

MONTHLY REVENUE REPORT

April 2015

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.9 billion in April 2015, down 2.4% from April 2014. April 2015 tax collections were approximately \$172.3 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. Sales tax, use tax, and individual income tax withholding revenue and refunds for the Michigan Business Tax (MBT) were below forecast, while collections from most other taxes were generally near their forecasted values.

Collections earmarked to the General Fund were \$156.9 million below the expected level for April, while School Aid Fund tax collections were \$12.7 million below the forecasted level. The remaining \$2.7 million in below-forecast collections primarily affected constitutional revenue sharing. Through April, year-to-date General Fund collections are \$6.5 million below, School Aid Fund collections \$65.0 million below, and other funds collectively \$8.0 million below, the level expected based on the January 2015 consensus revenue estimates.

Net income tax revenue totaled \$962.8 million in April 2015, up from \$798.8 million in April 2014 and \$29.5 million above the level forecasted for the month. April income tax collections were buoyed by quarterly and annual payments that likely reflected stronger income from capital gains in 2014. Income tax annual payments were up to \$586.6 million, an increase of 19.2% from April 2014 when collections were depressed due to the Federal "fiscal cliff" of 2012, which accelerated capital gains from FY 2013-14 into FY 2012-13. Quarterly payments in April 2015 were \$134.9 million, which was \$14.5 million above estimate. Individual income tax refunds and withholding payments were near the forecasted amount.

Sales tax receipts totaled \$573.6 million in April 2015, which was \$41.0 million below estimate and 5.2% below the collections in April 2014. The sales tax has been below both the forecasted level and the prior-year level for the last three months. On a year-to-date basis, sales tax collections are up only 1.1% from 2014 and are \$116.2 million below the forecasted level. Sales tax collections from motor vehicle sales are up 2.8% year-to-date, compared with sales tax on other types of purchases, which is up only 0.5%.

Combined business tax collections from the Single Business Tax, MBT, and Corporate Income Tax (CIT) totaled a negative \$87.7 million for the month as refunds exceeded collections, in particular for the MBT which had net revenue of negative \$213.6 million. Most taxpayers who still file the MBT do so to collect refundable tax credits. The timing of when these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates. Forecasted MBT revenue in FY 2014-15 is expected to be dominated by several large refunds. Corporate Income Tax revenue in April 2015 was \$115.1 million, \$19.0 million less than the forecasted level and down 17.6% from April 2014. On a year-to-date basis, CIT revenue is up 23.7%.

On a year-to-date basis, the Real Estate Transfer Tax is up 13.4% from 2014, which reflects continued improvements in the housing market. April 2015 collections were up 23.6% from April 2014.

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 April 2015. Also presented are the revised consensus revenue estimates for FY 2014-15, which were adopted at the January 2015 Consensus Revenue Estimating Conference. The revised estimates from the May 2015 Consensus Revenue Estimating Conference will be used beginning with the report on May revenue.



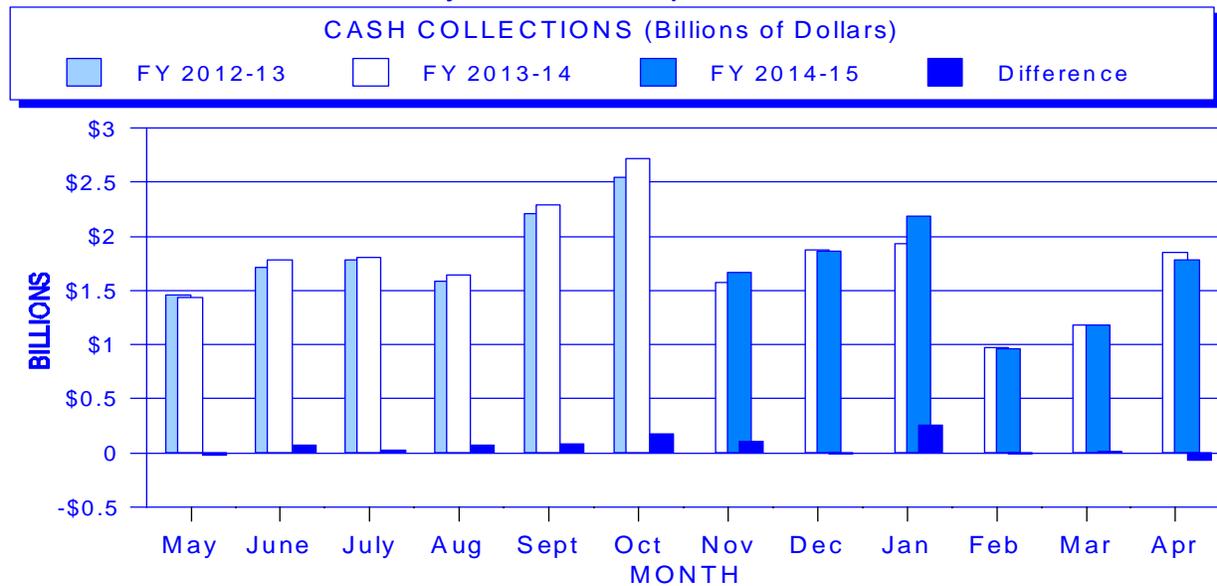
Elizabeth Pratt, Fiscal Analyst
David Zin, Chief Economist

MICHIGAN REVENUE UPDATE
APRIL 2015
(dollars in millions)

Type of Revenue	April 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	\$1,416.4	12.0%	\$5,678.5	7.0%	\$10,275.6	3.7%
Refunds	(453.6)	(2.7)	(1,456.9)	(0.5)	(1,880.1)	(0.8)
Net Income Tax	962.8	20.5	4,221.5	9.8	\$8,395.5	4.8
Sales Tax	573.6	(5.2)	3,498.6	1.1	7,608.8	3.5
Motor Vehicles	83.4	(1.9)	431.4	5.8	---	---
All Other Sales Tax	490.3	(5.7)	3,067.2	0.5	---	---
Use Tax	103.5	(11.0)	643.9	(1.2)	1,448.2	4.1
Tobacco Taxes	76.4	8.2	445.5	(0.6)	914.4	(2.8)
Corporate Income Tax	115.1	(17.6)	573.6	23.7	944.7	4.2
Michigan Business Tax	(213.6)	---	(585.5)	---	(680.8)	(5.9)
Insurance Tax	61.6	(4.6)	166.9	9.4	412.0	13.7
State Education Property Tax	22.4	4.6	289.9	1.8	1,845.3	2.3
Real Estate Transfer Tax	15.0	23.6	114.6	13.4	247.8	6.2
Casino Wagering Tax ⁵⁾	9.8	7.4	56.3	4.8	111.0	3.8
Oil & Gas Severance Tax	2.0	(77.2)	17.7	(49.6)	58.0	(4.9)
Other Taxes ⁶⁾	42.4	98.6	158.8	50.1	279.5	14.4
Total	\$1,771.0	(3.8%)	\$9,601.8	2.8%	\$21,584.4	(0.8%)
Addendum:						
Gross Lottery Sales ⁵⁾	\$213.6	3.2%	\$1,599.7	5.6%	\$2,576.2	6.7%
Net to School Aid Fund ⁵⁾	\$82.3	41.9%	\$480.4	5.7%	\$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*
May 2013 to April 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.