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R E V E N U E R E V I E W

Quarterly
Revenue Report
for the
State of
Michigan

NOVEMBER 2001

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TOTAL REVENUE: 13 MAJOR TAXES AND LOTTERY

<u>4th Qtr FY 1999-2000</u>	<u>4th Qtr FY 2000-01</u>	<u>4th Qtr % Change</u>	<u>YTD %</u>
\$5,289.4 million	\$5,234.0 million	-1.0%	-3.4%

Revenue collections for fourth quarter (August–October) fiscal year (FY) 2000-01 were \$55.5 million or 1.0% lower than fourth quarter FY 1999-00 collections. This decline was an improvement from the 4.2% decline posted in the first three quarters of FY 2000-01. Revenue for FY 2000-01, without year-end accruals and adjustments, totaled \$19.9 billion—down \$702.1 million or 3.4% below FY 1999-2000 revenue through October 2000.

INCOME TAX (NET)

<u>4th Qtr FY 1999-2000</u>	<u>4th Qtr FY 2000-01</u>	<u>4th Qtr % Change</u>	<u>YTD %</u>
\$1,729.9 million	\$1,716.9 million	-0.7%	-6.9%

Income tax revenue consists of three components—withholding, annual payments, and quarterly payments. Withholding payments are based on workers' earnings and make up almost 80% of total income tax collections. Annual and quarterly payments are based on self-employment earnings and other income sources, such as capital gains.

Net income tax collections, which include income tax refunds, for fourth quarter FY 2000-01 were \$13.0 million or 0.7% lower than fourth quarter FY 1999-2000 collections. The growth was not balanced; withholding payments posted weak growth while annual and quarterly payments decreased 9.2%. Net income tax collections for fiscal year-to-date (FYTD) 2000-01 totaled \$6.7 billion—down \$497.1 million or 6.9% from FY 1999-2000 revenue through October 2000.

SALES AND USE TAXES

<u>4th Qtr FY 1999-2000</u>	<u>4th Qtr FY 2000-01</u>	<u>4th Qtr % Change</u>	<u>YTD %</u>
\$1,997.9 million	\$2,009.5 million	0.6%	0.1%

Sales tax collections are derived from the sale of taxable items such as motor vehicles, furniture, apparel, food consumed at restaurants, and other general merchandise. The Use tax is applied to telephone services, leased motor vehicles, hotels and motels, gas and electric utilities, and remote sales.

Sales and Use tax collections for fourth quarter FY 2000-01 were \$11.6 million or 0.6% higher than the year-ago quarter. Sales tax due to motor vehicle sales increased 17.0% while all other sales tax collections were down 1.9% in the fourth quarter FY 2000-01 relative to the year-ago fourth quarter. Sales and Use tax collections for FYTD 2000-01 totaled \$7.7 billion—up \$8.9 million or 0.1% from FY 1999-2000 revenue through October 2000.

SINGLE BUSINESS AND INSURANCE TAXES

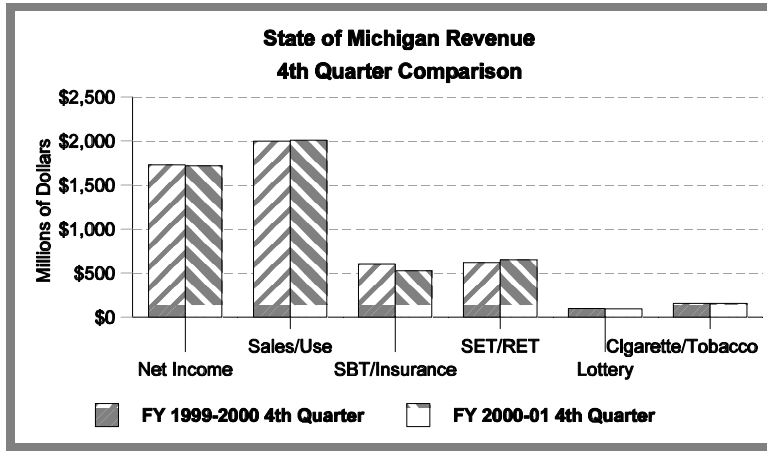
<u>4th Qtr FY 1999-2000</u>	<u>4th Qtr FY 2000-01</u>	<u>4th Qtr % Change</u>	<u>YTD %</u>
\$603.3 million	\$524.9 million	-13.0%	-9.5%

Single Business and Insurance taxes are applied to the value added of business activities. For fourth quarter FY 2000-01, Single Business and Insurance tax collections were \$78.4 million or 13.0% below the year-ago fourth quarter. Single Business and Insurance tax collections for FYTD 2000-01 totaled \$2.3 billion—down \$239.2 million or 9.5% from FY 1999-2000 revenue through October 2000.

