

# MONTHLY REVENUE REPORT

## JULY 2011

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.78 billion in July 2011, up 6.8% from last year's level. Virtually all of the growth in revenue reflects higher sales tax collections, withholding payments under the individual income tax, and substantial Single Business Tax revenue from that defunct tax. (Single Business Tax collections totaled \$19.2 million, compared with \$11.2 million in refunds in July 2010.) July tax collections were approximately \$68.4 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2011.

Collections earmarked to the General Fund were \$13.2 million above the expected level for July, while School Aid Fund tax collections were \$44.0 million above the forecasted level. The remaining above-forecast revenue collections are directed to other funds. On a year-to-date basis, General Fund collections are \$120.0 million higher, and School Aid Fund collections \$127.3 million higher than expected based on the May 2011 consensus revenue estimates.

Net income tax revenue totaled \$554.3 million in July 2011, compared with \$524.4 million in July 2010, a year-over-year increase of 5.7% largely attributable to the 5.0% year-over-year growth in withholding payments (which represented the majority of gross income tax revenue). On a year-to-date basis, net income tax revenue is up 18.1%, largely due to substantially lower refund requests. Income tax refunds for the fiscal year are down \$186.4 million from the same time last year.

Sales tax receipts totaled \$566.0 million in July, up 10.2% from a year ago, pushing year-to-date sales tax collections to 7.4% above last year's level. The recent increases appear to reflect higher energy prices and consumption, especially energy costs not associated with motor vehicles, such as natural gas and electricity. Sales tax collections also have been boosted by higher motor fuel prices, although a meaningful portion of that increase appears to be offset by reduced consumption and reduced spending in other areas.

Net Michigan Business Tax (MBT) revenue totaled \$288.6 million in July, down 2.2% from last year's level. While estimated MBT payments were up 5.7% compared with year-ago levels, that growth was offset by lower annual payments and a higher level of refunds. Comparing year-to-date MBT revenue with the previous year does not currently provide meaningful information, due to refunds issued in November 2010, as indicated in earlier issues of this report. If November collections are excluded, year-to-date MBT revenue is up 11.3% from last year.

Real estate transfer tax receipts were down 21.5% from the year-ago level in July, reflecting continued weakness in the housing market. Year-to-date real estate transfer tax collections are 7.6% below the year-ago level. A major factor in the declines in real estate transfer tax collections is that 2010 sales were boosted by the Federal home buyer credit, which expired in mid-2010. State education property tax revenue in July was 86.3% above the July 2010 level, and year-to-date collections are down 0.4%, although almost 90.0% of revenue from this tax is received between August and November of each 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 July 2011. Also presented are the consensus revenue estimates for FY 2010-11 adopted at the May 2011 Consensus Revenue Estimating Conference.



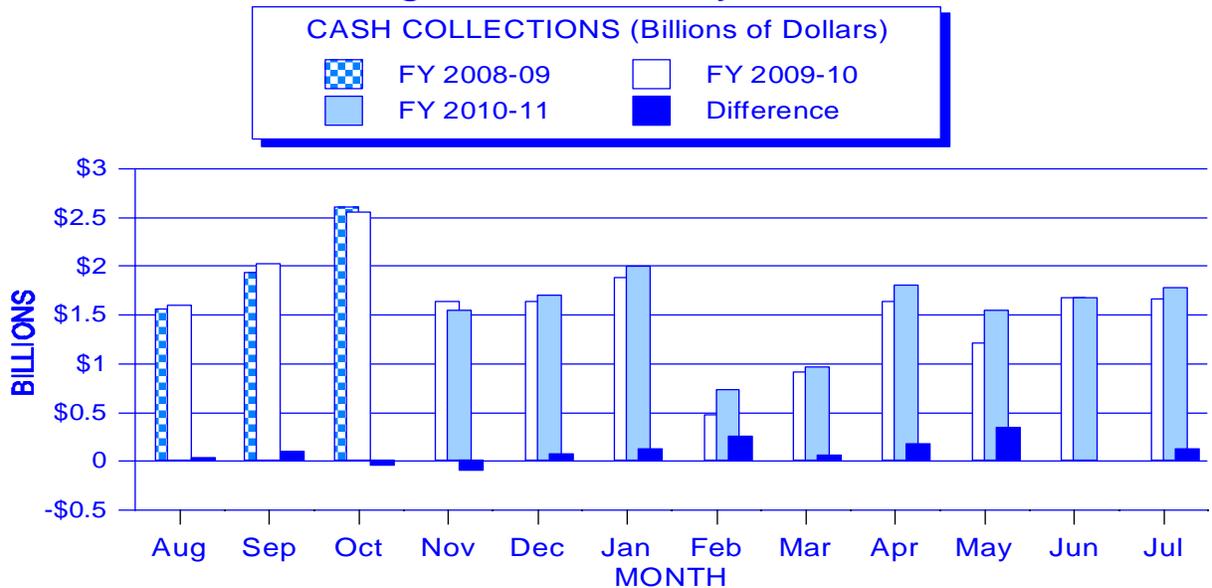
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**MICHIGAN REVENUE UPDATE  
JULY 2011  
(dollars in millions)**

Type of Revenue	July Collections		FY 2010-11 to Date <sup>2)</sup>		FY 2010-11 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 2009-10
Gross Income Tax	\$594.2	5.1%	\$6,504.9	8.2%	\$8,460.2	3.3%
Refunds	(39.9)	(3.2)	(2,066.8)	(8.3)	(2,238.7)	2.0
Net Income Tax	554.3	5.7	4,438.1	18.1	\$6,221.5	3.8
Sales Tax	566.0	10.2	4,965.9	7.4	6,498.6	2.9
Motor Vehicles	66.1	(12.0)	595.9	(0.3)	----	----
All Other Sales Tax	499.9	14.0	4,370.0	8.6	----	----
Use Tax	93.5	(6.7)	861.6	1.5	1,149.0	13.0
Tobacco Taxes	89.7	(0.1)	704.4	(4.8)	961.0	(3.2)
Single Business Tax	19.2	(270.8)	12.1	(71.6)	0.0	(100.0)
Michigan Business Tax	288.6	(2.2)	1,610.6	3.5	2,060.0	13.4
Insurance Tax	64.4	4.3	203.5	2.5	265.5	5.5
State Education Property Tax	23.7	86.3	453.3	(0.4)	1,852.0	(3.7)
Real Estate Transfer Tax	8.6	(21.5)	81.9	(7.6)	125.0	2.8
Casino Wagering Tax <sup>4)</sup>	9.7	1,639.0	86.3	14.6	114.0	0.8
Oil & Gas Severance Tax	6.1	27.1	47.4	5.3	67.0	12.9
Other Taxes <sup>5)</sup>	52.8	(1.7)	239.3	(1.7)	335.8	0.6
<b>Total</b>	<b>\$1,776.6</b>	<b>6.8%</b>	<b>\$13,704.3</b>	<b>8.1%</b>	<b>\$19,649.4</b>	<b>4.3%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$209.3	2.1%	\$1,974.1	(1.2%)	\$2,348.8	(0.7%)
Net to School Aid Fund <sup>4)</sup>	\$ 63.6	(3.4%)	\$ 611.1	2.5%	\$ 714.0	1.8%

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2010-11 year-to-date collections begin with November 2010 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 2010-11 collections will include October 2010 to September 2011.
- 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\*  
August 2009 to July 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.