



MONTHLY REVENUE REPORT

JANUARY 2021

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes and lottery net revenue totaled \$2.8 billion in January 2021, a 24.0% increase from the January 2020 level. January 2021 tax collections were approximately \$235.5 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2021. Above-forecast use tax collections and income tax collections (including individual income tax withholding) combined with record lottery sales to more than offset less-than-expected sales tax collections.

Collections earmarked to the General Fund were \$108.4 million above the expected level for January 2021, while School Aid Fund tax collections were \$125.6 million above the forecasted level. The remaining \$1.5 million in above-forecast collections was directed to other funds, most notably the Medicaid Benefits Trust Fund. Because the January 2021 consensus estimates revised the forecasted values for the year, the fiscal year-to-date deviations from forecast effectively were the same as the deviations for January.

Net individual income tax revenue totaled \$1.4 billion in January 2021, a 12.3% increase from the January 2020 level and \$60.3 million above the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 5.5% above the January 2020 level and were \$28.5 million above the forecasted level. Quarterly income tax payments were 21.8% above the January 2019 level and \$38.1 million greater than expected, while annual payments were 112.9% above the January 2020 level and \$13.0 million above the forecasted level. Refunds were \$9.6 million less than expected (thus adding to above-forecast revenue) and down 49% from January 2020.

Sales tax receipts totaled \$755.6 million in January 2021, a 1.8% increase from January 2020 that was \$800,000 below the forecasted level. Sales tax collections from motor vehicle sales were 29.3% above the level in January 2020 and only the 12th time in history to break \$100.0 million for the month. January 2021 use tax collections also exhibited a record high, up 53.2% from the January 2020 level and \$88.2 million above the forecasted level.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) were -\$65.7 million (a net loss of revenue due to refunds exceeding collections), and \$100,000 more negative than forecasted. Net CIT collections were up 33.4% from the January 2020 level but \$9.4 million below the monthly estimate. Net revenue from the MBT was -\$174.3 million, \$10.0 million less negative 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 2021, lottery sales totaled \$506.8 million, up 34.9% from January 2020 and the first time monthly sales have ever exceeded \$500.0 million. Lottery sales were pushed higher by individuals' pursuing a \$1.1 billion Mega Millions jackpot in January—the second largest jackpot in the game's history. As a result, the transfer of lottery revenue to the School Aid Fund totaled a record \$146.0 million for the month, \$67.7 million above the expected level.

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 2021. Also presented are the revised consensus revenue estimates for fiscal year 2020-21, which were adopted at the January 2021 Consensus Revenue Estimating Conference.



| MICHIGAN REVENUE UPDATE (dollars in millions) | | | | | | |
|---|---------------------|------------------------|---------------------------------|------------------------|--|--------------------------|
| Type of Revenue | January 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 2019-20 |
| Gross Individual Income Tax | \$1,465.4 | 10.6% | \$3,425.3 | 6.9% | \$12,570.5 | (3.4%) |
| Refunds | (17.9) | (49.0) | (70.9) | (27.5) | (2,416.4) | (4.0) |
| Net Income Tax | 1,447.5 | 12.3 | 3,354.4 | 7.9 | 10,154.1 | (3.2) |
| Sales Tax | 755.6 | 1.8 | 2,125.5 | (1.5) | 8,406.0 | 1.2 |
| Motor Vehicles | 101.0 | 29.3 | 281.0 | 10.9 | ---- | ---- |
| All Other Sales Tax | 654.6 | (1.4) | 1,844.5 | (3.2) | ---- | ---- |
| Use Tax ⁵⁾ | 262.1 | 53.2 | 669.4 | 50.1 | 1,967.7 | 5.7 |
| Tobacco Taxes | 74.9 | 6.3 | 222.6 | 3.1 | 879.0 | (2.8) |
| Corporate Income Tax | 109.4 | 33.4 | 429.9 | 29.8 | 1,074.4 | (2.7) |
| Michigan Business Tax | (174.3) | (48.7) | (364.9) | (10.7) | (626.9) | 13.2 |
| Insurance Tax | 90.1 | 11.0 | 94.7 | 11.4 | 398.7 | (12.7) |
| Essential Services Assessment | 0.1 | (19.0) | 0.6 | 44.2 | 126.0 | 3.3 |
| State Education Property Tax | 25.2 | 100.2 | 365.4 | (1.8) | 2,237.6 | 2.2 |
| Real Estate Transfer Tax | 38.0 | 33.1 | 120.1 | 27.0 | 363.6 | 8.4 |
| Casino Wagering Tax ⁶⁾ | 7.2 | (26.1) | 13.0 | (56.8) | 116.5 | 73.9 |
| Oil & Gas Severance Tax | 1.6 | (16.9) | 4.2 | (18.5) | 12.0 | (6.3) |
| Other Taxes ⁷⁾ | 19.8 | 10.7 | 62.0 | (3.1) | 310.0 | 9.5 |
| Total Taxes | \$2,657.2 | 22.6% | \$7,096.9 | 9.2% | \$25,418.7 | (0.6%) |
| Lottery, Net to School Aid Fund ⁶⁾ | 146.0 | 56.7 | 456.3 | 36.4 | 1,058.1 | (10.3) |
| Total | \$2,803.2 | 24.0% | \$7,553.1 | 10.1% | \$26,476.8 | (1.1%) |

- 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 January 15, 2021, 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.

