STATE OF MICHIGAN

REVENUE

STATE SOURCE and DISTRIBUTION



March 2017

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March 2017

TO: Members of the House of Representatives

This report provides information on the source and distribution of revenue for the State of Michigan, and includes final FY 2015-16 and estimated FY 2016-17 and FY 2017-18 revenue. Estimates in this report are based on revenue amounts agreed to at the January 2017 Consensus Revenue Estimating Conference.

This publication includes final FY 2015-16 and estimated FY 2016-17 and FY 2017-18 collections by type of tax and provides information for each tax with regard to the tax base, rate, and disposition. It also includes state revenue dedication information including tax type, dedicated amount, and recipient of dedicated funds.

This report was prepared by Jim Stansell, Senior Economist, and produced for publication by Kathryn Bateson. Administrative Assistant.

Please do not hesitate to contact me if you have questions regarding the information in this report.

Mary Ann Cleary

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Director

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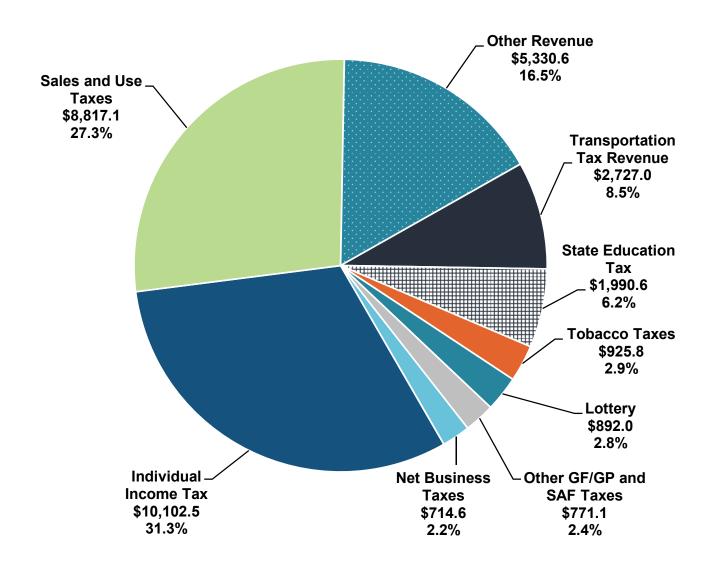
Total
State Restricted
Revenue
by
Source

		Final	% of	Estimated	% of	Estimated	% of
	<u>-</u>	FY 2015-16	<u>Total</u>	FY 2016-17	<u>Total</u>	FY 2017-18	<u>Total</u>
TOTAL	Individual Income Tax	\$9,368.9	31.3%	\$9,757.0	31.4%	\$10,102.5	31.3%
STATE	Sales and Use Taxes	\$8,717.4	29.1%	\$8,678.8	28.0%	\$8,817.1	27.3%
RESTRICTED REVENUE	Other Revenue	\$4,987.0*	16.7%	\$4,854.5	15.6%	\$5,330.6	16.5%
ВҮ	Transportation Tax Revenue	\$2,038.9	6.8%	\$2,546.7	8.2%	\$2,727.0	8.5%
SOURCE	State Education Tax	\$1,897.3	6.3%	\$1,933.9	6.2%	\$1,990.6	6.2%
FY 2015-16	Tobacco Taxes	\$946.7	3.2%	\$934.4	3.0%	\$925.8	2.9%
through FY 2017-18	Lottery	\$888.9	3.0%	\$892.0	2.9%	\$892.0	2.8%
1 1 2017-10	Other GF/GP and SAF Taxes	\$720.1	2.4%	\$756.6	2.4%	\$771.1	2.4%
(MILLIONS OF DOLLARS)	Net Business Taxes	\$374.5	1.3%	\$674.3	2.2%	\$714.6	2.2%
	TOTAL	\$29,939.7*		\$31,028.1		\$32,271.3	

INDIVIDUAL INCOME TAX	Includes withholding, annual, and quarterly collections less refunds. The current tax rate is 4.25%.
SALES AND USE TAXES	Use tax is a specific excise tax on the use, storage, or consumption of tangible personal property not subject to the sales tax. The maximum allowable tax rate is currently 6% for both the sales tax and use tax.
OTHER REVENUE	Includes revenue from local agencies, state-provided services, licenses, permits not related to transportation, and other restricted state revenue.
TRANSPORTATION TAX REVENUE	Includes vehicle registration fees as well as tax collections from gasoline, diesel, liquefied petroleum, and aviation fuel. Federal aid and sales tax transportation revenue is excluded.
STATE EDUCATION TAX	Levied on all real and personal property except exempt manufacturing personal property and property subject to the small parcel exemption. All revenue is dedicated to the School Aid Fund.
TOBACCO TAXES	Cigarette tax is \$2.00 per pack and the tax on other tobacco products is 32% of the wholesale price.
LOTTERY	Net lottery revenue is approximately 30% of total lottery sales.
OTHER GF/GP AND SAF TAXES	Includes liquor, beer, wine, gas and oil severance, utility property, real estate transfer, industrial facilities, and commercial forest taxes, enhanced enforcement, and penalties and interest.
NET BUSINESS TAXES	Includes Single Business Tax (SBT), Michigan Business Tax (MBT), Corporate Income Tax (CIT), and insurance company tax revenues. Effective January 1, 2012, the MBT was replaced with a 6% corporate income tax.

STATE OF MICHIGAN TOTAL STATE RESTRICTED REVENUE BY SOURCE ESTIMATED FY 2017-18

TOTAL RESOURCES: \$32,271.3 MILLION





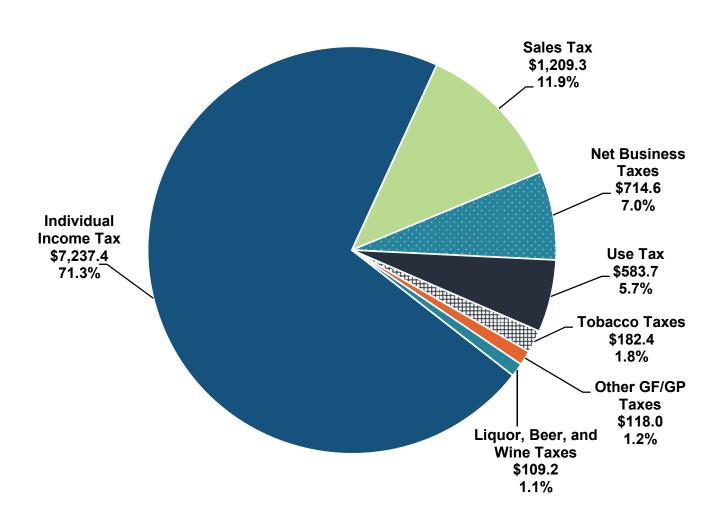
General Fund/ General Purpose Tax Revenue by Source

