

# MONTHLY REVENUE REPORT

## JUNE 2011

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.7 billion in June, up 1.8% from last year's level. While many revenue sources, including individual income tax withholding and sales tax, exhibited year-over-year declines in June, the declines were more than offset by growth in estimated payments under the individual income tax and Michigan Business Tax collections, as well as a significant decline in individual income tax refund requests. June tax collections were approximately \$91.4 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 \$40.9 million above the expected level for June, while School Aid Fund tax collections were \$41.1 million above the forecasted level. On a year-to-date basis, General Fund collections are \$127.5 million higher, and School Aid Fund collections \$89.6 million higher, than expected based on the May 2011 consensus revenue estimates.

Net income tax revenue totaled \$637.9 million in June 2011, compared with \$624.0 million in June 2010, a year-over-year increase of 2.2%. However, income tax withholding payments, which represented the majority of gross income tax revenue, were 3.0% below the year-ago level. Offsetting that decline, income tax estimated payments were up 17.5% from last year. Annual income tax payments were 44.9% above the year-ago level, but accounted for only about 2.8% of net revenue for the month. Income tax refunds totaled \$55.5 million in June, compared with \$60.3 million one year ago. Year-to-date refunds are down 8.4% (\$185.1 million) from the year-ago level, and \$52.6 million less than the expected level under the revised May estimates.

Sales tax receipts totaled \$597.0 million in June, down 0.6% from a year ago, although year-to-date sales tax collections remain 7.2% above last year's level, largely as a result of high levels of economic activity, particularly during February and March, in the motor vehicle manufacturing sector. June sales tax collections were \$52.4 million above the SFA's predicted level.

Net Michigan Business Tax (MBT) revenue totaled \$189.2 million in June, up 27.7% from last year's level and \$23.8 million above the SFA's expectation for the month. Both estimated and annual MBT payments exhibited significant growth compared with year-ago levels, and refunds were down as well. Comparing year-to-date MBT revenue to 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 15.6% from last year.

Real estate transfer tax receipts were down 21.6% from the year-ago level in June, reflecting continued weakness in the housing market. Year-to-date real estate transfer tax collections are 5.7% below the year-ago level. State education property tax revenue in June was 15.6% below the June 2010 level, and year-to-date collections are down 2.9%, although the majority 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 June 2011. Also presented are the consensus revenue estimates for FY 2010-11 adopted at the May 2011 Consensus Revenue Estimating Conference.



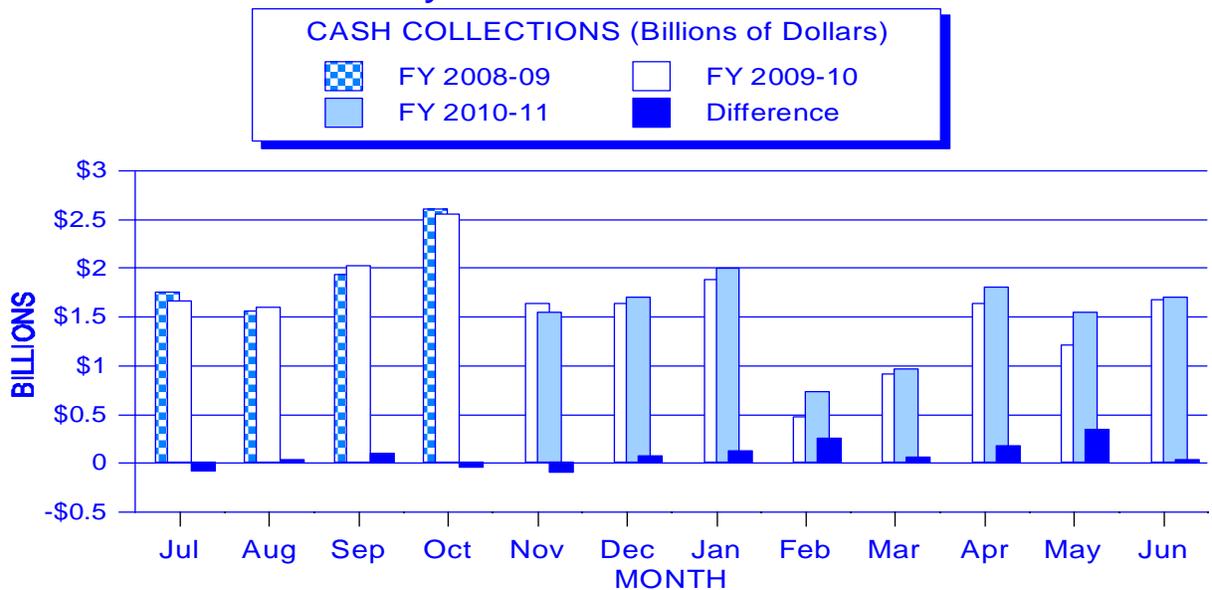
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**MICHIGAN REVENUE UPDATE**  
**JUNE 2011**  
(dollars in millions)

Type of Revenue	June 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	\$693.3	1.3%	\$5,918.1	8.7%	\$8,460.2	6.7%
Refunds	(55.5)	(8.0)	(2,026.9)	(8.4)	(2,238.7)	(6.8)
Net Income Tax	637.9	2.2	3,891.2	20.3	\$6,221.5	12.5
Sales Tax	597.0	(0.6)	4,404.9	7.2	6,498.6	5.2
Motor Vehicles	74.2	(5.0)	529.8	1.3	---	---
All Other Sales Tax	522.8	0.0	3,875.1	8.0	---	---
Use Tax	104.1	(6.4)	769.7	2.9	1,149.0	(5.5)
Tobacco Taxes	81.7	(2.1)	615.5	(5.3)	961.0	(4.5)
Single Business Tax	0.8	(94.2)	(4.9)	(109.0)	0.0	(100.0)
Michigan Business Tax	189.2	27.7	1,333.1	5.8	2,060.0	10.7
Insurance Tax	4.9	713.5	139.1	1.7	265.5	3.2
State Education Property Tax	38.6	(15.6)	429.6	(2.9)	1,852.0	(4.1)
Real Estate Transfer Tax	9.4	(21.6)	73.3	(5.7)	125.0	2.8
Casino Wagering Tax <sup>4)</sup>	9.2	37.0	76.5	12.2	114.0	2.6
Oil & Gas Severance Tax	6.3	70.1	41.3	2.7	67.0	14.5
Other Taxes <sup>5)</sup>	19.2	11.2	186.5	(1.7)	335.8	(2.9)
<b>Total</b>	<b>\$1,698.3</b>	<b>1.8%</b>	<b>\$11,955.8</b>	<b>8.6%</b>	<b>\$19,649.4</b>	<b>4.3%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$170.0	(0.3%)	\$1,764.8	(1.5%)	\$2,405.3	1.7%
Net to School Aid Fund <sup>4)</sup>	\$ 54.1	12.6%	\$ 547.6	3.2%	\$ 733.6	4.6%

- Total collections are unadjusted cash collections unless otherwise noted.
- FY 2010-11 year-to-date collections begin with November 2010 collections to reflect accrual accounting.
- Consensus revenue estimates adopted at the May 16, 2011, Consensus Revenue Estimating Conference.
- Lottery and casino revenue is not accrued, so FY 2010-11 collections will include October 2010 to September 2011.
- Other Taxes include beer, wine, liquor, industrial facilities, utility property, and estate taxes, and penalties and interest.

**Actual Revenue Collections for Major State Taxes\***  
**July 2009 to June 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.