

MONTHLY REVENUE REPORT

January 2014

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes and net lottery revenue totaled \$2.0 billion in January 2014, up 1.3% from last year's level. January tax collections were approximately \$14.9 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2014. Monthly collections from individual income tax withholding and from the sales tax were less than estimated, although a portion of the resulting below-forecast revenue was offset by lower-than-expected individual income tax refunds.

Collections earmarked to the General Fund were \$10.1 million above the expected level for January, and School Aid Fund tax collections were \$20.7 million below the forecasted level. The remaining \$4.3 million in collections, which were below forecasted levels, were directed to other funds, most notably constitutional revenue sharing. Because the January 2014 consensus estimates revised the forecasted values for the year, the year-to-date deviations from forecast are effectively the same as the deviations for January.

Net income tax revenue totaled slightly more than \$1.0 billion in January 2014, a 2.3% increase over last year's level. Withholding payments (which represented the majority of gross income tax revenue) were 0.5% below the year-ago level and \$16.6 million below the predicted level. Individual income tax refunds totaled \$15.9 million, down 32.8% from last January. Refunds generally depend on when taxpayers file their returns. Data from future months' collections will be needed to determine if the refund estimate is too high or if taxpayers are merely filing refund requests later than usual.

Sales tax receipts totaled \$553.0 million in January, a 1.8% decline from the prior year and the third time in the last four months that collections have been below the year-ago level. January sales tax collections from motor vehicle transactions were down 7.2% from one year ago. While use tax receipts were up 76.2% from January 2013, the year-over-year growth rate is distorted because a large refund posted to use tax collections in January 2013.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) were \$1.0 million below the Senate Fiscal Agency's estimate for the month. Net CIT collections were up 10.6% from the January 2013 level and \$14.0 million over the monthly estimate. Net revenue from the MBT was a negative \$90.7 million (a net loss of revenue to the State due to refunds' exceeding collections), representing a loss that was \$10.7 million greater than expected. Most taxpayers who still file MBT returns do so to collect refundable tax credits. 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.

Real estate transfer tax receipts were 21.7% above the year-ago level in January, the smallest year-over-year increase since September 2013. Year-to-date collections are running 27.8% above last year's level, reflecting continuing improvements in the housing sector.

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



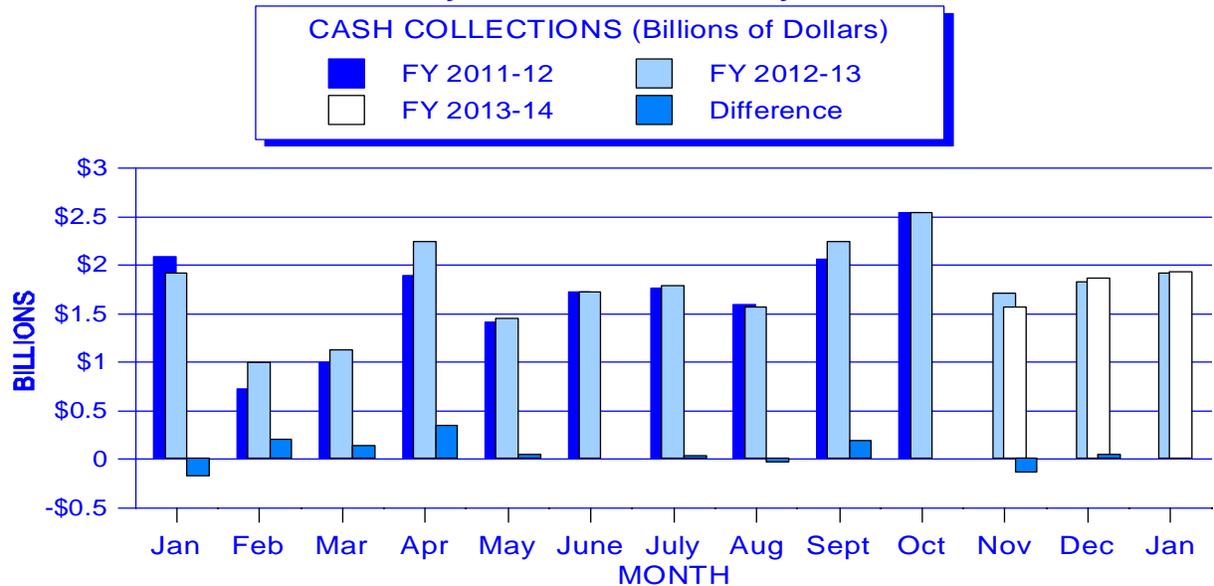
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**MICHIGAN REVENUE UPDATE
JANUARY 2014
(dollars in millions)**

Type of Revenue	January 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	\$1,062.6	1.5%	\$2,540.5	3.4%	\$10,135.6	1.7%
Refunds	(15.9)	(32.8)	(49.9)	(7.8)	(1,694.2)	0.0
Net Income Tax	1,046.7	2.3	2,490.7	3.7	\$8,441.4	2.1
Sales Tax	553.0	(1.8)	1,760.7	(1.0)	7,349.4	2.7
Motor Vehicles	64.7	(7.2)	186.3	(1.9)	---	---
All Other Sales Tax	488.3	(1.1)	1,574.5	(0.9)	---	---
Use Tax	107.1	76.2	325.9	17.7	1,379.5	8.6
Tobacco Taxes	76.5	7.8	239.8	1.3	942.0	(1.6)
Corporate Income Tax	105.1	10.6	240.0	11.1	850.0	8.5
Michigan Business Tax	(90.7)	---	(159.0)	---	(490.0)	---
Insurance Tax	66.8	10.2	69.6	8.4	358.0	18.8
State Education Property Tax	16.5	16.1	237.1	(17.8)	1,798.0	1.5
Real Estate Transfer Tax	20.8	21.7	58.6	27.8	217.4	7.5
Casino Wagering Tax ⁴⁾	7.8	(9.5)	25.5	(6.6)	114.0	3.0
Oil & Gas Severance Tax	5.4	(1.5)	14.9	8.7	62.0	4.2
Other Taxes ⁵⁾	13.8	(48.2)	57.3	(32.8)	316.0	0.0
Total	\$1,928.7	0.6%	\$5,361.2	(1.7%)	\$21,337.7	1.8%
Addendum:						
Gross Lottery Sales ⁴⁾	\$217.3	28.0%	\$872.7	11.1%	\$2,525.4	4.6%
Net to School Aid Fund ⁴⁾	\$65.2	25.5%	\$263.9	6.2%	\$745.0	1.5%

- 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 January 10, 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*
February 2012 to January 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.