

# MONTHLY REVENUE REPORT

## April 2014

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.9 billion in April 2014, down 17.4% from last year's level. April tax collections were approximately \$239.9 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2014. Individual income tax annual payments were substantially below-forecast and individual income tax refunds were substantially greater than forecast, while collections under most other taxes were generally near their forecasted values.

Collections earmarked to the General Fund were \$186.3 million below the expected level for April, while School Aid Fund tax collections were \$53.0 million above the forecasted level. The remaining \$0.6 million in below-forecast collections was directed to other funds, primarily the Medicaid Benefits Trust Fund and the Healthy Michigan Fund. Through April, year-to-date General Fund collections are \$211.8 million below, School Aid Fund collections \$92.7 million below, and other funds collectively \$6.0 million below, the level expected based on the January 2014 consensus revenue estimates.

Net income tax revenue totaled \$798.8 million in April 2014, down from \$1.2 billion in April 2013 and \$257.0 million below the level forecasted for the month. Withholding payments (which usually represent the majority of gross income tax revenue) were 3.9% below the year-ago level, and \$25.3 million below the predicted level. Annual payments under the individual income tax totaled \$492.2 million, down 39.7% from April 2013 and \$152.3 million below the expected level. In addition, income tax refunds totaled \$466.0 million, an 8.2% increase from last year's level and \$62.9 million more than expected. Most of the unexpected decrease in annual payments, and the increase in refund payments, appears to reflect underestimating the impact of losing revenue that was received in FY 2012-13 from higher dividend payments and capital gains that were taken in December 2012 as taxpayers sought to avoid potential changes in Federal taxes as a result of the Federal "fiscal cliff".

Sales tax receipts totaled \$605.0 million in April 2014, \$12.0 million above forecast, but 0.8% less than in April 2013, even though April 2013 collections were pushed higher by calendar issues. On a year-to-date basis, sales tax collections are up only 0.5% from last year and are \$37.8 million above the forecasted level. Most of the deviation from the estimated level is attributable to weather-related reductions in purchases during January and February 2014.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled \$115.5 million for the month, reflecting a 6.2% increase in CIT collections that more than offset credits under the MBT. Most taxpayers who still file the MBT do so to collect refundable tax credits. Forecasted MBT revenue in FY 2013-14 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.

Use tax collections were 2.2% below the year-ago level in April. As with sales tax collections, the year-over-year growth was affected by calendar issues.

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



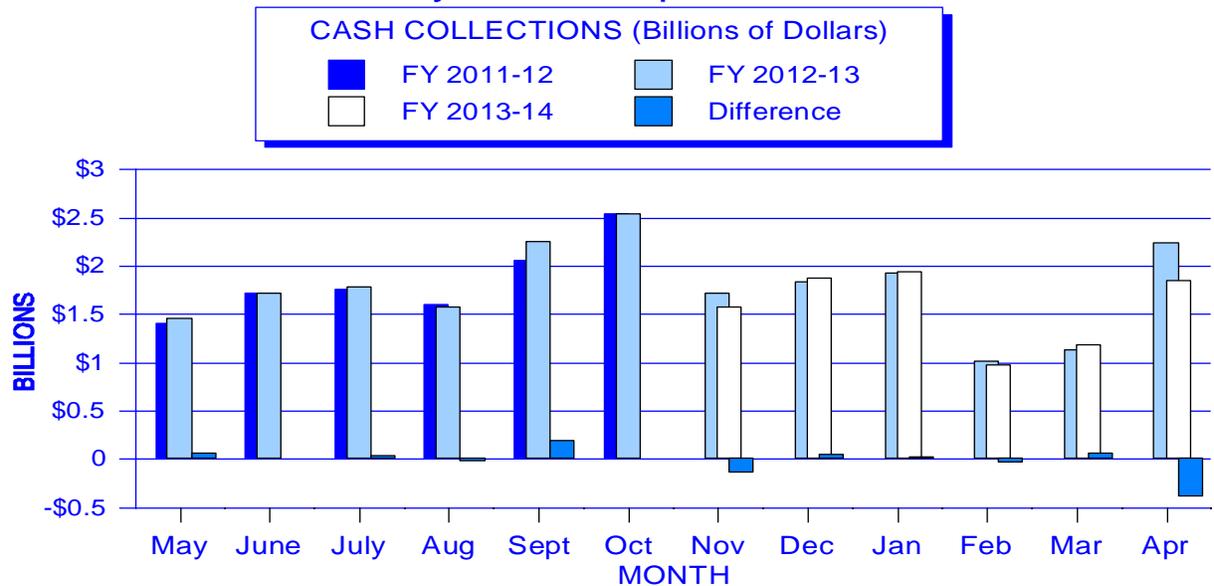
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**MICHIGAN REVENUE UPDATE**  
**APRIL 2014**  
(dollars in millions)

Type of Revenue	April 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	\$1,264.8	(21.9%)	\$5,308.9	(3.1%)	\$10,135.6	1.7%
Refunds	(466.0)	8.2	(1,463.9)	5.8	(1,694.2)	0.0
Net Income Tax	798.8	(32.8)	3,845.0	(6.1)	\$8,441.4	2.1
Sales Tax	605.0	(0.8)	3,459.6	0.5	7,349.4	2.7
Motor Vehicles	85.0	5.2	407.8	1.5	---	---
All Other Sales Tax	520.0	(1.8)	3,051.8	0.4	---	---
Use Tax	116.4	(2.2)	651.4	10.7	1,379.5	8.6
Tobacco Taxes	70.6	(1.3)	447.9	(1.8)	942.0	(1.6)
Corporate Income Tax	139.7	6.2	463.8	11.0	850.0	8.5
Michigan Business Tax	(26.5)	---	(261.7)	---	(490.0)	---
Insurance Tax	64.6	2.1	152.6	3.2	358.0	18.8
State Education Property Tax	21.4	63.6	284.8	(15.7)	1,798.0	1.5
Real Estate Transfer Tax	12.1	(29.9)	101.1	13.7	217.4	7.5
Casino Wagering Tax <sup>4)</sup>	9.1	(6.5)	53.7	(5.8)	114.0	3.0
Oil & Gas Severance Tax	8.9	105.1	35.1	27.0	62.0	4.2
Other Taxes <sup>5)</sup>	21.3	(4.5)	105.8	(31.6)	316.0	0.0
<b>Total</b>	<b>\$1,841.3</b>	<b>(17.6%)</b>	<b>\$9,339.2</b>	<b>(4.8%)</b>	<b>\$21,337.7</b>	<b>0.9%</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>4)</sup>	\$206.9	3.6%	\$1,518.5	6.6%	\$2,525.4	4.6%
Net to School Aid Fund <sup>4)</sup>	\$58.0	(9.8%)	\$454.4	4.8%	\$745.0	1.5%

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2013-14 year-to-date collections begin with November 2013 collections to reflect accrual accounting.
- 3) Consensus revenue estimates adopted at the January 10, 2014, Consensus Revenue Estimating Conference.
- 4) Lottery and casino revenue is not accrued, so FY 2013-14 collections will include October 2013 to September 2014.
- 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\***  
**May 2012 to April 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.