



MONTHLY REVENUE REPORT

JULY 2020

Revenue from Michigan's major taxes with General Fund and School Aid Fund earmarks totaled \$3.5 billion in July 2020, a 58.4% increase from the July 2019 level. July 2020 tax collections were approximately \$679.8 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the revised consensus revenue estimates adopted in May 2020. While the unprecedented year-over-year growth in revenue largely was expected given the July due date for many tax payments deferred earlier in the year, individual income tax withholding, quarterly and annual individual income tax payments, and sales tax collections, were greater than expected, although the above-forecast revenue was slightly offset by greater-than-expected individual income tax refunds.

Collections earmarked to the General Fund were \$385.7 million above the expected level for July 2020, while School Aid Fund tax collections were \$270.1 million above the forecasted level. The remaining \$24.0 million in greater-than-expected collections was directed to other funds, most notably constitutional revenue sharing. Through July 2020, fiscal year-to-date General Fund collections were \$675.0 million above, and School Aid Fund collections \$429.1 million above, the level expected based on the May 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 postponed due dates for taxpayers, 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, new liquidity facilities from the Federal Reserve, and precautionary behavior by taxpayers.

Net income tax revenue totaled \$1.8 billion in July 2020, a 105.0% increase from July 2019 and \$319.3 million above the forecasted level, largely reflecting the revised July due date for quarterly and annual payments due in April 2020. Withholding payments (which represented the majority of gross income tax revenue) were 2.9% above the year-ago level and \$195.2 million above 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.

Sales tax collections totaled \$867.2 million in July 2020, an all-time monthly record that was 18.5% above the level in July 2019 and \$202.8 million above forecast. Sales tax collections from vehicle sales totaled \$123.0 million, slightly less than the all-time record set in October 2001 when the Detroit automakers first announced zero-percent vehicle financing. Combined business tax collections from the Single Business Tax, Michigan Business Tax, and Corporate Income Tax totaled \$292.1 million for the month (meaning collections exceeded refunds) and were \$81.0 million above the expected level. Fiscal year-to-date business tax collections were up 7.3% from the level in July 2019.

Between June 2019 and June 2020, casino tax revenue fell 100% because of the closure of the Detroit casinos. Offsetting that decline, lottery revenue to the School Aid Fund was up 69.4% and \$42.0 million above forecast.

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 July 2020. Also presented are the revised consensus revenue estimates for fiscal year 2019-20, which were adopted at the May 2020 Consensus Revenue Estimating Conference.



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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	July 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	\$1,943.0	112.3%	\$9,961.7	2.9%	\$11,553.6	(8.0%)
Refunds	(184.7)	222.8	(2,149.1)	8.3	(2,256.3)	6.2
Net Income Tax	1,758.3	105.0	7,812.6	1.6	9,297.3	(10.9)
Sales Tax	867.2	18.5	5,915.0	(1.6)	7,512.8	(9.0)
Motor Vehicles	123.0	24.3	728.0	(2.5)	---	---
All Other Sales Tax	744.3	17.6	5,187.0	(1.5)	---	---
Use Tax ⁵⁾	154.8	(6.9)	1,290.4	(4.8)	1,532.4	(14.6)
Tobacco Taxes	86.0	16.5	655.8	1.0	880.3	(1.0)
Corporate Income Tax	266.6	142.2	783.1	(15.1)	910.1	(28.8)
Michigan Business Tax	19.2	(180.9)	(477.3)	(9.9)	(641.0)	25.3
Insurance Tax	104.6	10.6	297.5	9.3	351.8	11.7
Essential Services Assessment	17.0	(4.3)	21.6	(0.9)	121.0	8.8
State Education Property Tax	11.6	(20.8)	480.0	17.1	2,155.9	2.1
Real Estate Transfer Tax	20.8	(53.3)	219.0	(10.1)	300.6	(14.1)
Casino Wagering Tax ⁶⁾	0.0	0.0	44.7	(25.2)	71.4	(39.1)
Oil & Gas Severance Tax	1.0	(61.6)	10.7	(41.8)	14.0	(37.2)
Other Taxes ⁷⁾	43.5	104.0	197.9	40.0	270.5	13.1
Total Taxes	\$3,350.5	58.0%	\$17,250.9	(0.3%)	\$22,777.1	(10.3%)
Lottery, Net to School Aid Fund ⁶⁾	132.2	69.4	913.0	4.3	970.0	(9.4)
Total	\$3,482.8	58.4%	\$18,163.9	0.1%	\$23,747.1	(10.3%)

- 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 May 15, 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.

