



MONTHLY REVENUE REPORT

APRIL 2016

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.8 billion in April 2016, down 1.2% from April 2015. April 2016 tax collections were approximately \$196.4 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2016. Income tax and Corporate Income Tax (CIT) revenue was below forecast, while collections from most other taxes were generally near their forecasted values.

Collections earmarked to the General Fund were \$189.4 million below the expected level for April, while School Aid Fund tax collections were \$8.5 million below the forecasted level. Revenue to other funds was \$1.5 million above the expected level due to increases in tobacco collections. Through April, year-to-date General Fund collections are \$150.4 million below, School Aid Fund collections \$12.4 million below, and other funds collectively \$4.6 million below, the level expected based on the January 2016 consensus revenue estimates.

Net income tax revenue totaled \$903.5 million in April 2016, down from \$962.8 million in April 2015 and \$152.6 million below the level forecasted for the month. Growth in income tax withholding of 5.6% in April 2016 compared with April 2015, was offset by lower quarterly and annual payments and higher refunds. Income tax annual payments were \$533.7 million in April 2016, down \$52.9 million from the level of April 2015. Quarterly payments in April 2016 were \$129.2 million, which was \$11.3 million below the monthly estimate. Income tax refunds were \$78.0 million higher than expected in April 2016 and up 8.7% from April 2015, which further reduced net income tax revenue, although a portion of the reduction reflects more rapid processing of refunds.

Sales tax receipts totaled \$593.9 million in April 2016, which was near the monthly estimate and 3.5% above the collections in April 2015. On a year-to-date basis, sales tax collections are down 0.3% from the past year and are \$58.0 million below the forecasted level. Sales tax collections from motor vehicle sales are up 0.9% year-to-date, compared to sales tax collections on other types of purchases, which are down 0.5%.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and CIT totaled a negative \$60.8 million for the month as refunds exceeded collections, particularly for the MBT, which had net revenue of negative \$168.9 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 2015-16 is expected to be dominated by several large refunds. Corporate Income Tax revenue in April 2016 was \$104.7 million, \$56.1 million below the monthly estimate and 9.1% below the level of April 2015. On a year-to-date basis, CIT collections are down 19.8%.

On a year-to-date basis, net lottery revenue is up 8.6% (adjusted for the number of weeks), the real estate transfer tax is up 7.4%, and the State Education Tax is up 4.0%. The revenue from these sources is deposited in the School Aid Fund, offsetting a portion of the year-to-date decline in sales tax revenue.

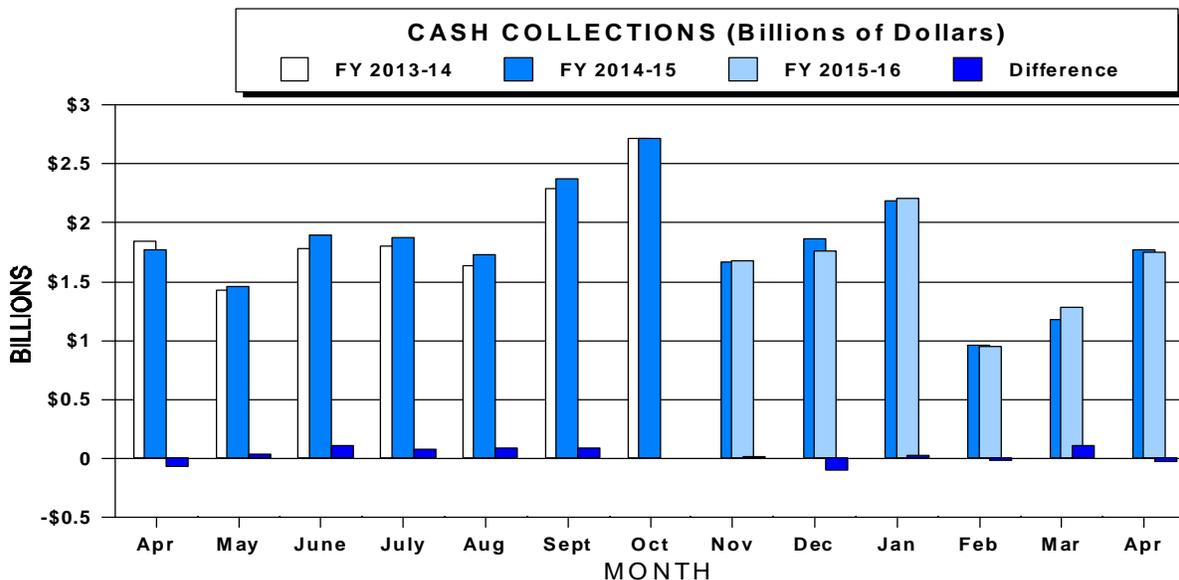
The table on the back of this report identifies the major taxes included in the report, and provides their respective revenue levels and growth rates for April 2016. Also presented are the revised consensus revenue estimates for FY 2015-16, which were adopted at the January 2016 Consensus Revenue Estimating Conference. The May 2016 consensus revenue estimates will be incorporated beginning with the May 2016 report.



