STATE OF MICHIGAN **REVENUE**

SOURCE and DISTRIBUTION



Mitchell E. Bean, Director

March 2003

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P.O. BOX 30014 LANSING, MICHIGAN 48909-7514 PHONE: (517)373-8080 FAX: (517)373-5874 www.house.mi.gov/hfa MARC SHULMAN, CHAIR RICK JOHNSON RANDY RICHARDVILLE GRETCHEN WHITMER, VC DIANNE BYRUM MARY WATERS

March 2003

TO: Members of the House of Representatives

This report provides information on the source and distribution of revenues for the State of Michigan and comparisons of projected FY 2002-03 revenues with estimated FY 2003-04 revenues. Estimates in this report are based upon those agreed to at the Consensus Revenue Estimating Conference on January 14, 2003.

Fiscal impacts of the Executive-proposed changes are not included in this report.

This publication includes FY 2002-03 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. Report graphics and format were produced by Jeanne Dee, Administrative Assistant.

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

Mitchell E. Bean Director

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SOURCES OF REVENUE



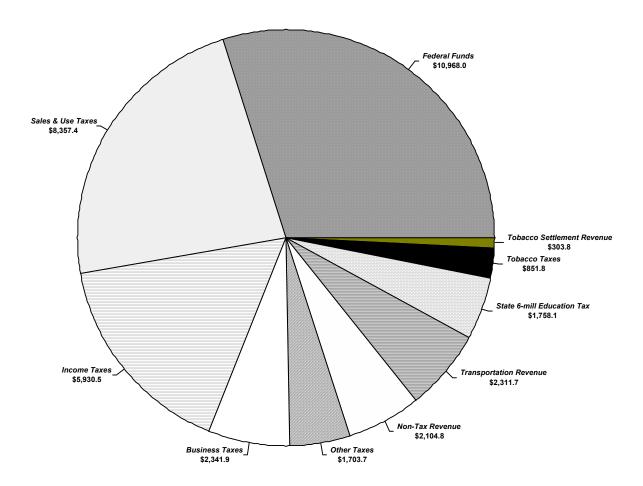
Overview of State Revenue by Source

STATE FEDERAL FUNDS \$11,125.5 30.1% \$10,968.0 29.9 REVENUE SALES AND USE TAXES 7,939.3 21.5% 8,357.4 22.8	OF AL
	%
	%
BY INCOME TAXES 5,863.1 15.8% 5,930.5 16.2	%
SOURCE 07100000000000000000000000000000000000	%
FY 2002-03 NON-TAX REVENUE 2,440.1 6.6% 2,104.8 5.7	%
and BUSINESS TAXES 2,196.4 5.9% 2,341.9 6.4	%
FY 2003-04 TRANSPORTATION REVENUE 2,247.5 6.1% 2,311.7 6.3	%
MILLIONS STATE 6-MILL EDUCATION TAX 2,111.2 5.7% 1,758.1 4.8	%
OF TOBACCO TAXES 867.9 2.3% 851.8 2.3	%
DOLLARS)TOBACCO SETTLEMENT REVENUE329.60.9%303.80.8	%
TOTAL \$37,006.7 \$36,631.7	

DEFINITIONS ANI	D OTHER NOTES
FEDERAL FUNDS	Total federal funds used in the state budget.
SALES AND 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. Tax rate is currently 4.0%. Beginning January 1, 2002, the rate is reduced 0.1% per year until it reaches 3.9% on January 1, 2004.
NON-TAX REVENUE	Includes revenue from local agencies, state-provided services, licenses, permits not related to transportation, Budget Stabilization Fund (BSF) transfers to the School Aid Fund (SAF), and lottery transfers to the SAF.
BUSINESS TAXES	Includes single business tax and insurance company tax. At the end of FY 2001-02, the BSF balance fell below \$250 million, which paused the SBT 0.1% reduction. In calendar year 2003, the single business tax rate will be 1.9% of adjusted tax base for most firms
TRANSPORTATION REVENUE	Includes gas, diesel fuel, and aviation fuel taxes; fees; and other transportation revenue. Excludes federal aid and sales tax transportation revenue.
OTHER TAXES	Includes liquor, beer, wine, gas and oil severance, and estate taxes.
STATE PROPERTY TAXES	A 6-mill tax (State Education Tax) levied on all property and a 0.75% tax on the transfer of real estate property; 100% dedicated to the School Aid Fund (SAF).
TOBACCO TAXES	The cigarette tax is \$1.25 per pack and the tax on other tobacco products is 20% .
TOBACCO SETTLEMENT	Revenue to the state resulting from settlement with the tobacco companies.

STATE OF MICHIGAN TOTAL REVENUE BY SOURCE FY 2003-04

TOTAL RESOURCES: \$36,631.7 MILLION (Chart dollars in millions)





General Fund/ General Purpose Revenue by Source

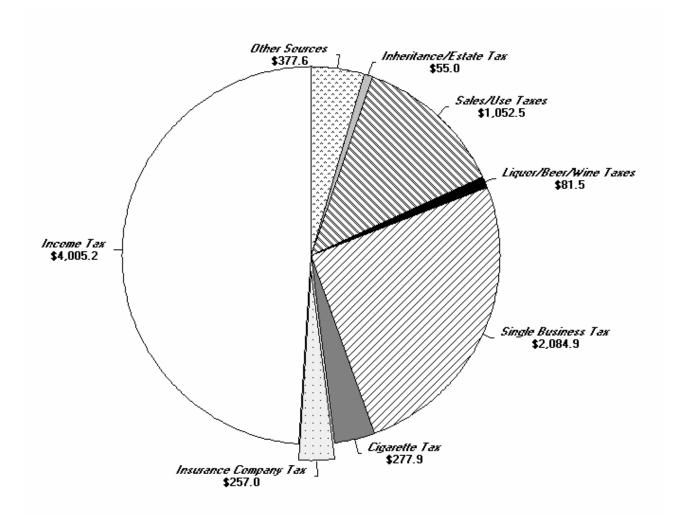
GENERAL FUND/		<u>FY 2002-03</u>	% OF <u>TOTAL</u>	<u>FY 2003-04</u>	% OF <u>TOTAL</u>
GENERAL	INCOME TAX	\$4,012.2	49.6%	\$4,005.2	48.9%
PURPOSE	SINGLE BUSINESS TAX	1,951.4	24.1%	2,084.9	25.5%
REVENUE	SALES AND USE TAXES	985.4	12.2%	1,052.5	12.8%
BY	OTHER SOURCES	446.0	5.5%	377.6	4.6%
SOURCE	INSURANCE COMPANY TAX	245.0	3.0%	257.0	3.1%
FY 2002-03	CIGARETTE TAX	283.3	3.5%	277.9	3.4%
and	INHERITANCE/ESTATE TAX	79.5	1.0%	55.0	0.7%
FY 2003-04	LIQUOR, BEER AND WINE TAXES	<u>81.0</u>	1.0%	<u>81.5</u>	1.0%
(MILLIONS OF DOLLARS)	TOTAL	\$8,083.8		\$8,191.6	

