

# MONTHLY REVENUE REPORT

## December 2009

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.6 billion in December, down 3.3% from last year's level. December tax collections were approximately \$44.9 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2009. Collections earmarked to the General Fund were \$27.9 million above the expected level for December and School Aid Fund tax collections were up \$5.6 million.

Net income tax revenue totaled \$609.2 million in December, down 8.7% from the December 2008 level. Income tax collections have fallen below the year-ago level for 13 consecutive months. Income tax withholding payments, which represented the majority of net income tax revenue in December, fell 8.9% below the year-ago level in December, to \$565.9 million, as lower levels of employment continued to have a negative impact on income tax collections.

Sales tax receipts totaled \$564.2 million in December, down 13.4% from the year-ago level. The year-over-year decrease in sales tax collections reflected calendar year issues in the processing of tax returns. The due date for monthly sales tax returns is late in the month and causes collections to be artificially depressed in months that end on a weekend. December 2008 receipts were boosted above an average monthly level because November 2008 ended on a weekend. As a result, the 13.4% decline overstates the drop in sales tax collections. Adjusting for the calendar issue, sales tax collections were down approximately 8.1% from one year ago. Sales tax collections from motor vehicle transactions were 8.4% above the year-ago level, reflecting exceedingly low receipts in the prior year more than Michigan's mirroring the strong motor vehicle sales reported nationally in December. Compared with the FY 2008-09 average, December 2009 sales tax receipts from motor vehicle transactions were down 11.4%.

Michigan Business Tax revenue totaled \$187.6 million in December, down 4.1% from last year's level. While annual payments were up substantially from the year-ago level, estimated payments were down 9.7% from December 2008. Estimated payments have been below the year-ago level for nine consecutive months. Michigan Business Tax revenue also was pushed lower by refund claims. In December 2008, tax forms were not yet available for the Michigan Business Tax and so no refunds could be claimed, compared with the \$19.2 million in refunds paid in December 2009.

Real estate transfer tax receipts rose 3.5% from the year-ago level in December, to \$8.8 million. For the past five months, year-over-year real estate transfer tax receipts have varied from 17.4% above the prior year to 27.8% below, reflecting the instability in the Michigan housing market but much improvement over the 41 months of consecutive year-over-year declines between May 2006 and June 2009. State education property tax revenue was up 6.9% from December 2008. Historically, December State Education Tax revenue has accounted for about 2.7% of fiscal year collections and the overwhelming majority of collections are received between September and November, so the December changes are not particularly helpful for anticipating future collections.

The table on the back of this report identifies the major taxes included in the report, and provides their respective revenue levels and growth rates for December 2009. Also presented are the consensus revenue estimates for FY 2009-10 adopted at the May 2009 Consensus Revenue Estimating Conference.

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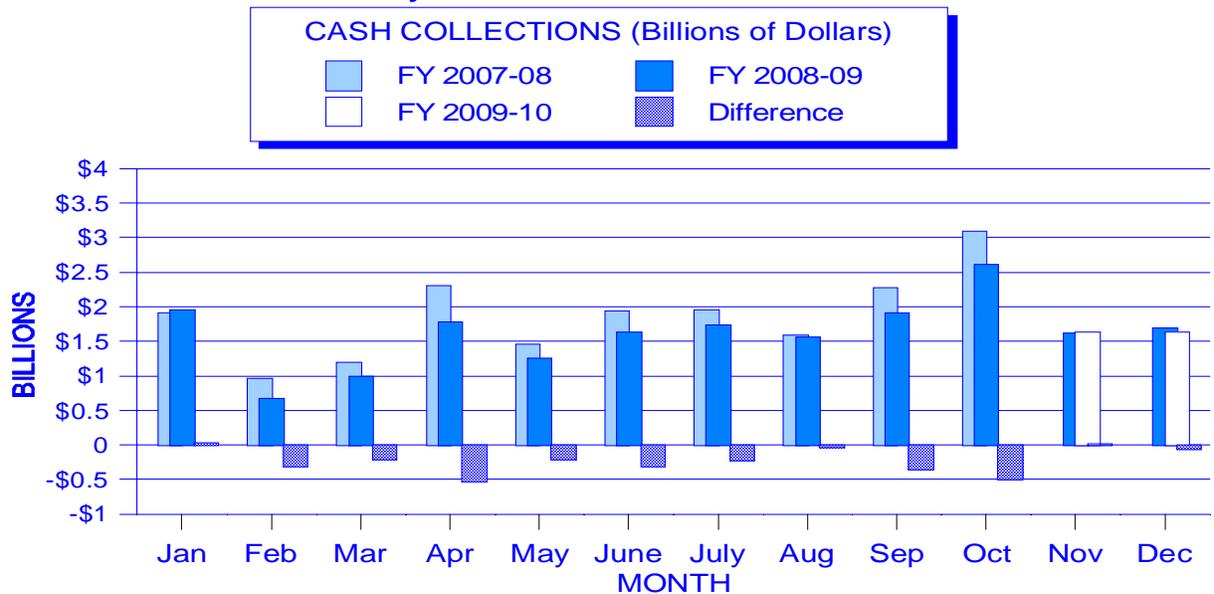


**MICHIGAN REVENUE UPDATE  
DECEMBER 2009  
(dollars in millions)**

Type of Revenue	December Collections		FY 2009-10 to Date <sup>2)</sup>		FY 2009-10 Estimate <sup>3)</sup>	
	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From FY 2008-09
Gross Income Tax	\$623.0	(9.0)%	\$1,214.3	(6.2)%	\$7,675.6	(5.1)%
Refunds	(13.8)	(19.3)	(42.0)	29.6	(2,321.5)	10.0
Net Income Tax	609.2	(8.7)	1,172.3	(7.2)	5,354.1	(11.6)
Sales Tax	564.2	(13.4)	1,086.8	(2.7)	6,067.3	(2.3)
Motor Vehicles	60.9	8.4	116.5	12.5	---	---
All Other Sales Tax	503.3	(15.5)	970.3	(4.2)	---	---
Use Tax	89.9	147.0	186.4	31.6	1,194.0	3.6
Tobacco Taxes	80.2	(1.7)	165.9	(4.3)	964.4	(5.0)
Single Business Tax	15.4	(136.2)	11.8	(134.2)	(20.0)	(87.4)
Michigan Business Tax	187.6	(4.1)	244.6	(2.4)	2,234.0	(3.6)
Insurance Tax	4.6	(22.0)	5.3	(20.9)	243.8	0.0
State Education Property Tax	37.4	6.9	276.4	13.3	1,866.8	(6.9)
Real Estate Transfer Tax	8.8	3.5	20.6	(6.8)	108.0	8.0
Casino Wagering Tax <sup>4)</sup>	10.0	5.3	19.7	3.7	107.1	(5.6)
Oil & Gas Severance Tax	4.7	(34.7)	11.0	(10.6)	63.0	3.3
Other Taxes <sup>5)</sup>	18.3	(39.4)	61.1	(32.1)	359.2	(1.6)
<b>Total</b>	<b>\$1,630.3</b>	<b>(3.3)%</b>	<b>\$3,261.9</b>	<b>(1.3)%</b>	<b>\$18,541.7</b>	<b>(3.4)%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$190.8	(0.2)%	\$573.3	(0.3)%	\$2,219.7	9.3%
Net to School Aid Fund <sup>4)</sup>	\$ 57.0	5.1%	\$173.2	(0.6)%	\$ 677.0	(1.6)%

- 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 15, 2009, Consensus Revenue Estimating Conference.
- 4) Lottery and casino 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\*  
January 2008 to December 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.