



Michigan REVENUE REPORT

February revenue collections (January activity) showed a little more strength than January collections, with the exception of the single business tax.

Personal income tax withholding collections increased 4.9 percent above the year-ago level, about in line with the fiscal year-to-date increase; collections for the first four months are running about \$30 million ahead of budget estimates.

Sales and use tax collections increased 6.8 percent in February, a better than expected performance. This was due, in part, to stronger than anticipated motor vehicle sales, which rose 0.5 percent compared with a 14.7 percent decline last month; year-to-date collections are about on target with budget estimates.

Single business tax collections continued to be very weak, falling 16.8 percent below the level for February last year. Collections for the first four months are down 9.2 percent. It is too early to make an accurate assessment of the budget estimate for FY 1989-90, as only January and February and a small portion of December collections are credited to the current fiscal year. The budget, however, estimates a 4.9 percent increase for the year, and January and February collections fell about \$50 million short of that level.

Lottery sales increased 1.7 percent in January, recovering from the sharp fall-off in December sales. Year-to-date sales (4 months) are up only 0.2 percent compared to the budget estimate of a 3.8 percent increase for the fiscal year.

Table 1. Monthly Tax Collections

Dollars in Thousands

Type of Revenue	Preliminary February 1990	% Change from Last Year	Past 3 Months' Collections	% Change from Last Year	FY 1989-90 Year-to-Date	% Change from Last Year
Personal Income Tax						
Withholding	\$316,336	4.9%	\$1,092,546	4.7%	\$1,415,299	4.6%
Quarterly and Annual Payments	11,300	27.2	171,002	5.3	177,178	5.8
Gross Personal Income Tax	333,636	7.5	1,263,548	4.8	1,592,407	4.8
Less: Refunds	-140,086	30.7	-179,326	30.0	-187,464	31.2
Net Personal Income Tax	193,550	-4.7	1,084,222	1.5	1,404,943	2.0
Sales and Use Taxes	235,328	6.8	803,772	4.3	1,061,901	5.3
Motor Vehicles	37,879	0.5	103,246	-6.3	139,937	-3.6
Single Business Tax	202,780	-16.8	428,313	-6.3	646,693	-9.2
Cigarette Tax	19,578	-0.4	62,804	-2.1	84,411	-5.0
Public Utility Taxes	-0-	-0-	54,324	10.4	69,861	8.1
Oil and Gas Severance	3,942	95.1	11,094	21.8	15,542	32.0
Lottery ^a	42,728	1.7	122,524	-2.2	167,147	0.2
Penalties and Interest	233	NM	11,532	9.5	18,414	34.4
SUW—Annuals and Undistributed ^b	18,482	0.9	21,512	4.5	20,452	0.2
Other Taxes ^c	14,283	3.5	71,691	-7.4	89,561	-17.6
TOTAL TAXES (GF & SAF)^d	\$730,904	-4.3%	\$2,671,806	0.7%	\$3,578,925	0.2%
Motor Fuel Tax ^e	\$52,598	5.1%	\$167,014	1.9%	\$225,206	3.2%

SOURCE: Data supplied by Michigan Department of Treasury.

NM=not meaningful

^aLottery collections run one month behind other tax collections due to a reporting lag; January lottery collections are included in this month's report. The state share of lottery collections is estimated to be 41.9 percent, based on the average profit to the state for fiscal year 1988-89. The previous year's figures are adjusted to the current year's profit margin; the percentage change reflects the increase in ticket sales.

^bThese revenues are distributed to the sales, use, and withholding (SUW) accounts when final numbers for the month are reconciled.

^cIncludes intangibles, inheritance, foreign insurance premium, corporate organization, and industrial and commercial facilities taxes.

^dExcluded are beer and wine, liquor, and horse racing taxes, which are not collected by the Department of Treasury.

^eThe motor fuel tax is restricted to the Transportation Fund.

Sales Tax Collections for FY 1988-89

Table 2 shows sales tax collections by type for FY 1988-89. Among the major categories, increases (over FY 1987-88 collections) were spread fairly evenly across the board, ranging from a gain of 8.9 percent in the miscellaneous retail category to a 3.6 percent increase in the general merchandise category. The largest gains registered, after miscellaneous retail, were by furniture (7.1 percent), apparel (6.9 percent), building, lumber, and hardware (6.6 percent), and food (6.2 percent). In the miscellaneous retail category, the strongest gains were posted by coal, fuel, and ice (23.1 percent), sporting goods (20.7 percent), antique and pawn shops (11.4 percent), and other retail stores (10.5 percent).

The slowest growth was in the general merchandise category (3.6 percent), which has been the weakest category for the last four years, followed by automotive (4.4 percent) and nonretail (5.7 percent). The gain in general merchandise collections, however, was much better than the 0.3 percent increase in FY 1987-88. Within that category, collections from major department stores rose by 6.5 percent; general stores, 3.6 percent; and variety stores, 0.4 percent. These increases were partially offset by a 8.4 percent decline in collections from other department stores.

Overall, FY 1988-89 sales tax collections rose 5.8 percent, compared with a 4.9 percent increase in FY 1987-88. Sales tax collections in the current fiscal year are expected to increase about 4.5 to 5 percent.

*Table 2. State Tax Collections by Category,
October 1988-September 1989*

Category	Amount (millions)	Percentage Change from Year-Ago Period
Building, lumber, and hardware	\$178.5	6.6%
General merchandise	173.3	3.6
Food	400.8	6.2
Automotive	664.8	4.4
Gasoline stations	153.0	2.0
Apparel	115.4	6.9
Furniture	122.1	7.1
Miscellaneous retail	278.3	8.9
Nonretail	659.0	5.7
Business services	85.5	18.0
Gas and electricity	214.8	2.0
TOTAL	\$2,592.3	6.0%

SOURCE: Michigan Department of Treasury, *Monthly Research and Statistical Bulletin*, October 31, 1989.