DEFINITIONS AND OTHER NOTES

INCOME TAXES	The GF/GP receives income tax revenue not allocated to the School Aid Fund. On January 1, 2003, the rate was reduced to 4.0% . Beginning January 1, 2002, the rate is being reduced 0.1% per year until it is reduced to 3.9% on January 1, 2004.
SINGLE BUSINESS TAX	The GF/GP receives 100% of single business tax revenue. At the end of FY 2001-02, the BSF balance fell below \$250 million, which paused the SBT 0.1% reduction. On January 1, 2003, the rate was reduced to 1.9% of adjusted tax base for most firms.
SALES TAX	The GF/GP receives sales tax revenue not allocated to local units of government for revenue sharing, the School Aid Fund, the Comprehensive Transportation Fund, or public health programs. Tax rate is currently 6%.
USE TAX	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%; GF/GP receives 66.7% of total and School Aid Fund receives 33.3% of total.
OTHER SOURCES	Includes taxes on gas and oil severance, utility property, corporate income, and horse race wagering; certain penalty and interest payments; federal funds; and balance sheet adjustments; does not include the beginning balance.

STATE OF MICHIGAN GENERAL FUND/GENERAL PURPOSE REVENUE BY SOURCE FY 2003-04

TOTAL RESOURCES: \$8,191.6 MILLION (Chart dollars in millions)



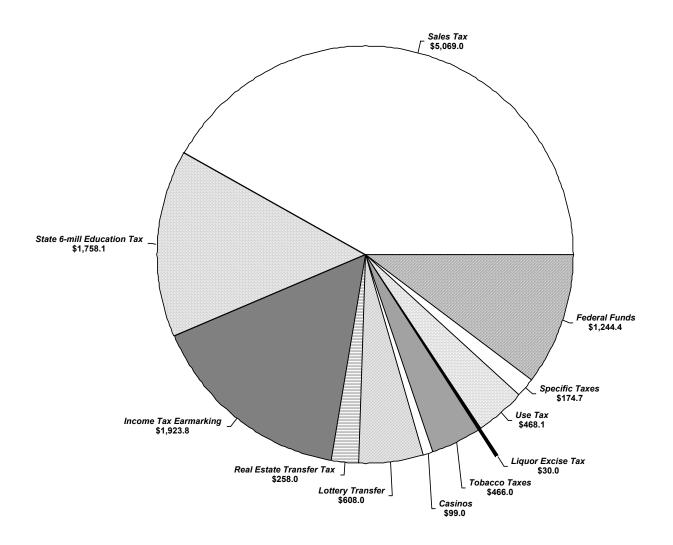
Michigan School Aid Fund Revenue by Source

MICHIGAN SCHOOL		<u>FY 2002-03</u>	% OF <u>TOTAL</u>	<u>FY 2003-04</u>	% OF <u>TOTAL</u>
AID	SALES TAX	\$4,814.4	39.8%	\$5,069.0	41.9%
FUND	INCOME TAX EARMARKING	1,849.4	15.3%	1,923.8	15.9%
REVENUE BY	STATE 6-MILL EDUCATION TAX	2,111.2	17.4%	1,758.1	14.5%
SOURCE	LOTTERY TRANSFER	613.0	5.1%	608.0	5.0%
	USE TAX	445.1	3.7%	468.1	3.9%
FY 2002-03	BSF TRANSFER	32.0	0.3%	0.0	0.0%
and	TOBACCO TAXES	474.8	3.9%	466.0	3.9%
FY 2003-04	REAL ESTATE TRANSFER TAX	253.0	2.1%	258.0	2.1%
	FEDERAL FUNDS	1,219.8	10.1%	1,244.4	10.3%
(MILLIONS OF	SPECIFIC TAXES	170.7	1.4%	174.7	1.4%
DOLLARS)	CASINOS	96.0	0.8%	99.0	0.8%
	LIQUOR EXCISE TAX	30.0	0.2%	30.0	0.2%
	LOCAL REVENUE	<u>0.7</u>	0.0%	<u>0.0</u>	0.0%
	TOTAL	\$12,110.1		\$12,099.1	

DEFINITIONS AND	OTHER NOTES
SALES TAX	The SAF receives 73.3% of gross sales tax revenue. Tax rate is currently 6%.
INCOME TAX EARMARKING	The SAF receives 23% of gross income tax revenue with adjustments for rate changes.
STATE 6-MILL EDUCATION TAX	A 6-mill tax levied on all property; 100% dedicated to the School Aid Fund (SAF).
LOTTERY TRANSFER	The SAF receives the net revenue from lottery sales.
USE TAX	The SAF receives 33% of gross use tax revenue. Tax rate is currently 6%.
TOBACCO TAXES	The SAF receives 54.2% of cigarette tax revenue and 75.6% of other tobacco tax revenue.
REAL ESTATE TRANSFER TAX	The SAF receives 100% of the real estate transfer tax. Tax rate is 0.75% of the sale price of real estate.
SPECIFIC TAXES	Includes industrial and commercial facilities tax and commercial forest tax.
CASINOS	The SAF receives 8.1% of the gross gaming revenue.
BUDGET STABILIZATION FUND (BSF) TRANSFER	BSF transfer in accordance with the Durant settlement, 1997 PA 144 and 2002 PA 504.

