



MONTHLY REVENUE REPORT

JANUARY 2019

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes and lottery net revenue totaled \$2.4 billion in January 2019, down 9.1% from the January 2018 level. January 2019 tax collections were approximately \$183.0 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2019. Above-forecast collections under the use tax and less-than-expected refunds under the individual income tax were more than offset by less-than-expected sales tax and income tax withholding collections.

Collections earmarked to the General Fund were \$121.9 million below the expected level for January 2019, while School Aid Fund tax collections were \$59.9 million below the forecasted level. The remaining \$1.2 million in below-forecast collections was directed to other funds, most notably constitutional revenue sharing. Because the January 2019 consensus estimates revised the forecasted values for the year, the year-to-date deviations from forecast effectively are the same as the deviations for January.

Net income tax revenue totaled slightly less than \$1.2 billion in January 2019, a 16.7% decrease from the January 2018 level and \$155.1 million below the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 11.3% below the January 2018 level, and \$136.3 million below the forecasted level. Quarterly payments, which exhibited a 47.8% year-over-year increase in January 2018 largely due to individuals reacting to the then-new Federal tax reform, were down 30.6% and were more in line with historical averages for January. Individual income tax refunds were \$30.9 million less than expected.

Sales tax receipts totaled \$678.1 million in January 2019, a 0.9% decrease from January 2018 that represents the third year-over-year decline in sales tax revenue in the last five months. Sales tax collections from motor vehicle sales were 12.5% below the January 2018 level, while collections from other sales were up 0.6%. Fiscal year-to-date sales tax collections were 2.4% above the fiscal year (FY) 2017-18 level. In contrast, use tax collections were up 8.4% from the January 2018 level, and fiscal year-to-date collections were 14.3% above the level in FY 2017-18.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) were \$68.3 million, down 15.6% from January 2018. Net CIT collections were up 26.9% from the January 2018 level but \$4.6 million below the monthly estimate. Net revenue from the MBT was negative \$54.3 million (a net loss of revenue to the State due to refunds exceeding collections), and the loss was \$22.9 million more 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 2019, real estate transfer tax collections were up 3.4% from January 2018, and year-to-date collections were up 1.2%. Revenue from tobacco taxes was up 9.8% from January 2018, but was down 2.4% on a fiscal 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 2019. Also presented are the revised consensus revenue estimates for FY 2018-19, which were adopted at the January 2019 Consensus Revenue Estimating Conference.



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	January 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	\$1,224.4	(17.2%)	\$2,989.7	(10.5%)	\$12,440.5	2.3%
Refunds	(24.6)	(37.6)	(77.9)	(21.4)	(\$2,254.2)	12.9
Net Income Tax	1,199.8	(16.7)	2,911.7	(10.2)	\$10,186.3	0.2
Sales Tax	678.1	(0.9)	2,038.7	2.4	8,516.7	5.4
Motor Vehicles	69.1	(12.5)	222.1	(4.3)	---	---
All Other Sales Tax	609.0	0.6	1,816.6	3.2	---	---
Use Tax ⁵⁾	158.0	8.4	442.1	14.3	1,700.0	(7.8)
Tobacco Taxes	79.7	9.8	220.6	(2.4)	919.1	(0.1)
Corporate Income Tax	115.9	26.9	299.3	36.3	1,081.4	4.6
Michigan Business Tax	(54.3)	244.5	(207.2)	(33.0)	(607.7)	(5.3)
Insurance Tax	94.8	3.8	97.0	(1.9)	390.0	(0.8)
Essential Services Assessment	(0.0)	---	0.0	---	107.0	7.8
State Education Property Tax	23.7	49.9	287.6	22.1	2,085.4	4.9
Real Estate Transfer Tax	24.5	3.4	81.5	1.2	352.9	0.7
Casino Wagering Tax ⁶⁾	9.1	0.5	28.9	4.8	115.0	(0.3)
Oil & Gas Severance Tax	2.1	(19.6)	5.8	(11.0)	27.0	3.1
Other Taxes ⁷⁾	22.2	(38.3)	59.2	(26.1)	310.0	(13.4)
Total Taxes	\$2,353.4	(9.3%)	\$6,265.3	(0.3%)	\$25,183.1	1.8%
Lottery, Net to School Aid Fund ⁶⁾	71.2	1.0	347.5	9.7	942.0	(3.9)
Total	\$2,424.6	(9.1%)	\$6,612.8	(0.4%)	\$26,125.1	1.6%

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.

