HOUSE FISCAL AGENCY GOVERNING COMMITTEE

Representatives:
Scott Hummel, Chair
Craig DeRoche
Chris Ward
Gretchen Whitmer, Vice Chair
Dianne Byrum
Mary Waters

MICHIGAN HOUSE OF REPRESENTATIVES APPROPRIATIONS COMMITTEE

Representatives:
Scott Hummel, Chair
John Pastor, Vice Chair
Daniel Acciavatti
Fran Amos
Darwin Booher
Jack Brandenburg
Bruce Caswell
Bill Caul
David Farhat
Goeff Hansen
Roger Kahn
Jerry Kooiman
John Moolenaar
Rick Shaffer
Glenn Steil, Jr.
John Stewart
Shelley Taub
Howard Walker
Gretchen Whitmer, Minority Vice Chair
Rich Brown
Marsha Cheeks
George Cushingberry, Jr.
Lee Gonzales
Chris Kolb
Clarence Phillips
Jim Plakas
Michael Sak
Alma Wheeler Smith
Carl M. Williams
March 2005

TO: Members of the House of Representatives


This publication includes FY 2004-05 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 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
TABLE OF CONTENTS

SOURCE OF REVENUE
State Revenue .........................................................................................................................3
General Fund/General Purpose Revenue .................................................................................7
Michigan School Aid Fund Revenue .......................................................................................11
Transportation Revenue .........................................................................................................15

DISTRIBUTION OF REVENUE
Casino Wagering Tax Revenue .................................................................................................21
Federal Funds ...........................................................................................................................25
Income Tax Revenue ..................................................................................................................29
Sales Tax Revenue ...................................................................................................................33
Single Business Tax Revenue .................................................................................................37
Tobacco Tax Revenue ..............................................................................................................41
Transportation Revenue .........................................................................................................45
Use Tax Revenue ......................................................................................................................49

STATE AND LOCAL TAX INFORMATION FOR FY 2004-05
Business Privilege Taxes
  Accommodations (Hotel/Motel) ..............................................................................................55
  Airport Parking Excise ............................................................................................................55
  Casino Wagering ....................................................................................................................55
  Corporate Organization ..........................................................................................................55
  Foreign Insurance Company Retaliatory ..............................................................................56
  Oil and Gas Severance ..........................................................................................................56
  Simulcast Wagering ..............................................................................................................56
  Single Business .....................................................................................................................56
  Unemployment Compensation ...............................................................................................56

Consumption Taxes
  Beer .....................................................................................................................................57
  Liquor .................................................................................................................................57
  Sales ...................................................................................................................................57
  Tobacco Products ...............................................................................................................57
  Uniform City Utility Users ...................................................................................................57
  Use ......................................................................................................................................58
  Wine .................................................................................................................................58
Income Taxes
   Personal Income.................................................................58
   Uniform City Income..........................................................58
Property Taxes
   Commercial Forest............................................................59
   County Real Estate Transfer .............................................59
   Estate..................................................................................59
   General Property.............................................................59
   Industrial Facilities.........................................................59
   Low Grade Iron Ore Specific.............................................60
   Mobile Home Trailer Coach..............................................60
   Neighborhood Enterprise Zone Facilities........................60
   Private Forest.....................................................................60
   State 6-Mill Education......................................................60
   State Real Estate Transfer...............................................61
   Technology Park Facilities...............................................61
   Utility Property..................................................................61
Transportation Taxes
   Aircraft Weight...................................................................61
   Aviation Gasoline............................................................61
   Diesel Fuel.........................................................................62
   Gasoline............................................................................62
   Liquefied Petroleum Gas..................................................62
   Marine Vessel Fuel..........................................................62
   Motor Carrier Fuel..........................................................62
   Motor Vehicle Registration..............................................62
   Watercraft Registration...................................................63

DEDICATION OF REVENUE
   Business Privilege Taxes..................................................67
   Consumption Taxes..........................................................67
   Income Taxes......................................................................67
   Lottery Proceeds...............................................................68
   Property Taxes....................................................................68
   Transportation Taxes.......................................................68
SOURCES OF REVENUE
Overview of State Revenue by Source

FYs 2004-05 and 2005-06
<table>
<thead>
<tr>
<th>Source</th>
<th>FY 2004-05</th>
<th>% of Total</th>
<th>FY 2005-06</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Funds</td>
<td>$12,398.5</td>
<td>32.3%</td>
<td>$12,648.5</td>
<td>31.8%</td>
</tr>
<tr>
<td>Sales &amp; Use Taxes</td>
<td>8,077.1</td>
<td>21.0%</td>
<td>8,435.5</td>
<td>21.2%</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>5,877.3</td>
<td>15.3%</td>
<td>6,111.4</td>
<td>15.4%</td>
</tr>
<tr>
<td>Non-Tax Revenue</td>
<td>2,634.1</td>
<td>6.9%</td>
<td>2,449.3</td>
<td>6.2%</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>1,832.1</td>
<td>4.8%</td>
<td>2,310.2</td>
<td>5.8%</td>
</tr>
<tr>
<td>Transportation Revenue</td>
<td>2,159.1</td>
<td>5.6%</td>
<td>2,227.2</td>
<td>5.6%</td>
</tr>
<tr>
<td>Business Taxes</td>
<td>2,095.0</td>
<td>5.5%</td>
<td>2,148.2</td>
<td>5.4%</td>
</tr>
<tr>
<td>State 6-Mill Education Tax</td>
<td>1,846.0</td>
<td>4.8%</td>
<td>1,943.9</td>
<td>4.9%</td>
</tr>
<tr>
<td>Tobacco Taxes</td>
<td>1,189.2</td>
<td>3.1%</td>
<td>1,177.9</td>
<td>3.0%</td>
</tr>
<tr>
<td>Tobacco Settlement Revenue</td>
<td>287.7</td>
<td>0.7%</td>
<td>287.5</td>
<td>0.7%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$38,396.1</strong></td>
<td></td>
<td><strong>$39,739.6</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Definitions and Other Notes**

