

MONTHLY REVENUE REPORT

May 2013

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.5 billion in May 2013, a 4.6% increase from last year's level. May tax collections were approximately \$71.9 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2013. Above-forecast revenue from the sales tax, Michigan Business Tax (MBT), and individual income tax accounted for most of the above-forecast revenue, and more than offset an outflow of revenue under the Single Business Tax (repealed in 2006) attributable to refunds and payment adjustments.

Collections earmarked to the General Fund were \$15.2 million above the expected level for May, while School Aid Fund tax collections were \$51.8 million above the forecasted level. The remaining \$4.9 million in unanticipated collections was directed to other funds, most notably constitutional revenue sharing. Because the May 2013 consensus estimates revised the forecasted values for the year, the year-to-date deviations from forecast are effectively the same as the deviations for May.

Net individual income tax revenue totaled \$600.2 million in May 2013, up 13.9% from May 2012. Withholding payments (which represented the majority of gross income tax revenue) were 3.2% above the year-ago level and \$18.7 million above the predicted level. Similar to April 2013 revenue, collections from both estimated quarterly payments and annual payments under the individual income tax exhibited strong year-over-year growth, with annual payments up 66.0% from last year's level. These increases likely reflect the same factors as in April, which were associated with dividend payments and capital gain realizations that occurred as taxpayers anticipated potential tax changes associated with "fiscal cliff" issues in December 2012.

Sales tax receipts totaled \$608.4 million in May, \$46.6 million above forecast and up 6.9% from May 2012. Much of the increase appears to reflect higher new and used vehicle sales. Sales tax collections from the Secretary of State were up 11.2% from last May, and May 2013 exhibited the third-highest level of monthly collections since October 2003. Similarly, use tax collections from the Secretary of State were up 10.3% from May 2012. Despite the increases, year-to-date sales tax collections are up only 2.0% from last year.

Corporate Income Tax (CIT) collections totaled \$74.3 million, while revenue under the Single Business Tax (SBT) totaled a negative \$38.6 million. Although revenue from the repealed MBT totaled a negative \$38.3 million in May (a net loss of revenue to the State due to refunds' exceeding collections), MBT revenue was still \$28.5 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, SBT, and MBT revenue totaled a negative \$2.7 million in May 2013.

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



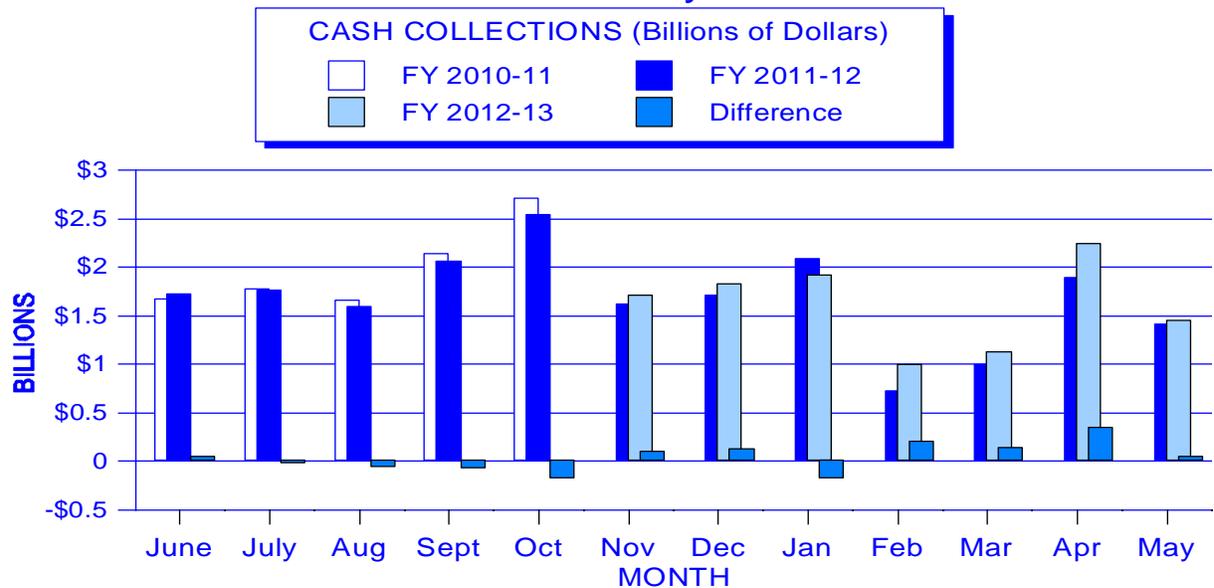
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**MICHIGAN REVENUE UPDATE
MAY 2013
(dollars in millions)**

Type of Revenue	May Collections		FY 2012-13 to Date ²⁾		FY 2012-13 Estimate ³⁾	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2011-12
Gross Individual Income Tax	\$717.2	9.8	\$6,195.1	13.3	\$9,796.8	8.2%
Refunds	(116.9)	(7.1)	(1,500.2)	(24.0)	(1,625.3)	(23.9)
Net Income Tax	600.2	13.9	4,694.9	34.4	\$8,171.5	18.1
Sales Tax	608.4	6.9	4,049.8	2.0	7,100.7	2.1
Motor Vehicles	85.0	11.2	486.6	1.8	---	---
All Other Sales Tax	523.4	6.3	3,563.2	2.0	---	---
Use Tax	105.5	6.5	694.2	5.2	1,244.5	3.1
Tobacco Taxes	75.4	1.0	531.7	(0.4)	950.0	(1.4)
Corporate Income Tax	74.3	---	492.3	---	920.0	68.2
Michigan Business Tax	(38.3)	(180.0)	(44.3)	(105.1)	(490.0)	(161.4)
Insurance Tax	(2.9)	(191.0)	144.8	(4.8)	297.0	2.3
State Education Property Tax	17.2	(12.5)	355.0	17.9	1,792.0	0.1
Real Estate Transfer Tax	14.7	27.0	103.7	55.7	190.5	26.9
Casino Wagering Tax ⁴⁾	9.4	(1.6)	66.4	(4.6)	109.7	(5.3)
Oil & Gas Severance Tax	5.3	12.5	32.9	(2.3)	53.0	(1.1)
Other Taxes ⁵⁾	(17.9)	(346.9)	142.4	11.5	320.8	13.9
Total	\$1,451.3	3.5	\$11,263.9	8.2	\$20,659.7	3.4%
Addendum:						
Gross Lottery Sales ⁴⁾	\$256.0	42.4%	\$1,680.6	2.9%	\$2,365.1	(2.0%)
Net to School Aid Fund ⁴⁾	\$76.0	33.0%	\$509.5	(2.3%)	\$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*
June 2011 to May 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.