



# MONTHLY REVENUE REPORT

OCTOBER 2015

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Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.8 billion in October, down 0.1% from the level in October 2014 and \$46.5 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2015. The below-forecast revenue primarily reflected below-forecast sales and use tax collections that more than offset the gains from greater-than-expected Corporate Income Tax (CIT) collections and lower-than-expected Michigan Business Tax (MBT) refunds. Fiscal Year 2014-15 revenue generally reflects November 2014 through October 2015 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 \$1.2 million above the expected level for October, while School Aid Fund tax collections were \$45.1 million below the forecasted level. The remaining \$2.6 million in below-forecast revenue was directed to other funds, most notably constitutional revenue sharing. On a year-to-date basis, General Fund collections are \$24.7 million less, and School Aid Fund collections \$112.0 million less, than expected based on the May 2015 consensus revenue estimates.

Net income tax revenue totaled \$723.3 million in October 2015, an 8.2% increase from the 2014 level. Withholding payments (which represented the majority of gross income tax collections) were 6.5% above the year-ago level, and the gain was increased by lower-than-expected income tax refunds. On a year-to-date basis, net income tax revenue is up 9.6%, largely due to the combination of a 5.5% increase in income tax withholding and an 18.1% increase in quarterly estimated payments plus 18.7% growth in annual payments.

Sales tax receipts totaled \$616.5 million in October 2015, down 6.7% from the October 2014 level. Sales tax collections have been below the year-ago level in eight of the last nine months. As a result, year-to-date sales tax collections were 0.7% below the past year's level and \$235.3 million below the May consensus estimates.

Corporate Income Tax collections totaled \$127.5 million in October 2015, a 54.3% increase from October 2014 that was \$46.9 million above forecast and that almost entirely offset the below-forecast collections of the last three months. In contrast, revenue from the MBT totaled a negative \$21.3 million (a net loss of revenue to the State due to refunds exceeding collections), which was a smaller loss than projected. On a year-to-date basis, combined Single Business Tax, CIT, and MBT revenue is \$68.2 million below the expected level. Forecasted MBT revenue is expected to be dominated by several large refunds and may be affected significantly by end-of-year accruals.

State Education Tax (SET) revenue is influenced by when counties remit payments. Most collections are received between August and November of each year. Year-to-date SET collections are \$4.5 million above the estimate. The forecast for SET revenue is primarily based on taxable values, which are known earlier in the year, so significant deviations from the fiscal year estimate are unusual and are often resolved in the accrual process.

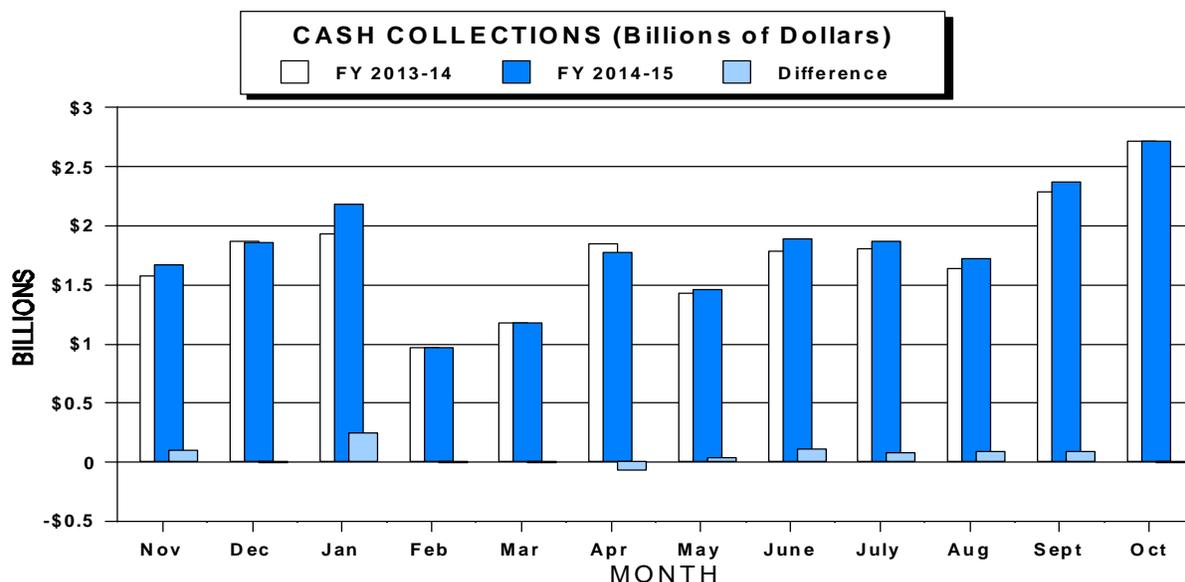
The table on the back of this report identifies the major taxes included in the report, and provides their respective revenue levels and growth rates for October 2015. Also presented are the consensus revenue estimates for FY 2014-15 adopted at the May 2015 Consensus Revenue Estimating Conference.



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	October Collections		FY 2014-15 to Date <sup>2,3)</sup>		FY 2014-15 CREC Estimate <sup>3,4)</sup>	
	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From Year Ago	Total	% Change From FY 2013-14
Gross Individual Income Tax	\$779.8	7.2%	\$10,689.9	7.7%	\$10,460.6	5.6%
Refunds	(56.4)	(4.3)	(1,742.0)	(1.3)	(1,770.1)	(6.6)
Net Income Tax	723.3	8.2	8,947.9	9.6	\$8,690.5	8.4
Sales Tax	616.5	(6.7)	7,268.5	(0.7)	7,503.8	2.0
Motor Vehicles	78.5	(4.8)	925.4	2.1	---	---
All Other Sales Tax	538.0	(7.0)	6,343.1	(1.1)	---	---
Use Tax	104.3	(18.4)	1,377.0	0.6	1,419.2	2.0
Tobacco Taxes	83.8	1.5	944.7	0.5	924.4	(1.7)
Corporate Income Tax	127.5	54.3	1,057.3	13.5	1,029.7	13.6
Michigan Business Tax	(21.3)	---	(861.7)	---	(751.1)	3.8
Insurance Tax	69.6	(20.5)	342.0	(1.0)	402.0	11.0
State Education Property Tax	955.9	1.6	1,854.8	2.6	1,850.3	2.6
Real Estate Transfer Tax	25.7	(11.3)	261.5	14.9	256.8	10.0
Casino Wagering Tax <sup>5)</sup>	9.8	2.2	110.7	3.0	111.0	3.8
Oil & Gas Severance Tax	1.9	(44.3)	30.8	(49.6)	39.0	(36.0)
Other Taxes <sup>6)</sup>	16.1	78.3	279.9	19.1	294.0	20.3
<b>Total</b>	<b>\$2,713.1</b>	<b>6.8%</b>	<b>\$21,613.2</b>	<b>3.1%</b>	<b>\$21,769.6</b>	<b>3.9%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>5)</sup>	\$259.8	(0.3%)	\$2,813.5	8.7%	\$2,644.1	9.6%
Net to School Aid Fund <sup>5)</sup>	68.8	(10.7)	801.7	9.1	780.0	6.3

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2014-15 year-to-date collections begin with November 2014 collections to reflect accrual accounting.
- 3) Year-to-date figures represent cash collections only, while the fiscal year consensus (CREC) estimate also includes accruals.
- 4) Consensus revenue estimates adopted at the May 15, 2015, Consensus Revenue Estimating Conference.
- 5) Lottery and casino revenue is not accrued, so FY 2014-15 collections will include October 2014 to September 2015.
- 6) 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 2013 to October 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.