		Final FY 2015-16	% of <u>Total</u>	Estimated FY 2016-17	% of <u>Total</u>	Estimated FY 2017-18	% of <u>Total</u>
GENERAL FUND/	Individual Income Tax	\$6,706.2	70.2%	\$6,985.6	70.5%	\$7,237.4	71.3%
GENERAL	Sales Tax	\$1,143.3	12.0%	\$1,178.9	11.9%	\$1,209.3	11.9%
PURPOSE TAX REVENUE	Net Business Taxes	\$374.5	3.9%	\$674.3	6.8%	\$714.6	7.0%
ВҮ	Use Tax	\$931.7	9.8%	\$668.7	6.7%	\$583.7	5.7%
SOURCE	Tobacco Taxes	\$186.3	2.0%	\$184.0	1.9%	\$182.4	1.8%
FY 2015-16	Other GF/GP Taxes	\$102.1	1.1%	\$113.5	1.1%	\$118.0	1.2%
through FY 2017-18	Liquor, Beer, and Wine Taxes	\$104.5	1.1%	\$107.0	1.1%	\$109.2	1.1%
1 1 2017-10	TOTAL	\$9,548.6		\$9,912.0		\$10,154.6	
(MILLIONS OF DOLLARS)							

INDIVIDUAL INCOME TAX	General Fund/General Purpose receives income tax revenue not allocated to the School Aid Fund. The current tax rate is 4.25%.
SALES TAX	General Fund/General Purpose receives sales tax revenue not allocated to local units of government for revenue sharing, the Comprehensive Transportation Fund, the School Aid Fund, or public health programs. The current tax rate is 6%.
NET BUSINESS TAXES	Includes Single Business Tax, Michigan Business Tax, Corporate Income Tax, and insurance company tax revenues. Effective January 1, 2012, the MBT was replaced with a 6% corporate income tax.
USE TAX	A specific excise tax on the use, storage, or consumption of tangible personal property not subject to the sales tax. Of the maximum allowable 6% rate, 2% is dedicated to the School Aid Fund. A portion of the 4% rate is levied by the Local Community Stabilization Authority and the remaining portion up to the 4% amount accrues to the General Fund.
TOBACCO TAXES	The cigarette tax is \$2.00 per pack and the tax on other tobacco products is 32% of the wholesale price. Approximately 19.7% of tobacco tax revenues accrue to the General Fund.
OTHER GF/GP TAXES	Other GF/GP taxes include taxes on gas and oil severance, utility property, the state essential services assessment, and certain penalty and interest payments.
LIQUOR, BEER, AND WINE TAXES	Liquor tax revenue that is GF/GP is a 4% specific tax assessed on the base price. The beer tax is \$6.30 per 31-gallon barrel with a \$2.00 per barrel credit available for small brewers. The wine tax is assessed per liter and varies with the alcoholic content.

STATE OF MICHIGAN GENERAL FUND/GENERAL PURPOSE TAX REVENUE BY SOURCE ESTIMATED FY 2017-18

TOTAL RESOURCES: \$10,154.6 MILLION





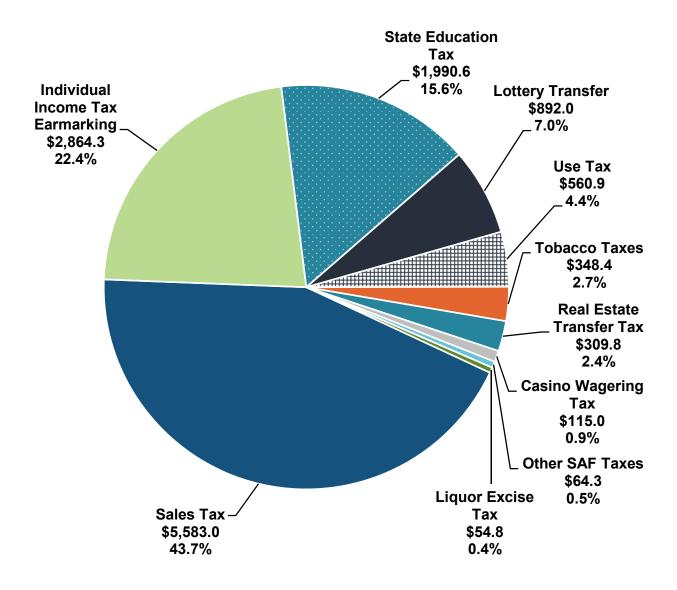
School Aid Fund Tax and Lottery Revenue by Source

		Final <u>FY 2015-16</u>	% of <u>Total</u>	Estimated FY 2016-17	% of <u>Total</u>	Estimated FY 2017-18	% of <u>Total</u>
SCHOOL AID	Sales Tax	\$5,308.8	43.8%	\$5,446.5	43.7%	\$5,583.0	43.7%
FUND TAX	Individual Income Tax Earmarking	\$2,662.1	22.0%	\$2,770.6	22.2%	\$2,864.3	22.4%
AND LOTTERY REVENUE	State Education Tax	\$1,897.3	15.7%	\$1,933.9	15.5%	\$1,990.6	15.6%
BY	Lottery Transfer	\$888.9	7.3%	\$892.0	7.2%	\$892.0	7.0%
SOURCE	Use Tax	\$490.0	4.0%	\$524.9	4.2%	\$560.9	4.4%
FY 2015-16	Tobacco Taxes	\$358.4	3.0%	\$353.0	2.8%	\$348.4	2.7%
through FY 2017-18	Real Estate Transfer Tax	\$289.3	2.4%	\$305.2	2.5%	\$309.8	2.4%
	Casino Wagering Tax	\$112.9	0.9%	\$114.0	0.9%	\$115.0	0.9%
(MILLIONS OF DOLLARS)	Other SAF Taxes	\$59.4	0.5%	\$63.3	0.5%	\$64.3	0.5%
	Liquor Excise Tax	\$52.0	0.4%	\$53.6	0.4%	\$54.8	0.4%
	TOTAL	\$12,119.1		\$12,457.0		\$12,783.1	

SALES TAX	School Aid Fund receives approximately 72.8% of total sales tax revenue. The current tax rate is 6%.
INDIVIDUAL INCOME TAX EARMARKING	School Aid Fund receives approximately 23.8% of gross income tax revenue.
STATE EDUCATION TAX	Levied on all real and personal property except exempt manufacturing personal property and property subject to the small parcel exemption. All revenue is dedicated to the School Aid Fund.
LOTTERY TRANSFER	School Aid Fund receives all of the net revenue from lottery sales.
USE TAX	The School Aid Fund receives one-third of use tax revenue collected at the 6% rate.
TOBACCO TAXES	School Aid Fund receives approximately 41.2% of cigarette tax revenue.
REAL ESTATE TRANSFER TAX	School Aid Fund receives 100% of the real estate transfer tax. Tax rate is 0.75% of the sale price of real estate.
CASINO WAGERING TAX	School Aid Fund receives all casino wagering tax revenue.
OTHER SAF TAXES	Includes industrial and commercial facilities tax and commercial forest tax.
LIQUOR EXCISE TAX	The Liquor Excise Tax is 4% of the base price.