STATE OF MICHIGAN SCHOOL AID FUND REVENUE BY SOURCE FY 2003-04

TOTAL RESOURCES: \$12,099.1 MILLION (Chart dollars in millions)

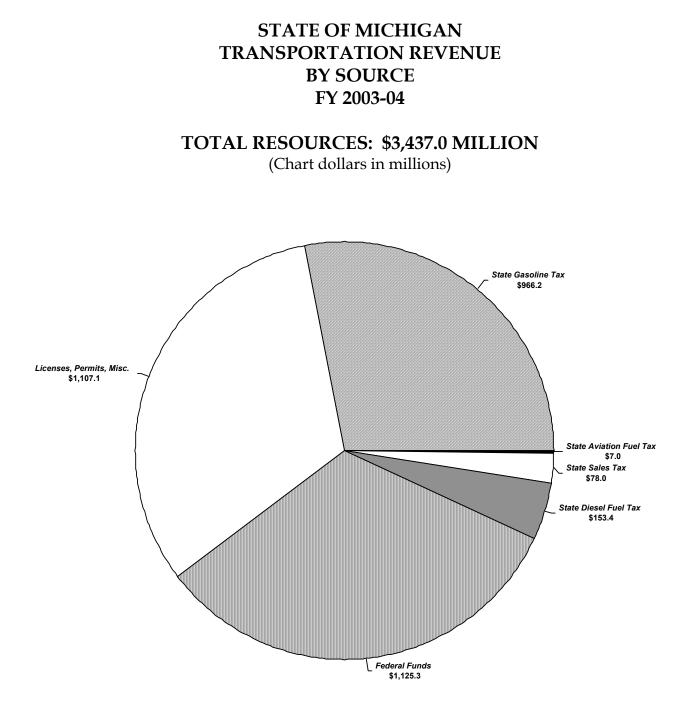




Transportation Revenue by Source

TRANSPORTATION REVENUE		<u>FY 2002-03</u>	% OF <u>TOTAL</u>	<u>FY 2003-04</u>	% OF <u>TOTAL</u>
ВҮ	FEDERAL FUNDS	\$1,120.2	33.3%	\$1,125.3	32.7%
SOURCE	LICENSES, PERMITS, MISC	1,066.9	31.7%	1,107.1	32.2%
	STATE GASOLINE TAX	950.9	28.2%	966.2	28.1%
FY 2002-03	STATE DIESEL FUEL TAX	145.9	4.3%	153.4	4.5%
and	STATE SALES TAX	77.0	2.3%	78.0	2.3%
FY 2003-04 (MILLIONS	STATE AVIATION FUEL TAX	<u>6.8</u>	0.2%	<u>7.0</u>	0.2%
OF DOLLARS)	TOTAL	\$3,367.7		\$3,437.0	

DEFINITIONS AND OTHER NOTES		
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 FUEL TAX	Levied at \$0.15 per gallon.	
STATE SALES TAX	Approximately 1.3% of gross sales tax revenue is dedicated to Comprehensive Transportation Fund (CTF).	
STATE AVIATION FUEL TAX	Levied at 0.03 per gallon with a 0.015 rebate to interstate scheduled operations.	





DISTRIBUTION OF REVENUE



Distribution of Federal Funds

DISTRIBUTION OF		<u>FY 2002-03</u>	% OF TOTAL	<u>FY 2003-04</u>	% OF <u>TOTAL</u>
FEDERAL	GENERAL FUND/ SPECIAL PURPOSE	\$8,765.5	78.8%	\$8,578.3	78.2%
FUNDS	TRANSPORTATION	1,120.2	10.1%	1,125.3	10.3%
FY 2002-03	SCHOOL AID FUND	1,219.8	11.0%	1,244.4	11.3%
and	GENERAL FUND/ GENERAL PURPOSE	<u>20.0</u>	0.2%	<u>20.0</u>	0.2%
FY 2003-04	TOTAL	\$11,125.5		\$10,968.0	
(MILLIONS					

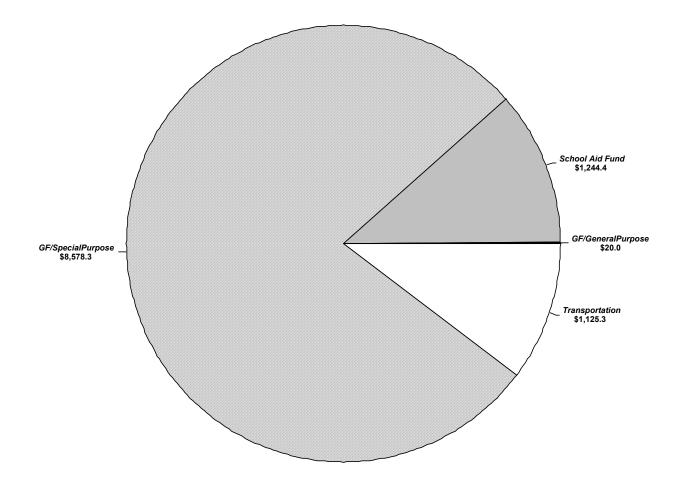
OF

DOLLARS)

GENERAL FUND/SPECIAL PU (M	RPOSE: ESTIMAT illions of Dollars)	ED FEDERAI	. REVENUE*	
	ESTIMATED <u>FY 2002-03</u>	% OF <u>TOTAL</u>	EXECUTIVE RECOMMEND <u>FY 2003-04</u>	% OF <u>TOTAL</u>
AGRICULTURE	\$6.6	0.08%	\$6.8	0.08%
ATTORNEY GENERAL	7.7	0.09%	7.6	0.09%
CAPITAL OUTLAY (excluding Transportation)	29.9	0.34%	42.7	0.50%
CAREER DEVELOPMENT	406.5	4.64%	418.1	4.87%
CIVIL RIGHTS	0.9	0.01%	0.9	0.01%
CIVIL SERVICE	4.8	0.05%	4.8	0.06%
COMMUNITY HEALTH	4,928.6	56.23%	4,844.4	56.47%
CONSUMER & INDUSTRY SERVICES	135.8	1.55%	180.3	2.10%
CORRECTIONS	26.4	0.30%	27.8	0.32%
EDUCATION	165.7	1.89%	64.5	0.75%
ENVIRONMENTAL QUALITY	131.5	1.50%	129.2	1.51%
FAMILY INDEPENDENCE	2,776.1	31.67%	2,697.6	31.45%
HISTORY, ARTS, AND LIBRARIES	8.1	0.09%	9.3	0.11%
HIGHER EDUCATION	5.5	0.06%	4.4	0.05%
JUDICIARY	3.9	0.04%	3.8	0.04%
MANAGEMENT AND BUDGET	0.4	0.00%	0.4	0.00%
MILITARY AND VETERANS AFFAIRS	39.1	0.45%	40.6	0.47%
NATURAL RESOURCES	30.4	0.35%	27.8	0.32%
STATE	1.3	0.01%	1.3	0.02%
STATE POLICE	45.6	0.52%	55.3	0.64%
TREASURY	<u>10.7</u>	0.12%	<u>10.7</u>	0.12%
TOTAL GF/SPECIAL PURPOSE	\$8,765.5	100.00%	\$8,578.3	100.00%

