MONTHLY REVENUE REPORT
FEBRUARY 2011

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled $721.2 million in February, up 52.1% from last year's level. Collections under the sales, use, and individual income taxes all showed improvements from year-ago levels. February tax collections were approximately $35.8 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2011. Collections earmarked to the General Fund were $37.8 million above the expected level for February, while School Aid Fund tax collections were at the forecasted level. Year-to-date collections to the General Fund are $72.3 million above the predicted level, while School Aid Fund collections are $1.2 million less.

Net income tax revenue totaled a negative $1.0 million in February 2011, compared with a negative $209.2 million in February 2010. Income tax collections have been above the year-ago level for seven consecutive months. Income tax withholding payments, which represented the majority of gross income tax revenue, were 7.1% above the year-ago level, as employment and wages have increased with the improvements in the economy. Gross income tax collections were $11.2 million above the expected level in February. However, income tax refunds totaled $556.7 million in February, compared with $731.3 million one year ago. Due to the difference in refunds between February 2010 and February 2011, year-to-date net individual income tax revenue is up 18.7% from the prior year. Because refunds reflect when annual returns are filed, at this point the year-to-date growth figure for income tax revenue is not as meaningful as it is for other taxes.

Sales tax receipts totaled $447.1 million in February, up 3.7% from the year-ago level. February marked the fifth consecutive month sales tax revenue has been above the year-ago level, and year-to-date sales tax collections are up 7.8%.

Net Michigan Business Tax (MBT) revenue totaled $37.8 million in February, up 5.5% from last year's level. Comparing year-to-date MBT revenue to the previous year does not currently provide meaningful information because of a substantial number of refunds that posted in November. As indicated in earlier issues of this report, a significant delay occurred in processing many MBT refund requests received during 2010. Those delays were largely resolved in November collections, and the overwhelming majority of November refunds will post against FY 2009-10 revenue. However, the revenue tracking used for this report includes November refunds in FY 2010-11 collections and the refunds thus will distort year-to-date revenue when compared with FY 2009-10. If November collections are excluded, year-to-date MBT revenue is down 0.4% from last year.

Real estate transfer tax receipts fell 4.9% from the year-ago level in February and have exhibited year-over-year declines for eight consecutive months. The declines have been exacerbated by the expiration of the Federal homebuyer credit, which helped push sales higher than they otherwise would have been during the fall of 2009 through the spring of 2010. State Education Property Tax revenue was 20.6% above the February 2010 level, although the majority of revenue from this tax is received between August and November.

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 February 2011. Also presented are the consensus revenue estimates for FY 2010-11 adopted at the January 2011 Consensus Revenue Estimating Conference.

SENATE FISCAL AGENCY

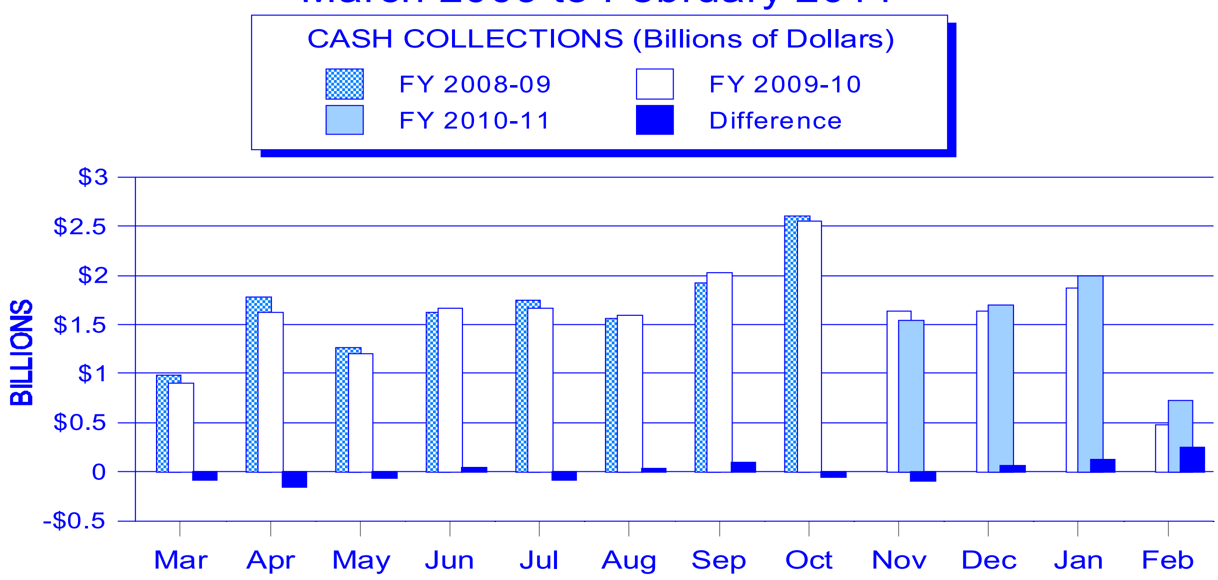
David Zin, Chief Economist

MICHIGAN REVENUE UPDATE
FEBRUARY 2011
(dollars in millions)

Type of Revenue	February Collections Total[1]	February Collections % Change From Year Ago	FY 2010-11 to Date[2] Total[1]	FY 2010-11 to Date[2] % Change From Year Ago	FY 2010-11 Estimate[3] Total[1]	FY 2010-11 Estimate[3] % Change From FY 2009-10
Gross Income Tax	$555.6	6.4%	$2,748.4	7.4%	$8,190.5	3.3%
Refunds	(556.7)	(23.9)	(668.5)	(17.1)	(2,450.0)	2.0
Net Income Tax	(1.0)	(99.5)	2,079.9	18.7	$5,740.5	3.8
Sales Tax	447.1	3.7	2,155.1	7.8	6,357.0	2.9
Motor Vehicles	52.0	(0.5)	236.6	4.5	---	---
All Other Sales Tax	395.0	4.2	1,918.6	8.2	---	---
Use Tax	91.2	6.8	386.8	8.1	1,259.4	13.0
Tobacco Taxes	70.0	(5.9)	307.3	(5.5)	974.3	(3.2)
Single Business Tax	2.7	(116.0)	(3.0)	(147.1)	0.0	(100.0)
Michigan Business Tax	37.8	5.5	459.9	(20.2)	2,110.0	13.4
Insurance Tax	7.1	(24.6)	69.5	(4.4)	271.6	5.5
State Education Property Tax	28.0	20.6	315.1	(0.5)	1,860.0	(3.7)
Real Estate Transfer Tax	8.6	(4.9)	36.4	(9.7)	125.0	2.8
Casino Wagering Tax[4]	9.3	(11.7)	36.7	(8.9)	112.0	0.8
Oil & Gas Severance Tax	3.0	(21.2)	16.4	(14.5)	66.0	12.9
Other Taxes[5]	17.5	(0.5)	93.2	(8.2)	348.0	0.6
Total	$721.2	52.1%	$5,953.4	6.1%	$19,223.8	2.1%
Addendum:						
Gross Lottery Sales[4]	$182.7	(10.0%)	$975.7	(2.8%)	$2,348.8	(0.7%)
Net to School Aid Fund[4]	$ 53.6	(23.7%)	$311.4	7.5%	$ 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 January 14, 2011, Consensus Revenue Estimating Conference.
4) Lottery 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*
March 2009 to February 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.

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