



# MONTHLY REVENUE REPORT

## SEPTEMBER 2016

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Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.4 billion in September 2016, a 0.2% decrease from September 2015 and approximately \$12.4 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2016. Above-forecast collections from individual income tax withholding, the State Education Tax, and the use tax more than offset below-forecast revenue from the sales tax and the Corporate Income Tax (CIT), and greater-than-expected individual income tax refunds.

Collections earmarked to the General Fund were \$25.4 million below the expected level for September 2016, while School Aid Fund tax collections were \$37.3 million above the forecasted level. The remaining \$0.5 million in above-forecast collections was for other funds, most notably the Medicaid Benefits Trust Fund and the Healthy Michigan Fund. Through September, year-to-date General Fund collections are \$59.7 million below, and School Aid Fund collections \$74.4 million above, the level expected based on the May 2016 consensus revenue estimates. Although the fiscal year ended on September 30, October collections will be included in fiscal year (FY) 2015-16 revenue, as will some other transactions and adjustments in November, because the State uses accrual accounting.

Net income tax revenue totaled \$968.2 million in September 2016, down 0.9% from September 2015. Withholding payments (which represented the majority of gross income tax revenue) were 6.2% above the year-ago level and \$35.0 million above the predicted level. The decline in individual income tax revenue largely reflects the Federal reimbursement for the Home Heating Credit that posted in September 2015 and artificially inflated the prior year's collections. Adjusting for the reimbursement, net income tax revenue was up 3.5% from September 2015. In FY 2015-16, the reimbursement was received in July 2016.

Sales tax receipts totaled \$645.4 million in September 2016, \$8.9 million below the monthly forecast and down 3.4% from September 2015. September 2016 represents the first month since March 2016 to exhibit a year-over-year decrease in sales tax collections. Year-to-date sales tax collections are only 0.2% above the 2015 level, and \$5.1 million below forecast.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and CIT totaled \$63.3 million for September 2016. Net MBT collections in September 2016 were \$10.1 million less than expected, while year-to-date MBT revenue is \$59.6 million below the expected level. Most taxpayers who still file the MBT do so to collect refundable tax credits. When these refunds will be claimed and processed significantly affects the accuracy of monthly MBT estimates. In September 2016, CIT collections totaled \$94.8 million, \$19.8 million less than expected. Year-to-date CIT collections are down 14.6%, and \$28.5 million below the predicted level.

State Education Tax (SET) collections for September 2016 were 2.0% greater than collections in September 2015. Collections of the SET are influenced by when counties remit payments to the State, and the majority of SET 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 2016. Also presented are the revised consensus revenue estimates for FY 2015-16, which were adopted at the May 2016 Consensus Revenue Estimating Conference.



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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	September Collections		FY 2015-16 to Date <sup>2,3)</sup>		FY 2015-16 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 2014-15
Gross Individual Income Tax	\$1,000.7	4.2	\$10,411.0	5.1	\$11,175.2	4.7
Refunds	(32.5)	(294.0)	(1,801.9)	6.9	(\$1,774.0)	4.8
Net Income Tax	968.2	(0.9)	8,609.2	4.7	\$9,401.2	4.7
Sales Tax	645.4	(3.4)	6,666.4	0.2	7,310.0	0.9
Motor Vehicles	85.9	5.2	872.4	3.0	---	---
All Other Sales Tax	559.5	(4.6)	5,794.0	(0.2)	---	---
Use Tax	138.0	19.3	1,260.9	(0.9)	1,362.8	0.4
Tobacco Taxes	90.8	9.1	874.0	1.5	957.1	0.4
Corporate Income Tax	94.8	(15.6)	793.9	(14.6)	932.0	(13.5)
Michigan Business Tax	(35.1)	---	(1,013.1)	---	(1,031.0)	61.2
Insurance Tax	(9.0)	(795.7)	233.8	(14.2)	316.0	(2.0)
Essential Services Assessment	3.1	---	66.5	---	55.0	---
State Education Property Tax	408.7	2.0	926.2	3.0	1,894.1	2.0
Real Estate Transfer Tax	27.9	19.4	249.9	6.0	276.0	6.8
Casino Wagering Tax <sup>5)</sup>	8.4	4.4	103.1	2.1	112.0	1.1
Oil & Gas Severance Tax	2.2	8.3	18.1	(37.5)	20.4	(32.9)
Other Taxes <sup>6)</sup>	27.7	42.3	249.2	(5.5)	286.5	(4.9)
<b>Total Taxes</b>	<b>\$2,371.1</b>	<b>5.3</b>	<b>\$19,037.8</b>	<b>0.7</b>	<b>\$21,892.1</b>	<b>(0.3)</b>
Lottery, Net to School Aid Fund <sup>4)</sup>	73.0	(7.5)	890.2	11.0	850.0	8.4
<b>Total</b>	<b>\$2,444.1</b>	<b>(0.2)</b>	<b>\$19,865.1</b>	<b>1.2</b>	<b>\$22,742.1</b>	<b>0.0</b>

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2015-16 year-to-date collections begin with November 2015 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, 2016, Consensus Revenue Estimating Conference.
- 5) Lottery and casino revenue is not accrued, so FY 2015-16 collections will include October 2015 to September 2016.
- 6) Other Taxes include beer, wine, liquor, single business tax, industrial facilities, utility property, estate taxes, and penalties and interest.