STATE OF MICHIGAN FEDERAL FUNDS DISTRIBUTION FY 2003-04

TOTAL RESOURCES: \$10,968.0 MILLION (Chart dollars in millions)



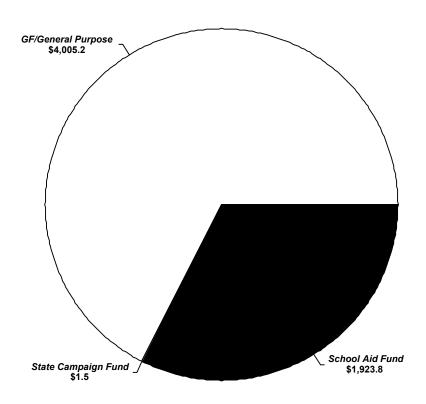


Distribution of Income Tax Revenue

DISTRIBUTION OF		<u>FY 2002-03</u>	% OF <u>TOTAL</u>	<u>FY 2003-04</u>	% OF <u>TOTAL</u>
INCOME	GROSS COLLECTION	\$7,356.9		\$7,460.7	
TAX	REFUNDS	<u>(1,493.8)</u>		<u>(1,530.2)</u>	
REVENUE	NET COLLECTIONS	\$5,863.1		\$5,930.5	
FY 2002-03 and FY 2003-04 (MILLIONS OF DOLLARS)	GENERAL FUND/ GENERAL PURPOSE SCHOOL AID FUND STATE CAMPAIGN FUND TOTAL	\$4,012.2 1,849.4 <u>1.5</u> \$5,863.1	68.4% 31.5% 0.0%	\$4,005.2 1,923.8 <u>1.5</u> \$5,930.5	67.5% 32.4% 0.0%

DEFINITIONS A	ND OTHER NOTES
GENERAL FUND/GENERAL PURPOSE	Receives income tax revenue not dedicated for other purposes.
SCHOOL AID FUND	The amount dedicated to the School Aid Fund is 23% of gross collections with hold harmless adjustments for rate reductions.
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 2003-04 TOTAL RESOURCES: \$5,930.5 MILLION (Chart dollars in millions)





Distribution of Sales Tax Revenue

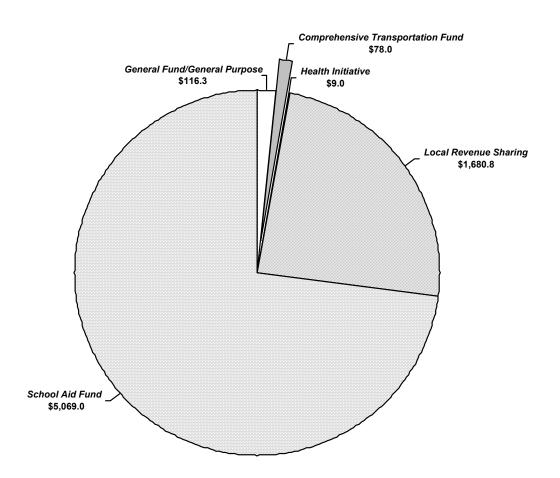
DISTRIBUTION OF		<u>FY 2002-03</u>	% OF <u>TOTAL</u>	<u>FY 2003-04</u>	% OF <u>TOTAL</u>
SALES	SCHOOL AID FUND	\$4,814.4	72.9%	\$5,069.0	72.9%
TAX	LOCAL REVENUE SHARING	1,608.4	24.4%	1,680.8	24.2%
REVENUE	GENERAL FUND/ GENERAL PURPOSE	95.3	1.4%	116.3	1.7%
FY 2002-03	COMPREHENSIVE TRANSPORTATION FUND	77.0	1.2%	78.0	1.1%
and	HEALTH INITIATIVE	<u>9.0</u>	0.1%	<u>9.0</u>	0.1%
FY 2003-04	TOTAL	\$6,604.1		\$6,953.1	
(MILLIONS OF DOLLARS)					

DEFINITIONS AND OTHER NOTES

SCHOOL AID FUND	The State Constitution provides that the School Aid Fund is to receive 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 4% and 100% of gross sales tax collections levied at a rate of 2% .
LOCAL REVENUE SHARING	The 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 1.3% 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 2003-04

TOTAL RESOURCES: \$6,953.1 MILLION (Chart dollars in millions)





Distribution of Single Business Tax Revenue

FYs 2002-03 and 2003-04

DISTRIBUTION OF		<u>FY 2002-03</u>	% OF <u>TOTAL</u>	<u>FY 2003-04</u>	% OF <u>TOTAL</u>
SINGLE BUSINESS	GENERAL FUND/ GENERAL PURPOSE	\$1,951.4		\$2,084.9	
TAX REVENUE	TOTAL	\$1,951.4		\$2,084.9	
FY 2002-03					
and FY 2003-04					
(MILLIONS OF DOLLARS)					

DEFINITIONS AND OTHER NOTES

SINGLE BUSINESS
TAXThe GF/GP receives 100% of single business tax revenue. At the end of FY 2001-02, the
BSF balance fell below \$250 million, which paused the SBT 0.1% reduction. In
calendar year 2003, the rate will be 1.9% of adjusted tax base for most firms.

STATE OF MICHIGAN SINGLE BUSINESS TAX REVENUE DISTRIBUTION FY 2003-04

TOTAL RESOURCES: \$2,084.9 MILLION

ALL GENERAL FUND/GENERAL PURPOSE



Distribution of Tobacco Tax Revenue

FYs 2002-03 and 2003-04

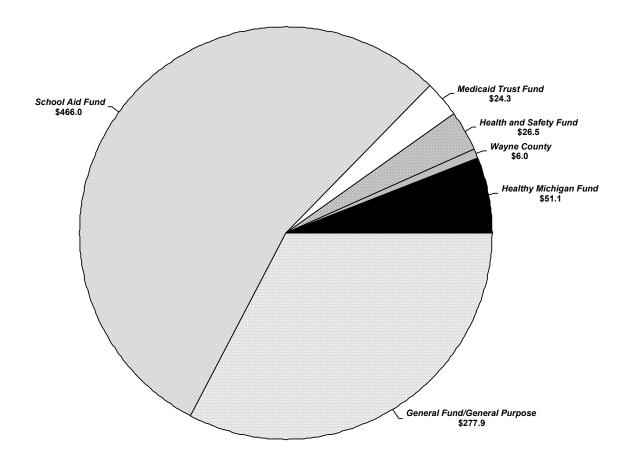
DISTRIBUTION		<u>FY 2002-03</u>	% OF <u>TOTAL</u>	<u>FY 2003-04</u>	% OF <u>TOTAL</u>
OF TOBACCO	SCHOOL AID FUND	\$474.8	54.7%	\$466.0	54.7%
TAX REVENUE	GENERAL FUND/ GENERAL PURPOSE	283.3	32.6%	277.9	32.6%
REVENUE	HEALTHY MICHIGAN FUND	52.1	6.0%	51.1	6.0%
FY 2002-03 and	HEALTH AND SAFETY FUND	26.9	3.1%	26.4	3.1%
FY 2003-04	MEDICAID TRUST FUND	24.8	2.9%	24.3	2.9%
	WAYNE COUNTY	<u>6.1</u>	0.7%	<u>6.0</u>	0.7%
(MILLIONS OF DOLLARS)	TOTAL	\$867.9		\$851.8	

