



MONTHLY REVENUE REPORT

JULY 2017

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.0 billion in July 2017, a 3.7% increase from the July 2016 level. July 2017 tax collections were approximately \$9.4 million above 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, combined with fewer-than-expected Michigan Business Tax (MBT) refunds, slightly more than offset below-forecast revenue from individual income tax withholding, the use tax, and the Corporate Income Tax (CIT).

Collections earmarked to the General Fund were \$35.8 million below the expected level for July 2017, while School Aid Fund tax collections were \$38.3 million above the forecasted level. The remaining \$6.9 million in above-forecast collections reflected other funds, most notably constitutional revenue sharing. Through July, year-to-date General Fund collections are \$50.8 million above, and School Aid fund collections \$32.8 million above, the level expected based on the May 2017 consensus revenue estimates.

Net income tax revenue totaled \$772.1 million in July 2017, up 0.6% from July 2016. Withholding payments (which represented the majority of gross income tax revenue) were up 3.8% from the year-ago level but were \$33.2 million below the predicted level. Year-to-date net individual income tax collections are up only 1.1%, and are \$94.7 million below the forecasted level. Most of the year-to-date shortfall in net individual income tax revenue reflects May's shortfall in individual income tax annual payments. Year-to-date withholding payments are up 2.7% and \$300,000 above the expected level.

Sales tax receipts totaled \$738.3 million in July 2017, \$60.3 million above the forecast for the month and up 11.0% from July 2016. Without adjusting for inflation, sales tax collections in July 2017 reached a new record high, up 6.2% from the prior record set in January 2017. Four of the 14 months in which monthly sales tax collections have exceeded \$650.0 million have occurred during FY 2016-17. Year-to-date sales tax collections are 7.3% above the 2016 level, and \$67.8 million above the predicted level.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and CIT totaled \$56.5 million in July 2017, \$2.6 million above the level expected for the month. Most taxpayers who 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 changes have decreased MBT revenue and increased CIT revenue.

Reflecting the improving housing market, real estate transfer tax receipts in July 2017 were up 29.1% from the July 2016 level. Year-to-date real estate transfer tax collections are up 17.2%.

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



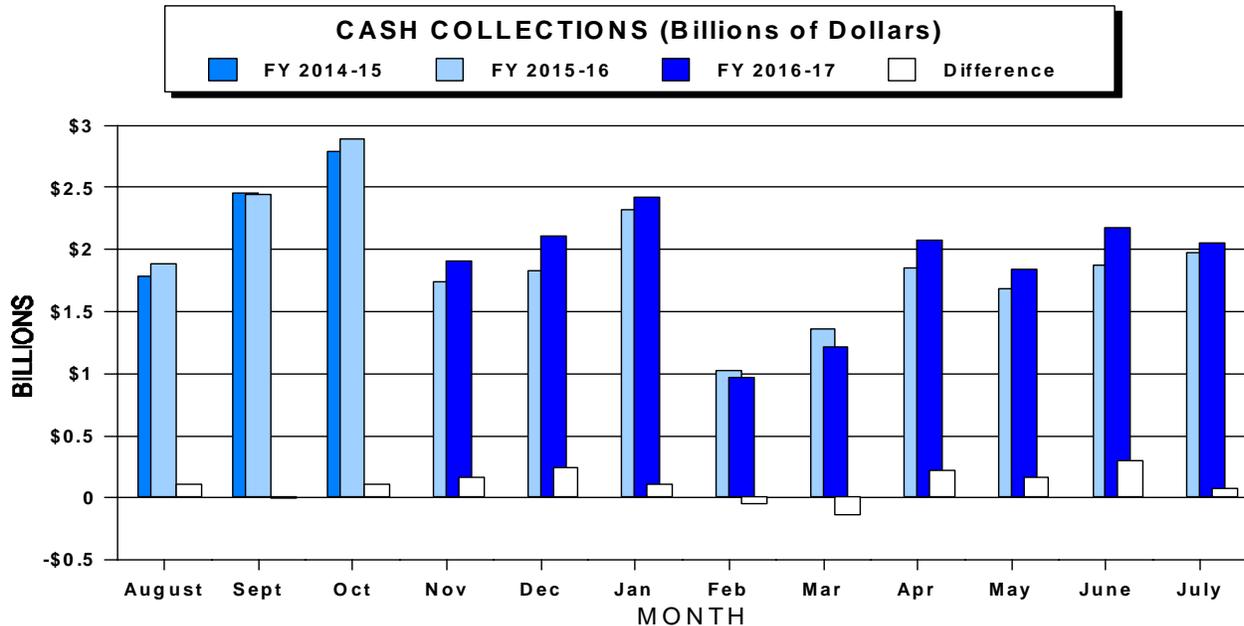
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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	July Collections		FY 2016-17 to Date ²		FY 2016-17 CREC Estimate ^{3,4)}	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total	% Change From FY 2015-16
Gross Individual Income Tax	\$803.9	4.3%	\$8,723.3	1.6%	\$11,575.4	3.0%
Refunds	(31.8)	1,045.5	(1,787.8)	3.5	(\$1,879.0)	0.3
Net Income Tax	772.1	0.6	6,935.5	1.1	\$9,696.4	3.5
Sales Tax	738.3	11.0	5,783.9	7.3	7,694.0	5.5
Motor Vehicles	83.5	2.6	724.2	4.8	----	----
All Other Sales Tax	654.7	12.1	5,059.7	7.7	----	----
Use Tax ⁵⁾	125.9	(6.4)	1,122.4	5.6	1,565.9	3.1
Tobacco Taxes	86.1	(2.6)	693.0	(1.0)	944.4	(0.2)
Corporate Income Tax	57.6	(6.5)	829.7	20.8	1,078.0	15.9
Michigan Business Tax	(7.2)	----	(704.0)	----	(922.8)	5.0
Insurance Tax	88.7	0.4	263.3	6.9	366.3	11.3
Essential Services Assessment	12.8	----	17.0	----	78.0	15.3
State Education Property Tax	12.8	28.3	392.4	9.1	1,945.9	2.6
Real Estate Transfer Tax	35.6	29.1	223.5	17.2	312.7	8.1
Casino Wagering Tax ⁶⁾	9.6	0.5	86.0	0.9	114.0	1.0
Oil & Gas Severance Tax	0.6	(64.4)	17.2	22.0	24.8	31.0
Other Taxes ⁷⁾	35.4	(28.0)	212.3	(13.4)	285.9	0.0
Total Taxes	\$1,968.5	4.7%	\$15,872.2	6.1%	\$23,183.5	4.5%
Lottery, Net to School Aid Fund ⁶⁾	75.7	(16.8)	766.2	(0.1)	887.0	(0.2)
Total	\$2,044.2	3.7%	\$16,638.4	5.8%	\$24,070.5	4.3%

- 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* August 2015 to July 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.