

# MICHIGAN REVENUE REPORT

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DR. GERALD FAVERMAN, Chairman of the Board

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The sales tax is applied to retail sales. Of the sales tax receipts 60% is 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.

During the first half of fiscal year 1983-84 (October 1983-March 1984), the expanding economy, higher levels of employment, and major gains in personal income raised consumer confidence, leading to increased spending on taxable items and subsequent increases in state sales tax collections. The first half of the current fiscal year (October 1984-March 1985) has been characterized by a lower and more sustainable rate of economic expansion than experienced during the same period in fiscal year 1983-84. As a result of the lower expansion rate, a decrease in the rate of growth in sales tax collections has taken place. March 1985 year-to-date sales tax collections were 9.3% more than they were by March 1984, while March 1984 year-to-date sales tax collections were 14.5% higher than by March 1983. Although the rate of growth in sales tax collections is slowing, the actual collections are running ahead of 1984 levels and will continue to enrich the School Aid Fund; villages, cities, and townships; and the General Fund at significantly higher levels than during the most recent recession.

## Monthly Tax Collections (dollars in thousands)

Type of Revenue	Preliminary March 1985	March 1984	Percent Change	FY 1984-85 Year to Date	FY 1983-84 Year to Date	Percent Change
Personal Income Tax	\$273,720 <sup>a</sup>	\$306,850	- 10.8	\$1,840,054 <sup>b</sup>	\$2,041,625	- 9.9
SAFRA <sup>b</sup>	13,388	12,876	+ 4.0	89,828	97,610	- 8.0
Gross Personal Income Tax	287,108	319,726	- 10.2	1,929,882	2,139,235	- 9.8
Less: Refunds	- 201,605	- 219,526	- 8.2	- 380,589	- 479,427	- 20.0
Net Personal Income Tax	85,503	100,200	- 14.7	1,549,293	1,663,808	- 6.9
Net Sales Tax	149,407	141,187	+ 5.8	1,010,824	924,762	+ 9.3
Net Use Tax	20,912	28,784	- 27.3	149,169	153,050	- 2.5
Net Single-Business Tax	—	—	—	634,164	556,881	+ 17.5
Net Cigarette Tax	16,855	18,169	- 7.2	116,474	118,413	- 1.6
Net Motor Fuel Tax	45,932	42,973	+ 6.9	296,239	263,861	+ 12.3
All Other Taxes and Fees	147,115	69,602	N.A. <sup>c</sup>	615,992	193,438	N.A. <sup>c</sup>
<b>TOTAL NET COLLECTIONS</b>	<b>\$465,724<sup>d</sup></b>	<b>\$400,915</b>	<b>+ 16.2</b>	<b>\$4,392,155<sup>d</sup></b>	<b>\$3,874,215</b>	<b>+ 13.4</b>

<sup>a</sup>The 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.

<sup>b</sup>State Accounting and Fiscal Responsibility Account.

<sup>c</sup>Not 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.

<sup>d</sup>Excludes excise and investment income of \$64,270,700 for the month of March and \$393,961,300 for 1984-85 year-to-date totals.

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