- **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. Tax rate is currently 3.9%.
- **Non-Tax Revenue**: Includes revenue from local agencies, state-provided services, licenses, permits not related to transportation, and lottery transfers to the School Aid Fund.
- **Other Taxes**: Includes liquor, beer, wine, gas and oil severance, and estate taxes.
- **Transportation Revenue**: Includes gas, diesel fuel, and aviation fuel taxes; fees; and other transportation revenue. Excludes federal aid and sales tax transportation revenue.
- **Business Taxes**: Includes single business tax and insurance company tax. At the end of FY 2001-02, the Budget Stabilization Fund balance fell below $250 million, which paused the single business tax 0.1% reduction. In calendar years 2004 and 2005, the single business tax rate is 1.9% of adjusted tax base for most firms.
- **State 6-Mill Education Tax**: Levied on all property; 100% dedicated to the School Aid Fund.
- **Tobacco Taxes**: The cigarette tax is $2.00 per pack and the tax on other tobacco products is 32%.
- **Tobacco Settlement Revenue**: Revenue to the state resulting from settlement with the tobacco companies.
STATE OF MICHIGAN
TOTAL REVENUE
BY SOURCE
FY 2005-06

TOTAL RESOURCES: $39,739.6 MILLION
(Chart dollars in millions)
General Fund/General Purpose Revenue by Source

FYs
2004-05 and
2005-06
<table>
<thead>
<tr>
<th>Source</th>
<th>FY 2004-05</th>
<th>% Of Total</th>
<th>FY 2005-06</th>
<th>% Of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Taxes</td>
<td>$3,918.9</td>
<td>49.8%</td>
<td>$4,073.0</td>
<td>49.9%</td>
</tr>
<tr>
<td>Single Business Tax</td>
<td>1,855.7</td>
<td>23.6%</td>
<td>1,905.2</td>
<td>23.4%</td>
</tr>
<tr>
<td>Sales &amp; Use Taxes</td>
<td>1,030.0</td>
<td>13.1%</td>
<td>1,063.0</td>
<td>13.0%</td>
</tr>
<tr>
<td>Other Sources</td>
<td>578.7</td>
<td>7.4%</td>
<td>541.9</td>
<td>6.6%</td>
</tr>
<tr>
<td>Insurance Company Tax</td>
<td>239.3</td>
<td>3.0%</td>
<td>243.0</td>
<td>3.0%</td>
</tr>
<tr>
<td>Tobacco Taxes</td>
<td>122.8</td>
<td>1.6%</td>
<td>233.6</td>
<td>2.9%</td>
</tr>
<tr>
<td>Liquor, Beer, &amp; Wine Taxes</td>
<td>85.5</td>
<td>1.1%</td>
<td>86.5</td>
<td>1.1%</td>
</tr>
<tr>
<td>Inheritance/Estate Tax</td>
<td>39.0</td>
<td>0.5%</td>
<td>10.0</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$7,869.9</strong></td>
<td></td>
<td><strong>$8,156.2</strong></td>
<td></td>
</tr>
</tbody>
</table>

** DEFINITIONS AND OTHER NOTES **

**Income Taxes**
General Fund/General Purpose receives income tax revenue not allocated to the School Aid Fund. Tax rate is currently 3.9%.

**Single Business Tax**
General Fund/General Purpose receives 100% of single business tax revenue. At the end of FY 2001-02, the Budget Stabilization Fund balance fell below $25 million, which paused the single business tax 0.1% reduction. In calendar years 2004 and 2005, the rate is 1.9% of adjusted tax base for most firms.

**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. 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. General Fund/General Purpose receives 66.7% of total and the School Aid Fund receives 33.3% of total. Tax rate is currently 6%.

**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 2005-06

TOTAL RESOURCES: $8,156.2 MILLION
(Chart dollars in millions)

- Tobacco Taxes: $233.6
- Other Sources: $541.9
- Liquor, Beer, and Wine Taxes: $86.5
- Sales and Use Taxes: $1,063.0
- Inheritance/Estate Tax: $10.0
- Single Business Tax: $1,905.2
- Income Taxes: $4,073.0
- Insurance Company Tax: $243.0

TOTAL RESOURCES: $8,156.2 MILLION
(Chart dollars in millions)
Michigan School Aid Fund Revenue by Source

FYs
2004-05 and
2005-06
<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>FY 2004-05</th>
<th>% of Total</th>
<th>FY 2005-06</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>$4,887.8</td>
<td>40.0%</td>
<td>$5,108.8</td>
<td>40.3%</td>
</tr>
<tr>
<td>Income Tax Earmarking</td>
<td>1,956.9</td>
<td>16.0%</td>
<td>2,036.9</td>
<td>16.1%</td>
</tr>
<tr>
<td>State 6-Mill Education Tax</td>
<td>1,846.0</td>
<td>15.1%</td>
<td>1,943.9</td>
<td>15.3%</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>1,353.5</td>
<td>11.1%</td>
<td>1,374.1</td>
<td>10.8%</td>
</tr>
<tr>
<td>Lottery Transfer</td>
<td>649.9</td>
<td>5.3%</td>
<td>655.9</td>
<td>5.2%</td>
</tr>
<tr>
<td>Use Tax</td>
<td>456.5</td>
<td>3.7%</td>
<td>475.2</td>
<td>3.7%</td>
</tr>
<tr>
<td>Tobacco Taxes</td>
<td>479.9</td>
<td>3.9%</td>
<td>474.4</td>
<td>3.7%</td>
</tr>
<tr>
<td>Real Estate Transfer Tax</td>
<td>310.0</td>
<td>2.5%</td>
<td>312.0</td>
<td>2.5%</td>
</tr>
<tr>
<td>Specific Taxes</td>
<td>160.2</td>
<td>1.3%</td>
<td>159.7</td>
<td>1.3%</td>
</tr>
<tr>
<td>Casino Wagering Tax</td>
<td>98.0</td>
<td>0.8%</td>
<td>100.0</td>
<td>0.8%</td>
</tr>
<tr>
<td>Liquor Excise Tax</td>
<td>33.5</td>
<td>0.3%</td>
<td>34.0</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$12,232.2</strong></td>
<td></td>
<td><strong>$12,674.9</strong></td>
<td></td>
</tr>
</tbody>
</table>

**DEFINITIONS AND OTHER NOTES**

**Sales Tax**
School Aid Fund receives 73.3% of gross sales tax revenue. Tax rate is currently 6%.

**Income Tax Earmarking**
School Aid Fund receives 23% of gross income tax revenue with adjustments for rate changes.

**State 6-Mill Education Tax**
Levied on all property; 100% dedicated to the School Aid Fund.

**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. Tax rate is currently 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.

