

MONTHLY REVENUE REPORT

October 2013 (Revised)

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.6 billion in October 2013, down 0.2% from last year's level and \$64.4 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2013. The above-forecast revenue primarily reflected collections from the State Education Tax (SET) and the repealed Michigan Business Tax (MBT). Fiscal Year 2012-13 revenue generally reflects November 2012 through October 2013 collections, but final revenue will be adjusted through the accrual process and should be known in mid-to late-December.

Collections earmarked to the General Fund were \$28.1 million above the expected level for October, while School Aid Fund tax collections were \$37.9 million above the forecasted level. The remaining \$1.7 million in below-forecast revenue is directed to other funds, most notably constitutional revenue sharing. On a year-to-date basis, General Fund collections are \$287.1 million higher, and School Aid Fund collections \$172.5 million higher, than expected based on the May 2013 consensus revenue estimates. Of the \$287.1 million in higher General Fund collections, \$224.8 million can be attributed to the repealed MBT. The forecast of MBT revenue in FY 2012-13 has been based substantially on expectations of several large refunds. The timing of when these refunds will be claimed and processed has significantly affected the accuracy of monthly MBT estimates. A number of large refunds are still expected and may be booked as part of the accrual process at book-closing.

Net income tax revenue totaled \$656.5 million in October 2013, a 0.1% increase from last year's level. Withholding payments (which represented the majority of gross income tax revenue) were 3.2% below the year-ago level, but the decline was largely offset by year-over-year increases in estimated and annual payments. On a year-to-date basis, net income tax revenue is up 20.5%, largely due to the tax changes enacted in 2011.

Sales tax receipts totaled \$597.1 million in October, down 3.8% from the year-ago level. Year-to-date sales tax collections were 2.7% above last year's level and \$74.2 million above the May consensus estimates.

While Corporate Income Tax (CIT) collections totaled \$115.9 million in October, they were \$10.1 million below the expected level, and year-to-date CIT collections are \$53.2 million below the expected level. Revenue from the repealed MBT totaled a negative \$89.7 million (a net loss of revenue to the State due to refunds' exceeding collections), but that amount was \$32.4 million above the level expected for October. Year-to-date MBT collections are \$224.8 million above forecast.

Real estate transfer tax collections increased 29.2% from last year's level, and year-to-date collections are up 37.6%. However, year-to-date collections are only \$6.1 million above the expected level. While State Education Property Tax collections for October 2013 were up 8.9% from last year, SET revenue is influenced by when counties mail in their payments. Combined August 2013 through September 2013 collections were up 3.9% from last year and year-to-date revenue is \$27.7 million above the estimate. The forecast for SET revenue is primarily based on taxable values, which are known earlier in the 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 October 2013. Also presented are the consensus revenue estimates for FY 2012-13 adopted at the May 2013 Consensus Revenue Estimating Conference.



