



# MONTHLY REVENUE REPORT

## AUGUST 2022

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Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$2.8 billion in August 2022, a 4.1% increase from August 2021 and \$304.8 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2022. The overwhelming majority of the amount by which revenue exceeded expectations reflected greater-than-expected sales tax collections and less-than-expected individual income tax refunds.

Collections earmarked to the General Fund were \$227.3 million above the expected level for August 2022, and School Aid Fund tax collections were \$79.7 million above the forecasted level. The remaining \$2.2 million in less-than-expected collections was directed to other funds, most notably the Medicaid Benefits Trust Fund. Through August 2022, fiscal year-to-date General Fund collections were \$706.3 million above, and School Aid fund collections \$249.2 million above, the level expected based on the May 2022 consensus revenue estimates.

Net income tax revenue totaled \$981.2 million in August 2022, a 4.6% increase from August 2021. Withholding payments (which represented the majority of gross income tax revenue) were 5.5% above the year-ago level and \$8.5 million above the predicted level. Individual income tax refunds were \$178.5 million below the forecasted level, reflecting that many of the expected refund claims associated with the implementation of the Flow-Through Entity Tax (that went into effect in December 2021) have yet to be filed. Fiscal year-to-date net individual income tax collections in August 2022 were up 22.0% from August 2021 and \$477.1 million above forecast.

Sales tax collections totaled \$998.3 million in August 2022, a 15.1% increase from August 2021 and \$110.6 million above forecast. Sales tax collections from vehicle sales totaled \$140.1 million, an all-time monthly high that also was the sixth consecutive month (and 18<sup>th</sup> time in the last 20 months) that sales tax collections from vehicle sales have exceeded the \$100.0 million mark. Use tax collections totaled \$228.7 million, a 0.2% increase from August 2021 and \$3.6 million below the expected level for the month. Fiscal year-to-date sales tax collections were up 14.7% compared to a 0.9% decrease in use tax collections.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled \$24.3 million in August 2022, \$11.5 million above the expected level. Reflecting the volatile nature of corporate income taxes, August 2022 CIT collections were 42.1% below the August 2021 level, the first year-over-year decline since November 2021, but fiscal year-to-date CIT collections were up 18.5% and were \$105.9 million above the forecasted level. Michigan Business Tax collections were \$26.5 million above forecast due to less-than-expected refunds. Most taxpayers who still file the MBT do so to collect refundable tax credits. When these refunds are processed significantly affects the accuracy of monthly MBT estimates.

Oil and gas severance tax collections were up 36.3% from August 2021, the second smallest year-over-year gain this fiscal year. Fiscal year-to-date severance tax collections were up 99.0% from fiscal year (FY) 2020-21, and \$4.9 million above the expected level.

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 August 2022. Also presented are the revised consensus revenue estimates for FY 2021-22 which were adopted at the May 2022 Consensus Revenue Estimating Conference.



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<b>MICHIGAN REVENUE UPDATE</b> (dollars in millions)						
Type of Revenue	August Collections		FY 2021-22 to Date <sup>2</sup>		FY 2021-22 CREC Estimate <sup>3,4)</sup>	
	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From Year Ago	Total	% Change From FY 2020-21
Gross Individual Income Tax <sup>5)</sup>	\$1,064.7	6.7%	\$14,433.9	17.9%	\$16,727.2	15.1%
Refunds	(83.5)	40.0	(2,329.4)	0.5	(3,244.2)	20.3
Net Income Tax	981.2	4.6	12,104.5	22.0	13,483.0	13.9
Sales Tax	998.3	15.1	8,925.4	14.7	10,299.6	9.4
Motor Vehicles	140.1	16.0	1,225.5	10.9	----	----
All Other Sales Tax	858.2	15.0	7,699.9	15.4	----	----
Use Tax <sup>6)</sup>	228.7	0.2	2,166.2	(0.9)	2,604.3	(0.7)
Tobacco Taxes	64.7	(28.2)	656.4	(10.8)	830.7	(6.6)
Corporate Income Tax	25.7	(42.1)	1,547.0	18.5	1,822.6	7.1
Michigan Business Tax	(1.6)	393.8	(461.8)	(8.5)	(594.3)	21.2
Insurance Tax	11.4	20.3	299.3	17.3	385.0	8.5
Essential Services Assessment	101.0	6.3	133.0	7.0	135.0	7.3
State Education Property Tax	192.7	(10.3)	720.5	2.2	2,396.0	6.2
Real Estate Transfer Tax	48.2	(0.6)	455.5	16.6	527.0	7.5
Wagering Taxes <sup>7)</sup>	23.3	24.2	224.5	65.1	320.8	77.2
Oil & Gas Severance Tax	3.5	36.3	34.4	99.0	35.0	67.5
Other Taxes <sup>8)</sup>	23.8	27.9	270.6	3.2	345.0	0.9
<b>Total Taxes</b>	<b>\$2,700.9</b>	<b>4.9%</b>	<b>\$27,075.4</b>	<b>16.1%</b>	<b>\$32,589.7</b>	<b>9.5%</b>
Lottery, Net to School Aid Fund <sup>6)</sup>	86.7	(14.6)	1,087.2	(14.5)	1,240.0	(12.7)
<b>Total</b>	<b>\$2,787.6</b>	<b>4.1%</b>	<b>\$28,162.6</b>	<b>14.6%</b>	<b>\$33,829.7</b>	<b>8.5%</b>

1) Total collections are unadjusted cash collections unless otherwise noted.  
 2) FY 2021-22 year-to-date collections begin with November 2021 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 20, 2022, Consensus Revenue Estimating Conference.  
 5) Includes payments made under the Flow-Through Entity Tax.  
 6) Includes both the State share and the local share (Local Community Stabilization Authority).  
 7) Lottery and casino revenue are not accrued, so FY 2021-22 collections will reflect October 2021 to September 2022.  
 8) Other Taxes include beer, wine, liquor, single business tax, industrial facilities, utility property, estate taxes, and tax penalties and interest.

