

# MONTHLY REVENUE REPORT

## November 2013

Michigan's major taxes and net lottery revenue totaled \$1.6 billion in November 2013, down 8.2% from the previous year's level. November tax collections were approximately \$120.1 million below the Senate Fiscal Agency's projection for the month, based on the consensus revenue estimates adopted in May 2013. November was the first month of tax collections for FY 2013-14; most October 2013 tax revenue was accrued to FY 2012-13. Because November represents the first month of FY 2013-14 collections, the year-to-date totals are the same as the monthly figures.

General Fund tax collections were \$90.2 million below the expected level for November, while School Aid Fund tax collections were \$34.5 million above the forecasted level. Greater-than-expected Michigan Business Tax (MBT) refunds resulted in MBT receipts that were \$60.8 million less than expected, accounting for two-thirds of the General Fund difference from the estimate. For the School Aid Fund, below-forecast State Education Tax collections were slightly offset by greater-than-expected use tax and real estate transfer tax revenue.

Net income tax revenue totaled \$642.7 million in November 2013, a 5.1% increase from the 2012 level. Withholding payments (which represented the majority of gross income tax revenue) were 5.3% above the year-ago level, but \$13.9 million below the level expected based on the May 2013 consensus estimates.

Sales tax receipts totaled \$536.4 million in November, 5.3% below the November 2012 level and partially reflecting a 6.4% decrease in sales tax revenue from motor vehicle sales. Sales tax collections were below the year-ago level in three of the last four months (August through November 2013). Over that four-month period, collections were up only \$7.9 million or 0.3% from the same prior-year period.

Net MBT collections were a negative \$71.6 million due to State payment of refunds. The net revenue from the repealed Single Business Tax was a negative \$11.5 million in November. Net Corporate Income Tax (CIT) collections totaled \$23.4 million, 9.1% below the collections in November 2012 and \$10.8 million below the forecasted level. Fiscal year 2013-14 is the second year of tax collections from the CIT; thus, comparisons of collections from prior-year months are available for the first time. Combined SBT, MBT, and CIT revenue was \$83.1 million below forecast, and accounted for almost all of the revenue by which the General Fund was below forecast.

Real estate transfer tax receipts were \$22.9 million, up 33.3% from the year-ago level in November. State Education Tax (SET) revenue was down \$49.0 million, a 21.2% drop from November 2012. However, November collections for the SET are generally accrued back to the prior fiscal year, and depend heavily on when counties remit the tax to the State. On average, 89.0% of the SET revenue is collected in the four months from August through November. Over the most recent four-month period (August 2013 to November 2013), SET revenue was 0.3% below the collections for that period in the previous 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 November 2013. Also presented are the consensus revenue estimates for FY 2013-14, which were adopted at the May 2013 Consensus Revenue Estimating Conference.



