

# MONTHLY REVENUE REPORT

## September 2015

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.5 billion in September 2015, a 4.6% increase from September 2014 and approximately \$30.8 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2015. In September 2015, the State received \$42.6 million in Federal reimbursements for Home Heating Credit refunds, which more than accounted for the amount by which revenue exceeded the forecast. Among other revenue sources, below-forecast collections from the Single Business Tax (SBT), Corporate Income Tax (CIT), the franchise tax on insurance companies, and the use tax were mostly offset by above-forecast revenue from the State Education Tax and estimated individual income tax payments.

Collections earmarked to the General Fund were \$8.0 million below the expected level for September, while School Aid Fund tax collections were \$38.3 million above the forecasted level. The remaining \$0.6 million in above-forecast collections was from other funds, most notably constitutional revenue sharing. Through September, year-to-date General Fund collections are \$25.9 million below, and School Aid Fund collections \$66.9 million below, the level expected based on the May 2015 consensus revenue estimates. Although the fiscal year ended on September 30, because the State uses accrual accounting, October collections, as well as some other transactions and adjustments in November, will be included in FY 2014-15 revenue.

Net income tax revenue totaled \$977.2 million in September 2015, up 11.6% from September 2014. Withholding payments (which represented the majority of gross income tax revenue) were 2.3% above the year-ago level but \$8.6 million below the predicted level. The strong growth in individual income tax revenue reflected the Federal reimbursement for the Home Heating Credit. As a result of the reimbursement, individual income tax refunds for the month were a positive \$16.7 million, representing a net gain in revenue.

Sales tax receipts totaled \$668.5 million in September 2015, \$7.0 million above the monthly forecast and up 3.3% from September 2014. September 2015 was the first month to exhibit a year-over-year increase in sales tax collections since January 2015. Year-to-date sales tax collections are 0.1% below the 2014 level, and \$188.2 million below forecast.

Combined business tax collections from the SBT, Michigan Business Tax (MBT), and CIT totaled \$93.2 million for September 2015. Net MBT collections were \$20.5 million more than expected in September 2015, but year-to-date MBT revenue is \$128.4 million below the expected level. Most taxpayers who still file the MBT do so to collect refundable tax credits. The timing of when these refunds will be claimed and processed significantly affects the accuracy of monthly MBT estimates. Forecasted MBT revenue in FY 2014-15 is expected to be dominated by several large refunds. In September 2015, CIT collections totaled \$112.3 million, \$16.0 million less than expected. Year-to-date CIT collections are \$19.3 million below the predicted level.

State Education Tax collections for September 2015 were 13.0% above the 2014 level, and \$14.9 million above the expected level. These collections are influenced by when counties remit payments to the State, and the majority of collections are received in September and October.

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 September 2015. Also presented are the revised consensus revenue estimates for FY 2014-15, which were adopted at the May 2015 Consensus Revenue Estimating Conference.



