



# MONTHLY REVENUE REPORT

## SEPTEMBER 2017

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Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.6 billion in September 2017, a 7.5% increase from September 2016 and approximately \$77.6 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2017. Above-forecast collections from the sales tax, the State Education Tax, and the Real Estate Transfer Tax more than offset below-forecast revenue from individual income tax withholding.

Collections earmarked to the General Fund were \$14.5 million below the expected level for September 2017, while School Aid Fund tax collections were \$83.9 million above the forecasted level. The remaining \$8.2 million in above-forecast collections reflected other earmarks, most notably constitutional revenue sharing. Through September, year-to-date General Fund collections are \$124.4 million above, and School Aid Fund collections are \$145.2 million above, the level expected based on the May 2017 consensus revenue estimates. Although the fiscal year ended on September 30, October collections will be included in FY 2016-17 revenue, as will some other transactions and adjustments in November, because the State uses accrual accounting.

Net income tax revenue totaled \$986.3 million in September 2017, up 1.9% from September 2016. Withholding payments (which represented the majority of gross income tax revenue) were 2.3% below the year-ago level and \$46.2 million below the predicted level. September 2017 marks the first time since February 2010 withholding collections have exhibited two consecutive months of year-over-year declines. Year-to-date net income tax revenue in September 2017 was \$73.8 million below the level expected in May 2017.

Sales tax receipts totaled \$699.0 million in September 2017, \$66.3 million above the monthly forecast and up 8.3% from September 2016. Sales taxes collected by the Secretary of State from motor vehicle sales were down 3.3% from September 2016. Year-to-date sales tax collections are 7.3% above the 2016 level, and \$139.5 million above forecast.

Combined business tax collections from the Single Business Tax (SBT), Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled \$112.9 million in September 2017, \$8.0 million above the expected level. Most of the deviation from forecast in business taxes reflected SBT collections, which were \$4.2 million more than expected. 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; the adjustments have left total revenue unchanged, but decreased MBT revenue and increased CIT revenue.

State Education Tax collections for September 2017 were 7.0% greater than collections in September 2016, and \$34.7 million more than expected. Collections of the State Education Tax are influenced by when counties remit payments to the State and the majority of collections are received in September and October. Real Estate Transfer Tax collections were up 47.1% from the September 2016 level, and \$11.2 million more than expected.

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 2017. Also presented are the revised consensus revenue estimates for FY 2016-17, which were adopted at the May 2017 Consensus Revenue Estimating Conference.