STATE OF MICHIGAN SCHOOL AID FUND TAX AND LOTTERY REVENUE BY SOURCE ESTIMATED FY 2017-18

TOTAL RESOURCES: \$12,783.1 MILLION





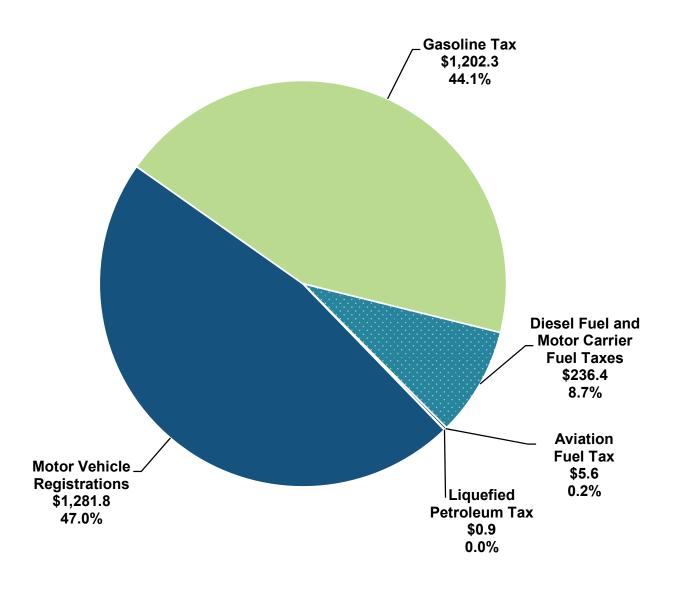
Transportation
Tax Revenue
by
Source

	1	Final FY 2015-16	% of <u>Total</u>	Estimated FY 2016-17	% of <u>Total</u>	Estimated FY 2017-18	% of <u>Total</u>
TRANSPORTATION	Motor Vehicle Registrations	\$1,021.8	50.1%	\$1,201.5	47.2%	\$1,281.8	47.0%
TAX REVENUE	Gasoline Tax	\$873.0	42.8%	\$1,122.1	44.1%	\$1,202.3	44.1%
BY SOURCE	Diesel Fuel and Motor Carrier Fuel Taxes	\$137.6	6.7%	\$216.9	8.5%	\$236.4	8.7%
	Aviation Fuel Tax	\$6.1	0.3%	\$5.5	0.2%	\$5.6	0.2%
FY 2015-16 through	Liquefied Petroleum Tax	\$0.4	0.0%	\$0.7	0.0%	\$0.9	0.0%
FY 2017-18	TOTAL	\$2,038.9		\$2,546.7		\$2,727.0	
(MILLIONS OF DOLLARS)							

MOTOR VEHICLE REGISTRATIONS	Based on weight, or type or price of vehicle.
GASOLINE TAX	Levied at \$0.263 per gallon.
DIESEL FUEL AND MOTOR CARRIER FUEL TAXES	Levied at \$0.263 per gallon.
AVIATION FUEL TAX	Levied at \$0.03 per gallon with a \$0.015 per gallon rebate to interstate scheduled operations.
LIQUEFIED PETROLEUM TAX	Levied at \$0.15 per gallon.

STATE OF MICHIGAN TRANSPORTATION TAX REVENUE BY SOURCE ESTIMATED FY 2017-18

TOTAL RESOURCES: \$2,727.0 MILLION





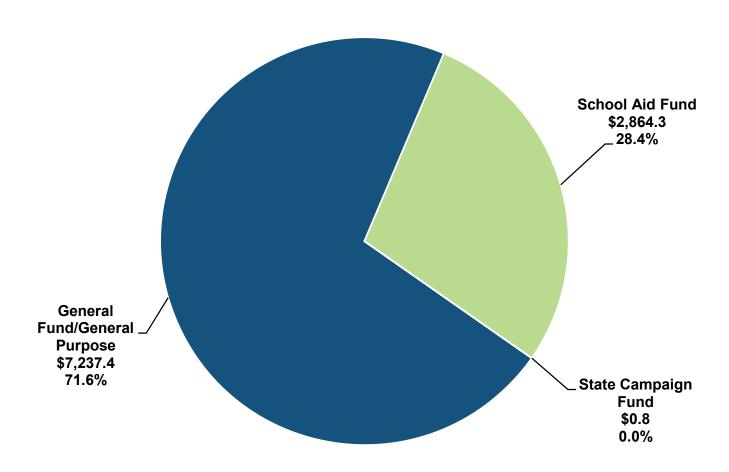
Individual Income Tax Revenue Distribution

1		Final FY 2015-16	% of <u>Total</u>	Estimated FY 2016-17	% of <u>Total</u>	Estimated FY 2017-18	% of <u>Total</u>
INDIVIDUAL	INCOME TAX REVENUE						
INCOME	Gross Collections	\$11,241.9		\$11,636.0		\$12,030.0	
TAX	Refunds	-\$1,873.0		-\$1,879.0		-\$1,927.5	
REVENUE	-	-ψ1,075.0		-ψ1,073.0		-ψ1,327.3	
DISTRIBUTION	NET REVENUE	\$9,368.9		\$9,757.0		\$10,102.5	
FY 2015-16 through FY 2017-18	INCOME TAX DISTRIBUTION General Fund/General	\$6,706.2	71 6%	\$6,985.6	71.6%	\$7,237.4	71.6%
	Purpose	ψ0,7 00.2	71.070	ψο,σοσ.σ	7 1.070	Ψ1,201.4	71.070
(MILLIONS OF DOLLARS)	School Aid Fund	\$2,662.1	28.4%	\$2,770.6	28.4%	\$2,864.3	28.4%
	State Campaign Fund	\$0.7	0.0%	\$0.8	0.0%	\$0.8	0.0%
	TOTAL	\$9,368.9		\$9,757.0		\$10,102.5	

GENERAL FUND/ GENERAL PURPOSE	Receives income tax revenue not dedicated for other purposes.
SCHOOL AID FUND	Receives approximately 23.8% of gross collections.
STATE CAMPAIGN FUND	Taxpayers can choose to dedicate \$3.00 of income tax paid to this fund. Funds are distributed to all candidates for Governor who meet certain requirements.

