

MONTHLY REVENUE REPORT

August 2014

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.7 billion in August 2014, up 3.4% from the prior year's level. August tax collections were approximately \$35.2 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2014. Revenue from the State Education Tax, which is affected by the timing of counties' remitting the payments to the State, accounted for almost all of the greater-than-expected revenue.

Collections earmarked to the General Fund were \$22.4 million below the expected level for August, while School Aid Fund tax collections were \$54.0 million above the forecasted level. The remaining \$3.5 million in above-forecast collections reflected other funds, most notably constitutional revenue sharing. Through August, year-to-date General Fund collections are \$76.0 million below, School Aid Fund collections \$2.0 million below, and other funds collectively \$4.7 million above the level expected based on the May 2014 consensus revenue estimates.

Net income tax revenue totaled \$634.8 million in August 2014, up 3.1% from August 2013 and \$7.3 million below the expected level for the month. Withholding payments (which represented the majority of gross income tax revenue) were 3.9% above the year-ago level. While withholding payments for August were slightly above forecast, the increase was offset by greater-than-expected individual income tax refunds and lower-than-expected quarterly and annual payments.

Sales tax receipts totaled \$629.2 million in August 2014, 4.5% above the year-ago level and \$26.6 million above the forecasted level for the month. On a year-to-date basis, sales tax collections are up only 1.5% from 2013, but are \$35.8 million above expectations. On a year-to-date basis, sales tax collections from new vehicles are up only 0.6% from 2013.

Corporate Income Tax (CIT) collections totaled \$16.1 million, which was \$12.6 million above the expected level. Year-to-date CIT collections (less refunds) through August are \$34.2 million above the expected level. Revenue from the repealed Single Business Tax (SBT) totaled a negative \$12.5 million (a net loss of revenue to the State due to refunds exceeding collections) and revenue from the repealed Michigan Business Tax (MBT) totaled a negative \$57.9 million in August. Forecasted MBT revenue in FY 2013-14 is expected to be dominated by several large refunds. The timing of when these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates. Combined, SBT, CIT, and MBT revenue totaled a negative \$54.2 million in August 2014, and on a year-to-date basis is \$23.3 million below the expected level.

State Education Tax (SET) collections in August were 3.9% below the year-ago level, but \$34.4 million above the expected level for the month. The timing of SET collections is influenced by when counties remit payments to the State, and the majority of collections are received in September and October. Year-to-date, SET collections are 8.9% below the prior year, although collections are \$19.4 million above the projected level.

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 August 2014. Also presented are the revised consensus revenue estimates for FY 2013-14, which were adopted at the May 2014 Consensus Revenue Estimating Conference.



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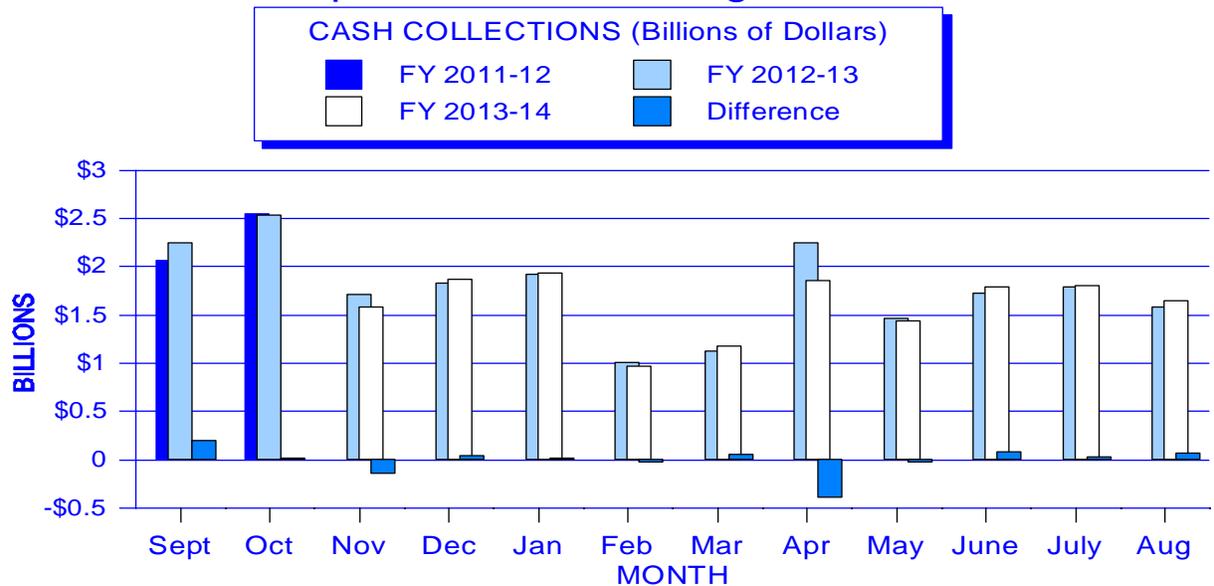
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**MICHIGAN REVENUE UPDATE
AUGUST 2014
(dollars in millions)**

Type of Revenue	August Collections		FY 2013-14 to Date ²⁾		FY 2013-14 Estimate ³⁾	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2012-13
Gross Individual Income Tax	\$668.7	2.9%	\$8,292.6	(1.7%)	\$9,948.8	(0.2%)
Refunds	(33.9)	(0.1)	(1,674.6)	2.8	(1,743.2)	2.9
Net Income Tax	634.8	3.1	6,617.9	(2.7)	\$8,205.6	(0.8)
Sales Tax	629.2	4.5	6,009.8	1.5	7,285.0	1.8
Motor Vehicles	79.9	(3.5)	737.8	0.6	---	---
All Other Sales Tax	549.3	5.8	5,272.0	1.6	---	---
Use Tax	123.0	25.7	1,125.2	9.1	1,378.4	8.5
Tobacco Taxes	88.3	(1.7)	775.4	(1.8)	938.0	(2.0)
Corporate Income Tax	16.1	325.8	717.3	9.6	879.9	12.4
Michigan Business Tax	(57.9)	---	(529.9)	---	(552.0)	---
Insurance Tax	(2.1)	(172.1)	229.6	2.9	346.5	15.0
State Education Property Tax	160.8	(3.9)	511.5	(8.9)	1,788.0	1.0
Real Estate Transfer Tax	20.5	(10.7)	175.9	13.0	233.4	15.4
Casino Wagering Tax ⁴⁾	9.1	(0.2)	89.9	(3.4)	108.0	(2.4)
Oil & Gas Severance Tax	3.9	(27.5)	53.7	10.0	67.0	12.6
Other Taxes ⁵⁾	9.7	(27.2)	197.2	(4.9)	306.5	0.0
Total	\$1,635.5	3.8%	\$15,973.6	(2.2%)	\$20,984.3	(0.8%)
Addendum:						
Gross Lottery Sales ⁴⁾	\$247.0	2.9%	\$2,384.2	4.5%	\$2,460.2	1.9%
Net to School Aid Fund ⁴⁾	\$ 66.0	(5.0%)	\$ 677.1	(1.0%)	\$ 775.0	5.5%

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2013-14 year-to-date collections begin with November 2013 collections to reflect accrual accounting.
- 3) Consensus revenue estimates adopted at the May 15, 2014, Consensus Revenue Estimating Conference.
- 4) Lottery and casino revenue is not accrued, so FY 2013-14 collections will include October 2013 to September 2014.
- 5) 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*
September 2012 to August 2014**



*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.