

**STATE
OF
MICHIGAN**



REVENUE

SOURCE and DISTRIBUTION

**HOUSE
FISCAL
AGENCY**

Mitchell E. Bean, Director

June 2011

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HOUSE FISCAL AGENCY

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June 2011

TO: Members of the House of Representatives

This report provides information on the source and distribution of revenue for the State of Michigan, and includes estimated FY 2010-11 and FY 2011-12 revenue. Estimates in this report are based on revenue amounts agreed to at the May 2011 Consensus Revenue Estimating Conference and revenue detail in the FY 2011-12 Executive Budget Recommendation. It also reflects revenue impacts due to tax amnesty, unclaimed property, liquor reforms, and changes to the state's tax structure included in HB 4361 and HB 4362 of 2011.

This publication includes FY 2010-11 estimates for taxes, by type of tax, and provides information for each tax with regard to the tax base, rate, and disposition. It also includes state revenue dedication information including tax type, dedicated amount, and recipient of dedicated funds.

This report was prepared by Rebecca Ross, Senior Economist, and produced for publication by Kathryn Bateson, Administrative Assistant.

Please do not hesitate to contact me if you have questions regarding the information in this report.

A handwritten signature in black ink that reads "Mitchell E. Bean". The signature is written in a cursive, flowing style.

Mitchell E. Bean
Director

TABLE OF CONTENTS

REVENUE SOURCES

Total State Revenue	3
General Fund/General Purpose Revenue	7
School Aid Fund Revenue	11
Transportation Revenue	15

REVENUE DISTRIBUTION

Federal Revenue	19
Income Tax Revenue	23
Sales Tax Revenue	27
Michigan Business Tax Revenue	31
Tobacco Tax Revenue	35
Transportation Revenue	39
Use Tax Revenue	43

STATE AND LOCAL TAX INFORMATION

Business Privilege Taxes

Accommodations (Hotel/Motel).....	48
Airport Parking Excise	48
Casino Wagering	48
Corporate Organization	48
Foreign Insurance Company Retaliatory	48
Oil and Gas Severance.....	48
Simulcast Wagering	49
Michigan Business	49
Unemployment Compensation	49

Income Taxes

Personal Income	49
Uniform City Income	49

Consumption Taxes

Beer	50
Liquor	50
Sales	50
Tobacco Products	50
Uniform City Utility Users	50
Use	50
Wine	50

Property Taxes

Commercial Forest	51
County Real Estate Transfer	51
General Property	51
Industrial Facilities	51
Low Grade Iron Ore Specific	51
Mobile Home Trailer Coach	51
Neighborhood Enterprise Zone Facilities.....	52
Private Forest	52
State 6-Mill Education	52
State Real Estate Transfer	52
Technology Park Facilities.....	52
Utility Property	52

Transportation Taxes

Aircraft Weight	53
Aviation Gasoline.....	53
Diesel Fuel.....	53
Gasoline.....	53
Liquefied Petroleum Gas	53
Marine Vessel Fuel	53
Motor Carrier Fuel.....	53
Motor Vehicle Registration.....	54
Watercraft Registration	54

STATE REVENUE DEDICATION

Business Privilege Taxes.....	56
Income Tax and Lottery Proceeds	56
Consumption Taxes	56
Property Taxes.....	57
Transportation Taxes	58



**Total
State Revenue
by
Source**

**FY 2010-11
and
FY 2011-12**

		<u>FY 2010-11</u>	<u>% of Total</u>	<u>FY 2011-12</u>	<u>% of Total</u>
		TOTAL STATE REVENUE BY SOURCE	Federal Funds	\$20,580.7	43.5
	Sales & Use Taxes	7,676.9	16.2	7,903.4	17.0
	Income Taxes	6,248.0	13.2	6,786.0	14.6
	Other Revenue	3,186.9	6.7	3,924.0	8.5
	Transportation Revenue	2,068.1	4.4	2,144.0	4.6
	State 6-Mill Education Tax	1,852.0	3.9	1,829.0	3.9
	Other GF/GP & SAF Taxes	1,524.5	3.2	1,635.2	3.5
	Business Taxes	2,457.6	5.2	1,453.9	3.1
	Tobacco Taxes	961.9	2.0	940.5	2.0
	Lottery	733.6	1.6	739.4	1.6
	TOTAL	\$47,290.2		\$46,372.4	

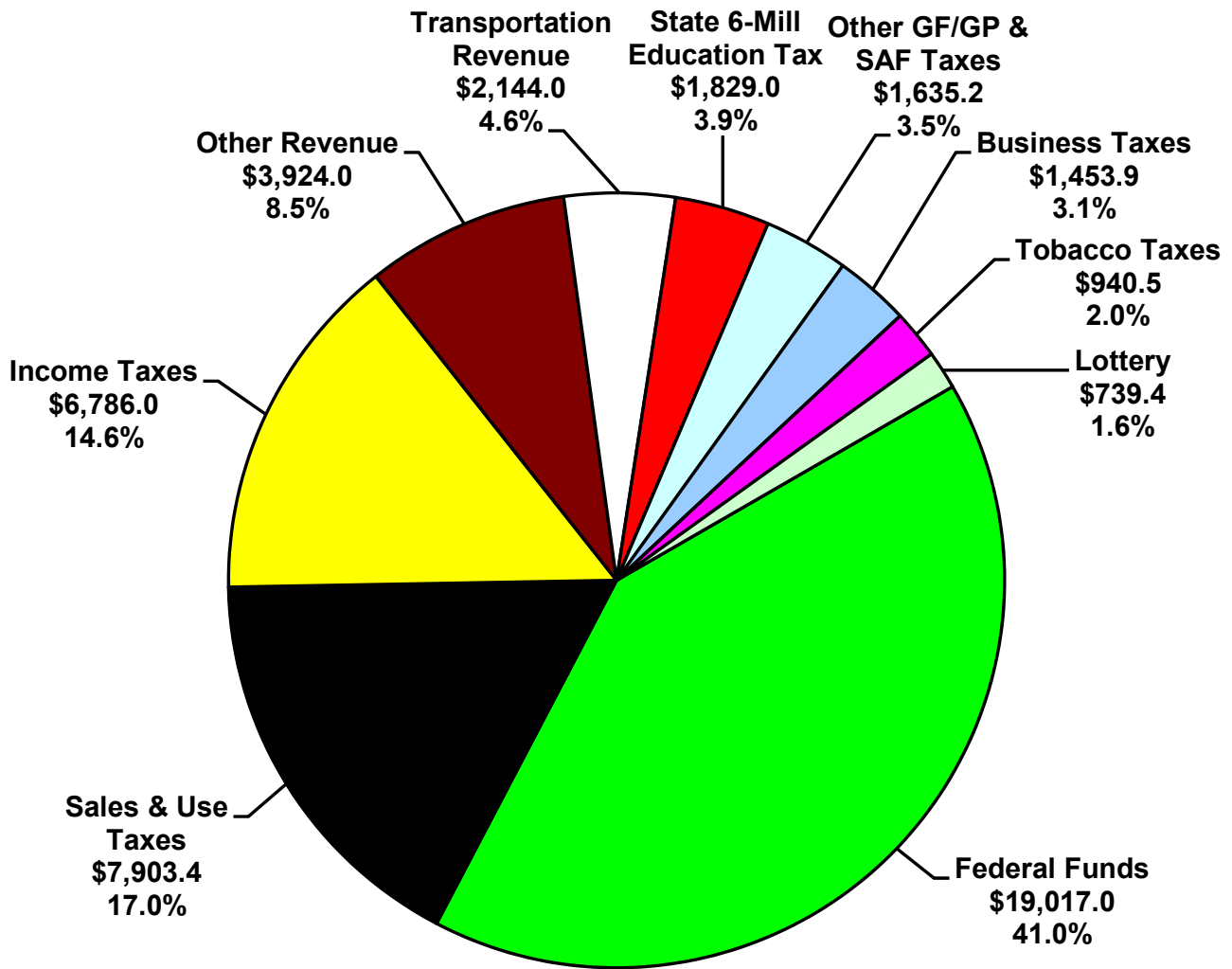
(MILLIONS OF DOLLARS)

FEDERAL FUNDS	Total federal funds used in the state budget.
SALES & USE TAXES	Use tax is a specific excise tax on the use, storage, or consumption of tangible personal property not subject to the sales tax. Tax rate is currently 6% for both sales and use taxes.
INCOME TAXES	Includes withholding, annual, and quarterly collections less refunds. Current tax rate is 4.35%; beginning January 1, 2013, the rate will be 4.25%.
OTHER REVENUE	Includes revenue from local agencies, state-provided services, licenses, and permits not related to transportation.
BUSINESS TAXES	Includes Michigan business tax (MBT) and insurance company tax. The MBT consists of a 4.95% tax on business income and a 0.8% tax on gross receipts less purchases from other firms. Effective January 1, 2012, the MBT will be replaced with a 6% corporate income tax.
TRANSPORTATION REVENUE	Includes gas, diesel fuel, and aviation fuel taxes; fees; and other transportation revenue. Excludes federal aid and sales tax transportation revenue.
STATE 6-MILL EDUCATION TAX	Levied on all property; 100% dedicated to the School Aid Fund.
OTHER GF/GP & SAF TAXES	Includes liquor, beer, wine, gas and oil severance, utility property, real estate transfer, and industrial facilities taxes.
TOBACCO TAXES	Cigarette tax is \$2.00 per pack; tax on other tobacco products is 32%.
LOTTERY	Net lottery revenue is approximately 32% of total lottery sales.

