

MONTHLY REVENUE REPORT

JANUARY 2013

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.0 billion in January 2013, down 8.1% from last year's level. The decline was largely expected due to calendar issues that boosted withholding and sales tax collections in January 2012. January 2013 tax collections were approximately \$19.9 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2013. Monthly collections from withholding under the individual income tax were more than estimated, as were collections from the Corporate Income Tax (CIT), the largely repealed Michigan Business Tax (MBT), and the repealed Single Business Tax (SBT), although a portion of the above-forecast revenue was offset by less-than-expected sales tax collections and a significant (and larger-than-expected) use tax refund.

Collections earmarked to the General Fund were \$42.9 million above the expected level for January, while School Aid Fund tax collections were \$18.1 million below the forecasted level. The remaining \$5.0 million in collections, which were also below forecasted levels, were directed to other funds, most notably constitutional revenue sharing. On a year-to-date basis, General Fund collections are \$37.6 million higher, and School Aid Fund collections \$1.7 million lower, than expected based on the January 2013 consensus revenue estimates.

Net income tax revenue totaled slightly more than \$1.0 billion in January 2013, a 16.8% increase over last year's level. Withholding payments (which represented the majority of gross income tax revenue) were 2.7% above the year-ago level and \$23.4 million above the predicted level. Net income tax revenue was boosted by a 34.0% year-over-year increase in quarterly payments, likely reflecting both dividend payments and realized capital gains at the end of 2012.

Sales tax receipts totaled \$563.3 million in January, a 5.6% decline from 2012. Most of the year-over-year decline in sales tax collections reflected calendar factors -- adjusting for them, collections would have exhibited a 1.9% year-over-year increase. Despite the calendar issues, January sales tax collections from motor vehicle transactions were up 12.7% from one year ago.

Revenue from the MBT totaled a negative \$29.4 million in January, and thus represented a net loss of revenue to the State. Michigan Business Tax collections were dominated by refunds, reflecting the changes in the MBT that allow taxpayers to file under the tax only if they are claiming certain credits. Despite the outflow, MBT revenue was still \$12.0 million above the level expected based on the revised revenue estimates. Corporate Income Tax collections were also above forecast, as strong profits were reflected in higher quarterly estimated payments.

Real estate transfer tax receipts in January were 82.7% above the year-ago level. Year-to-date collections are now running 80.0% above last year's level, reflecting the continuing improvements in the housing sector. January marked the third consecutive month in which real estate transfer tax collections have been more than 68.0% above the year-ago level.

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 January 2013. Also presented are the revised consensus revenue estimates for FY 2012-13, which were adopted at the January 2013 Consensus Revenue Estimating Conference.



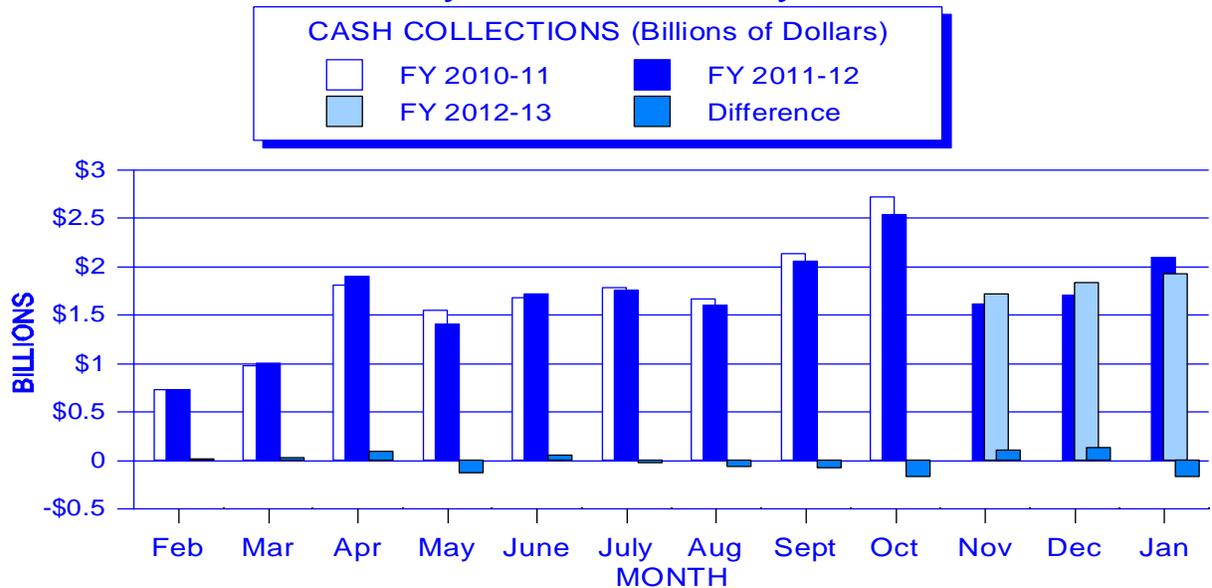
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**MICHIGAN REVENUE UPDATE
JANUARY 2013
(dollars in millions)**

Type of Revenue	January Collections		FY 2012-13 to Date ²⁾		FY 2012-13 Estimate ³⁾	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2011-12
Gross Income Tax	\$1,046.7	7.7%	\$2,456.6	10.1%	\$9,322.8	3.0%
Refunds	(23.7)	(75.3)	(54.1)	(57.3)	(1,585.3)	(25.7)
Net Income Tax	1,023.0	16.8	2,402.5	14.2	\$7,737.5	11.8
Sales Tax	563.3	(5.6)	1,778.3	0.8	7,134.7	2.6
Motor Vehicles	69.7	12.7	190.0	1.7	---	---
All Other Sales Tax	493.6	(7.8)	1,588.3	0.7	---	---
Use Tax	60.8	(42.4)	277.0	(6.7)	1,271.5	5.4
Tobacco Taxes	71.0	(5.2)	236.7	1.3	944.1	(2.0)
Corporate Income Tax	95.0	---	216.1	---	945.0	---
Michigan Business Tax	(29.4)	(109.7)	16.3	(97.1)	(623.4)	(178.1)
Insurance Tax	60.6	(6.8)	64.2	(9.1)	307.0	5.8
State Education Property Tax	14.2	1.7	288.4	30.4	1,801.6	0.7
Real Estate Transfer Tax	17.1	82.7	45.9	80.0	163.6	13.0
Casino Wagering Tax ⁴⁾	8.6	(7.0)	27.3	(4.5)	108.3	(6.5)
Oil & Gas Severance Tax	5.5	2.3	13.7	(9.8)	53.0	(1.1)
Other Taxes ⁵⁾	26.6	(1.1)	89.3	14.1	324.9	12.5
Total	\$1,916.3	(8.2%)	\$5,455.7	1.0%	\$20,167.8	0.5%
Addendum:						
Gross Lottery Sales ⁴⁾	\$169.8	(2.8%)	\$785.6	1.6%	\$2,381.0	(1.3%)
Net to School Aid Fund ⁴⁾	\$52.0	(5.3%)	\$248.5	2.3%	\$750.0	(3.6%)

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2012-13 year-to-date collections begin with November 2012 collections to reflect accrual accounting.
- 3) Consensus revenue estimates adopted at the January 11, 2013, Consensus Revenue Estimating Conference.
- 4) Lottery and casino revenue is not accrued, so FY 2012-13 collections will include October 2012 to September 2013.
- 5) Other Taxes include beer, wine, liquor, single business tax, industrial facilities, utility property, and estate taxes, and penalties and interest.

**Actual Revenue Collections for Major State Taxes*
February 2011 to January 2013**



*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.