



MONTHLY REVENUE REPORT

OCTOBER 2020

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$3.4 billion in October 2020, up 10.0% from the level in October 2019 and \$361.3 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in August 2020. Tax collections from almost every major tax were above forecast for the month, although collections from the individual income tax (all components), sales tax, and use tax accounted for \$285.2 million of the above-forecast revenue. Because of the State's use of accrual accounting, fiscal year (FY) 2019-20 revenue generally will reflect November 2019 through October 2020 collections, although final revenue will be adjusted through the accrual process and should be known in mid-to-late December.

Collections earmarked to the General Fund were \$235.9 million above the expected level for October 2020, while School Aid Fund tax collections were \$118.5 million above the forecasted level. The remaining \$6.9 million in above-forecast revenue was directed to other funds, most notably constitutional revenue sharing. On a fiscal year-to-date basis, General Fund collections were \$468.9 million, and School Aid Fund collections \$318.9 million, more than expected based on the August 2020 consensus revenue estimates.

Net income tax revenue totaled \$898.9 million in October 2020, a 3.1% increase from October 2019. Withholding payments (which represented the majority of gross income tax revenue) were 1.2% above the year-ago level, and \$85.2 million more than expected. Additionally, both estimated payments and annual payments were above forecast by a combined \$40.5 million, while refunds were \$28.2 million less than expected. On a fiscal year-to-date basis, withholding was \$112.6 million above the level forecasted in August 2020 while net income tax revenue was \$258.8 million above the predicted level.

Sales tax collections totaled \$782.1 million in October 2020, up 8.9% from the October 2019 level. Excluding the recovery years of FY 2010-11 and FY 2011-12, between November 2000 and August 2019, sales tax collections have only exhibited year-over-year growth of 8.9% or more in 17% of the months. Sales tax collections from motor vehicle sales totaled \$100.2 million, the fifth consecutive month (and 11th time in history) in which collections have exceeded \$100.0 million. Fiscal year-to-date sales tax collections were 0.4% below the FY 2018-19 level and \$33.4 million above the August 2020 consensus estimates, while use tax collections were up 8.4% from the FY 2018-19 level and \$127.8 million above the expected level.

Combined business tax collections from the Single Business Tax, Michigan Business Tax, and Corporate Income Tax totaled \$83.1 million in October 2020, a 74.7% increase from October 2019 and \$18.1 million above the expected level. On a fiscal year-to-date basis, combined business tax collections were \$105.9 million above the forecasted level.

State Education Tax (SET) revenue is influenced by when counties remit payments. Most collections are received between August and November of each year. Fiscal year-to-date SET collections were \$52.2 million above the estimate. The forecast for SET revenue is primarily based on taxable values, which are known earlier in the year, so significant deviations from the fiscal year estimate are unusual and are often settled in the accrual process.

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 October 2020. Also presented are the consensus revenue estimates for FY 2019-20 adopted at the May 2020 Consensus Revenue Estimating Conference.



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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	October 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	\$972.6	2.9%	\$13,019.7	3.3%	\$12,778.6	1.8%
Refunds	(73.7)	0.1	(2,343.6)	9.7	(2,361.3)	11.1
Net Income Tax	898.9	3.1	10,676.1	2.0	10,417.3	(0.1)
Sales Tax	782.1	8.6	8,261.2	(0.4)	8,227.8	(0.3)
Motor Vehicles	100.2	6.8	1,047.1	1.7	---	---
All Other Sales Tax	681.9	8.8	7,214.1	(0.7)	---	---
Use Tax ⁵⁾	229.6	49.2	1,875.2	8.4	1,747.4	(2.6)
Tobacco Taxes	79.4	6.0	906.2	2.1	880.3	(1.0)
Corporate Income Tax	86.8	(11.3)	1,086.5	(11.0)	1,045.1	(18.2)
Michigan Business Tax	(3.5)	(92.0)	(499.8)	(13.1)	(641.0)	25.3
Insurance Tax	91.6	1.3	396.3	7.1	351.8	11.7
Essential Services Assessment	0.5	105.3	121.8	9.5	121.0	8.8
State Education Property Tax	1,082.3	4.6	2,208.1	9.3	2,155.9	2.1
Real Estate Transfer Tax	43.6	50.5	335.0	(2.8)	300.6	(14.1)
Casino Wagering Tax ⁶⁾	8.4	(14.4)	65.6	(25.3)	61.4	(47.7)
Oil & Gas Severance Tax	1.0	(32.2)	13.9	(39.3)	14.0	(37.2)
Other Taxes ⁷⁾	30.6	135.9	291.2	31.3	270.5	13.1
Total Taxes	\$3,331.4	9.1	\$25,737.2	2.0	\$24,952.1	(1.8)
Lottery, Net to School Aid Fund ⁶⁾	109.1	(33.1)	1,101.1	5.1	1,130.0	5.5
Total	\$3,440.5	10.0%	\$26,838.3	2.4%	\$26,082.1	(1.5%)

- 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 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.

