



# MONTHLY REVENUE REPORT

## MARCH 2019

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Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.3 billion in March 2019, a 5.5% decrease from the March 2018 level. March 2019 tax collections were approximately \$51.7 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2019. Lower-than-expected individual income tax refunds were more than offset by lower-than-expected business tax and sales and use tax collections.

Collections earmarked to the General Fund were \$17.0 million below the expected level for March 2019, while School Aid Fund tax collections were \$28.2 million below the forecasted level. The remaining \$6.5 million in below-forecast collections were directed to other funds, most notably constitutional revenue sharing. Through March 2019, fiscal year-to-date General Fund collections were \$132.5 million below, and School Aid Fund collections \$107.2 million below, the level expected based on the January 2019 consensus revenue estimates.

Net income tax revenue totaled \$434.8 million in March 2019, down 1.6% from the level in March 2018, but \$93.9 million above the level forecasted for the month. Withholding payments (which represented most gross income tax revenue) were 0.4% below the year-ago level and \$800,000 below the predicted level. The increase from the forecast for net income tax revenue was primarily because of less-than-expected individual income tax refunds, which were \$82.3 million below the level forecasted for the month. Year-to-date, net individual income tax collections were down 9.2% in March 2019, largely reflecting substantial estimated tax payments made at the end of 2017 in response to changes in Federal tax law.

- March 2019 sales tax receipts increased 7.7% from March 2018, but were \$53.5 million below the forecasted level. Year-to-date sales tax collections through March 2019 were up 3.2%, but were \$112.2 million below the forecasted level. Use tax collections in March 2019 were 26.9% below the March 2018 level, and \$19.2 million below the forecasted level, largely due to the reclassification last year of revenue from sales tax to use tax. Combined sales and use tax revenue in March 2019 was up 0.1% from March 2018, but \$72.8 million below the expected level, while year-to-date combined sales and use tax revenue was up 1.6% from the 2018 level, but \$99.7 million below the expected level.

Combined business tax collections from the Single Business Tax (SBT), Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled negative \$86.9 million for the month (meaning refunds exceeded collections) and were \$81.0 million below the expected level. Year-to-date business tax collections were down 54.2%. March 2019 CIT collections were up 294.6% from March 2018 and \$44.3 million above the estimated level, mostly due to a reclassification of revenue mistakenly booked as SBT revenue in a previous year. Because of that change, SBT revenue was negative \$70.2 million, whereas it typically fluctuates between positive \$10.0 million and negative \$10.0 million. Also, net MBT revenue was \$54.4 million more negative than expected, because of greater-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.

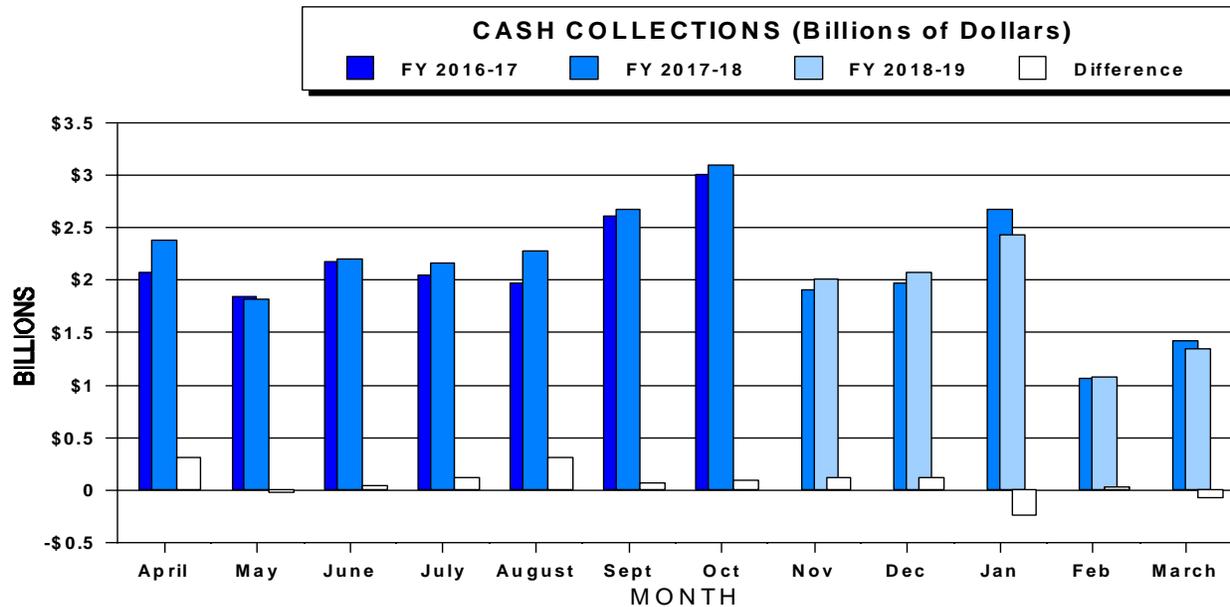
The table on the back of this report identifies the major taxes included in the report, and provides their respective revenue levels and growth rates for March 2019. Also presented are the revised consensus revenue estimates for fiscal year 2018-19, which were adopted at the January 2019 Consensus Revenue Estimating Conference.



