

MONTHLY REVENUE REPORT

March 2010

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$905.7 million in March, down 9.0% from last year's level. Increases in sales and use tax collections were offset by declines in Michigan Business Tax (MBT) and individual income tax collections, compared with March 2009.

While actual revenue was lower compared with last year, March collections were stronger than expected based on the January consensus forecast estimates. March tax collections were approximately \$78.3 million above 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 \$26.9 million above the expected level for March and School Aid Fund tax collections were up \$50.7 million for March compared with estimates.

Net income tax revenue totaled a negative \$2.6 million in March 2010, 103.0% below the March 2009 level, as refunds exceeded receipts. Income tax collections have fallen below the year-ago level for 16 consecutive months. Income tax withholding payments, which represented the majority of net income tax collections in March, rose 4.6% above the year-ago level in March 2009. However, the rise in income tax withholding was offset by much higher refunds, which rose 21.2% to \$658.3 million.

Sales tax receipts totaled \$548.8 million in March, which was up 0.7% from the year-ago level. Given the calendar adjustment due to February ending on a weekend, March represents a mild increase for sales tax collections. While a definite improvement, this number is coming off the extreme drop in retail sales in early 2009 and was weaker than the previous month's increase.

Michigan Business Tax revenue totaled \$95.9 million in March, down 29.4% 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 up significantly by 16.9%, but MBT annual payments were down 7.7% compared with March 2009. Higher refunds and lower annual payments led to the overall decline in monthly MBT revenue collections.

The housing market continues to face substantial difficulties despite some recent mild improvements. Real estate transfer tax receipts were up 40.0% from the year-ago level in March, to \$8.4 million. For the past six months, year-over-year real estate transfer tax receipts have varied from 40.0% above the prior year to 27.8% below last year. This increase in revenue may be due to heightened activity in the real estate market as the end of the Federal tax credit program approaches in April. State education property tax revenue was slightly down with a 1.7% decrease from March 2009. March is not an active month for the State Education Tax.

The overall picture is that actual revenue collections are coming in below last fiscal year. However, compared with the January consensus, revenue collections are decreasing less rapidly than expected with the exception of the MBT. 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 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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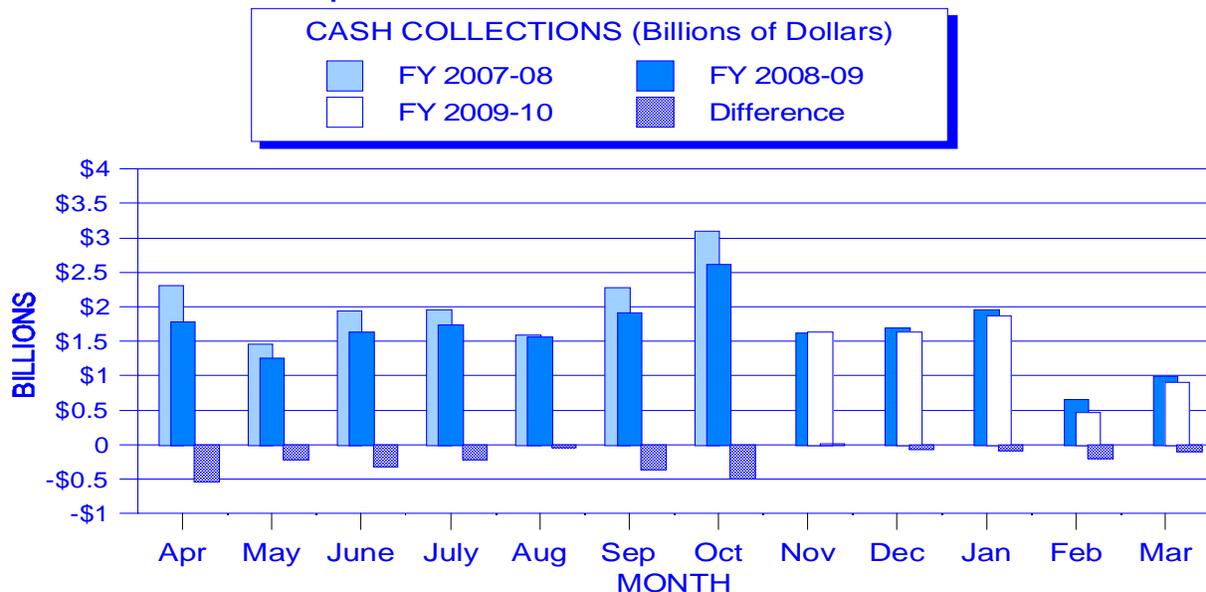


**MICHIGAN REVENUE UPDATE
MARCH 2010
(dollars in millions)**

Type of Revenue	March Collections		FY 2009-10 to Date ²⁾		FY 2009-10 Estimate ³⁾	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2008-09
Gross Income Tax	\$655.7	4.0%	\$3,215.2	(5.0)%	\$7,648.2	(5.6)%
Refunds	(658.3)	21.1	(1,464.9)	20.3	(2,374.9)	5.9
Net Income Tax	\$ (2.6)	360.8%	\$1,750.3	(19.3)%	\$5,273.3	(9.9)%
Sales Tax	548.8	0.7	2,547.9	0.8	5,894.5	(3.2)
Motor Vehicles	76.9	2.5	303.2	2.4	---	---
All Other Sales Tax	471.9	0.4	2,244.7	0.6	---	---
Use Tax	112.4	14.3	470.4	11.3	1,143.0	2.7
Tobacco Taxes	71.2	(8.4)	396.4	(5.4)	981.8	(6.0)
Single Business Tax	2.2	(109.1)	8.5	(106.9)	(20.0)	(183.0)
Michigan Business Tax	95.9	(29.4)	672.7	(20.3)	2,228.4	(1.4)
Insurance Tax	10.2	(30.6)	82.9	(5.1)	271.0	3.8
State Education Property Tax	17.7	(1.7)	334.4	10.7	1,875.0	(8.1)
Real Estate Transfer Tax	8.4	40.0	48.7	8.5	127.0	1.4
Casino Wagering Tax ⁴⁾	0.0	0.0	40.3	5.8	109.6	(9.7)
Oil & Gas Severance Tax	7.0	55.6	26.2	4.8	55.0	16.5
Other Taxes ⁵⁾	34.5	49.2	136.1	(10.1)	332.1	(3.1)
Total	\$905.7	(9.0)%	\$6,514.8	(5.8)%	\$18,270.7	(5.9)%
Addendum:						
Gross Lottery Sales ⁴⁾	\$197.8	(0.1)%	\$1,202.1	0.7%	\$2,329.3	(1.5)%
Net to School Aid Fund ⁴⁾	\$ 60.2	(3.1)%	\$ 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*
April 2008 to March 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.