**STATE OF MICHIGAN
TOTAL STATE REVENUE BY SOURCE
FY 2011-12**

TOTAL RESOURCES: \$46,372.4 MILLION

(Chart dollars in millions)





**General Fund/
General Purpose
Revenue
by
Source**

**FY 2010-11
and
FY 2011-12**

		<u>FY 2010-11</u>	<u>% of Total</u>	<u>FY 2011-12</u>	<u>% of Total</u>
GENERAL FUND/ GENERAL PURPOSE REVENUE BY SOURCE	Income Taxes	\$4,272.8	55.0	\$4,689.1	60.0
	Sales & Use Taxes	878.6	11.3	939.5	12.0
	Michigan Business Tax	1,320.8	17.0	604.5	7.7
	Other Sources	746.6	9.6	554.1	7.1
	Corporate Income Tax	0.0	0.0	460.2	5.9
	Insurance Company Tax	265.5	3.4	277.5	3.6
	Tobacco Taxes	193.6	2.5	189.1	2.4
	Liquor, Beer, & Wine Taxes	95.9	1.2	101.9	1.3
		TOTAL	\$7,773.8		\$7,815.9

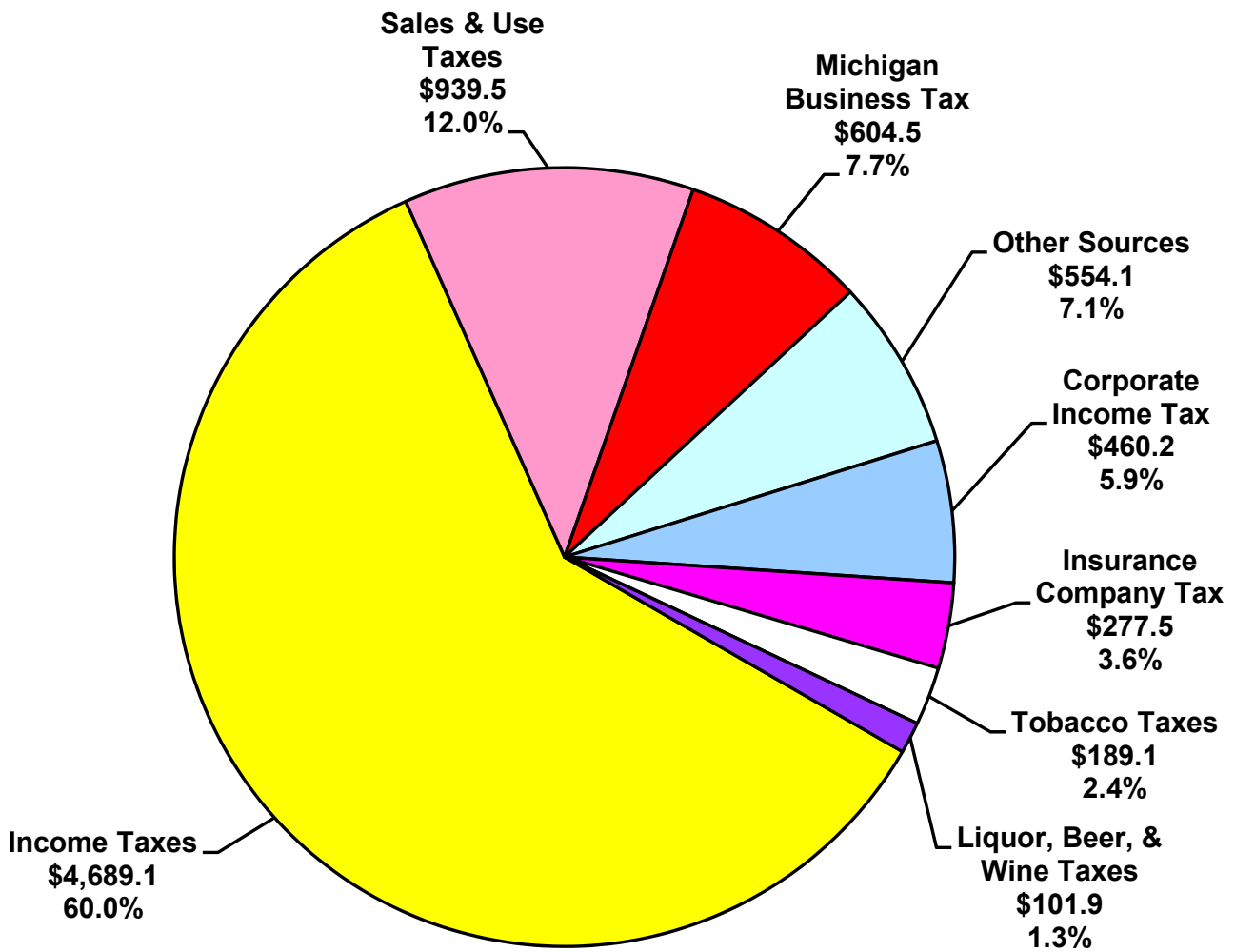
(MILLIONS OF DOLLARS)

INCOME TAXES	General Fund/General Purpose receives income tax revenue not allocated to the School Aid Fund. Current tax rate is 4.35%; beginning January 1, 2013, the rate will be 4.25%.
MICHIGAN BUSINESS TAX	Includes Michigan business tax (MBT) and insurance company tax. The MBT consists of a 4.95% tax on business income and a 0.8% tax on gross receipts less purchases from other firms. Effective January 1, 2012, the MBT will be replaced with a 6% corporate income tax.
SALES TAX	General Fund/General Purpose receives sales tax revenue not allocated to local units of government for revenue sharing, the Comprehensive Transportation Fund, the School Aid Fund, or public health programs. Current tax rate is 6%.
USE TAX	A specific excise tax on the use, storage, or consumption of tangible personal property not subject to the sales tax. General Fund/General Purpose receives 66.7% of the total and School Aid Fund receives 33.3% of the total. Current tax rate is 6%.
OTHER SOURCES	Includes taxes on gas and oil severance, utility property, and horse race wagering; certain penalty and interest payments; and federal funds.

**STATE OF MICHIGAN
GENERAL FUND/GENERAL PURPOSE REVENUE
BY SOURCE
FY 2011-12**

TOTAL RESOURCES: \$7,815.9 MILLION

(Chart dollars in millions)





**School Aid Fund
Revenue
by
Source**

**FY 2010-11
and
FY 2011-12**

		<u>FY 2010-11</u>	<u>% of Total</u>	<u>FY 2011-12</u>	<u>% of Total</u>
		SCHOOL AID FUND REVENUE BY SOURCE	Sales Tax	\$4,742.3	35.6
	Income Tax Earmarking	1,974.4	14.8	2,095.9	17.1
	State 6-Mill Education Tax	1,852.0	13.9	1,829.0	14.9
	Federal Funds	2,178.3	16.4	1,653.3	13.5
	Lottery Transfer	733.6	5.5	739.4	6.0
	Use Tax	384.5	2.9	422.6	3.4
	Tobacco Taxes	373.5	2.8	365.0	3.0
	Real Estate Transfer Tax	125.0	0.9	138.0	1.1
	Casino Wagering Tax	114.0	0.9	119.5	1.0
	Specific Taxes	60.3	0.5	61.0	0.5
	Liquor Excise Tax	39.7	0.3	41.4	0.3
	Michigan Business Tax	739.2	5.6	0.0	0.0
	TOTAL	\$13,316.8		\$12,289.1	

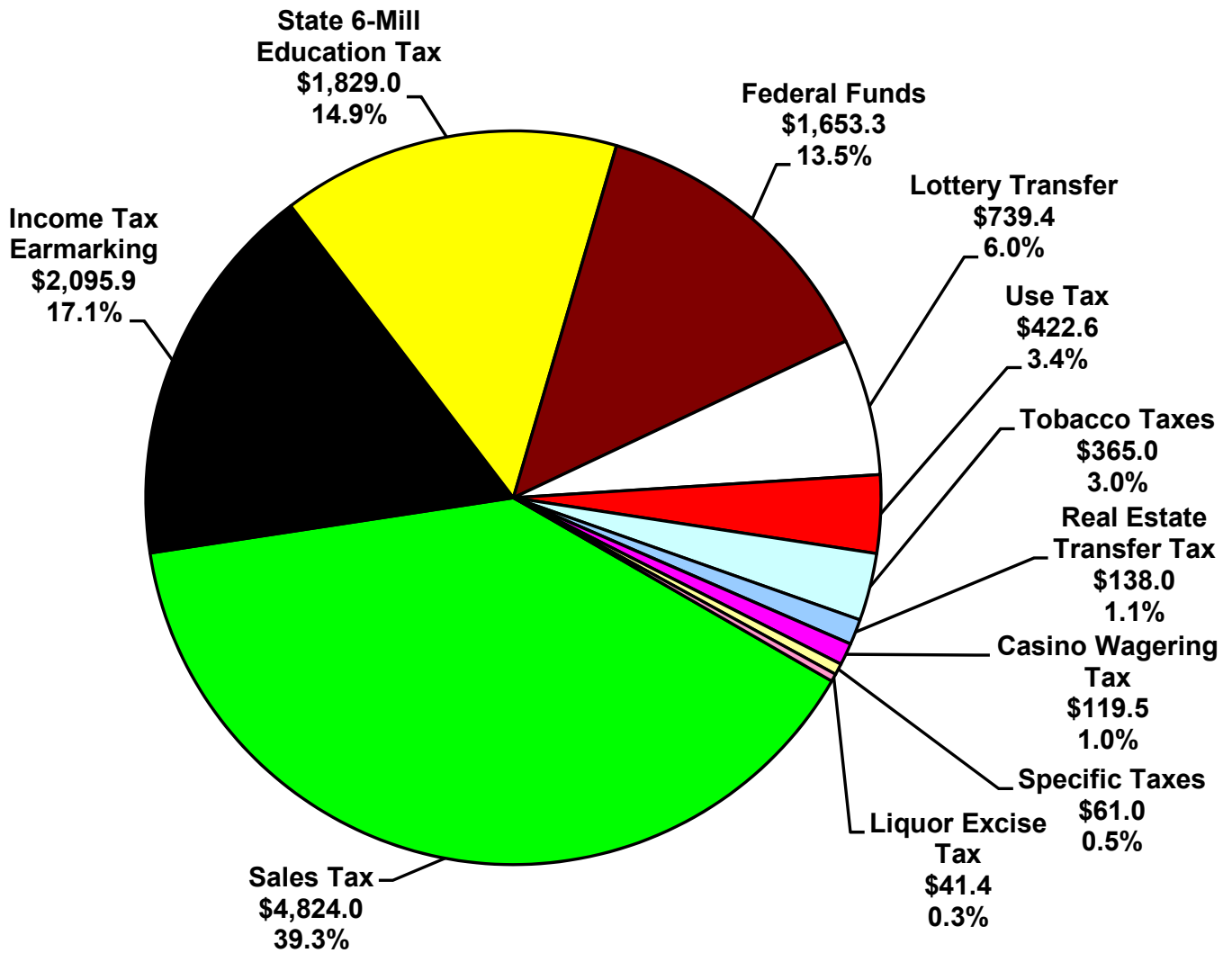
(MILLIONS OF DOLLARS)

SALES TAX	School Aid Fund receives 73.3% of gross sales tax revenue. Current tax rate is 6%.
INCOME TAX EARMARKING	School Aid Fund receives approximately 23% of gross income tax revenue.
STATE 6-MILL EDUCATION TAX	Levied on all property; 100% dedicated to the School Aid Fund.
MICHIGAN BUSINESS TAX	School Aid Fund received \$729.0 in FY 2008-09, which is indexed to inflation in future years. Effective January 1, 2012, the earmark for the SAF and the MBT will be repealed.
LOTTERY TRANSFER	School Aid Fund receives the net revenue from lottery sales.
USE TAX	School Aid Fund receives 33.3% of gross use tax revenue. Current tax rate is 6%.
TOBACCO TAXES	School Aid Fund receives 41.6% of cigarette tax revenue.
REAL ESTATE TRANSFER TAX	School Aid Fund receives 100% of the real estate transfer tax. Tax rate is 0.75% of the sale price of real estate.
CASINO WAGERING TAX	School Aid Fund receives all of the state casino wagering tax in FY 2011-12.
SPECIFIC TAXES	Includes industrial and commercial facilities tax and commercial forest tax.

