



MONTHLY REVENUE REPORT

OCTOBER 2021

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$3.6 billion in October 2021, up 4.6% from the level in October 2020 and \$235.0 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2021. Tax collections from almost every major tax were above forecast for the month, although collections from the individual income tax withholding, sales tax, and use tax accounted for \$208.4 million of the above-forecast revenue. Because of the State's use of accrual accounting, fiscal year (FY) 2020-21 revenue generally will reflect November 2020 through October 2021 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 \$162.4 million above the expected level for October 2021, while School Aid Fund tax collections were \$51.3 million above the forecasted level. The remaining \$21.3 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 \$1.8 billion more, and School Aid Fund collections \$1.0 billion more, than expected based on the May 2021 consensus revenue estimates.

Net income tax revenue totaled \$993.8 million in October 2021, a 10.6% increase from October 2020. Withholding payments (which represented the majority of gross income tax revenue) were 12.4% above the year-ago level, and \$75.8 million more than expected. Additionally, refunds were \$84.9 million less than expected. On a fiscal year-to-date basis, withholding is \$90.9 million above the level forecasted in May 2021, while net income tax revenue is \$1.5 billion above the predicted level (largely due to sizeable annual payments received in June and above-forecast estimated payments in June and September).

Sales tax collections totaled \$867.6 million in October 2021, up 10.9% from the October 2020 level. Sales tax collections from motor vehicle sales totaled \$114.7 million, the eighth consecutive month collections have exceeded \$100.0 million. Fiscal year-to-date sales tax collections were 14.8% above the FY 2019-20 level and \$577.9 million above the May 2021 consensus estimates, while use tax collections were up 39.7% from the FY 2019-20 level and \$131.6 million above the expected level.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax totaled \$88.3 million in October 2021, a 6.3% increase from October 2020 and \$15.2 million below the expected level due to the State's paying \$37.3 million more in MBT refunds than was forecasted. On a fiscal year-to-date basis, combined business tax collections were \$428.1 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 \$23.5 million below 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 next page of this report identifies the major taxes included in the report, and provides their respective revenue levels and growth rates for October 2021. Also presented are the consensus revenue estimates for FY 2020-21 adopted at the May 2021 Consensus Revenue Estimating Conference.



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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	October 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	\$1,069.0	9.9%	\$14,596.4	12.1%	\$13,390.3	2.9%
Refunds	(75.2)	2.0	(2,487.7)	6.1	(2,738.4)	8.8
Net Income Tax	993.8	10.6	12,108.8	13.4	10,651.9	1.4
Sales Tax	867.6	10.9	9,483.9	14.8	8,906.0	7.2
Motor Vehicles	114.7	14.4	1,331.7	27.2	----	----
All Other Sales Tax	752.9	10.4	8,152.2	13.0	----	----
Use Tax ⁵⁾	204.1	(11.1)	2,619.3	39.7	2,477.7	35.7
Tobacco Taxes	74.6	(6.1)	888.5	(1.9)	886.0	(2.0)
Corporate Income Tax	135.2	55.7	1,728.3	59.1	1,384.1	25.8
Michigan Business Tax	(48.2)	1,274.3	(544.1)	8.9	(626.9)	13.2
Insurance Tax	97.1	6.1	354.8	(10.5)	390.0	(14.6)
Essential Services Assessment	1.1	117.4	127.2	4.4	126.0	3.3
State Education Property Tax	1,071.3	(1.0)	2,244.1	1.6	2,267.6	3.9
Real Estate Transfer Tax	42.9	(1.5)	486.5	45.2	433.6	29.3
Casino Wagering Tax ⁶⁾	20.8	148.7	175.4	167.5	152.0	101.4
Oil & Gas Severance Tax	2.9	184.6	22.8	64.2	14.0	9.4
Other Taxes ⁷⁾	29.5	(3.9)	345.8	18.7	320.0	13.0
Total Taxes	\$3,492.9	4.8%	\$30,041.2	16.7%	\$27,382.0	7.1%
Lottery, Net to School Aid Fund ⁶⁾	106.7	49.8	1,388.2	26.1	1,208.1	2.4
Total	\$3,599.6	4.6%	\$31,429.4	16.9%	\$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.

