

# MONTHLY REVENUE REPORT

## DECEMBER 2011

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.7 billion in December, up 0.5% from last year's level. December tax collections were approximately \$12.6 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2011. Collections from withholding under the individual income tax were less than estimated, although a portion of the shortfall was offset by higher-than-expected collections from other taxes, particularly the sales tax.

Collections earmarked to the General Fund were \$6.6 million below the expected level for December, while School Aid Fund tax collections were \$9.1 million below the forecasted level. The remaining revenue, which was above forecasted levels, was directed to other funds, most notably constitutional revenue sharing. On a year-to-date basis, General Fund collections are \$12.8 million higher, and School Aid Fund collections \$84.8 million lower, than expected based on the May 2011 consensus revenue estimates.

Net income tax revenue totaled \$668.1 million in December 2011, a 1.5% decrease from the prior year's level. Withholding payments (which represented the majority of gross income tax revenue) were only 0.4% above the year-ago level and were \$20.9 million below the predicted level. Just two months into FY 2011-12, year-to-date withholding collections are \$61.5 million under the level expected based on the May 2011 consensus revenue estimates and are running 3.1% below the year-ago level.

Sales tax receipts totaled \$598.4 million in December, a 1.3% increase from the prior year despite calendar factors that depressed sales tax collections compared with 2010. Growth in sales tax collections has now exceeded the growth in income tax withholding for eight consecutive months and year-to-date collections are running \$29.8 million above the forecasted level. Sales tax collections from motor vehicle transactions were 7.0% above the year-ago level.

Michigan Business Tax revenue totaled \$176.7 million in December, a 10.5% increase compared to December 2010. Comparing year-to-date MBT revenue with the previous year does not currently provide meaningful information due to a substantial number of refunds issued in November 2010, as indicated in earlier issues of this report. However, quarterly and annual MBT payments, which are not affected by the refund matter from 2010, were up 20.3% and down 10.6%, respectively, from the prior year's level.

Real estate transfer tax receipts fell 26.9% from the year-ago level in December, to \$5.9 million, the lowest level reported since the tax was fully implemented. State education property tax revenue was down 7.9% from December 2010, although the overwhelming majority of this revenue is received during August through November of each fiscal year.

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 2011. Also presented are the consensus revenue estimates for FY 2011-12, which were adopted at the May 2011 Consensus Revenue Estimating Conference.

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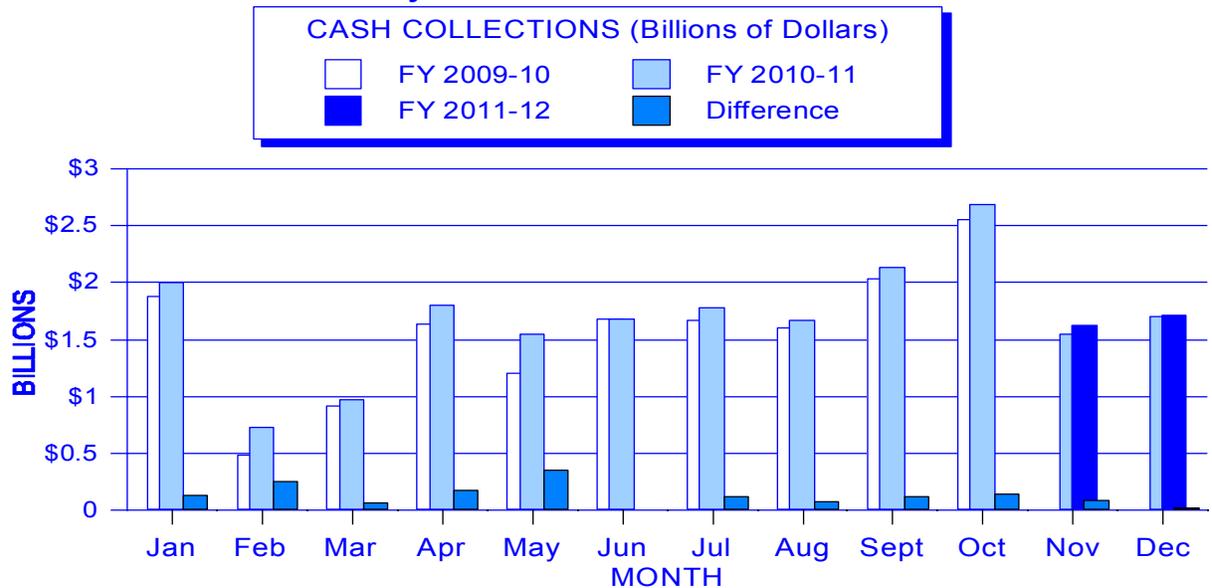


**MICHIGAN REVENUE UPDATE  
DECEMBER 2011  
(dollars in millions)**

Type of Revenue	December Collections		FY 2011-12 to Date <sup>2)</sup>		FY 2011-12 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 2010-11
Gross Income Tax	\$685.1	(0.6%)	\$1,258.7	(3.1%)	\$8,702.6	0.9%
Refunds	(17.0)	56.7	(30.8)	(6.2)	(2,299.6)	2.7
Net Income Tax	668.1	(1.5)	1,227.9	(3.1)	\$6,403.0	0.3
Sales Tax	598.4	1.3	1,166.9	0.6	6,562.5	2.3
Motor Vehicles	60.3	7.0	125.0	4.7	---	---
All Other Sales Tax	538.0	0.7	1,041.9	0.1	---	---
Use Tax	98.9	5.3	191.4	(0.8)	1,269.9	10.5
Tobacco Taxes	80.4	0.3	158.7	0.1	940.8	(2.1)
Single Business Tax	9.2	(781.9)	(5.5)	(77.7)	0.0	---
Michigan Business Tax	176.7	10.5	260.4	154.9	2,137.3	4.8
Insurance Tax	4.7	44.4	5.6	69.7	277.5	4.5
State Education Property Tax	30.4	(7.9)	207.2	(23.6)	1,829.0	(1.2)
Real Estate Transfer Tax	5.9	(26.9)	16.1	(11.6)	138.0	10.4
Casino Wagering Tax <sup>4)</sup>	10.0	10.0	19.3	6.7	119.5	4.8
Oil & Gas Severance Tax	5.5	40.2	9.9	23.8	71.6	6.9
Other Taxes <sup>5)</sup>	15.4	(57.9)	56.8	(2.9)	342.7	2.0
<b>Total</b>	<b>\$1,703.5</b>	<b>0.5%</b>	<b>\$3,314.8</b>	<b>2.5%</b>	<b>\$20,091.8</b>	<b>(0.5%)</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$237.3	(2.3%)	\$598.5	(3.2%)	\$2,432.2	3.1%
Net to School Aid Fund <sup>4)</sup>	\$66.6	(20.1%)	\$188.1	(8.0%)	\$739.4	0.8%

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2011-12 year-to-date collections begin with November 2011 collections to reflect accrual accounting.
- 3) Consensus revenue estimates adopted at the May 16, 2011, Consensus Revenue Estimating Conference.
- 4) Lottery and casino revenue is not accrued, so FY 2011-12 collections will include October 2011 to September 2012.
- 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 2010 to December 2011**



\*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.