**STATE OF MICHIGAN
SCHOOL AID FUND REVENUE
BY SOURCE
FY 2011-12**

TOTAL RESOURCES: \$12,289.1 MILLION

(Chart dollars in millions)





Transportation Revenue by Source

**FY 2010-11
and
FY 2011-12**

		<u>FY 2010-11</u>	<u>% of Total</u>	<u>FY 2011-12</u>	<u>% of Total</u>
TRANSPORTATION REVENUE BY SOURCE	Federal Funds	\$1,366.9	39.8	\$1,241.6	36.7
	Licenses, Permits, Misc.	1,017.6	29.6	1,085.5	32.1
	State Gasoline Tax	839.0	24.4	844.0	24.9
	State Diesel & Motor Carrier Fuel Tax	122.0	3.6	124.0	3.7
	Sales Tax	84.0	2.4	85.0	2.5
	State Aviation Fuel Tax	5.5	0.2	5.5	0.2
		TOTAL	\$3,435.0		\$3,385.6

**FY 2010-11
and
FY 2011-12**

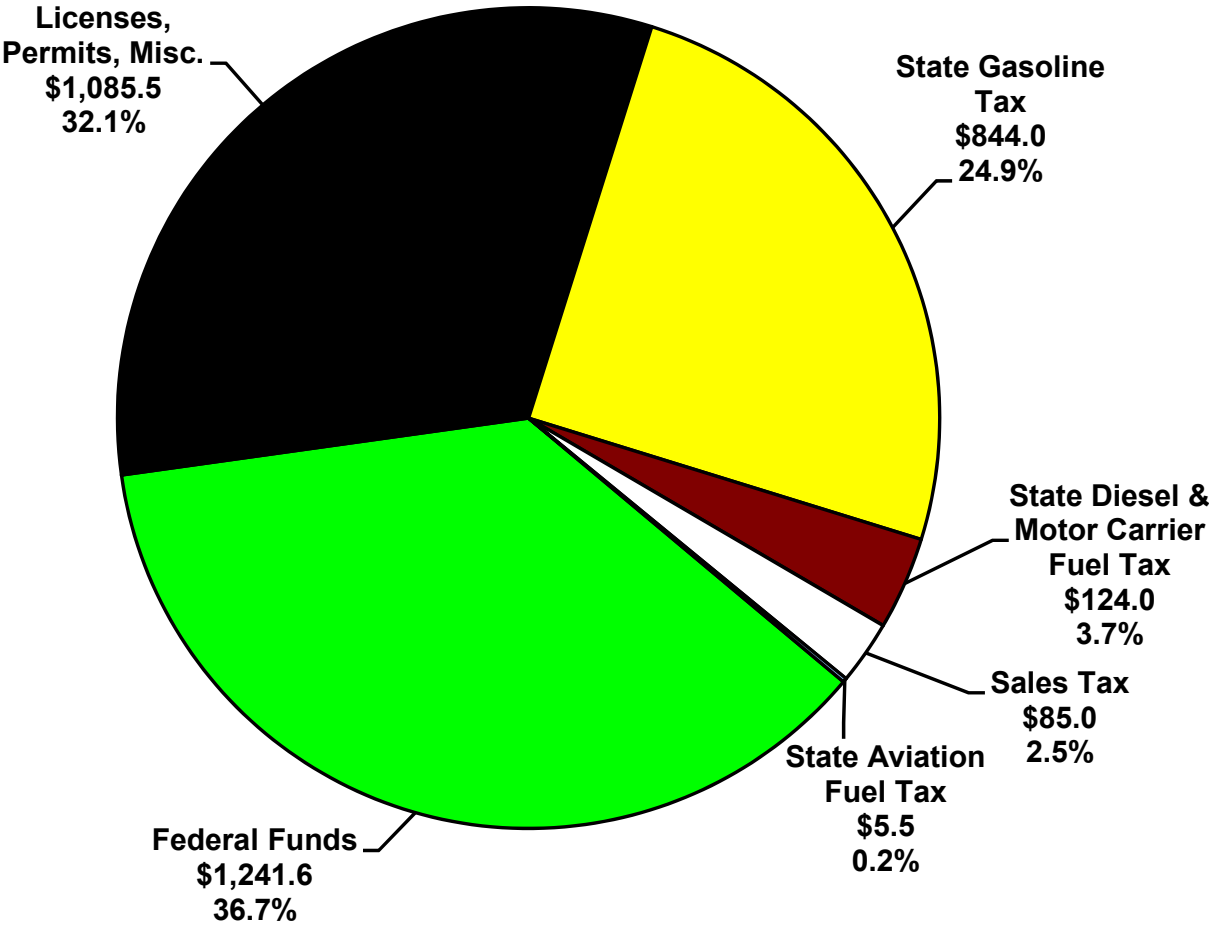
(MILLIONS OF DOLLARS)

LICENSES, PERMITS, MISC.	Vehicle license fees, various registration fees, permits, interest earnings, and other miscellaneous income dedicated for transportation purposes.
STATE GASOLINE TAX	Levied at \$0.19 per gallon.
STATE DIESEL & MOTOR CARRIER FUEL TAX	Levied at \$0.15 per gallon.
SALES TAX	Approximately 1.0% of gross sales tax revenue is dedicated to the Comprehensive Transportation Fund.
STATE AVIATION FUEL TAX	Levied at \$0.03 per gallon with a \$0.015 per gallon rebate to interstate scheduled operations.

**STATE OF MICHIGAN
TRANSPORTATION REVENUE
BY SOURCE
FY 2011-12**

TOTAL RESOURCES: \$3,385.6 MILLION

(Chart dollars in millions)





Federal Revenue Distribution

**FY 2010-11
and
FY 2011-12**

		<u>FY 2010-11</u>	<u>% of Total</u>	<u>FY 2011-12</u>	<u>% of Total</u>
		FEDERAL REVENUE DISTRIBUTION	General Fund/Special Purpose	\$17,012.9	82.7
	School Aid Fund	2,178.3	10.6	1,653.3	8.7
	Transportation	1,367.5	6.6	1,241.2	6.5
	General Fund/General Purpose	22.0	0.1	23.0	0.1
FY 2010-11 and FY 2011-12	TOTAL	\$20,580.7		\$19,017.0	

(MILLIONS OF DOLLARS)

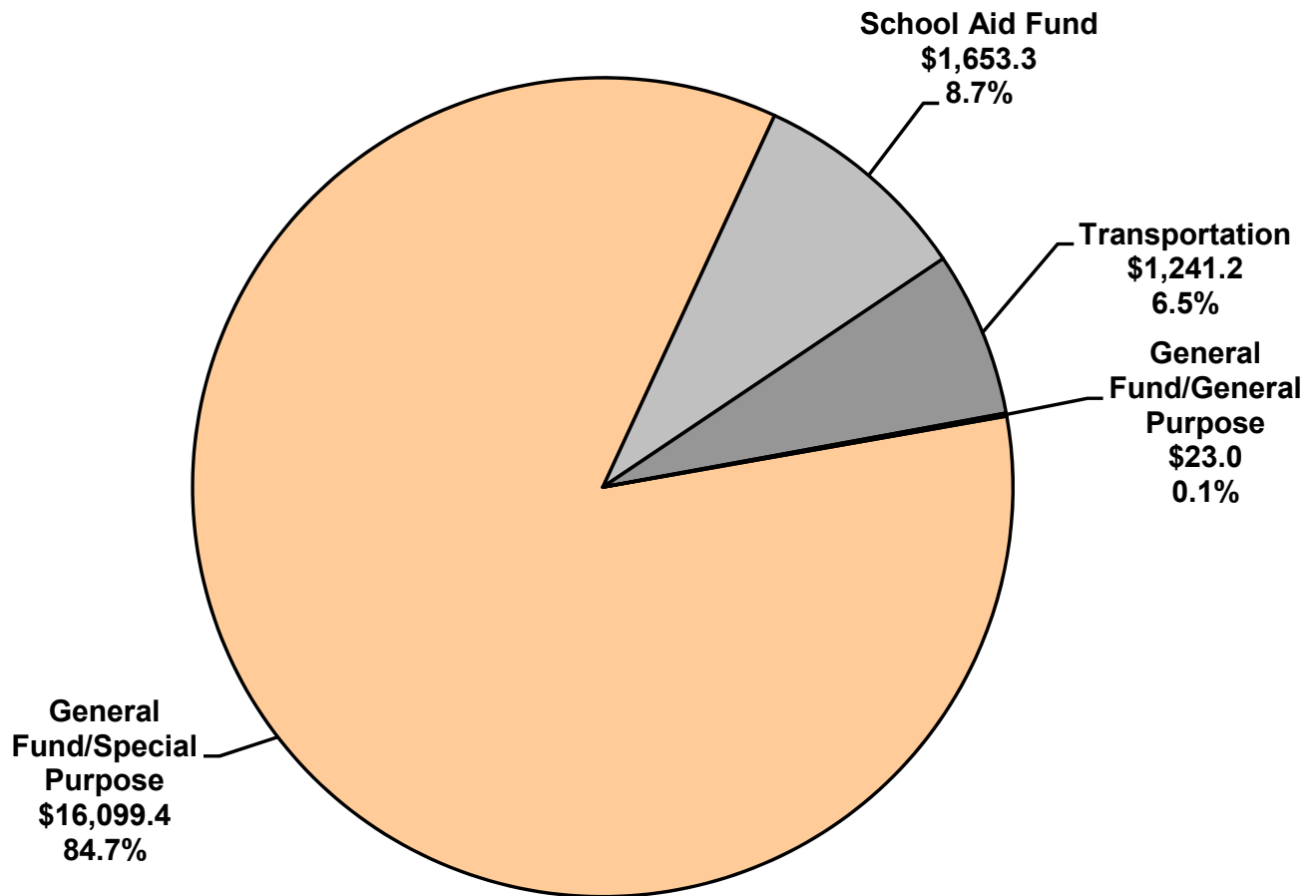
GENERAL FUND/SPECIAL PURPOSE: ESTIMATED FEDERAL REVENUE
(Millions of Dollars)

