

# MONTHLY REVENUE REPORT

## June 2013

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.8 billion in June 2013, a 0.5% decrease from last year's level. June tax collections were approximately \$99.3 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. As occurred with May collections, greater-than-expected revenue from the sales tax, Michigan Business Tax (MBT), and individual income tax accounted for most of the above-forecast revenue, and more than offset an outflow of revenue under the Single Business Tax (repealed in 2006) attributable to refunds and payment adjustments.

Collections earmarked to the General Fund were \$74.42 million above the expected level for June, while School Aid Fund tax collections were \$19.8 million above the forecasted level. The remaining \$5.2 million in unanticipated collections was directed to other funds, most notably constitutional revenue sharing. Through June, year-to-date General Fund collections are \$85.9 million above, and School Aid Fund collections \$82.9 million above, the level expected based on the May 2013 consensus revenue estimates.

Net individual income tax revenue totaled \$795.5 million in June 2013, up 7.3% from June 2012. Withholding payments (which represented the majority of gross income tax revenue) were 3.0% above the year-ago level and \$33.9 million above the predicted level. Similarly to what has occurred during the last two months, collections from estimated quarterly payments under the individual income tax exhibited strong year-over-year growth, growing 21.9% from last year's level. These increases likely reflect the same factors as in April and May, which were associated with dividend payments and capital gain realizations that occurred as taxpayers anticipated potential tax changes associated with "fiscal cliff" issues in December 2012, combined with strong growth in the stock market during the early part of the current year.

Sales tax receipts totaled \$586.6 million in June 2013, up 1.8% from June 2012. In contrast, use tax collections were up 8.1% from June 2012. Year-to-date, sales tax collections are up 1.9% from last year, while use tax collections are 5.6% higher.

Corporate Income Tax (CIT) collections totaled \$83.6 million, while revenue under the Single Business Tax (SBT) totaled a negative \$9.7 million. Although revenue from the repealed MBT totaled a negative \$23.2 million in June (a net loss of revenue to the State due to refunds' exceeding collections), MBT revenue was still \$30.2 million above the expected level. The forecast for 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, CIT, SBT, and MBT revenue totaled \$50.7 million in June 2013, down 58.3% from June 2012.

Real estate transfer tax collections were down 11.2% from June 2012, the first year-over-year decline since October 2012 and the most rapid decline since March 2012. Despite the June decline, year-to-date real estate transfer tax collections are up 44.4% from last year.

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



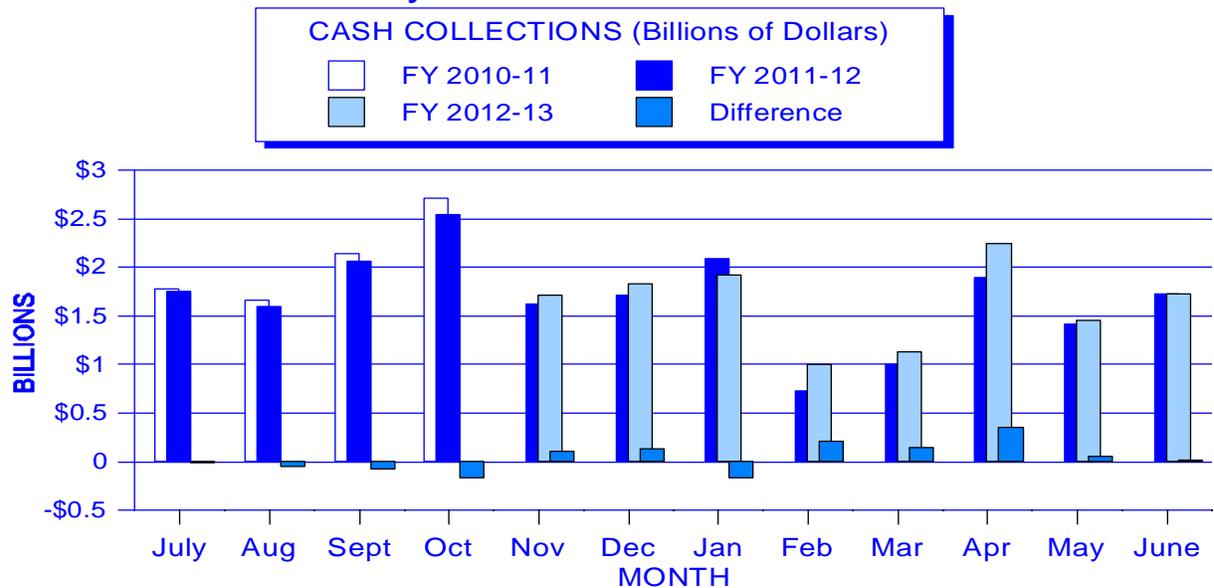
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**MICHIGAN REVENUE UPDATE  
JUNE 2013  
(dollars in millions)**

Type of Revenue	June 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	\$852.3	7.2%	\$7,047.4	12.6%	\$9,796.8	8.2%
Refunds	(56.8)	6.3	(1,557.0)	(23.2)	(1,625.3)	(23.9)
Net Income Tax	795.5	7.3	5,490.4	29.7	\$8,171.5	18.1
Sales Tax	586.6	1.8	4,636.4	1.9	7,100.7	2.1
Motor Vehicles	77.6	7.6	564.3	2.5	---	---
All Other Sales Tax	509.0	1.0	4,072.2	1.9	---	---
Use Tax	118.5	8.1	812.8	5.6	1,244.5	3.1
Tobacco Taxes	90.0	0.4	621.7	(0.3)	950.0	(1.4)
Corporate Income Tax	83.6	---	575.9	---	920.0	68.2
Michigan Business Tax	(23.2)	(182.3)	(67.5)	(107.6)	(490.0)	(161.4)
Insurance Tax	1.2	(14.8)	146.1	(4.9)	297.0	2.3
State Education Property Tax	24.5	(18.3)	379.6	14.6	1,792.0	0.1
Real Estate Transfer Tax	12.0	(11.2)	115.6	44.4	190.5	26.9
Casino Wagering Tax <sup>4)</sup>	8.4	(6.9)	74.8	(4.8)	109.7	(5.3)
Oil & Gas Severance Tax	5.0	29.1	37.9	0.9	53.0	(1.1)
Other Taxes <sup>5)</sup>	15.7	(49.7)	158.1	(0.5)	320.8	13.9
<b>Total</b>	<b>\$1,717.9</b>	<b>0.1%</b>	<b>\$12,981.8</b>	<b>7.0%</b>	<b>\$20,659.7</b>	<b>3.4%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$180.9	(17.5%)	\$1,861.6	0.5%	\$2,365.1	(2.0%)
Net to School Aid Fund <sup>4)</sup>	55.3	(17.2)	564.8	(4.0)	745.0	(4.3)

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2012-13 year-to-date collections begin with November 2012 collections to reflect accrual accounting.
- 3) Consensus revenue estimates adopted at the May 15, 2013, Consensus Revenue Estimating Conference.
- 4) Lottery and casino revenue is not accrued, so FY 2012-13 collections will include October 2012 to September 2013.
- 5) 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\*  
July 2011 to June 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.