

# MONTHLY REVENUE REPORT

## June 2014

Revenue from Michigan's General Fund and School Aid Fund (SAF) earmarked taxes totaled \$1.8 billion in June 2014, a 3.8% increase from the 2013 level. June tax collections were approximately \$77.8 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2014. Below-forecast revenue from the sales tax, use tax, and business taxes more than offset above-estimate collections for the individual income tax.

Collections earmarked to the General Fund were \$10.4 million below the expected level for June, while SAF tax collections were \$62.5 million below the forecasted level. The remaining \$4.9 million in reduced collections was from other funds, most notably constitutional revenue sharing. Through June, year-to-date General Fund collections are \$50.2 million below, and SAF collections are \$38.0 million below, the level expected based on the May 2014 consensus revenue estimates.

Net income tax revenue totaled \$879.9 million in June 2014, up 10.6% from June 2013. Withholding payments (which represented the majority of gross income tax revenue) were 9.5% above the year-ago level and slightly above the predicted level. In contrast, quarterly payments under the individual income tax were down 6.7% from the 2013 level and annual payments were steady. When combined, quarterly and annual income tax payments were \$11.0 million below forecast.

Sales tax receipts totaled \$648.6 million in June 2014, \$51.3 million below the forecast for the month. This mainly reflected a calendar issue with fewer tax processing days in the month. When May and June collections are considered together, sales tax revenue is \$12.1 million below the year-to-date forecast amount. Year-to-date sales tax collections are 1.4% above last year's level, a growth rate lower than the 1.8% growth forecast for the year.

Combined business tax collections from the Single Business Tax (SBT), Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled a negative \$21.1 million for the month, reflecting a net outflow of revenue as refund payments exceeded collections. Net SBT collections totaled \$4.7 million. Most taxpayers who still file the MBT do so to collect refundable tax credits. Net MBT revenue for June totaled a negative \$111.8 million, which reflected a large refund payment. Forecasted MBT revenue in FY 2013-14 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. Net CIT revenue was \$86.1 million, up 2.9% from June 2013 as the growth in collections exceeded refunds.

Real estate transfer tax collections were \$15.4 million in June 2014, an increase of 28.7% above the June 2013 level. On a year-to-date basis, collections were up 14.8% from the prior year, reflecting improvements in the housing market and close to the 15.4% growth forecast for FY 2013-14.

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 2014. Also presented are the revised consensus revenue estimates for FY 2013-14, which were adopted at the May 2014 Consensus Revenue Estimating Conference.



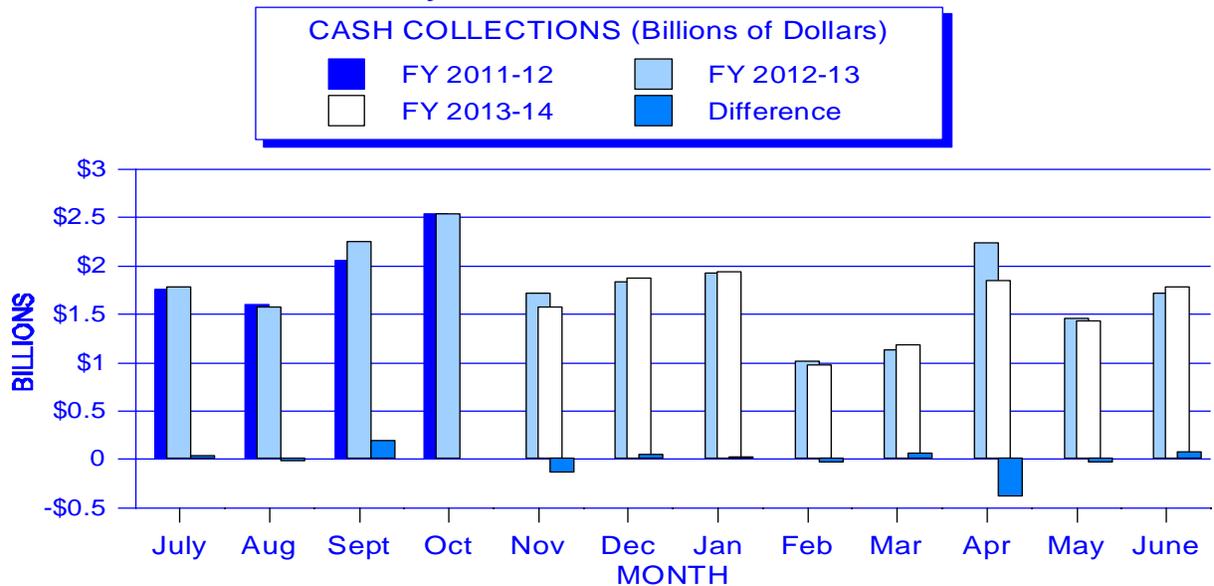
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**MICHIGAN REVENUE UPDATE**  
**JUNE 2014**  
(dollars in millions)

Type of Revenue	June Collections		FY 2013-14 to Date <sup>2)</sup>		FY 2013-14 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 2012-13
Gross Individual Income Tax	\$900.3	5.6%	\$6,939.5	(1.5%)	\$9,948.8	(0.2%)
Refunds	(20.4)	(64.0)	(1,607.0)	3.2	(1,743.2)	2.9
Net Income Tax	879.9	10.6	5,332.5	(2.9)	\$8,205.6	(0.8)
Sales Tax	648.6	10.6	4,699.6	1.4	7,285.0	1.8
Motor Vehicles	82.8	6.7	570.2	1.0	---	---
All Other Sales Tax	565.8	11.2	4,129.5	1.4	---	---
Use Tax	118.1	(0.4)	875.3	7.7	1,378.4	8.5
Tobacco Taxes	81.9	(9.1)	606.6	(2.4)	938.0	(2.0)
Corporate Income Tax	86.1	2.9	584.4	1.5	879.9	12.4
Michigan Business Tax	(111.8)	---	(434.1)	---	(552.0)	---
Insurance Tax	0.8	(35.6)	157.0	7.5	346.5	15.0
State Education Property Tax	27.6	12.4	334.1	(12.0)	1,788.0	1.0
Real Estate Transfer Tax	15.4	28.7	132.8	14.8	233.4	15.4
Casino Wagering Tax <sup>4)</sup>	8.8	5.0	71.8	(4.0)	108.0	(2.4)
Oil & Gas Severance Tax	3.6	(27.6)	45.1	19.1	67.0	12.6
Other Taxes <sup>5)</sup>	21.0	114.2	138.5	(6.7)	306.5	4.4
<b>Total</b>	<b>\$1,779.9</b>	<b>4.0</b>	<b>\$12,543.6</b>	<b>(3.3)</b>	<b>\$20,984.3</b>	<b>(0.8)</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$190.2	5.1%	\$1,954.2	5.0%	\$2,627.0	8.8%
Net to School Aid Fund <sup>4)</sup>	\$ 54.9	(0.7%)	\$ 573.9	1.6%	\$ 775.0	5.5%

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2013-14 year-to-date collections begin with November 2013 collections to reflect accrual accounting.
- 3) Consensus revenue estimates adopted at the May 15, 2014, Consensus Revenue Estimating Conference.
- 4) Lottery and casino revenue is not accrued, so FY 2013-14 collections will include October 2013 to September 2014.
- 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 2012 to June 2014**



\*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.