



MONTHLY REVENUE REPORT

MARCH 2021

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.5 billion in March 2021, up 8.4% from the March 2020 level. Although the COVID-19 pandemic began affecting the Michigan economy in March 2020, most revenue received in March 2020 reflected economic activity that occurred in February 2020. March 2021 tax collections were approximately \$65.7 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2021. Greater-than-expected individual income tax withholding, lottery sales and use tax collections more than offset lower-than-expected sales tax and greater-than-expected individual income tax and Michigan Business Tax (MBT) refunds.

Collections earmarked to the General Fund were \$18.3 million above the expected level for March 2021, while School Aid Fund tax collections were \$50.7 million above the forecasted level. The remaining \$3.3 million in below-forecast collections was directed to other funds, most notably constitutional revenue sharing. Through March 2021, fiscal year-to-date General Fund collections were \$517.4 million above, and School Aid Fund collections \$267.8 million below, the level expected based on the January 2021 consensus revenue estimates.

Net income tax revenue totaled \$438.6 million in March 2021, a 14.7% increase from the level in March 2020, and \$66.8 million above the level forecasted for the month. Withholding payments (which represented most gross income tax revenue) were 9.7% above the year-ago level and \$72.9 million above the predicted level. (If withholding on unemployment insurance payments were excluded, the withholding would have been up 5.3% from March 2020.) While individual income tax refunds exceeded the monthly forecast by \$35.7 million, the revenue loss was mostly offset by above-forecast estimated and annual individual income tax payments.

March 2020 sales tax receipts increased 7.1% from March 2020 but were \$29.3 million below the forecasted level. Sales tax collections from vehicle sales reached an all-time record in March 2021, at \$129.3 million. Use tax collections were up 42.7% from March 2020 and \$57.4 million above the forecasted level, although there was a transfer this month of approximately \$60.0 million from sales tax to use tax, which lowered sales tax collections and increased use tax collections. Fiscal year-to-date sales tax collections through March 2021 were up 1.8% from fiscal year (FY) 2019-20, and \$23.2 million above the forecasted level. On a fiscal year-to-date basis, sales tax collections from vehicles sales were up 24.1% while other sales are down 1.2%. Fiscal year-to-date use tax collections were up 51.5% from FY 2019-20 and \$203.6 million above the forecasted level.

Combined business tax collections from the Single Business Tax, MBT, and Corporate Income Tax (CIT) totaled negative \$45.2 million for the month (meaning refunds exceeded collections) and were \$54.0 million below the expected level. March 2021 CIT collections were up 20.8% from March 2020 and \$1.2 million above the estimated level. Net MBT revenue was \$55.3 million less than expected, reflecting greater-than-expected refunds. Most taxpayers who still file the MBT do so to collect refundable tax credits. When these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates.

Despite the absence of large Powerball and MegaMillions jackpots during March 2021, March lottery collections exceeded \$100.0 million for a fourth consecutive month and the fifth time in the last six months. March 2021 lottery revenue to the School Aid Fund was \$17.2 million above the forecasted level and on a fiscal year-to-date basis was up \$103.2 million.

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 March 2021. Also presented are the revised consensus revenue estimates for FY 2020-21, which were adopted at the January 2021 Consensus Revenue Estimating Conference.



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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	March 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	\$1,164.7	12.1%	\$5,493.9	7.5%	\$12,138.4	(5.0%)
Refunds	(726.1)	10.6	(1,137.3)	(17.6)	(2,366.9)	0.2
Net Income Tax	438.6	14.7	4,356.6	16.9	9,771.5	(6.2)
Sales Tax	648.4	7.1	3,446.0	1.8	8,159.0	(0.8)
Motor Vehicles	129.3	75.0	493.1	24.1	----	----
All Other Sales Tax	519.1	(2.3)	2,953.0	(1.2)	----	----
Use Tax ⁵⁾	209.7	42.7	1,090.2	51.5	1,722.0	(1.5)
Tobacco Taxes	62.9	2.9	350.4	1.2	847.1	(3.8)
Corporate Income Tax	63.9	20.8	516.9	28.0	912.8	(12.7)
Michigan Business Tax	(109.1)	(1,403.3)	(474.8)	(5.1)	(643.9)	0.5
Insurance Tax	4.4	(78.0)	87.4	(30.3)	380.4	8.1
Essential Services Assessment	0.1	(27.9)	0.9	30.0	125.0	3.3
State Education Property Tax	21.7	53.3	406.2	(0.1)	2,163.0	0.3
Real Estate Transfer Tax	31.5	84.1	188.4	33.0	325.0	8.1
Casino Wagering Tax ⁶⁾	9.1	95.0	29.1	(34.8)	112.8	83.7
Oil & Gas Severance Tax	1.9	31.9	7.2	(16.8)	12.0	(14.3)
Other Taxes ⁷⁾	33.5	73.1	103.8	3.2	298.0	10.2
Total Taxes	\$1,416.7	6.2%	\$10,108.2	13.4%	\$24,184.8	(3.1%)
Lottery, Net to School Aid Fund ⁶⁾	111.1	47.5	670.1	36.1	1,026.8	(9.1)
Total	\$1,527.8	8.4%	\$10,778.3	14.4%	\$25,211.5	(3.3%)

- 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 January 15, 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.

