

MICHIGAN REVENUE REPORT

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CHERYL PARISH, M.A., Editor

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Enacted in 1937, the 4% use tax is a type of state consumption tax. It serves as an adjunct to the state sales tax and is imposed on goods purchased outside of Michigan for consumption, use, or storage inside Michigan; on property bought without a sales tax but later consumed, used, or stored by the buyer; on the sales of used automobiles; and on services such as room rentals and telephone or telegraph service. All proceeds from the use tax are deposited into the state's General Fund. The use tax accounts for less than 4% of total General Fund tax revenue.

Sales and use tax collections tend to rise and fall with increases or decreases in personal income. Since personal income is comprised principally of wage and salary earnings, the strong employment gains the state has realized over the past year have contributed to strong gains in personal income and, indirectly, to use tax collections. This is reflected in the following table, which shows that June use tax collections were 10.2% above collections for last June. So far this fiscal year, use tax collections are a healthy 19.6% above their level at a comparable point in the 1982-83 fiscal year.

Monthly Tax Collections
(dollars in thousands)

Type of Revenue	Preliminary June 1984	June 1983	Percent Change	FY 1984 Year to Date	FY 1983 Year to Date	Percent Change
Personal Income Tax	\$356,181 ^a	\$352,465 ^b	+ 1.1	\$3,221,714 ^a	\$2,410,982 ^b	+ 33.6
SAFRA ^c	15,104	15,375	- 1.8	147,912	25,345	N A ^d
Gross Personal Income Tax	371,285	367,840	+ 0.9	3,369,626	2,436,327	+ 38.3
Less: Refunds	- 117,445	- 142,351	- 17.5	-930,227	-785,602	+ 18.4
Net Personal Income Tax	253,840	225,489	+ 12.6	2,439,399	1,650,725	+ 47.8
Net Sales Tax	153,008	144,008	+ 6.2	1,395,318	1,225,968	+ 13.8
Net Use Tax	25,539	23,175	+ 10.2	229,246	191,653	+ 19.6
Net Single Business Tax	--	--	--	945,665	721,806	+ 31.0
Net Cigarette Tax	21,395	20,040	+ 6.8	177,995	176,965	+ 0.6
Net Motor Fuel Tax	49,745	39,372	+ 26.3	414,479	332,941	+ 24.5
All Other Taxes and Fees	143,388	51,298	N A ^e	941,919	294,305	N A ^e
TOTAL NET COLLECTIONS	\$646,915	\$503,382	+ 28.5	\$6,544,021	\$4,594,363	+ 42.4

^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.

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