



# Michigan ECONOMIC BULLETIN

## The Good News

➤ American car and truck sales grew by 4.5 percent in 1992. Much of the increase is attributable to truck sales, which rose by more than 500,000 units, or 12.4 percent. More good news was announced for the U.S. automobile industry, as Ford's Taurus replaced Honda's Accord as the **best selling car in the United States**, the first time that an American car has been first in its home market since 1988.

➤ December retail sales were slightly better than analysts expected, between 7 and 10 percent above 1991 levels, and some large retail chains posted their best Christmas sales since 1988. While some analysts say that this is a sign of strengthening consumer demand, others expect consumers to cut back on shopping soon to compensate for the recent spree.

➤ The Commerce Department announced in early January that **new construction spending** increased 2.1 percent in November to a \$441.8 billion annual rate. The November spending level was about 10 percent above the November 1991 level and was the highest since August 1990.

➤ The Conference Board announced that **consumer confidence** rose to its highest level in more than 18 months in December. The index, which ranges between 80 and 100 when the economy is doing well, rose 12.7 points in December to 78.3, which follows an eleven-point increase in November. The gain was prompted by more optimistic feelings about the future, rather than consumers' assessment of the current situation.

➤ Sales of existing homes rose to their highest point in six years in November. Existing homes sold at a seasonally adjusted rate of 3.85 million, up almost 20 percent from November 1991 and 5.8 percent from the previous month. While the news was received as a very positive sign for the economy, economists warn that personal income and employment gains are needed if a strong recovery in home sales is to be sustained.

## The Bad News

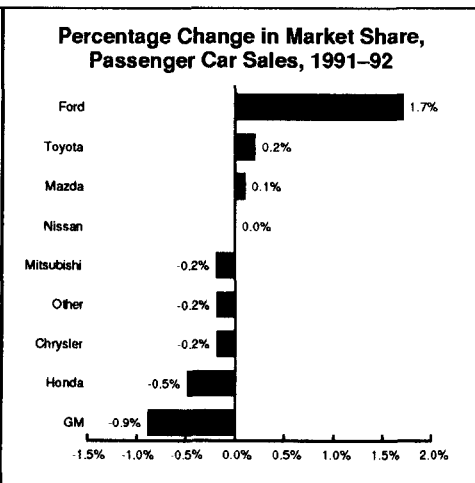
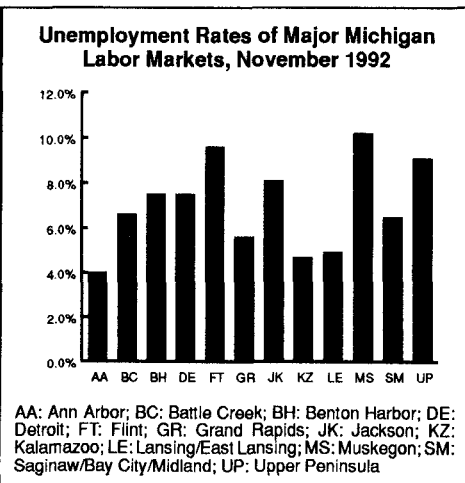
➤ U.S. unemployment held steady in December at 7.3 percent, unchanged from a revised 7.3 percent November rate. This is the first time in several months that the jobless rate has not declined, despite increases in consumer confidence, improved retail sales, and a pickup in manufacturing activity.

➤ Michigan's unemployment rate remained at 7.9 percent in December, unchanged from November. The December rate broke a four-month trend of declining Michigan unemployment and mirrors the stagnant national jobless rate.

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### MICHIGAN ECONOMIC INDICATORS



SOURCE: Michigan Employment Security Commission and Wall Street Journal

# Increases in U.S. Productivity About Average

by Laurie Cummings

## The Data

In December the U.S. Department of Labor's Bureau of Labor Statistics released a comparison of growth in manufacturing productivity and labor costs in the industrial nations for 1990 and 1991.<sup>1</sup> The exhibit shows 1990-91 growth in U.S. productivity indicators and an average growth rate for the 12 nations in the study (the United States, Canada, Japan, Belgium, Denmark, France, the former West Germany, Italy, the Netherlands, Norway, Sweden, and the United Kingdom).

