



MONTHLY REVENUE REPORT

APRIL 2017

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.1 billion in April 2017, an 11.9% increase from April 2016. April 2017 tax collections were approximately \$52.2 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2017. Less-than-expected collections from all individual income tax sources and greater-than-expected individual income tax refunds more than offset above-forecast collections from sales and use taxes as well as the Corporate Income Tax.

Collections earmarked to the General Fund were \$48.2 million below the expected level for April, while School Aid Fund tax collections were \$10.9 million below the forecasted level. The remaining \$6.9 million in above-forecast collections were directed to other funds, most notably constitutional revenue sharing. Through April, year-to-date General Fund collections are \$195.9 million below, and School Aid Fund collections \$60.1 million above, the level expected based on the January 2017 consensus revenue estimates.

Net income tax revenue totaled \$885.4 million in April 2017, down 2.0% from April 2016 and \$221.6 million below the level forecasted for the month. Withholding payments (which represented the majority of gross income tax revenue) were 4.3% above the year-ago level but \$43.2 million below the predicted level. Compared to April 2016, annual payments were down 12.7% and \$149.5 million below the forecasted level, and while refunds were down 3.3%, the total was \$21.3 million more than expected. Year-to-date, net individual income tax collections are up 1.3%, while the January 2017 consensus estimates forecasted a 4.1% increase for the year.

Sales tax receipts totaled \$592.6 million in April 2017, down 0.2% from April 2016 but \$53.5 million above the forecasted level. While April 2017 represented the first year-over-year decline in sales tax revenue since September 2016, on a year-to-date basis, sales tax collections are up 6.5% from 2016 and \$157.3 million above the forecasted level. April 2017 sales tax collections from motor vehicle sales also were down 1.0% compared to April 2016, the first year-over-year decline since July 2016.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled \$157.4 million in April 2017 as collections exceeded refunds for the first time since January 2017. While MBT revenue totaled a negative \$78.7 million, as refunds exceeded collections, CIT revenue was more than double the April 2016 level and \$122.9 million above the forecasted level. 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 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.

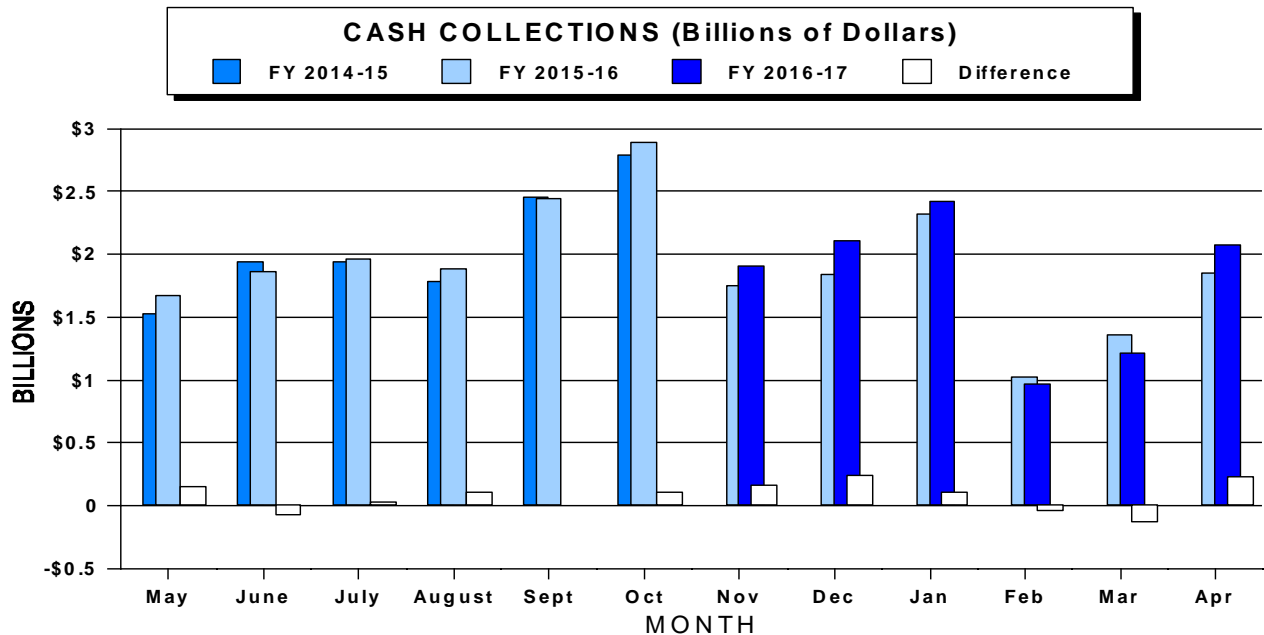
The table on the back of this report identifies the major taxes included in the report, and provides their respective revenue levels and growth rates for April 2017. Also presented are the revised consensus revenue estimates for FY 2016-17, which were adopted at the January 2017 Consensus Revenue Estimating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



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	April Collections		FY 2016-17 to Date ²		FY 2016-17 CREC Estimate ^{3,4)}	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total	% Change From FY 2015-16
Gross Individual Income Tax	\$1,362.4	(2.4)	\$6,068.7	1.3	\$11,636.0	3.5
Refunds	(477.0)	(3.3)	(1,550.6)	1.0	(\$1,879.0)	0.3
Net Income Tax	885.4	(2.0)	4,518.2	1.3	\$9,757.0	4.1
Sales Tax	592.6	(0.2)	3,712.1	6.5	7,485.2	2.6
Motor Vehicles	78.6	(1.0)	458.5	5.4	----	----
All Other Sales Tax	514.0	(0.1)	3,253.6	6.6	----	----
Use Tax ⁵⁾	137.5	34.5	727.2	5.0	1,574.5	3.7
Tobacco Taxes	78.9	(0.2)	449.9	(0.1)	934.4	(1.3)
Corporate Income Tax	232.9	122.5	616.5	34.1	946.5	1.8
Michigan Business Tax	(78.7)	----	(690.0)	----	(672.8)	(23.4)
Insurance Tax	80.1	21.3	172.7	10.2	405.6	23.2
Essential Services Assessment	0.5	----	0.6	----	75.0	10.9
State Education Property Tax	19.4	(11.3)	331.5	10.0	1,933.9	1.9
Real Estate Transfer Tax	23.2	36.6	140.0	13.7	305.2	5.5
Casino Wagering Tax ⁶⁾	9.8	(1.1)	57.5	0.4	114.0	1.0
Oil & Gas Severance Tax	1.4	8.1	11.7	24.4	23.6	24.7
Other Taxes ⁷⁾	22.1	(36.9)	125.8	(14.2)	295.9	3.5
Total Taxes	\$2,005.0	13.6	\$10,173.7	5.3	\$23,178.0	4.5
Lottery, Net to School Aid Fund ⁶⁾	68.1	(22.0)	533.1	(1.1)	892.0	0.3
Total	\$2,073.1	(10.5)	\$10,706.8	5.0	\$24,070.0	4.3

- 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 January 12, 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*
May 2015 to April 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.