

MICHIGAN REVENUE REPORT

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The monthly yield of Michigan's motor fuel taxes has risen continuously during the past year, although the rate of growth has become smaller. This is partly because the year-to-year change in tax collections is smaller -- only \$2.2 million between January 1985 and 1984 versus \$7.3 million between January 1984 and 1983. However, the slowdown in the rate of growth has been somewhat exaggerated because January 1985 collections were compared to the relatively strong collections of last year while the January 1984 level was compared to the extraordinarily weak collection level of January 1983. Despite this slowdown in the rate of growth, the motor fuel taxes have sustained strong and stable increases since the end of the recession.

A variety of factors have contributed to this improvement. As the economy has expanded and provided new jobs, more people are buying gasoline to commute to work. As income levels have also risen and people have become more secure in their employment, they have increased travel for recreational purposes. Both these factors have been reinforced by a world oil glut and subsequent drops in the price of petroleum.

Larger motor fuel tax collections have created a double bonus for the State of Michigan. Greater gasoline use and the resulting increase in tax revenues have provided much needed funds to halt and/or reverse the deterioration in Michigan's road, highway, and transportation network. Also, more federal dollars have been brought in for transportation since the federal government matches many of the dollars provided by state motor fuel taxes.

Monthly Tax Collections (dollars in thousands)

Type of Revenue	Preliminary January 1985	January 1984	Percent Change	FY 1984-85 Year to Date	FY 1983-84 Year to Date	Percent Change
Personal Income Tax	\$359,167 ^a	\$456,434	- 21.3	\$1,236,328 ^a	\$1,432,981	- 13.7
SAFRA ^b	17,604	17,596	+ 0.0	60,374	66,967	- 9.8
Gross Personal Income Tax	376,771	474,030	- 20.5	1,296,702	1,499,948	- 13.6
Less: Refunds	- 25,034	- 57,617	- 56.6	- 63,182	- 95,387	- 33.8
Net Personal Income Tax	351,737	416,413	- 15.5	1,233,520	1,404,561	- 12.2
Net Sales Tax	205,525	189,240	+ 8.6	702,946	636,883	+ 10.4
Net Use Tax	22,159	25,624	- 13.5	104,484	102,023	+ 2.4
Net Single Business Tax	81,546	85,349	- 4.5	409,279	380,720	+ 7.5
Net Cigarette Tax	20,973	20,940	+ 0.2	80,432	82,081	- 2.0
Net Motor Fuel Tax	48,787	46,582	+ 4.7	199,520	175,136	+ 13.9
All Other Taxes and Fees	59,776	20,095	N.A. ^c	181,519	135,664	N.A. ^c
TOTAL NET COLLECTIONS	\$790,503 ^d	\$804,243	- 1.7	\$2,911,700 ^d	\$2,917,068	- 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 1985 numbers are before identification and appropriate distribution of miscellaneous receipts, while 1984 numbers reflect the results of this distribution.

^dExcludes escheats and investment income of \$92,720,900 for the month of January and \$278,431,800 for 1984-85 year-to-date totals.

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