## Productivity

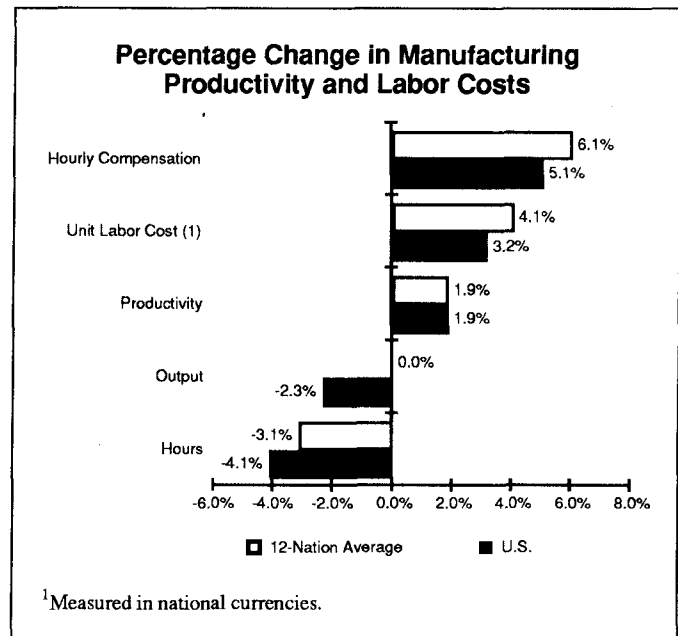
Manufacturing productivity is calculated by dividing the value of goods produced by a nation (output) by the number of labor hours used to produce those goods. U.S. manufacturing productivity increased about 2 percent from 1990 to 1991, the same as the average change for the 12 nations. U.S. productivity grew less than productivity in Belgium, Denmark, Italy, Norway, and the U.K., which all had increases between 2.5 and 3 percent. American productivity increased at around the same rate as in Germany and more than in Canada, Japan, the Netherlands, Sweden, and France.

While this higher productivity is good news for U.S. industry, the news is not as good for U.S. workers, because the rise is attributed to cuts in labor hours (this can include using fewer workers and/or cutting hours) rather than higher production rates. U.S. manufacturing labor hours dropped 4 percent from 1990 to 1991; output fell 2.3 percent.

Labor cuts were typical of the industrialized nations, with all but two (Japan and Germany) cutting back on work hours. On average, the total number of work hours in the developed economies dropped 3.1 percent from 1990 to 1991. Changes in production were more varied, with 4 of the 12 industrial economies showing increased output and the remaining 8 showing declines.

## Hourly Compensation

Hourly compensation—including wages and salaries, benefits, employer payments for social security, and other supplements (in constant prices)—rose 5 percent in the United States between 1990 and 1991. All 12 nations experienced increases in manufacturing labor costs; the average increase was 5.1 percent. Denmark, France, the Netherlands, and Norway had increases of between 4 and 4.5 percent; Japan, Bel-



gium, Canada, Germany, and Sweden between 4 and 6 percent, and Italy and the U.K. between 9 and 10 percent.

Unit labor cost, which measures the labor cost to produce one unit of output, reflects changes in labor productivity and hourly compensation costs. This measure was up 3.2 percent in the United States in 1990 and represents one of the smallest increases in the industrial world. Only Denmark, the Netherlands, and Norway had smaller increases. This is good news for U.S. manufacturers; it means our labor costs are rising relatively slowly compared to our industrial competitors.

## Conclusions

This international perspective on manufacturing reveals that, contrary to common belief, American manufacturing is becoming more productive. The United States is also performing better than average in terms of the costs. Both hourly compensation and unit labor costs grew more slowly than average when compared to our industrial competitors.

It is in the area of production that the U.S. growth rate falls below average. The United States declined more than average in both the amount of output produced and the labor used to produce it. While Japan, Germany, and other industrial nations increased their manufacturing output in 1990, U.S. output declined. Another difference was that the total number of work hours and the number of people employed fell here while rising in Japan and Germany.

<sup>1</sup>Taiwan, Korea, and Eastern European nations are not included in the analysis.

