

# MONTHLY REVENUE REPORT

## July 2013

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.8 billion in July, a 1.2% increase from last year's level. July tax collections were approximately \$6.3 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2013. As occurred with May and June collections, greater-than-expected revenue from the sales tax, Michigan Business Tax (MBT), and individual income tax accounted for most above-forecast revenue, but in July these increases were more than offset by below-forecast revenue under the Corporate Income Tax.

Collections earmarked to the General Fund were \$9.1 million below the expected level for July, while School Aid Fund tax collections were \$3.9 million above the forecasted level. The remaining \$1.2 million in below-forecast collections was directed to other funds, most notably the Medicaid Benefits Trust Fund. Through July, year-to-date General Fund collections are \$76.8 million above, and School Aid Fund collections \$86.8 million above, the level expected based on the May 2013 consensus revenue estimates.

Net individual income tax revenue totaled \$698.0 million in July 2013, up 9.2% from July 2012. Withholding payments (which represented the majority of gross income tax revenue) were 6.6% above the year-ago level and \$27.2 million above the predicted level, as the motor vehicle industry has exhibited less down time over the summer. Similarly to what has occurred during the last three months, collections from estimated quarterly payments under the individual income tax exhibited strong year-over-year growth, growing 32.6% from last year's level. Somewhat offsetting the above-forecast revenue, individual income tax refunds continue to exceed the forecast, with \$42.5 million more refunds than expected having been paid by the end of July.

Sales tax receipts totaled \$681.6 million in July, which is \$15.4 million above forecast and up 9.9% from July 2012. As occurred in May collections, much of the increase appears to reflect higher new and used vehicle sales. Sales tax collections from the Secretary of State were up 15.7% from last July, and July 2013 exhibited the second highest level of monthly collections since October 2003. Similarly, use tax collections from the Secretary of State were up 13.7% from July 2012. Despite the increases, year-to-date sales tax collections are up only 2.9% from last year.

Corporate Income Tax (CIT) collections totaled \$74.9 million, \$56.1 million below the expected level. Although revenue from the repealed MBT totaled a negative \$41.8 million in June (a net loss of revenue to the State due to refunds exceeding collections), MBT revenue was still \$35.9 million above the expected level. The forecast for MBT revenue in FY 2012-13 is based substantially on expectations of several large refunds. The timing of when these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates. Combined, CIT, Single Business Tax, and MBT revenue totaled \$30.7 million in July 2013, down 61.6% from July 2012.

Real estate transfer tax collections totaled \$17.0 million in July, up 22.9% from July 2012 and no different from the forecasted level. Reflecting the improvement in the housing market, year-to-date real estate transfer tax collections are up 41.3% from last year.

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 July 2013. Also presented are the revised consensus revenue estimates for FY 2012-13, which were adopted at the May 2013 Consensus Revenue Estimating Conference.



