

# MONTHLY REVENUE REPORT

## March 2006

The major General Fund and School Aid Fund earmarked taxes generated \$988.7 million in March, which was up 1.9% from last year's level. This marked the third month in a row and the eighth time in the past 12 months that tax collections have topped the year-ago level. Taxes whose collections increased in March include the sales, tobacco, single business, State education property, casino, and oil and gas severance taxes. These increases in collections were offset in part by declines in the income, use, insurance, real estate transfer, and estate taxes. March tax collections were right on target with the monthly estimate. So far in FY 2005-06, tax revenue from these major taxes is practically unchanged from the year-ago level and is tracking very closely with the monthly breakdown of the consensus estimate for FY 2005-06.

Net income tax collections, which equal gross collections less refunds, totaled \$106.1 million in March and were down 3.4% from last year's level. Gross collections, including withholding, quarterly, and annual payments, topped last year's level by 4.5% and totaled \$592.7 million. Taxes withheld from workers' paychecks accounted for 90.0% of gross income tax collections in March and were up 3.7% from last year's level. This solid increase in gross income tax collections was, however, more than offset by a 6.4% increase in overpayments that were refunded to taxpayers. These income tax refunds totaled \$486.6 million in March. On a fiscal year-to-date basis, income tax collections are up 1.3%.

Sales tax collections totaled \$523.2 million in March, representing a 1.7% increase from last year's level. This increase in March marked the eighth time in the past 12 months that sales tax collections posted an increase from the previous year's level. A year ago at this time, sales tax collections had been up only in five of the previous 12 months. Sales tax collections from motor vehicles sold by dealers declined 10.4% in March. This marked the 23<sup>rd</sup> time in the past 24 months that sales tax collections from motor vehicle sales fell below the year-ago level. Sales tax collections from all other taxable retail sales posted an increase of 3.7% in March. So far in FY 2005-06, sales tax collections are ahead of last year's pace by a slight 0.3%.

Single business tax collections totaled \$83.5 million in March, which was up 17.6% from last year. While single business tax collections in March are typically relatively small compared with most other months due to the timing of quarterly estimated payments, March single business tax collections came in higher than expected. On a fiscal year-to-date basis, single business tax collections are up a modest 0.6%.

Other major taxes posting an increase in March included the casino tax, up 12.1%; tobacco tax, up 2.8%; State education property tax, up 23.4%; and oil and gas severance tax, up 58.9%. Other taxes that experienced a drop in revenue in March included the use tax, down 1.1%; insurance tax, down 25.2%; real estate transfer tax, down 14.7%; and estate tax, down 93.5%.

The table on the back of this report identifies the major taxes included in this report, and provides their respective revenue levels and growth rates for March 2006, along with their fiscal year-to-date collections and growth rates. Also presented are the revised revenue estimates for FY 2005-06, which were adopted at the January 2006 Consensus Revenue Estimating Conference.