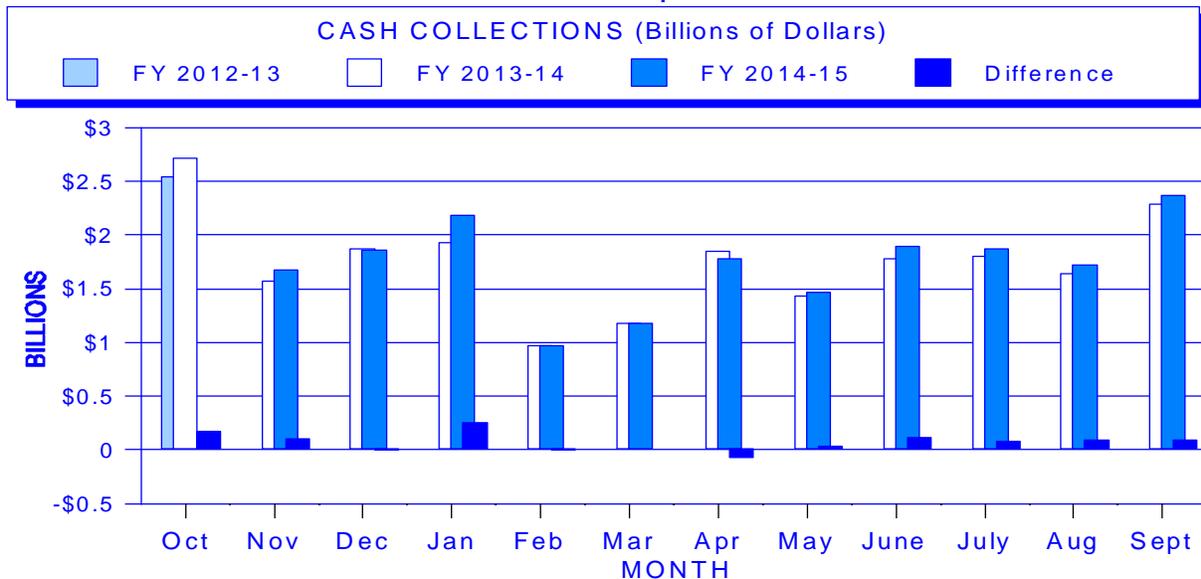
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**MICHIGAN REVENUE UPDATE  
SEPTEMBER 2015  
(dollars in millions)**

Type of Revenue	September Collections		FY 2014-15 to Date <sup>2,3)</sup>		FY 2014-15 Estimate <sup>3,4)</sup>	
	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From FY 2013-14
Gross Individual Income Tax	\$960.5	6.0%	\$9,910.1	7.7%	\$10,460.6	5.6%
Refunds	16.7	(155.0)	(1,685.6)	(1.1)	(1,770.1)	(6.6)
Net Income Tax	977.2	11.6	8,224.5	9.8	\$8,690.5	8.4
Sales Tax	668.5	3.3	6,651.9	(0.1)	7,503.8	2.0
Motor Vehicles	81.7	(5.2)	846.9	2.8	---	---
All Other Sales Tax	586.8	4.6	5,805.1	(0.5)	---	---
Use Tax	115.6	0.2	1,272.7	2.6	1,419.2	2.0
Tobacco Taxes	83.3	1.9	860.9	0.4	924.4	(1.7)
Corporate Income Tax	112.3	(14.7)	929.8	9.5	1,029.7	13.6
Michigan Business Tax	7.0	---	(840.4)	---	(751.1)	3.8
Insurance Tax	1.3	(95.4)	272.4	5.7	402.0	11.0
State Education Property Tax	400.7	13.0	898.9	3.8	1,850.3	2.6
Real Estate Transfer Tax	23.4	3.1	235.8	18.7	256.8	10.0
Casino Wagering Tax <sup>5)</sup>	8.1	1.3	100.9	3.1	111.0	3.8
Oil & Gas Severance Tax	2.0	(48.5)	28.9	(49.9)	39.0	(36.0)
Other Taxes <sup>6)</sup>	(30.1)	(372.6)	263.8	26.7	294.0	20.3
<b>Total</b>	<b>\$2,369.2</b>	<b>3.8%</b>	<b>\$18,900.2</b>	<b>3.5%</b>	<b>\$21,769.6</b>	<b>3.9%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>5)</sup>	\$277.2	35.5%	\$2,813.5	8.7%	\$2,644.1	9.6%
Net to School Aid Fund <sup>5)</sup>	79.0	36.1	801.7	9.1	780.0	6.3

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2014-15 year-to-date collections begin with November 2014 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, 2015, Consensus Revenue Estimating Conference.
- 5) Lottery and casino revenue is not accrued, so FY 2014-15 collections will include October 2014 to September 2015.
- 6) Other Taxes include beer, wine, liquor, single business tax, industrial facilities, utility property, and estate taxes, and penalties and interest.

**Actual Revenue Collections for Major State Taxes\*  
October 2013 to September 2015**



\*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, and wine taxes, and penalties and interest revenue.