

MONTHLY REVENUE REPORT

May 2015

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.5 billion in May 2015, a 1.9% increase from the previous year's level. May tax collections were approximately \$6.0 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-forecast revenue and less-than-expected refunds from all components of the individual income tax mostly offset greater-than-expected refunds under the Michigan Business Tax (MBT).

Collections earmarked to the General Fund were \$10.8 million above the expected level for May, while School Aid Fund tax collections were \$5.5 million below the forecasted level. The remaining \$0.7 million in unanticipated collections was directed to other funds, most notably the Medicaid Benefits Trust Fund. Because the May 2015 consensus estimates revised the forecasted values for the year, the year-to-date deviations from forecast are effectively the same as the deviations for May.

Net income tax revenue totaled \$678.5 million in May 2015, up 11.7% from May 2014. Withholding payments (which represented the majority of gross income tax revenue) were 7.6% above the year-ago level and \$29.0 million above the predicted level. Quarterly income tax payments were up 8.6% from May 2014, while annual payments were up 14.9%, and combined payments were \$26.6 million above the predicted level. Individual income tax refunds totaled \$9.5 million less than the 2014 level and \$20.6 million less than expected. As a result, net individual income revenue was \$76.2 million more than expected for the month.

Sales tax receipts totaled \$567.7 million in May 2015, \$11.9 million below forecast and 4.0% below the level in May 2014. Sales tax collections have exhibited year-over-year declines for four consecutive months and year-to-date collections are up only 0.4% from 2014. Sales tax collections from vehicle sales were down 4.0% from May 2014, the third month out of the last four months in which collections from vehicle sales have declined from the year-ago level.

Combined business tax collections from the Single Business Tax (SBT), MBT, and Corporate Income Tax (CIT) totaled a negative \$82.2 million for May 2015, reflecting a net outflow of revenue as refund payments exceeded collections. Combined business tax collections were \$81.3 million below the level expected for the month. 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. Year-to-date MBT revenue totaled a negative \$701.2 million, largely reflecting \$783.2 million in MBT refunds that have been paid through May 2015. Corporate Income Tax revenue in May 2015 totaled \$34.5 million, a 0.1% increase from May 2014. On a year-to-date basis, CIT collections are up 22.0%.

Oil and gas severance taxes were down 63.1% from the year-ago level in May 2015. Lower oil prices, which in May were down 42.0% from the year-ago level, have lowered revenue by discouraging extraction activity. Year-to-date severance tax collections are down 51.6% from 2014.

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



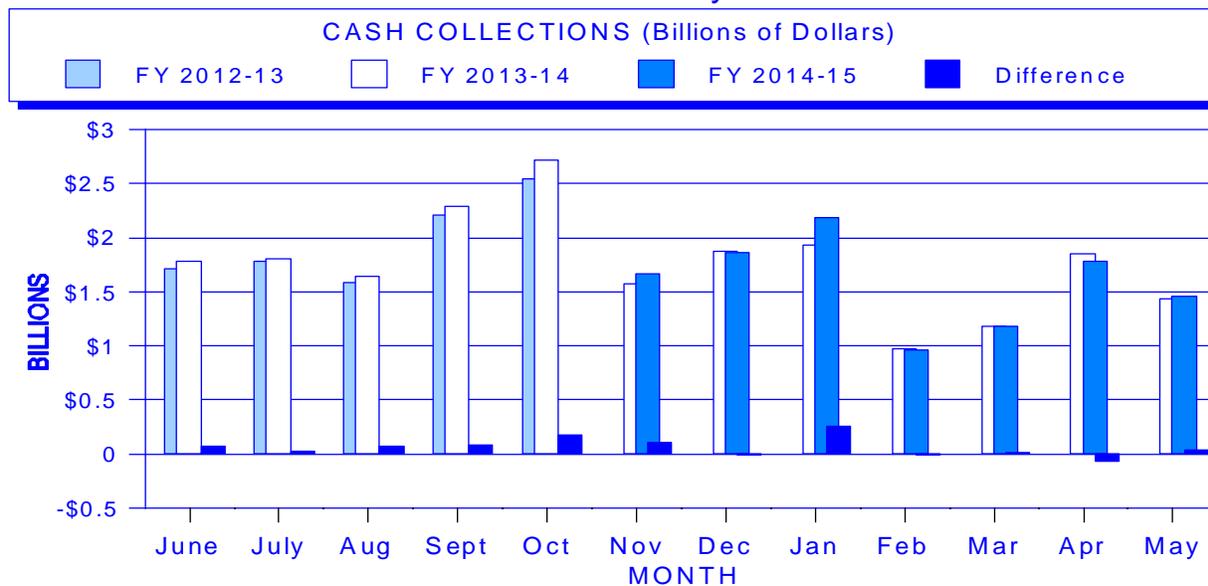
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**MICHIGAN REVENUE UPDATE
MAY 2015
(dollars in millions)**

Type of Revenue	May Collections		FY 2014-15 to Date ^{2,3)}		FY 2014-15 Estimate ^{3,4)}	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2013-14
Gross Individual Income Tax	\$791.7	8.4%	\$6,470.2	7.1%	\$10,460.6	5.6%
Refunds	(113.3)	(7.7)	(1,570.2)	(1.0)	(1,770.1)	(6.6)
Net Income Tax	678.5	11.7	4,900.0	10.0	\$8,690.5	8.4
Sales Tax	567.7	(4.0)	4,066.3	0.4	7,503.8	2.0
Motor Vehicles	76.4	(4.0)	507.7	4.2	---	---
All Other Sales Tax	491.3	(4.0)	3,558.6	(0.1)	---	---
Use Tax	119.1	12.5	763.0	0.8	1,419.2	2.0
Tobacco Taxes	77.4	0.8	522.9	(0.3)	924.4	(1.7)
Corporate Income Tax	34.5	0.1	608.1	22.0	1,029.7	13.6
Michigan Business Tax	(115.8)	---	(701.2)	---	(751.1)	3.8
Insurance Tax	13.9	280.2	180.8	15.7	402.0	11.0
State Education Property Tax	18.8	(13.2)	308.7	0.7	1,850.3	2.6
Real Estate Transfer Tax	20.3	25.3	135.0	15.0	256.8	10.0
Casino Wagering Tax ⁵⁾	9.7	4.6	66.0	4.8	111.0	3.8
Oil & Gas Severance Tax	2.4	(63.1)	20.1	(51.6)	39.0	(36.0)
Other Taxes ⁶⁾	30.3	159.4	189.1	61.0	294.0	20.3
Total	\$1,456.9	2.3%	\$11,058.7	2.7%	\$21,769.6	3.9%
Addendum:						
Gross Lottery Sales ⁵⁾	\$264.9	7.9%	\$1,864.6	5.9%	\$2,644.1	9.6%
Net to School Aid Fund ⁵⁾	60.7	(6.1)	541.2	4.3	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*
June 2013 to May 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.