



# MONTHLY REVENUE REPORT

JUNE 2016

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Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.9 billion in June 2016, down 3.8% from the June 2015 level. June 2016 tax collections were approximately \$83.9 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2016. While collections from almost every tax were below forecast, the majority of the shortfall was accounted for by less-than-expected use tax collections, and greater-than-expected refunds under both the individual income tax and the Michigan Business Tax (MBT).

Collections earmarked to the General Fund were \$85.0 million below the expected level for June 2016, while School Aid Fund tax collections were \$1.2 million above the forecasted level. The remaining \$0.1 million in below-forecast collections was from other funds, most notably the Medicaid Benefits Trust Fund. Through June, year-to-date General Fund collections are \$113.6 million below, and School Aid Fund collections are \$21.4 million below, the level expected based on the May 2016 consensus revenue estimates.

Net income tax revenue totaled \$891.5 million in June 2016, down 0.2% from June 2015. Withholding payments (which represented the majority of gross income tax revenue) were 1.7% above the year-ago level and only \$9.6 million below the predicted level. Quarterly payments were down 4.8% from the 2015 level while annual payments were down 3.0%. Individual income tax refunds were up 5.8% from June 2015 and \$17.8 million greater than expected. While year-to-date income tax refunds are \$50.3 million above the expected level, the majority of the increase appears to reflect more rapid processing of refunds, meaning that refunds that would have historically posted later in the year are being "pulled forward".

Sales tax receipts totaled \$645.1 million in June 2016, \$39.2 million below the forecast for the month and only a \$4 million (0.6%) increase from 2015. Excluding sales tax collections associated with new vehicle sales and motor fuel sales, sales tax collections were down approximately 1.4% from the past year. Year-to-date sales tax collections are 0.4% above the 2015 level, and \$9.1 million below the predicted level.

Use tax collections were down 23.2% from June 2015, primarily due to a large refund. While the refund was expected, when it would be processed was unknown. As a result, use tax collections for the month were \$16.6 million below the expected level.

Combined business tax collections from the Single Business Tax (SBT), MBT, and Corporate Income Tax (CIT) totaled a negative \$6.1 million for June 2016, as refund payments exceeded collections for the third consecutive month, and the sixth time in the last eight months. Net MBT collections were \$50.7 million below the expected level. Most taxpayers who still file the MBT do so to collect refundable tax credits, and collections are dominated by several large refunds. When these refunds will be claimed and processed significantly affects the accuracy of monthly MBT estimates. As of June 2016, year-to-date MBT revenue totaled a negative \$851.5 million, compared to total FY 2014-15 MBT revenue of a negative \$639.4 million. Revenue from the CIT in June 2016 totaled \$114.3 million, down 5.2% from June 2015.

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 2016. Also presented are the revised consensus revenue estimates for FY 2015-16, which were adopted at the May 2016 Consensus Revenue Estimating Conference.



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	June 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	\$947.7	0.1%	\$7,815.4	5.4%	\$11,175.2	4.7%
Refunds	(56.3)	5.8	(1,725.1)	6.3	(1,774.0)	4.8
Net Income Tax	\$891.5	(0.2)	\$6,090.3	5.1	\$9,401.2	4.7
Sales Tax	645.1	0.6	4,724.1	0.4	7,310.0	0.9
Motor Vehicles	88.9	1.7	609.3	2.4	---	---
All Other Sales Tax	556.2	0.5	4,114.8	0.1	---	---
Use Tax	100.9	(23.2)	855.9	(4.2)	1,362.8	0.4
Tobacco Taxes	81.0	(0.2)	611.3	1.2	957.1	0.4
Corporate Income Tax	114.3	(5.2)	625.3	(14.2)	932.0	(13.5)
Michigan Business Tax	(114.7)	---	(851.5)	---	(1,031.0)	61.2
Insurance Tax	2.1	253.2	158.0	(12.9)	316.0	(2.0)
Essential Services Assessment	0.4	---	0.8	---	55.0	---
State Education Property Tax	31.0	13.0	349.7	4.0	1,894.1	2.0
Real Estate Transfer Tax	23.3	11.7	163.0	4.6	276.0	6.8
Casino Wagering Tax <sup>5)</sup>	8.8	(1.2)	75.7	1.0	112.0	1.1
Oil & Gas Severance Tax	1.6	(27.5)	12.3	(44.8)	20.4	(32.9)
Other Taxes <sup>6)</sup>	9.7	(62.0)	151.9	(29.2)	286.5	(4.9)
<b>Total Taxes</b>	<b>\$1,795.1</b>	<b>(4.9)%</b>	<b>\$12,966.8</b>	<b>0.2%</b>	<b>\$21,892.1</b>	<b>(0.3)%</b>
Lottery, Net to School Aid Fund <sup>4)</sup>	66.7	40.9	676.0	14.9	850.0	8.4
<b>Total</b>	<b>\$1,861.8</b>	<b>(3.8)%</b>	<b>\$13,730.0</b>	<b>0.9%</b>	<b>\$22,742.1</b>	<b>0.0%</b>

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 estimate also includes accruals.  
4) Consensus revenue estimates adopted at the May 15, 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.

