MONTHLY REVENUE REPORT

NOVEMBER 2016

Michigan's major taxes and net lottery revenue totaled $1.9 billion in November 2016, up 9.1% from November 2015. November 2016 tax collections were approximately $12.2 million below the Senate Fiscal Agency's (SFA's) projection for the month, based on the consensus revenue estimates adopted in May 2016. November is the first month of tax collections for fiscal year (FY) 2016-17; most October 2016 tax revenue was accrued to FY 2015-16. Because November represents the first month of FY 2016-17 collections, the year-to-date totals are the same as the monthly figures for those taxes.

General Fund tax collections were $31.9 million below the expected level for November, while School Aid Fund tax collections were $17.2 million above the forecasted level. The remaining $2.5 million in above-forecast collections was directed to other funds, most notably constitutional revenue sharing. Tax refunds under the Michigan Business Tax (MBT) and the individual income tax were greater than expected, and individual income tax withholding was less than expected, more than offsetting above-forecast Corporate Income Tax (CIT) and sales tax collections.

Net income tax revenue totaled $694.7 million in November 2016, a 6.1% decrease from the November 2015 level. Withholding payments (which represented the majority of gross income tax revenue) were 6.0% above the year-ago level and $35.6 million below the level expected based on SFA monthly estimates. Individual income tax refunds were up 12.0% from November 2015, and $14.1 million greater than forecasted.

Sales tax receipts totaled $635.2 million in November 2016, 5.6% above the prior-year level, reflecting a 9.8% increase in sales tax revenue from motor vehicle sales and a 5.0% increase in other (non-motor vehicle) sales tax receipts. November's year-over-year growth rate for sales tax collections was the strongest since February 2016, and November was only the third time since January 2015 in which year-over-year sales tax growth exceeded 5.0%. However, over the September 2016 through November 2016 period, sales tax collections were up only 0.9% from the same period in 2015.

Net MBT collections were a negative $61.7 million ($27.7 million below forecast) due to the payment of refunds in November 2016. However, net Michigan CIT collections totaled $75.5 million ($49.7 million above forecast). As a result, the net revenue from the MBT, the CIT, and repealed Single Business Tax totaled $14.2 million in November, the third consecutive month of positive net business tax revenue. Net business tax collections had not exhibited three consecutive months of positive collections since February 2014.

Real estate transfer tax receipts were $34.2 million in November 2016, up 31.2% from November 2015 and the strongest year-over-year gain since March 2016**.** State Education Tax (SET) revenue was up 23.4% from November 2015, although November collections for the SET are generally accrued back to the prior fiscal year. On average, 89% of the revenue from the SET is collected in the August through November period. In that most recent four-month period, SET revenue was 2.8% above the collections for the same period in the previous year.

