



# MONTHLY REVENUE REPORT

JUNE 2017

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Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.2 billion in June 2017, up 15.8% from the June 2016 level. June 2017 tax collections were approximately \$169.6 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. While collections under both the sales tax and the use tax were above forecast, the majority of the greater-than-expected revenue was accounted for by less-than-expected Michigan Business Tax refunds. Collections from most other taxes were at or near their forecasted levels for the month.

Collections earmarked to the General Fund were \$125.2 million above the expected level for June 2017, while School Aid Fund tax collections were \$40.4 million above the forecasted level. The remaining \$4.4 million in above-forecast collections was directed to other funds, most notably constitutional revenue sharing. Through June, year-to-date General Fund collections are \$86.6 million above, and School Aid Fund collections are \$5.5 million below, the level expected based on the May 2017 consensus revenue estimates.

Net income tax revenue totaled \$950.2 million in June 2017, up 6.6% from June 2016. Withholding payments (which represented the majority of gross income tax revenue) were 2.5% above the year-ago level and only \$0.5 million below the predicted level. Individual income tax refunds were 29.5% below the June 2016 level and \$13.5 million less than expected. Year-to-date net income tax collections are \$66.0 million below the expected level, reflecting year-to-date annual payments that are \$100.2 million below forecast and more than offsetting above-forecast withholding and quarterly payments.

Sales tax receipts totaled \$685.5 million in June 2017, \$22.6 million above the forecast for the month and a 6.3% increase from June 2016. Sales tax collections associated with vehicle sales totaled \$90.8 million, the third time in 2017 (and only the fifth time since August 2003) that collections from vehicle sales have exceeded \$90.0 million. Year-to-date sales tax collections are 6.8% above the 2016 level, and \$7.5 million above the predicted level.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled \$120.3 million in June 2017. Combined business tax collections were \$99.7 million above the level expected for the month, reflecting MBT refund payments that were \$78.4 million less than expected. 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. As of June 2017, year-to-date MBT revenue totaled a negative \$696.8 million, compared to total FY 2015-16 MBT revenue of a negative \$878.9 million.

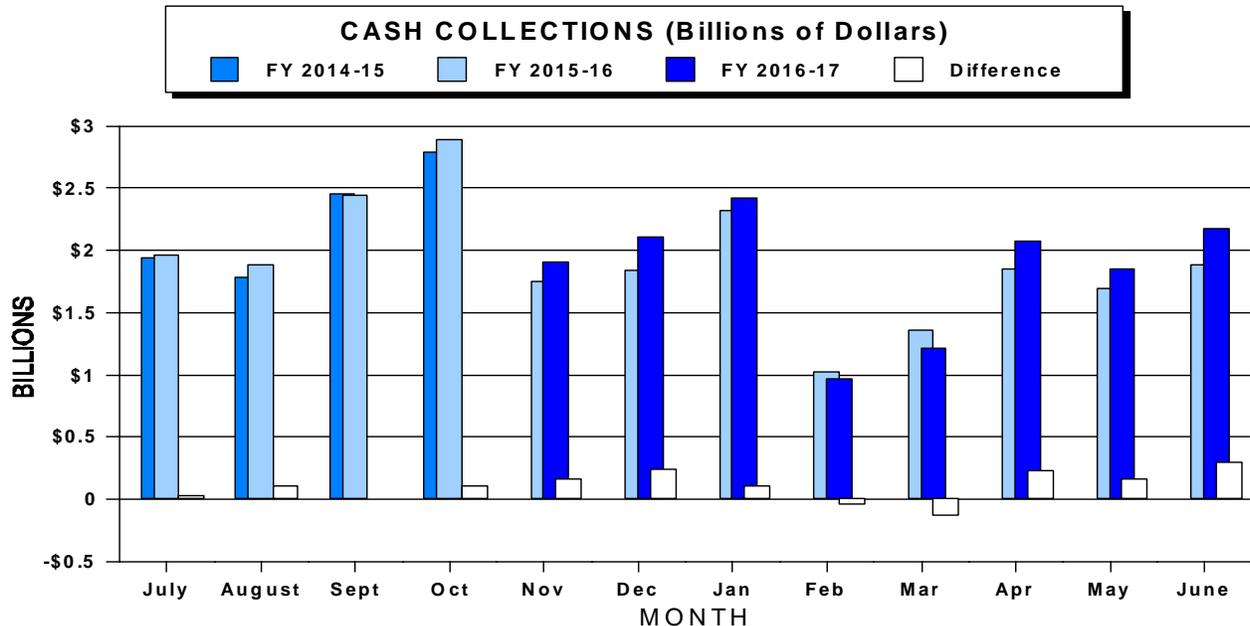
The table on the back of this report identifies the major taxes included in the report, and provides their respective revenue levels and growth rates for June 2017. Also presented are the revised consensus revenue estimates for FY 2016-17, which were adopted at the May 2017 Consensus Revenue Estimating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



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	June 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	\$989.9	4.4%	\$7,919.4	1.3%	\$11,575.4	3.0%
Refunds	(39.7)	(29.5)	(1,756.0)	1.8	(\$1,879.0)	0.3
Net Income Tax	950.2	6.6	6,163.4	1.2	\$9,696.4	3.5
Sales Tax	685.5	6.3	5,045.7	6.8	7,694.0	5.5
Motor Vehicles	90.8	2.1	640.7	5.1	---	---
All Other Sales Tax	594.7	6.9	4,405.0	7.1	---	---
Use Tax <sup>5)</sup>	147.1	35.0	996.5	7.4	1,565.9	3.1
Tobacco Taxes	85.8	6.0	606.9	(0.7)	944.4	(0.2)
Corporate Income Tax	118.2	3.4	772.2	23.5	1,078.0	15.9
Michigan Business Tax	(0.8)	---	(696.8)	---	(922.8)	5.0
Insurance Tax	2.4	16.7	174.6	10.5	366.3	11.3
Essential Services Assessment	2.6	---	4.2	---	78.0	15.3
State Education Property Tax	29.3	(5.6)	379.5	8.5	1,945.9	2.6
Real Estate Transfer Tax	23.0	(1.7)	187.9	15.2	312.7	8.1
Casino Wagering Tax <sup>6)</sup>	9.2	4.1	76.4	0.9	114.0	1.0
Oil & Gas Severance Tax	2.6	61.2	16.5	34.5	24.8	31.0
Other Taxes <sup>7)</sup>	22.1	63.6	176.9	(9.7)	285.9	0.0
<b>Total Taxes</b>	<b>\$2,077.3</b>	<b>15.0%</b>	<b>\$13,903.8</b>	<b>6.3%</b>	<b>\$23,183.5</b>	<b>4.5%</b>
Lottery, Net to School Aid Fund <sup>6)</sup>	91.9	37.7	690.5	2.1	887.0	(0.2)
<b>Total</b>	<b>\$2,169.2</b>	<b>15.8%</b>	<b>\$14,594.2</b>	<b>6.1%</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\*  
July 2015 to June 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.