DEFINITIONS AND OTHER NOTES

SCHOOL AID FUND	The SAF receives 54.2% of cigarette tax proceeds and 75.6% of the other tobacco products tax revenue.
GENERAL FUND/ GENERAL PURPOSE	The SAF receives 33.0% of the cigarette tax revenue and 18.4% of the other tobacco products tax revenue.
HEALTHY MICHIGAN FUND	Administered by the state for various health prevention programs. Receives 6% of the tobacco products 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 3.2% of the cigarette tax.
MEDICAID TRUST FUND	Receives 2.9% of the cigarette tax revenue.
WAYNE COUNTY	Receives 0.7% of the cigarette tax revenue to be used for indigent health care.

STATE OF MICHIGAN TOBACCO TAX REVENUE DISTRIBUTION FY 2003-04

TOTAL RESOURCES: \$851.8 MILLION (Chart dollars in millions)





Distribution of Transportation Revenue

FYs 2002-03 and 2003-04

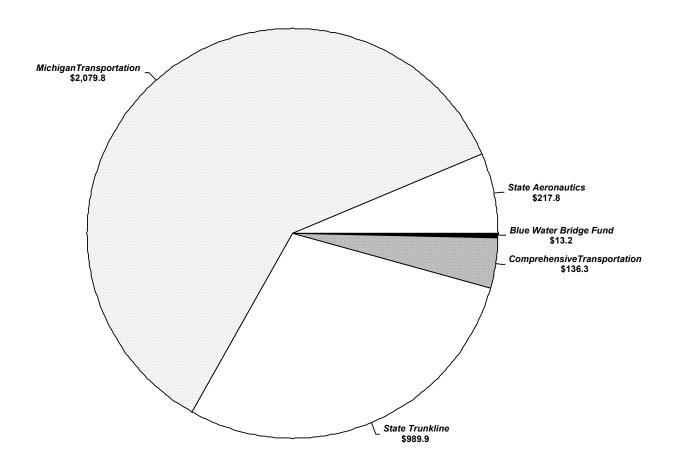
DISTRIBUTION OF		<u>FY 2002-03</u>	% OF TOTAL	<u>FY 2003-04</u>	% OF <u>TOTAL</u>
TRANSPORTATION	MICHIGAN TRANSPORTATION	\$2,019.7	60.0%	\$2,079.8	60.5%
REVENUE	STATE TRUNKLINE	986.5	29.3%	989.9	28.8%
FY 2002-03	STATE AERONAUTICS	217.3	6.5%	217.8	6.3%
and	COMPREHENSIVE TRANSPORTATION	131.7	3.9%	136.3	4.0%
FY 2003-04	BLUE WATER BRIDGE FUND	<u>12.5</u>	0.4%	<u>13.2</u>	0.4%
(MILLIONS OF DOLLARS)	TOTAL	\$3,367.7		\$3,437.0	

DEFINITIONS AND OTHER NOTES

MICHIGAN TRANSPORTATION FUND	Administered by Michigan Department of Transportation (MDOT). Expenditures are for highways and include grants to county road commissions, cities, and villages for highway purposes, and other departments for collection and enforcement costs.
STATE TRUNKLINE FUND	Administered by MDOT. Funds used for highway maintenance and construction, debt service, bridge construction, and administration 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 AERONAUTICS FUND	Provides funds for expenditures and transfers for administration and improvement of local airports.
BLUE WATER BRIDGE FUND	Subsidiary fund of State Trunkline Fund used by MDOT for accounting purposes to identify funding used for debt service, loan repayments, and operating funds for the Blue Water Bridge.

STATE OF MICHIGAN TRANSPORTATION TAX REVENUE DISTRIBUTION FY 2003-04

TOTAL RESOURCES: \$3,437.0 MILLION (Chart dollars in millions)





Distribution of Use Tax Revenue

and

2003-04

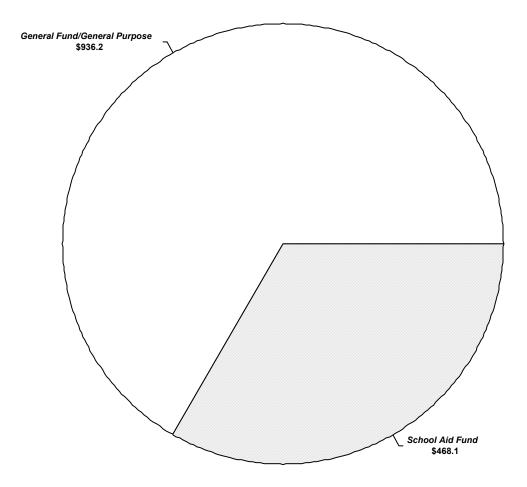
DISTRIBUTION		<u>FY 2002-03</u>	% OF <u>TOTAL</u>	<u>FY 2003-04</u>	% OF <u>TOTAL</u>
OF USE	GENERAL FUND/ GENERAL PURPOSE	\$890.1	66.7%	\$936.2	66.7%
TAX	SCHOOL AID FUND	<u>445.1</u>	33.3%	<u>468.1</u>	33.3%
REVENUE	TOTAL	\$1,335.2		\$1,404.3	
FY 2002-03 and FY 2003-04 (MILLIONS OF DOLLARS)					

DEFINITIONS AND OTHER NOTES

GENERAL FUND/
GENERAL PURPOSEReceives use tax revenue not dedicated for other purposes.SCHOOL AID FUNDReceives 33.3% of use tax revenue.

