

MICHIGAN REVENUE REPORT

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The income tax refund season reached the halfway mark in mid-April. By the end of the month, approximately 2.5 million of an anticipated 4.0 million returns had been processed. Roughly 900,000 other returns have been received and are awaiting processing. Refund payments peaked in the month of March at \$219.2 billion and declined to \$181.2 billion during April. Refund amounts are likely to stabilize from now through the beginning of July, but refunds will cause net personal income tax collections to remain depressed through July even though gross personal income tax collections are expected to increase.

The table below indicates that gross and net income tax collections for April were up sharply (42% and 58%, respectively) from last year. The increase in collections was attributable to the combined effect of two factors: (1) the increase in the personal income tax rate and (2) more employment. Improved employment contributed a relatively small share of the collection increase. If the tax rate had remained unchanged, economic growth and higher employment levels would have generated a modest 6% increase in gross income tax collections for this April compared to April 1983.

However, with rising employment, consumers regained confidence in the economy and spent a greater share of their income. Consequently, consumer outlays grew faster than either employment or personal income, causing collections from the other major taxes to show even greater increases. Sales tax receipts rose 15% over last April's level, use tax receipts rose 20%, motor fuel tax receipts rose 15%, and cigarette tax receipts showed a slight increase of about 1%. These receipts, combined with greater income tax collections, caused total net collections for the month of April to increase by 46% above year-ago levels.

Type of Revenue	Monthly Tax Collections (dollars in thousands)						
	Preliminary April 1984	April 1983	Percent Change	FY 1984 Year to Date	FY 1983 Year to Date	Percent Change	
Personal Income Tax	\$443,541	\$326,312	+ 35.9	\$2,483,647	\$1,725,825	+ 43.9	
SAFRA ^a	18,823	--	--	116,569	--	--	
Gross Personal Income Tax	462,364 ^b	326,312 ^c	+ 41.7	2,600,216 ^b	1,725,825 ^d	+ 50.7	
Less: Refunds	-181,192	-148,711	+ 21.8	-655,236	-503,370	+ 30.2	
Net Personal Income Tax	281,172	177,601	+ 58.3	1,944,980	1,222,455	+ 59.1	
Net Sales Tax	154,201	134,127	+ 15.0	1,079,315	943,655	+ 14.4	
Net Use Tax	25,466	21,244	+ 19.9	178,364	147,452	+ 21.0	
Net Single Business Tax	--	--	--	655,499	501,720	+ 30.7	
Net Cigarette Tax	19,487	19,304	+ 0.9	137,902	138,116	- 0.2	
Net Motor Fuel Tax	52,690	45,905	+ 14.8	316,551	255,462	+ 23.9	
All Other Taxes and Fees	225,534	120,785	NA ^d	747,766	238,458	NA ^d	
TOTAL NET COLLECTIONS	\$758,550	\$318,966	+ 46.2	\$5,060,377	\$3,447,318	+ 46.8	

^aState Accounting and Fiscal Responsibility Account.

^bThe personal income tax rate was reduced to 6.1% from 6.35% on January 1, 1984.

^cCollections at the 4.6% personal income tax rate.

^dNot 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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