

MICHIGAN REVENUE REPORT

A monthly publication of the **FISCAL AWARENESS SERVICE**

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VOLUME 2, NUMBER 3

JANUARY 1985

Sales tax revenues have climbed almost continuously since November 1982, closely paralleling growth in Michigan's economy. As can be seen in the table below, sales tax revenues for December 1984 were 8% higher than for December 1983. So far this fiscal year, sales tax revenues have run more than 10% higher than for last fiscal year. This is particularly impressive since fiscal year 1983-84 revenues reflected a full year of strong economic growth. Thus, the percentage increase reflects a comparison between two strong periods rather than between a strong and a weak period.

Because sales tax revenue is distributed among the School Aid Fund, Comprehensive Transportation Fund, and State General Fund, both state and local governmental units have benefited from these higher sales tax revenues. State law requires that the General Fund be tapped to make up any difference between tax receipts dedicated for school aid purposes and authorized spending for school aid. When the General Fund receives less tax revenue than anticipated, that portion of it that goes to school aid is vulnerable to spending cuts. Since sales tax revenue and other revenues dedicated to school aid payments are running higher than expected, it is probable that school aid spending commitments can be met without recourse to cuts or to the substantial supplements from the General Fund that have frequently been required.

Monthly Tax Collections (dollars in thousands)

Type of Revenue	Preliminary December 1984	December 1983	Percent Change	FY 1984-85 Year to Date	FY 1983-84 Year to Date	Percent Change
Personal Income Tax	\$309,438 ^a	\$328,324	- 5.8	\$ 866,520 ^a	\$ 976,542	- 11.3
SAFRA ^b	15,169	15,997	- 5.2	42,293	49,371	- 14.3
Gross Personal Income Tax	324,607	344,321	- 5.7	908,813	1,025,916	- 11.4
Less: Refunds	- 10,059	- 11,670	- 13.8	- 38,122	- 37,770	+ 0.9
Net Personal Income Tax	314,548	332,651	- 5.4	870,691	988,146	- 11.9
Net Sales Tax	161,407	149,459	+ 8.0	493,222	447,643	+ 10.2
Net Use Tax	22,821	23,115	- 1.3	81,681	76,399	+ 6.9
Net Single Business Tax	—	—	—	325,992	293,370	+ 10.4
Net Cigarette Tax	18,992	20,386	- 6.8	59,458	61,141	- 2.8
Net Motor Fuel Tax	46,871	41,446	+ 13.1	148,196	128,554	+ 15.3
All Other Taxes and Fees	125,961	106,307	N.A. ^c	137,046	115,570	N.A. ^c
TOTAL NET COLLECTIONS	\$690,600 ^d	\$673,364	+ 2.6	\$2,116,286 ^d	\$2,112,825	+ 0.2

^aThe personal income tax rate was reduced to 6.1% from 6.35% on January 1, 1984, and from 6.1% to 5.35% on September 1, 1984.

^bState Accounting and Fiscal Responsibility Account.

^cNot applicable as the figures are not comparable; preliminary 1984 numbers are before identification and appropriate distribution of miscellaneous receipts, while 1983 numbers reflect the results of this distribution.

^dExcludes escheats and investment income of \$55,261,000 for the month of December and \$185,211,000 for 1984-85 year-to-date totals.

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