## Regional Economic Forecast

U.S. economic growth for 1992 was slightly better than was forecast last July. Gross domestic product (GDP) grew at about 2.4 percent (assuming that the fourth-quarter results will show a modest gain when they are released at the end of January). The projection of GDP growth for 1993 has been scaled back to about 2.75 percent in the belief that government spending will be even more depressed than originally thought, and that consumer spending and exports will be less stimulative than originally forecast.

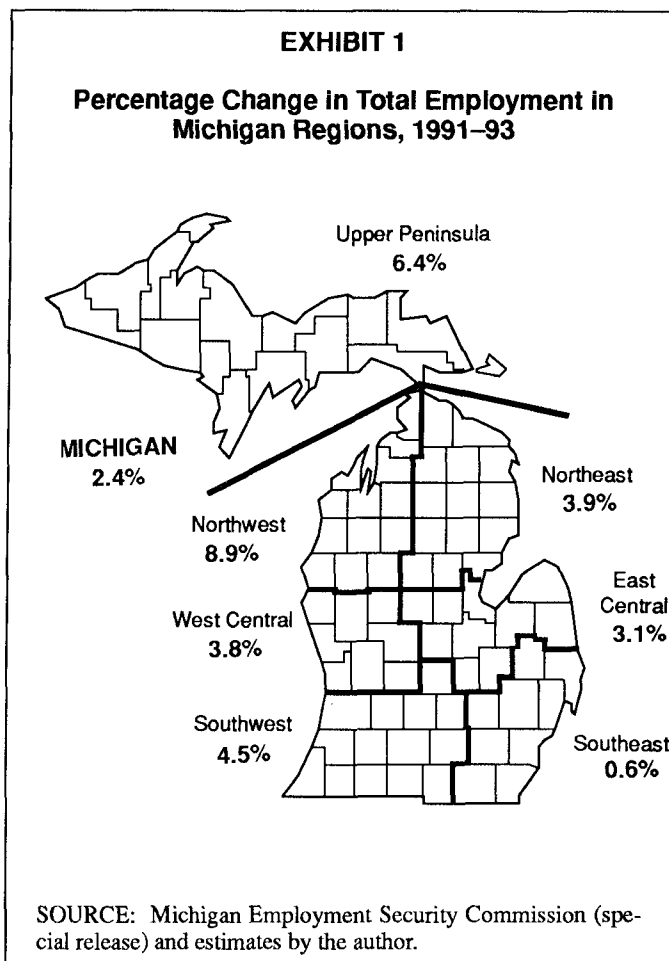
Michigan's total employment growth for 1992 was above the projection published six months ago. It now appears that total civilian employment grew by about 2 percent and not the 0.6 percent originally forecast. Our wage and salary employment forecast was almost exactly on target, with an underestimate of roughly 3,000 jobs.<sup>1</sup> By region, the 1992 forecast was overly optimistic about prospects for southeast Michigan and overly pessimistic about prospects for the rest of the state.

For 1993, the regional forecasts are for minimal wage and salary job growth (0.4 percent) and about the same growth rate as expected for total civilian employment. The state's unemployment rate—9.2 percent in 1991 and 8.8 percent last year—is expected to average a little below 9 percent in 1993.

Exhibit 1 shows the 1991–93 overall employment forecast for each of the seven regions included in this analysis. As the exhibit shows, the eastern part of the state is growing far more slowly than the west. The east central region includes Flint and Saginaw, both known as automotive centers, while the northeast hosts Wurtsmith Air Force Base, slated to close this year. The region-by-region review and forecast follow.

**SOUTHEAST MICHIGAN** Last year's million-unit rise in national vehicle production is reflected in a gain in motor vehicle and parts employment. The gain was modest, perhaps 5,000 jobs. No doubt Ford and Chrysler were responsible for the gain, as General Motors is reducing its work force, particularly in Michigan. GM is not only closing plants here and elsewhere (GM expects to shutter Willow Run Assembly near Ypsilanti this summer) but also is cutting its office work force through early

<sup>1</sup> The latter number can differ from the former due to differences in coverage as well as definitions. A person holding two jobs, for example, is counted twice in the wage and salary count and once in the employment count. Consequently, the job total will decline if a person loses a second job, but the employment figure will not change. There also can be disparities in the two totals as a result of sampling variability, as job statistics are based on employer surveys, while employment data are developed from household surveys.



retirement and natural attrition. Meanwhile, Chrysler opened a new plant last year on Detroit's east side and seems to be adding white-collar jobs in the move of its headquarters and tech center from Highland Park to Auburn Hills.

