

MONTHLY REVENUE REPORT

March 2015

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.2 billion in March 2015, a 0.1% increase from the 2014 level. March tax collections were approximately \$84.8 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2015. Larger-than-expected growth in individual income tax and Corporate Income Tax collections, was more than offset by weaker-than-expected sales tax collections and a large increase in refunds from the Michigan Business Tax (MBT), which reduced tax revenue.

Collections earmarked to the General Fund were \$29.9 million below the expected level for March, while School Aid Fund tax collections were \$48.4 million below the forecasted level. The remaining \$6.5 million in below-forecast collections was directed to other funds, most notably constitutional revenue sharing. Through March, year-to-date General Fund collections are \$150.4 million above, and School Aid Fund collections \$52.3 million below, the level expected based on the January 2015 consensus revenue estimates.

Net income tax revenue totaled \$398.2 million in March 2015, up 20.9% from the level in March 2014 and \$83.2 million above the level forecasted for the month. Withholding payments (which represented the majority of gross income tax revenue) were 13.6% above the year-ago level and \$55.0 million above the predicted level primarily because, due to processing issues, approximately \$70.0 million of sales, use, and withholding collections that were supposed to be posted in February instead were posted as March revenue.

Sales tax receipts in March 2015 decreased 6.0% from the March 2014 level and were \$63.7 million below the forecasted level. Sales tax collections attributed to vehicle sales were 8.6% above the prior year, although collections on other goods were down 8.2%. On a year-to-date basis, sales tax collections are up 2.5% from 2014 but are \$75.2 million below the expected level. Use tax collections for March 2015 were 3.9% above the year-ago level but \$16.6 million below the forecasted level. Year-to-date use tax collections are up only 1.0% from the past year.

Combined business tax collections from the Single Business Tax (SBT), MBT, and Corporate Income Tax (CIT) totaled a negative \$51.7 million for the month and were \$72.0 million below the expected level, reflecting MBT refunds that more than offset CIT collections. Corporate Income Tax revenue for the month was \$106.5 million while net revenue from the MBT totaled a negative \$160.1 million, representing refunds that exceeded the estimate for the month by \$127.3 million. On a year-to-date basis, CIT collections are \$97.4 million above estimates while MBT refunds are \$58.1 million more than projected. Most taxpayers who still file the MBT do so to collect refundable tax credits. Forecasted MBT revenue in FY 2014-15 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.

Beer and wine tax revenue fell sharply in March 2015. Implementation of Public Acts 48 and 49 of 2014 shifted the payment of beer and wine taxes for products manufactured out-of-State from manufacturers to wholesalers, resulting in a one-time lag in the collection of beer and wine taxes.

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 March 2015. Also presented are the revised consensus revenue estimates for FY 2014-15, which were adopted at the January 2015 Consensus Revenue Estimating Conference.



