

MONTHLY REVENUE REPORT

September 2014

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.3 billion in September 2014, a 2.3% increase from the 2013 level. September tax collections were approximately \$11.9 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2014. While collections from sales and use taxes, the State Education Tax, and penalties and interest were below-forecast, and income tax refunds were greater than expected, the shortfalls were mostly offset by above-forecast collections under the Michigan Business Tax (MBT), and the Corporate Income Tax (CIT), and an accounting adjustment that affected insurance tax collections. Although the fiscal year ended on September 30, October collections will be included in FY 2013-14 revenue, as will some other transactions and adjustments in November, because the State uses accrual accounting.

Collections earmarked to the General Fund were \$45.2 million above the expected level for September, while School Aid Fund tax collections were \$52.6 million below the forecasted level. The remaining \$4.5 million in below-forecast collections reflected other funds, most notably constitutional revenue sharing. Through September, year-to-date General Fund collections were \$30.7 million below, School Aid Fund collections \$54.5 million below, and other funds collectively \$0.1 million greater than the levels expected based on the May 2014 consensus revenue estimates.

Net income tax collections totaled \$875.9 million in September, and were 0.5% below the year-ago level. Withholding payments (which represented the majority of gross income tax revenue) were 2.8% above the year-ago level and \$4.2 million above the predicted level.

Sales tax receipts totaled \$647.3 million, down 1.6% from the level in September 2013. On a year-to-date basis, sales tax collections totaled slightly less than \$6.7 billion; that figure is only 1.2% above the 2013 level and only \$4.1 million above expectations.

Corporate Income Tax collections totaled \$131.6 million while revenue from the repealed Single Business Tax (SBT) totaled a negative \$6.6 million (a net loss of revenue to the State due to refunds exceeding collections). Revenue from the repealed MBT totaled \$1.5 million in September, the first month of positive collections since December 2013. Forecasted MBT revenue is expected to be dominated by several large refunds. The timing of when these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates. Combined, SBT, CIT, and MBT revenue totaled \$126.6 million in September 2014, and on a year-to-date basis was \$37.3 million above the expected level.

State Education Tax collections for September 2014 were 8.1% above the 2013 level, but \$19.6 million below the expected level. Collections from the SET are influenced by when counties remit payments to the State and the majority of collections are received in September and October. Combined, August and September 2014 collections were up 4.0% from 2013 and year-to-date revenue was only \$0.3 million below the estimate.

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 September 2014. Also presented are the revised consensus revenue estimates for FY 2013-14, which were adopted at the May 2014 Consensus Revenue Estimating Conference.



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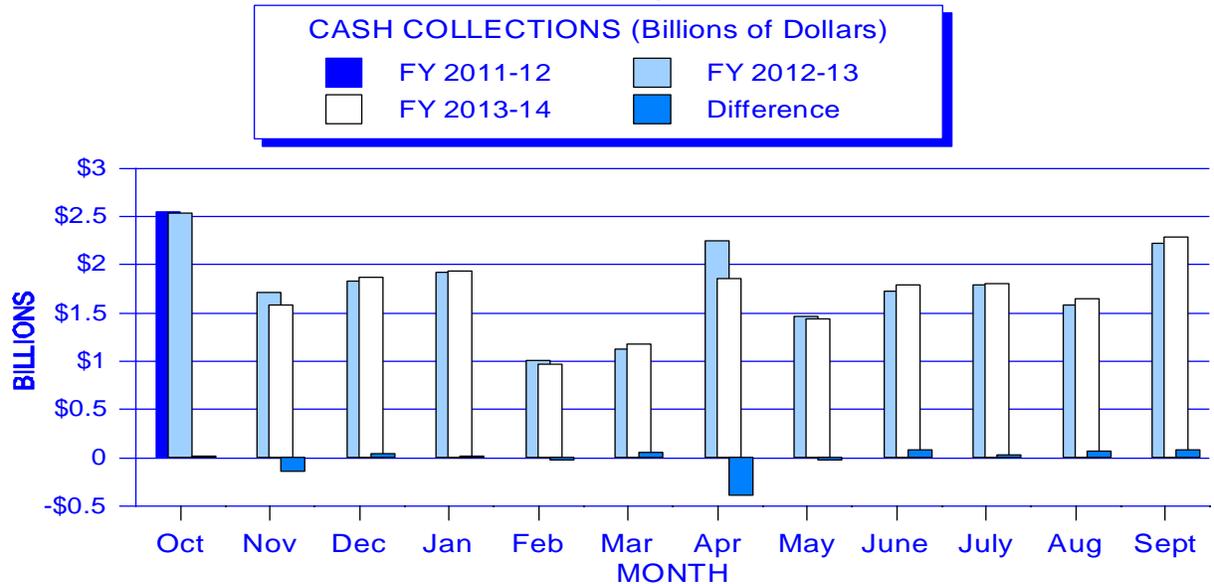
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**MICHIGAN REVENUE UPDATE
SEPTEMBER 2014
(dollars in millions)**

Type of Revenue	August Collections		FY 2013-14 to Date ²⁾		FY 2013-14 Estimate ³⁾	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2012-13
Gross Individual Income Tax	\$906.4	4.2%	\$9,198.9	(1.1%)	\$9,948.8	(0.2%)
Refunds	(30.5)	(378.9)	(1,705.1)	5.4	(1,743.2)	2.9
Net Income Tax	875.9	(0.5)	7,493.9	(2.5)	8,205.6	(0.8)
Sales Tax	647.3	(1.6)	6,657.1	1.2	7,285.0	1.8
Motor Vehicles	86.1	15.8	824.0	2.0	---	---
All Other Sales Tax	561.1	(3.8)	5,833.1	1.1	---	---
Use Tax	115.3	(2.2)	1,240.5	8.0	1,378.4	8.5
Tobacco Taxes	81.7	(3.2)	857.1	(1.9)	938.0	(2.0)
Corporate Income Tax	131.6	36.6	848.9	13.1	879.9	12.4
Michigan Business Tax	1.5	---	(528.4)	---	(552.0)	---
Insurance Tax	28.2	700.3	257.8	13.8	346.5	15.0
State Education Property Tax	354.5	8.1	866.0	(2.6)	1,788.0	1.0
Real Estate Transfer Tax	22.7	13.7	198.6	13.1	233.4	15.4
Casino Wagering Tax ⁴⁾	7.9	(2.3)	97.9	(3.3)	108.0	(2.4)
Oil & Gas Severance Tax	4.0	(28.3)	57.7	6.1	67.0	12.6
Other Taxes ⁵⁾	11.0	(27.2)	208.2	(7.2)	306.5	0.0
Total	\$2,281.7	5.3	\$18,255.3	(1.5)	\$20,984.3	(0.8)
Addendum:						
Gross Lottery Sales ⁴⁾	\$204.6	(8.5%)	\$2,588.8	3.3%	\$2,460.2	1.9%
Net to School Aid Fund ⁴⁾	\$58.0	(27.4%)	\$735.1	(3.8%)	\$775.0	5.5%

- 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, 2014, 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*
October 2012 to September 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.