



MONTHLY REVENUE REPORT

AUGUST 2019

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.3 billion in August 2019, a 0.1% decrease from August 2018, but \$106.1 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2019. Most revenue sources were near their forecasted values for the month, but above-forecast collections from the State Education Tax (SET), the Corporate Income Tax (CIT), and the Lottery combined with less-than-forecasted Michigan Business Tax (MBT) refunds to push total collections above the predicted level.

Collections earmarked to the General Fund were \$49.5 million above the expected level for August 2019, and School Aid Fund tax collections were \$56.8 million above the forecasted level. The \$200,000 in less-than-expected collections was directed to other funds, most notably the Medicaid Benefits Trust Fund. Through August 2019, fiscal year-to-date General Fund collections were \$179.2 million above, and School Aid fund collections \$36.2 million above, the level expected based on the May 2019 consensus revenue estimates.

Net income tax revenue totaled \$754.7 million in August 2019, a 2.0% decline from August 2018. Withholding payments (which represented the majority of gross income tax revenue) were 5.0% above the year-ago level, but \$8.7 million below the predicted level. Much of the year-over-year decline in net income tax revenue reflected the Federal reimbursement for the Home Heating Credit that was received in August 2018. As a result of the reimbursement, individual income tax refunds for the month were a positive \$10.7 million last year, representing a net gain in revenue, rather than the more typical negative \$44.0 million this year (compared to a predicted negative \$42.1 million). Fiscal year-to-date net individual income tax collections in August 2019 were up 0.8% from August 2018 and \$97.5 million above forecast.

Sales tax receipts totaled \$756.2 million in August 2019, up 2.8% from August 2018 and \$6.7 million above the forecast for the month. In contrast, use tax collections in August 2019 were 3.2% below the August 2018 level, but \$4.62 million above the forecasted level. The Secretary of State's sales tax collections on motor vehicle sales were up 1.3% from the August 2018 level, the first time since May 2018 that sales tax collections on motor vehicles have exhibited two consecutive months of year-over-year gains.

Combined business tax collections from the Single Business Tax, MBT, and CIT totaled \$54.3 million in August 2019, \$51.7 million above the expected level. Reflecting the volatile nature of corporate income taxes, August 2019 CIT collections were 14.2% above the August 2018 level and \$34.4 million above the forecasted level. Michigan Business Tax collections were \$15.1 million above forecast due to less-than-expected refunds. Most taxpayers who still file the MBT do so to collect refundable tax credits. When these refunds are processed significantly affects the accuracy of monthly MBT estimates.

State Education Tax collections in August 2019 were 3.5% below the August 2018 level, but \$39.5 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.

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 2019. Also presented are the revised consensus revenue estimates for fiscal year 2018-19 which were adopted at the May 2019 Consensus Revenue Estimating Conference.