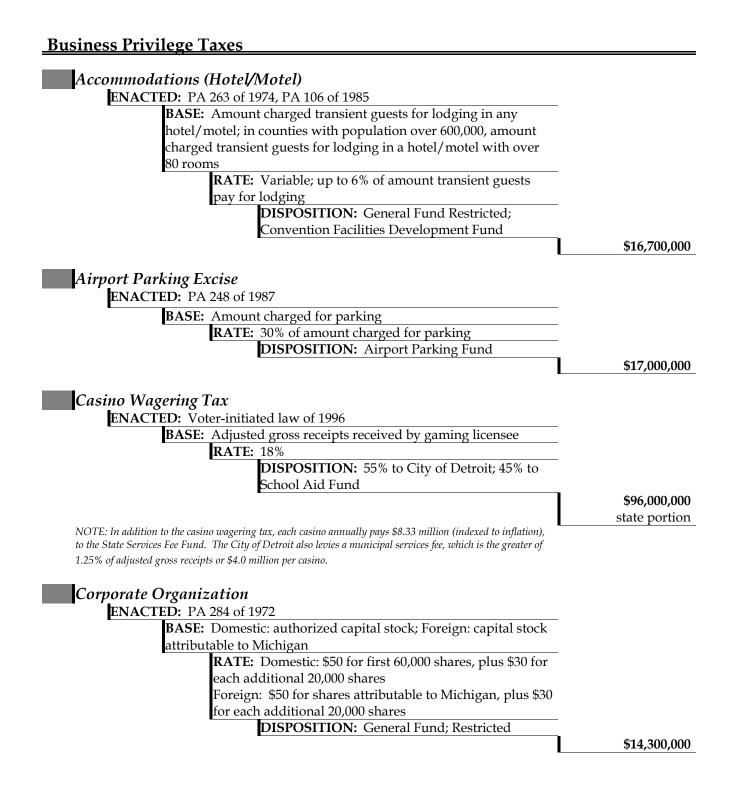
STATE OF MICHIGAN USE TAX REVENUE DISTRIBUTION FY 2003-04

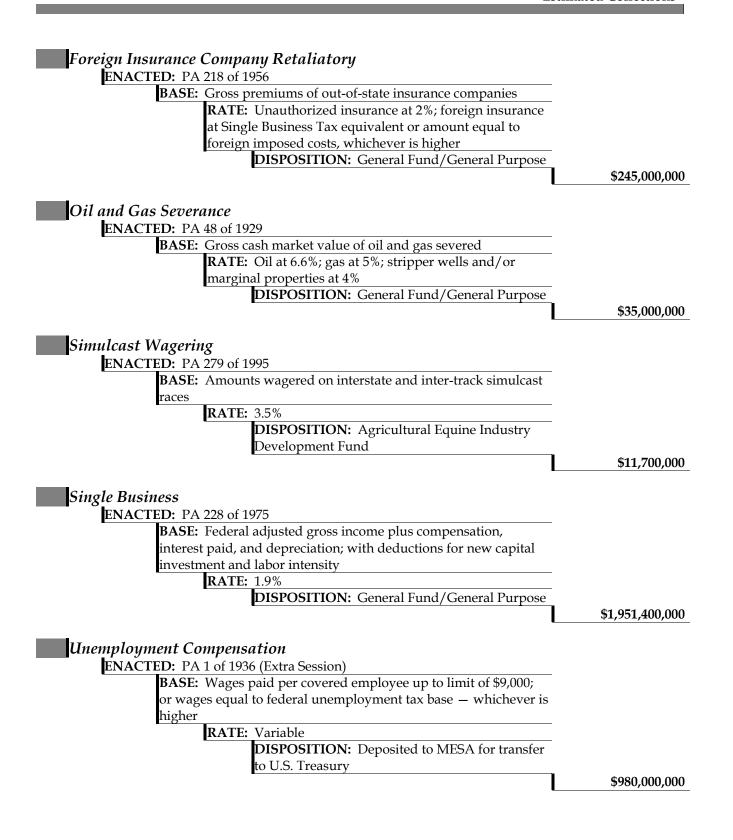
TOTAL RESOURCES: \$1,404.3 MILLION (Chart dollars in millions)

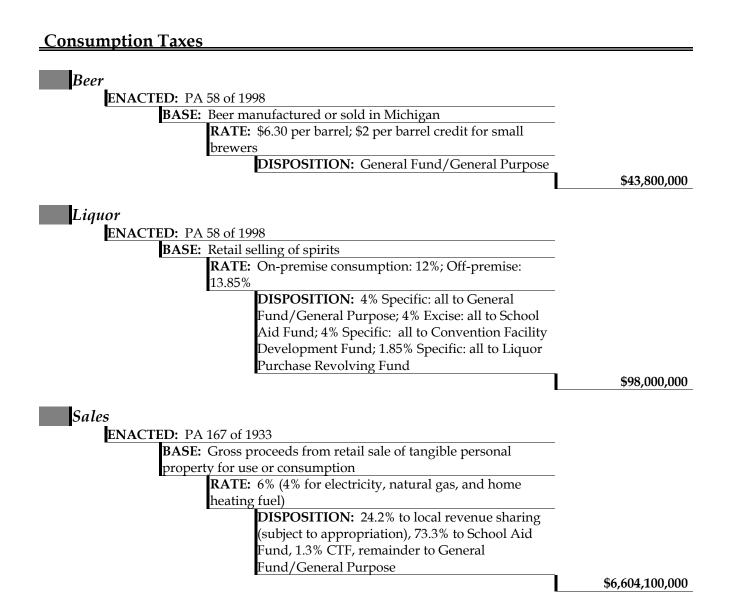




TAX INFORMATION AND DEDICATION OF REVENUE







Tobacco Products	
ENACTED: PA 327 of 1993	
BASE: Tobacco products sold in Michigan	
RATE: Cigarettes at \$1.25 per pack; other at 20% of	
wholesale price	
DISPOSITION: From cigarettes: School Aid Fund at 54.2%; General Fund/General Purpose at 33.0%; Healthy Michigan Fund at 6%; Health & Safety Fund at 3.2%; Medicaid Trust Fund at 2.9%; Wayne County at 0.7%. From other: School Aid Fund at 75.6%; Healthy Michigan Fund at 6%; General Fund/General Purpose at 18.4%	
	\$867,900,000
Uniform City Utility Users ENACTED: PA 100 of 1990	
BASE: Privilege of consuming public telephone, electric, steam,	
or gas service in Detroit	
RATE: Between ¹ / ₄ of 1% and 5%	
DISPOSITION: To hire police officers	
	\$54,600,000
Use ENACTED: PA 94 of 1937	
BASE: Purchase price of tangible personal property and certain	
services	
RATE: 6% (4% for electricity, natural gas, and home	
heating fuel)	
DISPOSITION: General Fund/General Purpose	
at 67%; School Aid Fund at 33%	¢1 005 000 000
	\$1,335,200,000
TA7'	
Wine	
ENACTED: PA 58 of 1998	
BASE: Wine sold in Michigan	
RATE: \$0.135 per liter if 16% alcohol or less, \$0.20 per	
liter if over 16% alcohol; mixed spirit drinks \$0.48 per	
liter	
DISPOSITION: General Fund/General Purpose	
	\$7,200,000