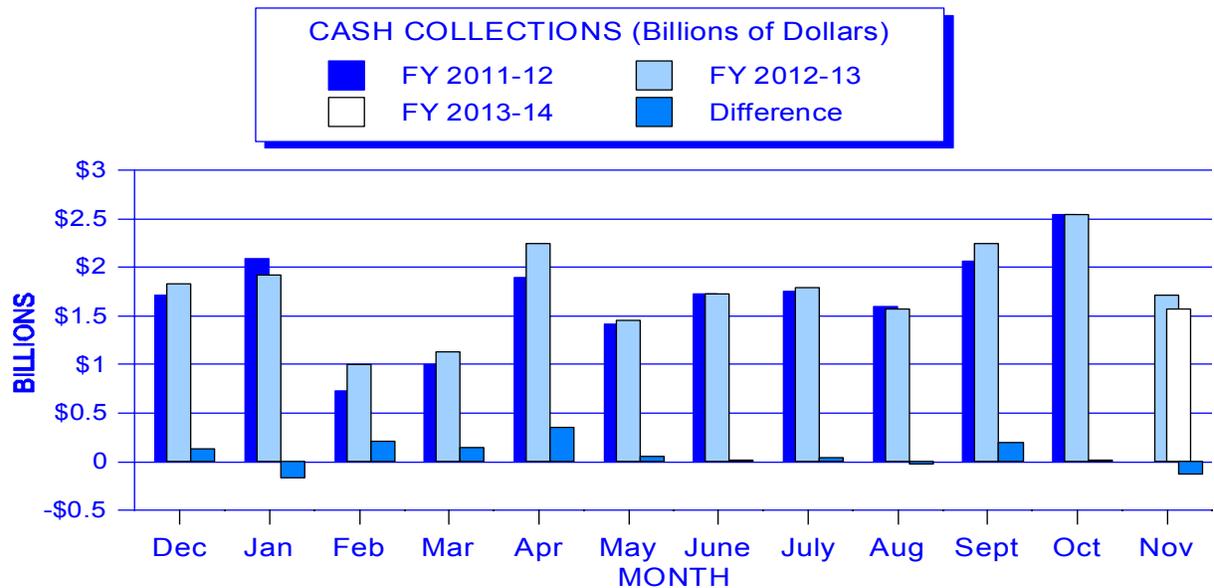
*Elizabeth Pratt, Fiscal Analyst*  
*David Zin, Chief Economist*

**MICHIGAN REVENUE UPDATE  
NOVEMBER 2013  
(dollars in millions)**

Type of Revenue	November 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	\$657.6	5.3%	\$657.6	5.3%	\$9,889.0	0.9%
Refunds	(14.9)	16.9	(14.9)	16.9	(1,620.1)	(0.3)
Net Income Tax	\$642.7	5.1%	\$642.7	5.1%	\$8,268.9	1.2%
Sales Tax	536.4	(5.3)	536.4	(5.3)	7,330.7	3.2
Motor Vehicles	58.6	(6.4)	58.6	(6.4)	---	---
All Other Sales Tax	477.8	(5.2)	477.8	(5.2)	---	---
Use Tax	104.7	(3.2)	104.7	(3.2)	1,332.5	7.1
Tobacco Taxes	92.1	6.5	92.1	6.5	936.4	(1.4)
Corporate Income Tax	23.4	32.8	23.4	(9.1)	957.0	4.0
Michigan Business Tax	(71.6)	(1,602.4)	(71.6)	(1,602.4)	(550.0)	12.2
Insurance Tax	(0.9)	(483.2)	(0.9)	(483.2)	348.2	17.2
State Education Property Tax	182.3	(21.2)	182.3	(21.2)	1,818.0	1.4
Real Estate Transfer Tax	22.9	33.3	22.9	33.3	202.1	6.1
Casino Wagering Tax <sup>4)</sup>	9.1	(0.9)	9.1	(0.9)	112.0	2.1
Oil & Gas Severance Tax	1.8	(61.2)	1.8	(61.2)	55.0	3.8
Other Taxes <sup>5)</sup>	24.3	(45.3)	24.3	(45.3)	327.5	(0.4)
<b>Total</b>	<b>\$1,567.2</b>	<b>(8.4%)</b>	<b>\$1,567.2</b>	<b>(8.4%)</b>	<b>\$21,138.3</b>	<b>0.9%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$241.3	(4.6%)	\$430.9	0.2%	\$2,426.5	(3.2%)
Net to School Aid Fund <sup>4)</sup>	\$74.5	(5.4%)	\$133.1	(3.3%)	\$742.5	(0.3%)

- Total collections are unadjusted cash collections unless otherwise noted.
- FY 2013-14 year-to-date collections begin with November 2013 collections to reflect accrual accounting.
- Consensus revenue estimates adopted at the May 15, 2013, Consensus Revenue Estimating Conference.
- Lottery and casino revenue is not accrued, so FY 2013-14 collections will include October 2013 to September 2014.
- 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\*  
December 2011 to November 2013**



\*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.