



# MONTHLY REVENUE REPORT

FEBRUARY 2017

---

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$966.2 million in February 2017, down 4.9% from the February 2016 level. February 2017 tax collections were approximately \$78.4 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2017. The above-forecast revenue primarily reflected less-than-expected individual income tax refunds and greater-than-expected sales tax collections that more than offset less-than-expected revenue from individual income tax withholding.

Collections earmarked to the General Fund were \$51.9 million above the expected level for February, while School Aid Fund tax collections were \$22.3 million above the forecasted level. The remaining \$4.2 million in above-forecast collections was directed to other funds, most notably constitutional revenue sharing. Through February, year-to-date General Fund collections are \$52.2 million above, and School Aid Fund collections \$38.2 million above, the level expected based on the January 2017 consensus revenue estimates.

Net income tax revenue totaled \$350.3 million in February 2017, up 0.2% from February 2016, and \$47.9 million above the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 3.9% below the year-ago level and \$21.9 million below the predicted level for the month. More than offsetting the decline in withholding payments, individual income tax refunds totaled \$418.6 million, down 7.9% from February 2016, and \$69.6 million less than predicted. Refunds generally depend on when taxpayers file their returns, so data from future months' collections will be needed to determine if the refund estimate is too high or if taxpayers are merely filing refunds requests later than usual.

February 2017 sales tax receipts increased 5.8% from February 2016 and were \$38.2 million above the forecasted level. On a year-to-date basis, sales tax collections through February 2017 are \$85.8 million above the forecasted level and are up 8.4% compared to February 2016, when year-to-date sales tax collections were down 1.2% from the prior year's level. In February 2017, use tax collections were 13.4% above the February 2016 level, but on a year-to-date basis are up only 2.8% and running \$20.7 million below forecast.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) were a negative \$273.5 million (a net loss of revenue to the State due to refunds exceeding collections) but only \$10.5 million below the Senate Fiscal Agency's estimate for the month. Net CIT collections totaled \$19.5 million while net MBT revenue totaled a negative \$293.4 million. Most taxpayers who still file the MBT do so to collect refundable tax credits. When these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates.

Oil and gas severance tax collections in February 2017 were up 78.0% from the February 2016 level, although the increase is substantially affected by the low level of collections in both years: February 2017 collections totaled only \$1.9 million.

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 February 2017. Also presented are the revised consensus revenue estimates for FY 2016-17, which were adopted at the January 2017 Consensus Revenue Estimating Conference.



<b>MICHIGAN REVENUE UPDATE</b> (dollars in millions)						
Type of Revenue	February 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	\$768.9	(4.4%)	\$3,735.7	2.4%	\$11,636.0	3.5%
Refunds	(418.6)	(7.9)	(498.7)	(8.3)	(\$1,879.0)	0.3
Net Income Tax	350.3	0.2	3,236.9	4.3	\$9,757.0	4.1
Sales Tax	542.4	5.8	2,528.4	8.4	7,485.2	2.6
Motor Vehicles	66.3	1.9	288.4	7.8	---	---
All Other Sales Tax	476.1	6.3	2,240.0	8.5	---	---
Use Tax	118.6	13.4	473.9	2.8	1,574.5	3.7
Tobacco Taxes	71.9	2.7	303.7	0.2	934.4	(1.3)
Corporate Income Tax	19.5	8.0	332.3	23.1	946.5	1.8
Michigan Business Tax	(293.4)	---	(433.6)	---	(672.8)	(23.4)
Insurance Tax	12.3	102.7	86.9	14.8	405.6	23.2
Essential Services Assessment	(0.0)	---	0.1	---	75.0	10.9
State Education Property Tax	17.3	15.4	292.5	14.5	1,933.9	1.9
Real Estate Transfer Tax	22.8	22.8	97.9	14.0	305.2	5.5
Casino Wagering Tax <sup>5)</sup>	9.5	0.7	37.1	(0.4)	114.0	1.0
Oil & Gas Severance Tax	1.9	78.0	7.9	24.1	23.6	24.7
Other Taxes <sup>6)</sup>	16.6	(508.5)	90.0	10.7	295.9	3.5
<b>Total Taxes</b>	<b>\$889.6</b>	<b>(5.8%)</b>	<b>\$7,053.9</b>	<b>7.2%</b>	<b>\$22,948.0</b>	<b>4.5%</b>
Lottery, Net to School Aid Fund <sup>4)</sup>	76.6	6.4	373.4	(0.3)	892.0	0.3
<b>Total</b>	<b>\$966.2</b>	<b>(4.9%)</b>	<b>\$7,427.3</b>	<b>6.6%</b>	<b>\$23,840.0</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 January 12, 2017, Consensus Revenue Estimating Conference.  
5) Lottery and casino revenue is not accrued, so FY 2016-17 collections will include October 2016 to September 2017.  
6) Other Taxes include beer, wine, liquor, single business tax, industrial facilities, utility property, estate taxes, and penalties and interest.