	<u>Enacted Estimate FY 2010-11</u>	<u>% of Total</u>	<u>Enacted Estimate FY 2011-12</u>	<u>% of Total</u>
Agriculture and Rural Development	\$13.2	0.08	\$14.2	0.09
Attorney General	8.6	0.05	8.8	0.05
Civil Rights	1.8	0.01	2.2	0.01
Community Health	9,474.0	55.69	8,758.3	54.40
Corrections	7.9	0.05	8.0	0.05
Education	87.8	0.52	77.9	0.48
Environmental Quality	182.9	1.08	159.9	0.99
Higher Education	4.5	0.03	98.3	0.61
Human Services	5,902.6	34.69	5,649.8	35.09
Judiciary	7.5	0.04	7.3	0.05
Licensing and Regulatory Affairs	845.0	4.97	839.7	5.22
Military Affairs	82.2	0.48	88.0	0.55
Natural Resources	78.7	0.46	69.3	0.43
State	1.8	0.01	1.8	0.01
State Police	105.6	0.62	106.3	0.66
Technology, Management and Budget	2.7	0.02	2.8	0.02
Treasury: Operations	206.1	1.21	206.7	1.28
TOTAL GENERAL FUND/SPECIAL PURPOSE	\$17,012.9		\$16,099.4	

**STATE OF MICHIGAN
FEDERAL REVENUE
DISTRIBUTION
FY 2011-12**

TOTAL RESOURCES: \$19,017.0 MILLION

(Chart dollars in millions)





Income Tax Revenue Distribution

**FY 2010-11
and
FY 2011-12**

		<u>FY 2010-11</u>	<u>% of Total</u>	<u>FY 2011-12</u>	<u>% of Total</u>
INCOME TAX REVENUE DISTRIBUTION	Gross Collection	\$8,486.7		\$8,820.8	
	Refunds	(2,238.7)		(2,034.8)	
	NET COLLECTIONS	\$6,248.0		\$6,786.0	
INCOME TAX DISTRIBUTION					
FY 2010-11 and FY 2011-12	General Fund/General Purpose	\$4,272.8	68.4	\$4,689.1	69.1
	School Aid Fund	1,974.4	31.6	2,095.9	30.9
	State Campaign Fund	1.0	0.0	1.0	0.0
	TOTAL	\$6,248.0		\$6,786.0	

(MILLIONS OF DOLLARS)

**GENERAL FUND/
GENERAL PURPOSE**

Receives income tax revenue not dedicated for other purposes.

SCHOOL AID FUND

Receives approximately 23% of gross collections.

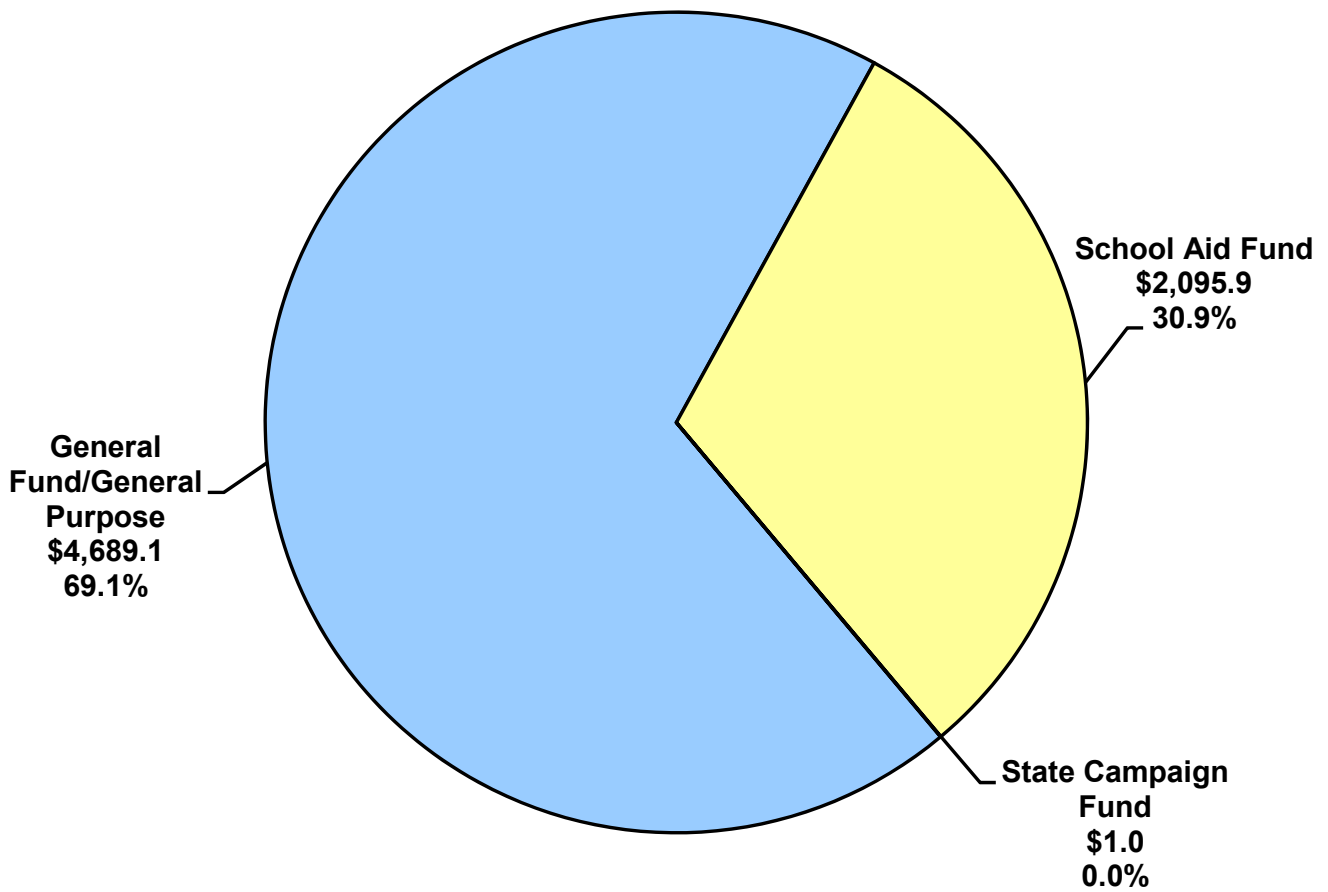
STATE CAMPAIGN FUND

Taxpayers can choose to dedicate \$3.00 of income tax paid to this fund. Funds are distributed to all candidates for Governor who meet certain requirements.

**STATE OF MICHIGAN
INCOME TAX REVENUE
DISTRIBUTION
FY 2011-12**

TOTAL RESOURCES: \$6,786.0 MILLION

(Chart dollars in millions)





Sales Tax Revenue Distribution

**FY 2010-11
and
FY 2011-12**

		<u>FY 2010-11</u>	<u>% of Total</u>	<u>FY 2011-12</u>	<u>% of Total</u>
		SALES TAX REVENUE DISTRIBUTION	School Aid Fund	\$4,742.3	72.7
	Local Revenue Sharing	1,578.5	24.2	1,623.3	24.5
	General Fund/General Purpose	109.5	1.7	94.2	1.4
	Comprehensive Transportation Fund	84.0	1.3	85.0	1.3
	Health Initiative	9.0	0.1	9.0	0.1
FY 2010-11 and FY 2011-12	TOTAL	\$6,523.3		\$6,635.5	

(MILLIONS OF DOLLARS)

SCHOOL AID FUND

Receives 60% of the gross sales tax collections levied at a rate of 4% and 100% of gross sales tax collections levied at a rate of 2%.

LOCAL REVENUE SHARING

The State Constitution provides that 15% of gross collections from the 4% sales tax be distributed to local government units through revenue sharing payments. Statute provides that an amount equal to 21.3% of sales tax collections at the 4% rate is to be allotted for revenue sharing. The total amount is subject to appropriation.

**GENERAL FUND/
GENERAL PURPOSE**

Receives sales tax revenue not dedicated for other purposes.

**COMPREHENSIVE
TRANSPORTATION FUND**

Receives approximately 1.0% of gross sales tax revenue. Revenue is used to plan and develop public transportation systems and finance bus and rail services.

