



MONTHLY REVENUE REPORT

NOVEMBER 2020

Michigan's major taxes and net lottery revenue totaled \$2.3 billion in November 2020, up 8.2% from November 2019. November tax collections were approximately \$199.2 million above the Senate Fiscal Agency's (SFA's) projection for the month, based on the consensus revenue estimates adopted in August 2020. The above-forecast revenue primarily reflected collections from the State Education Tax (SET), individual income tax withholding, and the Corporate Income Tax (CIT). November is the first month of tax collections for fiscal year (FY) 2020-21; most October 2020 tax revenue was accrued to FY 2019-20. Because November represents the first month of FY 2020-21 collections, the year-to-date totals are the same as the monthly figures for those taxes.

General Fund tax collections were \$151.4 million above the expected level for November, while School Aid Fund tax collections were \$54.4 million above the forecasted level. The remaining \$6.6 million in below-forecast collections was directed to other funds, most notably constitutional revenue sharing.

Net income tax revenue totaled \$881.9 million in November 2020, a 12.5% increase from the November 2019 level, and \$37.7 million above the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 10.7% above the year-ago level, reflecting the extra Monday of withholding payments compared to last year, and \$34.6 million above the level expected based on SFA monthly estimates. Other individual income tax components essentially were at forecasted levels.

Sales tax receipts totaled \$594.4 million in November 2020, a 13.5% decline from the November 2019 level and \$92.6 million below forecast. The decline reflected the transfer of approximately \$106.9 million of previously received sales tax revenue to other taxes, primarily the use tax. As a result of the transfers, use tax collections totaled \$287.6 million in November 2020, an all-time record high that was up 115.9% from November 2019, and \$131.5 million above the level forecast for the month. On a combined basis, sales and use tax revenue was up 7.5% from November 2019 and was \$38.9 million above the forecast level.

Net revenue from the repealed Single Business Tax, Michigan Business Tax (MBT), and CIT totaled \$36.4 million, up 79.1% from November 2019 and \$54.6 million above the expected level. Michigan Business Tax collections were negative \$69.0 million (because refunds exceeded payments) and \$25.2 million more negative than forecasted. Each year, MBT revenue is dominated by several large refunds. When these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates. Net CIT collections were up 130.2% from November 2019 and \$79.3 million above the forecasted level.

State Education Tax revenue of \$295.7 million was down 3.5% from November 2019 but \$43.9 million above the expected level. November collections for the SET generally are accrued back to the previous fiscal year. State Education Tax revenue over the most recent four-month period (August 2020 to November 2020) when, on average, 89% of the revenue from SET is collected, was 5.5% above the collections for that period in the previous year.

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



MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	November 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 2018-19
Gross Individual Income Tax	\$909.9	11.0%	\$909.9	11.0%	\$12,138.4	(5.0%)
Refunds	(28.0)	(21.9)	(28.0)	(21.9)	(2,366.9)	0.2
Net Income Tax	881.9	12.5	881.9	12.5	9,771.5	(6.2)
Sales Tax	594.4	(13.5)	594.4	(13.5)	8,159.0	(0.8)
Motor Vehicles	86.6	8.1	86.6	8.1	---	---
All Other Sales Tax	507.9	(16.3)	507.9	(16.3)	---	---
Use Tax ⁵⁾	287.6	115.9	287.6	115.9	1,722.0	(1.5)
Tobacco Taxes	77.2	0.8	77.2	0.8	847.1	(3.8)
Corporate Income Tax	104.8	130.2	104.8	130.2	912.8	(12.7)
Michigan Business Tax	(69.0)	173.4	(69.0)	173.4	(643.9)	0.5
Insurance Tax	0.8	13.3	0.8	13.3	380.4	8.1
Essential Services Assessment	0.3	45.4	0.3	45.4	125.0	3.3
State Education Property Tax	295.7	(3.5)	295.7	(3.5)	2,163.0	0.3
Real Estate Transfer Tax	39.0	1.2	39.0	1.2	325.0	8.1
Casino Wagering Tax ⁶⁾	4.0	(60.4)	4.0	(60.4)	112.8	83.7
Oil & Gas Severance Tax	0.6	(56.6)	0.6	(56.6)	12.0	(14.3)
Other Taxes ⁷⁾	27.4	10.0	27.4	10.0	298.0	10.2
Total Taxes	\$2,244.6	7.7%	\$2,244.6	7.7%	\$24,184.8	(3.1%)
Lottery, Net to School Aid Fund ⁶⁾	98.6	21.4	207.7	34.8	1,026.8	(9.1)
Total	\$2,343.3	8.2%	\$2,452.3	8.2%	\$25,211.5	(3.3%)

- 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 August 24, 2020, 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.

