



MONTHLY REVENUE REPORT

JULY 2019

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.2 billion in July 2019, a 2.0% increase from the July 2018 level. July 2019 tax collections were approximately \$31.4 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2019. Year-to-date revenues were 3.0% above the fiscal year (FY) 2017-18 level and 0.6% above the May 2019 Consensus Revenue Estimating Conference (CREC) estimates. Above-forecast revenue from individual income tax and use tax was more than offset by below-estimate collections from sales tax and business taxes.

Collections earmarked to the General Fund were \$10.2 million below the expected level for July 2019, while School Aid Fund tax collections were \$14.5 million below the forecasted level. The remaining \$6.7 million in below-forecast collections reflected other funds, most notably constitutional revenue sharing. Through July, year-to-date General Fund collections were \$129.7 million above, and School Aid fund collections \$20.6 million below, the level expected based on the May 2019 consensus revenue estimates.

Net income tax revenue totaled \$857.8 million in July 2019, up 8.1% from July 2018. Withholding payments (which represented the majority of gross income tax revenue) were up 8.3% from July 2018, and were \$26.7 million above the predicted level. Year-to-date withholding payments were up 2.4% from the year-ago level, and \$37.3 million above the expected level, following the third month in a row of above-forecast collections. Year-to-date net individual income tax collections were up 1.1%, and were \$105.9 million above the forecasted level.

July 2019 sales tax receipts decreased 0.5% from July 2018 and were \$36.3 million below the forecasted level. Fiscal year-to-date sales tax collections through July 2019 were up 2.3% from FY 2017-18, but \$60.0 million below the forecasted level. Use tax collections in July 2019 were 5.8% below the July 2018 level, but \$9.8 million above the forecasted level. Year-to-date use tax collections through July 2019 were down 0.7% from FY 2017-18, but \$16.6 million above the forecasted level.

Combined business tax collections from the Single Business Tax (SBT), Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled \$70.4 million in July 2019. Combined business tax collections were \$19.7 million below the level expected for the month, reflecting net CIT revenue \$7.1 million above the forecasted level, SBT refund payments \$16.1 million greater than expected, and MBT refund payments that were \$10.7 million greater 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 2019, year-to-date MBT revenue totaled a negative \$529.9 million, compared to July 2018 year-to-date MBT revenue of negative \$613.5 million.

State education property tax receipts in July 2019 were down 25.6% from the July 2018 level, although year-to-date collections were up 16.2%. Conversely, real estate transfer tax receipts in July 2019 were up 31.5% from the July 2018 level, and year-to-date collections were up 3.9%.

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 2019. Also presented are the revised consensus revenue estimates for FY 2018-19, which were adopted at the May 2019 CREC.



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	July 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	\$915.1	8.5%	\$9,677.8	2.7%	\$12,462.5	2.3%
Refunds	(57.2)	16.0	(1,984.7)	9.0	(\$2,184.2)	12.9
Net Income Tax	857.8	8.1	7,693.1	1.1	\$10,278.3	0.2
Sales Tax	731.9	(0.5)	6,012.3	2.3	8,298.7	5.4
Motor Vehicles	98.9	6.0	747.0	(1.4)	----	----
All Other Sales Tax	633.0	(1.4)	5,265.3	2.8	----	----
Use Tax ⁵⁾	166.3	(5.8)	1,354.9	(0.7)	1,790.0	(7.8)
Tobacco Taxes	73.8	0.7	649.0	(2.4)	905.1	(0.1)
Corporate Income Tax	110.1	33.6	921.9	32.5	1,186.4	4.6
Michigan Business Tax	(23.8)	----	(529.9)	----	(607.7)	(5.3)
Insurance Tax	94.6	(11.3)	272.2	(7.9)	376.5	(0.8)
Essential Services Assessment	17.7	----	21.8	----	107.0	7.8
State Education Property Tax	14.6	(25.6)	409.7	16.2	2,099.6	4.9
Real Estate Transfer Tax	44.6	31.5	243.6	3.9	350.9	0.7
Casino Wagering Tax ⁶⁾	9.6	(0.3)	89.1	2.1	118.3	(0.3)
Oil & Gas Severance Tax	2.6	2.1	18.4	(10.4)	26.0	3.1
Other Taxes ⁷⁾	21.3	(47.1)	141.3	(38.6)	257.0	(12.8)
Total Taxes	\$2,121.2	1.8%	\$17,297.5	2.7%	\$25,186.1	1.8%
Lottery, Net to School Aid Fund ⁶⁾	78.1	9.4	875.5	13.6	942.0	(3.9)
Total	\$2,199.3	2.0%	\$18,173.0	3.0%	\$26,128.1	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 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 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.

