



MONTHLY REVENUE REPORT

MAY 2019

Revenue from Michigan's major taxes with General Fund and School Aid Fund earmarks totaled \$1.9 billion in May 2019, a 5.6% increase from the May 2018 level. May 2019 tax collections were approximately \$104.1 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the revised consensus revenue estimates adopted in May 2019. Above-forecast individual income tax, sales and use tax, and corporate income tax (CIT) collections combined with less-than-expected Michigan Business Tax (MBT) and individual income tax refunds to more than offset less-than-expected Single Business Tax (SBT) revenue.

Collections earmarked to the General Fund were \$77.7 million above the expected level for May 2019, while School Aid Fund tax collections were \$26.6 million above the forecasted level. There was \$200,000 in less-than-expected collections directed to other funds, most notably constitutional revenue sharing. Because the May 2019 Consensus estimates revised the forecasted values for the year, the fiscal year-to-date deviations from forecast were effectively the same as the deviations for May.

Net income tax revenue totaled \$743.5 million in May 2019, a 5.2% increase from May 2018, and \$62.2 million above the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 5.3% above the year-ago level, and were \$5.3 million above the predicted level. Individual income tax refunds were up 1.2% from May 2018, but were \$40.6 million less negative than expected. On a fiscal year-to-date basis, net individual income revenue was down 1.0%.

Sales tax collections totaled \$694.8 million in May 2019, up 6.0% from the level in May 2018 and \$3.2 million above forecast. Use tax collections essentially were level from May 2018 and \$14.9 million above the expected level for the month. Fiscal year-to-date sales tax collections were up 2.8%, and use tax collections were up 1.0%. In May 2019, sales tax collections from vehicles sales were down 1.5% from the May 2018 level.

Combined business tax collections from the SBT, MBT, and CIT totaled \$53.3 million for the month, \$11.3 million above the expected level, but down 12.0% from May 2018. Net CIT collections were up 17.2% from May 2018, and fiscal year-to-date CIT collections were up 35.4%. Net MBT revenue totaled a negative \$2.1 million (refunds exceeded payments), but refunds were \$21.1 million less than expected. Most taxpayers that 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. Single Business Tax revenue was negative \$23.0 million; it typically fluctuates between positive \$10.0 million and negative \$10.0 million per month.

In May 2019, State Education Tax (SET) revenue of \$21.7 million was up 12.2% from the May 2018 level, but was \$5.1 million below forecasts. Fiscal year-to-date, SET revenue was up 19.3% from fiscal year (FY) 2017-18.

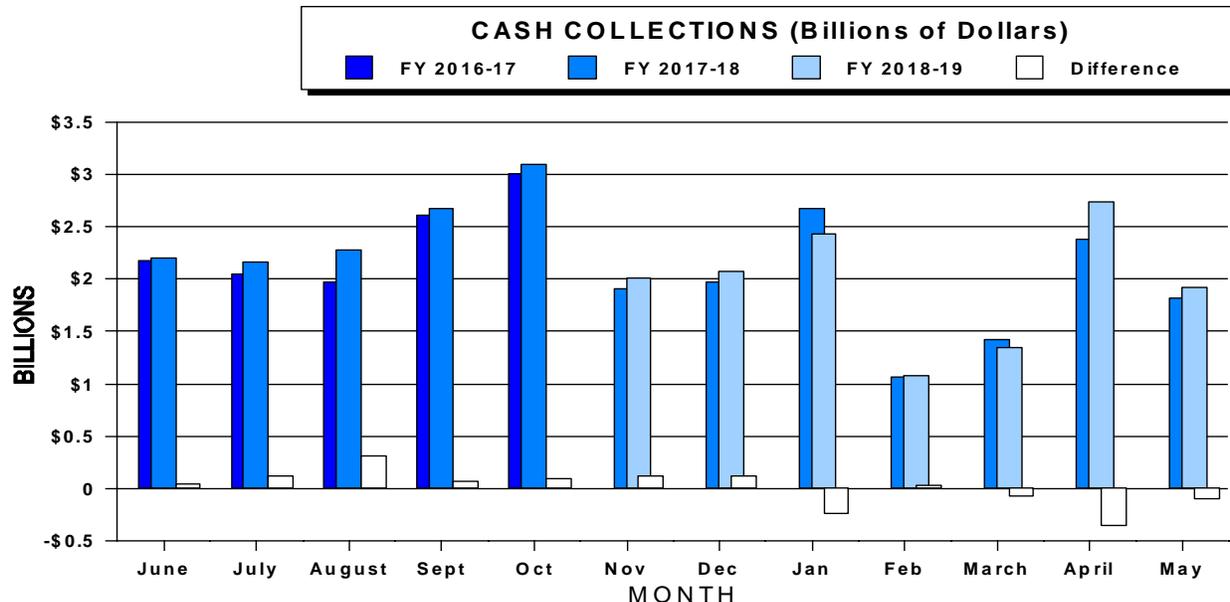
The table on the back of this report identifies the major taxes included in the report, and provides their respective revenue levels and growth rates for May 2019. Also presented are the revised consensus revenue estimates for FY 2018-19, which were adopted at the May 2019 Consensus Revenue Estimating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



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	May 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	\$899.1	4.5	\$7,690.2	1.6	\$12,462.5	2.3
Refunds	(155.5)	1.2	(1,878.7)	10.3	(\$2,184.2)	12.9
Net Income Tax	743.5	5.2	5,811.5	(1.0)	\$10,278.3	0.2
Sales Tax	694.8	6.0	4,553.5	2.8	8,323.7	5.4
Motor Vehicles	94.8	(1.5)	561.5	(2.2)	---	---
All Other Sales Tax	600.0	7.3	3,992.1	3.5	---	---
Use Tax ⁵⁾	159.7	(0.0)	1,042.2	1.0	1,790.0	(7.8)
Tobacco Taxes	71.8	4.5	494.3	(2.3)	905.1	(0.1)
Corporate Income Tax	78.5	17.2	661.8	35.4	1,186.4	4.6
Michigan Business Tax	(2.1)	---	(515.1)	---	(607.7)	(5.3)
Insurance Tax	1.7	770.4	176.1	(5.9)	376.5	(0.8)
Essential Services Assessment	2.6	---	2.6	---	107.0	7.8
State Education Property Tax	21.7	12.1	373.2	19.3	2,099.6	4.9
Real Estate Transfer Tax	26.0	5.2	172.2	0.9	350.9	0.7
Casino Wagering Tax ⁶⁾	10.2	0.9	69.9	3.0	118.3	(0.3)
Oil & Gas Severance Tax	2.5	10.9	14.3	(3.6)	26.0	3.1
Other Taxes ⁷⁾	(0.3)	(101.1)	91.0	(48.4)	257.0	(12.8)
Total Taxes	\$1,810.7	4.2	\$12,947.6	2.6	\$25,211.1	1.8
Lottery, Net to School Aid Fund ⁶⁾	101.9	39.7	720.2	11.4	942.0	(3.9)
Total	\$1,912.6	5.6	\$13,667.9	2.9	\$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.

**Actual Revenue Collections for Major State Taxes*
June 2017 to May 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.