



# MONTHLY REVENUE REPORT

## AUGUST 2017

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Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.0 billion in August 2017, a 4.3% increase from August 2016. August 2017 tax collections were approximately \$6.2 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2017. Above-estimate collections from the sales tax, Essential Services Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) were more than offset by below-forecast revenue from individual income tax withholding and use taxes, and greater-than-expected individual income tax refunds.

Collections earmarked to the General Fund were \$5.4 million below the expected level for August 2017, and School Aid Fund tax collections were \$800,000 below the forecasted level. Through August 2017, year-to-date General Fund collections are \$138.9 million above, and School Aid fund collections are \$61.3 million above, the level expected based on the May 2017 consensus revenue estimates.

Net income tax revenue totaled \$702.8 million in August 2017, down 10.2% from August 2016. Withholding payments (which represented the majority of gross income tax revenue collections) were 9.9% below the year-ago level and \$55.4 million below the predicted level. Additionally, individual income tax refunds in August 2017 were down 0.5% from the August 2016 level, but were \$8.2 million greater than expected. Year-to-date net individual income tax collections in August 2017 were up 1.6% from August 2016 and \$35.3 million below forecast.

Sales tax receipts totaled \$673.1 million in August 2017, up 6.6% from August 2016 and \$5.4 million above the forecast for the month. Sales tax collections were boosted by strong vehicle sales: August 2017 experienced the highest monthly sales tax collections from vehicle sales since July 2003. Year-to-date sales tax collections from vehicles sales are 4.4% above the level in August 2016, while total year-to-date sales tax collections are up 7.2%, and are \$73.2 million above the predicted level.

Combined business tax collections from the Single Business Tax, MBT, and CIT totaled \$700,000 in August 2017, \$40.5 million above the expected level (based on the expectation that refunds would exceed payments). Reflecting the volatile nature of the Corporate Income Tax, August 2017 CIT collections were 131.9% above the August 2016 level and \$19.5 million above the forecasted level. Most taxpayers that still file the MBT do so to collect refundable tax credits. Forecasted MBT revenue in FY 2016-17 is expected to be dominated by several large refunds. When these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates. Both MBT and CIT collections also have been affected by processing adjustments, which have moved payments that were incorrectly classified as MBT payments to the CIT. As a result, total revenue has remained unchanged, but the adjustments have decreased MBT revenue and increased CIT revenue.

State Education Tax (SET) collections in August 2017 were 7.7% below the August 2016 level, and \$3.6 million above the expected level for the month. The timing of SET collections is influenced by when counties remit payments to the State, and the majority of collections are received in September and October.

The table on the back of this report identifies the major taxes included in the report, and provides their respective revenue levels and growth rates for August 2017. Also presented are the revised consensus revenue estimates for FY 2016-17 that were adopted at the May 2017 Consensus Revenue Estimating Conference.



