

MONTHLY REVENUE REPORT

November 2014

Michigan's major taxes and net lottery revenue totaled \$1.7 billion in November 2014, up 4.9% from the 2013 level. November tax collections were approximately \$59.0 million below the Senate Fiscal Agency's projection for the month, based on the consensus revenue estimates adopted in May 2014. November is the first month of tax collections for FY 2014-15; most October 2014 tax revenue was accrued to FY 2013-14. Because November represents the first month of FY 2014-15 collections, the year-to-date totals are the same as the monthly figures.

General Fund tax collections were \$15.0 million below the expected level for November, while School Aid Fund tax collections were \$45.8 million below the forecasted level. The remaining \$1.8 million in above-forecast collections were directed to other funds, most notably constitutional revenue sharing. Business tax refunds from the Michigan Business Tax (MBT) and the Single Business Tax (SBT) were greater than expected, which reduced State revenue, offsetting above-forecast net income tax collections. For the School Aid Fund, below-forecast State Education Tax collections were slightly offset by greater-than-expected casino wagering tax and real estate transfer tax revenue.

Net income tax revenue totaled \$687.7 million in November 2014, a 7.0% increase from the 2013 level. Withholding payments (which represented the majority of gross income tax revenue) were 7.5% above the year-ago level and \$18.4 million above the level expected based on SFA monthly estimates.

Sales tax receipts totaled \$579.5 million in November, 8.1% above the November 2013 level, reflecting a 4.5% increase in sales tax revenue from motor vehicle sales and an 8.5% increase in other (nonmotor vehicle) sales tax receipts. Sales tax collections were above the year-ago level in three of the prior four months (August through November 2014). Over that four-month period, collections were up \$124.3 million or 5.2% from the same prior-year period.

Net MBT collections were a negative \$33.0 million due to State payment of refunds. The net revenue from the repealed Single Business Tax was a negative \$13.8 million in November. Net Corporate Income Tax collections totaled \$21.1 million, 9.8% below the collections in November 2013 and \$1.7 million below the forecasted level. Combined SBT, MBT and Corporate Income Tax revenue was \$31.2 million below forecast, which accounted for almost all of the revenue by which the General Fund was below forecast.

Real estate transfer tax receipts were \$28.9 million in November 2014, up 26.1% from the year-ago level. State Education Tax (SET) revenue was down 9.4% from November 2013. 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. Over the most recent four-month period (August 2014 to November 2014) – when, on average, 89.0% of the revenue from the SET is collected – State Education Tax revenue was 0.9% above 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 2014. Also presented are the consensus revenue estimates for FY 2014-15, which were adopted at the May 2014 Consensus Revenue Estimating Conference.

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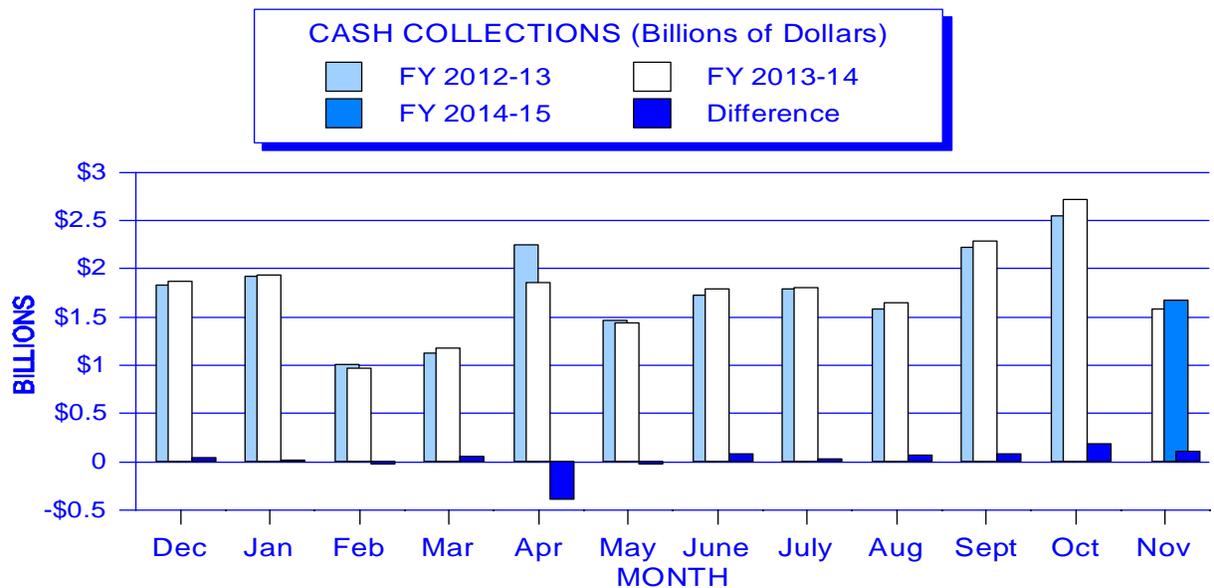


**MICHIGAN REVENUE UPDATE
NOVEMBER 2014
(dollars in millions)**

Type of Revenue	November 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	\$706.7	7.5%	\$706.7	7.5%	\$10,302.8	3.6%
Refunds	(19.1)	27.8	(19.1)	27.8	(1,797.0)	3.1
Net Income Tax	687.7	7.0	687.7	7.0	\$8,505.8	3.7
Sales Tax	579.9	8.1	579.9	8.1	7,549.1	3.6
Motor Vehicles	61.2	4.5	61.2	4.5	---	---
All Other Sales Tax	518.7	8.5	518.7	8.5	---	---
Use Tax	104.9	0.2	104.9	0.2	1,428.6	3.6
Tobacco Taxes	75.5	(18.0)	75.5	(18.0)	917.9	(2.1)
Corporate Income Tax	21.1	(2.6)	21.1	(9.8)	907.0	3.1
Michigan Business Tax	(33.0)	(53.8)	(33.0)	(53.8)	(429.0)	(22.3)
Insurance Tax	0.3	(131.9)	0.3	(131.9)	396.0	14.3
State Education Property Tax	165.1	(9.4)	165.1	(9.4)	1,841.3	3.0
Real Estate Transfer Tax	28.9	26.1	28.9	26.1	245.3	5.1
Casino Wagering Tax ⁵⁾	8.6	(4.5)	8.6	(4.5)	112.0	3.7
Oil & Gas Severance Tax	3.3	82.4	3.3	82.4	68.5	2.3
Other Taxes ⁶⁾	22.2	(8.9)	22.2	(8.9)	321.1	4.8
Total	\$1,664.4	6.2%	\$1,664.4	(0.5%)	\$21,863.6	4.3%
Addendum:						
Gross Lottery Sales ⁵⁾	\$190.3	(21.2%)	\$450.9	4.6%	\$2,630.4	1.6%
Net to School Aid Fund ⁵⁾	\$57.2	(23.3%)	\$134.2	0.8%	\$776.0	0.1%

- 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, 2014, 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*
December 2012 to November 2014**



*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.