



# MONTHLY REVENUE REPORT

## AUGUST 2016

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Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.9 billion in August 2016, a 5.9% increase from August 2015. August tax collections were approximately \$51.5 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2016. Above-estimate collections from individual income tax withholding payments and the State Education Tax more than offset below-forecast revenue from the Michigan Business Tax (MBT) and greater-than-expected individual income tax refunds.

Collections earmarked to the General Fund were \$33.9 million above the expected level for August 2016, and School Aid Fund tax collections were \$20.8 million above the forecasted level. The remaining \$3.2 million in below-forecast collections was from other funds, most notably constitutional revenue sharing. Through August, year-to-date General Fund collections are \$34.3 million below, and School Aid fund collections \$37.2 million above, the level expected based on the May 2016 consensus revenue estimates.

Net income tax revenue totaled \$782.8 million in August 2016, up 10.5% from August 2015. Withholding payments (which represented the majority of gross income tax revenue) were 11.2% above the year-ago level and \$49.0 million above the predicted level. Offsetting that gain, individual income tax refunds in August 2016 were up 34.8% from the August 2015 level, and \$18.1 million greater than expected. Year-to-date net individual income tax collections in August were up 5.4% from August 2015 and \$12.8 million below forecast.

Sales tax receipts totaled \$631.7 million in August 2016, \$7.2 million below the forecast for the month but up 1.1% from August 2015 as a result of a 14.1% increase in sales tax collections from vehicle sales. Year-to-date sales tax collections from vehicles sales are 2.8% above the level in August 2015, while total year-to-date sales tax collections are up only 0.6%, and only \$3.8 million above the predicted level.

Combined business tax collections from the Single Business Tax (SBT), MBT, and Corporate Income Tax (CIT) totaled a negative \$77.8 million for August 2016, as refund payments exceeded tax collections. Net MBT revenue collections were \$44.6 million less than expected in August 2016 and year-to-date MBT revenue is \$49.5 million below the expected level. Most taxpayers who still file the MBT do so to collect refundable tax credits. The timing of when these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates. Corporate Income Tax collections in August 2015 totaled \$12.2 million and year-to-date CIT collections are down 14.5%.

State Education Tax (SET) collections in August 2016 were 10.5% above the level in August 2015, and \$19.6 million above the expected level for the month. The timing of SET collections is influenced by when counties remit payments to the State, and the majority of collections are received in September and October. In August 2016, real estate transfer tax receipts were up 14.8% from the level in August 2015 and year-to-date collections are up 4.5%.

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 August 2016. Also presented are the revised consensus revenue estimates for FY 2015-16 which were adopted at the May 2016 Consensus Revenue Estimating Conference.



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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	August Collections		FY 2015-16 to Date <sup>2,3)</sup>		FY 2015-16 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 2014-15
Gross Individual Income Tax	\$824.4	11.5%	\$9,410.4	5.1%	\$11,175.2	4.7%
Refunds	(41.5)	34.8	(1,769.4)	3.9	(\$1,774.0)	4.8
Net Income Tax	782.8	10.5	7,641.0	5.4	\$9,401.2	4.7
Sales Tax	631.7	1.1	6,021.0	0.6	7,310.0	0.9
Motor Vehicles	95.8	14.1	786.5	2.8	---	---
All Other Sales Tax	535.9	(0.9)	5,234.5	0.3	---	---
Use Tax	140.5	4.4	1,123.0	(3.0)	1,362.8	0.4
Tobacco Taxes	83.3	(5.6)	783.1	0.7	957.1	0.4
Corporate Income Tax	12.2	499.0	699.1	(14.5)	932.0	(13.5)
Michigan Business Tax	(88.9)	---	(978.0)	---	(1,031.0)	61.2
Insurance Tax	(3.6)	(223.4)	242.7	(10.5)	316.0	(2.0)
Essential Services Assessment	49.7	---	63.4	---	55.0	---
State Education Property Tax	157.8	10.5	517.5	3.9	1,894.1	2.0
Real Estate Transfer Tax	31.4	14.8	222.0	4.5	276.0	6.8
Casino Wagering Tax <sup>5)</sup>	9.4	7.9	94.6	1.9	112.0	1.1
Oil & Gas Severance Tax	1.8	(10.8)	15.8	(41.0)	20.4	(32.9)
Other Taxes <sup>6)</sup>	24.7	42.3	221.5	(24.6)	286.5	(4.9)
<b>Total Taxes</b>	<b>\$1,832.8</b>	<b>6.5%</b>	<b>\$16,666.7</b>	<b>0.8%</b>	<b>\$21,892.1</b>	<b>(0.3)%</b>
Lottery, Net to School Aid Fund <sup>4)</sup>	50.2	(13.7)	817.2	13.1	850.0	8.4
<b>Total</b>	<b>\$1,883.0</b>	<b>5.9%</b>	<b>\$17,433.4</b>	<b>1.4%</b>	<b>\$22,742.1</b>	<b>0.0%</b>

- Total collections are unadjusted cash collections unless otherwise noted.
- FY 2015-16 year-to-date collections begin with November 2015 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, 2016, Consensus Revenue Estimating Conference.
- Lottery and casino revenue is not accrued, so FY 2015-16 collections will include October 2015 to September 2016.
- Other Taxes include beer, wine, liquor, single business tax, industrial facilities, utility property, estate taxes, and penalties and interest.