Employment in Michigan's steel industry continued to decline last year, while machinery manufacturers also had a poor showing. Steel makers have had problems with slack demand for structural steel for the construction of stores and offices, as well as with competition from lighter materials for vehicles.

The 1993 outlook for durable goods manufacturing in this region is an acceleration of past declines. Jobs in durable goods manufacturing fell by roughly 1,000 last year; loss of another 7,000 jobs is expected in 1993.

Nondurable goods manufacturers added 2,000 jobs in 1992 and are expected to add another 1,500 to 2,000 in 1993. Growth is occurring in food processing, textiles, and

the printing and publishing industries. (Michigan's textile manufacturing is comprised mostly of the fabrication of interior trim for motor vehicles.)

Construction continues to experience a hangover from the excesses of the 1980s, but the bottom may be in sight. The 1992 job loss was only 2,000; a mere 1,000 decline is expected for 1993.

Job losses in retail establishments totaled 11,000 last year, and the decline is expected to continue, albeit at a reduced pace, in 1993. The chill of uncertainty about job tenure at GM is deeper here than in the rest of the country because we are its epicenter. Retailers here are therefore more prone to hold the line on costs, particularly labor costs.

Since this was one of the 1980s' premier locales for overbuilt store space and sales forces, the reduction in retail capacity has been particularly painful here. For 1993 retail employment is forecast to decline another 8,000, with losses mainly in grocery stores, department stores, and restaurants.

Wholesalers also are cutting labor costs: Wholesale employment declined by 4,000 between 1991 and 1992; another 1,000 decline is anticipated for 1993.

The broad category known as services is a mixed bag. Weak areas include the lodgings industry, launderers and dry cleaners, repair services other than vehicle, computer and data processors, accountants, lawyers, and engineering and architectural service providers. Areas of strength include all of the major components of health care, advertising, motion pictures, other amusement and recreation services, private schools and colleges, and private social services.

After a sizeable loss in 1991, services experienced modest job gains in 1992 (about 1,000) and is expected to add about 4,000 more jobs in 1993. These numbers pale in comparison to the boom of the 1980s, as consumers and businesses are now much more cautious about spending. At the end of 1993 employment in services still will be shy of the peak level reached during 1990.

The job level in transportation, communications, and public utilities (TCU) slipped by less than 1,000 last year, and virtually no change is expected between 1992 and 1993. Within this category, trucking has shown improvement (related no doubt to increased vehicle production), while air transportation, communication, and public utilities lost jobs.

The other broad category in the private sector—finance, insurance, and real estate (FIRE)—lost more than 1,000 jobs last year, a few hundred of which likely will be recovered in 1993. Between 1991 and 1993 a total job loss of 1,000 is expected.

Government employment declined by less than 2,000; a positive change of about the same amount is expected for 1993, leaving the total government figure virtually unchanged between 1991 and 1993.

**Outlook** Following a 1991 employment decline of 109,000 (from 2,218,000 in 1989 to 2,109,000 in 1991), modest improvement (to 2,131,000) occurred in 1992. The forecast for 1993 is a decline of 10,000, to 2,121,000. Actual and projected unemployment rates are 9.1 percent (1991), 8.7 percent (1992), and 9.4 percent (1993).

<b>EXHIBIT 2</b>		
<b>Forecast: Southeast</b>		
	<b>1992</b>	<b>1993</b>
Employment (% change)	+1.0%	-0.5%
Unemployment rate	8.7	9.4

**SOUTHWEST** Outside Lansing, home of Oldsmobile, this region is relatively less tied to vehicle manufacturing than the southeast; here also, however, are several small and medium-sized suppliers. There have been fewer cutbacks within this region's automotive industry than those experienced in southeast Michigan. Other durable goods manufacturing includes large household appliances (Whirlpool), computers (Zenith), and several machinery manufacturers and metal fabricators. Nondurable goods manufacturing includes pharmaceuticals (Upjohn), cereals (Kellogg), and others. Total manufacturing jobs increased by 2,400 in 1992. An increase of 400 jobs is forecast for 1993. Beyond that, the picture is clouded by the prospects of GM closing its huge fabrication plant near Kalamazoo.

