MONTHLY REVENUE REPORT
April and May 2001

Revenue collected from 12 of Michigan's major General Fund and School Aid Fund earmarked taxes totaled $4.0 billion in April and May 2001, which was down 1.5% from last year's level. While collections were up during this two-month period for the sales, use, State education property, estate, and severance taxes, these gains were more than offset by declines in the revenue collected from the income, single business, insurance, tobacco, and real estate transfer taxes. On a fiscal year-to-date basis, revenue from these 12 major taxes is down 3.1%. Based on the new consensus estimate adopted at the May 2001 Consensus Revenue Estimating Conference, revenues from these major taxes are expected to be down 1.3% in FY 2000-01 compared with FY 1999-2000. In order to hit this estimate, the revenue collected from these major taxes during the remainder of FY 2000-01 will have to increase 1.4% from last year's levels.

Tax collections in April and May have been combined in this report to provide a more meaningful assessment of current revenue collections. In addition to the ongoing monthly flow of revenue collections from these major taxes, revenue is received in April and May from the income tax and single business tax annual payments. These annual payments are due in April, but are actually received and processed by the Treasury Department during both April and May. The distribution of these tax collections between April and May can vary significantly from one year to the next. As a result, the percentage change in April's and May's collections, compared with their year-ago levels, can provide very misleading information on the current strength or weakness in tax collections. For example, in April 2001, the revenue collected from these 12 major taxes was up 14.0% compared with the year-ago level, but in May it was down 18.6%. Combining revenue collections for April and May eliminates this timing problem and provides a more accurate view of current tax collections.

Gross income tax collections (withholding, quarterly, and annual payments) totaled $1.74 billion in April and May, which was down 6.0% from last year's level. During this two-month period, withholding collections were down 0.3%, while quarterly estimated and annual payments were down 12.4% and 14.1%, respectively. So far in FY 2000-01, gross income tax collections are down 5.8%, which is below the FY 2000-01 consensus estimate that gross income tax revenue will be down 3.2%.

Sales tax collections totaled $1.08 billion in April and May. Compared with the year-ago level, these collections were up 4.0%. Sales tax collections from motor vehicle transactions were up by a fairly strong 8.7% during this two-month period, while sales tax collections derived from all other taxable transactions were up 3.1%. On a fiscal year-to-date basis, sales tax collections are even with last year's level, which is below the consensus estimate that sales tax revenue will be up 2.1% for all of FY 2000-01.

Single business and insurance tax collections totaled $559 million in April and May, which was down 10.3% from the year-ago level. Approximately half of this reduction is due to the ongoing reduction in the single business tax rate, which is now 2.0% compared with 2.1% last year at this time. Total single business and insurance tax revenue collected so far in FY 2000-01 is down 10.5% from last year's level. The FY 2000-01 consensus estimate for these business taxes is that revenue will decline 8.6%.

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 April and May 2001, along with their fiscal year-to-date revenue collections and growth rates. Also presented are the newly revised consensus revenue estimates for FY 2000-01.

