



MONTHLY REVENUE REPORT

JANUARY 2020

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes and lottery net revenue totaled \$2.3 billion in January 2020, down 6.8% from the January 2019 level. January 2020 tax collections were approximately \$87.2 million below the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2020. Above-forecast sales and use tax collections and less-than-expected individual income tax refunds were more than offset by less-than-expected individual income tax withholding and business tax collections.

Collections earmarked to the General Fund were \$116.2 million below the expected level for January 2020, while School Aid Fund tax collections were \$25.0 million above the forecasted level. The remaining \$4.0 million in above-forecast collections were directed to other funds, most notably constitutional revenue sharing. Because the January 2020 consensus estimates revised the forecasted values for the year, the year-to-date deviations from forecast effectively are the same as the deviations for January.

Net individual income tax revenue totaled \$1.3 billion in January 2020, a 7.5% increase from the January 2019 level but \$46.7 million below the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 10.0% above the January 2019 level but \$19.3 million below the forecasted level. Quarterly income tax payments were 2.4% above the January 2019 level but \$40.6 million less than expected. Refunds were \$16.0 million less than expected, which helped to offset the shortfalls in withholding and quarterly payments.

Sales tax receipts totaled \$742.2 million in January 2020, a 9.4% increase from January 2019 that was \$34.2 million above the forecasted level. Sales tax collections from motor vehicle sales were 13.0% above the level in January 2019. Fiscal year-to-date sales tax collections were 5.9% above the level in fiscal year (FY) 2018-19. In contrast, January 2020 use tax collections were up 8.3% from the January 2019 level and \$19.3 million above the forecasted level, but fiscal year-to-date collections were only 0.8% above the level in FY 2018-19.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) were negative \$260.4 million (a net loss of revenue due to refunds exceeding collections), which was \$101.2 million below the forecasted level. Net CIT collections were down 29.2% from the January 2019 level and \$43.9 million below the monthly estimate—although the shortfall was largely offset by above-forecast December 2019 CIT collections. Net revenue from the MBT was negative \$339.9 million and the loss was \$54.8 million more than expected. Most taxpayers that still file the MBT do so to collect refundable tax credits. When these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates.

In January 2020, real estate transfer tax collections were up 16.7% from January 2019, the third consecutive month of year-over-year increases. In all three of those months, the year-over-year increase has exceeded 14.7%, compared to the 0.1% decline in real estate transfer tax revenues in FY 2018-19.

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



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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	January 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	\$1,324.4	8.2%	\$3,205.5	7.2%	\$12,741.9	1.5%
Refunds	(35.1)	42.6	(97.9)	25.5	(2,163.3)	1.8
Net Income Tax	1,289.3	7.5	3,107.6	6.7	10,578.6	1.4
Sales Tax	742.2	9.4	2,158.4	5.9	8,682.8	5.2
Motor Vehicles	78.1	13.0	253.4	14.1	---	---
All Other Sales Tax	664.0	9.0	1,905.0	4.9	---	---
Use Tax ⁵⁾	171.0	8.3	445.8	0.8	1,825.4	1.8
Tobacco Taxes	70.5	(11.5)	215.8	(2.1)	854.8	(3.4)
Corporate Income Tax	82.0	(29.2)	331.1	10.6	1,210.1	(5.3)
Michigan Business Tax	(339.9)	525.4	(408.6)	97.2	(641.0)	25.3
Insurance Tax	81.2	(14.3)	85.0	(12.3)	361.8	14.9
Essential Services Assessment	0.2	(748.6)	0.4	2,564.9	121.0	8.8
State Education Property Tax	12.6	(46.9)	371.9	29.3	2,170.9	2.7
Real Estate Transfer Tax	28.5	16.7	94.6	16.0	361.0	3.1
Casino Wagering Tax ⁶⁾	9.7	7.1	30.1	4.2	122.3	4.2
Oil & Gas Severance Tax	1.9	(8.6)	5.2	(11.8)	22.0	(1.3)
Other Taxes ⁷⁾	17.9	(19.4)	64.0	8.1	309.5	30.3
Total Taxes	\$2,167.1	(7.9%)	\$6,501.5	3.8%	\$25,979.2	2.3%
Lottery, Net to School Aid Fund ⁶⁾	93.2	30.9	334.5	(3.7)	1,010.0	(5.7)
Total	\$2,260.3	(6.8%)	\$6,836.0	4.0%	\$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.

