



MONTHLY REVENUE REPORT

SEPTEMBER 2020

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$3.0 billion in September 2020, a 6.1% increase from September 2019 and approximately \$268.6 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. Above-forecast collections from the Use Tax, Individual Income Tax, State Education Tax (SET), and Corporate Income Tax (CIT) more than offset below-forecast revenue from the Sales Tax and insurance taxes.

Collections earmarked to the General Fund were \$176.5 million above the expected level for September 2020, while School Aid Fund tax collections were \$91.8 million above the forecasted level. The remaining \$0.3 million in above-forecast collections reflected other earmarks, most notably the Medicaid Trust Fund. Through September 2020, year-to-date General Fund collections are \$233.0 million above, and School Aid fund collections \$105.2 million above, the level expected based on the August 2020 consensus revenue estimates. Although the fiscal year ended September 30, because the State uses accrual accounting October collections will be included in FY 2019-20 revenue, as will some other transactions and adjustments in November.

The decline in Federal stimulus measures associated with the COVID-19 pandemic was apparent in September 2020 collections. Despite many taxes exhibiting above-forecast collections, taxes exhibited weaker year-over-year growth, or even year-over-year declines, when compared to previous months where business and individuals were affected by now-expired stimulus provisions.

Net income tax revenue totaled \$1.1 billion in September 2020, a 2.2% decline from September 2019 but \$124.5 million above the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 1.9% below the year-ago level, the first year-over-year decline since April, but were \$34.7 million above the predicted level. Much of the relative strength in individual income tax collections reflected estimated payments, which were down only 0.3% from September 2019, and were \$86.4 million above the predicted level--suggesting many taxpayers have not altered their estimated payments in response to the pandemic.

Sales tax collections totaled \$749.5 million in September 2020 and were \$6.3 million below the forecasted level. Sales tax collections were down 6.6% from September 2019 and down 8.0% from August 2020. However, sales tax collections from vehicle sales totaled \$109.5 million, the fourth consecutive month (and 10th time in history) where collections have exceeded \$100 million. Combined business tax collections from the Single Business Tax, Michigan Business Tax, and CIT totaled \$175.1 million for the month and were \$46.7 million above the expected level. Like with estimated payments under the individual income tax, estimated CIT payments were down only 1.5% from September 2019, resulting in CIT collections for the month being \$43.0 million above the predicted level. Fiscal year-to-date business tax collections are up 1.1% from the level in September 2019.

State Education Tax collections for September 2020 were 23.0% above collections in September 2019, and \$57.0 million greater than expected. Deviations from forecast in SET collections generally reflect when counties remit payments to the State. The majority of SET collections are received in September and October.

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 September 2020. Also presented are the revised consensus revenue estimates for fiscal year 2019-20, which were adopted at the August 2020 Consensus Revenue Estimating Conference.



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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	September 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	\$1,169.6	(1.0%)	\$12,047.1	3.3%	\$12,778.6	1.8%
Refunds	(47.1)	37.5	(2,269.9)	10.0	(2,361.3)	11.1
Net Income Tax	1,122.5	(2.2)	9,777.2	1.9	10,417.3	(0.1)
Sales Tax	749.5	(6.6)	7,479.0	(1.2)	8,227.8	(0.3)
Motor Vehicles	109.5	20.8	946.8	1.2	----	----
All Other Sales Tax	640.1	(10.0)	6,532.2	(1.6)	----	----
Use Tax ⁵⁾	171.2	193.4	1,645.7	4.5	1,747.4	(2.6)
Tobacco Taxes	82.3	1.4	826.7	1.7	880.3	(1.0)
Corporate Income Tax	168.2	18.0	999.7	(11.0)	1,045.1	(18.2)
Michigan Business Tax	6.3	29.1	(496.3)	(6.6)	(641.0)	25.3
Insurance Tax	(1.8)	(229.7)	304.8	9.1	351.8	11.7
Essential Services Assessment	1.8	96.7	121.2	9.2	121.0	8.8
State Education Property Tax	466.3	23.0	1,125.7	14.1	2,155.9	2.1
Real Estate Transfer Tax	33.4	(6.4)	291.4	(7.7)	300.6	(14.1)
Casino Wagering Tax ⁶⁾	6.9	(20.7)	57.2	(26.7)	61.4	(47.7)
Oil & Gas Severance Tax	1.0	(31.4)	12.9	(39.8)	14.0	(37.2)
Other Taxes ⁷⁾	53.7	24.3	260.6	24.8	270.5	13.1
Total Taxes	\$2,861.4	5.7%	\$22,405.8	1.0%	\$24,952.1	(1.8%)
Lottery, Net to School Aid Fund ⁶⁾	92.0	21.7	1,101.1	5.1	1,130.0	5.5
Total	\$2,953.3	6.1%	\$23,506.9	1.4%	\$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.