**Specific Taxes**
Includes industrial and commercial facilities tax and commercial forest tax.

**Casino Wagering Tax**
School Aid Fund receives 66.7% of the state casino wagering tax.
STATE OF MICHIGAN
SCHOOL AID FUND REVENUE
BY SOURCE
FY 2005-06

TOTAL RESOURCES: $12,674.9 MILLION
(Chart dollars in millions)
## TRANSPORTATION REVENUE BY SOURCE

<table>
<thead>
<tr>
<th>Source</th>
<th>FY 2004-05</th>
<th>% OF TOTAL</th>
<th>FY 2005-06</th>
<th>% OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Funds</td>
<td>$1,292.7</td>
<td>36.7%</td>
<td>$1,332.6</td>
<td>36.6%</td>
</tr>
<tr>
<td>Licenses, Permits, Misc.</td>
<td>1,060.2</td>
<td>30.1%</td>
<td>1,104.1</td>
<td>30.3%</td>
</tr>
<tr>
<td>State Gasoline Tax</td>
<td>945.9</td>
<td>26.9%</td>
<td>963.9</td>
<td>26.5%</td>
</tr>
<tr>
<td>State Diesel/Motor Carrier Fuel Tax</td>
<td>145.0</td>
<td>4.1%</td>
<td>151.1</td>
<td>4.2%</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>66.9</td>
<td>1.9%</td>
<td>80.0</td>
<td>2.2%</td>
</tr>
<tr>
<td>State Aviation Fuel Tax</td>
<td>8.0</td>
<td>0.2%</td>
<td>8.1</td>
<td>0.2%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$3,518.7</td>
<td></td>
<td>$3,639.8</td>
<td></td>
</tr>
</tbody>
</table>

### 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/Motor Carrier Fuel Tax**
  Levied at $0.15 per gallon.

- **Sales Tax**
  Approximately 1.0% of gross sales tax revenue is dedicated to Comprehensive Transportation Fund.

- **State Aviation Fuel Tax**
  Levied at $0.03 per gallon with a $0.015 rebate to interstate scheduled operations.
STATE OF MICHIGAN
TRANSPORTATION REVENUE
BY SOURCE
FY 2005-06

TOTAL RESOURCES: $3,639.8 MILLION
(Chart dollars in millions)
DISTRIBUTION OF REVENUE
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Percentage of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2004-05</td>
<td>70%</td>
</tr>
<tr>
<td>FY 2005-06</td>
<td>30%</td>
</tr>
</tbody>
</table>
### DISTRIBUTION OF CASINO WAGERING TAX REVENUE

<table>
<thead>
<tr>
<th></th>
<th>FY 2004-05</th>
<th>% OF TOTAL</th>
<th>FY 2005-06</th>
<th>% OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Aid Fund</td>
<td>$98.0</td>
<td>66.7%</td>
<td>$100.0</td>
<td>67.1%</td>
</tr>
<tr>
<td>General Fund/General Purpose</td>
<td>42.9</td>
<td>29.2%</td>
<td>42.9</td>
<td>28.8%</td>
</tr>
<tr>
<td>Agriculture Equine Industry Development Fund</td>
<td>6.1</td>
<td>4.1%</td>
<td>6.1</td>
<td>4.1%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$147.0</strong></td>
<td></td>
<td><strong>$149.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

**FY 2004-05 and FY 2005-06 (MILLIONS OF DOLLARS)**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Detroit</td>
<td>$144.3</td>
<td>$146.7</td>
</tr>
</tbody>
</table>

### DEFINITIONS AND OTHER NOTES

- **School Aid Fund**: Receives approximately 66.7% of state portion of the casino wagering tax.
- **General Fund/General Purpose**: Receives approximately 29.2% of state portion of the casino wagering tax.
- **Agriculture Equine Industry Development Fund**: Receives approximately 4.1% of the state portion of the casino wagering tax.
- **City of Detroit**: Receives 11.9% of adjusted gross receipts generated from the casinos.
STATE OF MICHIGAN
CASINO WAGERING TAX REVENUE DISTRIBUTION
FY 2005-06

TOTAL RESOURCES: $149.0 MILLION
(Chart dollars in millions)
Distribution of Federal Funds

FYs 2004-05 and 2005-06
### General Fund/Special Purpose: Estimated Federal Revenue (Millions of Dollars)