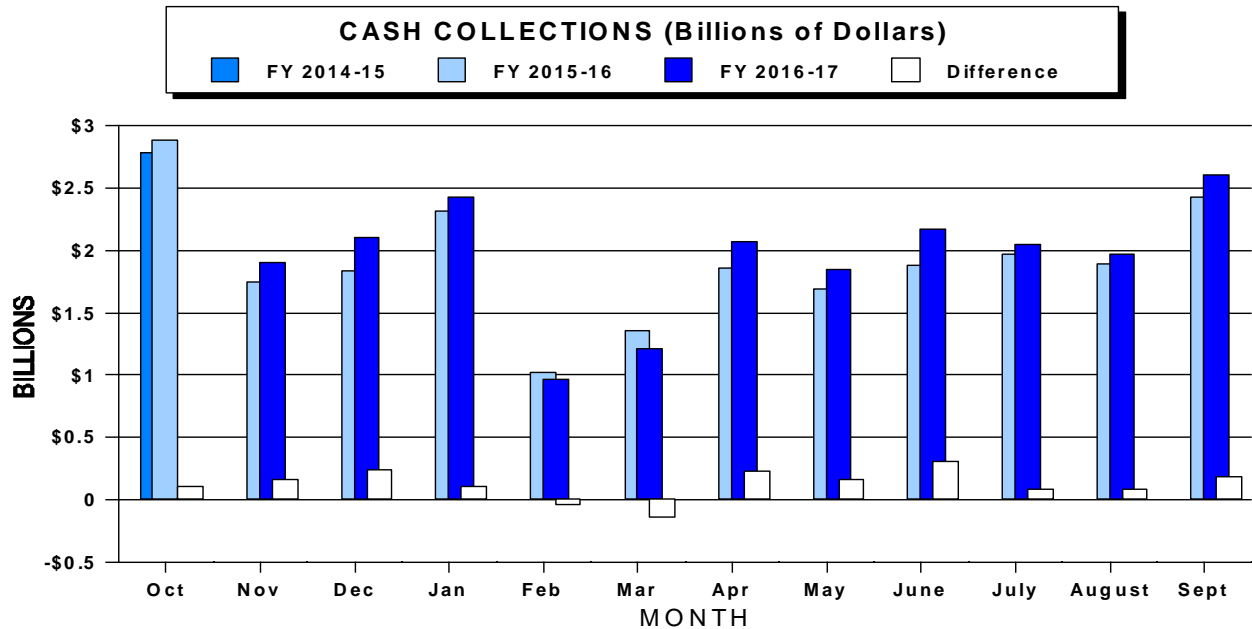
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<b>MICHIGAN REVENUE UPDATE</b> (dollars in millions)						
Type of Revenue	September Collections		FY 2016-17 to Date <sup>2</sup>		FY 2016-17 CREC Estimate <sup>3,4)</sup>	
	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From Year Ago	Total	% Change From FY 2015-16
Gross Individual Income Tax	\$1,003.5	0.3	\$10,593.7	1.8	\$11,575.4	3.0
Refunds	(17.1)	(47.2)	(1,846.2)	2.5	(\$1,879.0)	0.3
Net Income Tax	986.3	1.9	8,747.5	1.6	\$9,696.4	3.5
Sales Tax	699.0	8.3	7,156.0	7.3	7,694.0	5.5
Motor Vehicles	83.1	(3.3)	904.5	3.7	----	----
All Other Sales Tax	615.9	10.1	6,251.5	7.9	----	----
Use Tax <sup>5)</sup>	123.6	(15.4)	1,374.1	1.2	1,565.9	3.1
Tobacco Taxes	89.3	(1.7)	867.7	(0.7)	944.4	(0.2)
Corporate Income Tax	111.9	18.0	970.0	22.2	1,078.0	15.9
Michigan Business Tax	(2.7)	----	(734.1)	----	(922.8)	5.0
Insurance Tax	2.1	(123.2)	269.5	15.3	366.3	11.3
Essential Services Assessment	0.6	(81.0)	83.7	25.9	78.0	15.3
State Education Property Tax	437.1	7.0	975.1	5.3	1,945.9	2.6
Real Estate Transfer Tax	41.0	47.1	295.1	18.1	312.7	8.1
Casino Wagering Tax <sup>6)</sup>	8.1	(4.2)	103.1	0.0	114.0	1.0
Oil & Gas Severance Tax	2.0	(9.2)	21.4	18.5	24.8	31.0
Other Taxes <sup>7)</sup>	38.7	77.3	283.6	7.8	285.9	0.0
<b>Total Taxes</b>	<b>\$2,536.8</b>	<b>5.3</b>	<b>\$20,412.7</b>	<b>6.6</b>	<b>\$23,183.5</b>	<b>4.5</b>
Lottery, Net to School Aid Fund <sup>6)</sup>	70.3	(3.8)	920.6	3.4	887.0	(0.2)
<b>Total</b>	<b>\$2,607.1</b>	<b>7.5</b>	<b>\$20,978.3</b>	<b>6.5</b>	<b>\$24,070.5</b>	<b>4.3</b>

- 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, 2017, Consensus Revenue Estimating Conference.
- 5) Includes both the State share and the local share (Local Community Stabilization Authority).
- 6) Lottery and casino revenue is not accrued, so FY 2016-17 collections will include October 2016 to September 2017.
- 7) 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\* October 2015 to September 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.