

# MONTHLY REVENUE REPORT

## SEPTEMBER 2011

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.13 billion in September, up 5.3% from last year's level. September tax collections were \$186.8 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. Increases in sales tax and Michigan Business Tax (MBT) collections more than accounted for the year-over-year rise in revenue, and accounted for almost three-fourths of the amount by which collections exceeded expectations.

Collections earmarked to the General Fund were \$71.8 million above the expected level for September, while School Aid Fund tax collections were \$102.5 million above the forecasted level. The remaining above-forecast revenue is directed to other funds. On a year-to-date basis, General Fund collections are \$158.3 million higher, and School Aid Fund collections \$272.9 million higher than expected based on the May 2011 consensus revenue estimates.

Net income tax revenue totaled \$686.7 million in September 2011, compared with \$661.8 million in September 2010, a year-over-year increase of 3.8%. Withholding payments (which represented the majority of gross income tax revenue) were 2.6% above the year-ago level. On a year-to-date basis, net income tax revenue is up 14.5%, largely due to substantially lower refund requests. Income tax refunds for the fiscal year-to-date are down \$183.8 million from the same time last year.

Sales tax receipts totaled \$603.5 million in September, up 12.0% from a year ago, and year-to-date sales tax collections are 7.9% above last year's level. The increases appear to reflect higher levels of consumption as well as higher energy prices, especially from energy costs such as natural gas and electricity. September marks the fifth consecutive month in which sales tax growth has exceeded growth in income tax withholding. Year to date, income tax withholding is up 5.2%, compared with the 7.9% increase in sales tax receipts.

Michigan Business Tax revenue totaled \$190.7 million in September, a 40.9% increase from last year's level. The year-over-year growth reflected a 21.7% increase from year-ago levels in estimated MBT payments, combined with a 58.8% increase in annual payments and a 58.2% decline in refund requests. Comparing year-to-date MBT revenue with 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 12.9% from last year.

Real estate transfer tax receipts were 24.2% above the year-ago level in September, the largest year-over-year increase since March. However, year-to-date real estate transfer tax collections are 4.0% below the year-ago level. A major factor in the weak real estate transfer tax collections during 2011 is that 2010 sales were boosted by the Federal home buyer credit, which expired in mid-2010. State education property tax revenue in September was 2.8% above the September 2010 level, and year-to-date collections are up 2.0%. Approximately 50% of revenue from this tax is received in October 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 September 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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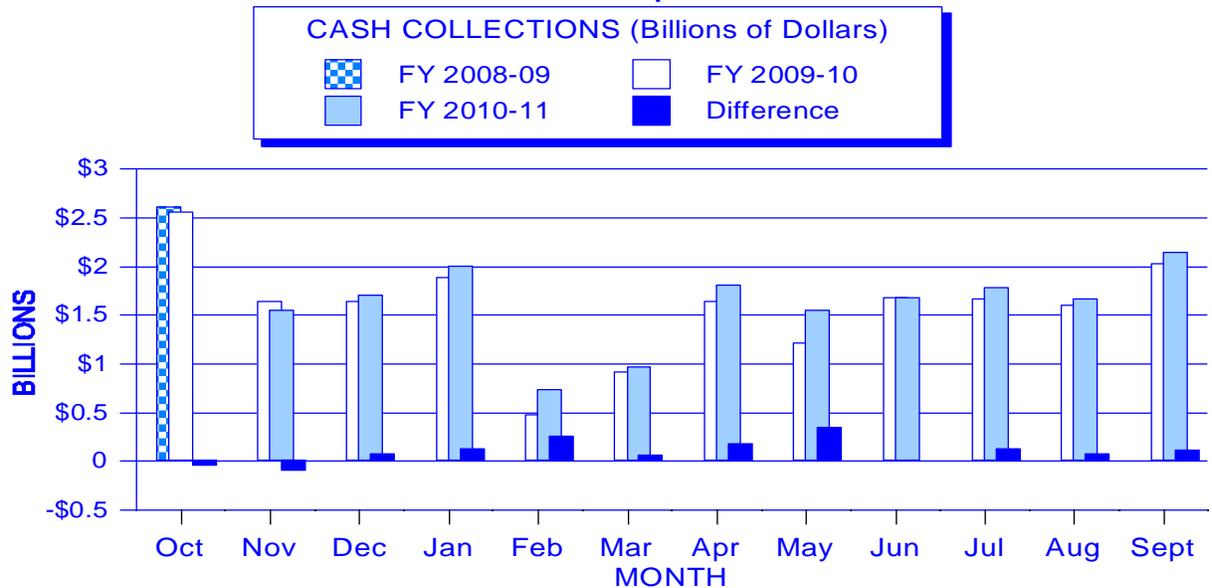


**MICHIGAN REVENUE UPDATE  
SEPTEMBER 2011  
(dollars in millions)**

Type of Revenue	September 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	\$717.7	4.5%	\$7,846.3	7.4%	\$8,460.2	3.3%
Refunds	(31.0)	24.1	(2,136.0)	(7.9)	(2,238.7)	2.0
Net Income Tax	686.7	3.8	5,710.3	14.5	\$6,221.5	3.8
Sales Tax	603.5	12.0	6,202.7	7.9	6,498.6	2.9
Motor Vehicles	70.5	(0.3)	745.0	(0.3)	---	---
All Other Sales Tax	533.0	13.9	5,457.7	9.1	---	---
Use Tax	105.1	(9.2)	1,079.3	(0.9)	1,149.0	13.0
Tobacco Taxes	91.2	6.0	884.7	(3.4)	961.0	(3.2)
Single Business Tax	(18.8)	(271.2)	(16.1)	(165.0)	0.0	(100.0)
Michigan Business Tax	190.7	40.9	1,864.8	6.0	2,060.0	13.4
Insurance Tax	2.8	(164.2)	211.5	6.1	265.5	5.5
State Education Property Tax	419.4	2.8	999.9	2.0	1,852.0	(3.7)
Real Estate Transfer Tax	11.2	24.2	106.4	(4.0)	125.0	2.8
Casino Wagering Tax <sup>4)</sup>	8.5	1,436.0	104.1	14.3	114.0	0.8
Oil & Gas Severance Tax	4.9	(14.7)	57.3	5.8	67.0	12.9
Other Taxes <sup>5)</sup>	26.2	(45.9)	286.9	(11.7)	335.8	0.6
<b>Total</b>	<b>\$2,131.3</b>	<b>5.3</b>	<b>\$17,492.0</b>	<b>7.4</b>	<b>\$19,649.4</b>	<b>4.3</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$193.3	2.5%	\$2,340.0	(0.8%)	\$2,348.8	(0.7%)
Net to School Aid Fund <sup>4)</sup>	\$ 57.9	5.0%	\$ 722.0	3.7%	\$ 714.0	1.8%

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2010-11 year-to-date collections begin with November 2010 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 2010-11 collections will include October 2010 to September 2011.
- 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\*  
October 2009 to September 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.