Here, as well as elsewhere in southern Michigan, the construction industries remain in the doldrums. They are expected to continue to be weak but should bottom out in 1993.

Retailing does not have the overcapacity that it has in the southeast. Retailers added nearly 2,000 jobs in 1992 and are expected to add over 4,000 more in 1993, for a gain of 6,000 over the two years.

Wholesale employment has been on a plateau since 1991, where it will remain through 1993. Government also is a stable area of employment, virtually unchanged between 1991 and 1993. Transportation, communication, and public utilities show modest gains for 1992 and 1993, as does finance, insurance and real estate.

Growth has resumed in the service industries, after a modest pause in 1991. Between 1991 and 1993 services are expected to add about 5,000 jobs.

**Outlook** Total employment declined between 1989 and 1991, from 726,000 to 703,000. This year, employment fell short of the 1989 level by about 2,000. For 1993

the forecast is annual average employment of 735,000. The corresponding rates of unemployment are 8.0 percent (1991), 7.2 percent (1992), and 6.9 percent (1993). So far in the 1990s this region has experienced the lowest rates of unemployment among those depicted in Exhibit 1.

EXHIBIT 3		
Forecast: Southwest		
	1992	1993
Employment (% change)	+3.1%	+1.4%
Unemployment rate	7.2	6.9

**WEST CENTRAL** Durable goods employment in this region has been hurt by layoffs at the office furniture and fixtures companies for which Grand Rapids is famous. These days, with the glut of vacant office space and layoffs at many of the nation's well-known, giant corporations it seems remarkable that Grand Rapids is experiencing such a minor slowdown in durable good production. Evidently there is still a good market for replacement office furniture and upgrading among health care businesses. Between 1991 and 1993 the job level in the durable goods sector declined by less than 2,000. The level is not expected to change in 1993.

Food processors, chemical companies, and the plastics industries are expanding, offsetting weakness in other industries in this sector.

Construction and mining industries contracted slightly in 1992 and are expected to do so again in 1993.

Retailing and transportation, communication, and public services are on the mend while wholesaling and finance, insurance, and real estate continue the slow advance exhibited through the recession. Government employment should increase modestly.

Services provides the main growth impetus these days, although growth in these industries has slowed from the 1980's pace.

**Outlook** Total employment peaked at 502,000 in 1990, then declined to 496,000 in 1991. Last year there was a resurgence, to 509,000. This year, look for more modest growth, with employment rising to 514,000. The three-year unemployment rates for this region are, respectively, 8.6 percent, 8.3 percent, and 8.4 percent.

EXHIBIT 4		
Forecast: West Central		
	1992	1993
Employment (% change)	+2.7%	+1.0%
Unemployment rate	8.3	8.4

**EAST CENTRAL** Other than General Motors, Flint has no major employer in the private sector. Among

Michigan cities, only Pontiac has been more heavily affected by the GM cutbacks. Saginaw also hosts a sizeable GM contingent, though far smaller than Flint's. What happens in these two automotive centers has an effect on the Thumb area as well, where a number of small suppliers have plants. Durable goods manufacturing employment continued its slide in this region in 1992, although at a far slower pace. For 1993, employment will be flat.

Growth in Saginaw, the Thumb, and Gratiot County offset a decline in the Flint area; nondurable goods manufacturing employment grew modestly in 1992 and is expected to do so again in 1993.

Employment in the construction industries has stabilized. No growth is expected for 1993.

The transportation, communication, and public utilities industries along with finance, insurance, and real estate were declining sectors in 1992 and will repeat those performances again in 1993. Retailing and government were flat in 1992 and are forecast for modest job growth this year. Services is the most pronounced growth sector for both 1992 and 1993.

**Outlook** Between 1990 and 1991 total employment declined by 9,000 to a level of 464,000. The 1990 level was exceeded last year and more growth is expected this year. The unemployment figures for 1991-93 are: 10.6 percent in 1991 and 10 percent in 1992 and 1993.

