

MICHIGAN REVENUE REPORT

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DR. GERALD FAVERMAN, Chairman of the Board

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The state Treasury Department had processed nearly 75% of all income tax returns filed by Michigan taxpayers in mid-May. Refunds that are not processed by June 1 must include interest at an annual rate of 9%. Interest payments amounted to roughly \$1 million in 1984 but are not expected to be that high this year.

Refund payments this year peaked in March at \$201.6 million and have declined each month since. May refund payments totaled \$163.3 million. Compared to last year, refund payments were down in March (the peak refund month for 1984) but were running at a higher rate in April and May. Refund payments are likely to stabilize from now through July, but will continue to depress net personal income tax collections even though gross personal income tax collections may rise.

Monthly Tax Collections (dollars in thousands)

Type of Revenue	Preliminary May 1985	May 1984	Percent Change	FY 1984-85 Year to Date	FY 1983-84 Year to Date	Percent Change
Personal Income Tax	\$321,605 ^a	\$376,945	- 14.7	\$2,644,071 ^a	\$2,867,587	- 7.8
SAFRA ^b	15,588	15,869	- 1.8	128,524	132,605	- 3.1
Gross Personal Income Tax	337,193	392,814	- 14.2	2,772,595	3,000,192	- 7.6
Less: Refunds	- 163,325	- 157,622	+ 3.6	- 736,300	- 814,633	- 9.6
Net Personal Income Tax	173,868	235,192	- 26.1	2,036,295	2,185,559	- 6.8
Net Sales Tax	179,975	162,535	+ 10.7	1,365,132	1,241,767	+ 9.9
Net Use Tax	31,707	24,932	+ 27.2	206,906	203,861	+ 1.5
Net Single Business Tax	245,644	245,502	+ 0.1	997,215	899,269	+ 10.9
Net Cigarette Tax	19,623	18,696	+ 5.0	155,239	156,600	- 0.9
Net Motor Fuel Tax	48,610	46,693	+ 4.1	400,177	364,734	+ 9.7
All Other Taxes and Fees	59,037	40,343	N.A. ^c	319,962	277,408	N.A. ^c
TOTAL NET COLLECTIONS	\$758,464 ^d	\$773,893	- 2.0 ^e	\$5,480,926 ^d	\$5,329,198	+ 2.8 ^e

^aThe 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.

^bState Accounting and Fiscal Responsibility Account.

^cNot 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.

^dExcludes escheats and investment income of \$52,174,100 for the month of May and \$501,245,300 for 1984-85 year-to-date totals. In our April and May reports, total net collections did not exclude escheats and investment income and therefore were overstated. In our May report, total net collections should have been reported as \$718.2 million for "Preliminary April 1985" and \$4,722.0 million for "FY 1984-85 Year to Date." The "All Other Taxes and Fees" calculations would drop accordingly.

^eIn our April and May reports, percentage changes in total net collections for preliminary month and 1984-85 year to date were overstated due to inclusion of escheats and investment income. In our May report, preliminary "Percent Change" in total net collections should have been reported as an increase of only 5.4%, while 1984-85 year to date "Percent Change" should have been reported as an increase of only 3.7%.

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