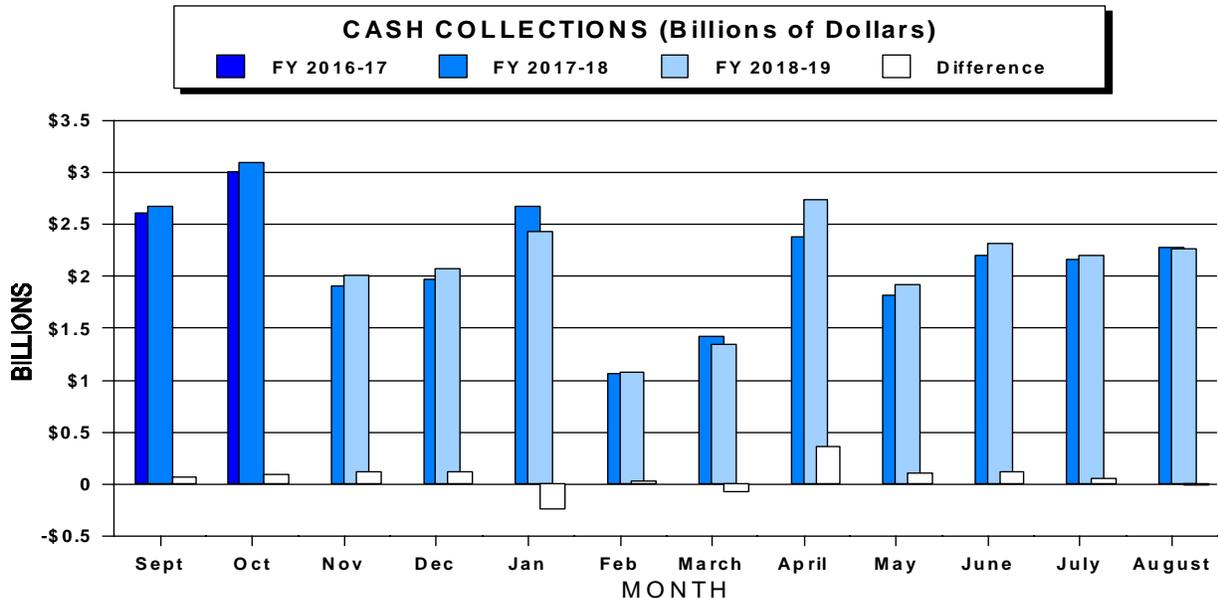
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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	August Collections		FY 2018-19 to Date ²		FY 2018-19 CREC Estimate ^{3,4)}	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total	% Change From FY 2017-18
Gross Individual Income Tax	\$798.7	5.1%	\$10,476.5	2.8%	\$12,462.5	2.5%
Refunds	(44.0)	(511.5)	(2,028.6)	12.1	(\$2,184.2)	9.4
Net Income Tax	754.7	(2.0)	8,447.9	0.8	\$10,278.3	1.2
Sales Tax	756.2	2.8	6,768.5	2.3	8,298.7	2.7
Motor Vehicles	97.7	1.3	844.7	(1.1)	---	---
All Other Sales Tax	658.5	3.1	5,923.8	2.8	---	---
Use Tax ⁵⁾	162.2	(3.2)	1,517.1	(0.9)	1,790.0	(2.9)
Tobacco Taxes	82.7	(8.2)	731.7	(3.1)	905.1	(1.4)
Corporate Income Tax	58.2	14.2	980.2	31.2	1,186.4	16.3
Michigan Business Tax	(6.3)	---	(536.2)	---	(607.7)	(6.0)
Insurance Tax	5.9	8.3	278.1	(7.6)	376.5	(4.2)
Essential Services Assessment	88.3	15.0	110.1	---	107.0	7.8
State Education Property Tax	197.7	(3.5)	607.5	9.0	2,099.6	5.6
Real Estate Transfer Tax	36.2	6.2	279.9	4.2	350.9	0.2
Casino Wagering Tax ⁶⁾	9.7	(0.5)	98.8	1.9	118.3	2.5
Oil & Gas Severance Tax	1.4	(28.8)	19.8	(12.1)	26.0	(0.8)
Other Taxes ⁷⁾	24.2	(38.0)	165.5	(38.5)	257.0	(26.4)
Total Taxes	\$2,171.2	(0.4%)	\$19,468.7	2.4%	\$25,186.1	2.0%
Lottery, Net to School Aid Fund ⁶⁾	96.2	6.9	971.7	12.9	982.0	0.2
Total	\$2,267.4	(0.1%)	\$20,440.5	2.7%	\$26,168.1	1.9%

- Total collections are unadjusted cash collections unless otherwise noted.
- FY 2018-19 year-to-date collections begin with November 2018 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 17, 2019, Consensus Revenue Estimating Conference.
- Includes both the State share and the local share (Local Community Stabilization Authority).
- Lottery and casino revenue is not accrued, so FY 2018-19 collections will include October 2018 to September 2019.
- Other Taxes include beer, wine, liquor, single business tax, industrial facilities, utility property, estate taxes, and tax penalties and interest.

Actual Revenue Collections for Major State Taxes* September 2017 to August 2019



* 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, wine taxes, the essential services assessment, net lottery revenue to the school aid fund, and tax penalties & interest revenue.