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	April Collections		FY 2015-16 to Date ^{2,3)}		FY 2015-16 CREC Estimate ^{3,4)}	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total	% Change From FY 2014-15
Gross Individual Income Tax	\$1,396.6	(1.4%)	\$5,993.1	5.5%	\$10,947.2	2.6%
Refunds	(493.1)	8.7	(1,534.7)	5.3	(1,744.0)	3.0
Net Income Tax	903.5	(6.2)	4,458.4	5.6	9,203.2	2.5
Sales Tax	593.9	3.5	3,486.7	(0.3)	7,530.0	3.9
Motor Vehicles	79.4	(4.8)	435.1	0.9	---	---
All Other Sales Tax	514.5	4.9	3,051.6	(0.5)	---	---
Use Tax	94.2	(9.0)	636.7	(1.1)	1,372.6	0.7
Tobacco Taxes	79.1	3.5	450.4	1.1	941.7	(1.2)
Corporate Income Tax	104.7	(9.1)	459.9	(19.8)	1,116.0	3.6
Michigan Business Tax	(168.9)	---	(681.1)	---	(1,031.0)	61.2
Insurance Tax	66.1	7.2	156.7	(6.1)	310.0	(3.8)
State Education Property Tax	21.9	(2.1)	301.5	4.0	1,890.1	1.7
Real Estate Transfer Tax	16.9	13.1	123.1	7.4	273.0	5.6
Casino Wagering Tax ⁵⁾	9.9	1.5	57.3	1.7	112.0	1.1
Oil & Gas Severance Tax	1.3	(38.1)	9.4	(46.9)	30.4	0.0
Other Taxes ⁶⁾	21.9	(48.2)	121.2	(23.6)	306.5	1.7
Total	\$1,744.4	(1.5%)	\$9,580.2	(0.2%)	\$22,054.5	2.0%
Addendum:						
Gross Lottery Sales ⁵⁾	\$298.0	39.5%	\$1,849.2	15.6%	\$2,779.7	7.1%
Net to School Aid Fund ⁵⁾	87.3	6.1	539.0	12.2	820.0	4.6

1) Total collections are unadjusted cash collections unless otherwise noted.
2) FY 2015-16 year-to-date collections begin with November 2015 collections to reflect accrual accounting.
3) Year-to-date figures represent cash collections only, while the fiscal year consensus (CREC) estimate also includes accruals.
4) Consensus revenue estimates adopted at the January 14, 2016 Consensus Revenue Estimating Conference.
5) Lottery and casino revenue is not accrued, so FY 2015-16 collections will include October 2015 to September 2016.
6) Other Taxes include beer, wine, liquor, single business tax, industrial facilities, utility property, estate taxes, and penalties and interest.

Actual Revenue Collections for Major State Taxes*
May 2014 to April 2016



*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.