EXHIBIT 5		
Forecast: East Central		
	1992	1993
Employment (% change)	+2.3%	+0.8%
Unemployment rate	10.0	10.0

**NORTHEAST LOWER PENINSULA** Durable goods manufacturing is less important here than it is in the other six regions. This type of manufacturing is concentrated in the lumbering/sawmilling industries and in machinery manufacturing, with metals fabrication also relatively important. After registering no change between 1991 and 1992 this sector is expected to slip very modestly in 1993.

The tiny nondurable goods manufacturing sector showed a small job gain during 1992. No change is expected this year.

The transportation, communication, and public utilities sector was flat during 1992 and will remain so in 1993. The same holds true for construction and mining.

This is a sparsely populated region of the state offering inexpensive living and quiet, pleasant natural surroundings. It is popular with retirees of modest means and preferences for the quiet life. It has been difficult to attract health care professionals to the area because of the limited

market for such services. Thus, although services industries are growing, their composition is different from that in the other regions.

Retailing is the main growth sector, followed by services. Wholesaling and finance, insurance, and real estate have also grown in the recent past and are expected to continue to do so in 1993.

Wurtsmith Air Force Base is closing this year, stunting what otherwise would have been one of the better growth performances among the state's regions.

**Outlook** Total employment climbed to 99,600 in 1990 from 96,600 in 1991. The employment levels for 1992 and 1993 are 101,400 and a projected 101,900. The unemployment rate here typically is highest in the state. Figures for 1991-93 are: 12.1 percent in 1991, 12.4 percent in 1992, and 13.9 percent in 1993.

<b>EXHIBIT 6</b>		
<b>Forecast: Northeast Lower Peninsula</b>		
	<b>1992</b>	<b>1993</b>
Employment (% change)	+3.4%	+0.5%
Unemployment rate	12.4	13.9

**NORTHWEST LOWER PENINSULA** Both durable and nondurable goods manufacturers made modest additions to their work forces in 1992 and are expected to do so again this year. Construction and mining have also grown, but no growth is expected in 1993 as a result of reduced gas exploration. The federal energy credit, which made it profitable to drill shallow wells in the Antrim Shale formations in this region lapsed at the end of last year.

Led by services, all of the nongoods producing sectors are expected to grow during 1993. The Traverse City area especially attracts young professionals, making business and professional services rapid growth industries. Being a relatively high income, high growth area also makes Traverse City attractive for the health care industries.

**Outlook** Total employment was 127,400 in 1991, while last year's figure was 134,000; the estimate for 1993 is 138,700. The projected unemployment rates are 11.0 percent for 1991, 10.9 percent for 1992, and 10 percent for 1993. Here, as in the northeast, the labor force has expanded rapidly due to the influx of newcomers, keeping the unemployment rate high even in the face of employment growth.

<b>EXHIBIT 7</b>		
<b>Forecast: Northwest Lower Peninsula</b>		
	<b>1992</b>	<b>1993</b>
Employment (% change)	+5.2%	+3.5%
Unemployment rate	10.9	10.0

**UPPER PENINSULA** Durable goods manufacturing employment slipped noticeably in 1992 but is expected to more than recover that loss in 1993 resulting in a modest 1991-93 gain. Employment in nondurable goods manufacturing gained slightly in 1992 and is expected to do the same again this year. Mining also rose slightly due to the additions at the taconite facility near Ishpeming and the reopening of a limestone quarry near Gulliver, which offset cutbacks at the White Pine copper mine.

The big news in the U.P. is the success of gambling casinos on Indian reservations. These have boosted services employment. Also Marquette General Hospital is adding a wing that promises to add additional jobs in the services sector while boosting construction employment in 1993.

Retailers also are adding to their rolls. The American Soo is a popular place for Canadians seeking bargains.

Wholesalers are expected to add jobs this year along with establishments in finance, insurance, and real estate; transportation, communication, and public utilities; and government.

**Outlook** Total employment was 130,600 in 1990, which declined to 128,700 in 1991; the 1992 figure was 133,600, and this year's number is predicted to be 137,000. Unemployment rates for the U.P. are 8.9 percent (1991), 10.4 percent (1992), 10.7 percent (1993).

