

# MONTHLY REVENUE REPORT

## February 2010

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$474.3 million in February, down 28.8% from last year's level. Increases in sales tax collections were offset by monthly declines in the Michigan Business Tax and the individual income tax collections. February tax collections were approximately \$132.3 million below 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 \$117.3 million below the expected level for February, and School Aid Fund tax collections were up \$8.1 million for February compared with estimates.

Net income tax revenue totaled a negative \$209.2 million in February 2010, down 8.6% from the February 2009 level. Income tax collections have fallen below the year-ago level for 15 consecutive months. Income tax withholding payments, which represented the majority of net income tax revenue in February, fell 7.4% below the year-ago level in February 2009, to \$522.1 million, as lower levels of employment continued to have a negative impact on income tax collections.

Sales tax receipts totaled \$431.3 million in February, which was up 5.2% from the year-ago level. There were no calendar adjustment issues to be addressed between January 2009 and 2010. Given the lack of adjustments, February 2010 was a strong month for sales tax collections. While a definite improvement, this number is coming off the extreme drop in retail sales in early 2009. This performance also matches the general national trend in improving retail sales.

Michigan Business Tax revenue totaled \$35.9 million in February, down 67.4% 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 36.7% and Michigan Business Tax annual payments were down 53.9% compared with February 2009.

Real estate transfer tax receipts were down 6.3% from the year-ago level in February, to \$9.0 million. For the past six months, year-over-year real estate transfer tax receipts have varied from 17.4% above the prior year to 27.8% below last year. This month's decrease is in the middle range and may reflect poor weather conditions or the general slowdown in real estate transactions with the anticipated end of the Federal tax credits. These credits have been renewed through April 2010, which may portend more activity in the future. State education property tax revenue was flat with a 0.9% increase from February 2009. February is not an active month for the State Education Tax.

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 February 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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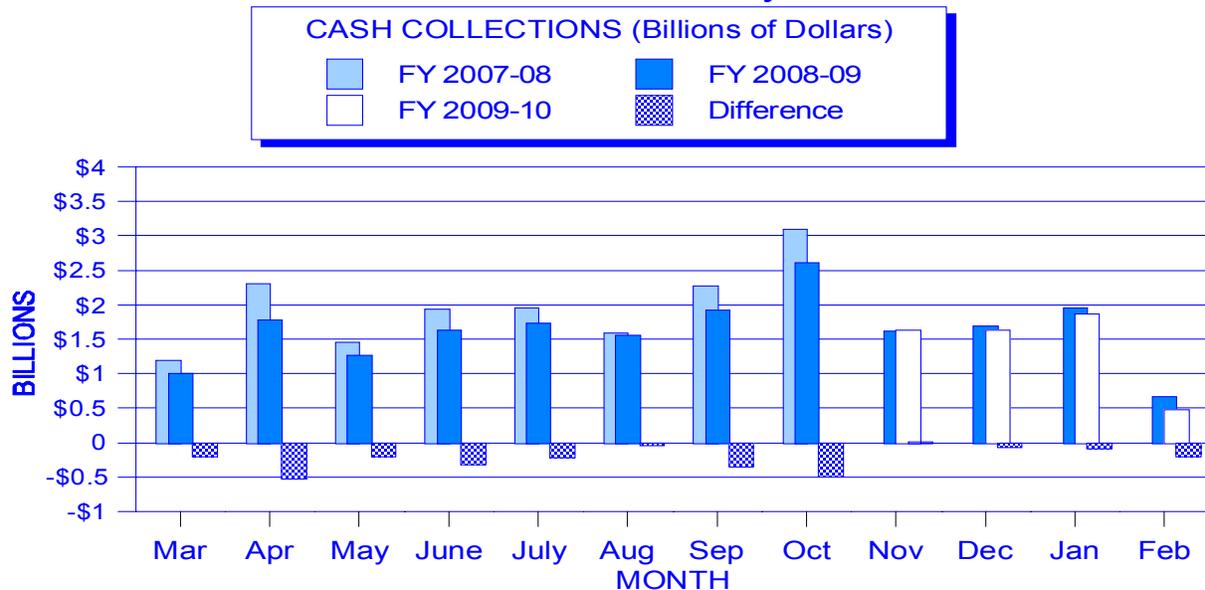
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**MICHIGAN REVENUE UPDATE  
FEBRUARY 2010  
(dollars in millions)**

Type of Revenue	February 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	\$522.1	(7.4)%	\$2,559.5	(7.1)%	\$7,648.2	(5.6)%
Refunds	(731.3)	20.0	(806.6)	19.6	(2,374.9)	5.9
Net Income Tax	\$(209.2)	(8.6)%	\$1,752.9	(15.8)%	\$5,273.3	(9.9)%
Sales Tax	431.3	5.2	1,999.1	0.8	5,894.5	(3.2)
Motor Vehicles	52.3	(7.8)	226.3	2.4	---	---
All Other Sales Tax	379.0	7.3	1,772.8	0.6	---	---
Use Tax	85.4	(4.7)	358.0	10.4	1,143.0	2.7
Tobacco Taxes	74.4	(6.2)	325.2	(4.7)	981.8	(6.0)
Single Business Tax	(17.0)	(67.5)	6.3	(106.4)	(20.0)	(183.0)
Michigan Business Tax	35.9	(67.4)	576.8	(18.5)	2,228.4	(1.4)
Insurance Tax	9.4	2.2	72.7	(0.0)	271.0	3.8
State Education Property Tax	23.2	0.9	316.7	11.5	1,875.0	(8.1)
Real Estate Transfer Tax	9.0	(6.3)	40.3	3.6	127.0	1.4
Casino Wagering Tax <sup>4)</sup>	10.5	10.5	40.3	5.8	109.6	(9.7)
Oil & Gas Severance Tax	3.8	(9.5)	19.2	(6.3)	55.0	16.5
Other Taxes <sup>5)</sup>	17.6	(9.9)	101.6	(20.8)	332.1	(3.1)
<b>Total</b>	<b>\$474.3</b>	<b>(28.8)%</b>	<b>\$5,609.0</b>	<b>(5.3)%</b>	<b>\$18,270.7</b>	<b>(5.9)%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$203.0	(0.6)%	\$1,202.1	0.71%	\$2,329.3	(1.5)%
Net to School Aid Fund <sup>4)</sup>	\$ 70.2	29.8%	\$ 349.9	(1.2)%	\$ 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\*  
March 2008 to February 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.