



# MONTHLY REVENUE REPORT

## APRIL 2020

---

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.5 billion in April 2020, down 43.3% from the April 2019 level. April 2020 tax collections were approximately \$1.0 billion below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2020. A significant portion of the shortfall reflected the State's decision to move the due dates for some income tax (particularly the April 15 deadline for filing annual returns for tax year 2019), sales tax, and use tax payments from April to dates in May and July. Moving the filing dates for annual and quarterly returns under both the corporate and individual income tax accounted for approximately \$928.9 million of the shortfall.

Collections earmarked to the General Fund were \$576.9 million below the expected level for April 2020, while School Aid Fund tax collections were \$417.9 million below the forecasted level. The remaining \$20.8 million in below-forecast collections was directed to other funds, most notably constitutional revenue sharing. Through April 2020, fiscal year-to-date General Fund collections were \$712.2 million below, and School Aid Fund collections \$417.9 million below, the level expected based on the January 2020 consensus revenue estimates.

The impact of Governor Whitmer's Executive Orders temporarily closing or restricting many businesses and requiring most individuals to stay at home was apparent in the collections for many taxes. However, for several revenue sources, the dynamics of Federal stimulus checks, the timing of payments for withholding on unemployment compensation, and the impact of other temporary Federal stimulus measures, such as the "Paycheck Protection Program" and new liquidity facilities from the Federal Reserve, offset some of those impacts. Similarly, while postponed due dates for selected Michigan tax payments offered financial relief for many taxpayers, it substantially reduced April collections from historical averages (and will boost May and July collections above what they otherwise would have been).

Net income tax revenue totaled \$661.4 million in April 2020, down 53.1% from the level in April 2019, and \$580.3 million below the level forecasted for the month. Withholding payments (which represented most gross income tax revenue) were 5.4% less than the year-ago level but \$26.6 million above the predicted level. With more than 1.0 million individuals filing for unemployment benefits in March and April, withholding collections might have been expected to be below forecast by a large margin. Normally, about 60% of withholding collections reflect wages paid in the previous month. However, for taxpayers who elect to have withholding taken from their unemployment benefits, the withholding payments are made in the month the benefits are paid. As a result, a meaningful portion of April withholding collections reflected payments for March wages (when workers were employed) plus April unemployment benefits (when those same workers were unemployed), essentially creating a "doubling up" effect for April. Below-forecast net income tax revenue primarily reflected estimated and annual payments, which were a combined \$798.0 million below forecast, largely because of a shift in the payment due dates to July 2020.

April 2020 sales tax receipts decreased 30.0% from April 2019 and were \$239.3 million below the forecasted level. A portion of the decline reflected the ability of certain taxpayers to postpone April sales, use, and withholding payments until late May. Sales tax collections from vehicle sales were down 83.8% from April 2019. Slightly offsetting the overall decline in consumption, tobacco tax revenue was up 17.0% from the April 2019 level. Combined business tax collections from the Single Business Tax, Michigan Business Tax, and Corporate Income Tax (CIT) totaled \$52.5 million for the month (meaning collections exceeded refunds) and were \$96.5 million below the expected level. April 2020 CIT collections were down 77.3% from April 2019, largely reflecting the postponed due date for both annual and quarterly payments. Between April 2019 and April 2020, casino tax revenue fell 100% because of the closure of the Detroit casinos. Similarly, lottery revenue was down 25.8%.

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 April 2020. Also presented are the revised consensus revenue estimates for fiscal year 2019-20, which were adopted at the January 2020 Consensus Revenue Estimating Conference.



# MONTHLY REVENUE REPORT

## APRIL 2020

<b>MICHIGAN REVENUE UPDATE</b> (dollars in millions)						
Type of Revenue	April Collections		FY 2019-20 to Date <sup>2</sup>		FY 2019-20 CREC Estimate <sup>3,4)</sup>	
	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From Year Ago	Total	% Change From FY 2018-19
Gross Individual Income Tax	\$999.4	(49.6%)	\$6,108.2	(10.1%)	\$12,741.9	1.5%
Refunds	(337.9)	(41.0)	(1,718.6)	(0.3)	(2,163.3)	1.8
Net Income Tax	661.4	(53.1)	4,389.6	(13.4)	10,578.6	1.4
Sales Tax	452.0	(30.0)	3,837.6	(0.5)	8,682.8	5.2
Motor Vehicles	15.7	(83.8)	412.9	(11.5)	----	----
All Other Sales Tax	436.3	(20.5)	3,424.7	1.0	----	----
Use Tax <sup>5)</sup>	106.7	(43.1)	826.1	(6.4)	1,825.4	1.8
Tobacco Taxes	75.9	17.0	422.0	(0.1)	854.8	(3.4)
Corporate Income Tax	35.0	(77.3)	438.7	(24.8)	1,210.1	(5.3)
Michigan Business Tax	16.0	41.4	(484.2)	(5.6)	(641.0)	25.3
Insurance Tax	75.4	12.1	200.8	15.2	361.8	14.9
Essential Services Assessment	0.1	3,040.8	0.8	(9,358.5)	121.0	8.8
State Education Property Tax	17.1	(45.9)	423.5	20.5	2,170.9	2.7
Real Estate Transfer Tax	21.6	9.0	163.2	11.6	361.0	3.1
Casino Wagering Tax <sup>6)</sup>	0.0	(100.0)	44.7	(25.2)	122.3	4.2
Oil & Gas Severance Tax	0.9	(2.4)	9.6	(18.0)	22.0	(1.3)
Other Taxes <sup>7)</sup>	17.5	(56.8)	118.1	29.4	309.5	30.3
<b>Total Taxes</b>	<b>\$1,479.8</b>	<b>(44.0%)</b>	<b>\$10,390.5</b>	<b>(6.7%)</b>	<b>\$25,979.2</b>	<b>2.3%</b>
Lottery, Net to School Aid Fund <sup>6)</sup>	64.0	(25.8)	556.3	(10.0)	1,010.0	(5.7)
<b>Total</b>	<b>\$1,543.8</b>	<b>(43.4%)</b>	<b>\$10,946.8</b>	<b>(6.6%)</b>	<b>\$26,989.2</b>	<b>2.0%</b>

- 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 January 10, 2020, 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 reflect 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.