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SENATE FISCAL AGENCY

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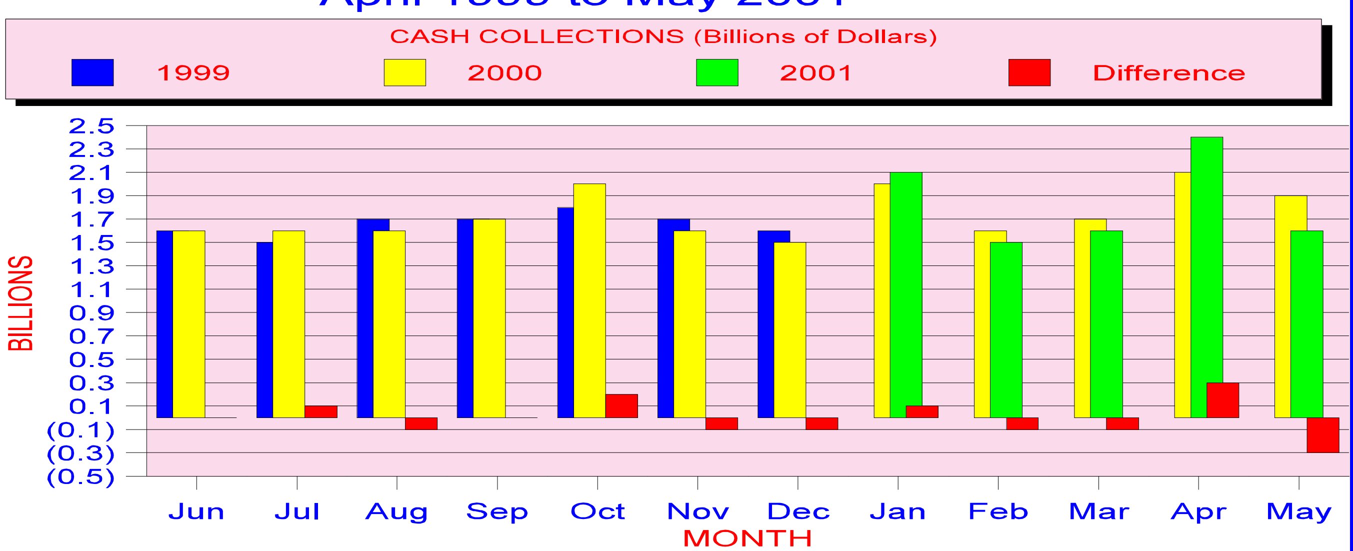
MICHIGAN REVENUE UPDATE
APRIL AND MAY 2001
(dollars in millions)

Type of Revenue	April & May Collections Total[1]	% Change From Year Ago	FY 2000-01 to Date[2] Total[1]	% Change From Year Ago	FY 2000-01 Estimate[3] Total[1]	% Change From Year Ago
Income Tax						
Withholding	$1,068.0	(0.3)%	$3,943.4	(4.1)%	$6,622.7	(1.9)%
Quarterly Payments	124.9	(12.4)	425.8	(9.1)	833.3	(3.4)
Annual Payments	549.2	(14.1)	627.3	(13.2)	691.5	(12.6)
Gross Income Tax	$1,742.1	(6.0)%	$4,996.5	(5.8)%	$8,147.5	(3.1)%
Sales Tax	1,075.4	4.0	3,601.1	0.0	6,407.8	2.1
Use Tax	256.2	14.2	736.2	(3.0)	1,338.2	(1.3)
Tobacco Tax	95.5	(0.8)	335.3	(0.3)	591.8	(2.1)
Single Business & Insurance Taxes	559.2	(10.3)	1,422.1	(10.5)	2,300.5	(8.6)
State Education Property Tax	181.0	29.3	842.0	12.2	1,463.4	5.9
Real Estate Transfer Tax	30.2	(34.2)	135.9	(3.4)	252.0	(2.0)
Estate/Inheritance Tax	33.3	46.1	99.1	7.3	185.0	4.3
Oil & Gas Severance Tax	13.0	94.0	39.4	71.3	63.0	43.5
Total	$3,985.9	(1.5)%	$12,207.6	(3.1)%	$20,749.2	(1.3)%
Addendum:						
Gross Lottery Sales [4]	$259.5	(17.3)%	$1,090.8	(5.4)%	$1,643.8	(3.0)%
Net Lottery to School Aid [4]	$ 89.5	(29.1)%	396.7	(4.8)%	$ 600.0	(3.0)%

1) Total collections are unadjusted cash collections unless otherwise noted.
2) FY 2000-01 year-to-date collections begin with November 2000 collections to reflect accrual accounting.
3) Revenue estimates adopted at the May 15, 2001, Consensus Revenue Estimating Conference.
4) Lottery revenue is not accrued, so FY 2000-01 lottery revenue will include October 2000 to September 2001.

Actual Revenue Collections for 12 Major State Taxes*
April 1999 to May 2001



*Comparison of actual collections. The 12 taxes include the income (withholding, quarterly payments and annual payments), sales, use, tobacco, SBT, insurance retaliatory, estate, oil and gas severance, State education, and real estate transfer taxes.

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