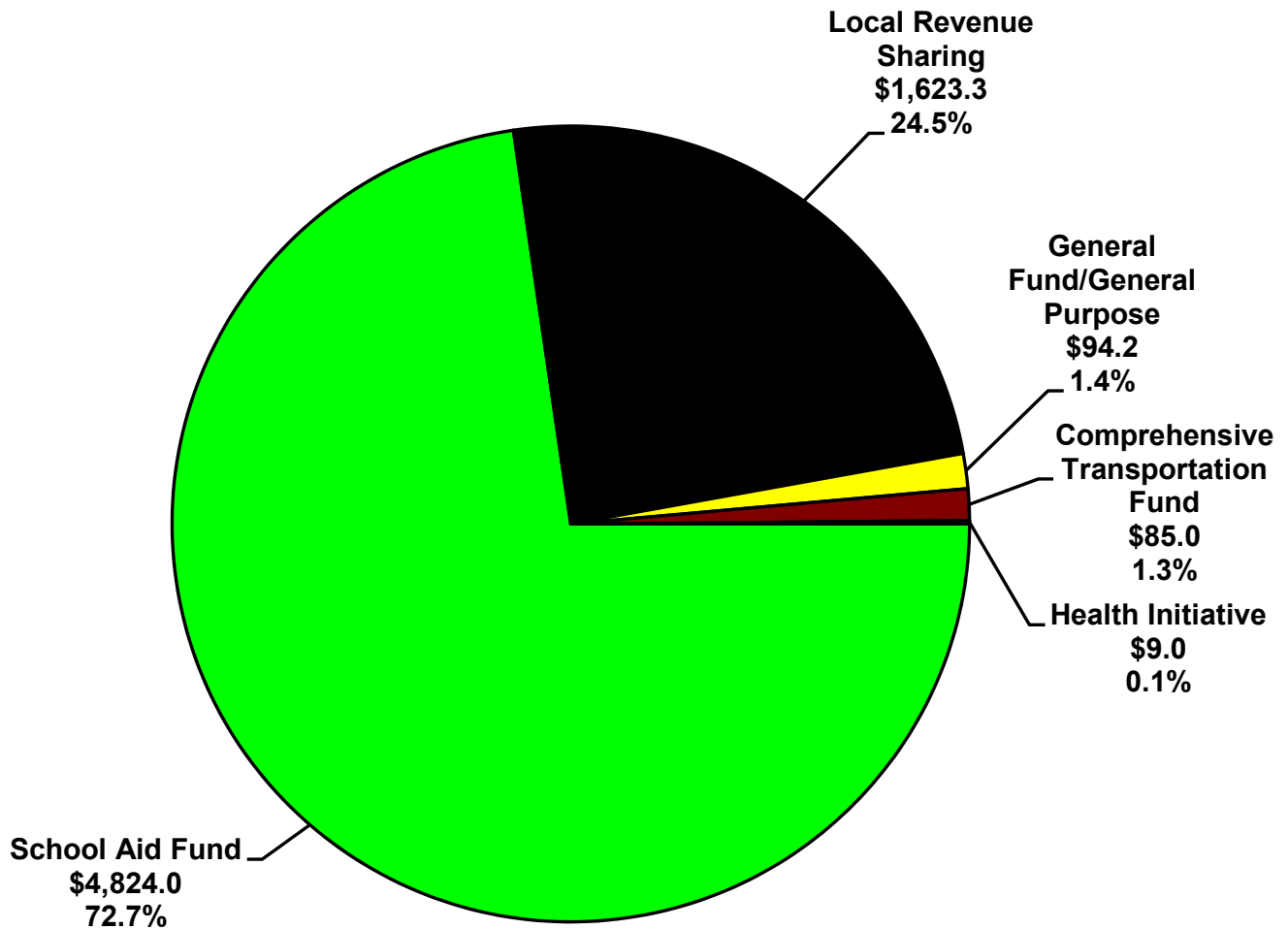
HEALTH INITIATIVE

Annual appropriation for AIDS and workplace health programs.

**STATE OF MICHIGAN
SALES TAX REVENUE
DISTRIBUTION
FY 2011-12**

TOTAL RESOURCES: \$6,635.5 MILLION

(Chart dollars in millions)





**Michigan
Business
Tax
Revenue
Distribution**

**FY 2010-11
and
FY 2011-12**

		<u>FY 2010-11</u>	<u>% of Total</u>	<u>FY 2011-12</u>	<u>% of Total</u>
MICHIGAN BUSINESS TAX REVENUE DISTRIBUTION	General Fund/General Purpose	\$1,320.8	64.1	\$604.5	100.0
	School Aid Fund	739.2	35.9	0.0	0.0
	TOTAL	<u>\$2,060.0</u>		<u>\$604.5</u>	
FY 2010-11 and FY 2011-12					
(MILLIONS OF DOLLARS)					

**GENERAL FUND/
GENERAL PURPOSE**

Receives the remainder of Michigan business tax revenue.

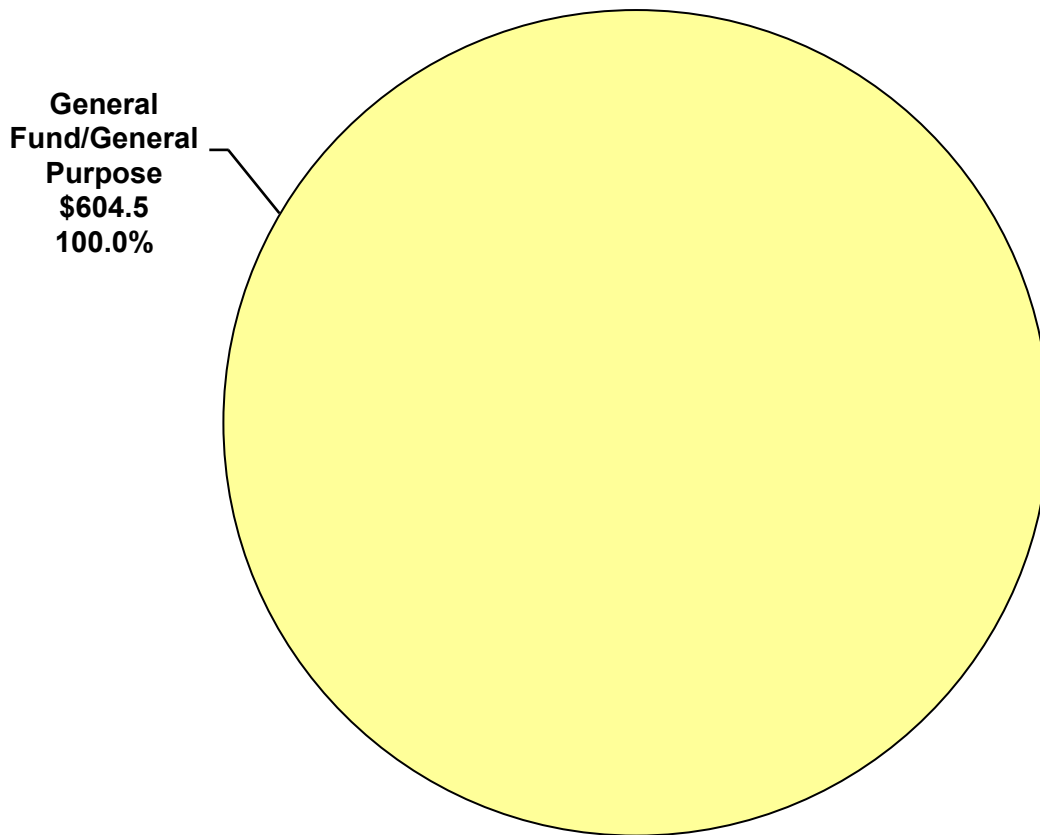
SCHOOL AID FUND

Receives \$739.2 million of Michigan business tax revenue in FY 2010-11. The MBT and the earmark to the SAF will be repealed and replaced with a corporate income tax effective January 1, 2012.

**STATE OF MICHIGAN
MICHIGAN BUSINESS TAX REVENUE
DISTRIBUTION
FY 2011-12**

TOTAL RESOURCES: \$604.5 MILLION

(Chart dollars in millions)





Tobacco Tax Revenue Distribution

**FY 2010-11
and
FY 2011-12**

		<u>FY 2010-11</u>	<u>% of Total</u>	<u>FY 2011-12</u>	<u>% of Total</u>
TOBACCO TAX REVENUE DISTRIBUTION	School Aid Fund	\$373.5	38.8	\$365.0	38.8
	Medicaid Trust Fund	334.3	34.8	327.4	34.8
	General Fund/General Purpose	193.6	20.1	189.1	20.1
	Healthy Michigan Fund	33.6	3.5	32.8	3.5
	Health and Safety Fund	21.9	2.3	21.3	2.3
	Wayne County	5.0	0.5	4.9	0.5
FY 2010-11 and FY 2011-12	TOTAL	\$961.9		\$940.5	

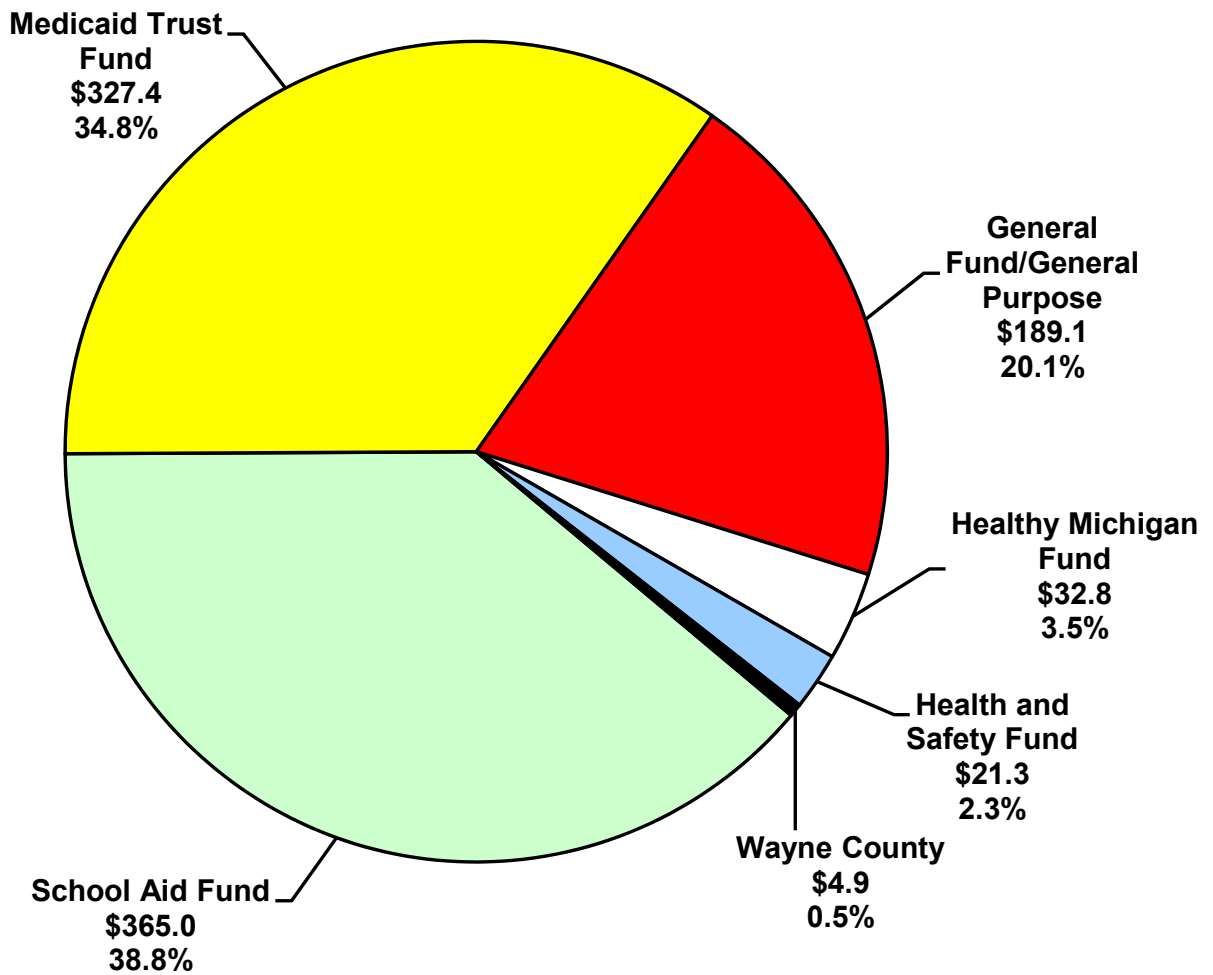
(MILLIONS OF DOLLARS)

SCHOOL AID FUND	Receives 41.6% of cigarette tax proceeds.
MEDICAID TRUST FUND	Receives 31.9% of the cigarette tax revenue and 75.0% of the other tobacco products tax revenue.
GENERAL FUND/ GENERAL PURPOSE	Receives 19.8% of the cigarette tax revenue and 25.0% of the other tobacco products tax revenue.
HEALTHY MICHIGAN FUND	Administered by the state for various health prevention programs. Receives 3.8% of the cigarette tax revenue.
HEALTH AND SAFETY FUND	Provides support for Medicaid indigent payments to Detroit hospitals, certain debt obligations for Wayne County, and local public health and criminal justice at the county level. Receives 2.4% of the cigarette tax.
WAYNE COUNTY	Receives 0.6% of the cigarette tax revenue to be used for indigent health care.

