

MICHIGAN REVENUE REPORT

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With the exception of the single business tax (SBT), all revenue sources are provided here on a monthly basis. The SBT is a 2.35% value-added state tax on business and is applied against profits, federal taxable income, and net interest earnings. Adjustments are made for labor intensity, business losses, plant and equipment purchases, and related business expenses. The single business tax is collected quarterly and will be reported on a quarterly basis. Because not all businesses operate on the same fiscal year basis, a small amount of revenue from the single business tax flows into the state treasury on a monthly basis; this amount is included in the year-to-date total.

During the recession, businesses tried to slash losses by improving efficiency and productivity. This reduced the volume of business required to break even and to make a profit. As the economy recovered, an increased emphasis on controlling costs while increasing output has enabled businesses to achieve the highest levels of profitability that they have had in recent years. This has been reflected in single business tax collections. Second quarter SBT collections for fiscal year 1984 were 33% higher than second quarter collections for fiscal year 1983; on average, SBT collections this year are over 25% above SBT collections during the first and second quarters of state fiscal year 1983.

| Type of Revenue | Monthly Tax Collections (dollars in thousands) | | | | | |
|------------------------------|---|----------------------|-------------------|-------------------------|-------------------------|-------------------|
| | Preliminary Feb. 1984 | Feb. 1983 | Percent Change | FY 1984 Year to Date | FY 1983 Year to Date | Percent Change |
| Personal Income Tax | \$302,478 | \$216,120 | + 40.0 | \$1,734,802 | \$1,187,446 | + 46.1 |
| SAFRA ^a | 12,908 | — | — | 79,875 | — | — |
| Gross Personal Income Tax | 315,386 ^b | 216,120 ^c | + 45.9 | 1,814,677 ^b | 1,187,446 ^c | + 52.8 |
| Less: Refunds | -129,719 | -110,626 | + 32.4 | -254,438 | -183,868 | + 38.5 |
| Net Personal Income Tax | 185,667 | 105,494 | + 63.0 | 1,560,239 | 1,003,578 | + 55.5 |
| Net Sales Tax | 219,718 | 125,201 | + 75.5 | 784,358 | 687,278 | + 14.1 |
| Net Use Tax | 22,179 | 20,089 | + 5.4 | 123,170 | 108,441 | + 13.6 |
| Net Single Business Tax | 164,124 | 120,810 | + 32.7 | 527,502 | 401,381 | + 31.4 |
| Net Cigarette Tax | 18,184 | 15,875 | + 17.5 | 100,245 | 102,815 | - 2.5 |
| Net Motor Fuel Tax | 69,633 | 38,078 | + 20.9 | 218,768 | 175,027 | + 25.0 |
| All Other Taxes and Fees | 36,402 | 17,872 | NA ^d | 512,194 | 130,731 | NA ^d |
| TOTAL NET COLLECTIONS | \$643,258 | \$420,916 | + 52.9 | \$3,626,636 | \$2,829,251 | + 28.5 |

^a State Accounting and Financial Responsibility Account.

^b The personal income tax rate was reduced to 6.1% from 6.35% on January 1, 1983; this is reflected in February collections (January 1984).

^c Collections at the 4.0% personal income tax rate.

^d Not 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.

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