<table>
<thead>
<tr>
<th>Category</th>
<th>Estimated FY 2004-05</th>
<th>% of Total FY 2004-05</th>
<th>Executive Recommend* FY 2005-06</th>
<th>% of Total FY 2005-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>$33.5</td>
<td>0.34%</td>
<td>$32.6</td>
<td>0.33%</td>
</tr>
<tr>
<td>Attorney General</td>
<td>8.3</td>
<td>0.09%</td>
<td>8.8</td>
<td>0.09%</td>
</tr>
<tr>
<td>Capital Outlay (Excluding Transportation)</td>
<td>67.4</td>
<td>0.69%</td>
<td>30.1</td>
<td>0.30%</td>
</tr>
<tr>
<td>Civil Rights</td>
<td>0.9</td>
<td>0.01%</td>
<td>1.1</td>
<td>0.01%</td>
</tr>
<tr>
<td>Civil Service</td>
<td>4.8</td>
<td>0.05%</td>
<td>4.8</td>
<td>0.05%</td>
</tr>
<tr>
<td>Community Health</td>
<td>5,502.5</td>
<td>56.63%</td>
<td>5,467.5</td>
<td>55.19%</td>
</tr>
<tr>
<td>Corrections</td>
<td>9.2</td>
<td>0.09%</td>
<td>10.3</td>
<td>0.10%</td>
</tr>
<tr>
<td>Education</td>
<td>60.8</td>
<td>0.63%</td>
<td>67.5</td>
<td>0.68%</td>
</tr>
<tr>
<td>Environmental Quality</td>
<td>133.8</td>
<td>1.38%</td>
<td>143.0</td>
<td>1.44%</td>
</tr>
<tr>
<td>Human Services</td>
<td>3,028.1</td>
<td>31.16%</td>
<td>3,190.5</td>
<td>32.21%</td>
</tr>
<tr>
<td>Higher Education</td>
<td>2.8</td>
<td>0.03%</td>
<td>3.5</td>
<td>0.04%</td>
</tr>
<tr>
<td>History, Arts, and Libraries</td>
<td>8.1</td>
<td>0.08%</td>
<td>8.2</td>
<td>0.08%</td>
</tr>
<tr>
<td>Judiciary</td>
<td>4.0</td>
<td>0.04%</td>
<td>3.9</td>
<td>0.04%</td>
</tr>
<tr>
<td>Labor and Economic Growth</td>
<td>661.1</td>
<td>6.80%</td>
<td>671.8</td>
<td>6.78%</td>
</tr>
<tr>
<td>Management and Budget</td>
<td>0.4</td>
<td>0.00%</td>
<td>0.0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Military and Veterans Affairs</td>
<td>45.4</td>
<td>0.47%</td>
<td>49.5</td>
<td>0.50%</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>37.2</td>
<td>0.38%</td>
<td>38.8</td>
<td>0.39%</td>
</tr>
<tr>
<td>State</td>
<td>1.4</td>
<td>0.01%</td>
<td>2.3</td>
<td>0.02%</td>
</tr>
<tr>
<td>State Police</td>
<td>106.3</td>
<td>1.09%</td>
<td>170.6</td>
<td>1.72%</td>
</tr>
<tr>
<td>Treasury</td>
<td>1.3</td>
<td>0.01%</td>
<td>2.0</td>
<td>0.02%</td>
</tr>
<tr>
<td><strong>TOTAL GENERAL FUND/SPECIAL PURPOSE</strong></td>
<td><strong>$9,717.3</strong></td>
<td><strong>78.4%</strong></td>
<td><strong>$9,906.8</strong></td>
<td><strong>78.3%</strong></td>
</tr>
</tbody>
</table>

*As shown in February 2005 Executive Recommendation*
STATE OF MICHIGAN
FEDERAL FUNDS
DISTRIBUTION
FY 2005-06

TOTAL RESOURCES: $12,648.5 MILLION
(Chart dollars in millions)
Distribution of Income Tax Revenue

FYs 2004-05 and 2005-06
### DISTRIBUTION OF INCOME TAX REVENUE

<table>
<thead>
<tr>
<th></th>
<th>FY 2004-05</th>
<th>% OF TOTAL</th>
<th>FY 2005-06</th>
<th>% OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Collection</td>
<td>$7,538.1</td>
<td>$7,846.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refunds</td>
<td>1,660.8</td>
<td>1,735.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Collections</td>
<td>$5,877.3</td>
<td>$6,111.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>General Fund/General Purpose</strong></td>
<td>$3,918.9</td>
<td>66.7%</td>
<td>$4,073.0</td>
<td>66.6%</td>
</tr>
<tr>
<td><strong>School Aid Fund</strong></td>
<td>1,956.9</td>
<td>33.3%</td>
<td>2,036.9</td>
<td>33.3%</td>
</tr>
<tr>
<td><strong>State Campaign Fund</strong></td>
<td>1.5</td>
<td>0.0%</td>
<td>1.5</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$5,877.3</td>
<td></td>
<td>$6,111.4</td>
<td></td>
</tr>
</tbody>
</table>

### DEFINITIONS AND OTHER NOTES

- **General Fund/ General Purpose**: Receives income tax revenue not dedicated for other purposes.
- **School Aid Fund**: Receives 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 2005-06

TOTAL RESOURCES: $6,111.4 MILLION
(Chart dollars in millions)

- General Fund/General Purpose: $4,073.0
- School Aid Fund: $2,036.9
- State Campaign Fund: $1.5

TOTAL RESOURCES: $6,111.4 MILLION
Distribution of Sales Tax Revenue

FYs 2004-05 and 2005-06
### DISTRIBUTION OF SALES TAX REVENUE

<table>
<thead>
<tr>
<th></th>
<th>FY 2004-05</th>
<th>% OF TOTAL</th>
<th>FY 2005-06</th>
<th>% OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Aid Fund</td>
<td>$4,887.8</td>
<td>72.9%</td>
<td>$5,108.8</td>
<td>72.9%</td>
</tr>
<tr>
<td>Local Revenue Sharing</td>
<td>1,626.9</td>
<td>24.3%</td>
<td>1,699.5</td>
<td>24.2%</td>
</tr>
<tr>
<td>General Fund/General Purpose</td>
<td>117.2</td>
<td>1.7%</td>
<td>112.7</td>
<td>1.6%</td>
</tr>
<tr>
<td>Comprehensive Transportation Fund</td>
<td>66.9</td>
<td>1.0%</td>
<td>80.0</td>
<td>1.1%</td>
</tr>
<tr>
<td>Health Initiative</td>
<td>9.0</td>
<td>0.1%</td>
<td>9.0</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$6,707.8</td>
<td></td>
<td>$7,010.0</td>
<td></td>
</tr>
</tbody>
</table>

(MILLIONS OF DOLLARS)

### DEFINITIONS AND OTHER NOTES

- **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 2005-06

TOTAL RESOURCES: $7,010.0 MILLION
(Chart dollars in millions)
Distribution of Single Business Tax Revenue

FYs 2004-05 and 2005-06
### Definitions and Other Notes

**Single Business Tax**

General Fund/General Purpose receives 100% of single business tax revenue. At the end of FY 2001-02, the Budget Stabilization Fund balance fell below $250 million, which paused the single business tax 0.1% reduction. In calendar years 2004 and 2005, the rate will be 1.9% of adjusted tax base for most firms.

