HOUSE FISCAL AGENCY

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August 2019 Revenue Update

Major Taxes

Cash collections from Michigan's major taxes, penalties and interest, and lottery transfers totaled $2,236.1 million in August 2019, $19.6 million more than in August 2018. On a year-to-date basis, collections in FY 2018-19 are $478.8 million (or 2.5%) higher than in FY 2017-18.

Net income tax revenue totaled $754.7 million in August 2019, and for FY 2018-19 collections through August are $71.1 million higher than the same period during FY 2017-18. Year-to-date gross income tax collections in FY 2018-19 are $289.4 million higher than one year ago, as higher withholding and annual payments more than offset lower quarterly payments.

Net business taxes are composed of the single business tax (SBT), the Michigan business tax (MBT), the corporate income tax (CIT), and insurance company taxes. Because of their inherent volatility, monthly collections of business taxes can often display significant fluctuations that diverge from historical trends. On a fiscal year-to-date basis, net business taxes through August 2019 are $194.0 million higher than a year ago. The primary contributors are MBT collections, which through August 2019 are less negative by $84.3 million and CIT revenue, which is $233.2 million higher over the same period. Combined, they more than offset negative SBT and insurance tax collections.

Revenue from consumption taxes, which consist of the sales tax, the use tax, beer and wine taxes, liquor taxes, and tobacco taxes, totaled $979.5 million in August 2019, and is collectively $112.7 million higher than in FY 2017-18 on a year-to-date basis. While year-to-date sales tax collections in the current fiscal year are larger than last year's amount by $153.6 million, they remain slightly below the most recent consensus estimates.

Revenues from the state education tax (SET) and the real estate transfer tax (RET) in August 2019 were $197.7 million and $36.2 million, respectively. The transfer from the lottery to the School Aid Fund was $95.0 million in August 2019, and is $31.5 million higher than FY 2017-18 on a year-to-date basis.

General Fund/General Purpose (GF/GP) Tax Revenue

General Fund/General Purpose revenue from Michigan's major taxes is estimated[1] to be $940.7 million in August 2019, about $47.8 million above the projection established at the May 2019 consensus revenue estimating conference (CREC).

Year-to-date GF/GP tax revenue for FY 2018-19 is about $175.6 million above the projected amount, primarily due to continued strong individual income tax and business tax collections.

School Aid Fund (SAF) Revenue

School Aid Fund revenue from Michigan's major taxes is estimated[1] to be $1,177.6 million in August 2019, about $58.9 million above the amount established at the May 2019 CREC. August 2019 collections were boosted by state education tax collections and a larger than expected lottery transfer.

Year-to-date SAF revenue for FY 2018-19 is $43.7 million below the consensus revenue projections, mostly due to lower than expected sales taxes collections, almost 73% of which accrue to the SAF. Although the August 2019 lottery transfer exceeded the monthly target, fiscal year-to-date transfers remain below projections.

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[1] Because of accruals and undistributed revenue, monthly fund splits are estimated.

FY 2018-19 August Revenue Collections
Millions of Dollars

Major Taxes	FY 2018-19 August	Year-to-Date Collections FY 2017-18	Year-to-Date Collections FY 2018-19	Change from FY 2017-18 Year-to-Date Dollar	Change from FY 2017-18 Year-to-Date % Change	FY 2018-19 Estimates (May 2019 CREC) Dollar	FY 2018-19 Estimates (May 2019 CREC) % Change
Individual Income Tax							
Withholding	$755.0	$8,088.2	$8,301.2	$212.9	2.6%	$9,887.0	2.5%
Quarterly Income Tax	22.7	1,187.7	941.2	(246.4)	(20.8%)	1,264.1	(16.5%)
Annual Income Tax	21.0	911.2	1,234.1	322.9	35.4%	1,311.4	32.2%
Gross Income Tax	**798.7**	**10,187.1**	**10,476.5**	**289.4**	**2.8%**	**12,462.5**	**2.5%**
Less: Income Tax Refunds	44.0	1,810.3	2,028.6	218.3	12.1%	2,184.2	9.4%
Net Income Tax	**754.7**	**8,376.8**	**8,447.9**	**71.1**	**0.8%**	**10,278.3**	**1.2%**
Business Taxes							
Single Business Tax	2.3	6.2	(94.5)	(100.7)		(65.0)	
Michigan Business Tax	(6.3)	(620.5)	(536.2)	84.3		(607.7)	
Corporate Income Tax	58.2	746.9	980.2	233.2	31.2%	1,186.4	16.3%
Insurance Company Taxes	5.9	300.9	278.1	(22.9)	(7.6%)	376.5	(4.2%)
Subtotal	**60.2**	**433.6**	**627.6**	**194.0**	**44.7%**	**890.2**	**16.4%**
Consumption Taxes							
Sales Tax	756.2	6,614.9	6,768.5	153.6	2.3%	8,298.7	2.7%
Use Tax (adjusted for LCSA levy)	125.7	1,189.1	1,152.1	(37.0)	(3.1%)	1,352.0	(5.7%)
Beer and Wine Taxes	5.1	43.3	41.8	(1.5)	(3.5%)	52.0	2.4%
Liquor Excise Tax	9.8	78.8	99.8	21.0	26.6%	116.6	1.6%
Tobacco Taxes	82.7	755.1	731.7	(23.4)	(3.1%)	905.1	(1.4%)
Subtotal	**979.5**	**8,681.2**	**8,793.9**	**112.7**	**1.3%**	**10,724.4**	**1.2%**
Other Miscellaneous Taxes							
State Education Tax	197.7	557.4	607.5	50.1	9.0%	2,099.6	5.6%
Real Estate Transfer Tax	36.2	268.6	279.9	11.2	4.2%	350.9	0.2%
Essential Services Assessment	88.3	96.7	110.1	13.4	13.9%	107.0	7.8%
Industrial & Commercial Facilities Taxes	4.1	26.3	28.4	2.1	8.0%	36.5	0.6%
Casino Wagering Tax	9.7	97.0	98.8	1.8	1.9%	118.3	2.5%
Gas and Oil Severance Tax	1.4	22.6	19.8	(2.7)	(12.1%)	26.0	(0.8%)
Telephone and Telegraph Tax	0.8	34.2	29.8	(4.4)	(13.0%)	32.0	6.3%
Penalties and Interest	8.3	115.2	113.3	(1.9)	(1.7%)	143.0	(18.4%)
Lottery Transfer to School Aid Fund	95.0	765.5	797.0	31.5	4.1%	982.0	0.2%
Subtotal	**441.6**	**1,983.4**	**2,084.4**	**101.1**	**5.1%**	**3,895.3**	**2.5%**
TOTAL	**$2,236.1**	**$19,474.9**	**$19,953.8**	**$478.8**	**2.5%**	**$25,788.2**	**1.8%**

Note: Numbers may not add due to rounding.