



MONTHLY REVENUE REPORT

JULY 2018

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.2 billion in July 2018, a 5.5% increase from the July 2017 level. July 2018 tax collections were approximately \$27.5 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2018. Year-to-date revenue was 5.1% above the fiscal year (FY) 2016-17 level and 1.1% above the May 2018 Consensus Revenue Estimating Conference estimates. Below-forecast revenue from individual income tax withholding and the sales tax was somewhat offset by above-estimate collections from the use tax and business taxes.

Collections earmarked to the General Fund were \$7.9 million above the expected level for July 2018, while School Aid Fund tax collections were \$22.9 million below the forecasted level. The remaining \$12.5 million in below-forecast collections reflected other funds, most notably constitutional revenue sharing. Through July, year-to-date General Fund collections were \$217.1 million above, and School Aid Fund collections \$28.2 million below, the level expected based on the May 2018 consensus revenue estimates.

Net income tax revenue totaled \$793.8 million in July 2018, up 2.8% from July 2017. Withholding payments (which represented the majority of gross income tax revenue) were up 4.2% from July 2017, but were \$53.2 million below the predicted level. Year-to-date withholding payments were up 2.9% from the year-ago level, but \$149.4 million below the expected level, following the third month in a row of below-forecast collections. Year-to-date net individual income tax collections were up 7.8%, but were \$12.7 million below the forecasted level.

July 2018 sales tax receipts decreased 0.4% from July 2017 and were \$27.0 million below the forecasted level. Fiscal year-to-date sales tax collections through July 2018 were up 1.7% from FY 2016-17, but \$18.6 million below the forecasted level. Use tax collections in July 2018 were 40.2% above the July 2017 level, and \$47.7 million above the forecasted level. Year-to-date use tax collections through July 2018 were up 21.5% from FY 2016-17 and \$111.0 million above the forecasted level, partially due to new rules for how businesses with both a traditional storefront and online sales should report sales and use tax liabilities.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled \$81.8 million in July 2018. Combined business tax collections were \$16.4 million above the level expected for the month, reflecting net CIT revenue \$4.8 million above the forecasted level and MBT refund payments that were \$6.0 million less than expected. 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. As of July 2018, year-to-date MBT revenue totaled a negative \$613.5 million, compared to July 2017 year-to-date MBT revenue of negative \$704.0 million.

State education property tax receipts in July 2018 were up 53.1% from the July 2017 level, although year-to-date collections were down 10.1%. Conversely, real estate transfer tax receipts in July 2018 were down 4.8% from the July 2017 level, while year-to-date collections were up 4.9%.

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



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	July 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	\$843.1	4.9%	\$9,427.4	6.6%	\$12,205.8	7.0%
Refunds	(49.3)	55.1	(1,821.0)	1.9	(\$1,999.3)	2.2
Net Income Tax	793.8	2.8	7,606.4	7.8	\$10,206.5	8.0
Sales Tax	735.6	(0.4)	5,879.6	1.7	8,041.8	3.1
Motor Vehicles	93.3	11.7	757.5	4.6	----	----
All Other Sales Tax	642.3	(1.9)	5,122.1	1.2	----	----
Use Tax ⁵⁾	176.5	40.2	1,363.8	21.5	1,622.0	10.5
Tobacco Taxes	73.3	(14.9)	665.0	(4.0)	930.5	(1.6)
Corporate Income Tax	82.4	43.1	696.0	(16.1)	859.8	(22.2)
Michigan Business Tax	(6.2)	----	(613.5)	----	(787.9)	11.8
Insurance Tax	106.6	20.2	295.5	12.2	398.1	7.4
Essential Services Assessment	16.6	----	19.9	----	91.1	8.5
State Education Property Tax	19.7	53.1	352.6	(10.1)	2,039.1	3.8
Real Estate Transfer Tax	33.9	(4.8)	234.5	4.9	331.1	4.4
Casino Wagering Tax ⁶⁾	9.7	0.3	87.2	1.4	114.0	0.7
Oil & Gas Severance Tax	2.5	297.2	20.5	19.8	25.0	6.4
Other Taxes ⁷⁾	40.4	13.9	230.3	8.5	316.6	1.5
Total Taxes	\$2,084.6	5.9%	\$16,837.9	5.3%	\$24,187.7	4.0%
Lottery, Net to School Aid Fund ⁶⁾	71.4	(5.7)	770.9	0.6	944.4	2.2
Total	\$2,156.0	5.5%	\$17,608.8	5.1%	\$25,132.1	4.0%

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 May 16, 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 tax penalties and interest.