### Distribution of Single Business Tax Revenue

<table>
<thead>
<tr>
<th></th>
<th>FY 2004-05</th>
<th>% of Total</th>
<th>FY 2005-06</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund/General Purpose</td>
<td>$1,855.7</td>
<td>$1,905.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,855.7</td>
<td>$1,905.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
STATE OF MICHIGAN
SINGLE BUSINESS TAX REVENUE DISTRIBUTION
FY 2005-06

TOTAL RESOURCES: $1,905.2 MILLION

ALL

GENERAL FUND/GENERAL PURPOSE
Distribution of Tobacco Tax Revenue

FYs 2004-05 and 2005-06
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 beginning in FY 2005-06.

General Fund/General Purpose
Receives 19.8% of the cigarette tax revenue and 25.0% of the other tobacco products tax revenue beginning in FY 2005-06.

Healthy Michigan Fund
Administered by the state for various health prevention programs. Receives 3.6% 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 2005-06

TOTAL RESOURCES: $1,177.9 MILLION
(Chart dollars in millions)
Distribution of Transportation Revenue

FYs
2004-05
and
2005-06
**DEFINITIONS AND OTHER NOTES**

- **Michigan Transportation Fund**: Administered by Michigan Department of Transportation. Expenditures made 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 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.

- **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.

- **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 TAX REVENUE DISTRIBUTION
FY 2005-06

TOTAL RESOURCES: $3,639.8 MILLION
(Chart dollars in millions)
Distribution of Use Tax Revenue

FYs 2004-05 and 2005-06
### DISTRIBUTION OF USE TAX REVENUE

<table>
<thead>
<tr>
<th></th>
<th>FY 2004-05</th>
<th>% OF TOTAL</th>
<th>FY 2005-06</th>
<th>% OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund/General Purpose</td>
<td>$912.8</td>
<td>66.7%</td>
<td>$950.3</td>
<td>66.7%</td>
</tr>
<tr>
<td>School Aid Fund</td>
<td>456.5</td>
<td>33.3%</td>
<td>475.2</td>
<td>33.3%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,369.3</strong></td>
<td><strong>33.3%</strong></td>
<td><strong>$1,425.5</strong></td>
<td><strong>33.3%</strong></td>
</tr>
</tbody>
</table>

**FY 2004-05 and FY 2005-06 (MILLIONS OF DOLLARS)**

### DEFINITIONS AND OTHER NOTES

- **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 2005-06

TOTAL RESOURCES: $1,425.5 MILLION
(Chart dollars in millions)

- School Aid Fund: $475.2
- General Fund/General Purpose: $950.3

TOTAL RESOURCES: $1,425.5 MILLION
Business Privilege Taxes

Accommodations (Hotel/Motel)

ENACTED: PA 263 of 1974, PA 106 of 1985

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

DISPOSITION: General Fund Restricted; Convention Facilities Development Fund

$49,000,000

Airport Parking Excise

ENACTED: PA 248 of 1987

BASE: Amount charged for parking

RATE: 27% of amount charged for parking

DISPOSITION: Airport Parking Fund

$15,000,000

Casino Wagering

ENACTED: Voter-initiated law of 1996

BASE: Adjusted gross receipts received by gaming licensee

RATE: 24%; State portion is 50.5% of 24% (12.1% of adjusted gross receipts), City of Detroit portion is 49.5% of 24% (11.9% of adjusted gross receipts)

DISPOSITION: State portion: 66.7% School Aid Fund, 29.2% General Fund/General Purpose, 4.1% Agriculture Equine Industry Development Fund; City of Detroit: 11.9% of adjusted gross receipts from casinos

$147,000,000

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

ENACTED: PA 284 of 1972

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

DISPOSITION: General Fund; Restricted

$14,500,000
**Foreign Insurance Company Retaliatory**

**ENACTED:** PA 218 of 1956

**BASE:** Gross premiums of out-of-state insurance companies

**RATE:** Unauthorized insurance at 2%; foreign insurance at single business tax equivalent or amount equal to foreign imposed costs, whichever is higher

**DISPOSITION:** General Fund/General Purpose

$239,300,000

**Oil and Gas Severance**

**ENACTED:** PA 48 of 1929

**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%

**DISPOSITION:** General Fund/General Purpose

$55,000,000

**Simulcast Wagering**

**ENACTED:** PA 279 of 1995

**BASE:** Amounts wagered on interstate and inter-track simulcast races

**RATE:** 3.5%

**DISPOSITION:** Agriculture Equine Industry Development Fund

$16,269,000

**Single Business**

**ENACTED:** PA 228 of 1975

**BASE:** Federal adjusted gross income plus compensation, interest paid, and depreciation; with deductions for new capital investment and labor intensity

**RATE:** 1.9%

**DISPOSITION:** General Fund/General Purpose

$1,855,700,000

**Unemployment Compensation**

**ENACTED:** PA 1 of 1936 (Extra Session)

**BASE:** Wages paid per covered employee up to limit of $9,000, or wages equal to federal unemployment tax base—whichever is higher

**RATE:** Variable

**DISPOSITION:** Bureau of Worker’s and Unemployment Compensation

$1,200,000,000
## Consumption Taxes

### Beer
- **Enacted:** PA 58 of 1998
- **Base:** Beer manufactured or sold in Michigan
- **Rate:** $6.30 per barrel; $2 per barrel credit for small brewers
- **Disposition:** General Fund/General Purpose
- **Collections:** $44,600,000

### Liquor
- **Enacted:** PA 58 of 1998
- **Base:** Retail selling of spirits
- **Rate:** On-premise consumption: 12%; Off-premise consumption: 13.85%
- **Disposition:**
  - 4% Specific: all to General Fund/General Purpose;
  - 4% Excise: all to School Aid Fund;
  - 4% Specific: all to Convention Facility Development Fund;
  - 1.85% Specific: all to Liquor Purchase Revolving Fund
- **Collections:** $115,000,000

### Sales
- **Enacted:** PA 167 of 1933
- **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)
- **Disposition:**
  - 24.2% to local revenue sharing (subject to appropriation),
  - 73.3% to School Aid Fund,
  - 1.0% Comprehensive Transportation Fund,
  - Remainder to General Fund/General Purpose
- **Collections:** $6,707,800,000

