



# MONTHLY REVENUE REPORT

MAY 2017

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Revenue from Michigan's major taxes with General Fund and School Aid Fund earmarks totaled \$1.8 billion in May 2017, a 9.3% increase from the May 2016 level. May 2017 tax collections were approximately \$35.0 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the revised consensus revenue estimates adopted in May 2017. Above-forecast individual income tax withholding collections and annual payments combined with less-than-expected Michigan Business Tax refunds more than offset less-than-expected sales tax, use tax, and Corporate Income Tax collections as well as greater-than-expected refunds under the individual income tax.

Collections earmarked to the General Fund were \$55.0 million above the expected level for May, while School Aid Fund tax collections were \$16.7 million below the forecasted level. The remaining \$3.3 million in less-than-expected collections was directed to other funds, most notably constitutional revenue sharing. Because the May 2017 Consensus estimates revised the forecasted values for the year, the year-to-date deviations from forecast are effectively the same as the deviations for May.

Net income tax revenue totaled \$817.8 million in May 2017, a 10.4% increase from May 2016. Withholding payments (which represented the majority of gross income tax revenue) were 7.4% above the year-ago level and \$34.0 million above the predicted level. Individual income tax refunds totaled \$31.6 million more than in 2016 and were \$26.3 million more than expected. On a year-to-date basis, net individual income revenue is up 2.6%.

Sales tax collections totaled \$648.0 million in May 2017, up 9.4% from the level in May 2016 but \$15.1 million below forecast. Use tax collections were down 3.3% from May 2016, and \$23.0 million below the expected level for the month. Year-to-date sales tax collections are up 6.9%, compared to a 0.3% increase at the same point in fiscal year 2015-16, while sales tax collections from vehicle sales are up 5.7%.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled \$31.2 million in May 2017. Combined business tax collections were \$42.7 million above the level expected for the month, reflecting MBT refund payments that were \$54.2 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.

Real estate transfer taxes were up 50.1% in May 2017 compared to May 2016, the largest year-over-year increase since April 2013. Year-to-date real estate transfer tax collections are up 18.1% from 2016.

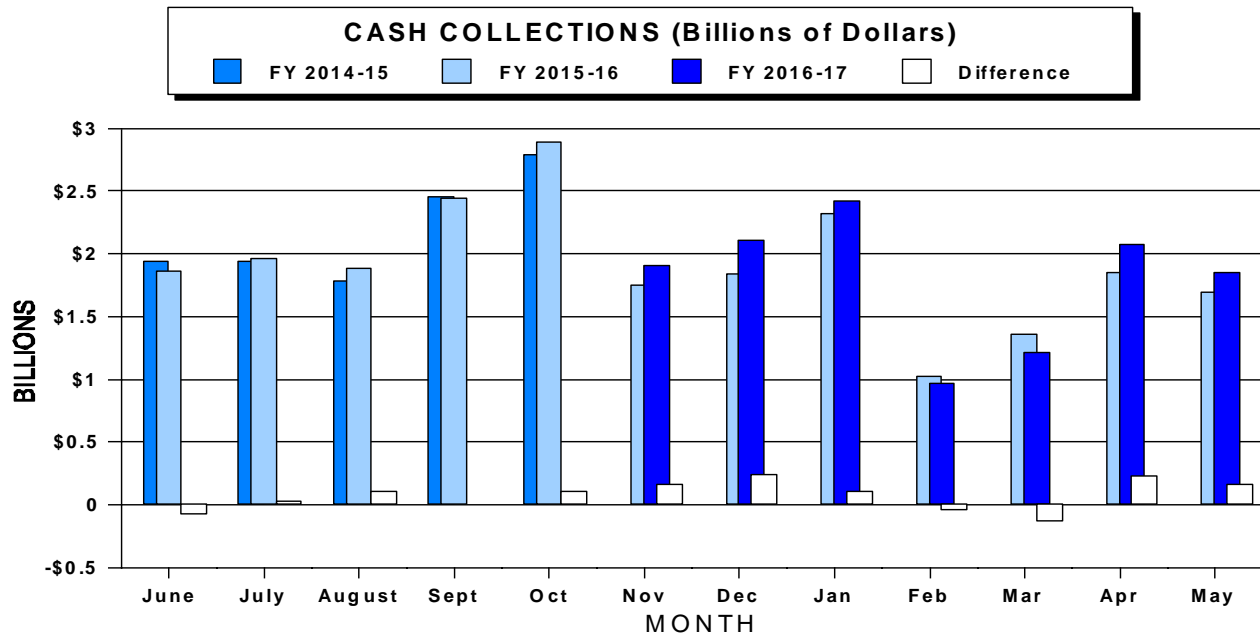
The table on the back of this report identifies the major taxes included in the report, and provides their respective revenue levels and growth rates for May 2017. Also presented are the revised consensus revenue estimates for FY 2016-17, which were adopted at the May 2017 Consensus Revenue Estimating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



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	May 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	\$983.5	12.5	\$7,052.3	2.7	\$11,575.4	3.0
Refunds	(165.7)	23.6	(1,716.3)	2.8	(\$1,879.0)	0.3
Net Income Tax	817.8	10.4	5,336.0	2.6	\$9,696.4	3.5
Sales Tax	648.0	9.4	4,360.2	6.9	7,694.0	5.5
Motor Vehicles	91.4	7.1	549.9	5.7	----	----
All Other Sales Tax	556.6	9.8	3,810.3	7.1	----	----
Use Tax <sup>5)</sup>	122.2	(3.3)	849.4	3.7	1,565.9	3.1
Tobacco Taxes	71.2	(10.9)	521.1	(1.7)	944.4	(0.2)
Corporate Income Tax	37.4	(26.7)	653.9	28.0	1,078.0	15.9
Michigan Business Tax	(6.1)	----	(696.1)	----	(922.8)	5.0
Insurance Tax	(0.5)	(33.3)	172.2	10.4	366.3	11.3
Essential Services Assessment	1.0	----	1.6	----	78.0	15.3
State Education Property Tax	18.7	8.6	350.2	9.9	1,945.9	2.6
Real Estate Transfer Tax	24.9	50.1	164.9	18.1	312.7	8.1
Casino Wagering Tax <sup>6)</sup>	9.7	1.2	67.2	0.5	114.0	1.0
Oil & Gas Severance Tax	2.2	74.5	13.9	30.5	24.8	31.0
Other Taxes <sup>7)</sup>	28.9	(18.8)	154.7	(15.1)	285.9	0.0
<b>Total Taxes</b>	<b>\$1,775.5</b>	<b>10.0</b>	<b>\$11,949.2</b>	<b>6.0</b>	<b>\$23,183.5</b>	<b>4.5</b>
Lottery, Net to School Aid Fund <sup>6)</sup>	65.5	(6.8)	598.6	1.1	887.0	(0.2)
<b>Total</b>	<b>\$1,841.0</b>	<b>9.3</b>	<b>\$12,547.8</b>	<b>5.6</b>	<b>\$24,070.5</b>	<b>4.3</b>

- 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 May 17, 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\*  
June 2015 to May 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.