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	March Collections		FY 2018-19 to Date <sup>2</sup>		FY 2018-19 CREC Estimate <sup>3,4)</sup>	
	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From Year Ago	Total	% Change From FY 2017-18
Gross Individual Income Tax	\$985.0	(0.9%)	\$4,809.0	(5.9%)	\$12,440.5	2.3%
Refunds	(550.2)	(0.4)	(1,150.1)	6.2	(2,254.2)	12.9
Net Income Tax	434.8	(1.6)	3,658.9	(9.2)	\$10,186.3	0.2
Sales Tax	614.5	7.7	3,213.2	3.2	8,516.7	5.4
Motor Vehicles	90.7	(2.5)	369.7	(5.7)	---	---
All Other Sales Tax	523.8	9.6	2,843.5	4.5	---	---
Use Tax <sup>5)</sup>	115.9	(26.9)	694.8	(5.0)	1,700.0	(7.8)
Tobacco Taxes	65.3	(0.4)	357.6	(1.6)	919.1	(0.1)
Corporate Income Tax	114.7	294.6	429.5	52.8	1,081.4	4.6
Michigan Business Tax	(131.4)	---	(524.3)	---	(607.7)	(5.3)
Insurance Tax	(3.2)	(148.4)	107.1	(8.7)	390.0	(0.8)
Essential Services Assessment	0.0	---	(0.0)	---	107.0	7.8
State Education Property Tax	17.8	(0.3)	319.8	17.3	2,085.4	4.9
Real Estate Transfer Tax	17.0	(11.1)	126.4	2.4	352.9	0.7
Casino Wagering Tax <sup>6)</sup>	11.4	1.3	49.6	3.8	115.0	(0.3)
Oil & Gas Severance Tax	2.1	(10.4)	10.8	1.5	27.0	3.1
Other Taxes <sup>7)</sup>	(29.3)	(222.0)	50.7	(62.2)	310.0	(13.4)
<b>Total Taxes</b>	<b>\$1,229.6</b>	<b>(7.2%)</b>	<b>\$8,494.2</b>	<b>(1.1%)</b>	<b>\$25,183.1</b>	<b>1.8%</b>
Lottery, Net to School Aid Fund <sup>6)</sup>	110.1	19.8	532.1	9.7	942.0	(3.9)
<b>Total</b>	<b>\$1,339.7</b>	<b>(5.5%)</b>	<b>\$9,026.3</b>	<b>(0.9%)</b>	<b>\$26,125.1</b>	<b>1.6%</b>

- 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 January 11, 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.

Actual Revenue Collections for Major State Taxes\*  
April 2017 to March 2019



\* 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.