### Tobacco Products
- **Enacted:** PA 327 of 1993
- **Base:** Tobacco products sold in Michigan
- **Rate:** Cigarettes at $2.00 per pack; other at 32% of wholesale price
- **Disposition:**
  - From cigarettes: School Aid Fund at 41.6%; General Fund/General Purpose at 10.4%; Healthy Michigan Fund at 3.8%; Health & Safety Fund at 2.4%; Medicaid Trust Fund at 41.2%; Wayne County at 0.6%.
  - From other: Medicaid Trust Fund at 100%
- **Collections:** $1,892,200,000

### Uniform City Utility Users
- **Enacted:** PA 100 of 1990
- **Base:** Privilege of consuming public telephone, electric, steam, or gas service in Detroit
- **Rate:** Between ¼ of 1% and 5%
- **Disposition:** To hire police officers
- **Collections:** $55,000,000
<table>
<thead>
<tr>
<th><strong>Use</strong></th>
<th><strong>ENACTED</strong>: PA 94 of 1937</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BASE</strong>: Purchase price of tangible personal property and certain services</td>
<td></td>
</tr>
<tr>
<td><strong>RATE</strong>: 6% (4% for electricity, natural gas, and home heating fuel)</td>
<td></td>
</tr>
<tr>
<td><strong>DISPOSITION</strong>: General Fund/General Purpose at 66.7%; School Aid Fund at 33.3%</td>
<td></td>
</tr>
<tr>
<td><strong>$1,369,300,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Wine</strong></th>
<th><strong>ENACTED</strong>: PA 58 of 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BASE</strong>: Wine sold in Michigan</td>
<td></td>
</tr>
<tr>
<td><strong>RATE</strong>: $0.135 per liter if 16% alcohol or less, $0.20 per liter if over 16% alcohol; mixed spirit drinks $0.48 per liter</td>
<td></td>
</tr>
<tr>
<td><strong>DISPOSITION</strong>: General Fund/General Purpose</td>
<td></td>
</tr>
<tr>
<td><strong>$7,400,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Income Taxes</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Personal Income</strong></th>
<th><strong>ENACTED</strong>: PA 281 of 1967</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BASE</strong>: Federal adjusted gross income of individuals, estates, and trusts, with adjustments</td>
<td></td>
</tr>
<tr>
<td><strong>RATE</strong>: 3.9%</td>
<td></td>
</tr>
<tr>
<td><strong>DISPOSITION</strong>: General Fund/General Purpose; 23% of gross revenues to schools adjusted for rate reductions</td>
<td></td>
</tr>
<tr>
<td><strong>$7,538,100,000 gross</strong></td>
<td></td>
</tr>
<tr>
<td><strong>$5,877,300,000 net of refunds</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Uniform City Income</strong></th>
<th><strong>ENACTED</strong>: PA 284 of 1964</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BASE</strong>: Income of city residents and income earned in city</td>
<td></td>
</tr>
<tr>
<td><strong>RATE</strong>: Maximum 1% of income for residents and corporations; maximum 0.5% income for non-residents (2.4% resident, 1.2% non-resident in Detroit; 1.4% on corporations; Highland Park, Grand Rapids, and Saginaw may levy 2.0% resident, 1.0% non-resident)</td>
<td></td>
</tr>
<tr>
<td><strong>DISPOSITION</strong>: General Fund of city</td>
<td></td>
</tr>
<tr>
<td><strong>$525,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
## 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

#### 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

### Estate
- **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

### 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

### Industrial Facilities
- **Enacted:** PA 198 of 1974
- **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
- **Disposition:** To local units in same proportion as general property tax, except school portion to School Aid Fund

## FY 2004-05 Estimated Collections

<table>
<thead>
<tr>
<th>Tax Source</th>
<th>Description</th>
<th>Enacted</th>
<th>Base</th>
<th>Rate</th>
<th>Disposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>Commercial Forest</td>
<td>PA 57 of 1995</td>
<td>Lands placed in commercial forest reserve and cash value of timber thereon</td>
<td>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)</td>
<td>To local units in same proportion as general property tax, except school portion to School Aid Fund</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>County Real Estate Transfer</td>
<td>PA 134 of 1966</td>
<td>Fair market value of property transferred</td>
<td>$0.55 per $500 (0.11%); Wayne County may impose a higher rate with voter approval</td>
<td>General Fund of county in which tax is collected</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>Estate</td>
<td>PA 188 of 1899, PA 54 of 1993</td>
<td>Fair market value of gross estate, pursuant to Federal Tax Code</td>
<td>Maximum allowable federal credit for state inheritance taxes paid</td>
<td>General Fund/General Purpose</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>General Property</td>
<td>PA 206 of 1893</td>
<td>Real and personal property not otherwise exempted</td>
<td>Varies by local unit; requires voter approval</td>
<td>As locally determined</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>Industrial Facilities</td>
<td>PA 198 of 1974</td>
<td>Restored/replacement facility: taxable value, excluding land and inventory in year prior to exemption; new facility: current taxable value, excluding land and inventory</td>
<td>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</td>
<td>To local units in same proportion as general property tax, except school portion to School Aid Fund</td>
</tr>
</tbody>
</table>