STATE OF MICHIGAN INDIVIDUAL INCOME TAX REVENUE DISTRIBUTION ESTIMATED FY 2017-18

TOTAL RESOURCES: \$10,102.5 MILLION





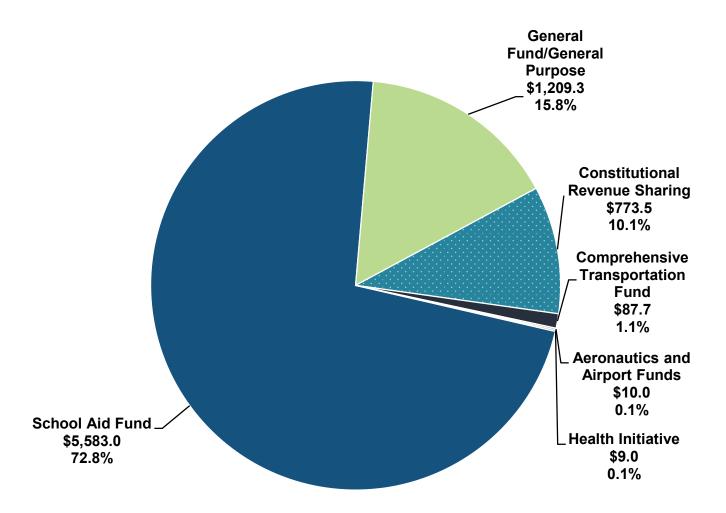
Sales Tax Revenue Distribution

		Final FY 2015-16	% of <u>Total</u>	Estimated FY 2016-17	% of <u>Total</u>	Estimated FY 2017-18	% of <u>Total</u>
SALES TAX	School Aid Fund	\$5,308.8	72.8%	\$5,446.5	72.8%	\$5,583.0	72.8%
REVENUE	General Fund/General Purpose	\$1,143.3	15.7%	\$1,178.9	15.7%	\$1,209.3	15.8%
DISTRIBUTION	Constitutional Revenue Sharing	\$750.0	10.3%	\$756.3	10.1%	\$773.5	10.1%
FY 2015-16 through	Comprehensive Transportation Fund	\$84.5	1.2%	\$86.3	1.2%	\$87.7	1.1%
FY 2017-18	Aeronautics and Airport Funds	\$0.0	0.0%	\$8.2	0.1%	\$10.0	0.1%
	Health Initiative	\$9.0	0.1%	\$9.0	0.1%	\$9.0	0.1%
(MILLIONS OF DOLLARS)	TOTAL	\$7,295.6		\$7,485.2		\$7,672.5	

SCHOOL AID FUND	Receives 60% of sales tax collections levied at a rate of 4% and 100% of sales tax collections levied at a rate of 2%.
GENERAL FUND/ GENERAL PURPOSE	Receives sales tax revenue not dedicated for other purposes.
CONSTITUTIONAL REVENUE SHARING	The State Constitution provides that 15% of collections from the 4% sales tax be distributed to local government units through revenue sharing payments.
COMPREHENSIVE TRANSPORTATION FUND	Receives approximately 1.0% of sales tax revenue. Revenue is used to plan and develop public transportation systems and finance bus and rail services.
AERONAUTICS AND AIRPORT FUNDS	Beginning on October 1, 2016, 2% of sales tax revenue collected from aviation fuel is dedicated for aviation purposes. 35% accrues to the State Aeronautics Fund with the remaining 65% earmarked to the Qualified Airport Fund.
HEALTH INITIATIVE	Annual appropriation for AIDS and workplace health programs.

STATE OF MICHIGAN SALES TAX REVENUE DISTRIBUTION ESTIMATED FY 2017-18

TOTAL RESOURCES: \$7,672.5 MILLION





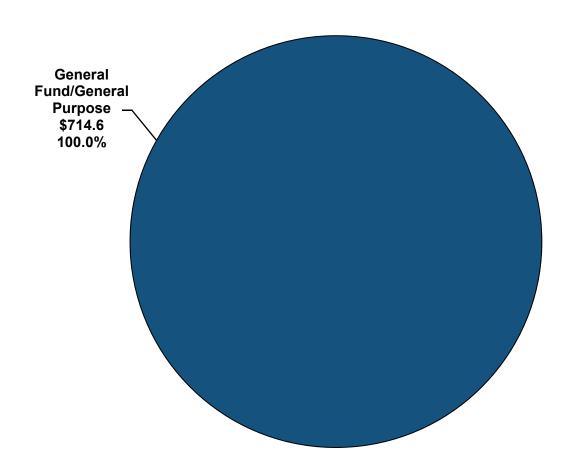
Net Business Tax Revenue Distribution

1		Final FY 2015-16	% of <u>Total</u>	Estimated FY 2016-17	% of <u>Total</u>	Estimated FY 2017-18	% of <u>Total</u>
NET BUSINESS	BUSINESS TAX REVENUE						
TAX	Corporate Income Tax	\$930.4	248.4%	\$946.5	140.4%	\$975.8	136.6%
REVENUE DISTRIBUTION	Insurance Company Taxes	\$329.2	87.9%	\$405.6	60.2%	\$419.4	58.7%
	Single Business Tax	-\$6.2	-1.7%	-\$5.0	-0.7%	\$0.0	0.0%
FY 2015-16 through	Michigan Business Tax	-\$878.9	-234.7%	-\$672.8	-99.8%	-\$680.6	-95.2%
FY 2017-18	NET REVENUE	\$374.5		\$674.3		\$714.6	
(MILLIONS OF DOLLARS)	BUSINESS TAX DISTRIBUTIO	N					
	General Fund/General Purpose	\$374.5	100.0%	\$674.3	100.0%	\$714.6	100.0%
	TOTAL	\$374.5		\$674.3		\$714.6	

CORPORATE INCOME TAX	Taxes corporate income at a 6% rate. Applies only to C corporations.
INSURANCE COMPANY TAXES	The Insurance Company Premiums Tax is a 1.25% levy against gross premiums of in-state insurance companies. The Foreign Insurance Company Retaliatory Tax is a 1.25% levy against gross premiums of out-of-state insurance companies.
SINGLE BUSINESS TAX	Replaced by the MBT in 2008; a small number of taxpayers still remit SBT revenue or receive refunds from prior returns.
MICHIGAN BUSINESS TAX	The MBT consists of a 4.95% tax on business income and a 0.8% tax on apportioned gross receipts less purchases from other firms. Effective January 1, 2012, the MBT was replaced by the Corporate Income Tax, although taxpayers claiming existing certificated MEGA credits still file under the MBT.
GENERAL FUND/ GENERAL PURPOSE	Receives all single business tax, Michigan business tax, and corporate income tax revenue.

