

# MONTHLY REVENUE REPORT

## August 2013

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.6 billion in August 2013, down 1.5% from last year's level. August tax collections were approximately \$54.0 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. Revenue from the State Education Tax, which is affected by the timing of counties remitting the payments to the State, accounted for almost all the greater-than-expected revenue.

Collections earmarked to the General Fund were \$28.6 million below the expected level for August, while School Aid Fund tax collections were \$79.5 million above the forecasted level. The remaining \$3.1 million in above-forecast collections reflected other funds, most notably constitutional revenue sharing. Through August, year-to-date General Fund collections are \$48.0 million higher, School Aid Fund collections \$166.3 million higher, and other funds collectively \$11.0 million greater than the level expected based on the May 2013 consensus revenue estimates.

Net income tax revenue totaled \$615.6 million in August 2013, up 0.5% from August 2012 and only \$0.4 million above the expected level for the month. Withholding payments (which represented the majority of gross income tax revenue) were 0.3% above the year-ago level. While gross income tax revenue for August was slightly above forecast, the increase was offset by greater-than-expected individual income tax refunds.

Sales tax receipts totaled \$602.0 million in August, a 5.1% decline from August 2012 that was largely expected due to calendar issues for filing and processing monthly returns. On a year-to-date basis, sales tax collections are up 2.0% from last year, and are \$94.5 million above expectations. Collections from new vehicle sales remained at elevated levels, breaking \$80.0 million for the fourth time in the last five months, and year-to-date are up 4.0% from last year.

Corporate Income Tax (CIT) collections totaled \$3.8 million, \$32.1 million below the expected level. Year-to-date CIT collections through August are \$72.3 million below the expected level. Although revenue from the repealed Michigan Business Tax (MBT) totaled a negative \$54.0 million in August (a net loss of revenue to the State due to refunds exceeding collections), MBT revenue was still \$31.3 million above the expected level. Year-to-date MBT revenue was \$126.0 million above forecast in August. Forecasted 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, Single Business Tax, CIT, and MBT revenue totaled a negative \$61.6 million in August 2013.

Real Estate Transfer (RET) Tax collections in August were 45.7% above the year-ago level, the fourth time in the last five months that collections have been at least 22% above the prior year's level. Year-to-date, RET Tax collections are 41.9% above the prior year, although collections are only \$1.4 million above the projected level.

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



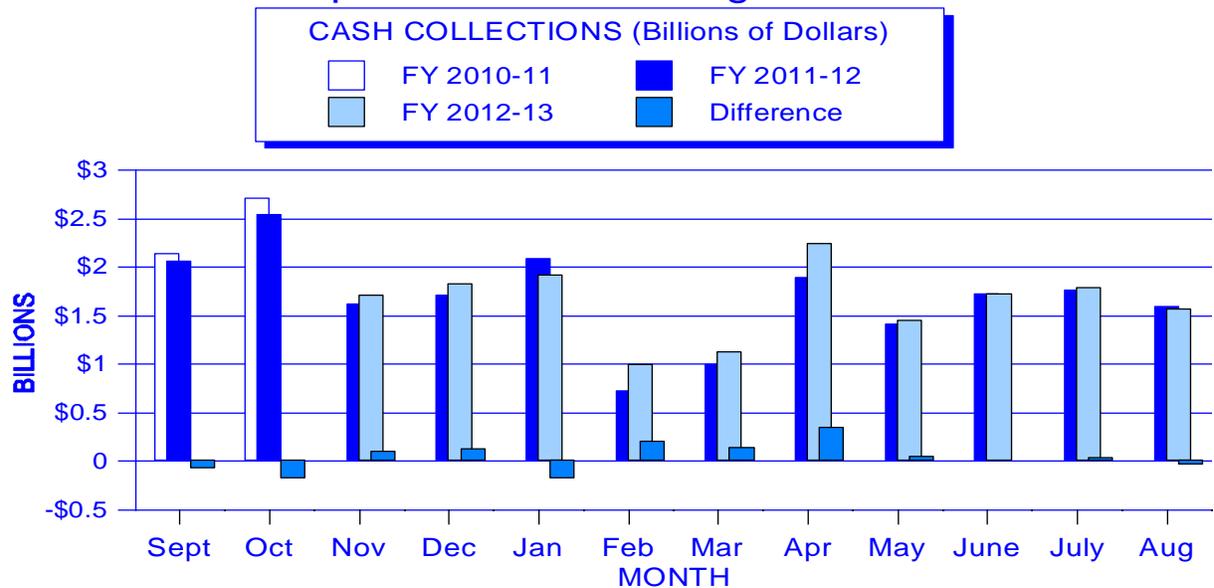
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**MICHIGAN REVENUE UPDATE  
AUGUST 2013  
(dollars in millions)**

Type of Revenue	August 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	\$649.6	0.4%	\$8,432.6	11.1%	\$9,796.8	8.2%
Refunds	(34.0)	(0.6)	(1,628.5)	(22.6)	(1,625.3)	(23.9)
Net Income Tax	615.6	0.5	6,804.0	24.0	\$8,171.5	18.1
Sales Tax	602.0	(5.1)	5,920.0	2.0	7,100.7	2.1
Motor Vehicles	82.8	3.0	733.5	4.0	---	---
All Other Sales Tax	519.1	(6.2)	5,186.5	1.7	---	---
Use Tax	97.8	(13.1)	1,031.1	4.2	1,244.5	3.1
Tobacco Taxes	89.9	2.7	789.3	(0.9)	950.0	(1.4)
Corporate Income Tax	3.8	---	654.6	---	920.0	68.2
Michigan Business Tax	(54.0)	335.3	(163.3)	(117.9)	(490.0)	(161.4)
Insurance Tax	2.8	(24.6)	223.0	(1.6)	297.0	2.3
State Education Property Tax	167.2	23.3	561.3	16.1	1,792.0	0.1
Real Estate Transfer Tax	23.0	45.7	155.6	41.9	190.5	26.9
Casino Wagering Tax <sup>4)</sup>	9.1	(3.4)	93.1	(4.2)	109.7	(5.3)
Oil & Gas Severance Tax	5.4	43.3	48.8	8.6	53.0	(1.1)
Other Taxes <sup>5)</sup>	4.2	(110.8)	209.5	25.2	320.8	13.9
<b>Total</b>	<b>\$1,566.7</b>	<b>(1.7%)</b>	<b>\$16,327.0</b>	<b>5.5%</b>	<b>\$20,659.7</b>	<b>3.4%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$240.1	8.7%	\$2,282.3	1.7%	\$2,365.1	(2.0%)
Net to School Aid Fund <sup>4)</sup>	\$69.5	2.1%	\$684.0	(3.8%)	\$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\*  
September 2011 to August 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.