



MONTHLY REVENUE REPORT

DECEMBER 2019

Michigan's General Fund and School Aid Fund earmarked major taxes and lottery net revenue totaled \$2.3 billion in December 2019, up 12.8% from December 2018. December 2019 tax collections were approximately \$165.3 million above the Senate Fiscal Agency's (SFA's) estimate for the month, based on the May 2019 consensus revenue estimates, primarily because a higher-than-expected business tax and net individual income tax collections, partially offset by lower-than-expected sales tax collections.

Collections earmarked to the General Fund were \$170.3 million above the expected level for December 2019, and School Aid Fund tax collections were \$900,000 below the forecasted level. The remaining \$4.1 million in below-forecast revenue was directed to other funds, most notably constitutional revenue sharing. On a year-to-date basis, General Fund collections were \$186.8 million higher, and School Aid Fund collections \$39.4 million higher, than the level expected based on the May 2019 consensus revenue estimates.

Net income tax revenue in December 2019 was 6.1% above the December 2018 level. Quarterly payments increased 9.9%, annual payments increased 26.9%, and refunds were down 13.3% from December 2018. Withholding payments (which represented the majority of gross income tax revenue) increased by 4.9%. Overall, net income tax collections were \$61.8 million above the SFA estimate for the month.

Sales tax revenue in December 2019 was up 4.7% from the December 2018 level, but \$24.3 million below the expected level based on the May 2019 consensus estimates. Collections from vehicle sales were 28.7% above the December 2018 level. On a year-to-date basis, sales tax collections were up 4.1% from 2018, but \$46.6 million below the expected level. Use tax collections in December 2019 were 9.8% above the December 2018 level, partially offsetting the 14.1% year-over-year decrease experienced in November 2019. Year-to-date use tax revenue was down 3.3% from 2018 and \$13.3 million below the expected level.

Net business tax revenue from the repealed Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled \$162.4 million, \$135.3 million above the expected level, due to lower-than-expected MBT refunds and above forecast CIT collections. Net MBT collections were \$74.6 million above forecast in December 2019 (because of lower-than-expected refunds) and net CIT collections were up 40.0% from December 2018 and \$58.6 million above the forecasted level. Each year, MBT revenue is dominated by several large refunds. When these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates.

State Education Tax (SET) collections in December 2019 were up 0.4% from the December 2018 level, and real estate transfer tax collections were up 14.7%. Collections from the SET are typically concentrated in August, September, October, and November, and collections over those four months in 2019 were up 5.3% from the same four months in 2018.

The table on the back of this report identifies the major taxes included in this report and provides their respective revenue levels and growth rates for December 2019. Also presented are the consensus revenue estimates for fiscal year 2019-20, which were adopted at the May 2019 Consensus Revenue Estimating Conference. The January 10, 2020, consensus revenue estimates will be used beginning with the January 2020 report.



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	December Collections		FY 2019-20 to Date ²		FY 2019-20 CREC Estimate ^{3,4)}	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total	% Change From FY 2018-19
Gross Individual Income Tax	\$1,061.1	5.5%	\$1,881.1	6.6%	\$12,634.4	1.4%
Refunds	(26.9)	(13.3)	(62.7)	17.7	(2,232.3)	2.2
Net Income Tax	1,034.1	6.1	1,818.3	6.2	10,402.1	1.2
Sales Tax	729.1	4.7	1,416.2	4.1	8,628.7	4.0
Motor Vehicles	95.2	28.7	175.3	14.6	---	---
All Other Sales Tax	634.0	1.8	1,241.0	2.8	---	---
Use Tax ⁵⁾	141.6	9.8	274.8	(3.3)	1,804.4	0.8
Tobacco Taxes	68.8	(7.2)	145.4	3.2	894.1	-1.2
Corporate Income Tax	203.6	40.0	249.1	35.8	1,136.9	-4.2
Michigan Business Tax	(43.5)	(69.3)	(68.8)	(55.0)	(691.0)	13.7
Insurance Tax	3.1	(9.1)	3.9	71.4	381.8	1.4
Essential Services Assessment	0.1	107.7	0.3	515.6	114.0	6.5
State Education Property Tax	52.9	0.4	359.4	36.2	2,166.9	3.2
Real Estate Transfer Tax	27.5	14.7	66.0	15.7	356.5	1.6
Casino Wagering Tax ⁶⁾	10.4	0.3	20.4	2.8	119.3	0.8
Oil & Gas Severance Tax	1.9	14.1	3.2	(13.6)	28.0	7.7
Other Taxes ⁷⁾	21.3	(10.7)	46.1	24.5	329.3	28.1
Total Taxes	\$2,250.9	12.9%	\$4,334.3	10.8%	\$25,671.0	1.9%
Lottery, Net to School Aid Fund ⁶⁾	87.2	12.5	241.3	(12.7)	990.0	0.8
Total	\$2,338.1	12.8%	\$4,575.6	10.4%	\$26,661.0	1.9%

1) Total collections are unadjusted cash collections unless otherwise noted.
 2) FY 2019-20 year-to-date collections begin with November 2019 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 17, 2019, Consensus Revenue Estimating Conference.
 5) Includes both the State share and the local share (Local Community Stabilization Authority).
 6) Lottery and casino revenue is not accrued, so FY 2019-20 collections will include October 2019 to September 2020.
 7) Other Taxes include beer, wine, liquor, single business tax, industrial facilities, utility property, estate taxes, and tax penalties and interest.

