



MONTHLY REVENUE REPORT

MARCH 2016

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.3 billion in March 2016, an 8.1% increase from the year-ago level. March tax collections were approximately \$39.5 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2016. Greater-than-expected individual income tax collections, particularly income tax withholding, combined with lower-than-expected Michigan Business Tax (MBT) refunds, were more than offset by weaker-than-expected sales tax collections and an accounting adjustment in lottery revenue.

Collections earmarked to the General Fund were \$1.4 million above the expected level for March, while School Aid Fund tax collections were \$35.9 million below the forecasted level. The remaining \$5.0 million in below-forecast collections was directed to other funds, most notably constitutional revenue sharing. Through March, year-to-date General Fund collections are \$39.0 million above, and School Aid Fund collections \$3.9 million below, the level expected based on the January 2016 consensus revenue estimates.

Net income tax revenue totaled \$452.2 million in March 2016, up 13.6% from the level in March 2015 and \$23.9 million above the level forecasted for the month. Withholding payments (which represented the majority of gross income tax revenue) were 4.2% above the year-ago level and \$25.5 million above the predicted level, while annual payments were up 4.9% and \$13.7 million above the forecasted level. Offsetting these gains was a less-than-expected decline in individual income tax refunds.

Sales tax receipts in March 2016 decreased 0.5% from the March 2015 level and were \$46.3 million below the forecasted level. Sales tax collections attributed to vehicle sales were 4.1% above the prior year, while collections on other sales were down 1.3%. On a year-to-date basis, sales tax collections are down 1.1% from 2015 and are \$59.4 million below the expected level. Use tax collections for March 2016 were 7.7% below the year-ago level and \$16.1 million below the forecasted level. Year-to-date use tax collections are up 0.4% from 2015.

Combined business tax collections from the Single Business Tax (SBT), MBT, and Corporate Income Tax (CIT) totaled \$4.0 million for March 2016 and were \$14.1 million above the expected level, reflecting CIT collections that more than offset lower-than-expected MBT refunds. On a year-to-date basis, CIT collections are down 22.5% from 2015 and \$21.2 million below estimates. Most taxpayers who still file the MBT do so to collect refundable tax credits. Forecasted MBT revenue in FY 2015-16 is expected to be dominated by several large refunds. When these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates.

Real estate transfer tax collections in March 2016 increased 32.2% from the March 2015 level. On a year-to-date basis, real estate transfer tax collections are up 6.5% from 2015, and are on-target with the forecast. Revenue from penalties and interest was down 62.2% in March 2016 from the March 2015 level, and on a year-to-date basis is down 25.7% from 2015. All revenue from penalties and interest is directed to the General Fund.

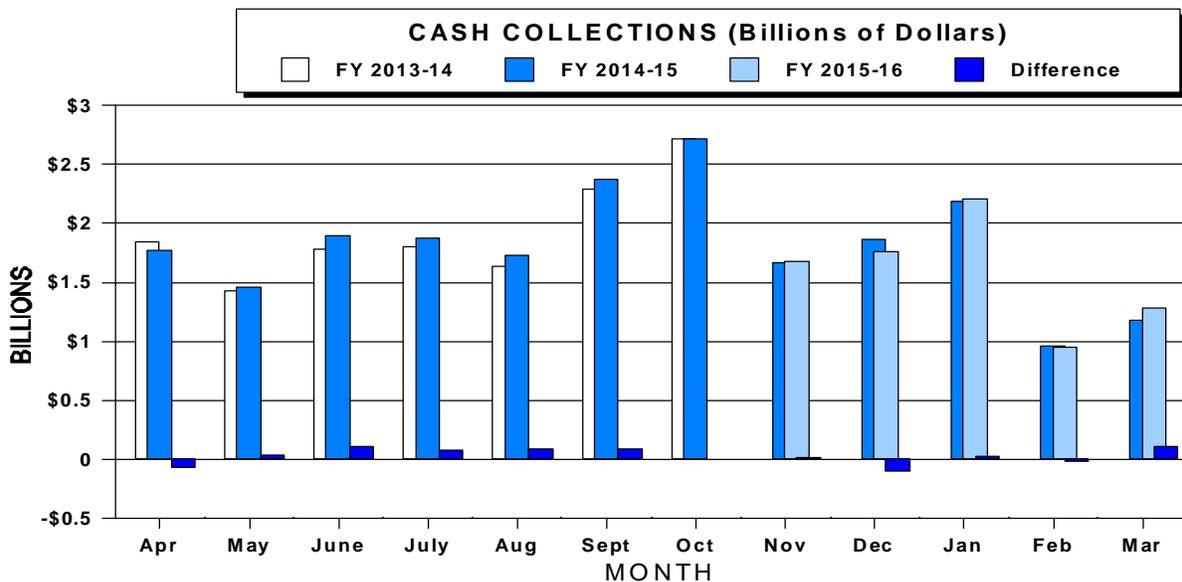
The table on the back of this report identifies the major taxes included in the report, and provides their respective revenue levels and growth rates for March 2016. Also presented are the revised consensus revenue estimates for FY 2015-16, which were adopted at the January 2016 Consensus Revenue Estimating Conference.



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	March Collections		FY 2015-16 to Date ^{2,3)}		FY 2015-16 CREC Estimate ^{3,4)}	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total	% Change From FY 2014-15
Gross Individual Income Tax	\$949.9	4.4%	\$4,596.5	7.8%	\$10,947.2	2.6%
Refunds	(497.8)	(2.8)	(1,041.6)	3.8	(1,744.0)	3.0
Net Income Tax	452.2	13.6	3,554.9	9.1	\$9,203.2	2.5
Sales Tax	560.6	(0.5)	2,892.8	(1.1)	7,530.0	3.9
Motor Vehicles	88.1	4.1	355.7	2.2	---	---
All Other Sales Tax	472.5	(1.3)	2,537.2	(1.5)	---	---
Use Tax	100.8	(7.7)	542.5	0.4	1,372.6	0.7
Tobacco Taxes	68.3	2.2	371.4	0.6	941.7	(1.2)
Corporate Income Tax	85.3	(19.9)	355.2	(22.5)	1,116.0	3.6
Michigan Business Tax	(80.9)	---	(512.1)	---	(1,031.0)	61.2
Insurance Tax	15.0	4.4	90.7	(13.9)	310.0	(3.8)
State Education Property Tax	24.1	52.9	279.6	4.5	1,890.1	1.7
Real Estate Transfer Tax	20.3	32.2	106.1	6.5	273.0	5.6
Casino Wagering Tax ⁵⁾	10.1	0.8	47.3	1.8	112.0	1.1
Oil & Gas Severance Tax	1.8	(15.7)	8.1	(48.1)	30.4	0.0
Other Taxes ⁶⁾	18.8	(42.6)	99.3	(14.7)	306.5	1.7
Total	\$1,276.3	8.7%	\$7,835.8	0.1%	\$22,054.5	2.0%
Addendum:						
Gross Lottery Sales ⁵⁾	\$232.8	4.4%	\$1,551.2	11.9%	\$2,779.7	7.1%
Net to School Aid Fund ⁵⁾	59.4	(3.4)	451.7	13.5	820.0	4.6

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 consensus (CREC) estimate also includes accruals.
 4) Consensus revenue estimates adopted at the January 14, 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.

Actual Revenue Collections for Major State Taxes*
April 2014 to March 2016



*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.