



MONTHLY REVENUE REPORT

MAY 2021

Revenue from Michigan's major taxes with General Fund and School Aid Fund (SAF) earmarks totaled \$2.9 billion in May 2021, a 79.0% increase from the May 2020 level. May 2021 tax collections were approximately \$1.0 billion above the level expected in the Senate Fiscal Agency's estimate for the month, based on the revised consensus revenue estimates adopted in May 2021. Above-forecast annual individual income tax payments accounted for approximately 80% of above-forecast revenue, while sales tax collections accounted for most of the remaining above-forecast revenue.

Collections earmarked to the General Fund were \$709.6 million above the expected level for May 2021, while SAF tax collections were \$298.7 million above the forecasted level. The remaining \$11.2 million in greater-than-expected collections was directed to other funds, most notably constitutional revenue sharing. Because the May 2021 Consensus estimates revised the forecasted values for the year, the fiscal year-to-date deviations from forecast effectively were the same as the deviations for May.

Net income tax revenue totaled \$1.5 billion in May 2021, a 108.2% increase from May 2020, and \$855.8 million above the forecasted level. Withholding payments (which generally represent the majority of gross income tax revenue) were 10.8% above the year-ago level, but were \$17.6 million below the predicted level. For most individual income tax components, comparisons to May 2020 levels are largely meaningless because in 2020 annual returns were postponed until July, while in 2021 the due date was delayed until May. However, May 2021 did exhibit a record level of annual payments that was 6.8% above the previous record in April 2019 and \$808.5 million above the forecasted level.

Sales tax collections totaled \$837.2 million in May 2021, the second highest month on record after July 2020 and \$115.7 million above forecast. Sales tax collections from vehicles sales broke the \$100.0 million mark for a third consecutive month and for the ninth month since June 2020. Between May 2011 and May 2019, May sales tax collections from vehicle sales averaged \$84.0 million. Use tax collections totaled \$207.5 million, the eighth-highest month on record (the other seven months above that level have all been since June 2020) but were \$9.1 million below the expected level for the month. Fiscal year-to-date sales tax collections were up 16.9% and use tax collections were up 64.2%.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled \$92.9 million in May 2021, \$53.4 million above the expected level. Net CIT collections totaled \$92.7 million in May, a record for May collections, following April's all-time record for monthly collections. Net MBT revenue totaled \$38,000 (payments barely exceeded refunds), and refunds were \$23.9 million less than expected. Most taxpayers that still file the MBT do so to collect refundable tax credits.

Net lottery revenue to the SAF totaled \$101.0 million in May 2021, the sixth consecutive month net revenue has exceeded \$100.0 million, and the tenth month since May 2020. Year-to-date lottery revenue to the SAF was up 37.3% from fiscal year (FY) 2019-20.

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



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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	May 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	\$1,890.2	122.3%	\$9,053.5	30.1%	\$13,390.3	2.9%
Refunds	(400.3)	197.3	(2,083.1)	12.4	(2,738.4)	8.8
Net Income Tax	1,489.9	108.2	6,970.4	36.5	10,651.9	1.4
Sales Tax	837.2	56.2	5,112.6	16.9	8,906.0	7.2
Motor Vehicles	117.2	61.4	740.5	52.5	---	---
All Other Sales Tax	720.0	55.4	4,372.1	12.4	---	---
Use Tax ⁵⁾	207.5	120.6	1,511.3	64.2	2,477.7	35.7
Tobacco Taxes	69.3	(5.0)	493.0	(0.4)	886.0	(2.0)
Corporate Income Tax	92.7	253.4	900.7	93.7	1,384.1	25.8
Michigan Business Tax	0.0	(101.1)	(522.7)	7.2	(626.9)	13.2
Insurance Tax	(18.3)	301.0	149.6	(23.8)	390.0	(14.6)
Essential Services Assessment	3.6	280.2	5.2	204.9	126.0	3.3
State Education Property Tax	24.4	32.1	449.5	1.7	2,267.6	3.9
Real Estate Transfer Tax	38.0	101.1	261.0	43.3	433.6	29.3
Casino Wagering Tax ⁶⁾	8.8	---	46.7	4.5	134.9	101.4
Oil & Gas Severance Tax	1.7	(724.1)	10.7	13.8	14.0	9.4
Other Taxes ⁷⁾	23.4	26.1	170.6	24.8	320.0	13.0
Total Taxes	\$2,778.1	86.0%	\$15,558.4	30.9%	\$27,364.9	7.1%
Lottery, Net to School Aid Fund ⁶⁾	101.0	(12.3)	921.8	37.3	1,208.1	2.4
Total	\$2,879.2	79.0%	\$16,480.2	31.2%	\$28,573.0	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.