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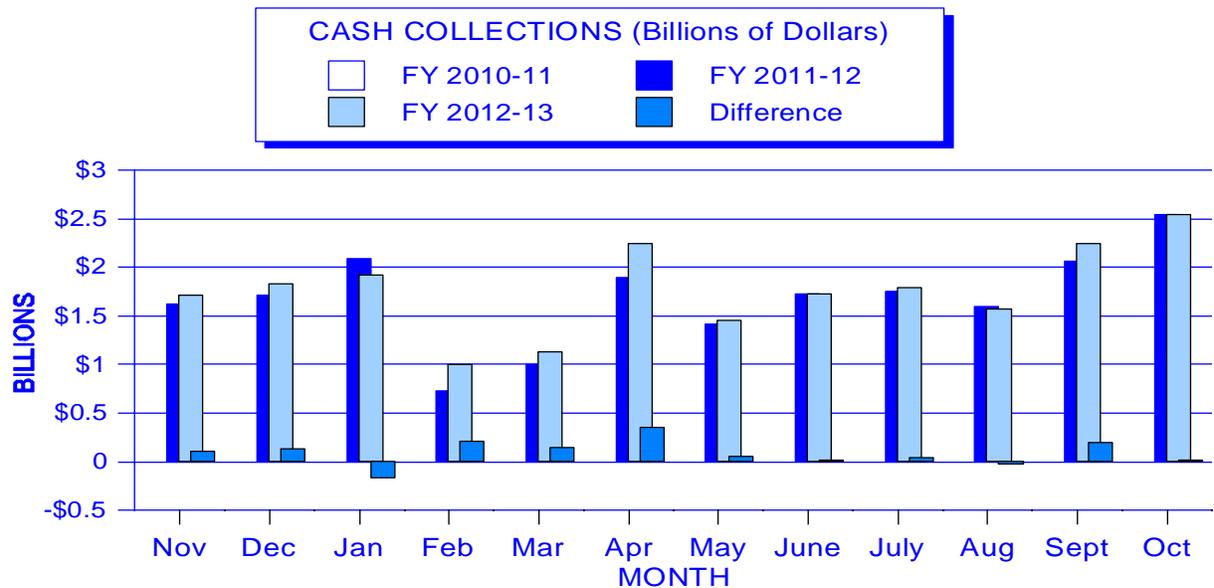
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**MICHIGAN REVENUE UPDATE
OCTOBER 2013
(dollars in millions)**

Type of Revenue	October Collections		FY 2012-13 to Date ²⁾		FY 2012-13 Estimate ³⁾	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2011-12
Gross Individual Income Tax	\$704.2	(0.2%)	\$10,006.4	10.0%	\$9,796.8	8.2%
Refunds	(47.7)	(4.1)	(1,665.3)	(23.6)	(1,625.3)	(23.9)
Net Income Tax	\$656.5	0.1%	\$8,341.1	20.5%	\$8,171.5	18.1%
Sales Tax	597.1	(3.8)	7,174.9	2.7	7,100.7	2.1
Motor Vehicles	77.0	1.4	884.9	4.5	---	---
All Other Sales Tax	520.1	(4.6)	6,289.9	2.4	---	---
Use Tax	116.8	16.2	1,265.7	8.0	1,244.5	3.1
Tobacco Taxes	78.4	1.7	952.2	(1.2)	950.0	(1.4)
Corporate Income Tax	115.9	---	866.8	---	920.0	68.2
Michigan Business Tax	(89.7)	1,223.9	(265.2)	(128.9)	(490.0)	(161.4)
Insurance Tax	70.6	8.7	297.1	1.1	297.0	2.3
State Education Property Tax	930.3	8.9	1,819.7	5.8	1,792.0	0.1
Real Estate Transfer Tax	21.1	29.2	196.6	37.6	190.5	26.9
Casino Wagering Tax ⁴⁾	9.1	(12.8)	110.3	(4.4)	109.7	(5.3)
Oil & Gas Severance Tax	5.6	34.6	60.0	12.4	53.0	(1.1)
Other Taxes ⁵⁾	18.5	(110.8)	281.1	19.2	320.8	13.9
Total	\$2,530.3	(0.2%)	\$21,100.5	5.2%	\$20,659.7	3.4%
Addendum:						
Gross Lottery Sales ⁴⁾	\$189.6	7.2%	\$2,505.9	3.8%	\$2,450.7	4.7%
Net to School Aid Fund ⁴⁾	\$ 58.6	(0.5%)	\$ 764.0	(0.8%)	\$745.0	(4.3%)

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2012-13 year-to-date collections begin with November 2012 collections to reflect accrual accounting.
- 3) Consensus revenue estimates adopted at the May 15, 2013, Consensus Revenue Estimating Conference.
- 4) Lottery and casino revenue is not accrued, so FY 2012-13 collections will include October 2012 to September 2013.
- 5) 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*
November 2011 to October 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.