



# MONTHLY REVENUE REPORT

FEBRUARY 2019

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Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.1 billion in February 2019, a 2.1% increase from the February 2018 level. February 2019 tax collections were approximately \$21.4 million below the level expected in the Senate Fiscal Agency's (SFA's) estimate for the month, based on the consensus revenue estimates adopted in January 2019. Greater-than-expected individual income tax withholding and less-than-expected individual income tax refunds were more than offset by below-forecast sales tax and corporate income tax collections as well as greater than expected Michigan Business Tax (MBT) refunds.

Collections earmarked to the General Fund were \$6.4 million above the expected level for February, while School Aid Fund tax collections were \$25.4 million below the forecasted level. The remaining \$2.4 million in below-forecast collections were directed to other funds, most notably constitutional revenue sharing. Through February, year-to-date General Fund collections were \$115.4 million below, and School Aid Fund collections \$79.0 million below, the level expected based on the January 2019 consensus revenue estimates.

Net income tax revenue totaled \$312.4 million in February 2019, down 9.6% from February 2018, but \$73.3 million above the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 7.1% above the February 2018 level and \$19.7 million above the predicted level for the month. Individual income tax refunds totaled \$522.0 million, up 21.0% from February 2018, but \$54.5 million less than predicted. Refunds generally depend on when taxpayers file their returns, so data from future months' collections will be needed to determine if the refund estimate is too high or if taxpayers are merely filing refund requests later than usual.

February 2019 sales tax receipts increased 1.5% from February 2018 but were \$27.6 million below the forecasted level. Fiscal year-to-date sales tax collections through February 2019 were up 2.2% from the year-ago level but \$58.7 million below the forecasted level. Sales tax collections from motor vehicle sales were down 14.9% from February 2018. Use tax collections in February 2019 were 26.6% below the February 2018 level, but \$9.2 million above the forecasted level. Fiscal year-to-date use tax revenue was up 1.0% from last year, and \$31.7 million above the predicted level.

Combined business tax collections from the Single Business Tax, MBT, and Corporate Income Tax (CIT) were a negative \$171.7 million (a net loss of revenue to the State due to refunds exceeding collections) and \$69.5 million below the SFA's estimate for the month (reflecting a greater loss). Net CIT collections totaled \$15.4 million while net MBT revenue totaled a negative \$185.6 million. Fiscal year-to-date CIT collections were up 24.9% from last year, while fiscal year-to-date MBT collections were 36.4% less negative. Most taxpayers who still file the MBT do so to collect refundable tax credits. When these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates.

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



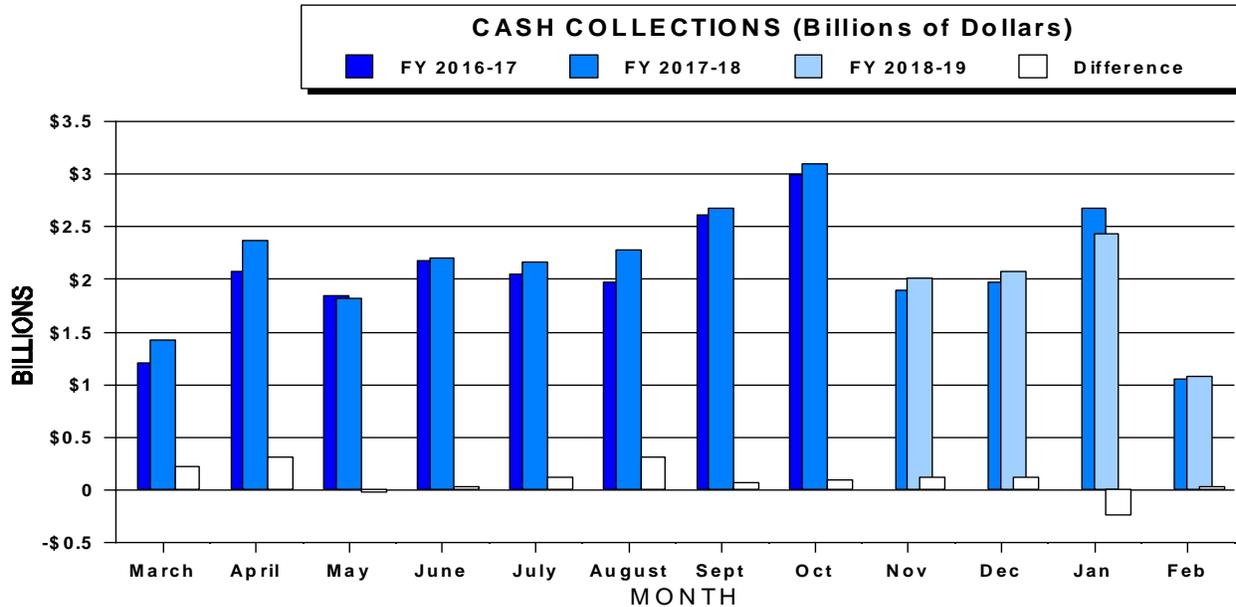
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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	February Collections		FY 2018-19 to Date <sup>2</sup>		FY 2018-19 CREC Estimate <sup>3,4)</sup>	
	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From Year Ago	Total	% Change From FY 2017-18
Gross Individual Income Tax	\$834.4	7.4%	\$3,824.0	(7.1%)	\$12,440.5	2.3%
Refunds	(522.0)	21.0	(599.9)	13.1	(\$2,254.2)	12.9
Net Income Tax	312.4	(9.6)	3,224.1	(10.1)	\$10,186.3	0.2
Sales Tax	560.0	1.5	2,598.7	2.2	8,516.7	5.4
Motor Vehicles	56.9	(14.9)	279.0	(6.7)	---	---
All Other Sales Tax	503.1	3.8	2,319.7	3.4	---	---
Use Tax <sup>5)</sup>	136.8	(26.6)	578.9	1.0	1,700.0	(7.8)
Tobacco Taxes	71.8	0.0	292.3	(1.9)	919.1	(0.1)
Corporate Income Tax	15.4	(52.4)	314.8	24.9	1,081.4	4.6
Michigan Business Tax	(185.6)	(39.8)	(392.9)	(36.4)	(607.7)	(5.3)
Insurance Tax	13.3	11.2	110.3	(0.5)	390.0	(0.8)
Essential Services Assessment	(0.0)	---	(0.0)	---	107.0	7.8
State Education Property Tax	14.4	(25.0)	302.0	18.6	2,085.4	4.9
Real Estate Transfer Tax	28.0	17.2	109.5	4.8	352.9	0.7
Casino Wagering Tax <sup>6)</sup>	9.3	4.1	38.2	4.6	115.0	(0.3)
Oil & Gas Severance Tax	2.9	62.9	8.7	4.7	27.0	3.1
Other Taxes <sup>7)</sup>	20.7	(30.8)	80.0	(27.4)	310.0	(13.4)
<b>Total Taxes</b>	<b>\$999.3</b>	<b>2.5%</b>	<b>\$7,264.6</b>	<b>0.1%</b>	<b>\$25,183.1</b>	<b>1.8%</b>
Lottery, Net to School Aid Fund <sup>6)</sup>	74.5	(2.7)	422.0	7.3	942.0	(3.9)
<b>Total</b>	<b>\$1,073.8</b>	<b>2.1%</b>	<b>\$7,686.7</b>	<b>(0.0%)</b>	<b>\$26,125.1</b>	<b>1.6%</b>

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2018-19 year-to-date collections begin with November 2018 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 January 11, 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 2018-19 collections will include October 2018 to September 2019.
- 7) 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\* March 2017 to February 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.