**STATE OF MICHIGAN
TOBACCO TAX REVENUE
DISTRIBUTION
FY 2011-12**

TOTAL RESOURCES: \$940.5 MILLION

(Chart dollars in millions)





Transportation Revenue Distribution

**FY 2010-11
and
FY 2011-12**

		<u>FY 2010-11</u>	<u>% of Total</u>	<u>FY 2011-12</u>	<u>% of Total</u>
TRANSPORTATION REVENUE DISTRIBUTION	Michigan Transportation Fund	\$3,042.4	88.6	\$2,937.4	86.8
	Comprehensive Transportation Fund	156.9	4.6	159.4	4.7
	State Trunkline Fund	83.0	2.4	147.7	4.4
	State Aeronautics Fund	132.0	3.8	119.8	3.5
	Blue Water Bridge Fund	20.8	0.6	21.3	0.6
	TOTAL	\$3,435.0		\$3,385.6	

**FY 2010-11
and
FY 2011-12**

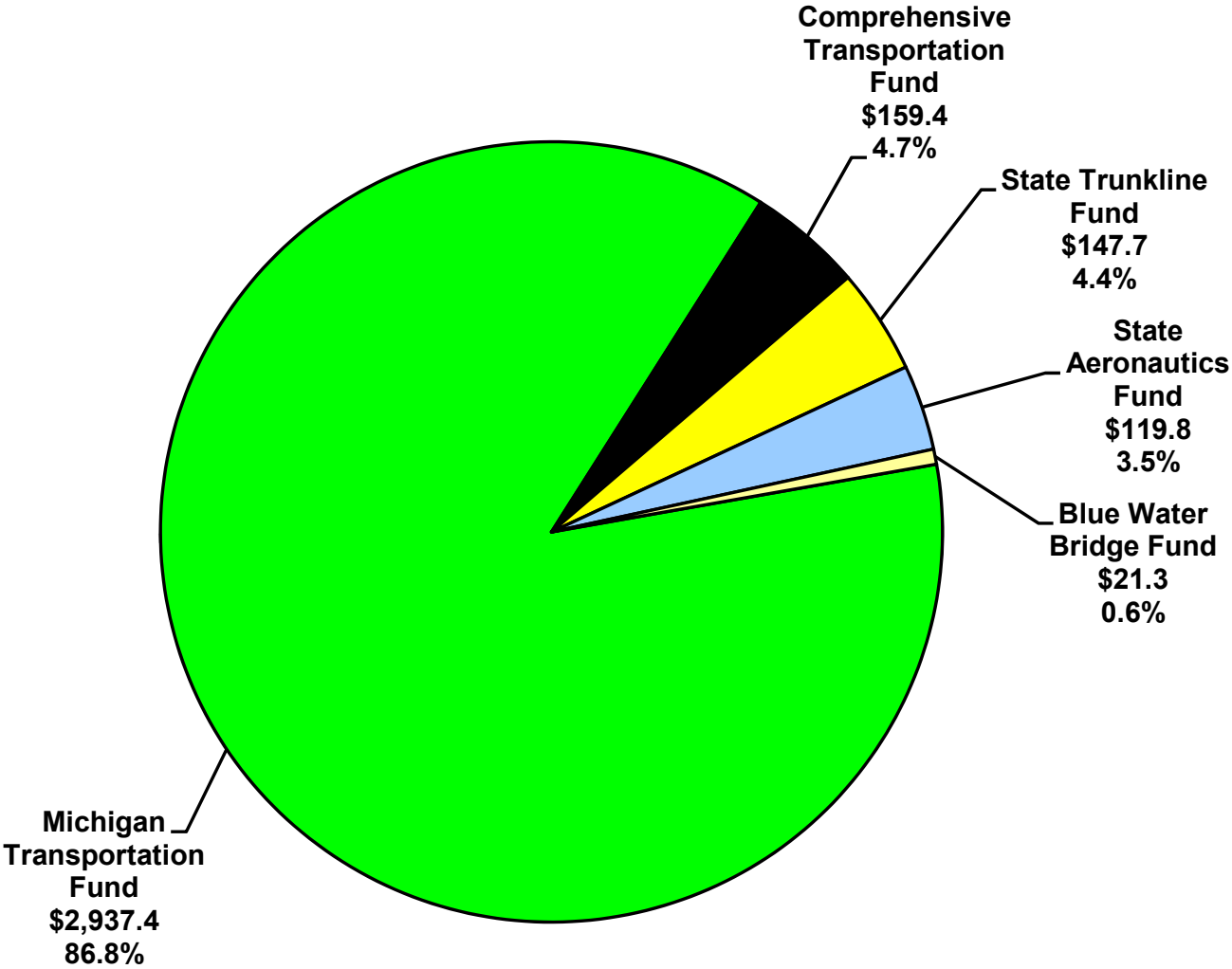
(MILLIONS OF DOLLARS)

MICHIGAN TRANSPORTATION FUND	Administered by Michigan Department of Transportation. Expenditures are made for highways including grants to county road commissions, cities, and villages for highway purposes, and other departments for collection and enforcement costs.
COMPREHENSIVE TRANSPORTATION FUND	Created to fund planning and development of public transportation systems. Provides funds for direct expenditures and financing for bus and rail services.
STATE TRUNKLINE FUND	Administered by Michigan Department of Transportation. Funds used for highway maintenance and construction, debt service, bridge construction, and administration costs.
STATE AERONAUTICS FUND	Funds for expenditures and transfers for administration and improvement of local airports.
BLUE WATER BRIDGE FUND	Subsidiary fund of State Trunkline Fund used by Michigan Department of Transportation for accounting purposes to identify funding used for debt service, loan repayments, and operating funds for the Blue Water Bridge.

**STATE OF MICHIGAN
TRANSPORTATION REVENUE
DISTRIBUTION
FY 2011-12**

TOTAL RESOURCES: \$3,385.6 MILLION

(Chart dollars in millions)





Use Tax Revenue Distribution

**FY 2010-11
and
FY 2011-12**

		<u>FY 2010-11</u>	<u>% of Total</u>	<u>FY 2011-12</u>	<u>% of Total</u>
		USE TAX REVENUE DISTRIBUTION	General Fund/General Purpose	\$769.1	66.7
	School Aid Fund	384.5	33.3	422.6	33.3
	TOTAL	\$1,153.6		\$1,267.9	

**FY 2010-11
and
FY 2011-12**

(MILLIONS OF DOLLARS)

**GENERAL FUND/
GENERAL PURPOSE**

Receives use tax revenue not dedicated for other purposes.

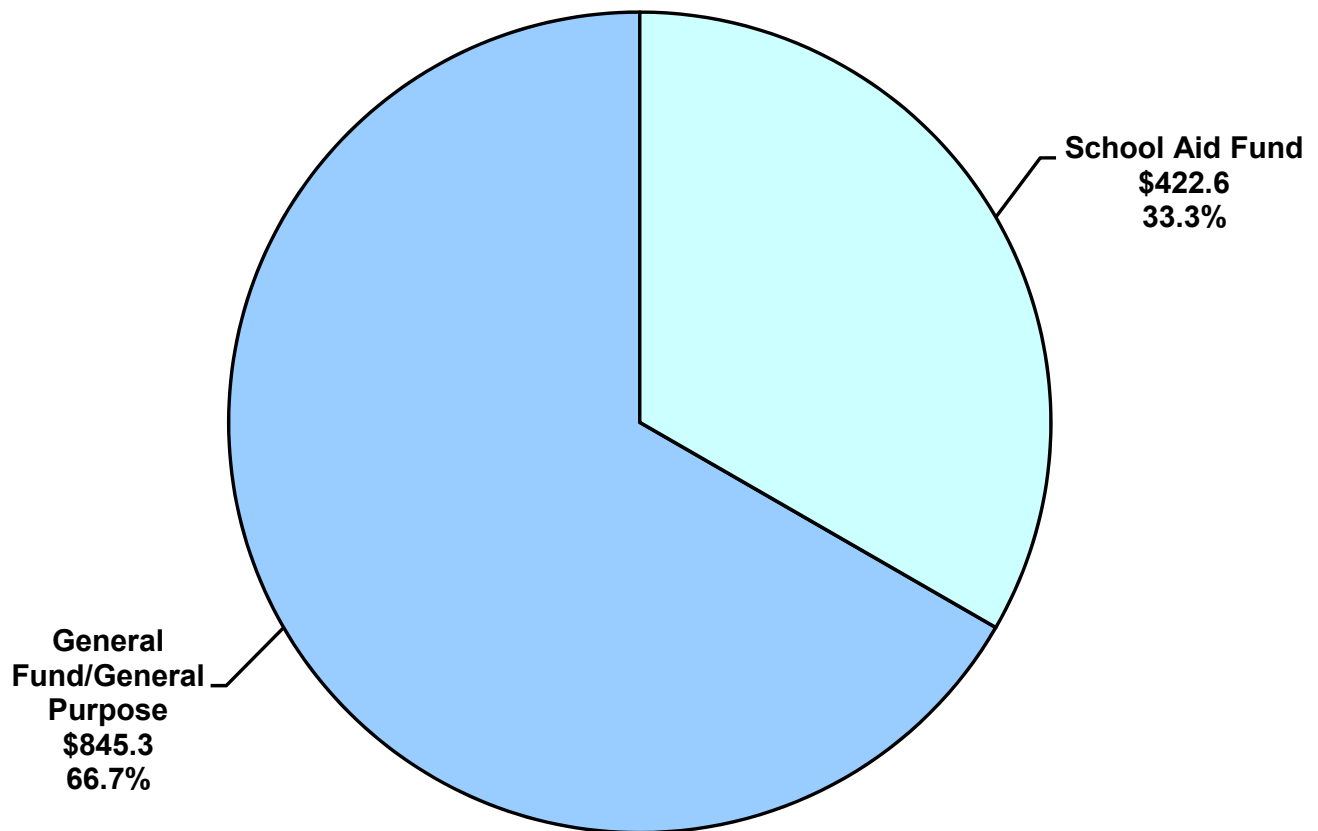
SCHOOL AID FUND

Receives 33.3% of use tax revenue.

