

MICHIGAN REVENUE REPORT

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The single business tax (SBT) is the only general business tax imposed by the state of Michigan. Enacted in 1975 and effective in January 1976, the SBT replaced eight state taxes on business. In order of yield, these taxes were the property tax on inventory, corporate income tax, corporate franchise tax, intangibles tax, financial institutions income tax, savings and loan association privilege fee, domestic insurance company privilege tax, and the inventory portion of the utility property tax.

At \$999.7 million, the single business tax in fiscal year 1982-83 comprised 8.6% of total state revenue, down from the peak level of 11.0% in fiscal year 1978-79. This four-year decline was largely due to a weak economy in which business activity and profits fell more than wage and salary or consumer spending levels. As the economy has expanded in 1984, corporate profits and business tax receipts have shown sizable gains.

In the quarter ending in August 1984, SBT collections were \$72.6 million higher than, or 27.9% above, the same quarter for 1983. Year to date SBT collections are 30.0% higher than collections for the same period last year. This increase in collections reflects the strong economic growth realized this year and the major increases in corporate profits within the manufacturing sector. Michigan has especially benefitted from this economic expansion because of its heavy reliance on the automotive industry. The auto industry is among those industries showing the greatest gains in profitability.

Monthly Tax Collections (dollars in thousands)

Type of Revenue	Preliminary August 1984	August 1983	Percent Change	FY 1984 Year to Date	FY 1983 Year to Date	Percent Change
Personal Income Tax	\$285,879 ^a	\$326,441 ^b	- 12.4	\$3,866,278 ^a	\$3,067,531 ^b	+ 26.0
SAPRA ^c	12,214	12,785	- 4.5	175,392	52,939	NA ^d
Gross Personal Income Tax	298,093	339,226	- 12.1	4,041,670	3,120,470	+ 29.5
Less: Refunds	- 19,126	- 23,387	- 18.2	974,794	- 852,244	+ 14.4
Net Personal Income Tax	278,967	315,839	- 11.7	3,066,876	2,268,226	+ 35.2
Net Sales Tax	165,024	146,858	+ 12.4	1,751,811	1,527,509	+ 14.7
Net Use Tax	28,232	24,229	+ 16.5	291,164	241,038	+ 20.8
Net Single Business Tax	190,962	173,180	+ 10.3	1,233,911	949,513	+ 30.0
Net Cigarette Tax	20,935	20,292	+ 3.2	220,621	220,466	+ 0.1
Net Motor Fuel Tax	49,773	42,396	+ 17.4	520,084	417,823	+ 24.5
All Other Taxes and Fees	180,881	66,347	NA ^e	1,203,845	385,922	NA ^e
TOTAL NET COLLECTIONS	\$914,774	\$789,141	+ 15.9	\$8,288,312	\$6,010,497	+ 37.9

^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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