

# MONTHLY REVENUE REPORT

## SEPTEMBER 2012

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.1 billion in September 2012, down 3.5% from last year's level. September tax collections were approximately \$69.5 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2012.

Collections earmarked to the General Fund were \$75.0 million above the expected level for September, while School Aid Fund tax collections were \$5.6 million below the forecasted level. The remaining \$0.1 million in above-forecast collections reflected other funds, most notably constitutional revenue sharing. Through September, year-to-date General Fund collections are \$115.4 million higher, School Aid Fund collections \$10.4 million higher, and other funds collectively \$1.7 million lower than the level expected based on the May 2012 consensus revenue estimates.

Gross income tax revenue in September 2012 was up 11.9% from September 2011. Although income tax refunds were greater than expected, they were down from last year's level, resulting in net income tax revenue that was 13.2% above last September's level. Withholding payments (which represented the majority of gross income tax revenue) were 11.7% above the year-ago level. Generally, 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. Income tax refunds were greater than expected for the fifth month in a row and year-to-date are \$58.5 million above the expected level.

Sales tax receipts totaled \$563.6 million in September, 6.6% below the level in September 2011. The weak year-over-year collections reflected calendar issues: September 2012 sales tax collections were lower because the month ended on a weekend, while September 2011 did not. On a year-to-date basis, sales tax collections are up 2.6% from last year, but are running \$37.9 million below expectations. September collections from the use tax were \$24.6 million below the forecasted level and 21.1% lower than the year-ago level, due to a large refund of \$21.0 million.

Michigan Business Tax (MBT) revenue totaled \$10.0 million in September, reflecting the switch from the MBT to the new Corporate Income Tax. Year-to-date MBT collections are \$155.0 million above the level expected based on the May 2012 consensus revenue estimates. As a result of carry-forward balances, and lower liabilities under the Corporate Income Tax, a large amount of refunds is expected to be claimed at some point and may be booked as part of the accrual process at the year-end book-closing.

While State Education Property Tax collections for September 2012 were down 9.0% from last year, this revenue is influenced by when counties mail in their payments and roughly half the fiscal year revenue is received in October. Combined August and September 2012 revenue is down 5.3% from last year. Real Estate Transfer Tax revenue was 51.6% above the year-ago level and year-to-date revenue is up 19.0%.

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 2012. Also presented are the revised consensus revenue estimates for FY 2011-12, which were adopted at the May 2012 Consensus Revenue Estimating Conference.



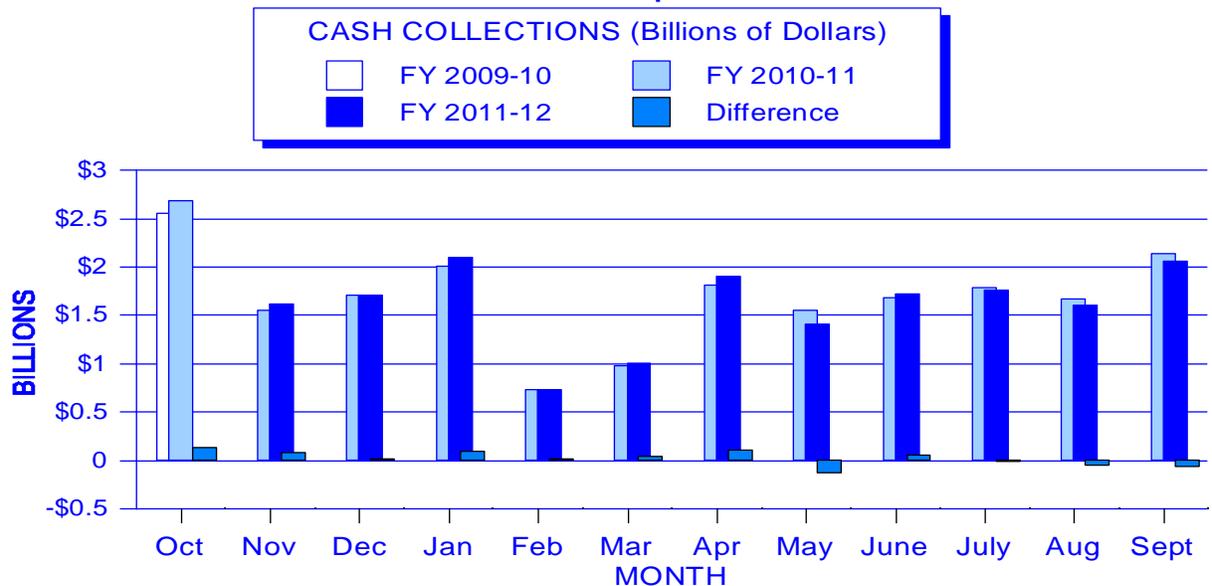
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**MICHIGAN REVENUE UPDATE  
AUGUST 2012  
(dollars in millions)**

Type of Revenue	September Collections		FY 2011-12 to Date <sup>2)</sup>		FY 2011-12 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 2010-11
Gross Income Tax	\$803.0	11.9%	\$8,393.7	7.0%	\$9,069.0	3.3%
Refunds	(25.4)	(18.2)	(2,129.4)	(0.3)	(2,103.1)	2.0
Net Income Tax	777.6	13.2	6,264.3	9.7	\$6,965.9	3.8
Sales Tax	563.6	(6.6)	6,366.6	2.6	7,023.9	2.9
Motor Vehicles	65.6	(6.9)	771.0	3.5	---	---
All Other Sales Tax	498.0	(6.6)	5,595.6	2.5	---	---
Use Tax	82.9	(21.1)	1,072.0	(0.7)	1,182.1	13.0
Tobacco Taxes	89.8	(1.6)	886.3	0.2	961.7	(3.2)
Corporate Income Tax	90.2	---	446.7	---	485.6	---
Michigan Business Tax	10.0	(94.8)	923.1	(50.5)	713.6	13.4
Insurance Tax	2.3	(16.7)	228.9	8.2	300.0	5.5
State Education Property Tax	381.8	(9.0)	865.2	(13.5)	1,807.1	(3.7)
Real Estate Transfer Tax	16.9	51.6	126.6	19.0	124.9	2.8
Casino Wagering Tax <sup>4)</sup>	7.8	(921.3)	105.0	0.8	114.7	0.8
Oil & Gas Severance Tax	4.2	(12.6)	49.2	(14.2)	60.7	12.9
Other Taxes <sup>5)</sup>	26.5	(417.2)	193.8	(28.5)	292.7	(10.0)
<b>Total</b>	<b>\$2,053.6</b>	<b>5.3%</b>	<b>\$17,527.8</b>	<b>7.1%</b>	<b>\$20,032.9</b>	<b>4.3%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$169.7	(12.2%)	\$2,413.5	3.1%	\$2,467.0	5.4%
Net to School Aid Fund <sup>4)</sup>	59.0	1.9	770.4	6.7	750.0	3.1

- Total collections are unadjusted cash collections unless otherwise noted.
- FY 2011-12 year-to-date collections begin with November 2011 collections to reflect accrual accounting.
- Consensus revenue estimates adopted at the May 16, 2012, Consensus Revenue Estimating Conference.
- Lottery and casino revenue is not accrued, so FY 2011-12 collections will include October 2011 to September 2012.
- 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\*  
October 2010 to September 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.