



MONTHLY REVENUE REPORT

JANUARY 2018

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes and lottery net revenue totaled \$2.7 billion in January 2018, up 10.3% from the January 2017 level. January 2018 tax collections were approximately \$54.4 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2018. Above-forecast collections under the individual income tax and Michigan Business Tax (MBT) more than accounted for the amount by which revenue was above forecast, but were partially offset by less-than-expected sales tax collections and Corporate Income Tax collections.

Collections earmarked to the General Fund were \$70.6 million above the expected level for January 2018, while School Aid Fund tax collections were \$11.8 million below the forecasted level. The remaining \$4.4 million in below-forecast collections was directed to other funds, most notably constitutional revenue sharing. Because the January 2018 consensus estimates revised the forecasted values for the year, the year-to-date deviations from forecast are effectively the same as the deviations for January.

Net income tax revenue totaled slightly more than \$1.4 billion in January 2018, a 13.5% increase from the January 2017 level. Withholding payments (which represented the majority of gross income tax revenue) were 4.2% above the January 2017 level, and exceeded \$1.0 billion for the first time. Quarterly payments grew 47.8% from the January 2017 level, largely reflecting individuals accelerating their quarterly payments as a result of the new Federal tax provisions for tax year 2018 that will limit the deductibility of State and local tax payments, but also reflecting strong capital gains in late 2017.

Sales tax receipts totaled \$684.2 million in January 2018, a 1.6% decrease from January 2017 that represents the first year-over-year decline in sales tax revenue since April 2017. In contrast, sales tax collections from motor vehicle sales were 5.8% above the level in January 2017. Fiscal year-to-date sales tax collections were up 0.3% from fiscal year 2016-17. In contrast, use tax collections were up 22.3% from the January 2017 level, and year-to-date collections were 8.8% above the level in FY 2016-17.

Combined business tax collections from the Single Business Tax, MBT, and Corporate Income Tax (CIT) were \$80.9 million, up 64.9% from January 2017. Net CIT collections were 11.6% above the January 2017 level but \$22.1 million below the monthly estimate. Net revenue from the MBT was a negative \$15.8 million (a net loss of revenue to the State due to refunds exceeding collections), but the loss was \$21.6 million less than expected. Most taxpayers that 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.

In January 2018, real estate transfer tax collections were up 33.6% from January 2017, and year-to-date collections were up 7.3%. Revenue from tobacco taxes was down 5.6% from January 2017, and down 2.5% on a year-to-date basis.

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 January 2018. Also presented are the revised consensus revenue estimates for FY 2017-18, which were adopted at the January 2018 Consensus Revenue Estimating Conference.



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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	January Collections		FY 2017-18 to Date ²		FY 2017-18 CREC Estimate ^{3,4)}	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total	% Change From FY 2016-17
Gross Individual Income Tax	\$1,479.1	14.3%	\$3,340.0	12.6%	\$11,890.1	4.2%
Refunds	(39.4)	52.9	(99.1)	23.7	(\$1,990.1)	1.7
Net Income Tax	1,439.7	13.5	3,240.8	12.3	\$9,900.0	4.7
Sales Tax	684.2	(1.6)	1,991.8	0.3	8,026.9	2.9
Motor Vehicles	79.0	5.8	232.1	4.5	---	---
All Other Sales Tax	605.2	(2.5)	1,759.6	(0.2)	---	---
Use Tax ⁵⁾	145.8	22.3	386.6	8.8	1,517.8	3.4
Tobacco Taxes	72.5	(5.6)	226.1	(2.5)	938.5	(0.8)
Corporate Income Tax	91.3	11.6	219.6	(29.8)	955.2	(13.6)
Michigan Business Tax	(15.8)	(57.8)	(309.1)	120.5	(752.9)	7.6
Insurance Tax	91.3	16.2	98.9	32.6	412.1	11.2
Essential Services Assessment	0.0	---	0.1	---	91.1	8.5
State Education Property Tax	15.8	39.7	235.5	(14.5)	2,027.1	3.2
Real Estate Transfer Tax	23.7	33.6	80.5	7.3	322.6	1.7
Casino Wagering Tax ⁶⁾	9.0	(0.5)	27.6	0.1	113.0	(0.2)
Oil & Gas Severance Tax	2.6	9.4	6.6	10.0	25.0	6.4
Other Taxes ⁷⁾	35.9	48.9	80.2	9.3	298.5	(3.4)
Total Taxes	\$2,596.1	10.6%	\$6,285.2	2.0%	\$23,874.3	2.7%
Lottery, Net to School Aid Fund ⁶⁾	70.5	(0.5)	316.7	6.7	926.0	0.2
Total	\$2,666.6	10.3%	\$6,601.9	2.1%	\$24,800.9	2.6%

1) Total collections are unadjusted cash collections unless otherwise noted.
 2) FY 2017-18 year-to-date collections begin with November 2017 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, 2018, 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 2017-18 collections will include October 2017 to September 2018.
 7) Other Taxes include beer, wine, liquor, single business tax, industrial facilities, utility property, estate taxes, and penalties and interest.

