

MICHIGAN REVENUE REPORT

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

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VOLUME 1, NUMBER 6

JUNE, 1984

Michigan's constitution reserves all motor fuel and vehicle weight taxes for transportation purposes exclusively. The principal motor fuel taxes are the gasoline tax and the diesel fuel tax, but LP gas, aviation fuel, and watercraft fuel are also subject to fuel taxes. These taxes and the motor vehicle weight tax are deposited directly into the Michigan Transportation Fund. Transportation revenues are then channeled to state government, county road commissions, cities, and villages for the purpose of constructing and maintaining roads and bridges and to support public transit systems throughout the state.

The gasoline tax is the largest single source of funding for transportation programs in Michigan. The rate of the gasoline, diesel fuel, and LP gas taxes is determined by formula and increases (but not proportionately) when fuel consumption declines or road maintenance costs increase. Using this formula, the motor fuel tax rate was increased to 15¢ per gallon, from 13¢ per gallon, effective January 1, 1984. The tax rate will remain at 15¢ per gallon after the formula expires in 1985.

Motor fuel consumption rises and falls with the economy. Because unemployed individuals do not require gasoline to drive to work and because trips for entertainment purposes are less frequent during a recession, Michigan gasoline sales have declined ever since fiscal year 1978. However, with increased employment, an expanding economy, and the beginning of the vacation season, both motor fuel sales and revenue should continue to increase throughout this fiscal year. Compared to the same period one year ago, motor fuel taxes are up over 16%; year-to-date motor fuel tax collections are more than 23% higher than for last fiscal year.

Type of Revenue	Monthly Tax Collections (dollars in thousands)		Percent Change	FY 1984		Percent Change
	Preliminary May 1984	May 1983		Year to Date	FY 1983 Year to Date	
Personal Income Tax	\$371,066 ^a	\$342,663 ^b	+ 8.3	\$2,860,106 ^a	\$2,068,488 ^b	+ 38.3
SAFRA ^c	15,869	9,970	+ 59.2	132,605	9,970	-- ^d
Gross Personal Income Tax	386,935	342,663	+ 12.9	2,992,711	2,078,458	+ 30.5
Less: Refunds	-157,193	-139,881	+ 12.8	-812,604	-653,221	+ 24.4
Net Personal Income Tax	229,742	202,782	+ 13.3	2,180,107	1,425,237	+ 53.0
Net Sales Tax	162,968	138,305	+ 17.8	1,242,591	1,081,960	+ 14.8
Net Use Tax	24,595	21,026	+ 17.0	203,362	168,477	+ 20.7
Net Single Business Tax	241,603	195,031	+ 23.9	901,473	689,686	+ 30.7
Net Cigarette Tax	18,695	18,810	- 0.1	156,599	156,926	- 0.2
Net Motor Fuel Tax	44,354	38,107	+ 16.4	362,395	293,569	+ 23.4
All Other Taxes and Fees	115,206	29,602	NA ^e	850,725	275,126	NA ^e
TOTAL NET COLLECTIONS	\$837,163	\$643,663	+ 30.1	\$5,897,252	\$4,090,981	+ 44.2

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

^b The personal income tax rate was increased to 6.35% from 4.6%, retroactive to January 1, 1983, on March 29, 1983.

^c State Accounting and Fiscal Responsibility Account

^d Not applicable as the figures are not for comparable periods of time.

^e 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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