



MONTHLY REVENUE REPORT

MARCH 2017

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.2 billion in March 2017, a 10.5% decrease from the March 2016 level. March 2017 tax collections were approximately \$165.8 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2017. Greater-than-expected Michigan Business Tax (MBT) refunds and individual income tax refunds combined with less-than-expected insurance tax and Corporate Income Tax collections more than offset greater-than-expected sales tax collections and individual income tax withholding. The MBT shortfall accounted for 80% of the net amount by which collections were below the monthly estimate.

Collections earmarked to the General Fund were \$199.9 million below the expected level for March 2017, while School Aid Fund tax collections were \$32.8 million above the forecasted level. The remaining \$1.3 million in above-forecast collections was directed to other funds, most notably constitutional revenue sharing. Through March, year-to-date General Fund collections are \$147.8 million below, and School Aid Fund collections \$71.1 million above, the level expected based on the January 2017 consensus revenue estimates.

Net income tax revenue totaled \$395.8 million in March 2017, down 12.5% from the level in March 2016 and \$14.5 million below the level forecasted for the month. Withholding payments (which represented the majority of gross income tax revenue) were 2.8% above the year-ago level and \$32.0 million above the predicted level. Offsetting the growth in withholding was a greater-than-expected increase in individual income tax refunds, which were up 15.5% from the level in March 2016. Year-to-date, individual income tax withholding collections are up 1.4% in March 2017 while individual income tax refunds are up 3.1%.

Sales tax receipts in March 2017 increased 5.5% from the March 2016 level and were \$18.0 million above the forecasted level. Sales tax collections attributed to vehicle sales were 3.8% above the prior year. On a year-to-date basis, sales tax collections are up 7.8% from 2016 and are \$103.8 million above the expected level.

Combined State and Local Community Stabilization Authority use tax collections in March 2017 were 13.9% above the March 2016 level, although on a year-to-date basis collections are down 0.2%. Year-to-date use tax collections are \$27.9 million below the forecasted level, with all of the shortfall affecting the State's portion of the tax.

Combined business tax collections from the Single Business Tax (SBT), MBT, and Corporate Income Tax (CIT) totaled a negative \$138.4 million (with refunds exceeding payments) for the month and were \$159.6 million below the expected level, reflecting lower-than-expected CIT collections combined with greater-than-expected MBT refunds. On a year-to-date basis, CIT collections are up 8.0% from 2016 but \$40.6 million below estimates. 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.

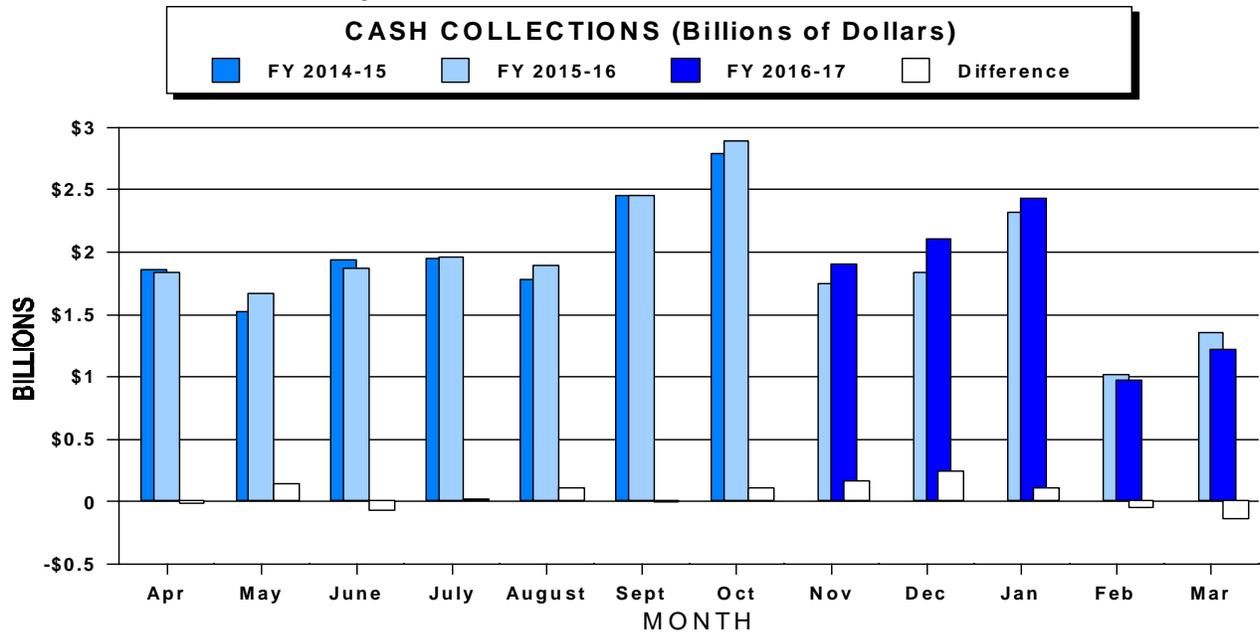
The table on the back of this report identifies the major taxes included in the report, and provides their respective revenue levels and growth rates for March 2017. Also presented are the revised consensus revenue estimates for FY 2016-17, which were adopted at the January 2017 Consensus Revenue Estimating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



