



MONTHLY REVENUE REPORT

REVISED MAY 2016

Revenue from Michigan's major taxes with General Fund and School Aid Fund earmarks totaled \$1.7 billion in May 2016, a 9.5% increase from the 2015 level. May 2016 tax collections were approximately \$52.0 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. The shortfall primarily reflected below-forecast sales tax revenue and greater-than-expected refunds under the individual income tax.

Collections earmarked to the General Fund were \$28.6 million below the expected level for May, and School Aid Fund tax collections were \$22.6 million below the forecasted level. The remaining \$0.8 million in below-forecast collections was directed to other funds, most notably constitutional revenue sharing. Because the May 2016 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 \$740.4 million in May 2016, an 8.9% increase from May 2015. Withholding payments (which represented the majority of gross income tax revenue) were 7.8% above the year-ago level and \$9.8 million below the predicted level. Individual income tax refunds totaled \$20.8 million more than the 2015 level and were \$32.4 million more than expected. On a year-to-date basis, while gross individual income tax revenue is up 6.1%, individual income tax refunds are up 6.3%.

Sales tax receipts totaled \$592.3 million in May 2016, \$18.9 million below forecast but up 4.4% from the level in May 2015. Year-to-date sales tax collections are up only 0.3%. Sales tax collections from vehicle sales increased 11.8% from May 2015, and on a year-to-date basis are up 2.5%. Year-over-year growth in sales tax collections also was boosted by the combination of higher fuel prices and increases in motor fuel consumption. Sales tax collections have grown more slowly than individual income tax withholding collections for eight consecutive months, and 15 of the last 16 months.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled a negative \$0.3 million for the month, reflecting tax collections that almost equaled refund payments. Combined business tax collections were \$17.0 million above 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 2015-16 is expected to be dominated by several large refunds. Year-to-date MBT revenue totaled a negative \$736.8 million in May 2016, largely reflecting \$790.6 million in MBT refunds that have been paid through May. On a year-to-date basis, CIT collections totaled \$511.0 million in May 2016 and are down 16.0% from 2015.

Real estate transfer taxes were down 18.5% in May 2016 compared to May 2015, the largest year-over-year decline since April 2014. However, year-to-date real estate transfer tax collections are up 3.5% from the past 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 May 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	May 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	\$874.5	10.3%	\$6,867.6	6.1%	\$11,175.2	4.7%
Refunds	(134.1)	18.4	(1,668.8)	6.3	(1,774.0)	4.8
Net Income Tax	\$740.4	8.9	\$5,198.8	6.1	\$9,401.2	4.7
Sales Tax	592.3	4.4	4,079.0	0.3	7,310.0	0.9
Motor Vehicles	85.3	11.8	520.4	2.5	---	---
All Other Sales Tax	506.9	3.3	3,558.6	0.0	---	---
Use Tax	118.3	(0.1)	755.0	(1.0)	1,362.8	0.4
Tobacco Taxes	79.9	3.2	530.4	1.4	957.1	0.4
Corporate Income Tax	51.1	48.0	511.0	(16.0)	932.0	(13.5)
Michigan Business Tax	(55.7)	---	(736.8)	---	(1,031.0)	61.2
Insurance Tax	(0.8)	(105.7)	155.9	(13.8)	316.0	(2.0)
Essential Services Assessment	0.3	---	0.3	---	55.0	---
State Education Property Tax	17.2	(8.7)	318.7	3.2	1,894.1	2.0
Real Estate Transfer Tax	16.6	(18.5)	139.7	3.5	276.0	6.8
Casino Wagering Tax ⁵⁾	9.6	(1.1)	66.9	1.3	112.0	1.1
Oil & Gas Severance Tax	1.3	(45.5)	10.7	(46.8)	20.4	(32.9)
Other Taxes ⁶⁾	21.0	(30.7)	142.2	(24.8)	286.5	(4.9)
Total Taxes	\$1,591.5	9.2%	\$11,171.7	1.0%	\$21,892.1	(0.3)%
Lottery, Net to School Aid Fund ⁴⁾	70.3	15.7	609.3	12.6	850.0	8.4
Total	\$1,661.8	9.5%	\$11,781.0	1.6%	\$22,742.1	0.0%

- 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.

