

MONTHLY REVENUE REPORT

NOVEMBER 2011

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.6 billion in November, up 4.8% from last year's level. November tax collections were approximately \$55.2 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2011. The shortfall in State Education Tax collections, discussed below, accounted for more than the amount by which collections were short of estimates. November tax collections represent the first month of revenue for FY 2011-12, because under accrual accounting (which the State of Michigan uses) most of October tax revenue will be included in FY 2010-11 revenue.

Collections earmarked to the General Fund were \$19.4 million above the expected level for October, while School Aid Fund tax collections were \$75.7 million below the forecasted level. Revenue directed to other funds, most notably constitutional revenue sharing, was \$1.1 million above the predicted level. Because November represents the first month of FY 2011-12 collections, the year-to-date estimates are the same as the monthly estimates.

Net income tax revenue totaled \$559.8 million in November 2011, a 4.8% decrease from last year's level, although the 2010 level was pushed higher by calendar factors that boosted withholding receipts. Withholding payments (which represented the majority of gross income tax revenue) were 6.7% below the year-ago level.

Sales tax receipts totaled \$568.5 million in November, 0.2% below the November 2010 level and reflecting calendar factors that also boosted November sales tax collections last year. The growth in sales tax collections has now exceeded the growth in income tax withholding for seven consecutive months. Sales tax collections from motor vehicle transactions were 2.7% above the year-ago level.

Michigan Business Tax (MBT) revenue totaled \$83.7 million in November. Comparing November MBT revenue to the previous year does not currently provide meaningful information due to a substantial number of refunds issued in November 2010, as indicated in earlier issues of this report. However, quarterly and annual MBT payments, which are not affected by the refund matter from 2010, were up 26.9% and down 2.5%, respectively, from last year's level.

Real estate transfer tax receipts rose 0.7% from the year-ago level in November, to \$10.2 million, and have been above the year-ago level for four consecutive months. Revenue from the property-based State Education Tax was down 25.7% from November 2010 and approximately \$60.9 million below the expected level. However, November 2010 to October 2011 collections were approximately \$62.5 million above the expected level. Given that the majority of revenue is received during August through November, from bills sent out in July, the differences reflect issues associated with when payments were transmitted to the State, rather than meaningful errors in the annual forecast.

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 November 2011. Also presented are the consensus revenue estimates for FY 2011-12, which were adopted at the May 2011 Consensus Revenue Estimating Conference.

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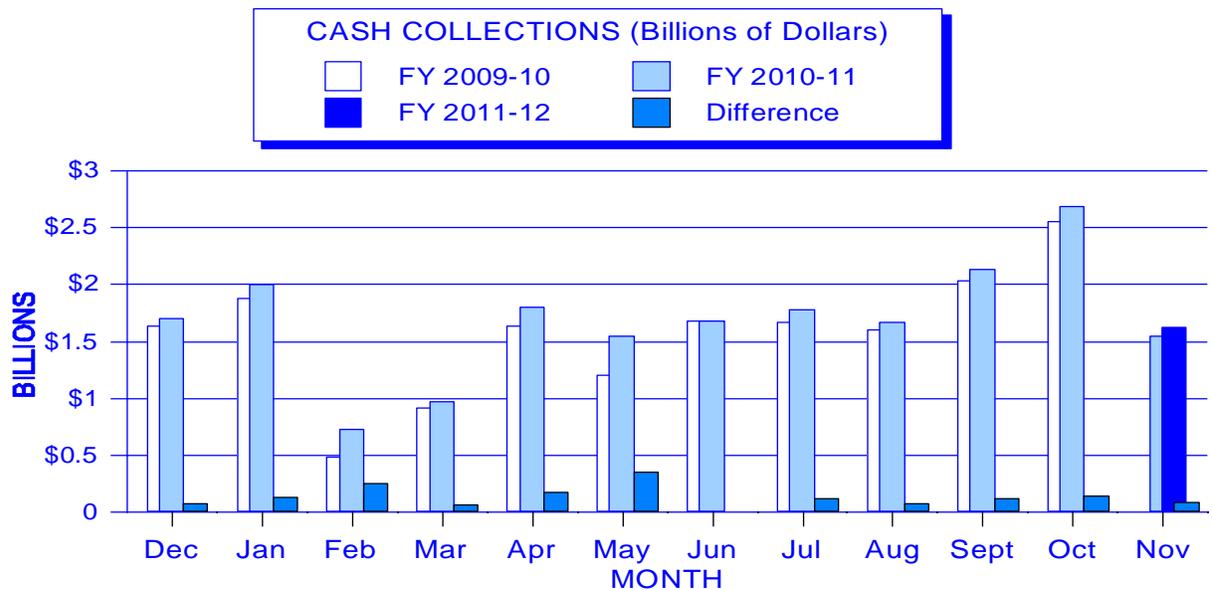


**MICHIGAN REVENUE UPDATE
NOVEMBER 2011
(dollars in millions)**

Type of Revenue	November 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 2009-10
Gross Income Tax	\$573.6	(6.0%)	\$573.6	(6.0%)	\$8,702.6	0.9%
Refunds	(13.7)	(37.3)	(13.7)	(37.3)	(2,299.6)	2.7
Net Income Tax	559.8	(4.8)	559.8	(4.8)	\$6,403.0	0.3
Sales Tax	568.5	(0.2)	568.5	(0.2)	6,646.1	2.3
Motor Vehicles	64.6	2.7	64.6	2.7	---	---
All Other Sales Tax	503.9	(0.6)	503.9	(0.6)	---	---
Use Tax	92.5	(6.6)	92.5	(6.6)	1,269.9	10.5
Tobacco Taxes	78.4	(0.1)	78.4	(0.1)	940.8	(2.1)
Single Business Tax	(14.6)	(36.9)	(14.6)	(36.9)	0.0	---
Michigan Business Tax	83.7	---	83.7	---	2,137.3	4.8
Insurance Tax	1.0	1,090.0	1.0	1,090.0	277.5	4.5
State Education Property Tax	176.7	(25.7)	176.7	(25.7)	1,829.0	(1.2)
Real Estate Transfer Tax	10.2	0.7	10.2	0.7	138.0	10.4
Casino Wagering Tax ⁴⁾	9.3	3.3	9.3	3.3	119.5	4.8
Oil & Gas Severance Tax	4.4	8.2	4.4	8.2	71.6	6.9
Other Taxes ⁵⁾	41.4	89.6	41.4	89.6	342.7	2.0
Total	\$1,611.3	4.8%	\$1,611.3	4.8%	\$20,175.4	4.3%
Addendum:						
Gross Lottery Sales ⁴⁾	\$173.6	(0.6%)	\$361.2	(3.8%)	\$2,434.2	3.1%
Net to School Aid Fund ⁴⁾	\$ 59.9	10.5%	\$121.5	0.3%	\$ 740.0	0.8%

- 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 May 16, 2011, 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, industrial facilities, utility property, and estate taxes, and penalties and interest.

**Actual Revenue Collections for Major State Taxes*
December 2009 to November 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.