

# MONTHLY REVENUE REPORT

## January 2015

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes and lottery net revenue totaled \$2.2 billion in January 2015, up 12.5% from the 2014 level. January tax collections were approximately \$177.3 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2015. Above-forecast collections under the Michigan Business Tax (MBT) accounted for \$91.2 million of the amount by which revenue exceeded the forecast, while the Corporate Income Tax (CIT) accounted for another \$41.7 million. Combined collections under the Single Business Tax (SBT), the MBT, and the CIT represented 78.3% of the amount by which revenue was above the monthly estimate.

Collections earmarked to the General Fund were \$136.5 million above the expected level for January, reflecting that revenue from the State's business taxes only affected General Fund revenue, and School Aid Fund tax collections were \$36.4 million above the forecasted level. The remaining \$4.5 million in above-forecast revenue was directed to other funds, most notably constitutional revenue sharing. Because the January 2015 consensus estimates revised the forecasted values for the year, the year-to-date deviations from forecast are effectively the same as the deviations for January.

Net income tax revenue totaled slightly more than \$1.0 billion in January 2015, but was down 0.5% from the 2014 level. Withholding payments (which represented the majority of gross income tax revenue) were 2.0% above the year-ago level but \$29.6 million below the predicted level. Individual income tax refunds totaled \$40.3 million, up 153.1% from January 2014, but \$11.4 million less than predicted. Refunds generally depend on when taxpayers file their returns, so data from future months' collections are needed to determine if the refund estimate is too high or if taxpayers are merely filing refund requests later than usual.

Sales tax receipts totaled \$640.4 million in January, a 15.8% increase from the prior year. The increase reflects both continued strength in motor vehicle sales and low collections in January 2014 attributable to the harsh winter weather that year. January 2015 sales tax collections from motor vehicle transactions were up 10.1% from one year ago. January 2015 marked the first time since August 2009 that sales tax collections from vehicle sales have posted double-digit growth over the prior year in two consecutive months.

Combined business tax collections from the SBT, MBT, and CIT were \$138.9 million above the SFA estimate for the month. Net CIT collections were up 35.7% from the January 2014 level. Net revenue from the MBT was negative \$6.0 million (a net loss of revenue to the State due to refunds exceeding collections), but the loss was \$91.2 million less than expected. Most taxpayers who still file the MBT do so to collect refundable tax credits. Forecasted MBT revenue in FY 2014-15 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.

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 January 2015. Also presented are the revised consensus revenue estimates for FY 2014-15, which were adopted at the January 2015 Consensus Revenue Estimating Conference.



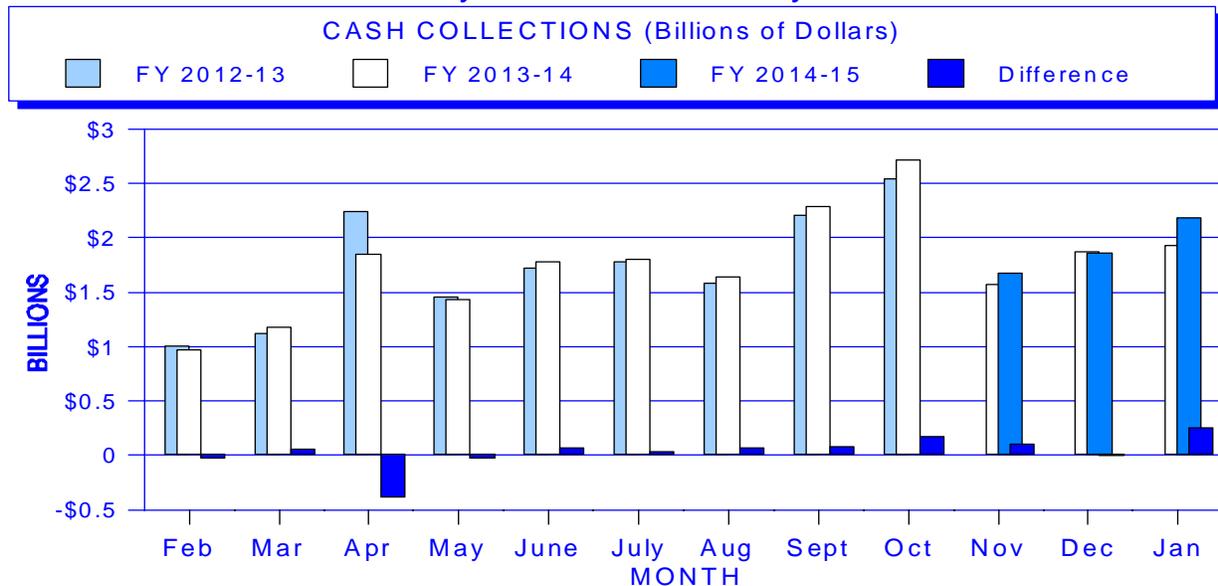
*Elizabeth Pratt, Fiscal Analyst*  
*David Zin, Chief Economist*

**MICHIGAN REVENUE UPDATE  
JANUARY 2015  
(dollars in millions)**

Type of Revenue	January Collections		FY 2014-15 to Date <sup>2,3)</sup>		FY 2014-15 Estimate <sup>3,4)</sup>	
	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From FY 2013-14
Gross Individual Income Tax	\$1,082.1	1.8%	\$2,679.4	5.5%	\$10,275.6	3.7%
Refunds	(40.3)	153.1	(81.4)	63.3	(1,880.1)	(0.8)
Net Income Tax	\$1,041.8	(0.5%)	\$2,598.0	4.3%	\$8,395.5	4.8%
Sales Tax	640.4	15.8	1,893.5	7.5	7,608.8	3.5
Motor Vehicles	71.2	10.1	207.5	11.4	---	---
All Other Sales Tax	569.2	16.6	1,686.0	7.1	---	---
Use Tax	119.3	11.4	330.0	1.2	1,448.2	4.1
Tobacco Taxes	77.1	0.7	230.4	(3.9)	914.4	(2.8)
Corporate Income Tax	142.7	35.7	321.8	34.1	944.7	4.2
Michigan Business Tax	(6.0)	(93.4)	(175.3)	10.3	(680.8)	(5.9)
Insurance Tax	80.4	20.5	86.1	23.8	412.0	13.7
State Education Property Tax	20.5	24.5	238.6	0.6	1,845.3	2.3
Real Estate Transfer Tax	23.4	12.5	68.1	16.2	247.8	6.2
Casino Wagering Tax <sup>5)</sup>	9.0	15.6	27.2	6.6	111.0	3.8
Oil & Gas Severance Tax	3.8	(28.5)	11.4	(23.8)	58.0	(4.9)
Other Taxes <sup>6)</sup>	23.0	66.0	67.1	17.1	279.5	14.4
<b>Total</b>	<b>\$2,175.5</b>	<b>12.8%</b>	<b>\$5,696.8</b>	<b>6.3%</b>	<b>\$21,584.4</b>	<b>3.0%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>5)</sup>	\$256.3	18.0%	\$929.3	6.9%	\$2,576.2	6.7%
Net to School Aid Fund <sup>5)</sup>	\$66.9	2.6%	\$266.8	1.1%	\$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\***  
**February 2013 to January 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.