



MONTHLY REVENUE REPORT

DECEMBER 2020

Michigan's General Fund and School Aid Fund earmarked major taxes and lottery net revenue totaled \$2.3 billion in December 2020, down 1.7% from December 2019. December 2020 tax collections were approximately \$77.0 million above the Senate Fiscal Agency's (SFA's) estimate for the month, based on the August 2020 consensus revenue estimates, primarily due to higher-than-expected Corporate Income Tax (CIT) collections and individual income tax withholdings that were partially offset by less-than-expected use tax collections and greater-than-expected Michigan Business Tax (MBT) refunds.

Collections earmarked to the General Fund were \$55.8 million above the expected level for December 2020, and School Aid Fund tax collections were \$21.5 million above the forecasted level. The remaining \$300,000 in below-forecast revenue was directed to other funds, most notably constitutional revenue sharing. On a year-to-date basis, General Fund collections were \$207.2 million higher, and School Aid Fund collections \$75.9 million higher, than the level expected based on the August 2020 consensus revenue estimates.

Net income tax collections in December 2020 were down 0.9% from the December 2019 level. Withholding payments (which represented the majority of gross income tax revenue) were down 1.8% from the December 2019 level, but \$76.0 million above the SFA estimate for the month. Quarterly payments increased 15.7% while annual payments decreased 21.8% compared to December 2019. Overall, net income tax collections were \$61.5 million above the SFA estimate for the month.

Sales tax revenue in December 2020 was up 6.3% from the December 2019 level, but \$8.5 million below the expected level based on the August 2020 consensus estimates. Collections from vehicle sales were 1.9% below the December 2019 level. On a fiscal year-to-date basis, sales tax collections were down 3.3% from 2019, and \$101.1 million below the expected level. Use tax collections in December 2020 were 15.5% below the December 2019 level and \$27.9 million below the forecasted level, partially offsetting the all-time record high in use tax collections experienced in November 2020.

Net business tax revenue from the repealed Single Business Tax, MBT, and CIT totaled \$94.1 million, \$32.7 million above the expected level but down 42.0% from December 2019. Greater-than-expected MBT refunds resulted in MBT revenue being \$66.6 million below forecast, while CIT collections increased 5.9% from December 2019 and were \$99.3 million above the forecasted level. 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.

Real estate transfer tax collections totaled \$43.1 million in December 2019, up 56.7% from the December 2019 level and \$19.9 million above the expected level. December 2019 represented the fifth-highest monthly collection level in the history of the tax. (October 2020 was the second-highest month, at \$43.6 million.)

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 December 2020. Also presented are the consensus revenue estimates for fiscal year 2020-21, which were adopted at the August 2020 Consensus Revenue Estimating Conference. The January 15, 2020, consensus revenue estimates will be used beginning with the January 2021 report.



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	December Collections		FY 2020-21 to Date ²		FY 2020-21 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	\$1,050.1	(1.0)	\$1,960.0	4.2	\$12,138.4	(5.0)
Refunds	(25.1)	(6.9)	(53.1)	(15.4)	(2,366.9)	0.2
Net Income Tax	1,025.0	(0.9)	1,906.9	4.9	9,771.5	(6.2)
Sales Tax	775.4	6.3	1,369.9	(3.3)	8,159.0	(0.8)
Motor Vehicles	93.4	(1.9)	180.0	2.7	---	---
All Other Sales Tax	682.0	7.6	1,189.9	(4.1)	---	---
Use Tax ⁵⁾	119.7	(15.5)	407.3	48.2	1,722.0	(1.5)
Tobacco Taxes	70.5	2.5	147.7	1.6	847.1	(3.8)
Corporate Income Tax	215.7	5.9	320.5	28.6	912.8	(12.7)
Michigan Business Tax	(121.6)	179.4	(190.6)	177.2	(643.9)	0.5
Insurance Tax	3.8	21.2	4.6	19.7	380.4	8.1
Essential Services Assessment	0.2	211.6	0.5	85.3	125.0	3.3
State Education Property Tax	44.5	(15.9)	340.2	(5.3)	2,163.0	0.3
Real Estate Transfer Tax	43.1	56.7	82.1	24.3	325.0	8.1
Casino Wagering Tax ⁶⁾	1.9	(82.1)	5.8	(71.4)	112.8	83.7
Oil & Gas Severance Tax	2.0	6.4	2.6	(19.5)	12.0	(14.3)
Other Taxes ⁷⁾	14.9	(30.1)	42.2	(8.5)	298.0	10.2
Total Taxes	\$2,195.1	(2.5)	\$4,439.7	2.4	\$24,184.8	(3.1)
Lottery, Net to School Aid Fund ⁶⁾	102.6	17.6	310.3	28.6	1,026.8	(9.1)
Total	\$2,297.6	(1.7)	\$4,750.0	3.1	\$25,211.5	(3.3)

1) Total collections are unadjusted cash collections unless otherwise noted.
2) FY 2020-21 year-to-date collections begin with November 2020 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 are not accrued, so FY 2020-21 collections will reflect October 2020 to September 2021.
7) Other Taxes include beer, wine, liquor, single business tax, industrial facilities, utility property, estate taxes, and tax penalties and interest.