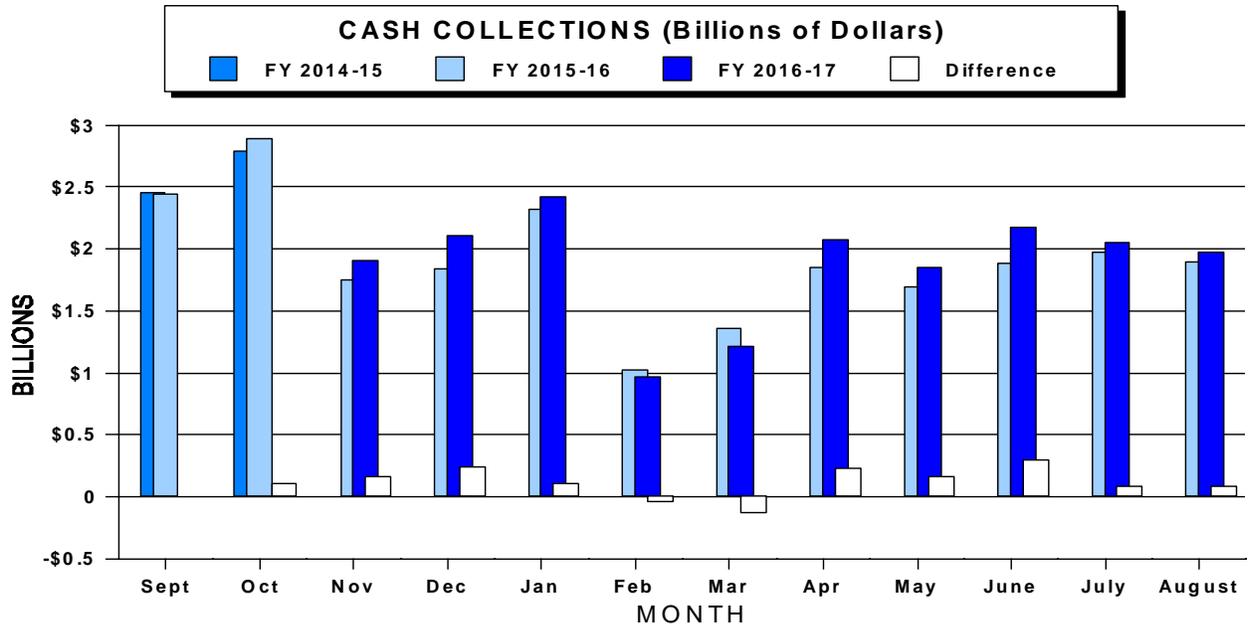
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<b>MICHIGAN REVENUE UPDATE</b> (dollars in millions)						
Type of Revenue	August Collections		FY 2016-17 to Date <sup>2</sup>		FY 2016-17 CREC Estimate <sup>3,4)</sup>	
	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From Year Ago	Total	% Change From FY 2015-16
Gross Individual Income Tax	\$744.2	(9.7)	\$9,590.2	1.9	\$11,575.4	3.0
Refunds	(41.3)	(0.5)	(1,829.1)	3.4	(\$1,879.0)	0.3
Net Income Tax	702.8	(10.2)	7,761.2	1.6	\$9,696.4	3.5
Sales Tax	673.1	6.6	6,457.0	7.2	7,694.0	5.5
Motor Vehicles	97.2	1.4	821.4	4.4	----	----
All Other Sales Tax	575.9	7.5	5,635.6	7.7	----	----
Use Tax <sup>5)</sup>	128.2	(13.7)	1,250.5	3.2	1,565.9	3.1
Tobacco Taxes	85.4	2.5	778.4	(0.6)	944.4	(0.2)
Corporate Income Tax	28.4	131.9	858.1	22.7	1,078.0	15.9
Michigan Business Tax	(27.4)	----	(731.4)	----	(922.8)	5.0
Insurance Tax	4.1	(214.5)	267.5	10.2	366.3	11.3
Essential Services Assessment	66.1	33.1	83.1	31.1	78.0	15.3
State Education Property Tax	145.7	(7.7)	538.0	4.0	1,945.9	2.6
Real Estate Transfer Tax	30.6	(2.4)	254.1	14.5	312.7	8.1
Casino Wagering Tax <sup>6)</sup>	9.0	(3.8)	95.0	0.4	114.0	1.0
Oil & Gas Severance Tax	2.3	27.5	19.4	22.4	24.8	31.0
Other Taxes <sup>7)</sup>	32.7	77.3	245.0	(7.0)	285.9	0.0
<b>Total Taxes</b>	<b>\$1,880.9</b>	<b>2.5</b>	<b>\$17,875.9</b>	<b>6.4</b>	<b>\$23,183.5</b>	<b>4.5</b>
Lottery, Net to School Aid Fund <sup>6)</sup>	84.1	67.7	850.3	4.1	887.0	(0.2)
<b>Total</b>	<b>\$1,965.1</b>	<b>4.3</b>	<b>\$18,448.8</b>	<b>6.3</b>	<b>\$24,070.5</b>	<b>4.3</b>

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2016-17 year-to-date collections begin with November 2016 collections to reflect accrual accounting.
- 3) Year-to-date figures represent cash collections only, while the fiscal year estimate also includes accruals.
- 4) Consensus revenue estimates adopted at the May 17, 2017, Consensus Revenue Estimating Conference.
- 5) Includes both the State share and the local share (Local Community Stabilization Authority).
- 6) Lottery and casino revenue is not accrued, so FY 2016-17 collections will include October 2016 to September 2017.
- 7) Other Taxes include beer, wine, liquor, single business tax, industrial facilities, utility property, estate taxes, and penalties and interest.

### Actual Revenue Collections for Major State Taxes\* September 2015 to August 2017



\* Comparison of actual collections. Major taxes include the beer, casino wagering, estate, income, industrial facilities, insurance retaliatory, liquor, MBT, oil & gas severance, real estate transfer, sales, SBT, State education property, tobacco (cigarette & other tobacco products), use, utility property, wine taxes, the essential services assessment, net lottery revenue to the school aid fund, and penalties & interest revenue.