

MONTHLY REVENUE REPORT

June 2015

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.9 billion in June 2015, a 5.5% increase from the 2014 level. June tax collections were approximately \$96.0 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. Below-forecast revenue from the sales tax, use tax, and Michigan Business Tax (MBT) more than offset above-estimate collections from the estimated individual income tax payments and the Corporate Income Tax (CIT).

Collections earmarked to the General Fund were \$6.0 million below the expected level for June, while School Aid Fund tax collections were \$82.0 million below the forecasted level. The remaining \$8.0 million in below-forecast collections was from other funds, most notably constitutional revenue sharing. Through June, year-to-date General Fund collections are \$5.2 million above, and School Aid Fund collections are \$87.8 million below, the level expected based on the May 2015 consensus revenue estimates.

Net income tax revenue totaled \$893.5 million in June 2015, up 1.5% from June 2014. Withholding payments (which represented the majority of gross income tax revenue) were 0.7% above the year-ago level and slightly below the predicted level. In contrast, quarterly payments under the individual income tax were up 21.3% from the 2014 level and annual payments were up 18.4%. When combined, quarterly and annual income tax payments were \$26.6 million above forecast.

Sales tax receipts totaled \$641.1 million in June 2015, \$87.8 million below the forecast for the month and down 1.2% from June 2014. June 2015 represented the fifth consecutive month in which sales tax collections have been below the year-ago level. Year-to-date sales tax collections are 0.2% above the 2014 level, and \$100.2 million below the predicted level.

Combined business tax collections from the Single Business Tax, MBT, and CIT totaled \$61.4 million for June 2015, the first month since January in which collections exceeded refund payments. 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. Forecasted MBT revenue in FY 2014-15 is expected to be dominated by several large refunds. Year-to-date MBT revenue totals a negative \$766.7 million, largely reflecting \$867.2 million in MBT refunds that have been paid through June 2015. Corporate Income Tax revenue in June 2015 totaled \$120.6 million, a 40.1% increase from June 2014 and \$36.7 million above the predicted level.

While not regularly shown in this report, fuel tax collections were down significantly in June 2015 from year-ago levels. Collections from the gasoline tax were down 17.9% from June 2014 and down 7.0% or more from the year-ago level in three of the last four months. Similarly, collections from taxes on diesel fuel were down 11.4% from the 2014 level, and were 10.0% or more below the year-ago level in four of the last five months. On a year-to-date basis, gasoline taxes are down 1.6% from last year, while diesel fuel taxes are down 4.3%.

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 June 2015. Also presented are the revised consensus revenue estimates for FY 2014-15, which were adopted at the May 2015 Consensus Revenue Estimating Conference.



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MICHIGAN REVENUE UPDATE

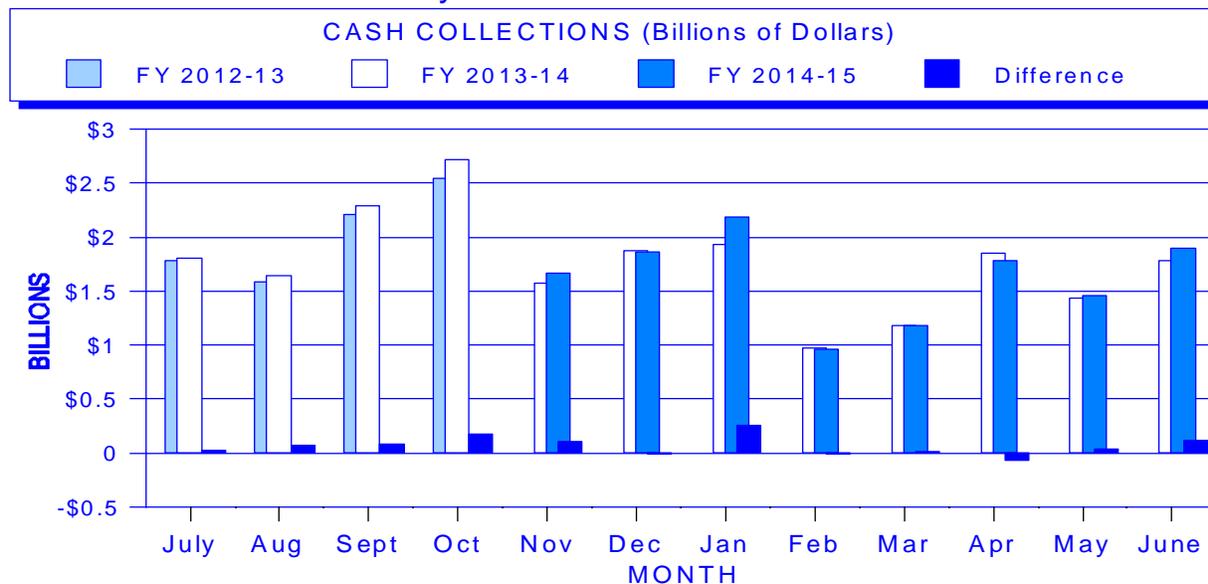
JUNE 2015

(dollars in millions)

Type of Revenue	June Collections		FY 2014-15 to Date ^{2,3)}		FY 2014-15 Estimate ^{3,4)}	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2013-14
Gross Individual Income Tax	\$946.6	5.1%	\$7,418.0	6.9%	\$10,460.6	5.6%
Refunds	(53.2)	160.2	(1,623.4)	1.0	(1,770.1)	(6.6)
Net Income Tax	893.5	1.5	5,794.6	8.7	\$8,690.5	8.4
Sales Tax	641.1	(1.2)	4,706.8	0.2	7,503.8	2.0
Motor Vehicles	87.4	5.5	595.2	4.4	---	---
All Other Sales Tax	553.6	(2.1)	4,111.7	(0.4)	---	---
Use Tax	131.4	11.3	893.8	2.1	1,419.2	2.0
Tobacco Taxes	81.1	(0.9)	604.0	(0.4)	924.4	(1.7)
Corporate Income Tax	120.6	40.1	728.7	24.7	1,029.7	13.6
Michigan Business Tax	(65.5)	---	(766.7)	---	(751.1)	3.8
Insurance Tax	0.6	(26.2)	181.4	15.5	402.0	11.0
State Education Property Tax	27.4	(0.5)	336.1	0.6	1,850.3	2.6
Real Estate Transfer Tax	20.9	35.6	155.9	17.4	256.8	10.0
Casino Wagering Tax ⁵⁾	8.9	0.8	74.9	4.3	111.0	3.8
Oil & Gas Severance Tax	2.2	(38.3)	22.3	(50.6)	39.0	(36.0)
Other Taxes ⁶⁾	25.5	21.4	214.6	55.0	294.0	20.3
Total	\$1,887.8	6.1%	\$12,946.5	3.2%	\$21,769.6	3.9%
Addendum:						
Gross Lottery Sales ⁵⁾	\$209.7	10.2%	\$2,074.2	6.3%	\$2,644.1	9.6%
Net to School Aid Fund ⁵⁾	47.3	(13.8)	588.5	2.5	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 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* July 2013 to June 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.