



MONTHLY REVENUE REPORT

FEBRUARY 2020

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.2 billion in February 2020, a 7.8% increase from the February 2019 level. February 2020 tax collections were approximately \$22.8 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2020. Greater-than-expected individual income tax withholding and sales tax collections were partially offset by greater-than-expected individual income tax refunds.

Collections earmarked to the General Fund were \$19.8 million below the expected level for February, while School Aid Fund tax collections were \$37.1 million above the forecasted level. The remaining \$5.5 million in above-forecast collections was directed to other funds, most notably constitutional revenue sharing. Through February, year-to-date General Fund collections were \$136.0 million below, and School Aid Fund collections were \$62.1 million above, the level expected based on the January 2020 consensus revenue estimates.

Net income tax revenue totaled \$238.0 million in February 2020, down 23.8% from February 2019, and \$20.8 million below the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 3.4% above the February 2019 level and \$58.6 million above the predicted level for the month. However, individual income tax refunds totaled \$626.4 million, up 20.0% from February 2019, and \$77.8 million more than predicted. Refunds generally depend on when taxpayers file their returns, and the Department of Treasury reported that they had processed approximately 20% more returns through the end of February than in the previous year.

February 2020 sales tax receipts increased 11.0% from February 2019 and were \$37.6 million above the forecasted level. Fiscal year-to-date sales tax collections through February 2020 were up 7.0% from last year and \$71.8 million above the forecasted level. Sales tax collections from motor vehicles sales were up 22.8% from February 2019. Use tax collections in February 2020 were 7.4% below the February 2019 level, and \$8.7 million below the forecasted level. Fiscal year-to-date use tax revenue was down 1.1% from last year, but \$10.6 million above the predicted level.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax was a negative \$83.3 million (a net loss of revenue to the State due to refunds exceeding collections) but \$2.6 million less negative than the estimate for the month. Net CIT collections totaled \$19.7 million, \$6.8 million below forecast. Net MBT revenue totaled a negative \$100.0 million, although the loss was \$12.4 million less than expected. Fiscal year-to-date CIT collections were up 11.5% from last year, while fiscal year-to-date MBT collections were 29.5% more negative. Most taxpayers who still file the MBT do so to collect refundable tax credits. The timing of when these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates.

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 February 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.



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	February 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	\$864.4	3.6%	\$4,069.9	6.4 %	\$12,741.9	1.5%
Refunds	(626.4)	20.0	(724.3)	20.7	(2,163.3)	1.8
Net Income Tax	238.0	(23.8)	3,345.6	3.8	10,578.6	1.4
Sales Tax	621.8	11.0	2,780.2	7.0	8,682.8	5.2
Motor Vehicles	69.9	22.8	323.3	15.9	---	---
All Other Sales Tax	551.9	9.7	2,456.9	5.9	---	---
Use Tax ⁵⁾	126.6	(7.4)	572.5	(1.1)	1,825.4	1.8
Tobacco Taxes	69.1	(3.7)	285.0	(2.5)	854.8	(3.4)
Corporate Income Tax	19.7	27.7	350.8	11.5	1,210.1	(5.3)
Michigan Business Tax	(100.0)	(46.1)	(508.6)	29.5	(641.0)	25.3
Insurance Tax	20.3	53.3	105.4	(4.5)	361.8	14.9
Essential Services Assessment	0.1	(414.0)	0.5	(4,271.4)	121.0	8.8
State Education Property Tax	20.3	40.8	392.3	29.9	2,170.9	2.7
Real Estate Transfer Tax	30.0	7.1	124.5	13.7	361.0	3.1
Casino Wagering Tax ⁶⁾	9.9	6.3	40.0	4.7	122.3	4.2
Oil & Gas Severance Tax	2.1	(28.2)	7.2	(17.2)	22.0	(1.3)
Other Taxes ⁷⁾	17.2	(17.2)	81.2	1.5	309.5	30.3
Total Taxes	\$1,075.0	7.6%	\$7,576.5	4.3%	\$25,979.2	2.3%
Lottery, Net to School Aid Fund ⁶⁾	82.6	10.8	417.0	(1.2)	1,010.0	(5.7)
Total	\$1,157.6	7.8%	\$7,993.6	4.5%	\$26,989.2	2.0%

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.

