

# MONTHLY REVENUE REPORT

## July 2015

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.9 billion in July 2015, a 5.9% increase from the 2014 level. July tax collections were approximately \$3.8 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2015. Above-estimate collections from individual income tax withholding payments more than offset below-forecast revenue from the sales tax and the Corporate Income Tax combined with greater-than-expected individual income tax refunds.

Collections earmarked to the General Fund were \$5.8 million below the expected level for July, while School Aid Fund tax collections were \$11.7 million above the forecasted level. The remaining \$2.2 million in below-forecast collections was from other funds, most notably constitutional revenue sharing. Through July, year-to-date General Fund collections are \$0.6 million below, and School Aid Fund collections \$76.1 million below, the level expected based on the May 2015 consensus revenue estimates.

Net income tax revenue totaled \$744.5 million in July 2015, up 14.4% from July 2014. Withholding payments (which represented the majority of gross income tax revenue) were 15.6% above the year-ago level and \$64.8 million above the predicted level. In contrast, refunds under the individual income tax were up 43.1% from the 2014 level and \$14.9 million more than expected. Buoyed by strong withholding payments that reflect both employment gains and significant overtime hours in the manufacturing sector, year-to-date net individual income tax collections are \$149.2 million above forecast.

Sales tax receipts totaled \$652.1 million in July 2015, \$39.0 million below the forecast for the month and down 4.2% from July 2014. July 2015 represented the sixth consecutive month in which sales tax collections have been below the year-ago level. Year-to-date sales tax collections are 0.4% below the 2014 level, and \$139.2 million below the predicted level.

Combined business tax collections from the Single Business Tax (SBT), Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled \$64.4 million for July 2015, only the fourth month in FY 2014-15 when collections have exceeded refund payments. While net MBT revenue collections were only \$5.6 million less than expected in July 2015, year-to-date MBT revenue is \$130.0 million below the expected level. 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 collections in July 2015 were \$27.1 million less than expected, although on a year-to-date basis, CIT collections are still \$47.7 million above the predicted level.

Reflecting lower oil prices that have discouraged extraction activity, oil and gas severance taxes in July 2015 were down 45.4% from the year-ago level and year-to-date collections are down 50.1% from 2014. Reflecting the improving housing market, real estate transfer tax receipts in July were up 29.1% from the year-ago level and year-to-date collections are up 19.1%.

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



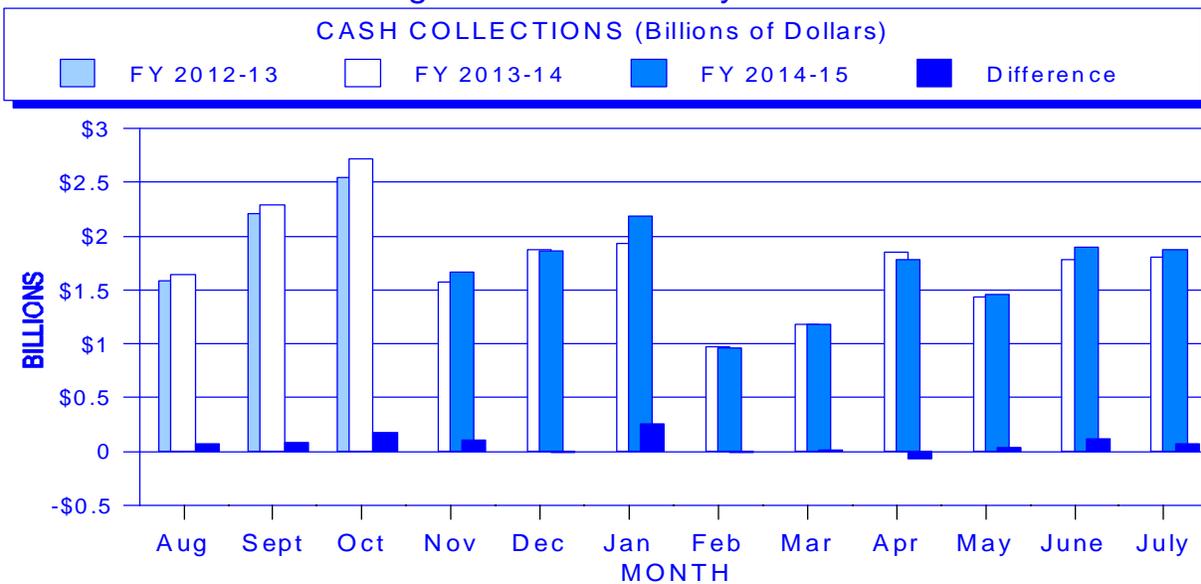
*Elizabeth Pratt, Fiscal Analyst*  
*David Zin, Chief Economist*

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

Type of Revenue	July 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	\$792.6	15.8%	\$8,210.6	7.7%	\$10,460.6	5.6%
Refunds	(48.2)	43.1	(1,671.5)	1.9	(\$1,770.1)	(6.6)
Net Income Tax	744.5	14.4	6,539.1	9.3	\$8,690.5	8.4
Sales Tax	652.1	(4.2)	5,358.9	(0.4)	7,503.8	2.0
Motor Vehicles	86.1	(1.8)	681.3	3.6	---	---
All Other Sales Tax	566.0	(4.6)	4,677.7	(1.0)	---	---
Use Tax	128.7	1.4	1,022.5	2.0	1,419.2	2.0
Tobacco Taxes	85.2	5.9	689.3	0.3	924.4	(1.7)
Corporate Income Tax	86.8	(25.7)	815.5	16.3	1,029.7	13.6
Michigan Business Tax	(42.1)	---	(808.8)	---	(751.1)	3.8
Insurance Tax	86.8	16.3	268.2	15.8	402.0	11.0
State Education Property Tax	19.2	15.8	355.4	1.3	1,850.3	2.6
Real Estate Transfer Tax	29.2	29.1	185.1	19.1	256.8	10.0
Casino Wagering Tax <sup>5)</sup>	9.3	3.1	84.2	4.2	111.0	3.8
Oil & Gas Severance Tax	2.6	(45.4)	24.9	(50.1)	39.0	(36.0)
Other Taxes <sup>6)</sup>	61.9	26.5	276.5	47.5	294.0	20.3
<b>Total</b>	<b>\$1,864.1</b>	<b>3.9%</b>	<b>\$14,810.6</b>	<b>3.3%</b>	<b>\$21,769.6</b>	<b>3.9%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>5)</sup>	\$261.2	40.4%	\$2,335.4	9.3%	\$2,644.1	9.6%
Net to School Aid Fund <sup>5)</sup>	76.1	104.6	664.6	8.8	780.0	6.3

- 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 May 15, 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\*  
August 2013 to July 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.