



MONTHLY REVENUE REPORT

JUNE 2019

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.3 billion in June 2019, up 4.8% from the June 2018 level. June 2019 tax collections were approximately \$11.9 million above the level expected in the Senate Fiscal Agency's (SFA's) estimate for the month, based on the consensus revenue estimates adopted in May 2019. Below-forecast sales, use, and State Education Tax (SET) collections were more than offset by lower-than-expected individual income tax refunds and Michigan Business Tax (MBT) refunds, and above-forecast Corporate Income Tax (CIT) collections. Collections from most other taxes were at or near their forecasted levels for the month.

Collections earmarked to the General Fund were \$60.4 million above the expected level for June 2019, while School Aid Fund tax collections were \$45.1 million below the forecasted level. The remaining \$3.4 million in below-forecast collections was directed to other funds, most notably constitutional revenue sharing. Through June, fiscal year-to-date General Fund collections were \$138.1 million above, and School Aid fund collections were \$13.4 million below, the level expected based on the May 2019 consensus revenue estimates.

Net income tax revenue totaled \$1,023.8 million in June 2019, up 8.3% from June 2018. Withholding payments (which represented the majority of gross income tax revenue) were 6.1% above the year-ago level and \$5.3 million above the predicted level. Individual income tax refunds were 28.3% below the June 2018 level and \$24.7 million less than expected. Overall, net income tax collections were \$19.1 million above the SFA estimate for the month, mostly due to lower-than-expected refunds.

June 2019 sales tax receipts increased 1.9% from June 2018, but were \$36.9 million below the forecasted level. Fiscal year-to-date sales tax collections through June 2019 were up 2.7% from fiscal year (FY) 2017-18, but \$33.7 million below the forecasted level. Use tax collections in June 2019 were 5.9% below the June 2018 level, and \$8.1 million below the forecasted level. Year-to-date use tax collections through June 2019 were up 0.1% from FY 2017-18 and \$6.8 million above the forecasted level.

Combined business tax collections from the Single Business Tax, MBT, and CIT totaled \$167.0 million in June 2019. Combined business tax collections were \$55.9 million above the level expected for the month, reflecting net CIT revenue \$12.2 million above the forecasted level and MBT refund payments that were \$35.8 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 2019, year-to-date MBT revenue totaled a negative \$563.0 million, compared to total FY 2017-18 MBT revenue of negative \$607.2 million.

In June 2019, SET collections were up 8.5% from the June 2018 level, but \$15.0 million below the forecasted level for the month. Fiscal year-to-date SET collections were up 18.7% from FY 2017-18.

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



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	June 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	\$1,072.5	5.9	\$8,762.7	2.1	\$12,462.5	2.3
Refunds	(48.7)	(28.3)	(1,927.4)	8.8	(\$2,184.2)	12.9
Net Income Tax	1,023.8	8.3	6,835.3	0.3	\$10,278.3	0.2
Sales Tax	726.8	1.9	5,280.3	2.7	8,323.7	5.4
Motor Vehicles	86.6	(3.7)	648.1	(2.4)	---	---
All Other Sales Tax	640.2	2.7	4,632.3	3.4	---	---
Use Tax ⁵⁾	146.4	(5.9)	1,188.6	0.1	1,790.0	(7.8)
Tobacco Taxes	80.9	(5.7)	575.2	(2.8)	905.1	(0.1)
Corporate Income Tax	150.0	20.3	811.8	32.3	1,186.4	4.6
Michigan Business Tax	8.9	---	(506.1)	---	(607.7)	(5.3)
Insurance Tax	1.5	(15.7)	177.6	(6.0)	376.5	(0.8)
Essential Services Assessment	1.4	---	4.1	---	107.0	7.8
State Education Property Tax	21.9	8.5	395.1	18.7	2,099.6	4.9
Real Estate Transfer Tax	26.8	(10.5)	199.0	(0.8)	350.9	0.7
Casino Wagering Tax ⁶⁾	9.5	(1.3)	79.4	2.4	118.3	(0.3)
Oil & Gas Severance Tax	1.5	(52.1)	15.8	(12.2)	26.0	3.1
Other Taxes ⁷⁾	29.0	112.0	120.0	(36.8)	257.0	(12.8)
Total Taxes	\$2,228.6	4.7	\$15,176.3	2.9	\$25,211.1	1.8
Lottery, Net to School Aid Fund ⁶⁾	77.2	8.0	797.5	14.0	942.0	(3.9)
Total	\$2,305.8	4.8	\$15,973.7	3.2	\$26,153.1	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.

