

MONTHLY REVENUE REPORT

MARCH 2012

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1,091.3 million in March 2012, up 5.9% from last year's level. March tax collections were approximately \$117.1 million above the level expected in the Senate Fiscal Agency's (SFA's) estimate for the month, based on the consensus revenue estimates adopted in January 2012. The increase in revenue reflected higher-than-expected individual income tax withholding, sales tax collections, and Michigan Business Tax (MBT) collections, as well as strong lottery sales and timing issues associated with the way the SFA tracks lottery receipts, which more than offset above-forecast individual income tax refunds. Excluding the lottery issue, March collections would have been 2.8% above last year's level, and \$82.4 million over forecast.

Collections earmarked to the General Fund were \$14.5 million above the expected level for March, while School Aid Fund tax collections were \$86.7 million above the forecasted level. The remaining \$15.9 million in unanticipated collections was directed to other funds, most notably constitutional revenue sharing. Through March, year-to-date General Fund collections are \$105.7 million lower, School Aid Fund collections \$78.9 million higher, and other funds collectively \$18.0 million above, the level expected based on the January 2012 consensus revenue estimates.

Net income tax revenue totaled \$134.1 million in March 2012, up from \$35.5 million in March 2011 but \$11.4 million below the level forecasted for the month. As in February, the low level of net collections reflected the impact of refund requests, which were \$44.8 million greater than forecasted. Withholding payments (which represented the majority of gross income tax revenue) were 7.2% above the year-ago level and \$32.0 million above the predicted level. Withholding receipts during 2012 have been expected to be much higher than in 2011 due to the tax changes enacted in May 2011, many of which were expected to increase withholding.

Sales tax receipts totaled \$537.0 million in March, \$58.5 million above forecast, but 5.6% less than March 2011 due to processing issues related to March ending on a weekend. These issues cause revenue that otherwise would have been attributed to March to show up in April collections. On a year-to-date basis, sales tax collections are up 3.3% from last year and are \$84.2 million above the forecasted level.

Michigan Business Tax revenue totaled \$63.2 million in March, down 47.5% from March 2011 as businesses switch from the MBT to the new Corporate Income Tax. Despite the year-over-year decline, MBT collections were \$22.2 million above the level expected for the month based on the January 2012 revenue estimates. Driven by strong annual payments, which to date are running 16.7% above last year's level, year-to-date MBT collections are \$72.5 million above forecast.

Real estate transfer tax receipts were 12.8% below the year-ago level in March, the third time in the last four months year-over-year collections have declined. Year-to-date real estate transfer tax collections are running 4.6% below last year's 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 March 2012. Also presented are the revised consensus revenue estimates for FY 2011-12, which were adopted at the January 2012 Consensus Revenue Estimating Conference.



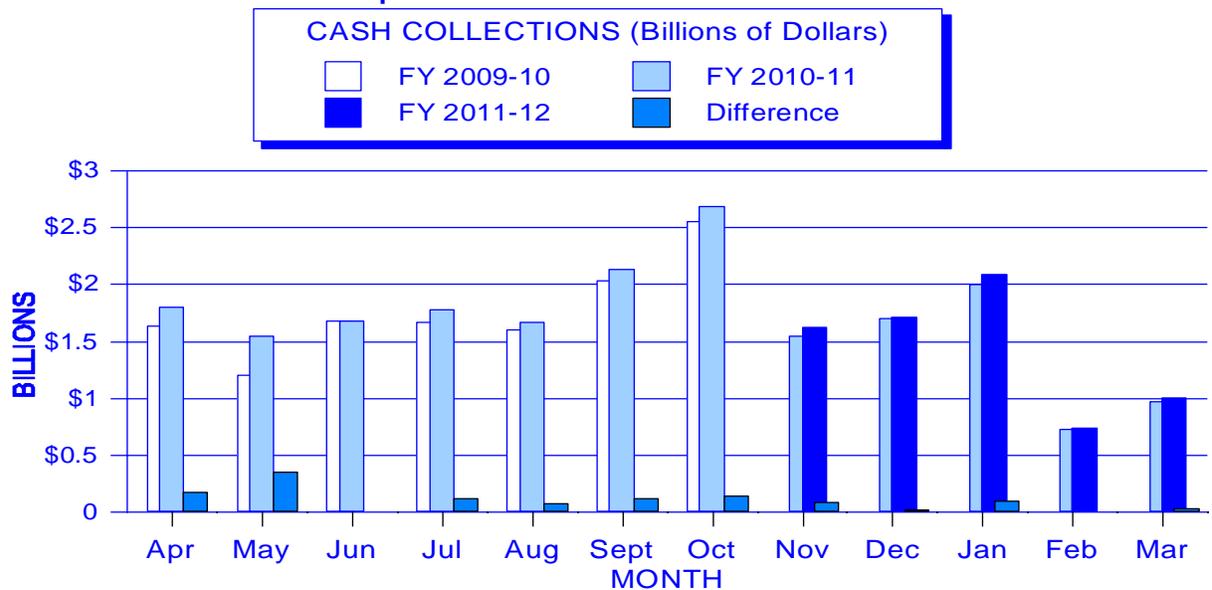
David Zin, Chief Economist

**MICHIGAN REVENUE UPDATE
MARCH 2012
(dollars in millions)**

Type of Revenue	March Collections		FY 2011-12 to Date ²⁾		FY 2011-12 Estimate ³⁾	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2010-11
Gross Income Tax	\$750.1	5.8%	\$3,591.8	3.9%	\$9,073.0	3.3%
Refunds	(616.0)	(8.5)	(1,373.3)	2.3	(2,041.1)	2.0
Net Income Tax	134.1	277.7	2,218.5	4.9	7,031.9	3.8
Sales Tax	537.0	(5.6)	2,812.8	3.3	6,883.9	2.9
Motor Vehicles	76.2	(2.8)	325.8	3.4	---	---
All Other Sales Tax	460.8	(6.1)	2,487.0	3.2	---	---
Use Tax	91.7	(1.3)	452.8	(5.6)	1,199.1	13.0
Tobacco Taxes	71.9	3.1	378.4	0.4	941.7	(3.2)
Corporate Income Tax	17.1	---	20.9	---	485.6	---
Michigan Business Tax	63.2	(47.5)	664.2	14.5	627.3	13.4
Insurance Tax	10.9	(5.5)	90.3	11.5	282.0	5.5
State Education Property Tax	16.7	(1.0)	253.3	(23.7)	1,820.0	(3.7)
Real Estate Transfer Tax	9.6	(12.8)	45.2	(4.6)	132.9	2.8
Casino Wagering Tax ⁴⁾	11.0	1.9	50.0	5.3	113.7	0.8
Oil & Gas Severance Tax	5.2	(38.0)	24.4	(1.5)	62.2	12.9
Other Taxes ⁵⁾	22.6	(67.4)	107.4	(0.7)	312.6	0.6
Total	\$990.9	2.8%	\$7,118.2	2.9%	\$19,892.9	(1.5%)
Addendum:						
Gross Lottery Sales ⁴⁾	\$291.0	38.0%	\$1,259.9	6.2%	\$2,285.6	(2.3%)
Net to School Aid Fund ⁴⁾	\$100.4	51.6%	\$405.4	7.3%	\$720.0	(1.0%)

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2011-12 year-to-date collections begin with November 2011 collections to reflect accrual accounting.
- 3) Consensus revenue estimates adopted at the January 13, 2012, Consensus Revenue Estimating Conference.
- 4) Lottery and casino revenue is not accrued, so FY 2011-12 collections will include October 2011 to September 2012.
- 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*
April 2010 to March 2012**



*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.