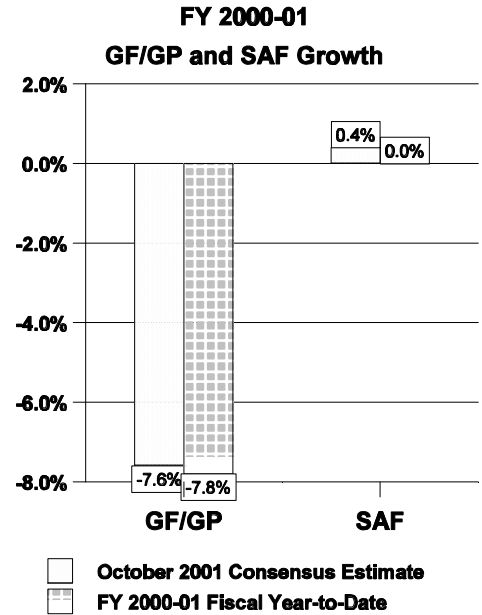
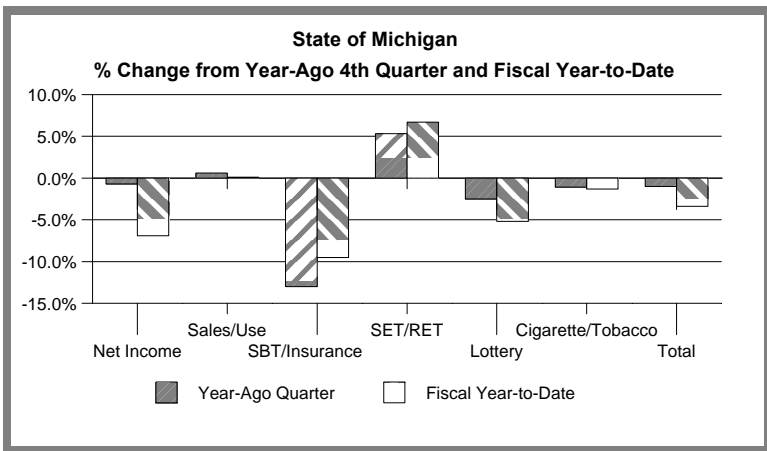
OTHER REVENUE

<u>4th Qtr FY 1999-2000</u>	<u>4th Qtr FY 2000-01</u>	<u>4th Qtr % Change</u>	<u>YTD %Change</u>
\$958.4 million	\$982.7 million	2.5%	0.8%

Other revenue—which includes primarily the State Education Tax (SET), the Real Estate Transfer (RET) tax, the Cigarette/Tobacco tax, and revenue from the Lottery—for fourth quarter FY 2000-01 was up \$24.3 million or 2.5% from the fourth quarter of FY 1999-2000. Other revenue for FYTD 2000-01 totaled \$3.2 billion—up \$25.3 million or 0.8% from FY 1999-2000 revenue through October 2000.



Final revenues for FY 2000-01 will not be known until all year-end accruals and adjustments are made in late December.



Revenue Quarterly Review: 4th Quarter (August–October) FY 2001-02 (Millions of Dollars)

Revenue	Percent Change From Year-Ago		Change From Previous Fiscal Year-to-Date			FY 2000-01 Oct Consensus Forecast Growth
	FY 2000-01 4th Qtr	4th Qtr	FY 2000-01 Year-to-Date	Dollar	Percent	
Annual Income Tax	\$50.2	-5.5%	\$693.3	(\$98.2)	-12.4%	-13.0%
Quarterly Income Tax	190.8	-10.1%	783.0	(83.7)	-9.7%	-9.1%
Withholding	1,580.7	1.1%	6,603.3	(142.2)	-2.1%	-1.7%
..... Subtotal	1,821.7	-0.4%	8,079.6	(324.1)	-3.9%	-3.5%
Income Tax Refunds	104.8	6.5%	1,347.7	173.0	14.7%	5.1%
..... Net Income Tax	1,716.9	-0.7%	6,731.9	(497.1)	-6.9%	-5.1%
Sales Tax	1,659.1	1.0%	6,390.3	40.2	0.6%	1.1%
Use Tax	350.4	-1.4%	1,327.2	(31.3)	-2.3%	-1.5%
..... Subtotal	2,009.5	0.6%	7,717.5	8.9	0.1%	0.7%
Single Business Tax	474.4	-13.6%	2,091.9	(226.3)	-9.8%	-11.8%
Insurance Tax	50.5	-6.7%	189.7	(12.9)	-6.4%	0.6%
..... Subtotal	524.9	-13.0%	2,281.6	(239.2)	-9.5%	-10.9%
Inheritance/Estate Tax	45.8	-8.8%	161.6	(15.2)	-8.6%	-12.6%
Cigarette/Tobacco Tax	155.2	-1.1%	595.0	(7.9)	-1.3%	-1.0%
Lottery	94.1	-2.5%	586.3	(32.2)	-5.2%	-4.6%
Industrial/CommFacility Taxes	36.6	1.1%	132.5	(26.6)	-16.7%	-19.3%
Real Estate Transfer (RET) Tax	72.1	-2.1%	254.6	0.7	0.3%	1.9%
State Education Tax (SET)	579.0	6.2%	1,456.3	106.5	7.9%	4.6%
..... Subtotal	982.7	2.5%	3,186.3	25.3	0.8%	-0.1%
TOTAL	\$5,234.0	-1.0%	\$19,917.3	(702.1)	-3.4%	-2.9%

NOTE: Consensus revenue figures reflect enacted tax changes. All revenue, except for Lottery, is on an accrual basis and begins with November collections.