



MONTHLY REVENUE REPORT

AUGUST 2020

Revenue from Michigan's major taxes with General Fund and School Aid Fund earmarks totaled \$2.4 billion in August 2020, a 5.4% increase from the August 2019 level. August 2020 tax collections were approximately \$4.6 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the revised consensus revenue estimates adopted in August 2020. Above-forecast Use Tax, State Education Tax, Real Estate Transfer Tax, and Cigarette Tax payments slightly more than offset below-forecast individual income tax withholding and sales tax collections and greater-than-expected individual income tax refunds.

Collections earmarked to the General Fund were \$15.2 million below the expected level for August 2020, while School Aid Fund tax collections were \$17.7 million above the forecasted level. The remaining \$2.1 million in greater-than-expected collections was directed to other funds, most notably the Medicaid Benefits Trust Fund. While the August 2020 Consensus estimates revised the forecasted values for the year, it did not revise the estimates for many minor taxes. As a result, the fiscal year-to-date deviations from forecast differ from the deviations for August. Through August 2020, fiscal year-to-date General Fund collections were \$56.5 million above, and School Aid Fund collections \$13.4 million above, the level expected based on the August 2020 consensus revenue estimates.

The impact of the COVID-19 pandemic continued to be apparent in the collections for many taxes, reflected by a combination of Governor Whitmer's Executive Orders (which temporarily closed or restricted many businesses and required most individuals to stay at home), Federal stimulus measures such as the "Paycheck Protection Program" and additional unemployment benefits, and precautionary behavior by taxpayers.

Net income tax revenue totaled \$842.2 million in August 2020, an 11.6% increase from August 2019 and \$19.6 million below the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 15.0% above the year-ago level, reflecting a fifth Monday of collections that did not occur in 2019, and \$7.2 million below the predicted level. The relative strength in withholding primarily reflected payments from taxpayers who elected to have withholding taken from their unemployment insurance benefits, combined with the impact of supplementary Federal provisions, which increased benefit amounts and expanded eligibility for payments. Although many Federal provisions expired in July, many taxpayers continued to receive payments in August that reflected their July status.

Sales tax collections totaled \$814.5 million in August 2020, a 7.7% increase from August 2019 and \$10.3 million below forecast. Sales tax collections from vehicle sales totaled \$109.4 million, the third consecutive month (and ninth time in history) in which collections have exceeded \$100.0 million. Combined business tax collections from the Single Business Tax, Michigan Business Tax, and Corporate Income Tax totaled \$13.4 million for the month (meaning collections exceeded refunds) and were \$13.2 million below the expected level. Fiscal year-to-date business tax collections were down 5.5% from the level in August 2019.

State Education Tax collections for August 2020 were 9.3% less than collections in August 2019, but \$19.3 million greater than expected. Those collections reflect 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 August 2020. Also presented are the revised consensus revenue estimates for fiscal year 2019-20, which were adopted at the August 2020 Consensus Revenue Estimating Conference.



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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	August 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	\$915.8	14.7%	\$10,877.5	3.8%	\$12,778.6	1.8%
Refunds	(73.6)	67.4	(2,222.8)	9.6	(2,361.3)	11.1
Net Income Tax	842.2	11.6	8,654.8	2.4	10,417.3	(0.1)
Sales Tax	814.5	7.7	6,729.5	(0.6)	8,227.8	(0.3)
Motor Vehicles	109.4	11.9	837.3	(0.9)	---	---
All Other Sales Tax	705.1	7.1	5,892.1	(0.5)	---	---
Use Tax ⁵⁾	184.0	13.4	1,474.4	(2.8)	1,747.4	(2.6)
Tobacco Taxes	88.6	7.2	744.4	1.7	880.3	(1.0)
Corporate Income Tax	48.3	(17.0)	831.4	(15.2)	1,045.1	(18.2)
Michigan Business Tax	(25.3)	303.9	(502.6)	(6.3)	(641.0)	25.3
Insurance Tax	9.1	55.8	306.6	10.3	351.8	11.7
Essential Services Assessment	97.8	10.8	119.4	8.5	121.0	8.8
State Education Property Tax	179.4	(9.3)	659.4	8.6	2,155.9	2.1
Real Estate Transfer Tax	39.1	7.8	258.0	(7.8)	300.6	(14.1)
Casino Wagering Tax ⁶⁾	5.7	(41.3)	50.4	(27.5)	61.4	(47.7)
Oil & Gas Severance Tax	1.1	(23.6)	11.8	(40.5)	14.0	(37.2)
Other Taxes ⁷⁾	8.9	(63.1)	206.9	25.0	270.5	13.1
Total Taxes	\$2,293.5	5.6%	\$19,544.4	0.4%	\$24,952.1	(1.8%)
Lottery, Net to School Aid Fund ⁶⁾	96.2	(0.1)	1,009.1	3.8	1,130.0	5.5
Total	\$2,389.7	5.4%	\$20,553.6	0.7%	\$26,082.1	(1.5%)

- 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 August 24, 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.

