



MONTHLY REVENUE REPORT

NOVEMBER 2018

Michigan's major taxes and net lottery revenue totaled \$2.0 billion in November 2018, up 5.8% from November 2017. November tax collections were approximately \$23.4 million below the Senate Fiscal Agency's (SFA's) projection for the month, based on the consensus revenue estimates adopted in May 2018. November is the first month of tax collections for fiscal year (FY) 2018-19; most October 2018 tax revenue was accrued to FY 2017-18. Because November represented the first month of FY 2018-19 collections, the year-to-date totals were the same as the monthly figures for those taxes.

General Fund tax collections were \$14.8 million above the expected level for November, while School Aid Fund tax collections were \$33.1 million below the forecasted level. The remaining \$5.1 million in below-forecast collections were directed to other funds, most notably constitutional revenue sharing. Above-forecast use tax and business tax collections were more than offset by below-forecast net income tax and sales tax collections, and revenue from the State Education Tax (SET).

Net income tax revenue totaled \$736.9 million in November 2018, a 3.7% decrease from the November 2017 level. Withholding payments (which represented the majority of gross income tax revenue) were 4.5% below the year-ago level and \$63.8 million below the level expected based on SFA monthly estimates. Individual income tax refunds were down 33.7% from November 2017, and were \$4.1 million less than forecasted.

Sales tax receipts totaled \$664.0 million in November 2018, 4.0% above the November 2017 level. Use tax collections totaled \$155.1 million in November 2018, up 87.1% from November 2017, partially due to new rules on how businesses with both a traditional storefront and online sales should report sales and new rules adopted subsequent to the U.S. Supreme Court's recent *Wayfair* decision, which concerned the ability of states to require out-of-state sellers to remit sales and use taxes.

Net Michigan Business Tax (MBT) collections were \$39.1 million above forecast in November 2018 due to less than expected refunds. Net Corporate Income Tax (CIT) collections were up 41.5% from November 2017. As a result, the net revenue from the repealed Single Business Tax, the MBT, and the CIT totaled \$10.1 million, up 253.4% from November 2017, and \$25.1 million above the expected level. Each year, MBT revenue is dominated by several large refunds. When these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates.

Real estate transfer tax receipts were \$33.1 million in November 2018, up 21.0% from November 2017. State Education Tax revenue of \$211.2 million was up 10.4% from November 2017; however, it was \$37.5 million below the expected level. November collections for the SET are generally accrued back to the previous fiscal year. State Education Tax revenue over the most recent four-month period (August 2018 to November 2018), when, on average, 89% of the revenue from the SET is collected, was 1.4% above the collections for that period in the previous year.

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



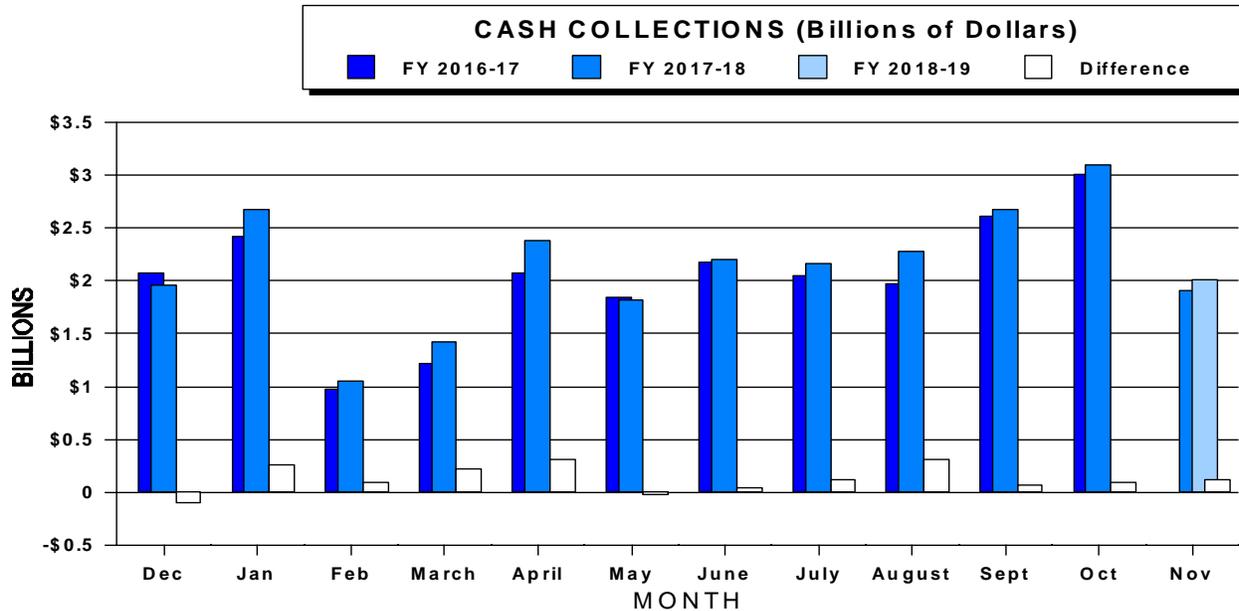
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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	November Collections		FY 2018-19 to Date ²		FY 2018-19 CREC Estimate ^{3,4)}	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total	% Change From FY 2017-18
Gross Individual Income Tax	\$759.1	(4.9%)	\$759.1	(4.9%)	\$12,402.5	1.6%
Refunds	(22.2)	(33.7)	(22.2)	(33.7)	(\$2,259.2)	13.0
Net Income Tax	736.9	(3.7)	736.9	(3.7)	\$10,143.3	(0.6)
Sales Tax	664.0	4.0	664.0	4.0	8,308.8	3.3
Motor Vehicles	79.0	(1.1)	79.0	(1.1)	---	---
All Other Sales Tax	585.0	4.7	585.0	4.7	---	---
Use Tax ⁵⁾	155.1	87.1	155.1	87.1	1,613.0	(0.6)
Tobacco Taxes	66.7	(14.8)	66.7	(14.8)	919.8	(1.1)
Corporate Income Tax	38.0	41.5	38.0	41.5	922.6	7.3
Michigan Business Tax	(11.3)	(53.4)	(11.3)	(53.4)	(649.5)	(17.6)
Insurance Tax	(1.2)	(162.6)	(1.2)	(162.6)	406.3	2.1
Essential Services Assessment	0.0	207.9	0.0	207.9	97.0	6.5
State Education Property Tax	211.2	10.4	211.2	10.4	2,121.7	4.1
Real Estate Transfer Tax	33.1	21.0	33.1	21.0	336.5	1.6
Casino Wagering Tax ⁶⁾	9.5	4.0	9.5	4.0	115.0	0.9
Oil & Gas Severance Tax	2.1	2.5	2.1	2.5	26.6	6.4
Other Taxes ⁷⁾	13.3	(49.0)	13.3	(49.0)	313.5	(1.0)
Total Taxes	\$1,917.4	5.1%	\$1,917.4	5.1%	\$24,674.6	2.0%
Lottery, Net to School Aid Fund ⁶⁾	90.0	24.0	198.8	20.5	950.0	0.6
Total	\$2,007.4	5.8%	\$2,116.3	5.8%	\$25,624.6	2.0%

- Total collections are unadjusted cash collections unless otherwise noted.
- FY 2017-18 year-to-date collections begin with November 2018 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 2018-19 collections will include October 2018 to September 2019.
- 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* December 2016 to November 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.