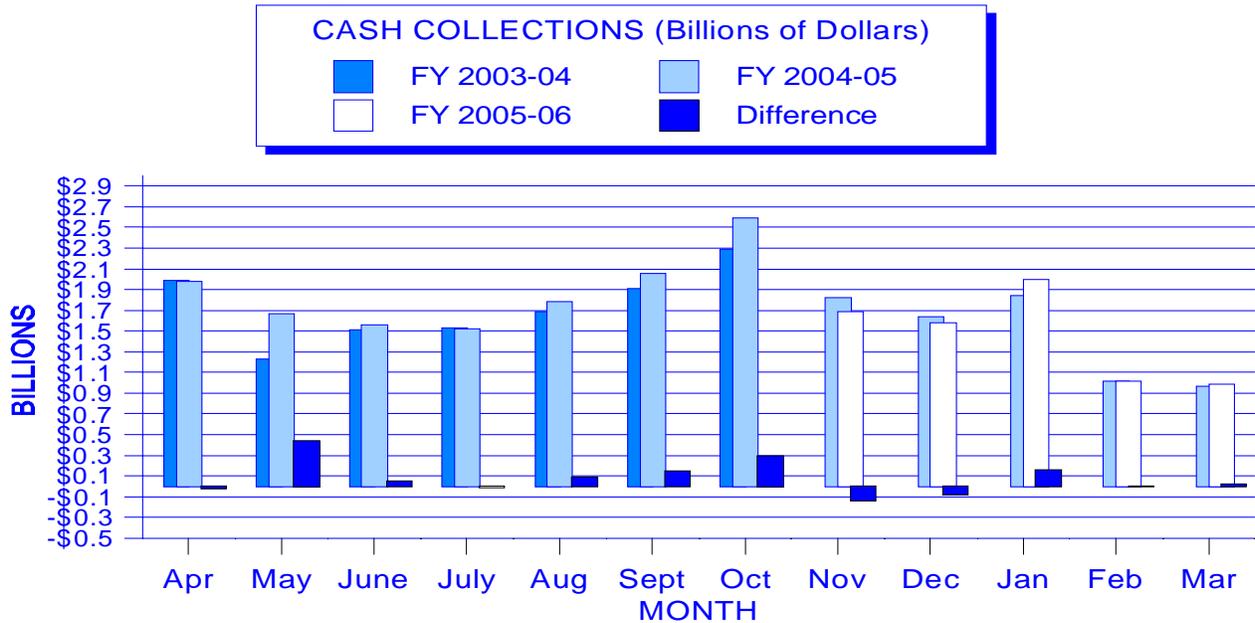
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**MICHIGAN REVENUE UPDATE  
MARCH 2006  
(dollars in millions)**

Type of Revenue	March Collections		FY 2005-06 to Date <sup>2)</sup>		FY 2005-06 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 2004-05
Gross Income Tax	\$ 592.7	4.5%	\$3,142.2	2.1%	\$ 7,866.7	1.9%
Refunds	(486.6)	6.4	(977.4)	3.9	(1,696.0)	5.3
Net Income Tax	\$ 106.1	(3.4)%	\$2,164.8	1.3%	\$ 6,170.7	1.0%
Sales Tax	523.2	1.7	2,719.9	0.3	6,799.8	3.0
Motor Vehicles	64.9	(10.4)	261.3	(12.1)	---	---
All Other Sales Tax	458.3	3.7	2,458.6	1.8	---	---
Use Tax	112.8	(1.1)	557.2	(2.2)	1,442.3	2.9
Tobacco Taxes	86.8	2.8	467.1	1.2	1,161.5	(1.6)
Single Business Tax	83.5	17.6	642.3	0.6	1,817.9	(5.0)
Insurance Tax	10.7	(25.2)	97.9	(3.6)	255.0	2.2
State Education Property Tax	19.0	23.4	383.1	(3.6)	2,010.0	5.0
Real Estate Transfer Tax	20.9	(14.7)	129.5	2.3	310.0	(1.1)
Estate/Inheritance Tax	0.2	(93.5)	0.0	(100.0)	5.0	(95.1)
Casino Wagering Tax <sup>4)</sup>	13.9	12.1	65.2	9.0	149.4	2.5
Oil & Gas Severance Tax	11.6	58.9	44.4	56.3	84.0	25.9
<b>Total</b>	<b>\$988.7</b>	<b>1.9%</b>	<b>\$7,271.4</b>	<b>(0.2)%</b>	<b>\$20,205.6</b>	<b>1.1%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$232.0	39.2%	\$1,164.4	14.2%	\$2,150.0	5.1%
Net to School Aid Fund <sup>4)</sup>	\$ 68.8	29.3%	\$ 367.9	15.1%	\$ 685.0	2.6%

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2005-06 year-to-date collections begin with November 2005 collections to reflect accrual accounting.
- 3) Consensus revenue estimates adopted at the January 12, 2006, Consensus Revenue Estimating Conference.
- 4) Lottery and casino revenue is not accrued, so FY 2005-06 collections will include October 2005 to September 2006.

**Actual Revenue Collections for Major State Taxes\*  
April 2004 to March 2006**



\*Comparison of actual collections. Major taxes include the net income (gross collections less refunds), sales, use, tobacco (cigarette tax and other tobacco products tax), SBT, insurance retaliatory, estate, oil and gas severance, State education property, real estate transfer, and casino wagering taxes.