



MONTHLY REVENUE REPORT

MARCH 2018

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.4 billion in March 2018, a 17.5% increase from the March 2017 level. March 2018 tax collections were approximately \$43.8 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 January 2018. Lower-than-expected Michigan Business Tax (MBT) refunds and individual income tax refunds combined with greater-than-expected individual income tax annual payments to more than offset less-than-expected Corporate Income Tax (CIT) collections and individual income tax withholding.

Collections earmarked to the General Fund were \$35.4 million above the expected level for March 2018, while School Aid Fund tax collections were \$12.0 million above the forecasted level. The remaining \$3.6 million in below-forecast collections was directed to other funds, most notably constitutional revenue sharing. Through March 2018, fiscal year-to-date General Fund collections were \$180.6 million above, and School Aid Fund collections \$26.8 million above, the level expected based on the January 2018 consensus revenue estimates.

Net income tax revenue totaled \$441.8 million in March 2018, up 11.6% from the level in March 2017 and \$45.5 million above the level forecasted for the month. Withholding payments (which represented the majority of gross income tax revenue) were 0.3% above the year-ago level and \$1.8 million below the predicted level. The growth in net income tax revenue reflected less-than-expected individual income tax refunds, which were down 3.9% from the level in March 2017, and greater-than-expected annual payments, which were 24.0% above the level in March 2017. Year-to-date, net individual income tax collections were up 10.9% in March 2018, which largely reflected substantial estimated tax payments made at the end of 2017 in response to changes in Federal tax law.

March 2018 sales tax receipts decreased 3.5% from March 2017 and were \$23.8 million below the forecasted level. Year-to-date sales tax collections through March 2018 were down 0.2% from fiscal year (FY) 2016-17 and \$49.3 million below the forecasted level. Use tax collections in March 2018 were 37.0% above the March 2017 level, and \$50.0 million above the forecasted level, largely due to the reclassification of revenue previously booked in error as sales tax revenue. Combined sales and use tax revenue in March 2018 was up 3.2% from March 2017, and \$26.1 million above the expected level, while year-to-date combined sales and use tax revenue was up 3.7% from the 2017 level, and \$90.4 million above the expected level.

Combined business tax collections from the Single Business Tax, MBT, and CIT totaled \$7.5 million for the month and were \$19.0 million below the expected level. March 2018 CIT collections were down 43.2% from March 2017 and \$44.0 million below the estimated level. However, net MBT revenue was \$25.2 million above the negative amount estimated by the SFA, as a result of less-than-expected refunds. 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.

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



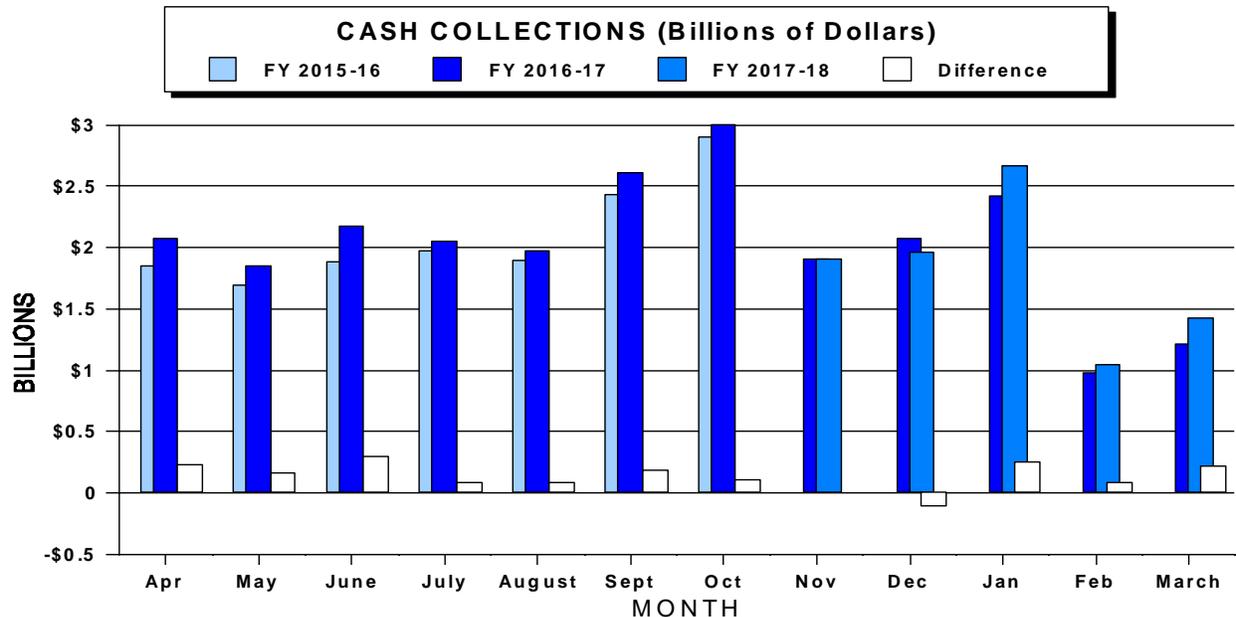
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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	March Collections		FY 2017-18 to Date ²		FY 2017-18 CREC Estimate ^{3,4)}	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total	% Change From FY 2016-17
Gross Individual Income Tax	\$994.4	2.4	\$5,111.3	8.6	\$11,890.1	4.2
Refunds	(552.6)	(3.9)	(1,083.0)	0.9	(\$1,990.1)	1.7
Net Income Tax	441.8	11.6	4,028.3	10.9	\$9,900.0	4.7
Sales Tax	570.8	(3.5)	3,114.2	(0.2)	8,026.9	2.9
Motor Vehicles	93.0	1.7	392.0	3.2	----	----
All Other Sales Tax	477.8	(4.4)	2,722.2	(0.6)	----	----
Use Tax ⁵⁾	158.7	37.0	731.7	24.1	1,517.8	3.4
Tobacco Taxes	65.5	(2.6)	363.4	(2.1)	938.5	(0.8)
Corporate Income Tax	29.1	(43.2)	281.0	(26.7)	955.2	(13.6)
Michigan Business Tax	(21.5)	----	(638.9)	----	(757.9)	7.6
Insurance Tax	6.5	13.2	117.3	26.7	412.1	11.2
Essential Services Assessment	(0.0)	----	0.1	----	91.1	8.5
State Education Property Tax	17.9	(8.8)	272.6	(12.7)	2,027.1	3.2
Real Estate Transfer Tax	19.1	0.6	123.5	5.7	322.6	1.7
Casino Wagering Tax ⁶⁾	11.2	5.7	47.7	0.1	113.0	(0.2)
Oil & Gas Severance Tax	2.3	(7.0)	10.6	2.8	25.0	6.4
Other Taxes ⁷⁾	24.0	74.7	134.2	29.4	298.5	(3.4)
Total Taxes	\$1,325.3	18.9	\$8,585.8	5.1	\$23,869.9	2.7
Lottery, Net to School Aid Fund ⁶⁾	91.9	0.3	485.2	4.3	926.0	0.2
Total	\$1,417.2	17.5	\$9,071.0	5.1	\$24,795.9	2.6

- 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 January 11, 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 penalties and interest.

Actual Revenue Collections for Major State Taxes* April 2016 to March 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 penalties & interest revenue.