STATE OF MICHIGAN NET BUSINESS TAX REVENUE DISTRIBUTION ESTIMATED FY 2017-18

TOTAL RESOURCES: \$714.6 MILLION





Tobacco Tax Revenue Distribution

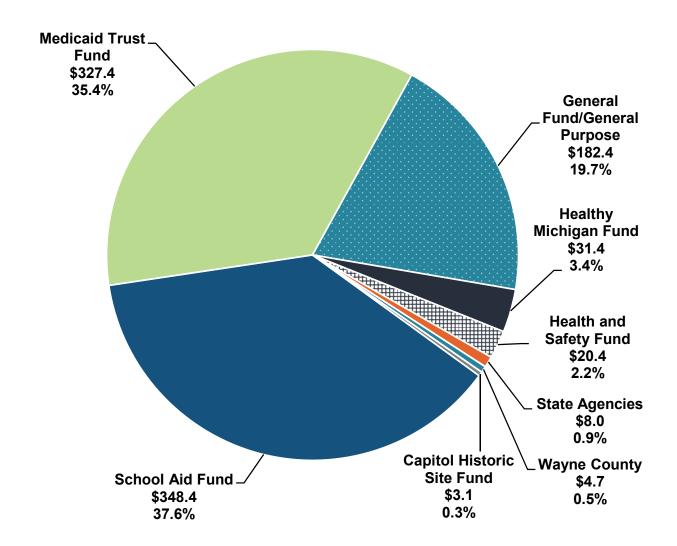
	•	Final FY 2015-16	% of <u>Total</u>	Estimated FY 2016-17	% of <u>Total</u>	Estimated FY 2017-18	% of <u>Total</u>
TOBACCO	School Aid Fund	\$358.4	37.9%	\$353.0	37.8%	\$348.4	37.6%
TAX	Medicaid Trust Fund	\$332.1	35.1%	\$329.1	35.2%	\$327.4	35.4%
REVENUE DISTRIBUTION	General Fund/General Purpose	\$186.3	19.7%	\$184.0	19.7%	\$182.4	19.7%
	Healthy Michigan Fund	\$32.3	3.4%	\$31.8	3.4%	\$31.4	3.4%
FY 2015-16 through	Health and Safety Fund	\$25.2	2.7%	\$20.7	2.2%	\$20.4	2.2%
FY 2017-18	State Agencies	\$4.5	0.5%	\$8.0	0.9%	\$8.0	0.9%
(MILLIONS OF DOLLARS)	Wayne County	\$4.8	0.5%	\$4.7	0.5%	\$4.7	0.5%
	Capitol Historic Site Fund	\$3.0	0.3%	\$3.1	0.3%	\$3.1	0.3%
	TOTAL	\$946.7		\$934.4		\$925.8	

SCHOOL AID FUND	Receives approximately 41.2% of cigarette tax proceeds.
MEDICAID TRUST FUND	Receives approximately 31.5% of the cigarette tax revenue and 75.0% of the other tobacco products tax revenue.
GENERAL FUND/ GENERAL PURPOSE	Receives approximately 19.2% of the cigarette tax revenue and 25.0% of the other tobacco products tax revenue.
HEALTHY MICHIGAN FUND	Administered by the state for various health prevention programs. Receives 3.7% of the cigarette tax revenue.
HEALTH AND SAFETY FUND	Provides support for Medicaid indigent payments to Detroit hospitals, certain debt obligations for Wayne County, and local public health and criminal justice at the county level. Receives about 2.9% of the cigarette tax.
STATE AGENCIES	Appropriations of tobacco tax revenue may be made to the Department of Treasury, the Attorney General, and the Department of State Police for enforcement and administration of tobacco taxes.
WAYNE COUNTY	Approximately 0.6% of cigarette tax revenue is earmarked for indigent health care.
CAPITOL HISTORIC SITE FUND	Beginning October 1, 2015, from the portion of cigarette tax revenue accruing to the General Fund, \$3.0 million is earmarked to provide for restoration, renewal, and maintenance of the Capitol building. The amount is to be adjusted for inflation in subsequent years.

STATE OF MICHIGAN TOBACCO TAX REVENUE DISTRIBUTION ESTIMATED FY 2017-18

TOTAL RESOURCES: \$925.8 MILLION

(Chart dollars in millions)





Use Tax Revenue Distribution

FY 2015-16 through FY 2017-18

March 2017

			Final FY 2015-16	% of Total	Estimated FY 2016-17	% of Total	Estimated FY 2017-18	% of <u>Total</u>
USE TAX REVENUE	General Fund/General Purpose School Aid Fund		\$931.7 \$490.0	65.5%	\$668.7 \$524.9	56.0%	\$583.7 \$560.9	51.0%
DISTRIBUTION		TOTAL	\$1,421.8		\$1,193.6		\$1,144.6	
FY 2015-16 through FY 2017-18								
(MILLIONS OF DOLLARS)								

Note: Percentages may not add to 100% due to rounding.

GENERAL	FUND/
GENERAL	PURPOSE

Receives use tax revenue from the 4% rate not levied by the Local Community Stabilization Authority (see note below).

SCHOOL AID FUND

Receives one-third of the full 6% use tax revenue.

LOCAL COMMUNITY STABILIZATION AUTHORITY

The Local Community Stabilization Authority was created in 2014 PA 86 for the purpose of levying a portion of the use tax and using the proceeds to distribute to municipalities to replace revenue lost as a result of the small parcel exemption and eliminating exempt manufacturing personal property. 2014 PA 80 allows the authority to levy the following amounts out of the revenue generated by the first 4% of the use tax:

FY 2015-16	\$96.4 million
FY 2016-17	\$380.9 million
FY 2017-18	\$410.8 million
FY 2018-19	\$438.0 million
FY 2019-20	\$466.2 million
FY 2020-21	\$491.8 million
FY 2021-22	\$521.6 million
FY 2022-23	\$548.3 million
FY 2023-24	\$562.0 million
FY 2024-25	\$570.1 million
FY 2025-26	\$571.7 million
FY 2026-27	\$572.5 million
FY 2027-28	\$572.9 million

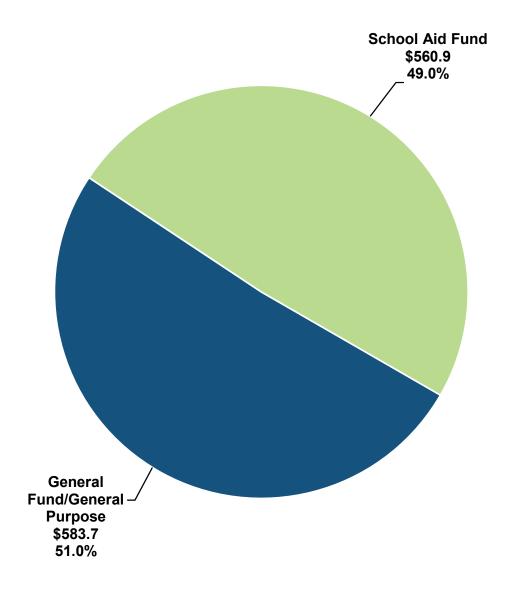
Amounts will be adjusted as necessary in subsequent years.

These amounts are not included in the state revenue figures above.