FY 2002-03 Estimated Collections

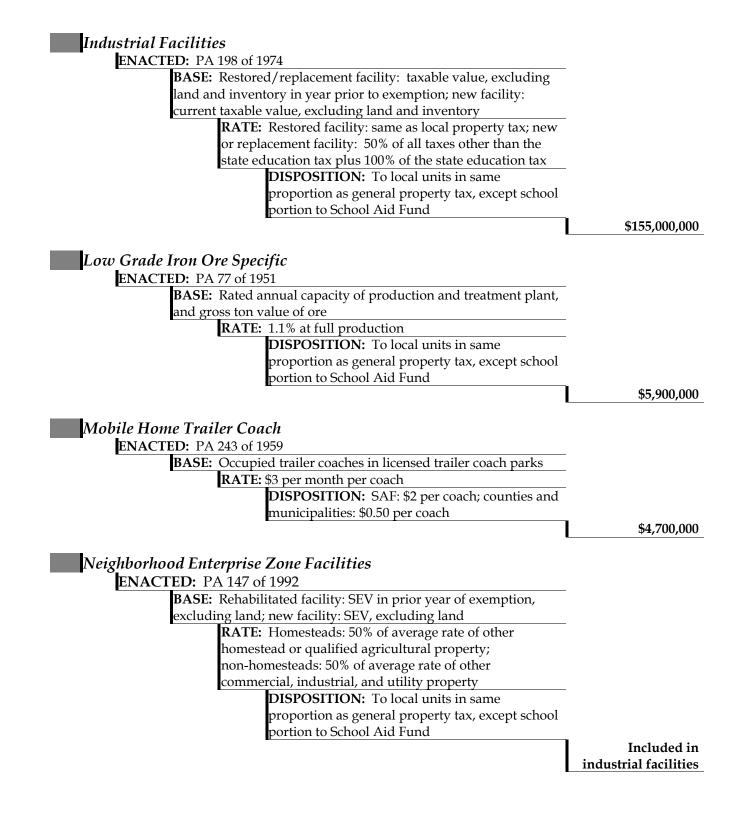
Income Taxes

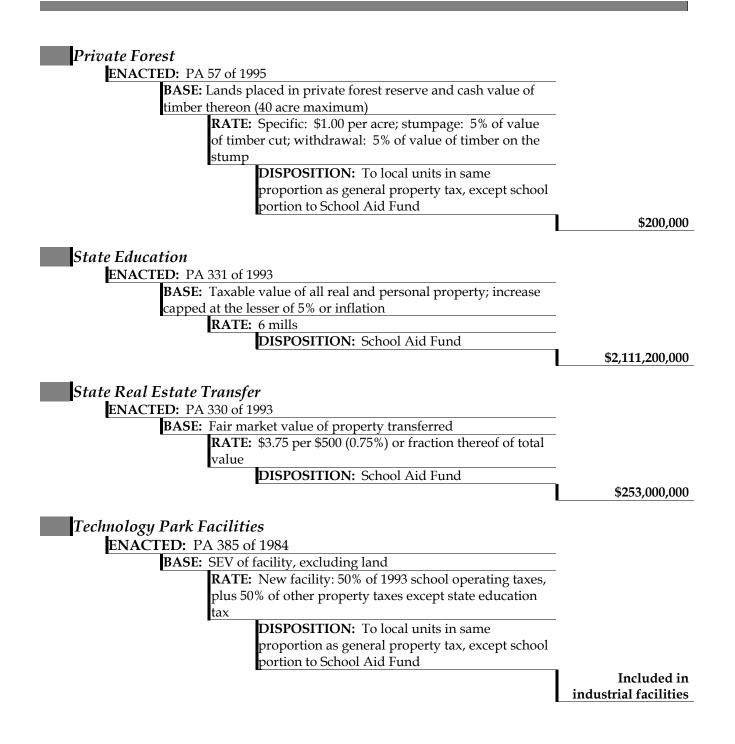
Personal Income	
ENACTED: PA 281 of 1967	
BASE: Federal adjusted gross income (AGI) of individuals,	-
estates, and trusts, with adjustments	_
RATE: 4.0% (declines by 0.1% per year to 3.9% in 2004)	_
DISPOSITION: General Fund/General Purpose	
(GF/GP); 23% of gross revenues to schools	
adjusted for rate reductions	-
	\$7,356,900,000
	gross
	\$5,863,100,000
	net of refunds
Uniform City Income	
ENACTED: PA 284 of 1964	_
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; 2.0% on	
corporations; Highland Park, Grand Rapids, and	
Saginaw may levy 2.0% resident, 1.0% non-resident)	_
DISPOSITION: General Fund of city	•
	\$515,000,000

FY 2002-03 Estimated Collections

Property Taxes

Commercial Forest	
ENACTED: PA 57 of 1995	
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)	
DISPOSITION: To local units in same	
proportion as general property tax, except school	
portion to School Aid Fund	
	\$2,700,000
County Real Estate Transfer	
ENACTED: PA 134 of 1966	
BASE: Fair market value of property transferred	
RATE: \$0.55 per \$500 (0.11%); Wayne County may	
impose a higher rate with voter approval	
DISPOSITION: General Fund of county in	
which tax is collected	
	\$38,700,000
Estate (Inheritance Tax until 1993)	
ENACTED: PA 188 of 1899, PA 54 of 1993	
BASE: Fair market value of gross estate, pursuant to Federal Tax	
Code	
RATE: Maximum allowable federal credit for state	
inheritance taxes paid	
DISPOSITION: General Fund/General Purpose	_
	\$79,500,000
General Property	
ENACTED: PA 206 of 1893	
BASE: Real and personal property not otherwise exempted	
RATE: Varies by local unit; requires voter approval	
DISPOSITION: As locally determined	_
	\$9,500,000,000





FY 2002-03 Estimated Collections

Utility Property

ENACTED: PA 282 of 1905

BASE: Taxable value of all property of telephone, telegraph, railroad, car loaning, sleeping car, and express car companies; certain exemptions for railroads

RATE: Average statewide general property tax paid by other business property in preceding calendar year **DISPOSITION:** General Fund/General Purpose