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

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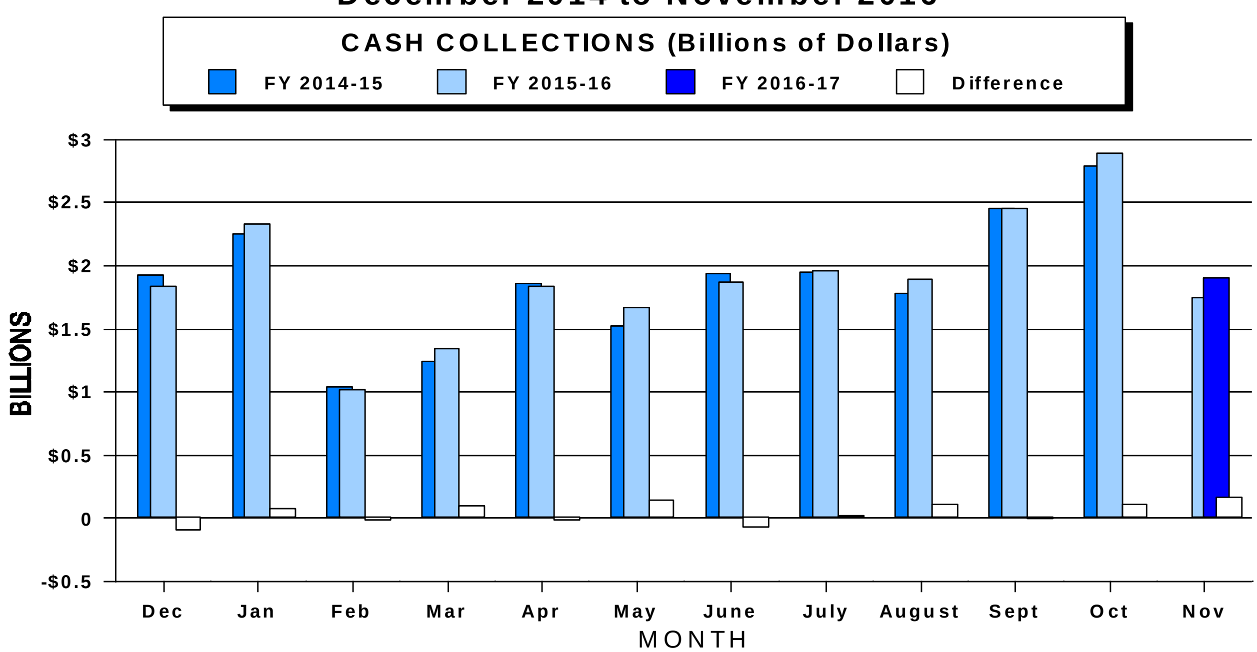
and is available on the Senate Fiscal Agency website - **www.senate.michigan.gov/sfa**

MICHIGAN REVENUE UPDATE
(dollars in millions)

Type of Revenue	November Collections Total[1]	November Collections % Change From Year Ago	FY 2016-17 to Date[2] Total[1]	FY 2016-17 to Date[2] % Change From Year Ago	FY 2016-17 CREC Estimate[3,4] Total	FY 2016-17 CREC Estimate[3,4] % Change From FY 2015-16
Gross Individual Income Tax	$728.4	(5.4)	$728.4	(5.4)	$11,574.8	3.6
Refunds	(33.7)	12.0	(33.7)	12.0	($1,823.1)	2.8
Net Income Tax	694.7	(6.1)	694.7	(6.1)	$9,751.7	3.7
Sales Tax	635.2	5.6	635.2	5.6	7,529.7	3.0
Motor Vehicles	76.6	9.8	76.6	9.8	----	----
All Other Sales Tax	558.6	5.0	558.6	5.0	----	----
Use Tax	111.3	(5.3)	111.3	(5.3)	1,535.7	(14.1)
Tobacco Taxes	77.6	(4.3)	77.6	(4.3)	948.4	(0.9)
Corporate Income Tax	75.5	----	75.5	----	966.5	3.7
Michigan Business Tax	(61.7)	(37.6)	(61.7)	(37.6)	(743.9)	(27.8)
Insurance Tax	(5.8)	(51.2)	(5.8)	(51.2)	319.0	0.9
Essential Services Assessment	0.1	----	0.1	----	69.0	----
State Education Property Tax	229.4	23.4	229.4	23.4	1,938.9	2.4
Real Estate Transfer Tax	34.2	31.2	34.2	31.2	287.7	4.2
Casino Wagering Tax[5]	9.0	2.6	9.0	2.6	113.0	0.9
Oil & Gas Severance Tax	1.3	(17.4)	1.3	(17.4)	22.5	10.3
Other Taxes[6]	27.5	(24.1)	27.5	(24.1)	303.9	6.1
Total Taxes	$1,828.4	8.9	$1,828.4	8.9	$23,042.1	3.6
Lottery, Net to School Aid Fund[4]	72.1	16.2	141.7	21.8	843.1	(0.8)
Total	$1,900.4	1.0	$1,970.0	9.1	$23,885.2	3.4

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, 2016, 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.

Actual Revenue Collections for Major State Taxes*
December 2014 to November 2016



* 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.