**STATE OF MICHIGAN
USE TAX REVENUE
DISTRIBUTION
FY 2011-12**

TOTAL RESOURCES: \$1,267.9 MILLION

(Chart dollars in millions)





**STATE
AND LOCAL
TAX
INFORMATION**

BUSINESS PRIVILEGE TAXESFY 2010-11
Estimated Collections**ACCOMMODATIONS (HOTEL/MOTEL)** **\$32,300,000****ENACTED:** 1974 PA 263, 1985 PA 106**DISPOSITION:** General Fund Restricted and Convention Facilities Development Fund**BASE:** Amount charged transient guests for lodging in any hotel/motel in counties with population over 600,000; amount charged transient guests for lodging in a hotel/motel with over 80 rooms**RATE:** Variable; up to 6% of amount transient guests pay for lodging**AIRPORT PARKING EXCISE** **\$20,000,000****ENACTED:** 1987 PA 248**DISPOSITION:** Airport Parking Fund**BASE:** Amount charged for parking**RATE:** 27% of amount charged for public parking at a "regional" airport**CASINO WAGERING** **State portion
\$114,000,000****ENACTED:** Voter-initiated law of 1996**DISPOSITION:** State portion—8.1%; 100% School Aid Fund
City of Detroit—10.9%**BASE:** Adjusted gross receipts received by gaming licensee**RATE:** 19% for permanent casinos: State portion—42.6% of 19% (8.1% of adjusted gross receipts); City of Detroit portion—57.4% (10.9% of adjusted gross receipts)*NOTE: In addition to the casino wagering tax, each casino annually pays \$8.33 million (indexed to inflation) to the State Services Fee Fund. The City of Detroit also levies a municipal services fee, which is the greater of 1.25% of adjusted gross receipts or \$4.0 million per casino.***CORPORATE ORGANIZATION** **\$20,000,000****ENACTED:** 1972 PA 284**DISPOSITION:** General Fund; Restricted**BASE:** Domestic—authorized capital stock; Foreign—capital stock attributable to Michigan**RATE:** Domestic—\$50 for first 60,000 shares, plus \$30 for each additional 20,000 shares;
Foreign—\$50 for shares attributable to Michigan, plus \$30 for each additional 20,000 shares**FOREIGN INSURANCE COMPANY RETALIATORY** **\$265,500,000****ENACTED:** 1956 PA 218**DISPOSITION:** General Fund/General Purpose**BASE:** Gross premiums of out-of-state insurance companies**RATE:** Effective rate of 1.25%; Foreign insurance at single business tax equivalent or amount equal to foreign imposed costs—whichever is higher**OIL AND GAS SEVERANCE** **\$67,000,000****ENACTED:** 1929 PA 48**DISPOSITION:** General Fund/General Purpose**BASE:** Gross cash market value of oil and gas severed**RATE:** Oil at 6.6%; Gas at 5%; Stripper wells and/or marginal properties at 4%

BUSINESS PRIVILEGE TAXESFY 2010-11
Estimated Collections

<u>SIMULCAST WAGERING</u>	\$5,100,000
ENACTED: 1995 PA 279	
DISPOSITION: Agriculture Equine Industry Development Fund	
BASE: Amounts wagered on interstate and inter-track simulcast horse races	
RATE: 3.5%	
<u>MICHIGAN BUSINESS</u>	\$2,060,000,000
ENACTED: 2007 PA 36	
DISPOSITION: School Aid Fund = \$739.2 Million, Balance to General Fund/General Purpose	
BASE: Business income and gross receipts less purchases from other firms	
RATE: 4.95% on business income and 0.80% on gross receipts less purchases from other firms	
<u>UNEMPLOYMENT COMPENSATION</u>	\$1,500,000,000
ENACTED: 1936 PA 1 (Extra Session)	
DISPOSITION: Bureau of Worker's and Unemployment Compensation	
BASE: Wages paid per covered employee up to \$9,000 limit, or wages equal to federal unemployment tax base—whichever is higher	
RATE: Variable	

INCOME TAXESFY 2010-11
Estimated Collections

<u>PERSONAL INCOME</u>	Gross = \$8,483,700,000 Net of Refunds = \$6,248,000,000
ENACTED: 1967 PA 281	
DISPOSITION: General Fund/General Purpose 23.3% of gross revenue to schools	
BASE: Federal adjusted gross income of individuals, estates, and trusts, with adjustments	
RATE: 4.35%; beginning January 1, 2013, reduced to 4.25%	
<u>UNIFORM CITY INCOME</u>	\$425,000,000
ENACTED: 1964 PA 284	
DISPOSITION: General Fund of city	
BASE: Income of city residents and income earned in city	
RATE: Maximum 1% of income for residents and corporations; Maximum 0.5% income for non-residents (2.5% resident; 1.25% non-resident in Detroit; 1.0% on corporations; Highland Park, Grand Rapids, and Saginaw may levy 2.0% resident, 1.0% non-resident)	

CONSUMPTION TAXESFY 2010-11
Estimated Collections

<u>BEER</u>	\$41,300,000
ENACTED: 1998 PA 58	
DISPOSITION: General Fund/General Purpose	
BASE: Beer manufactured or sold in Michigan	
RATE: \$6.30 per barrel (\$2 per barrel credit for small brewers)	
<u>LIQUOR</u>	\$134,300,000
ENACTED: 1998 PA 58	
DISPOSITION: 4% specific—General Fund/General Purpose; 4% excise—School Aid Fund; 4% specific—Convention Facility Development Fund; 1.85% specific—Liquor Purchase Revolving Fund	
BASE: Retail selling of spirits	
RATE: On-premise consumption at 12%; Off-premise consumption at 13.85%	
<u>SALES</u>	\$6,498,600,000
ENACTED: 1933 PA 167	
DISPOSITION: 24.2% local revenue sharing (subject to appropriation); 73.3% School Aid Fund; 1.0% Comprehensive Transportation Fund; Remainder to General Fund/General Purpose	
BASE: Gross proceeds from retail sale of tangible personal property for use or consumption	
RATE: 6%; 4% for electricity, natural gas, and home heating fuel	
<u>TOBACCO PRODUCTS</u>	\$961,000,000
ENACTED: 1993 PA 327	
DISPOSITION: From cigarettes—41.6% School Aid Fund, 19.8% General Fund/General Purpose, 3.8% Healthy Michigan Fund, 2.4% Health and Safety Fund, 31.9% Medicaid Trust Fund, 0.6% Wayne County; From other—75% Medicaid Trust Fund, 25% General Fund/General Purpose	
BASE: Tobacco products sold in Michigan	
RATE: Cigarettes at \$2.00 per pack; Other at 32% of wholesale price	
<u>UNIFORM CITY UTILITY USERS</u>	\$55,000,000
ENACTED: 1990 PA 100	
DISPOSITION: To hire police officers	
BASE: Privilege of consuming public telephone, electric, steam, or gas service in Detroit	
RATE: Between 1/4 of 1% and 5%	
<u>USE</u>	\$1,149,000,000
ENACTED: 1937 PA 94	
DISPOSITION: 66.7% General Fund/General Purpose; 33.3% School Aid Fund	
BASE: Purchase price of tangible personal property and certain services	
RATE: 6%; 4% for electricity, natural gas, and home heating fuel	
<u>WINE</u>	\$10,700,000
ENACTED: 1998 PA 58	
DISPOSITION: General Fund/General Purpose	
BASE: Wine sold in Michigan	
RATE: Per liter—\$0.135 if ≤16% alcohol; \$0.20 if >16% alcohol; mixed spirit drinks \$0.48	

PROPERTY TAXES

**FY 2010-11
Estimated Collections**

<u>COMMERCIAL FOREST</u>	\$3,100,000
ENACTED: 1995 PA 57	
DISPOSITION: To local units in same proportion as general property tax; school portion to School Aid Fund	
BASE: Lands placed in commercial forest reserve and cash value of timber thereon	
RATE: Specific—\$1.10 per acre (\$1.20 per acre to local units); Withdrawal—\$1.00 per acre fee plus per acre penalty based on ad valorem taxes (varies)	
<u>COUNTY REAL ESTATE TRANSFER</u>	\$18,330,000
ENACTED: 1966 PA 134	
DISPOSITION: General Fund of county in which tax is collected	
BASE: Fair market value of property transferred	
RATE: \$0.55 per \$500 (0.11%); Wayne County may impose a higher rate with voter approval	
<u>GENERAL PROPERTY</u>	\$13,000,000,000
ENACTED: 1893 PA 206	
DISPOSITION: As locally determined	
BASE: Real and personal property not otherwise exempted	
RATE: Varies by local unit (requires voter approval)	
<u>INDUSTRIAL FACILITIES</u>	\$43,000,000
ENACTED: 1974 PA 198	
DISPOSITION: To local units in same proportion as general property tax; school portion to School Aid Fund	
BASE: Restored/replacement facility—taxable value, excluding land and inventory in year prior to exemption; New facility—current taxable value, excluding land and inventory	
RATE: Restored facility—same as local property tax; New or replacement facility—50% of all taxes other than the state 6-mill education tax plus 100% of the state 6-mill education tax	
<u>LOW GRADE IRON ORE SPECIFIC</u>	\$5,900,000
ENACTED: 1951 PA 77	
DISPOSITION: To local units in same proportion as general property tax; school portion to School Aid Fund	
BASE: Rated annual capacity of production and treatment plant, and gross ton value of ore	
RATE: 1.1% at full production	
<u>MOBILE HOME TRAILER COACH</u>	\$6,000,000
ENACTED: 1959 PA 243	
DISPOSITION: School Aid Fund—\$2 per coach; Counties and municipalities—\$0.50 per coach	
BASE: Occupied trailer coaches in licensed trailer coach parks	
RATE: \$3 per month per coach	

