

MICHIGAN REVENUE REPORT

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

CHERYL PARISH, M.A., Editor

VOLUME 1, NUMBER 4

APRIL, 1984

The sales tax is a tax on retail sales. By law, 60% of sales tax receipts are deposited in the School Aid Fund, 15% is channeled to cities, villages, and townships, and the remaining 25% is allocated to the state's General Fund. The sales tax is the primary source of revenue for the School Aid Fund. If the revenues in the fund are insufficient to cover appropriations for school aid, the shortfall becomes a liability against Michigan's General Fund.

During the recession, many consumers deferred spending plans. With an expanding economy, higher levels of employment, and major gains in personal income, consumers have regained their confidence in the economy and are compensating for earlier spending restraint. This has been reflected in sales tax collections, which are currently 14% above equivalent year-to-date totals for 1983. Strong consumer spending on taxable items and subsequent large sales tax collections virtually assure that school aid payments will be fully met with proceeds from the School Aid Fund and will not require a supplemental appropriation from the General Fund.

Type of Revenue	Monthly Tax Collections (dollars in thousands)			FY 1984 Year to Date	FY 1983 Year to Date	Percent Change
	Preliminary March 1984	March 1983	Percent Change			
Personal Income Tax	\$305,757	\$212,067	+ 44.2	\$2,039,309	\$1,399,513	+ 45.7
SAFRA ^a	12,876	--	--	97,610	--	--
Gross Personal Income Tax	318,633 ^b	212,067 ^c	+50.3	2,136,919 ^b	1,399,513 ^c	+ 52.7
Less: Refunds	-219,161	-170,791	+ 26.3	-473,839	-354,659	+33.6
Net Personal Income Tax	99,472	41,276	+141.0	1,663,080	1,044,854	+ 59.2
Net Sales Tax	142,902	121,630	+ 17.5	926,863	809,528	+ 14.5
Net Use Tax	24,771	17,767	+39.4	148,931	126,208	+ 18.0
Net Single Business Tax	--	--	--	559,899	427,297	+ 31.0
Net Cigarette Tax	18,163	15,997	+ 13.5	118,410	118,812	- 0.3
Net Motor Fuel Tax	40,873	34,530	+18.4	261,761	209,557	+ 24.9
All Other Taxes and Fees	149,175	67,902	NA ^d	623,031	192,096	NA ^d
TOTAL NET COLLECTIONS	\$475,356	\$299,102	+ 58.9	\$4,301,975	\$2,928,352	+ 46.9

^a State Accounting and Fiscal Responsibility Account.

^b The personal income tax rate was reduced to 6.1% from 6.35% on January 1, 1983.

^c Collections at the 4.5% 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.

DR. GERALD FAVERMAN, Chairman

DR. ROBERT HANNAH, President

PUBLIC SECTOR CONSULTANTS, INC.

KNAPP'S CENTRE • 300 S. WASHINGTON SQUARE • SUITE 401 • LANSING, MI 48933 • (517) 484-4954