



MONTHLY REVENUE REPORT

JUNE 2018, REVISED

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.2 billion in June 2018, up 1.4% from the June 2017 level. June 2018 tax collections were approximately \$130.4 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2018. Sales tax and use tax collections were above forecast, and Michigan Business Tax (MBT) refunds were less than expected. Collections from most other taxes were at or near their forecasted levels for the month.

Collections earmarked to the General Fund were \$111.6 million above the expected level for June 2018, while School Aid Fund tax collections were \$15.1 million above the forecasted level. The remaining \$3.7 million in above-forecast collections was directed to other funds, most notably constitutional revenue sharing. Through June 2018, fiscal year-to-date General Fund collections were \$209.1 million above, and School Aid fund collections were \$5.3 million below, the level expected based on the May 2018 consensus revenue estimates.

Net income tax revenue totaled \$945.0 million in June 2018, down 0.6% from June 2017. Withholding payments (which represented the majority of gross income tax revenue) were 0.1% above the year-ago level and \$51.8 million below the predicted level. Individual income tax refunds were 71.3% above the June 2017 level and \$2.9 million less than expected. Overall, net income tax collections were \$1.3 million above the SFA estimate for the month, due to higher-than-expected quarterly payments.

June 2018 sales tax receipts increased 4.0% from June 2017 and were \$19.5 million above the forecasted level. Fiscal year-to-date sales tax collections through June 2018 were up 1.9% from fiscal year (FY) 2016-17 and \$8.4 million above the forecasted level. Use tax collections in June 2018 were 5.7% above the June 2017 level, and \$43.4 million above the forecasted level. Year-to-date use tax collections through June 2018 are up 19.1% from FY 2016-17 and \$63.2 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, MBT, and Corporate Income Tax (CIT) totaled \$146.3 million in June 2018. Combined business tax collections were \$84.4 million above the level expected for the month, reflecting net CIT revenue \$25.8 million above the forecasted level and MBT refund payments that were \$60.7 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 June 2018, year-to-date MBT revenue totaled a negative \$607.2 million, compared to total FY 2016-17 MBT revenue of negative \$696.8 million.

In June 2018, real estate transfer taxes were up 30.5% from the June 2017 level, reversing two consecutive months of year-over-year declines. Fiscal year-to-date real estate transfer tax collections were up 6.8% from FY 2016-17.

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



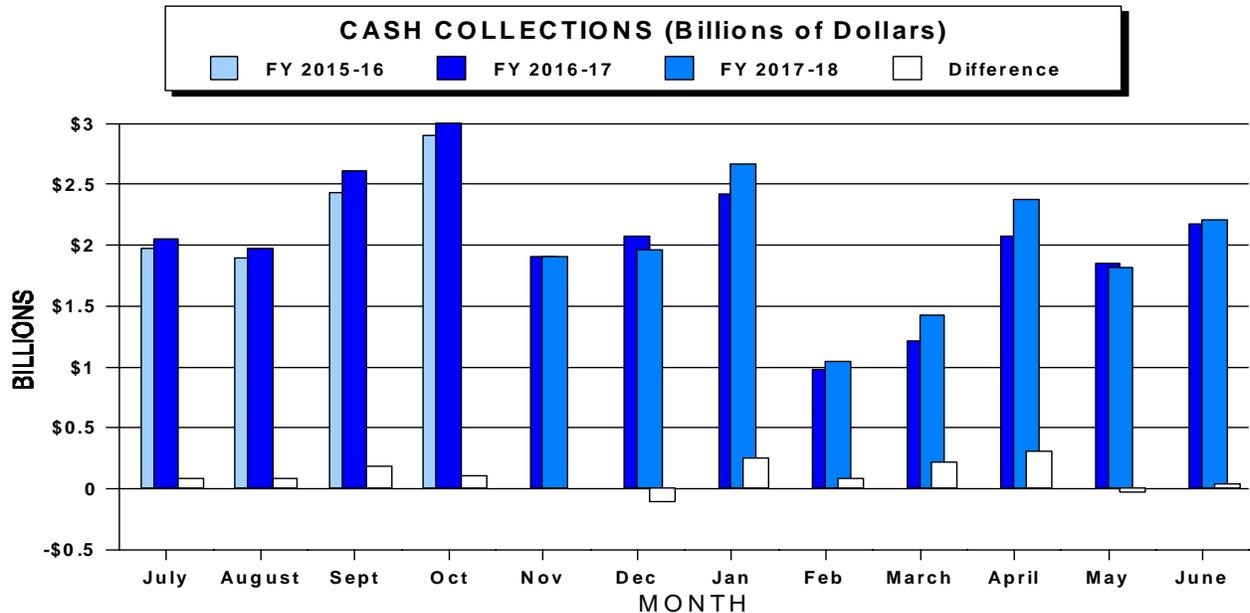
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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	June Collections		FY 2017-18 to Date ²		FY 2017-18 CREC Estimate ^{3,4)}	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total	% Change From FY 2016-17
Gross Individual Income Tax	\$1,012.9	2.3	\$8,584.3	6.7	\$12,205.8	7.0
Refunds	(68.0)	71.3	(1,771.7)	0.9	(\$1,999.3)	2.2
Net Income Tax	945.0	(0.6)	6,812.7	8.4	\$10,206.5	8.0
Sales Tax	713.2	4.0	5,144.0	1.9	8,041.8	3.1
Motor Vehicles	89.9	(0.9)	664.1	3.7	---	---
All Other Sales Tax	623.3	4.8	4,479.9	1.7	---	---
Use Tax ⁵⁾	155.6	5.7	1,187.3	19.1	1,622.0	10.5
Tobacco Taxes	85.8	(0.0)	591.7	(2.5)	930.5	(1.6)
Corporate Income Tax	124.6	5.4	613.6	(20.5)	859.8	(22.2)
Michigan Business Tax	23.6	---	(607.2)	---	(787.9)	11.8
Insurance Tax	1.8	(25.7)	188.9	8.2	398.1	7.4
Essential Services Assessment	2.3	---	3.3	---	91.1	8.5
State Education Property Tax	20.2	(31.0)	332.9	(12.3)	2,039.1	3.8
Real Estate Transfer Tax	30.0	30.5	200.6	6.8	331.1	4.4
Casino Wagering Tax ⁶⁾	9.6	5.3	77.5	1.5	114.0	0.7
Oil & Gas Severance Tax	3.2	23.2	18.0	9.1	25.0	6.4
Other Taxes ⁷⁾	13.7	(38.3)	190.0	7.4	316.6	1.5
Total Taxes	\$2,128.6	2.5	\$14,753.3	5.2	\$24,187.7	4.0
Lottery, Net to School Aid Fund ⁶⁾	71.5	(22.2)	699.5	1.3	944.4	2.2
Total	\$2,200.1	1.4	\$15,452.8	5.0	\$25,132.1	4.0

- Total collections are unadjusted cash collections unless otherwise noted.
- FY 2017-18 year-to-date collections begin with November 2017 collections to reflect accrual accounting.
- Year-to-date figures represent cash collections only, while the fiscal year estimate also includes accruals.
- Consensus revenue estimates adopted at the May 16, 2018, Consensus Revenue Estimating Conference.
- Includes both the State share and the local share (Local Community Stabilization Authority).
- Lottery and casino revenue is not accrued, so FY 2017-18 collections will include October 2017 to September 2018.
- 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* July 2016 to June 2018



* 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.