MONTHLY REVENUE REPORT
JANUARY 2011

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled $2.0 billion in January, up 6.7% from the 2010 level. Collections under the sales, use, and individual income taxes all showed substantial improvements from year-ago levels. January tax collections were approximately $57.2 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 $45.9 million above the expected level for January, while School Aid Fund tax collections were $1.8 million less. Because revenue estimates were revised in January, the year-to-date deviations from the forecast are the same as the deviations for the month.

Net income tax revenue totaled $814.2 million in January 2011, up 3.1% from the January 2010 level. Income tax collections have been above the year-ago level for six consecutive months. Income tax withholding payments, which represented the majority of net income tax revenue in January, were 10.1% above the year-ago level, and totaled $738.9 million, as employment and wages have increased with the improvements in the economy. Year-to-date individual income tax revenue is up 6.1% from the prior year.

Sales tax receipts totaled $547.8 million in January, up 13.9% from the year-ago level. January marked the fourth consecutive month that sales tax revenue has grown from the year-ago level, and year-to-date sales tax collections are up 8.9%. January 2010 collections were lowered because the month ended on a weekend, so a portion of the year-over-year increase reflects calendar issues. Sales tax collections from motor vehicle transactions were up 13.3% from the January 2010 level, and year-to-date collections are up 6.1%.

Michigan Business Tax (MBT) revenue totaled $320.0 million in January, up 8.0% from last year's level. December MBT payments were down significantly compared with the prior year, and combined December and January payments are down 0.8%. Comparing year-to-date MBT revenue with 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 substantial 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.

Real estate transfer tax receipts fell 10.2% from the year-ago level in January, to $9.6 million, and have exhibited year-over-year declines for seven 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 down 6.1% from the January 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 this report, and provides their respective revenue levels and growth rates for January 2011. Also presented are the consensus revenue estimates for FY 2010-11 adopted at the January 2011 Consensus Revenue Estimating Conference.

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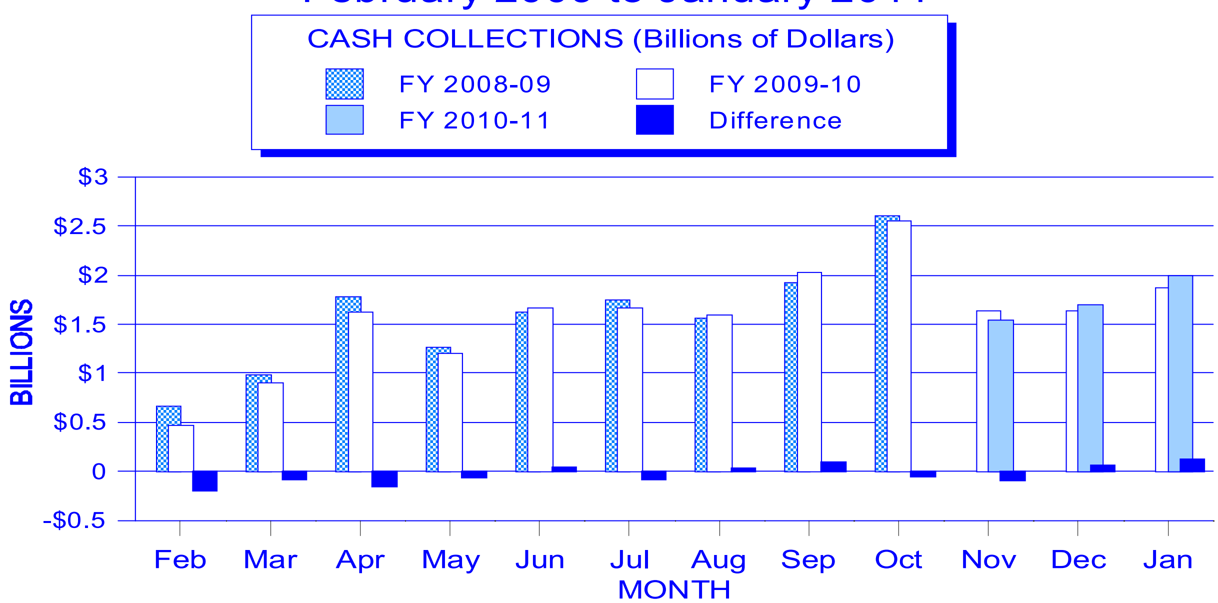
MICHIGAN REVENUE UPDATE
JANUARY 2011
(dollars in millions)

Type of Revenue	January Collections Total[1]	January 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	$893.3	8.5%	$2,192.8	7.6%	$8,190.5	3.3%
Refunds	(79.1)	137.5	(111.9)	48.6	(2,450.0)	2.0
Net Income Tax	814.2	3.1	2,080.9	6.1	5,740.5	3.8
Sales Tax	547.8	13.9	1,708.0	8.9	6,357.0	2.9
Motor Vehicles	65.2	13.3	184.5	6.1	---	---
All Other Sales Tax	482.7	14.0	1,523.5	9.3	---	---
Use Tax	102.7	19.2	295.7	8.5	1,259.4	13.0
Tobacco Taxes	78.7	(7.3)	237.2	(5.4)	974.3	(3.2)
Single Business Tax	18.8	64.1	(5.7)	(124.4)	0.0	(100.0)
Michigan Business Tax	320.0	8.0	422.1	(21.9)	2,110.0	13.4
Insurance Tax	59.1	1.9	62.4	(1.4)	271.6	5.5
State Education Property Tax	16.1	(6.1)	287.1	(2.2)	1,860.0	(3.7)
Real Estate Transfer Tax	9.6	(10.2)	27.8	(11.0)	125.0	2.8
Casino Wagering Tax[4]	9.3	1,241.4	27.5	(7.9)	112.0	0.8
Oil & Gas Severance Tax	5.4	22.9	13.4	(12.9)	66.0	12.9
Other Taxes[5]	17.3	(24.7)	75.7	(9.9)	348.0	0.6
Total	$1,999.0	6.7%	$5,232.2	1.9%	$19,223.8	2.1%
Addendum:						
Gross Lottery Sales[4]	$174.9	(23.3)%	$793.0	(1.0)%	$2,348.8	(0.7)%
Net to School Aid Fund[4]	$ 53.2	15.0%	$257.8	17.5%	$ 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*
February 2009 to January 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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