



MONTHLY REVENUE REPORT

SEPTEMBER 2019

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.8 billion in September 2019, a 4.2% increase from September 2018 and approximately \$12.1 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2019. Above-forecast collections from the sales tax and individual income tax withholding were more than offset by below-forecast revenue from the use tax and the State Education Tax (SET).

Collections earmarked to the General Fund were \$2.8 million below the expected level for September 2019, while School Aid Fund tax collections were \$14.4 million below the forecasted level. The remaining \$5.1 million in above-forecast collections reflected other earmarks, most notably constitutional revenue sharing. Through September, year-to-date General Fund collections were \$176.4 million above, and School Aid fund collections \$21.8 million above, the level expected based on the May 2019 consensus revenue estimates. Although the fiscal year ended September 30, because the State uses accrual accounting October collections will be included in fiscal year (FY) 2018-19 revenue, as will some other transactions and adjustments in November.

Net income tax revenue totaled \$1,147.7 million in September 2019, up 11.1% from September 2018. Withholding payments (which represented the majority of gross income tax revenue) were 9.4% above the September 2018 level and \$49.5 million above the predicted level. Fiscal year-to-date net income tax revenue in September 2019 was \$145.3 million above the level expected based on May 2019 consensus revenue estimates.

Sales tax receipts totaled \$802.2 million in September 2019, a 15.6% increase from September 2018, and \$62.6 million above the forecast for the month. Use tax collections in September 2019 were down 62.0% from the September 2018 level, and \$90.7 million below the forecasted level. The year-over-year changes and forecast errors largely reflect transfers made in September to correct taxpayer reporting errors for payments submitted earlier in the year—particularly taxpayers who incorrectly reported sales tax revenue as use tax revenue. Fiscal year-to-date sales tax revenue was \$9.2 million above the level expected in May 2019.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled \$150.3 million in September 2019, \$6.6 million above the expected level. Reflecting the volatile nature of corporate income taxes, September 2019 CIT collections were 5.0% below the September 2018 level and \$6.2 million below the forecasted level, the first declines after six consecutive months of year-over-year increases. Most taxpayers who still file the MBT do so to collect refundable tax credits. When these refunds are processed significantly affects the accuracy of monthly MBT estimates.

State Education Tax collections for September 2019 were 4.3% below collections in September 2018, and although \$36.9 million less than expected, in August 2019 SET collections were \$39.5 million more than expected. State Education Tax collections are influenced by when counties remit payments to the State and the majority of collections are received in September and October.

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 September 2019. Also presented are the revised consensus revenue estimates for FY 2018-19, which were adopted at the May 2019 Consensus Revenue Estimating Conference.



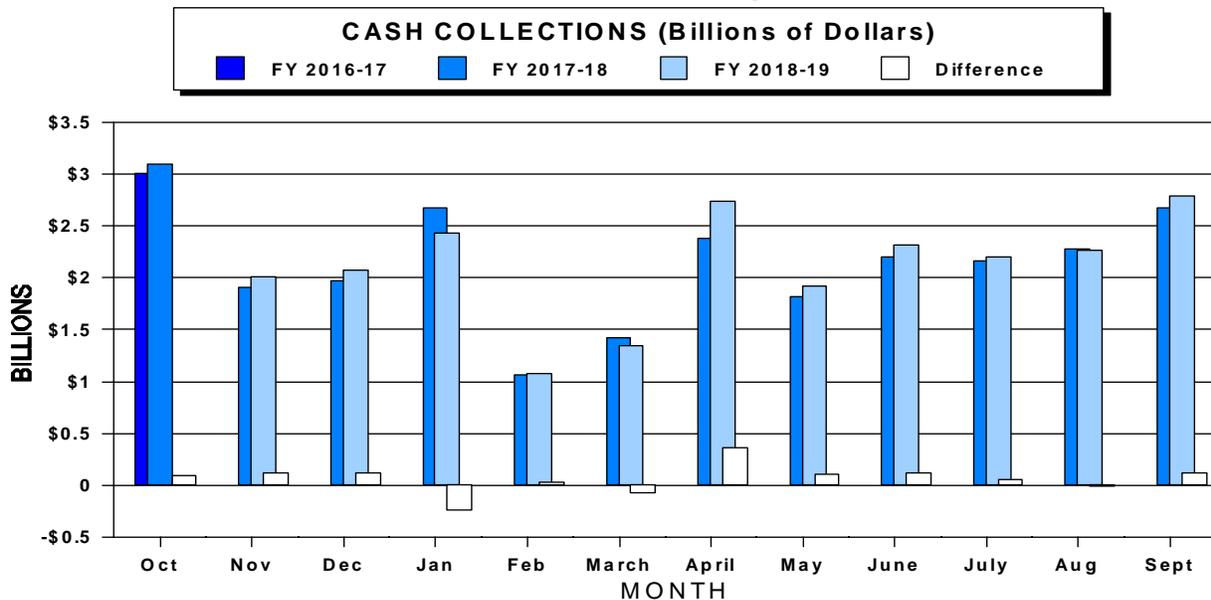
MONTHLY REVENUE REPORT

SEPTEMBER 2019

MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	September 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	\$1,181.9	7.8%	\$11,658.5	3.3%	\$12,462.5	2.5%
Refunds	(34.3)	(46.0)	(2,062.9)	10.1	(\$2,184.2)	9.4
Net Income Tax	1,147.7	11.1	9,595.6	2.0	\$10,278.3	1.2
Sales Tax	802.2	15.6	7,570.6	3.6	8,298.7	2.7
Motor Vehicles	90.6	14.7	935.3	0.3	----	----
All Other Sales Tax	711.5	15.7	6,635.3	4.1	----	----
Use Tax ⁵⁾	58.4	(62.0)	1,575.5	(6.5)	1,790.0	(2.9)
Tobacco Taxes	81.2	(11.1)	812.9	(4.0)	905.1	(1.4)
Corporate Income Tax	142.6	(5.0)	1,122.7	25.2	1,186.4	16.3
Michigan Business Tax	4.9	----	(531.3)	----	(607.7)	(6.0)
Insurance Tax	1.4	(12.2)	279.5	(7.6)	376.5	(4.2)
Essential Services Assessment	0.9	(34.1)	111.0	13.2	107.0	7.8
State Education Property Tax	379.0	(4.3)	986.4	3.4	2,099.6	5.6
Real Estate Transfer Tax	35.7	(17.4)	315.5	1.2	350.9	0.2
Casino Wagering Tax ⁶⁾	8.7	8.0	107.4	2.3	118.3	2.5
Oil & Gas Severance Tax	1.5	(45.9)	21.4	(15.8)	26.0	(0.8)
Other Taxes ⁷⁾	43.2	(38.0)	208.7	(34.7)	257.0	(26.4)
Total Taxes	\$2,707.2	5.3%	\$22,175.9	2.6%	\$25,186.1	2.0%
Lottery, Net to School Aid Fund ⁶⁾	75.6	2.9	1,047.3	12.1	982.0	0.2
Total	\$2,782.8	4.2%	\$23,223.2	2.8%	\$26,168.1	1.9%

- Total collections are unadjusted cash collections unless otherwise noted.
- FY 2018-19 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 17, 2019, 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* October 2017 to September 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.