STATE OF MICHIGAN USE TAX REVENUE DISTRIBUTION ESTIMATED FY 2017-18

TOTAL RESOURCES: \$1,144.6 MILLION

(Chart dollars in millions)





STATE AND LOCAL TAX INFORMATION

BUSINESS PRIVILEGE TAXES

ACCOMMODATIONS (HOTEL/MOTEL) TAX

\$24,946,151

ENACTED: 1974 PA 263, 1985 PA 106

BASE: Amount charged transient guests for lodging in a hotel/motel, depending on county and city

populations and hotel/motel capacity

RATE: Variable; up to 6% of amount transient guests pay for lodging

DISPOSITION: General Fund Restricted and Convention Facilities Development Fund

AIRPORT PARKING EXCISE TAX

\$27,566,997

ENACTED: 1987 PA 248

BASE: Amount charged for parking

RATE: 27% of amount charged for public parking at a "regional" airport

DISPOSITION: Airport Parking Fund

CASINO WAGERING TAX

State portion \$112,868,328

ENACTED: Voter-initiated law of 1996

BASE: Adjusted gross receipts received by gaming licensee **RATE:** 19% of adjusted gross receipts for permanent casinos

NOTE: In addition to the casino wagering tax, each casino annually pays \$8.33 million (indexed to inflation) to the State Services Fee Fund. The City of Detroit also levies a municipal services fee,

which is the greater of 1.25% of adjusted gross receipts or \$4.0 million per casino.

DISPOSITION: State portion—42.6%; 100% School Aid Fund

City of Detroit portion—57.4%

CORPORATE INCOME TAX

\$930,363,130

ENACTED: 2011 PA 38 **BASE:** Business income

RATE: 6.0%

DISPOSITION: General Fund/General Purpose

CORPORATE ORGANIZATION TAX

\$23,574,873

ENACTED: 1972 PA 284

BASE: Domestic—authorized capital stock; Foreign—capital stock attributable to Michigan **RATE:** Domestic—\$50 for first 60,000 shares, plus \$30 for each additional 20,000 shares;

Foreign—\$50 for shares attributable to Michigan, plus \$30 for each additional 20,000 shares

DISPOSITION: General Fund Restricted

FOREIGN INSURANCE COMPANY RETALIATORY TAX

\$315,289,538

ENACTED: 1956 PA 218; 2011 PA 38

BASE: Gross premiums of out-of-state insurance companies

RATE: Effective rate of 1.25%; Foreign insurance at single business tax equivalent or amount equal to foreign

imposed costs, whichever is higher.

DISPOSITION: General Fund/General Purpose

INSURANCE COMPANY PREMIUMS TAX

\$13,946,155

ENACTED: 1956 PA 218; 2011 PA 38

BASE: Gross premiums of in-state insurance companies

RATE: Effective rate of 1.25%

DISPOSITION: General Fund/General Purpose

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BUSINESS PRIVILEGE TAXES

MICHIGAN BUSINESS TAX -\$878,893,446

ENACTED: 2007 PA 36

BASE: Business income and gross receipts less purchases from other firms

RATE: 4.95% on business income and 0.80% on gross receipts less purchases from other firms

DISPOSITION: General Fund/General Purpose

OIL AND GAS SEVERANCE TAX \$18,928,806

ENACTED: 1929 PA 48

BASE: Gross cash market value of oil and gas severed

RATE: Oil at 6.6%; Gas at 5%; Stripper wells and/or marginal properties at 4%

DISPOSITION: General Fund/General Purpose

SIMULCAST WAGERING TAX \$3,802,591

ENACTED: 1995 PA 279

BASE: Amounts wagered on interstate and inter-track simulcast horse races

RATE: 3.5%

DISPOSITION: Agriculture Equine Industry Development Fund

UNEMPLOYMENT INSURANCE CONTRIBUTIONS

\$1,289,633,000

ENACTED: 1936 PA 1 (Extra Session)

BASE: Wages paid per covered employee up to \$9,000 limit, or wages equal to federal unemployment tax

base—whichever is higher

RATE: Variable

DISPOSITION: Bureau of Worker's and Unemployment Compensation

INCOME TAXES

FY 2015-16 Final Collections

| Gross = \$11,241,897,564 | INDIVIDUAL INCOME TAX | Net of Refunds = \$9,368,933,616

ENACTED: 1967 PA 281

BASE: Federal adjusted gross income of individuals, estates, and trusts, with adjustments

RATE: 4.25%

DISPOSITION: General Fund/General Purpose 23.8% of gross revenue to schools

UNIFORM CITY INCOME TAX

\$499,972,041*

ENACTED: 1964 PA 284

BASE: Income of city residents and income earned in city

RATE: Maximum 1% of income for residents and corporations; Maximum 0.5% income for non-residents

(exceptions: 2.5% resident; 1.25% non-resident in Detroit; 1.0% on corporations; Highland Park,

Grand Rapids, and Saginaw may levy 2.0% resident, 1.0% non-resident)

DISPOSITION: General Fund of city

*FY 2014-15 collections

CONSUMPTION TAXES

BEER TAX \$38,842,268

ENACTED: 1998 PA 58

BASE: Beer manufactured or sold in Michigan

RATE: \$6.30 per barrel (\$2 per barrel credit for small brewers)

DISPOSITION: General Fund/General Purpose

LIQUOR TAX \$104,660,792

ENACTED: 1998 PA 58

BASE: Base price of spirits

RATE: 12%

DISPOSITION: 4% specific—General Fund/General Purpose; 4% excise—School Aid Fund; 4% specific—Convention

Facility Development Fund

SALES TAX \$7,295,607,089

ENACTED: 1933 PA 167

BASE: Gross proceeds from retail sale of tangible personal property for use or consumption

RATE: 6%: 4% for electricity, natural gas, and home heating fuel

DISPOSITION: About 10% Constitutional revenue sharing; 72.7% School Aid Fund; 1.0% Comprehensive

Transportation Fund; Remainder to General Fund/General Purpose

TOBACCO PRODUCTS TAXES

\$946,651,442

ENACTED: 1993 PA 327

BASE: Tobacco products sold in Michigan

RATE: Cigarettes at \$2.00 per pack; Other at 32% of wholesale price

DISPOSITION: From cigarettes—41.5% School Aid Fund, 19.2% General Fund/General Purpose, 3.7% Healthy

Michigan Fund, 2.8% Health and Safety Fund, 31.4% Medicaid Trust Fund, 0.6% Wayne County; From other—75% Medicaid Trust Fund, 25% General Fund/General Purpose

UNIFORM CITY UTILITY USERS TAX

\$37,939,463*

ENACTED: 1990 PA 100

BASE: Privilege of consuming public telephone, electric, steam, or gas service in Detroit

RATE: Between 1/4 of 1% and 5% **DISPOSITION:** To hire police officers

*FY 2014-15 collections

USE TAX \$1,421,770,710

ENACTED: 1937 PA 94

BASE: Purchase price of tangible personal property and certain services

RATE: 6%; 4% for electricity, natural gas, and home heating fuel

DISPOSITION: 33.3% School Aid Fund; the remainder, less any amount levied by the Local Community Stabilization