PROPERTY TAXES

FY 2010-11
Estimated Collections

<p><u>NEIGHBORHOOD ENTERPRISE ZONE FACILITIES</u></p> <p>ENACTED: 1992 PA 147</p> <p>DISPOSITION: To local units in same proportion as general property tax; school portion to School Aid Fund</p> <p>BASE: Rehabilitated facility—state equalized value in prior year of exemption, excluding land; New facility—state equalized value, excluding land</p> <p>RATE: Homesteads—50% of average rate of other homestead or qualified agricultural property; Non-homesteads—50% of average rate of other commercial, industrial, and utility property</p>	<p>Included in industrial facilities</p>
<p><u>PRIVATE FOREST</u></p> <p>ENACTED: 1995 PA 57</p> <p>DISPOSITION: To local units in same proportion as general property tax; school portion to School Aid Fund</p> <p>BASE: Lands placed in private forest reserve and cash value of timber thereon (40-acre maximum)</p> <p>RATE: Specific—\$1.00 per acre; Stumpage—5% of value of timber cut; Withdrawal—5% of value of timber on the stump</p>	<p>\$200,000</p>
<p><u>STATE 6-MILL EDUCATION</u></p> <p>ENACTED: 1993 PA 331</p> <p>DISPOSITION: School Aid Fund</p> <p>BASE: Taxable value of all real and personal property (increase capped at the lesser of 5% or inflation)</p> <p>RATE: 6 mills</p>	<p>\$1,852,000,000</p>
<p><u>STATE REAL ESTATE TRANSFER</u></p> <p>ENACTED: 1993 PA 330</p> <p>DISPOSITION: School Aid Fund</p> <p>BASE: Fair market value of property transferred</p> <p>RATE: \$3.75 per \$500 (0.75%) or fraction thereof of total value</p>	<p>\$125,000,000</p>
<p><u>TECHNOLOGY PARK FACILITIES</u></p> <p>ENACTED: 1984 PA 385</p> <p>DISPOSITION: To local units in same proportion as general property tax; school portion to School Aid Fund</p> <p>BASE: SEV of facility, excluding land</p> <p>RATE: New facility—50% of 1993 school operating taxes, plus 50% of other property taxes, except state 6-mill education tax</p>	<p>Included in industrial facilities</p>
<p><u>UTILITY PROPERTY</u></p> <p>ENACTED: 1905 PA 282</p> <p>DISPOSITION: General Fund/General Purpose</p> <p>BASE: Taxable value of all property of telephone, telegraph, railroad, car loaning, sleeping car, and express car companies (certain exemptions for railroads)</p> <p>RATE: Average statewide general property tax paid by other business property in preceding calendar year</p>	<p>\$61,000,000</p>

TRANSPORTATION TAXES

FY 2010-11
Estimated Collections

<u>AIRCRAFT WEIGHT</u>	\$320,000
<p>ENACTED: 1945 PA 327</p> <p>DISPOSITION: Aeronautics Fund</p> <p>BASE: The greater of maximum gross weight or maximum takeoff weight</p> <p>RATE: \$0.01 per pound</p>	
<u>AVIATION GASOLINE</u>	\$5,500,000
<p>ENACTED: 1945 PA 327</p> <p>DISPOSITION: Aeronautics Fund</p> <p>BASE: Fuel sold or used for propelling aircraft</p> <p>RATE: \$0.03 per gallon; \$0.015 per gallon refund to interstate airline operators</p>	
<u>DIESEL FUEL</u>	\$101,000,000
<p>ENACTED: 1951 PA 54</p> <p>DISPOSITION: Michigan Transportation Fund</p> <p>BASE: Diesel fuel sold or used in vehicles operated on public highways (certain exemptions apply)</p> <p>RATE: \$0.15 per gallon</p>	
<u>GASOLINE</u>	\$839,000,000
<p>ENACTED: 1927 PA 150</p> <p>DISPOSITION: Michigan Transportation Fund</p> <p>BASE: Gasoline sold or used in operating vehicles on public highways</p> <p>RATE: \$0.19 per gallon</p>	
<u>LIQUEFIED PETROLEUM GAS</u>	\$350,000
<p>ENACTED: 1953 PA 147</p> <p>DISPOSITION: Michigan Transportation Fund</p> <p>BASE: Liquefied petroleum gas sold or used in operating vehicles on public highways</p> <p>RATE: \$0.15 per gallon</p>	
<u>MARINE VESSEL FUEL</u>	\$400,000
<p>ENACTED: 1947 PA 320</p> <p>DISPOSITION: Recreation Improvement Fund</p> <p>BASE: Gas and diesel fuel sold for propelling watercraft, off-road vehicles, and snowmobiles</p> <p>RATE: \$0.19 per gallon with refund for certain vessels</p>	
<u>MOTOR CARRIER FUEL</u>	\$21,000,000
<p>ENACTED: 1980 PA 119</p> <p>DISPOSITION: Michigan Transportation Fund</p> <p>BASE: Motor fuel consumed in commercial motor vehicle while operating on public highways</p> <p>RATE: \$0.15 per gallon for fuel consumed in Michigan</p>	

TRANSPORTATION TAXES

FY 2010-11
Estimated Collections

<u>MOTOR VEHICLE REGISTRATION</u>	\$845,000,000
ENACTED: 1949 PA 300	
DISPOSITION: Michigan Transportation Fund and Scrap Tire Regulation Fund	
BASE: Weight of vehicle, or type or price of vehicle; maximum loaded weight for large trucks	
RATE: Varies	
<u>WATERCRAFT REGISTRATION</u>	\$9,500,000
ENACTED: 1995 PA 58	
DISPOSITION: 17.5% State Waterways Fund; 33.5% Harbor Development Fund; 49% Marine Safety Fund	
BASE: Length of boat (certain exemptions apply)	
RATE: \$14 to \$448 (depending on length of boat); three-year registration period	



**STATE
REVENUE
DEDICATION**

FY 2010-11 STATE REVENUE DEDICATION

BUSINESS PRIVILEGE TAXES

SIMULCAST WAGERING

<u>Disposition</u>	<u>Authority</u>
100% Agriculture Equine Industry Development Fund	Statute

AIRPORT PARKING EXCISE

<u>Disposition</u>	<u>Authority</u>
100% Airport Parking Fund	Constitution and Statute

CASINO WAGERING

<u>Disposition</u>	<u>Authority</u>
100% School Aid Fund	Statute

MICHIGAN BUSINESS

<u>Disposition</u>	<u>Authority</u>
\$729.0 million School Aid Fund indexed to inflation Remainder General Fund/General Purpose	Statute

INCOME TAX AND LOTTERY PROCEEDS

GROSS INCOME TAX COLLECTIONS

<u>Disposition</u>	<u>Authority</u>
23% School Aid Fund	Statute

NET LOTTERY PROCEEDS

<u>Disposition</u>	<u>Authority</u>
100% School Aid Fund	Statute

CONSUMPTION TAXES

LIQUOR EXCISE (at 4% Rate)

<u>Disposition</u>	<u>Authority</u>
100% School Aid Fund	Statute

GENERAL SALES*

<u>Disposition</u>	<u>Authority</u>
Not more than 25% for transportation purposes <i>*Imposed directly or indirectly on fuels sold to propel motor vehicles on highways, sales of motor vehicles, and sale of the parts and accessories of motor vehicles</i>	Constitution

LIQUOR SPECIFIC (at 1.85% Rate)

<u>Disposition</u>	<u>Authority</u>
100% Liquor Purchase Revolving Fund	Statute

SALES (at 2% Rate)

<u>Disposition</u>	<u>Authority</u>
100% School Aid Fund	Constitution

LIQUOR SPECIFIC (at 4% Rate)

<u>Disposition</u>	<u>Authority</u>
100% Convention Facility Development Fund	Statute

SALES (at 4% Rate)

<u>Disposition</u>	<u>Authority</u>
60% School Aid Fund 15% Revenue sharing to cities, villages, and townships on a population basis	Constitution

FY 2010-11 STATE REVENUE DEDICATION

CONSUMPTION TAXES

TOBACCO PRODUCTS (Cigarette)

Disposition

41.6% School Aid Fund
 31.9% Medicaid Trust Fund
 19.8% General Fund/General Purpose
 3.8% Healthy Michigan Fund
 2.4% Health and Safety Fund
 0.6% Wayne County

Authority

Constitution
 and Statute

SALES (amount equal to sales at 4% Rate)

Disposition

21.3% Revenue sharing to counties,
 cities, villages, and townships

Authority

Statute

TOBACCO PRODUCTS (other than Cigarette)

Disposition

75% Medicaid Trust Fund
 25% General Fund/General Purpose

Authority

Constitution
 and Statute

USE (at 2% Rate)

Disposition

100% School Aid Fund

Authority

Constitution

PROPERTY TAXES

COMMERCIAL FOREST

Disposition

School district share to School Aid
 Fund

Authority

Statute

PRIVATE FOREST

Disposition

School district share to School Aid
 Fund

Authority

Statute

INDUSTRIAL FACILITIES

Disposition

School district share to School Aid
 Fund

Authority

Statute

STATE 6-MILL EDUCATION

Disposition

100% School Aid Fund

Authority

Statute

LOW GRADE IRON ORE SPECIFIC

Disposition

School district share to School Aid
 Fund

Authority

Statute

STATE REAL ESTATE TRANSFER

Disposition

100% School Aid Fund

Authority

Statute

MOBILE HOME TRAILER COACH

Disposition

67% School Aid Fund

Authority

Statute

TECHNOLOGY PARK FACILITIES

Disposition

School district share to School Aid
 Fund

Authority

Statute

NEIGHBORHOOD ENTERPRISE ZONE FACILITIES

Disposition

School district share to School Aid
 Fund

Authority

Statute

FY 2010-11 STATE REVENUE DEDICATION

TRANSPORTATION TAXES

AIRCRAFT WEIGHT

<u>Disposition</u>	<u>Authority</u>
100% Aeronautics Fund	Statute

MARINE VESSEL FUEL

<u>Disposition</u>	<u>Authority</u>
Recreation Improvement Fund	Statute

AVIATION GASOLINE

<u>Disposition</u>	<u>Authority</u>
100% Aeronautics Fund	Statute

MOTOR FUEL SPECIFIC

<u>Disposition</u>	<u>Authority</u>
Transportation purposes	Constitution

DIESEL FUEL

<u>Disposition</u>	<u>Authority</u>
100% Michigan Transportation Fund	Statute

MOTOR CARRIER FUEL

<u>Disposition</u>	<u>Authority</u>
100% Michigan Transportation Fund	Statute

GASOLINE

<u>Disposition</u>	<u>Authority</u>
100% Michigan Transportation Fund	Statute

MOTOR VEHICLE REGISTRATION

<u>Disposition</u>	<u>Authority</u>
100% Michigan Transportation Fund	Statute
Certain fees to Scrap Tire Regulation Fund	

LIQUEFIED PETROLEUM GAS

<u>Disposition</u>	<u>Authority</u>
100% Michigan Transportation Fund	Statute

WATERCRAFT REGISTRATION

<u>Disposition</u>	<u>Authority</u>
17.5% State Waterways Fund	Statute
33.5% Harbor Development Fund	
49% Marine Safety Fund	

Note: Revenue not constitutionally or statutorily earmarked (dedicated) is General Fund/General Purpose.



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