

# MONTHLY REVENUE REPORT

## October 2014

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.8 billion in October 2014, up 7.3% from the 2013 level and \$32.6 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2014. The above-forecast revenue primarily reflected collections from the State Education Tax (SET), the sales tax, and the Michigan Business Tax (MBT) exceeding greater-than-expected income tax refunds and below-forecast Corporate Income Tax revenue. Fiscal Year 2013-14 revenue generally reflects November 2013 through October 2014 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 \$21.8 million below the expected level for October, while School Aid Fund tax collections were \$50.6 million above the forecasted level. The remaining \$3.8 million in above-forecast revenue is directed to other funds, most notably constitutional revenue sharing. On a year-to-date basis, General Fund collections are \$52.5 million less, and School Aid Fund collections \$3.9 million less, than expected based on the May 2014 consensus revenue estimates.

Net income tax revenue totaled \$668.6 million in October 2014, a 1.8% increase from the 2013 level. Withholding payments (which represented the majority of gross income tax revenue) were 5.3% above the year-ago level, but the gain was largely offset by greater-than-expected income tax refunds. On a year-to-date basis, net income tax revenue is down 2.1%, largely due to a 5.9% increase in refunds and a 30.7% decline in annual payments.

Sales tax receipts totaled \$661.2 million in October, up 10.7% from the year-ago level. Year-to-date sales tax collections were 2.0% above the 2013 level and \$33.2 million above the May consensus estimates.

Corporate Income Tax (CIT) collections totaled \$82.7 million, a 28.7% decline from the 2013 level and \$24.8 million below forecast. In contrast, revenue from the MBT totaled a negative \$13.3 million (a net loss of revenue to the State due to refunds exceeding collections), which was a smaller loss than projected. Forecasted MBT revenue is expected to be dominated by several large refunds and may be affected significantly by end-of-year accruals. Combined, Single Business Tax, CIT, and MBT revenue totaled \$72.3 million in October 2014, and on a year-to-date basis is \$46.0 million above the expected level.

While State Education Tax collections for October 2014 were up 1.2% from 2013 and \$19.5 million above forecast, SET revenue is influenced by when counties remit payments. Year-to-date revenue is \$19.2 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 settled in the accrual process.

Lottery revenue was up 31.5% from one year ago due in part to a large Mega Millions jackpot during October. In addition, the Senate Fiscal Agency tracks lottery revenue by weeks rather than months, and October 2013 was a four-week period, compared with a five-week period in 2014.

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

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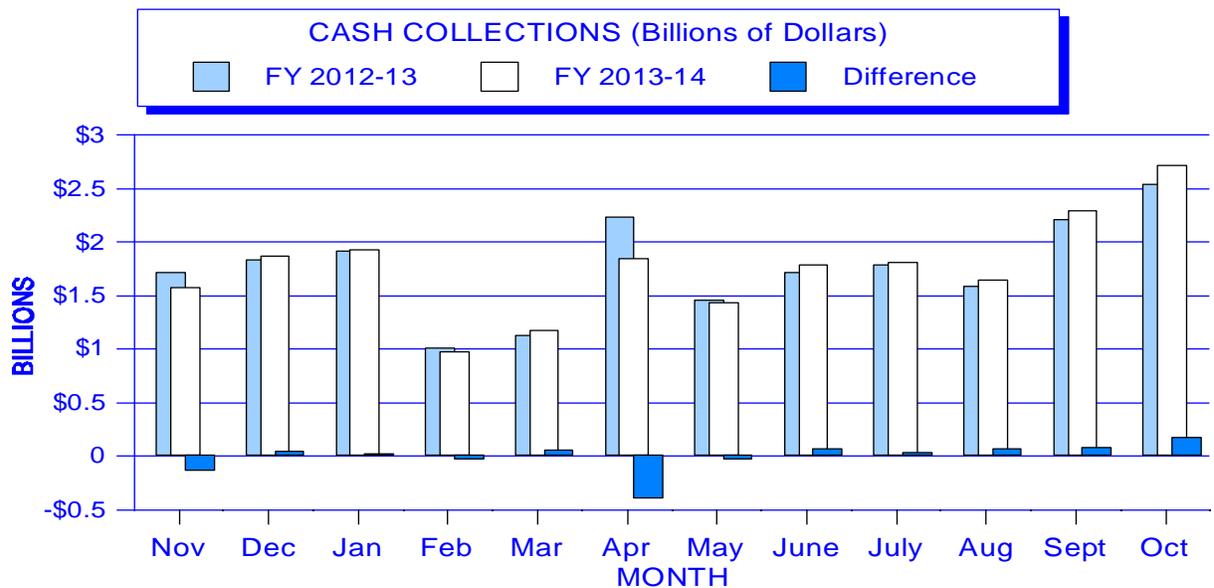


**MICHIGAN REVENUE UPDATE  
OCTOBER 2014  
(dollars in millions)**

Type of Revenue	October Collections		FY 2013-14 to Date <sup>2,3)</sup>		FY 2013-14 Estimate <sup>3,4)</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	\$727.6	3.3%	\$9,926.5	(0.8%)	\$9,948.8	(0.2%)
Refunds	(59.0)	23.8	(1,764.1)	5.9	(1,743.2)	2.9
Net Income Tax	668.6	1.8	8,162.5	(2.1)	\$8,205.6	(0.8)
Sales Tax	661.2	10.7	7,318.2	2.0	7,285.0	1.8
Motor Vehicles	82.4	7.0	906.4	2.4	---	---
All Other Sales Tax	578.7	11.3	6,411.9	1.9	---	---
Use Tax	127.8	9.4	1,368.3	8.1	1,378.4	8.5
Tobacco Taxes	82.5	5.2	939.6	(1.3)	938.0	(2.0)
Corporate Income Tax	82.7	(28.7)	931.6	7.5	879.9	12.4
Michigan Business Tax	(13.3)	---	(541.7)	---	(552.0)	---
Insurance Tax	87.5	24.0	345.3	16.2	346.5	15.0
State Education Property Tax	941.2	1.2	1,807.2	(0.7)	1,788.0	1.0
Real Estate Transfer Tax	28.9	37.4	227.5	15.7	233.4	15.4
Casino Wagering Tax <sup>5)</sup>	9.6	5.4	107.5	(2.6)	108.0	(2.4)
Oil & Gas Severance Tax	3.4	(39.8)	61.1	1.8	67.0	12.6
Other Taxes <sup>6)</sup>	26.9	(27.2)	235.1	(5.1)	306.5	0.0
<b>Total</b>	<b>\$2,707.0</b>	<b>6.8</b>	<b>\$20,962.2</b>	<b>(0.5)</b>	<b>\$20,984.3</b>	<b>(0.8)</b>
<b>Addendum:</b>						
Gross Lottery Sales <sup>5)</sup>	\$260.7	37.5%	\$2,588.8	3.3%	\$2,460.2	1.9%
Net to School Aid Fund <sup>5)</sup>	77.0	31.5	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.
- Year-to-date figures represent cash collections only, while the fiscal year estimate also includes accruals.
- 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\*  
November 2012 to October 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.