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March 2017 Revenue Update

Major Taxes

Cash collections from Michigan major taxes, penalties and interest, and lottery transfers totaled $1,193.2 million in March 2017, $161.6 million less than in March 2016. For the fiscal year-to-date, collections in FY 2016-17 are $180.2 million (or 2.2%) higher than during FY 2015-16.

Net income tax revenue totaled $395.8 million in March 2017, and for FY 2016-17 collections through March are $77.8 million (or 2.2%) higher than the same period during FY 2015-16. Year-to-date collections from withholding, estimated payments, and refunds are higher than in FY 2015-16, by $58.2 million, $60.3 million, and $32.0 million respectively. Higher refunds, which reduce net revenue, can be attributed to a slightly higher average amount per return as well as an acceleration in filing.

Net business taxes are the sum of the single business tax (SBT), the Michigan business tax (MBT), the corporate income tax (CIT), and insurance company taxes. Because of the uncertainty over when existing certificated MEGA credits will be claimed and the inherent volatility of corporate income taxes, monthly collections of business taxes can display significant fluctuations that diverge from historical patterns. On a fiscal year-to-date basis, net business taxes were $60.0 million lower through March 2017 than a year ago, almost all of which was due to MBT collections of negative $177.8 million.

Collections from consumption taxes, made up of the sales tax, the use tax, beer and wine taxes, liquor taxes, and tobacco taxes, totaled $784.4 million in March 2017, and are collectively $123.1 million higher than in FY 2015-16 on a year-to-date basis. Year-to-date sales tax revenue has grown much faster than the consensus estimate, although use tax collections are substantially below the projected growth rate.

Revenue from the state education tax (SET) and the real estate transfer tax (RET) in March 2017 was $19.6 million and $19.0 million, respectively. Transfers from the lottery to the School Aid Fund were $75.0 million in March 2017, and are just $2.0 million below FY 2015-16 on a year-to-date basis.

General Fund/General Purpose (GF/GP) Tax Revenue

General Fund revenue from Michigan major taxes is estimated[1] to be $205.2 million in March 2017, roughly $200.0 million below the projection established at the January 2017 consensus revenue estimating conference (CREC). Although the impact of MBT collections has already been highlighted, income tax revenue accruing to the General Fund was $23.2 million above target due to higher than anticipated refunds.

Year-to-date GF/GP tax revenue for FY 2016-17 is $163.2 million below the projected amount, although a portion of the shortfall is likely due to the timing of MEGA credits reducing net business taxes.

School Aid Fund Revenue

School Aid Fund revenue from Michigan major taxes is estimated[1] to be $894.9 million in March 2017, about $12.2 million above the amount established at the January 2017 consensus revenue estimating conference. Gross income tax collections accruing to the SAF were $12.3 million above target, but were partially offset by lower than anticipated use tax collections and lottery transfers.

Year-to-date SAF revenue for FY 2016-17 is $54.0 million above the March 2017 projections.

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[1] Because of accruals and undistributed revenue, monthly fund splits are estimated.

FY 2016-17 March Revenue Collections
Millions of Dollars

Major Taxes	FY 2016-17 March	Year-to-Date Collections FY 2015-16	Year-to-Date Collections FY 2016-17	Change from FY 2015-16 Year-to-Date Dollar	Change from FY 2015-16 Year-to-Date % Change	FY 2016-17 Estimates (January 2017 CREC) Dollar	FY 2016-17 Estimates (January 2017 CREC) % Change
Individual Income Tax							
Withholding	$879.1	$4,036.0	$4,094.2	$58.2	1.4%	$9,598.0	4.1%
Quarterly Income Tax	15.8	405.0	465.2	60.3	14.9%	1,097.0	3.6%
Annual Income Tax	75.7	155.5	146.9	(8.7)	-5.6%	941.0	4.6%
Gross Income Tax	**970.7**	**4,596.5**	**4,706.3**	**109.8**	**2.4%**	**11,636.0**	**4.1%**
Less: Income Tax Refunds	574.8	1,041.6	1,073.6	32.0	3.1%	1,879.0	5.9%
Net Income Tax	**395.8**	**3,554.9**	**3,632.7**	**77.8**	**2.2%**	**9,757.0**	**3.8%**
Business Taxes							
Single Business Tax	(11.9)	(11.3)	(2.4)	8.9		(5.0)	
Michigan Business Tax	(177.8)	(512.1)	(611.3)	(99.2)		(672.8)	
Corporate Income Tax	51.2	355.2	383.6	28.4	8.0%	946.5	1.6%
Insurance Company Taxes	5.8	90.7	92.6	2.0	2.2%	405.6	28.4%
Subtotal	**(132.7)**	**(77.6)**	**(137.6)**	**(60.0)**	**77.3%**	**674.3**	**3.0%**
Consumption Taxes							
Sales Tax	591.2	2,892.8	3,121.4	228.6	7.9%	7,485.2	2.4%
Use Tax	115.9	561.7	456.2	(105.4)	-18.8%	1,193.6	-11.2%
Beer and Wine Taxes	3.3	19.5	19.2	(0.4)	-1.9%	53.0	1.9%
Liquor Excise Tax	6.8	42.4	43.1	0.7	1.7%	107.6	4.9%
Tobacco Taxes	67.2	371.4	371.0	(0.4)	-0.1%	934.4	-2.4%
Subtotal	**784.4**	**3,887.8**	**4,010.9**	**123.1**	**3.2%**	**9,773.8**	**0.3%**
Other Miscellaneous Taxes							
State Education Tax	19.6	279.6	312.1	32.5	11.6%	1,933.9	2.1%
Real Estate Transfer Tax	19.0	106.1	116.8	10.7	10.1%	305.2	10.6%
Essential Services Assessment	0.0	0.0	0.1	0.1		75.0	36.4%
Industrial Facilities/Commercial Forest Taxes	6.2	11.9	12.1	0.2	2.1%	35.0	-2.8%
Casino Wagering Tax	10.6	47.3	47.7	0.3	0.7%	114.0	1.8%
Gas and Oil Severance Tax	2.5	8.1	10.3	2.2	27.0%	23.6	15.7%
Telephone and Telegraph Tax	0.0	14.9	13.8	(1.1)	-7.7%	36.6	-12.9%
Penalties and Interest	12.7	43.3	39.6	(3.7)	-8.5%	122.3	6.3%
Lottery Transfer to SAF	75.0	375.0	373.0	(2.0)	-0.5%	892.0	4.9%
Subtotal	**145.6**	**886.3**	**925.7**	**39.3**	**4.4%**	**3,537.6**	**10.0%**
TOTAL	**$1,193.2**	**$8,251.5**	**$8,431.7**	**$180.2**	**2.2%**	**$23,742.7**	**8.8%**

Note: Numbers may not add due to rounding.