



# MONTHLY REVENUE REPORT

JULY 2016

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Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.0 billion in July 2016, a 0.9% increase from the July 2015 level. July 2016 tax collections were approximately \$85.3 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2016. Above-estimate collections from the sales tax, insurance tax, and Michigan Business Tax (MBT) combined with Federal reimbursement for the Home Heating Credit (which lowered income tax refunds for the month) more than offset below-forecast revenue from individual income tax withholding and the Corporate Income Tax (CIT).

Collections earmarked to the General Fund were \$45.9 million above the expected level for July 2016, while School Aid Fund tax collections were \$36.5 million above the forecasted level. The remaining \$2.9 million in above-forecast collections reflected other funds, most notably constitutional revenue sharing. Through July, year-to-date General Fund collections are \$68.2 million below, and School Aid Fund collections \$16.4 million above, the level expected based on the May 2016 consensus revenue estimates.

Net individual income tax revenue totaled \$767.8 million in July 2016, up 3.1% from July 2015. Withholding payments (which represented the majority of gross income tax revenue) were down 2.0% from the year-ago level and \$13.2 million below the predicted level. Reflecting the Federal reimbursement for the Home Heating Credit, refunds under the individual income tax were down 94.2% from the 2015 level and \$23.9 million less than expected. Although the reimbursement is forecasted, when it will be received is largely unknown; in 2015, the Federal reimbursement posted in September. Excluding the reimbursement, income tax refunds were down 21.8% from the 2015 level, but \$10.9 million more than expected. Year-to-date net individual income tax collections are \$53.7 million below the forecasted level.

Sales tax receipts totaled \$665.3 million in July 2016, \$18.5 million above the forecast for the month and up 2.0% from July 2015. July 2016 represented the fourth consecutive month in which sales tax collections were above the year-ago level, the first time the sales tax exhibited four consecutive months of year-over-year gains since April-July 2013, although those gains were substantially stronger. Year-to-date sales tax collections are 0.6% above the 2015 level, and \$11.0 million above the predicted level.

Combined business tax collections from the Single Business Tax, MBT, and CIT totaled \$30.0 million for July 2016, only the second month in fiscal year 2015-16 in which collections exceeded refund payments. While net MBT revenue collections were \$35.2 million more than expected in July 2016, year-to-date MBT revenue is \$4.9 million below the expected level. 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. Corporate Income Tax collections in July 2016 were \$32.3 million less than expected. On a year-to-date basis, CIT collections are down 15.8% but only \$13.4 million below the predicted level.

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 July 2016. Also presented are the revised consensus revenue estimates for FY 2015-16, which were adopted at the May 2016 Consensus Revenue Estimating Conference.



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	June Collections		FY 2015-16 to Date <sup>2,3)</sup>		FY 2015-16 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 2014-15
Gross Individual Income Tax	\$770.6	(2.8)%	\$8,586.0	4.6%	\$11,175.2	4.7%
Refunds	(2.8)	(94.2)	(1,727.8)	3.4	(\$1,774.0)	4.8
Net Income Tax	767.8	3.1	6,858.1	4.9	\$9,401.2	4.7
Sales Tax	665.3	2.0	5,389.3	0.6	7,310.0	0.9
Motor Vehicles	81.4	(5.4)	690.7	1.4	---	---
All Other Sales Tax	583.8	3.2	4,698.6	0.4	---	---
Use Tax	126.5	(1.7)	982.4	(3.9)	1,362.8	0.4
Tobacco Taxes	88.5	3.8	699.8	1.5	957.1	0.4
Corporate Income Tax	61.6	(29.0)	686.9	(15.8)	932.0	(13.5)
Michigan Business Tax	(37.6)	---	(889.1)	---	(1,031.0)	61.2
Insurance Tax	88.3	1.8	246.3	(8.1)	316.0	(2.0)
Essential Services Assessment	13.0	---	13.7	---	55.0	---
State Education Property Tax	10.0	(48.0)	359.7	1.2	1,894.1	2.0
Real Estate Transfer Tax	27.6	(5.6)	190.6	3.0	276.0	6.8
Casino Wagering Tax <sup>5)</sup>	9.6	3.2	85.3	1.3	112.0	1.1
Oil & Gas Severance Tax	1.8	(31.1)	14.1	(43.4)	20.4	(32.9)
Other Taxes <sup>6)</sup>	44.8	(27.6)	196.8	(28.8)	286.5	(4.9)
<b>Total Taxes</b>	<b>\$1,867.1</b>	<b>0.2%</b>	<b>\$14,834.0</b>	<b>0.2%</b>	<b>\$21,892.1</b>	<b>(0.3)%</b>
Lottery, Net to School Aid Fund <sup>4)</sup>	91.0	19.6	767.0	15.4	850.0	8.4
<b>Total</b>	<b>\$1,958.1</b>	<b>0.9%</b>	<b>\$15,601.9</b>	<b>0.9%</b>	<b>\$22,742.1</b>	<b>0.0%</b>

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2015-16 year-to-date collections begin with November 2015 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 15, 2016, Consensus Revenue Estimating Conference.
- 5) Lottery and casino revenue is not accrued, so FY 2015-16 collections will include October 2015 to September 2016.
- 6) Other Taxes include beer, wine, liquor, single business tax, industrial facilities, utility property, estate taxes, and penalties and interest.