## FY 2004-05 Estimated Collections

<table>
<thead>
<tr>
<th>Tax Source</th>
<th>Description</th>
<th>Enacted</th>
<th>Base</th>
<th>Rate</th>
<th>Disposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>Commercial Forest</td>
<td>PA 57 of 1995</td>
<td>Lands placed in commercial forest reserve and cash value of timber thereon</td>
<td>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)</td>
<td>To local units in same proportion as general property tax, except school portion to School Aid Fund</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>County Real Estate Transfer</td>
<td>PA 134 of 1966</td>
<td>Fair market value of property transferred</td>
<td>$0.55 per $500 (0.11%); Wayne County may impose a higher rate with voter approval</td>
<td>General Fund of county in which tax is collected</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>Estate</td>
<td>PA 188 of 1899, PA 54 of 1993</td>
<td>Fair market value of gross estate, pursuant to Federal Tax Code</td>
<td>Maximum allowable federal credit for state inheritance taxes paid</td>
<td>General Fund/General Purpose</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>General Property</td>
<td>PA 206 of 1893</td>
<td>Real and personal property not otherwise exempted</td>
<td>Varies by local unit; requires voter approval</td>
<td>As locally determined</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>Industrial Facilities</td>
<td>PA 198 of 1974</td>
<td>Restored/replacement facility: taxable value, excluding land and inventory in year prior to exemption; new facility: current taxable value, excluding land and inventory</td>
<td>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</td>
<td>To local units in same proportion as general property tax, except school portion to School Aid Fund</td>
</tr>
<tr>
<td>Revenue Source</td>
<td>Description</td>
<td>Enacted</td>
<td>Base</td>
<td>Rate</td>
<td>Disposition</td>
</tr>
<tr>
<td>----------------</td>
<td>-------------</td>
<td>---------</td>
<td>------</td>
<td>------</td>
<td>-------------</td>
</tr>
<tr>
<td>Low Grade Iron Ore Specific</td>
<td>Rated annual capacity of production and treatment plant, and gross ton value of ore</td>
<td>PA 77 of 1951</td>
<td>Rated annual capacity of production and treatment plant, and gross ton value of ore</td>
<td>1.1% at full production</td>
<td>To local units in same proportion as general property tax, except school portion to School Aid Fund</td>
</tr>
<tr>
<td>Mobile Home Trailer Coach</td>
<td>Occupied trailer coaches in licensed trailer coach parks</td>
<td>PA 243 of 1959</td>
<td>Occupied trailer coaches in licensed trailer coach parks</td>
<td>$3 per month per coach</td>
<td>School Aid Fund: $2 per coach; counties and municipalities: $0.50 per coach</td>
</tr>
<tr>
<td>Neighborhood Enterprise Zone Facilities</td>
<td>Rehabilitated facility: state equalized value in prior year of exemption, excluding land; new facility: state equalized value, excluding land</td>
<td>PA 147 of 1992</td>
<td>Rehabilitated facility: state equalized value in prior year of exemption, excluding land; new facility: state equalized value, excluding land</td>
<td>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</td>
<td>To local units in same proportion as general property tax, except school portion to School Aid Fund</td>
</tr>
<tr>
<td>Private Forest</td>
<td>Lands placed in private forest reserve and cash value of timber thereon (40 acre maximum)</td>
<td>PA 57 of 1995</td>
<td>Lands placed in private forest reserve and cash value of timber thereon (40 acre maximum)</td>
<td>Specific: $1.00 per acre; stumpage: 5% of value of timber cut; withdrawal: 5% of value of timber on the stump</td>
<td>To local units in same proportion as general property tax, except school portion to School Aid Fund</td>
</tr>
<tr>
<td>State 6-Mill Education</td>
<td>Taxable value of all real and personal property; increase capped at the lesser of 5% or inflation</td>
<td>PA 331 of 1993</td>
<td>Taxable value of all real and personal property; increase capped at the lesser of 5% or inflation</td>
<td>6 mills</td>
<td>School Aid Fund</td>
</tr>
</tbody>
</table>
### State Real Estate Transfer
- **Enacted:** PA 330 of 1993
- **Base:** Fair market value of property transferred
- **Rate:** $3.75 per $500 (0.75%) or fraction thereof of total value
- **Disposition:** School Aid Fund
- **Collections:** $310,000,000

### Technology Park Facilities
- **Enacted:** PA 385 of 1984
- **Base:** SEV of facility, excluding land
- **Rate:** New facility: 50% of 1993 school operating taxes, plus 50% of other property taxes except state 6-mill education tax
- **Disposition:** To local units in same proportion as general property tax, except school portion to School Aid Fund
- **Collections:** Included in industrial facilities

### 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
- **Collections:** $95,300,000

### 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
- **Collections:** $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
- **Collections:** $8,000,000
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

$118,300,000

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

$945,900,000

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

$600,000

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

$400,000

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

$26,700,000

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

$923,100,000
### 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%  

$10,000,000
DEDICATION OF REVENUE
<table>
<thead>
<tr>
<th><strong>Tax</strong></th>
<th><strong>Dedicated Amount</strong></th>
<th><strong>To/For</strong></th>
<th><strong>Constitutional or Statutory</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Privilege Taxes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airport parking excise</td>
<td>100%</td>
<td>Airport Parking Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Casino wagering tax, state portion; 50.5% of 24%</td>
<td>66.7%</td>
<td>School Aid Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td></td>
<td>29.2%</td>
<td>General Fund/General Purpose</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.1%</td>
<td>Agriculture Equine Industry Development Fund</td>
<td></td>
</tr>
<tr>
<td>Simulcast wagering</td>
<td>100%</td>
<td>Agriculture Equine Industry Development Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td><strong>Consumption Taxes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquor excise at the 4% rate</td>
<td>100%</td>
<td>School Aid Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Liquor specific at the 1.85% rate</td>
<td>100%</td>
<td>Liquor Purchase Revolving Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Liquor specific at the 4% rate</td>
<td>100%</td>
<td>Convention Facility Development Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>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</td>
<td>Not more than 25%</td>
<td>Transportation purposes</td>
<td>Constitutional</td>
</tr>
<tr>
<td>Sales at the 2% rate</td>
<td>100%</td>
<td>School Aid Fund</td>
<td>Constitutional</td>
</tr>
<tr>
<td>Sales at the 4% rate</td>
<td>15%</td>
<td>Revenue sharing to cities, villages, and townships on a population basis</td>
<td>Constitutional</td>
</tr>
<tr>
<td>Amount equal to sales at the 4% rate</td>
<td>21.3%</td>
<td>Revenue sharing to counties, cities, villages, and townships</td>
<td>Statutory</td>
</tr>
<tr>
<td>Sales at the 4% rate</td>
<td>60%</td>
<td>School Aid Fund</td>
<td>Constitutional</td>
</tr>
<tr>
<td>Tobacco products: cigarette</td>
<td>41.6%</td>
<td>School Aid Fund</td>
<td>Constitutional and Statutory</td>
</tr>
<tr>
<td></td>
<td>31.8%</td>
<td>Medicaid Trust Fund</td>
<td></td>
</tr>
<tr>
<td></td>
<td>19.8%</td>
<td>General Fund/General Purpose</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.8%</td>
<td>Healthy Michigan Fund</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.4%</td>
<td>Health and Safety Fund</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.6%</td>
<td>Wayne County</td>
<td></td>
</tr>
<tr>
<td>Tobacco products: other than cigarette</td>
<td>75%</td>
<td>Medicaid Trust Fund</td>
<td>Constitutional and Statutory</td>
</tr>
<tr>
<td></td>
<td>25%</td>
<td>General Fund/General Purpose</td>
<td></td>
</tr>
<tr>
<td>Use at the 2% rate</td>
<td>100%</td>
<td>School Aid Fund</td>
<td>Constitutional</td>
</tr>
<tr>
<td><strong>Income Taxes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross income tax collections</td>
<td>23% with hold harmless adjustments for rate reductions</td>
<td>School Aid Fund</td>
<td>Statutory</td>
</tr>
</tbody>
</table>
## FY 2005-06 DEDICATION OF STATE REVENUE

