



MONTHLY REVENUE REPORT

JUNE 2020

Revenue from Michigan's major taxes with General Fund and School Aid Fund earmarks totaled \$2.1 billion in June 2020, a 7.8% decrease from the June 2019 level. June 2020 tax collections were approximately \$343.6 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. Individual income tax withholding, as well as sales and use tax collections, were greater than expected, while collections from other taxes generally were as expected.

Collections earmarked to the General Fund were \$217.3 million above the expected level for June 2020, while School Aid Fund tax collections were \$121.6 million above the forecasted level. The remaining \$4.7 million in greater-than-expected collections was directed to other funds, most notably constitutional revenue sharing. Through June 2020, fiscal year-to-date General Fund collections were \$289.3 million above, and School Aid Fund collections \$159.0 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), and precautionary behavior by taxpayers. However, the dynamics of Federal stimulus measures such as the "Paycheck Protection Program" and additional unemployment benefits, and new liquidity facilities from the Federal Reserve, offset some of those impacts. Similarly, postponed due dates for selected Michigan tax payments offered financial relief for many taxpayers but reduced June collections from historical averages (and will boost July through November collections above what otherwise would have occurred).

Net income tax revenue totaled \$949.2 million in June 2020, a 7.3% decrease from June 2019, but \$192.8 million above the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 15.4% above the year-ago level and \$179.3 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. (For example, the week of June 13, unemployed insured individuals in Michigan totaled 584,788 while the number receiving pandemic unemployment claims totaled 1,106,440.) The Department of Treasury reported that withholding payments on unemployment insurance benefits totaled approximately \$132.0 million in June, or 15.0% of total withholding.

Sales tax collections totaled \$674.1 million in June 2020, down 7.2% from the level in June 2019 but \$53.2 million above forecast. Use tax collections were boosted by more than \$62.3 million in transfers from previously collected sales tax (which lowered the month's sales tax collections) and were up 47.1% from June 2019 and \$82.2 million above the expected level for the month. Combined business tax collections from the Single Business Tax, Michigan Business Tax, and Corporate Income Tax (CIT) totaled \$42.7 million for the month (meaning collections exceeded refunds) and were \$8.7 million above the expected level. June 2020 CIT collections were down 65.6% from June 2019, reflecting the postponed due date for both annual and quarterly payments.

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 41.4%, \$11.4 million above forecast. However, because of government office closures and stay-at-home orders, unclaimed prizes were running above previous-year levels. To the extent that these prizes are claimed later, it will offset a portion of the current above-forecast growth.

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 June 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	June 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	\$1,060.4	(1.1%)	\$8,018.7	(8.5%)	\$11,553.6	(8.0%)
Refunds	(111.2)	128.3	(1,964.4)	1.9	(2,256.3)	6.2
Net Income Tax	949.2	(7.3)	6,054.3	(11.4)	9,297.3	(10.9)
Sales Tax	674.1	(7.2)	5,047.8	(4.4)	7,512.8	(9.0)
Motor Vehicles	119.5	38.1	605.0	(6.6)	---	---
All Other Sales Tax	554.6	(13.4)	4,442.7	(4.1)	---	---
Use Tax ⁵⁾	215.4	47.1	1,135.6	(4.5)	1,532.4	(14.6)
Tobacco Taxes	74.9	(7.4)	569.8	(0.9)	880.3	(1.0)
Corporate Income Tax	51.6	(65.6)	516.5	(36.4)	910.1	(28.8)
Michigan Business Tax	(8.9)	(199.5)	(496.5)	(1.9)	(641.0)	25.3
Insurance Tax	(3.4)	(323.5)	192.9	8.6	351.8	11.7
Essential Services Assessment	2.9	103.5	4.6	14.1	121.0	8.8
State Education Property Tax	26.4	20.5	468.4	18.6	2,155.9	2.1
Real Estate Transfer Tax	16.0	(40.1)	198.1	(0.5)	300.6	(14.1)
Casino Wagering Tax ⁶⁾	0.0	0.0	44.7	(25.2)	71.4	(39.1)
Oil & Gas Severance Tax	0.3	(77.4)	9.7	(38.6)	14.0	(37.2)
Other Taxes ⁷⁾	17.7	(38.8)	154.4	28.7	270.5	13.1
Total Taxes	\$2,016.5	(9.5%)	\$13,900.4	(8.4%)	\$22,777.1	(10.3%)
Lottery, Net to School Aid Fund ⁶⁾	109.2	41.4	780.7	(2.1)	970.0	(9.4)
Total	\$2,125.7	(7.8%)	\$14,681.1	(7.9%)	\$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.

