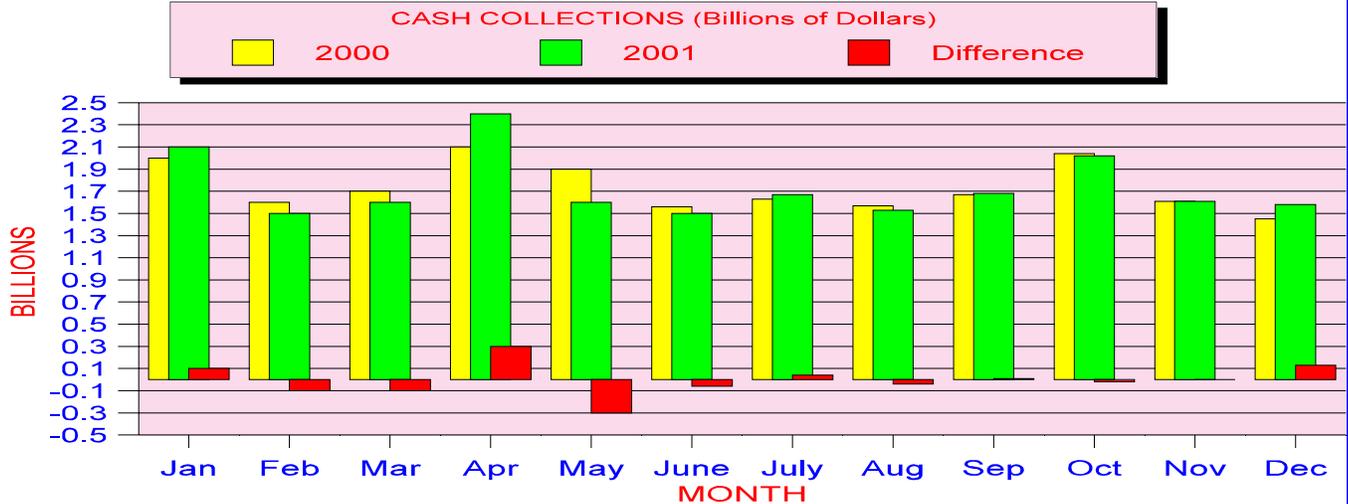


**MICHIGAN REVENUE UPDATE
DECEMBER 2001
(dollars in millions)**

Type of Revenue	December Collections		FY 2001-02 to Date ²⁾		FY 2001-02 Estimate ³⁾	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago
Income Tax						
Withholding	\$605.3	5.6%	\$1,121.9	3.5%	\$6,615.3	0.3%
Quarterly Payments	44.3	(10.9)	49.3	(10.4)	777.8	(0.6)
Annual Payments	6.7	(14.1)	13.0	(10.3)	688.8	(0.7)
Gross Income Tax	\$656.3	4.1%	\$1,184.2	2.7%	\$8,081.9	0.1%
Sales Tax	584.5	13.9	1,127.8	8.5	6,525.0	2.7
Motor Vehicles	69.6	36.2	179.2	47.2	---	---
All Other Sales Tax	514.9	11.4	948.6	3.4	---	---
Use Tax	136.4	44.2	243.5	21.8	1,405.0	5.4
Tobacco Tax	46.7	(4.9)	101.2	0.7	584.0	(2.0)
Single Business & Insurance Taxes	103.3	2.7	281.4	(13.5)	2,112.7	(5.0)
State Education Property Tax	27.3	(28.3)	187.1	13.5	1,548.0	3.9
Real Estate Transfer Tax	20.6	30.4	45.0	7.1	251.0	(0.8)
Estate/Inheritance Tax	4.9	(19.7)	17.4	(34.1)	127.0	(18.3)
Oil & Gas Severance Tax	1.4	(63.2)	3.3	(65.6)	43.0	(28.5)
Total	\$1,581.4	8.9%	\$3,190.9	4.3%	\$20,677.6	0.7%
Addendum:						
Gross Lottery Sales ⁴⁾	\$127.0	(14.4)%	\$399.7	(0.4)%	\$1,590.0	(0.9)%
Net Lottery to School Aid ⁴⁾	\$ 48.2	(5.6)%	\$149.5	3.6%	\$ 565.0	(0.9)%

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2001-02 year-to-date collections begin with November 2001 collections to reflect accrual accounting.
- 3) Consensus revenue estimates adopted at the January 15, 2002, Consensus Revenue Estimating Conference.
- 4) Lottery revenue is not accrued, so FY 2001-02 lottery revenue will include October 2001 to September 2002.

**Actual Revenue Collections for 12 Major State Taxes*
January 2000 to December 2001**



*Comparison of actual collections. The 12 taxes include the income (withholding, quarterly payments and annual payments), sales, use, tobacco, SBT, insurance retaliatory, estate, oil and gas severance, State education, and real estate transfer taxes.