



MONTHLY REVENUE REPORT

NOVEMBER 2019

Michigan's major taxes and net lottery revenue totaled \$2.2 billion in November 2019, up 7.8% from November 2018. November tax collections were approximately \$55.6 million above the Senate Fiscal Agency's (SFA's) projection for the month, based on the consensus revenue estimates adopted in May 2019. November is the first month of tax collections for fiscal year (FY) 2019-20; most October 2019 tax revenue was accrued to 2018-19. Because November represents the first month of FY 2019-20 collections, the year-to-date totals are the same as the monthly figures for those taxes.

General Fund tax collections were \$16.5 million above the expected level for November, while School Aid Fund tax collections were \$40.4 million above the forecasted level. The remaining \$1.3 million in below-forecast collections were directed to other funds, most notably constitutional revenue sharing. Above-forecast revenue from the State Education Tax (SET) and business taxes more than offset below-forecast sales and use tax.

Net income tax revenue totaled \$784.2 million in November 2019, a 6.4% increase from the November 2018 level, and 0.2% above the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 8.5% above the year-ago level and \$9.5 million above the level expected based on SFA monthly estimates. Individual income tax refunds were up 60.9% from November 2018, and \$9.9 million more than forecasted.

Sales tax receipts totaled \$687.1 million in November 2019, 3.5% above the November 2018 level, but \$22.2 million below forecast. Sales tax collections from the Secretary of State were up 1.3% from November 2018, and all other sales tax collections were up 3.8%. Use tax collections totaled \$133.2 million in November 2019, down 14.1% from November 2018, and \$11.1 million below the level forecast for the month. Secretary of State use tax collections were up 2.3% from November 2018, but all other use tax collections were down 15.4%.

Net Michigan Business Tax (MBT) collections were \$21.7 million above forecast in November 2019 due to less than expected refunds. 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. Net Michigan Corporate Income Tax (CIT) collections were up 19.7% from November 2018. Thus, the net revenue from the repealed Single Business Tax, MBT, and CIT totaled \$20.3 million, up 102.1% from November 2018 and \$35.2 million above the expected level.

Real estate transfer tax receipts were \$38.5 million in November 2019, up 16.5% from November 2018, and were \$5.0 million above the expected level. State Education Tax revenue of \$306.5 million was up 45.1% from November 2018, and was \$54.2 million above 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 2019 to November 2019) when, on average, 89% of the revenue from SET is collected, was 5.3% 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 2019. Also presented are the consensus revenue estimates for FY 2019-20, which were adopted at the May 2019 Consensus Revenue Estimating Conference.



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	November Collections		FY 2019-20 to Date ²		FY 2019-20 CREC Estimate ^{3,4)}	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total	% Change From FY 2018-19
Gross Individual Income Tax	\$820.0	8.0%	\$820.0	8.0%	\$12,634.4	1.4%
Refunds	(35.8)	60.9	(35.8)	60.9	(2,232.3)	2.2
Net Income Tax	784.2	6.4	784.2	6.4	10,402.1	1.2
Sales Tax	687.1	3.5	687.1	3.5	8,628.7	4.0
Motor Vehicles	80.1	1.3	80.1	1.3	---	---
All Other Sales Tax	607.0	3.8	607.0	3.8	---	---
Use Tax ⁵⁾	133.2	(14.1)	133.2	(14.1)	1,804.4	0.8
Tobacco Taxes	76.5	14.7	76.5	14.7	894.1	-1.2
Corporate Income Tax	45.5	19.7	45.5	19.7	1,136.9	-4.2
Michigan Business Tax	(25.2)	124.2	(25.2)	124.2	(691.0)	13.7
Insurance Tax	0.7	(159.2)	0.7	(159.2)	381.8	1.4
Essential Services Assessment	0.2	1,525.9	0.2	1,525.9	114.0	6.5
State Education Property Tax	306.5	45.1	306.5	45.1	2,166.9	3.2
Real Estate Transfer Tax	38.5	16.5	38.5	16.5	356.5	1.6
Casino Wagering Tax ⁶⁾	10.1	5.6	10.1	5.6	119.3	0.8
Oil & Gas Severance Tax	1.3	(36.0)	1.3	(36.0)	28.0	7.7
Other Taxes ⁷⁾	24.9	87.6	24.9	87.6	329.3	28.1
Total Taxes	\$2,083.4	8.7%	\$2,083.4	8.7%	\$25,671.0	1.9%
Lottery, Net to School Aid Fund ⁶⁾	81.3	(9.7)	154.1	(22.5)	990.0	0.8
Total	\$2,164.7	7.8 %	\$2,237.5	7.8%	\$26,661.0	1.9%

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2019-20 year-to-date collections begin with November 2019 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 2019-20 collections will include October 2019 to September 2020.
- 7) Other Taxes include beer, wine, liquor, single business tax, industrial facilities, utility property, estate taxes, and tax penalties and interest.