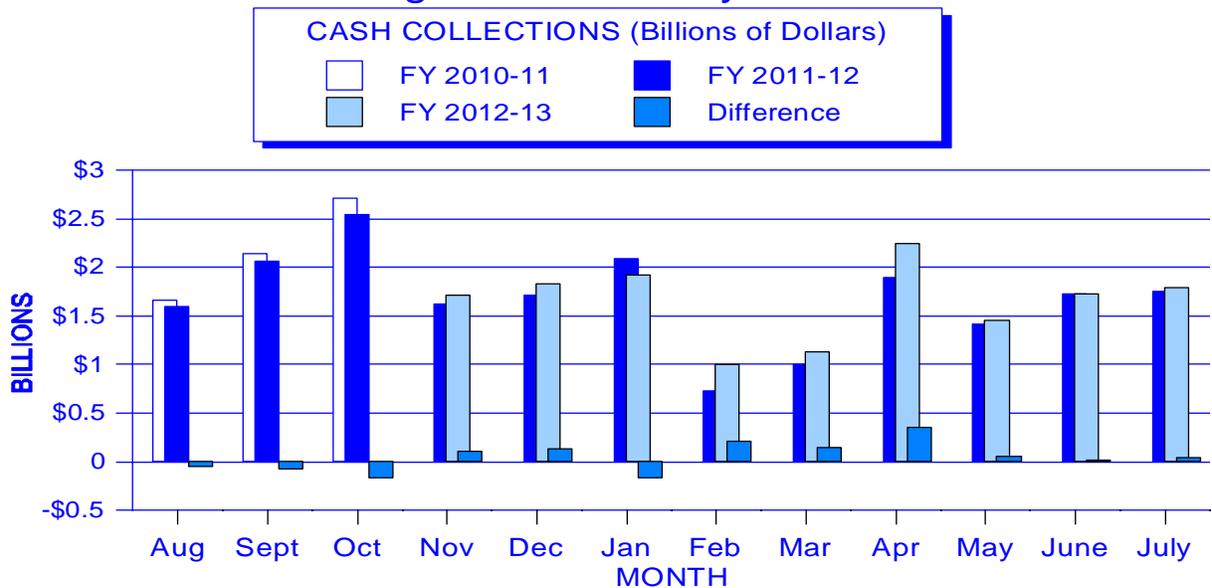
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**MICHIGAN REVENUE UPDATE**  
**JULY 2013**  
(dollars in millions)

Type of Revenue	July Collections		FY 2012-13 to Date <sup>2)</sup>		FY 2012-13 Estimate <sup>3)</sup>	
	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From FY 2011-12
Gross Individual Income Tax	\$735.6	7.7%	\$7,783.0	12.1%	\$9,796.8	8.2%
Refunds	(37.6)	13.3	(1,594.6)	(23.0)	(1,625.3)	(23.9)
Net Income Tax	698.0	9.2	6,188.4	27.0	\$8,171.5	18.1
Sales Tax	681.6	9.9	5,318.0	2.9	7,100.7	2.1
Motor Vehicles	86.4	15.7	650.7	4.1	---	---
All Other Sales Tax	595.2	9.0	4,667.4	2.7	---	---
Use Tax	120.8	12.8	933.6	6.5	1,244.5	3.1
Tobacco Taxes	77.8	(9.1)	699.5	(1.3)	950.0	(1.4)
Corporate Income Tax	74.9	---	650.8	---	920.0	68.2
Michigan Business Tax	(41.8)	(216.3)	(109.3)	(111.8)	(490.0)	(161.4)
Insurance Tax	74.1	7.1	220.2	(1.2)	297.0	2.3
State Education Property Tax	14.5	(12.1)	394.1	13.3	1,792.0	0.1
Real Estate Transfer Tax	17.0	22.9	132.7	41.3	190.5	26.9
Casino Wagering Tax <sup>4)</sup>	9.1	0.3	83.9	(4.3)	109.7	(5.3)
Oil & Gas Severance Tax	5.6	52.4	43.5	5.5	53.0	(1.1)
Other Taxes <sup>5)</sup>	47.2	0.7	205.3	(0.2)	320.8	13.9
<b>Total</b>	<b>\$1,778.8</b>	<b>1.6%</b>	<b>\$14,760.6</b>	<b>6.3%</b>	<b>\$20,659.7</b>	<b>3.4%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$180.6	5.6%	\$2,042.2	0.9%	\$2,365.1	(2.0%)
Net to School Aid Fund <sup>4)</sup>	49.7	(9.4)	614.5	(4.5)	745.0	(4.3)

- Total collections are unadjusted cash collections unless otherwise noted.
- FY 2012-13 year-to-date collections begin with November 2012 collections to reflect accrual accounting.
- Consensus revenue estimates adopted at the May 15, 2013, Consensus Revenue Estimating Conference.
- Lottery and casino revenue is not accrued, so FY 2012-13 collections will include October 2012 to September 2013.
- 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\***  
**August 2011 to July 2013**



\*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.