\$132,200,000

FY 2002-03 Estimated Collections

Transportation Taxes Aircraft Weight ENACTED: PA 327 of 1945 **BASE:** The greater of maximum gross weight or maximum takeoff weight **RATE:** \$0.01 per pound **DISPOSITION:** Aeronautics Fund \$300,000 Aviation Gasoline **ENACTED:** PA 327 of 1945 **BASE:** Fuel sold or used for propelling aircraft RATE: \$0.03 per gallon; \$0.015 per gallon refund to interstate airline operators **DISPOSITION:** Aeronautics Fund \$6,800,000 Diesel Fuel ENACTED: PA 54 of 1951 **BASE:** Diesel fuel sold or used in vehicles operated on public highways; certain exemptions apply RATE: \$0.15 per gallon **DISPOSITION:** Michigan Transportation Fund \$119,000,000 Gasoline ENACTED: PA 150 of 1927 **BASE:** Gasoline sold or used in operating vehicles on public highways **RATE:** \$0.19 per gallon **DISPOSITION:** Michigan Transportation Fund \$950,000,000 Liquefied Petroleum Gas ENACTED: PA 147 of 1953 BASE: Liquefied petroleum gas sold or used in operating vehicles on public highways **RATE:** \$0.15 per gallon **DISPOSITION:** Michigan Transportation Fund \$900,000

FY 2002-03 Estimated Collections

Marine Vessel Fuel	
ENACTED: PA 320 of 1947	
BASE: Gas and diesel fuel sold for propelling watercraft, off-	
road vehicles, and snowmobiles	
RATE: \$0.19 per gallon with refund for certain vessels	
DISPOSITION: Recreation Improvement Fund	
	\$425,000
Motor Carrier Fuel	
ENACTED: PA 119 of 1980	
BASE: Motor fuel consumed in commercial motor vehicle while	
operating on public highways	
RATE: \$0.15 per gallon for fuel consumed in Michigan	
DISPOSITION: Michigan Transportation Fund	
	\$26,900,000
	+==)====
Motor Vehicle Registration	
ENACTED: PA 300 of 1949	
BASE: Weight of vehicle, or type or price of vehicle; maximum	
loaded weight for large trucks	
RATE: Varies	
DISPOSITION: Michigan Transportation Fund	
and Scrap Tire Regulation Fund	
	\$859,000,000
Watercraft Registration	
ENACTED: PA 58 of 1995	
BASE: Length of boat (certain exemptions apply)	
RATE: \$14 to \$448, depending on length of boat; three-	
year registration period	
DISPOSITION: State Waterways Fund: 17.5%;	
Harbor Development Fund: 33.5%; Marine Safety	
Fund: 49%	
	\$10,200,000



DEDICATION OF REVENUE

DEDICATION OF STATE REVENUE

Tax	Dedicated Amount	To/For	Constitutional or Statutory
<u>Business Privilege Taxes</u>			
Airport parking excise	100%	Airport Parking Fund	Statutory
Casino wagering tax, state portion; 45% of 18% (or 8.1%)	100%	School Aid Fund	Statutory
Simulcast wagering	100%	Agriculture Equine Industry Development Fund	Statutory
<u>Consumption Taxes</u>			
Cigarette	3.2% 54.2% 2.9% 0.7%	Health and Safety Fund School Aid Fund Medicaid Trust Fund Wayne County	Statutory
Liquor excise at the 4% rate	100%	School Aid Fund	Statutory
Liquor specific at the 1.85% rate	100%	Liquor Purchase Revolving Fund	Statutory
Liquor specific at the 4% rate	100%	Convention Facility Development Fund	Statutory
General sales imposed directly or indirectly on: fuels sold to propel motor vehicles on highways, sale of motor vehicles, and sale of the parts and accessories of motor vehicles	Not more than 25%	Transportation purposes	Constitutional
Sales at the 2% rate	100%	School Aid Fund	Constitutional
Sales at the 4% rate	15%	Revenue sharing to cities, villages, and townships on a population basis	Constitutional
Amount equal to sales at the 4% rate	21.3%	Revenue sharing to counties, cities, villages, and townships	Statutory
Sales at the 4% rate	60%	School Aid Fund	Constitutional
Tobacco products	6%	Healthy Michigan Fund	Constitutional
Tobacco products other than cigarettes	75.6%	School Aid Fund	Statutory
Use at the 2% rate	100%	School Aid Fund	Constitutional

DEDICATION OF STATE REVENUE

Tax	Dedicated Amount	To/For	Constitutional or Statutory
<u>Income Taxes</u>			
Gross income tax collections	23% with hold harmless adjustments for rate reductions	School Aid Fund	Statutory
Lottery Proceeds			
Lottery proceeds (net)	100%	School Aid Fund	Statutory
<u>Property Taxes</u>			
Commercial forest	School district share	School Aid Fund	Statutory
Industrial facilities	School district share	School Aid Fund	Statutory
Low grade iron ore specific	School district share	School Aid Fund	Statutory
Mobile home trailer coach	67%	School Aid Fund	Statutory
Neighborhood enterprise zone facilities	School district share	School Aid Fund	Statutory
Private forest	School district share	School Aid Fund	Statutory
State education	100%	School Aid Fund	Statutory
State real estate transfer	100%	School Aid Fund	Statutory
Technology park facilities	School district share	School Aid Fund	Statutory

Tax	Dedicated Amount	To/For	Constitutional or Statutory
<u>Transportation Taxes</u>			
Aircraft weight	100%	Aeronautics Fund	Statutory
Aviation gasoline	100%	Aeronautics Fund	Statutory
Diesel fuel	100%	Michigan Transportation Fund	Statutory
Gasoline	100%	Michigan Transportation Fund	Statutory
Liquified petroleum gas	100%	Michigan Transportation Fund	Statutory
Marine vessel fuel	100%	Recreation Improvement Fund	Statutory
Motor fuel (specific)	100%	Transportation purposes	Constitutional
Motor carrier fuel	100%	Michigan Transportation Fund	Statutory
Motor vehicle registration	100%	Michigan Transportation Fund with certain fees to Scrap Tire Regulation Fund	Statutory
Watercraft registration	17.5%	State Waterways Fund	Statutory
Watercraft registration	33.5%	Harbor Development Fund	Statutory
Watercraft registration	49%	Marine Safety Fund	Statutory

DEDICATION OF STATE REVENUE

NOTE: Revenues not constitutionally or statutorily earmarked (dedicated) are General Fund/General Purpose.

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March 2003



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