<table>
<thead>
<tr>
<th>Tax</th>
<th>Dedicated Amount</th>
<th>To/For</th>
<th>Constitutional or Statutory</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lottery Proceeds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lottery proceeds (net)</td>
<td>100%</td>
<td>School Aid Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td><strong>Property Taxes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial forest</td>
<td>School district share</td>
<td>School Aid Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Industrial facilities</td>
<td>School district share</td>
<td>School Aid Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Low grade iron ore specific</td>
<td>School district share</td>
<td>School Aid Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Mobile home trailer coach</td>
<td>67%</td>
<td>School Aid Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Neighborhood enterprise zone facilities</td>
<td>School district share</td>
<td>School Aid Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Private forest</td>
<td>School district share</td>
<td>School Aid Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>State 6-mill education</td>
<td>100%</td>
<td>School Aid Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>State real estate transfer</td>
<td>100%</td>
<td>School Aid Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Technology park facilities</td>
<td>School district share</td>
<td>School Aid Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td><strong>Transportation Taxes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aircraft weight</td>
<td>100%</td>
<td>Aeronautics Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Aviation gasoline</td>
<td>100%</td>
<td>Aeronautics Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Diesel fuel</td>
<td>100%</td>
<td>Michigan Transportation Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Gasoline</td>
<td>100%</td>
<td>Michigan Transportation Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Liquified petroleum gas</td>
<td>100%</td>
<td>Michigan Transportation Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Marine vessel fuel</td>
<td>100%</td>
<td>Recreation Improvement Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Motor fuel (specific)</td>
<td>100%</td>
<td>Transportation purposes</td>
<td>Constitutional</td>
</tr>
<tr>
<td>Motor carrier fuel</td>
<td>100%</td>
<td>Michigan Transportation Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Motor vehicle registration</td>
<td>100%</td>
<td>Michigan Transportation Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Watercraft registration</td>
<td>17.5%</td>
<td>State Waterways Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Watercraft registration</td>
<td>33.5%</td>
<td>Harbor Development Fund</td>
<td>Statutory</td>
</tr>
<tr>
<td>Watercraft registration</td>
<td>49%</td>
<td>Marine Safety Fund</td>
<td>Statutory</td>
</tr>
</tbody>
</table>

NOTE: Revenues not constitutionally or statutorily earmarked (dedicated) are General Fund/General Purpose.
ECONOMIC AND REVENUE FORECAST • TAX ANALYSIS • REVENUE SHARING ...........Rebecca Ross, Senior Economist
Jim Stansell, Economist

EDUCATION AND REGULATORY ................................................................. Mary Ann Cleary, Associate Director
Community Colleges • Higher Education .......................................................... Kyle I. Jen, Senior Analyst
Education • School Aid .................................................................................... Mary Ann Cleary, Associate Director
Labor and Economic Growth ......................................................................... Richard Child, Senior Analyst
Transportation .................................................................................................. William E. Hamilton, Senior Analyst

FISCAL OVERSIGHT, AUDIT AND LITIGATION ........................................ William E. Hamilton, Senior Analyst

GENERAL GOVERNMENT ............................................................................ Al Valenzio, Associate Director
Agriculture ....................................................................................................... William E. Hamilton, Senior Analyst
Capital Outlay • Retirement • Supplemenials .................................................... Al Valenzio, Associate Director
Corrections • Judiciary ..................................................................................... Marilyn Peterson, Senior Analyst
Environmental Quality • Natural Resources • History, Arts, and Libraries •
Clean Michigan Initiative • Federal Funds Monitoring • Natural Resources Trust Fund .. Kirk Lindquist, Senior Analyst
Attorney General • Civil Rights • Civil Service • Executive Office •
Information Technology • Legislature • Lottery • Management and Budget • State......... Robin Risko, Senior Analyst
Treasury ........................................................................................................... Robin Risko, Senior Analyst; Viola Bay Wilde, Fiscal Analyst
Military and Veterans Affairs • State Police .................................................... Jan Wisniewski, Senior Analyst
Legislative Transfers ....................................................................................... Margaret Alston, Senior Analyst

HUMAN SERVICES .......................................................................................... Bill Fairgrieve, Deputy Director
Community Health: Medicaid .......................................................................... Steve Stauff, Senior Analyst
Mental Health • Substance Abuse .................................................................... Margaret Alston, Senior Analyst
Public Health • Aging ...................................................................................... Susan Frey, Senior Analyst
Human Services ............................................................................................... Robert Schneider, Senior Analyst; Bill Fairgrieve, Deputy Director

LEGISLATIVE ANALYSIS ............................................................................. Chris Couch, Associate Director
Edith Best, Joan Hunault, Sue Stutzky, Mark Wolf, Legislative Analysts

SUPPORT STAFF
Office Manager ................................................................................................. Sharon Risko, Administrative Assistant
Publications and Data ..................................................................................... Jeanne Dee, Administrative Assistant
Community Health • Corrections • Human Services • Judiciary •
HFA Library ..................................................................................................... Tumai Burris, Budget Assistant
Agriculture • Community Colleges • Education • Higher Education • School Aid •
Transportation • Transfers • HFA Internet • Bill Analysis ................................ Barbara Graves, Budget Assistant
Capital Outlay • Environmental Quality • General Government • History, Arts, & Libraries •
Labor and Economic Growth • Military and Veterans Affairs • Natural Resources •
Retirement • State Police • Supplemenials ....................................................... Kim O’Berry, Budget Assistant
Facilities Coordinator ..................................................................................... Eriah Caughey, Receptionist

March 2005