



# MONTHLY REVENUE REPORT

FEBRUARY 2016

---

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.0 billion in February 2016, down 1.3% from the year-ago level. February tax collections were approximately \$6.7 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. The below-forecast revenue reflected greater-than-expected Michigan Business Tax (MBT) refunds that more than offset the revenue gain from greater-than-expected individual income tax withholding.

Collections earmarked to the General Fund were \$38.8 million below the expected level for February, while School Aid Fund tax collections were \$30.8 million above the forecasted level. The remaining \$1.3 million in above-forecast collections were directed to other funds, most notably constitutional revenue sharing. Through February, year-to-date General Fund collections are \$37.7 million above, and School Aid Fund collections \$32.0 million above, the level expected based on the January 2016 consensus revenue estimates.

Net income tax revenue totaled \$349.6 million in February 2016, up 33.2% from February 2015, and \$58.2 million above the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 19.2% above the year-ago level and \$53.9 million above the predicted level for the month, largely reflecting the payment of sizeable profit-sharing bonus checks by Chrysler and General Motors. (The remainder of the Big Three's bonus checks are expected to be paid by Ford in March 2016.) Other components of income tax revenue, including quarterly and annual payments, as well as refunds, were mostly at predicted levels.

February 2016 sales tax receipts increased 9.5% from February 2015 and were \$20.6 million above the forecasted level. On a year-to-date basis, sales tax collections through February 2016 are down 1.2% from the past year and are \$13.0 million below the forecasted level. Total sales tax collections were boosted by strong vehicles sales: February sales tax collections from motor vehicle transactions were up 16.4% from one year ago. Use tax collections were 3.2% above the February 2015 level and on a year-to-date basis, despite the diversion of revenue to local units as part of personal property tax reform, are up 2.4% from the prior year's level.

Combined business tax collections from the Single Business Tax, MBT, and Corporate Income Tax (CIT) were a negative \$162.1 million (a net loss of revenue to the State due to refunds exceeding collections) and \$86.9 million below the SFA estimate for the month. Net CIT collections totaled \$18.0 million and were \$12.7 million less than expected. Most taxpayers who still file the MBT do so to collect refundable tax credits. In February 2016, the State paid \$157.7 million in MBT refunds and adjustments, compared to collections of \$0.9 million. Forecasted MBT revenue in FY 2015-16 is expected to be dominated by several large refunds. The timing of when these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates.

Insurance tax collections in February 2016 totaled \$6.1 million, up 26.3% from the year-ago level, but \$2.3 million less than expected. Despite the increase, year-to-date insurance tax collections are down 16.8%, although year-to-date revenue is \$6.6 million above the predicted 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 February 2016. Also presented are the revised consensus revenue estimates for FY 2015-16, which were adopted at the January 2016 Consensus Revenue Estimating Conference.



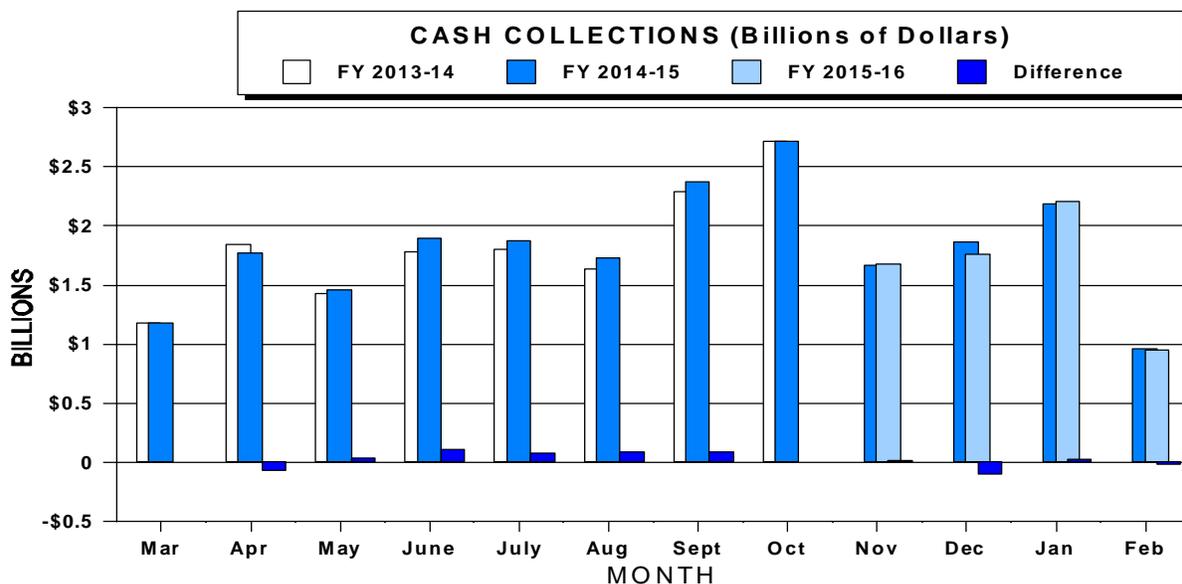
# MONTHLY REVENUE REPORT

## FEBRUARY 2016

MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	February Collections		FY 2015-16 to Date <sup>2,3)</sup>		FY 2015-16 CREC Estimate <sup>3,4)</sup>	
	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From Year Ago	Total	% Change From FY 2014-15
Gross Individual Income Tax	\$804.1	19.6%	\$3,646.6	8.8%	\$10,947.2	2.6%
Refunds	(454.4)	10.8	(543.8)	10.7	(1,744.0)	3.0
Net Income Tax	349.6	33.2	3,102.7	8.5	\$9,203.2	2.5
Sales Tax	512.8	9.5	2,332.2	(1.2)	7,530.0	3.9
Motor Vehicles	65.0	16.4	267.6	1.6	---	---
All Other Sales Tax	447.8	8.6	2,064.7	(1.6)	---	---
Use Tax	104.6	3.2	441.7	2.4	1,372.6	0.7
Tobacco Taxes	70.0	(2.6)	303.0	0.3	941.7	(1.2)
Corporate Income Tax	18.0	(40.2)	269.9	(23.3)	1,116.0	3.6
Michigan Business Tax	(156.7)	---	(431.2)	---	(1,021.0)	61.2
Insurance Tax	6.1	26.3	75.7	(16.8)	310.0	(3.8)
State Education Property Tax	15.0	13.8	255.5	1.5	1,890.1	1.7
Real Estate Transfer Tax	18.6	15.2	85.8	1.8	273.0	5.6
Casino Wagering Tax <sup>5)</sup>	9.4	1.7	37.2	2.1	112.0	1.1
Oil & Gas Severance Tax	1.1	(50.8)	6.3	(53.2)	30.4	0.0
Other Taxes <sup>6)</sup>	(3.9)	(123.7)	80.5	(3.8)	306.5	1.7
<b>Total</b>	<b>\$944.5</b>	<b>(1.6%)</b>	<b>\$6,559.5</b>	<b>(1.5%)</b>	<b>\$22,064.5</b>	<b>2.1%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>5)</sup>	\$234.2	0.2%	\$1,318.4	13.4%	\$2,779.7	7.1%
Net to School Aid Fund <sup>5)</sup>	72.0	3.0	392.3	16.5	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\* March 2014 to February 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.