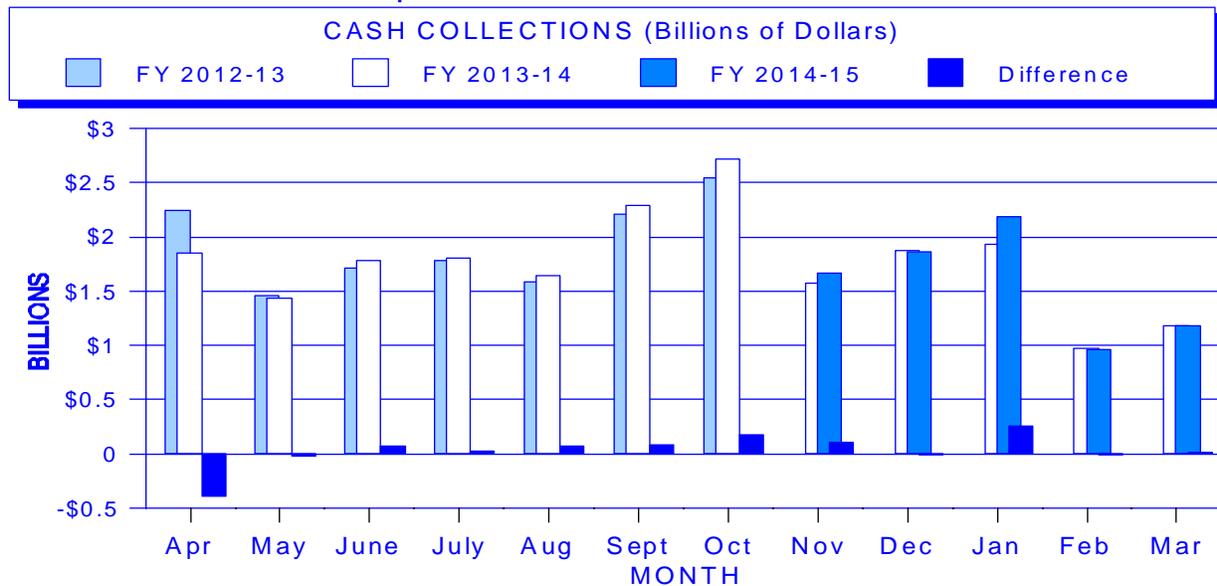
Elizabeth Pratt, Fiscal Analyst
David Zin, Chief Economist

**MICHIGAN REVENUE UPDATE
MARCH 2015
(dollars in millions)**

Type of Revenue	March Collections		FY 2014-15 to Date ^{2,3)}		FY 2014-15 Estimate ^{3,4)}	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2013-14
Gross Individual Income Tax	\$910.1	14.7%	\$4,262.1	5.4%	\$10,275.6	3.7%
Refunds	(511.9)	10.3	(1,003.3)	0.5	(1,880.1)	(0.8)
Net Income Tax	398.2	20.9	3,258.7	7.0	8,395.5	4.8
Sales Tax	563.3	(6.0)	2,925.0	2.5	7,608.8	3.5
Motor Vehicles	84.6	8.6	348.0	7.8	---	---
All Other Sales Tax	478.7	(8.2)	2,577.0	1.8	---	---
Use Tax	109.1	3.9	540.4	1.0	1,448.2	4.1
Tobacco Taxes	66.8	2.3	369.0	(2.2)	914.4	(2.8)
Corporate Income Tax	106.5	90.6	458.4	41.4	944.7	4.2
Michigan Business Tax	(160.1)	---	(371.9)	---	(680.8)	(5.9)
Insurance Tax	14.4	4.4	105.3	19.6	412.0	13.7
State Education Property Tax	15.8	28.5	267.5	1.5	1,845.3	2.3
Real Estate Transfer Tax	15.4	3.3	99.7	12.0	247.8	6.2
Casino Wagering Tax ⁵⁾	10.0	(0.8)	46.5	4.3	111.0	3.8
Oil & Gas Severance Tax	2.1	(69.2)	15.7	(40.2)	58.0	(4.9)
Other Taxes ⁶⁾	32.7	78.2	116.4	37.9	279.5	14.4
Total	\$1,174.2	0.3	\$7,830.8	4.4	\$21,584.4	3.0
Addendum:						
Gross Lottery Sales ⁵⁾	\$222.9	1.5%	\$1,386.1	5.9%	\$2,576.2	6.7%
Net to School Aid Fund ⁵⁾	\$61.5	(4.4%)	\$398.1	0.5%	\$760.0	3.5%

- Total collections are unadjusted cash collections unless otherwise noted.
- FY 2014-15 year-to-date collections begin with November 2014 collections to reflect accrual accounting.
- Year-to-date figures represent cash collections only, while the fiscal year estimate also includes accruals.
- Consensus revenue estimates adopted at the January 16, 2015, Consensus Revenue Estimating Conference.
- Lottery and casino revenue is not accrued, so FY 2014-15 collections will include October 2014 to September 2015.
- 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*
April 2013 to March 2015



*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.