Authority, accrues to the General Fund

WINE TAX \$12,950,455

ENACTED: 1998 PA 58

BASE: Wine sold in Michigan

RATE: Per liter—\$0.135 if ≤16% alcohol; \$0.20 if >16% alcohol; mixed spirit drinks \$0.48

DISPOSITION: General Fund/General Purpose

PROPERTY TAXES

COMMERCIAL FOREST TAX \$3,570,205

ENACTED: 1995 PA 57

BASE: Lands placed in commercial forest reserve and cash value of timber thereon

RATE: Specific—\$1.10 per acre (\$1.20 per acre to local units); Withdrawal—\$1.00 per acre fee plus per acre

penalty based on ad valorem taxes (varies)

DISPOSITION: To local units in same proportion as general property tax; school portion to School Aid Fund

COUNTY REAL ESTATE TRANSFER TAX

\$42,432,712

ENACTED: 1966 PA 134

BASE: Fair market value of property transferred

RATE: \$0.55 per \$500 (0.11%); Wayne County may impose a higher rate with voter approval

DISPOSITION: General Fund of county in which tax is collected

INDUSTRIAL FACILITIES TAX

\$32,539,502

ENACTED: 1974 PA 198

BASE: Restored/replacement facility—taxable value, excluding land and inventory in year prior to exemption;

New facility—current taxable value, excluding land and inventory

RATE: Restored facility—same as local property tax; New or replacement facility—50% of all taxes other than

the state education tax plus 100% of the state education tax

DISPOSITION: To local units in same proportion as general property tax; school portion to School Aid Fund

LOW GRADE IRON ORE SPECIFIC TAX

\$7,655,618

ENACTED: 1951 PA 77

BASE: Rated annual capacity of production and treatment plant, and gross ton value of ore

RATE: 1.1% at full production

DISPOSITION: To local units in same proportion as general property tax; school portion to School Aid Fund

MOBILE HOME TRAILER COACH TAX

\$2,107,171

ENACTED: 1959 PA 243

BASE: Occupied trailer coaches in licensed trailer coach parks

RATE: \$3 per month per coach

DISPOSITION: School Aid Fund—\$2 per coach; Counties and municipalities—\$0.50 per coach

Included in industrial facilities

NEIGHBORHOOD ENTERPRISE ZONE FACILITIES

ENACTED: 1992 PA 147

BASE: Rehabilitated facility—state equalized value in prior year of exemption, excluding land;

New facility—state equalized value, excluding land

RATE: Homesteads—50% of average rate of other homestead or qualified agricultural property;

Non-homesteads—50% of average rate of other commercial, industrial, and utility property

DISPOSITION: To local units in same proportion as general property tax; school portion to School Aid Fund

STATE EDUCATION TAX

\$1,897,291,838

ENACTED: 1993 PA 331

BASE: Taxable value of all real and personal property (increase capped at the lesser of 5% or inflation)

RATE: 6 mills

DISPOSITION: School Aid Fund

PROPERTY TAXES

STATE ESSENTIAL SERVICES ASSESSMENT

\$67,640,663

ENACTED: 2014 PA 92

BASE: Personal property eligible for an exemption under 2014 PA 87 as exempt manufacturing personal

property

RATE: Between 0.9 mills and 2.4 mills, depending on the age of the property

DISPOSITION: General Fund/General Purpose

STATE REAL ESTATE TRANSFER TAX

\$289,313,947

ENACTED: 1993 PA 330

BASE: Fair market value of property transferred

RATE: \$3.75 per \$500 (0.75%) or fraction thereof of total value

DISPOSITION: School Aid Fund

Included in TECHNOLOGY PARK FACILITIES TAX industrial facilities

ENACTED: 1984 PA 385

BASE: SEV of facility, excluding land

RATE: New facility—50% of 1993 school operating taxes, plus 50% of other property taxes, except state

education tax

DISPOSITION: To local units in same proportion as general property tax; school portion to School Aid Fund

UTILITY PROPERTY TAX \$34,733,667

ENACTED: 1905 PA 282

BASE: Taxable value of all property of telephone, telegraph, railroad, car loaning, sleeping car, and express

car companies (certain exemptions for railroads)

RATE: Average statewide general property tax paid by other business property in preceding calendar year

DISPOSITION: General Fund/General Purpose

TRANSPORTATION TAXES

AIRCRAFT WEIGHT TAX \$281,019

ENACTED: 1945 PA 327

BASE: The greater of maximum gross weight or maximum takeoff weight

RATE: \$0.01 per pound **DISPOSITION:** Aeronautics Fund

AVIATION GASOLINE TAX \$6,133,158

ENACTED: 1945 PA 327

BASE: Fuel sold or used for propelling aircraft

RATE: \$0.03 per gallon; \$0.015 per gallon refund to interstate airline operators

DISPOSITION: Aeronautics Fund

<u>DIESEL FUEL TAX</u> \$118,721,792

ENACTED: 1951 PA 54

BASE: Diesel fuel sold or used in vehicles operated on public highways (certain exemptions apply)

RATE: \$0.263 per gallon

DISPOSITION: Michigan Transportation Fund

GASOLINE TAX \$872,968,895

ENACTED: 1927 PA 150

BASE: Gasoline sold or used in operating vehicles on public highways

RATE: \$0.263 per gallon

DISPOSITION: Michigan Transportation Fund

LIQUEFIED PETROLEUM GAS TAX \$401,498

ENACTED: 1953 PA 147

BASE: Liquefied petroleum gas sold or used in operating vehicles on public highways

RATE: \$0.15 per gallon

DISPOSITION: Michigan Transportation Fund

MARINE VESSEL FUEL TAX \$152,718

ENACTED: 1995 PA 58

BASE: Gas and diesel fuel sold for propelling watercraft, off-road vehicles, and snowmobiles

RATE: \$0.19 per gallon with refund for certain vessels

DISPOSITION: Recreation Improvement Fund

MOTOR CARRIER FUEL TAX \$18,860,444

ENACTED: 1980 PA 119

BASE: Motor fuel consumed in commercial motor vehicles while operating on public highways

RATE: \$0.15 per gallon for fuel consumed in Michigan

DISPOSITION: Michigan Transportation Fund

TRANSPORTATION TAXES

MOTOR VEHICLE REGISTRATION TAX

\$1,021,813,084

ENACTED: 1949 PA 300

BASE: Weight of vehicle, or type or price of vehicle; maximum loaded weight for large trucks

RATE: Varies

DISPOSITION: Michigan Transportation Fund and Scrap Tire Regulation Fund

WATERCRAFT REGISTRATION TAX

\$9,864,985

ENACTED: 1995 PA 58

BASE: Length of boat (certain exemptions apply)

RATE: \$14 to \$448 (depending on length of boat); three-year registration period

