



MONTHLY REVENUE REPORT

JULY 2021

Revenue from Michigan's major taxes with General Fund and School Aid Fund earmarks totaled \$2.6 billion in July 2021, a 24.3% decrease from the July 2020 level. July 2021 tax collections were approximately \$307.1 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 2021. While the substantial year-over-year decline in revenue was largely expected given the deferred July due date for many tax payments in 2020, collections from sales and use taxes, wagering taxes, business taxes, and lottery revenue were greater than expected, while individual income tax refunds were less than expected.

Collections earmarked to the General Fund were \$137.5 million above the expected level for July 2021, while School Aid Fund tax collections were \$131.2 million above the forecasted level. The remaining \$38.4 million in greater-than-expected collections was directed to other funds, most notably constitutional revenue sharing. Through July 2021, fiscal year-to-date General Fund collections were \$1.1 billion above, and School Aid Fund collections \$604.4 million above, the level expected based on the May 2021 consensus revenue estimates.

Net income tax revenue totaled \$872.8 million in July 2021, a 50.4% decrease from July 2020 and \$33.4 million above the forecasted level, with the decline largely reflecting the revised July 2020 due date for quarterly and annual payments that otherwise would have been due in April 2020. Withholding payments (which represented the majority of gross income tax revenue) were 0.3% above the year-ago level and \$7.6 million below the predicted level. Fiscal year-to-date withholding payments were 5.0% above the level in fiscal year (FY) 2019-20.

Sales tax collections totaled \$886.1 million in July 2021, a 2.2% increase from July 2020 and \$89.5 million above forecast. Sales tax collections from vehicle sales totaled \$117.5 million, the fifth consecutive month (and 11th time in the last 14 months) that sales tax collections from vehicle sales have exceeded the \$100.0 million mark. Use tax collections totaled \$249.7 million, the third highest month on record (the two months above that level were November 2020 and January 2021) and \$45.9 million above the expected level for the month. Fiscal year-to-date sales tax collections were up 16.8%, compared to a 51.7% increase in use tax collections.

Combined business tax collections from the Single Business Tax, Michigan Business Tax, and Corporate Income Tax totaled \$131.0 million for the month (meaning collections exceeded refunds) and were \$48.7 million above the expected level. Fiscal year-to-date business tax collections were up 138.8% from the level in July 2020.

Collections from wagering taxes totaled \$61.9 million for the month, reflecting \$9.4 million from taxes from traditional casino activity, and \$52.5 million from expanded gaming activities authorized under legislation enacted in 2019 for internet gaming, online sports betting, and fantasy gaming contests. A majority of the July collections from expanded gaming reflected activity from earlier months. Lottery revenue to the School Aid Fund totaled \$124.5 million, \$48.8 million above forecast, and exceeding the \$100.0 million mark for the eighth consecutive month and 12th time in the last 15 months.

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



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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	July 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	\$947.4	(51.2%)	\$11,244.0	12.9%	\$13,390.3	2.9%
Refunds	(74.6)	(59.6)	(2,257.9)	5.1	(2,738.4)	8.8
Net Income Tax	872.8	(50.4)	8,986.2	15.0	10,651.9	1.4
Sales Tax	886.1	2.2	6,911.4	16.8	8,906.0	7.2
Motor Vehicles	117.5	(4.4)	984.0	35.2	---	---
All Other Sales Tax	768.6	3.3	5,927.4	14.3	---	---
Use Tax ⁵⁾	249.7	61.3	1,957.9	51.7	2,477.7	35.7
Tobacco Taxes	69.9	(18.6)	646.0	(1.5)	886.0	(2.0)
Corporate Income Tax	125.8	(52.8)	1,261.2	61.1	1,384.1	25.8
Michigan Business Tax	5.1	(73.7)	(504.3)	5.7	(626.9)	13.2
Insurance Tax	104.9	0.3	245.8	(17.4)	390.0	(14.6)
Essential Services Assessment	21.1	24.4	29.2	35.1	126.0	3.3
State Education Property Tax	11.6	0.2	489.9	2.1	2,267.6	3.9
Real Estate Transfer Tax	50.8	143.9	342.0	56.2	433.6	29.3
Casino Wagering Tax ⁶⁾	61.9	---	117.2	162.5	152.0	101.4
Oil & Gas Severance Tax	2.1	113.0	14.7	37.3	14.0	9.4
Other Taxes ⁷⁾	51.4	18.1	243.8	23.2	320.0	13.0
Total Taxes	\$2,513.2	(25.0%)	\$20,740.9	20.2%	\$27,382.0	7.1%
Lottery, Net to School Aid Fund ⁶⁾	124.5	(5.9)	1,170.4	28.2	1,208.1	2.4
Total	\$2,637.7	(24.3%)	\$21,911.3	20.5%	\$28,590.1	6.9%

- 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 May 21, 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.