<b>EXHIBIT 8</b>		
<b>Forecast: Upper Peninsula</b>		
	<b>1992</b>	<b>1993</b>
Employment (% change)	+3.8%	+2.5%
Unemployment rate	10.4	10.7

## **Conclusions**

Michigan's employment peaked in 1989 at 4,267,000 and declined even before the start of the recession to 4,233,000 in 1990. The situation worsened in 1991, with employment declining to 4,125,000. Last year the situation improved with a modest rise to 4,208,000 employed. This year the level is expected to inch ahead, to 4,226,000, just shy of the 1990 level. The unemployment rate likely will increase this year, to about 9 percent from last year's 8.8 percent.

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## Biennial Budget Contemplated; School Finance Proposal Presented; S&L Bailout Cost Estimate Reduced

### Two-Year Budget Proposal

Governor Engler currently is examining the possibility of implementing a biennial, or two-year, budget. Although the governor would submit a two-year budget to the legislature, the plan would result in separate appropriations bills for each of the two fiscal years and would require that each year's overall budget be balanced. The legislature and governor would retain the power to change the budget through supplementals, transfers, and executive orders. Implementation of the plan would not require a change in existing law.

The proposal is not a biennial budget in the true sense of the term, due to the annual balancing and separate-year appropriations features. Spending shortfalls and/or revenue increases therefore could not be spread over the two-year budget period. The proposal could somewhat reduce the amount of time that the executive and legislative branches spend on budget-related activity and could provide colleges and universities and local government units with a longer planning horizon.

For a more extensive discussion of biennial budgeting, see Public Sector Consultants' January 1993 update of its 1987 *Public Policy Advisor* entitled "Biennial Budgeting."

### School Finance Reform

The form of the Olmstead/Kearney proposal for school finance reform was approved by a 3-0 vote of the State Board of Canvassers; wording of the petition initiative has yet to be approved. The "OK" proposal would, over a six-year period, roll back school operating millage rates to 30 mills and require the state to make up lost local revenues, require the state to match all collected property tax revenues in addition to funds collected for the lottery, and increase the minimum level of per student expenditures. In addition, the plan would prevent the expansion of categorical recapture and tax-base sharing. At least 256,457 valid signatures must be collected within 180 days of the petition being filed in order for the proposal to be placed on the November 1994 ballot.

### S&L Bailout Costs

President Bush submitted his final budget to Congress in early January. The estimate for the remaining costs of

the savings and loan (S&L) bailout were reduced to \$32 billion from the \$42 billion estimate made last year by Congress. If correct, the new estimates would bring to \$119 billion the total cost of the thrift bailout, which had been estimated to reach as high as \$160 billion. The \$32 million would be used to cover the costs (net of asset sales) of protecting deposits in failed S&Ls. The lower estimates are the result of lower interest rates, increased stability in real estate markets, and improved cost recovery in the sales of assets of failed thrift institutions. The estimated overall budget deficit for FY 1993 totals approximately \$331 billion.

#### PUBLICATIONS OF INTEREST

Senate Fiscal Agency, *1992 Statistical Report* (Lansing, Mich.: SFA, November 1992).

This annual publication contains a wealth of current and historical data on the state budget and related topics. The report also contains intergovernmental and economic information. Copies of the report may be obtained from the SFA at P.O. Box 30036, Lansing, MI 48909-7536, or by calling 517/373-2767.

Human Resources Division, U.S. General Accounting Office, *Michigan Communities: Services Cut in Response to Fiscal Distress*, GAO/HRD-92-142 (Washington, D.C.: GAO, September 1992).

This report examines the effects of reducing federal spending on local governments in Michigan. Case studies (of the cities of Detroit, Saginaw, St. Clair Shores and Saginaw County) also were used to (1) examine fiscal conditions, including local government's responses to the 1986 elimination of general revenue sharing; (2) identify the range of local responses to economic conditions and declines in intergovernmental revenues, and (3) determine whether state policies and actions helped local governments maintain public services. The report can be obtained from the U.S. GAO, P.O. Box 6015, Gaithersburg, MD 20877, or by calling 202/275-6241. The first copy of the report is free, additional copies are \$2 each. (Orders for 100 or more copies mailed to a single address are discounted 25 percent.)