DISPOSITION: 17.5% State Waterways Fund; 33.5% Harbor Development Fund; 49% Marine Safety Fund



STATE REVENUE DEDICATION

FY 2015-16 STATE REVENUE DEDICATION

BUSINESS PRIVILEGE TAXES

SIMULCAST WAGERING

AIRPORT PARKING EXCISE

100% Agriculture Equine Industry
Development Fund

Authority
Statute

<u>Disposition</u> 100% Airport Parking Fund **Authority**Constitution and Statute

CASINO WAGERING

<u>Disposition</u> 100% School Aid Fund

Disposition

<u>Authority</u> Statute

INCOME TAX AND LOTTERY PROCEEDS

GROSS INCOME TAX COLLECTIONS

NET LOTTERY PROCEEDS

<u>Disposition</u> 23.8% School Aid Fund <u>Authority</u> Statute <u>Disposition</u> 100% School Aid Fund <u>Authority</u>

Statute

CONSUMPTION TAXES

LIQUOR EXCISE	(at 4% Rate)
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Disposition

<u>Authority</u>

100% School Aid Fund

Authority
Statute

Not more than 25% for transportation purposes

Constitution

*Imposed directly or indirectly on fuels sold to propel motor vehicles on highways, sale of motor vehicles, and sale of the parts and accessories of motor vehicles

GENERAL SALES*

LIQUOR SPECIFIC (at 4% Rate)

SALES (at 2% Rate)

Disposition

Disposition

100% Convention Facility Development Fund Authority
Statute

<u>Disposition</u> 100% School Aid Fund <u>Authority</u> Constitution

SALES (at 4% Rate)

Disposition

March 2017

60% School Aid Fund 15% Revenue sharing to cities, villages, and townships on a population basis **Authority**

Constitution

REVENUE SOURCE AND DISTRIBUTION
House Fiscal Agency

FY 2015-16 STATE REVENUE DEDICATION

CONSUMPTION TAXES

TOBACCO PRODUCTS (Cigarette)		SALES (amount equal to sales at 4% Rate)		
Disposition 41.5% School Aid Fund 31.4% Medicaid Trust Fund 19.2% General Fund/General Purpose 3.7% Healthy Michigan Fund 2.8% Health and Safety Fund 0.6% Wayne County	Authority Constitution and Statute	<u>Disposition</u> 21.3% Revenue sharing to counties, cities, villages, and townships	Authority Statute subject to appropriation	
TOBACCO PRODUCTS (other the	an Cigarette)	USE (at 2% Rate)		
Disposition 75% Medicaid Trust Fund 25% General Fund/General Purpose	Authority Constitution and Statute	Disposition 100% School Aid Fund	Authority Constitution	
	PROPER	RTY TAXES		
COMMERCIAL FORES	ST	PRIVATE FOREST		
<u>Disposition</u> School district share to School Aid Fund	<u>Authority</u> Statute	<u>Disposition</u> School district share to School Aid Fund	<u>Authority</u> Statute	
INDUSTRIAL FACILITIE	ES	STATE EDUCATION (SET)		
Disposition School district share to School Aid Fund	<u>Authority</u> Statute	Disposition 100% School Aid Fund	<u>Authority</u> Statute	
LOW GRADE IRON ORE SP	ECIFIC	STATE ESSENTIAL SERVICES A	SSESSMENT	
Disposition School district share to School Aid Fund	Authority Statute	<u>Disposition</u> 100% General Fund/General Purpose	<u>Authority</u> Statute	
MOBILE HOME TRAILER C	OACH	STATE REAL ESTATE TRA	NSFER	
Disposition 67% School Aid Fund	<u>Authority</u> Statute	Disposition 100% School Aid Fund	<u>Authority</u> Statute	
NEIGHBORHOOD ENTERPRISE ZONE FAC		TECHNOLOGY PARK FACI	LITIES	
<u>Disposition</u>	<u>Authority</u>	<u>Disposition</u>	<u>Authority</u>	

School district share to School Aid

Fund

Fund

School district share to School Aid

Statute

Statute

FY 2015-16 STATE REVENUE DEDICATION

TRANSPORTATION TAXES

AIRCRAFT WEIGHT		MARINE VESSEL FUEL		
<u>Disposition</u>	<u>Authority</u>	<u>Disposition</u>	<u>Authority</u>	
100% Aeronautics Fund	Statute	Recreation Improvement Fund	Statute	
AVIATION GASOLINE		MOTOR FUEL SPECIFIC		
<u>Disposition</u>	<u>Authority</u>	<u>Disposition</u>	<u>Authority</u>	
100% Aeronautics Fund	Statute	Transportation purposes	Constitution	
DIESEL FUEL		MOTOR CARRIER FUEL		
<u>Disposition</u>	<u>Authority</u>	<u>Disposition</u>	<u>Authority</u>	
100% Michigan Transportation Fund	Statute	100% Michigan Transportation Fund	Statute	
GASOLINE		MOTOR VEHICLE REGISTRATION		
<u>Disposition</u>	<u>Authority</u>	<u>Disposition</u>	<u>Authority</u>	
100% Michigan Transportation Fund	Statute	100% Michigan Transportation Fund Certain fees to Scrap Tire Regulation Fund	Statute	
LIQUEFIED PETROLEUM GAS		WATERCRAFT REGISTRATION		
<u>Disposition</u>	<u>Authority</u>	<u>Disposition</u>	<u>Authority</u>	
100% Michigan Transportation Fund	Statute	17.5% State Waterways Fund 33.5% Harbor Development Fund 49% Marine Safety Fund	Statute	

Note: Revenue not constitutionally or statutorily earmarked (dedicated) is General Fund/General Purpose.



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Community Colleges	Perry Zielak
Corrections	Robin R. Risko
Education (Department)	Samuel Christensen
Environmental Quality	Austin Scott
General Government:	
Attorney General/Civil Rights/State (Department)/	
Technology, Management, and Budget	Michael Cnossen
Executive Office/Legislature/Legislative Auditor General/Lottery/	
Michigan Strategic Fund/Talent and Economic Development/Treas	uryBenjamin Gielczyk
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Human Services	Viola Bay Wild
Medicaid/Physical and Behavioral Health	Kevin Koorstra
Public Health/Aging/Departmentwide Administration	Susan Frey
Higher Education	Perry Zielak
Insurance and Financial Services	Marcus Coffin
Judiciary	Robin R. Risko
Licensing and Regulatory Affairs	Marcus Coffin
Military and Veterans Affairs	Kent Dell
Natural Resources	Austin Scott
Natural Resources Trust Fund	Benjamin Gielczyk; Austin Scott
School Aid	. Bethany Wicksall; Samuel Christensen
State Police	Kent Dell
Transportation	
Unemployment Insurance	Marcus Coffin
Economic/Revenue Forecasting	
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Louislativo Aughusia	Olavia Oswala
Legislative Analysis	
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