| MICHIGAN REVENUE UPDATE (dollars in millions) | | | | | | |
|--|---------------------|------------------------|---------------------------------|------------------------|--|--------------------------|
| Type of Revenue | March 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 | \$970.7 | 2.2% | \$4,706.3 | 2.4% | \$11,636.0 | 3.5% |
| Refunds | (574.8) | 15.5 | (1,073.6) | 3.1 | (\$1,879.0) | 0.3 |
| Net Income Tax | 395.8 | (12.5) | 3,632.7 | 2.2 | \$9,757.0 | 4.1 |
| Sales Tax | 591.2 | 5.5 | 3,119.6 | 7.8 | 7,485.2 | 2.6 |
| Motor Vehicles | 91.5 | 3.8 | 379.9 | 6.8 | --- | --- |
| All Other Sales Tax | 499.7 | 5.8 | 2,739.7 | 8.0 | --- | --- |
| Use Tax ⁵⁾ | 115.9 | 13.9 | 589.7 | (0.2) | 1,574.5 | 3.7 |
| Tobacco Taxes | 67.2 | (1.6) | 371.0 | (0.1) | 934.4 | (1.3) |
| Corporate Income Tax | 51.2 | (39.9) | 383.6 | 8.0 | 946.5 | 1.8 |
| Michigan Business Tax | (177.8) | --- | (611.3) | --- | (672.8) | (23.4) |
| Insurance Tax | 5.8 | (61.6) | 92.6 | 2.2 | 405.6 | 23.2 |
| Essential Services Assessment | 0.0 | --- | 0.1 | --- | 75.0 | 10.9 |
| State Education Property Tax | 19.6 | (18.7) | 312.1 | 11.6 | 1,933.9 | 1.9 |
| Real Estate Transfer Tax | 19.0 | (6.6) | 116.8 | 10.1 | 305.2 | 5.5 |
| Casino Wagering Tax ⁶⁾ | 10.6 | 5.0 | 47.7 | 0.7 | 114.0 | 1.0 |
| Oil & Gas Severance Tax | 2.5 | 37.0 | 10.3 | 27.0 | 23.6 | 24.7 |
| Other Taxes ⁷⁾ | 13.7 | (54.9) | 103.7 | (7.2) | 295.9 | 3.5 |
| Total Taxes | \$1,114.7 | (13.5%) | \$8,168.6 | 3.4% | \$23,178.0 | 4.5% |
| Lottery, Net to School Aid Fund ⁶⁾ | 91.6 | 54.3 | 465.1 | 3.0 | 892.0 | 0.3 |
| Total | \$1,206.4 | (10.5%) | \$8,633.7 | 3.4% | \$24,070.0 | 4.3% |

- Total collections are unadjusted cash collections unless otherwise noted.
- FY 2016-17 year-to-date collections begin with November 2016 collections to reflect accrual accounting.
- Year-to-date figures represent cash collections only, while the fiscal year estimate also includes accruals.
- Consensus revenue estimates adopted at the January 12, 2017, Consensus Revenue Estimating Conference.
- Includes both the State share and the local share (Local Community Stabilization Authority).
- Lottery and casino revenue is not accrued, so FY 2016-17 collections will include October 2016 to September 2017.
- 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*
April 2015 to March 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.