Human Resources Division, U.S. General Accounting Office, *Employer-Based Health Insurance: High Costs, Wide Variations Threaten System*, GAO/HRD-92-125 (Washington, D.C.: GAO, September 1992.)

This report assesses the burden on businesses of health insurance costs and identifies the types of employers particularly vulnerable to these rising costs. The cost to different types of employers of health benefits also is examined and the factors contributing to differences in costs among employers are identified.

# Michigan Revenue Report

December collections (mostly November activity) reflected the continuing modest recovery in the economy, although sales tax collections were weaker than expected. (See table below.)

Personal income tax withholding collections fell 0.4 percent below the year-ago level. However, adjusted for one less Friday (payday) this year, collections increased a stronger-than-expected 7.8 percent. This is a larger increase than can be supported by the current level of economic activity; smaller increases are likely in the next few months.

Sales and use tax collections increased only 2.6 percent, and excluding motor vehicles and the volatile use tax (which increased 31.1 percent), collections actually fell 2.5

percent from the December 1991 level. Motor vehicle collections continued strong, increasing 9.5 percent.

Single business tax collections increased 15.2 percent, but this is not very significant as December collections are relatively small.

Lottery sales continued strong, jumping 11.9 percent above the year-ago level.

FY 1992-93 is off to a good start, and January collections are expected to be quite strong. Future months are not likely to be as strong, however, as consumers will be paying off charge cards and are likely to take a breather after the big Christmas splurge. Our forecast of a 4.5 percent increase in revenue for the current fiscal year continues to look good.

## MONTHLY TAX COLLECTIONS (dollars in thousands)

Type of Revenue	Preliminary December 1992	% Change from Last Year	Past 3 Months' Collections	% Change from Last Year	FY 1992-93 Year-to-Date	% Change from Last Year
Personal Income Tax						
Withholding	\$390,315	-0.4%	\$1,170,018	23.7%	\$799,946	7.3%
Quarterly and Annual Payments	30,349	18.0	50,886	4.3	40,806	23.5
Gross Personal Income Tax	420,664	0.7	1,220,904	3.7	840,752	8.0
Less: Refunds	-8,720	-46.6	-41,985	-16.5	-30,205	-5.3
Net Personal Income Tax	411,944	2.6	1,178,919	4.6	810,547	8.6
Sales and Use Taxes	269,121	2.6	840,169	7.1	543,435	5.5
Motor Vehicles	35,007	9.5	126,160	11.6	73,787	7.5
Single Business Tax	73,848	15.2	428,866	5.1	307,731	12.6
Cigarette Tax	20,288	4.7	61,571	-2.8	40,723	-5.3
Public Utility Taxes	64,706	-0.6	72,894	NM	72,883	0.6
Oil and Gas Severance	3,302	-19.2	9,700	-9.1	6,207	-19.6
Lottery <sup>a</sup>	42,123	11.9	129,293	10.9	129,293	10.9
Penalties and Interest	709	29.4	16,355	-23.8	15,468	14.0
SUW—Annuals and Undistributed <sup>b</sup>	10,357	NM	9,513	NM	-5,836	NM
Other Taxes <sup>c</sup>	19,295	11.9	121,325	16.2	56,003	7.7
<b>TOTAL TAXES (GF &amp; SAF)<sup>d</sup></b>	<b>\$915,693</b>	<b>5.1%</b>	<b>\$2,868,605</b>	<b>5.8%</b>	<b>\$1,976,454</b>	<b>7.4%</b>
Motor Fuel Tax <sup>e</sup>	\$52,732	-8.5%	\$177,172	4.1%	\$119,610	7.3%

SOURCE: Data supplied by Michigan Department of Treasury.

NM = Not meaningful

<sup>a</sup>The state share of lottery sales is 40 percent (FY 1992).

The previous year's figures are adjusted to the current year's profit margin; the percentage change reflects the change in ticket sales.

<sup>b</sup>These revenues are distributed to the sales, use, and withholding (SUW)

accounts when final numbers for the month are reconciled.

<sup>c</sup>Includes intangibles, inheritance, foreign insurance premium, corporate organization, and industrial and commercial facilities taxes.

<sup>d</sup>Excluded are beer and wine, liquor, and horse racing taxes.

<sup>e</sup>The motor fuel tax is restricted to the Transportation Fund.