



# MONTHLY REVENUE REPORT

## DECEMBER 2021

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Michigan's General Fund and School Aid Fund earmarked major taxes and lottery net revenue totaled \$3.1 billion in December 2021, up 36.5% from December 2020. December 2021 tax collections were approximately \$686.5 million above the Senate Fiscal Agency's (SFA's) estimate for the month, based on the May 2021 consensus revenue estimates, primarily due to higher-than-expected Corporate Income Tax (CIT) collections, individual income tax withholding, and estimated payments under the individual income tax and flow-through entity tax. (The December 2021 collections are not compared to the January 2022 consensus revenue estimates; instead, the January 14, 2022, consensus revenue estimates will be used beginning with the January 2022 Monthly Revenue Report.)

Collections earmarked to the General Fund were \$507.0 million above the expected level for December 2021, and School Aid Fund tax collections were \$169.4 million above the forecasted level. The remaining \$10.1 million in above-forecast revenue was directed to other funds, most notably constitutional revenue sharing. On a year-to-date basis, General Fund collections were \$563.5 million higher, and School Aid Fund collections \$242.2 million higher, than the level expected based on the May 2021 consensus revenue estimates.

Net income tax collections in December 2021 were 50.6% above the December 2020 level. Withholding payments (which represented the majority of gross income tax revenue) were up 10.6% from the December 2020 level, and \$97.4 million above the SFA estimate for the month. Quarterly payments increased 550.5% as taxpayers who previously paid taxes on their pass-through business income under the individual income tax took advantage of the retroactive provisions of Public Act 131 of 2021. That Act allows taxes to be paid at the business level rather than the individual level, avoiding the Federal limit on how much taxpayers who are individuals may deduct for state and local taxes. Overall, net income tax collections were \$473.0 million above the SFA estimate for the month.

Sales tax revenue in December 2021 was up 14.9% from the December 2020 level, and \$60.3 million above the expected level based on the May 2021 consensus estimates. Collections from vehicle sales were 16.0% above the December 2020 level and exceeded \$100.0 million for the tenth consecutive month. On a fiscal year-to-date basis, sales tax collections were up 23.8% from 2020, and \$114.0 million above the expected level. Use tax collections in December 2021 were 72.3% above the December 2020 level, reflecting accounting adjustments that lowered December 2020 use tax revenue, and \$7.9 million above the forecasted level.

Net business tax revenue from the repealed Single Business Tax, Michigan Business Tax (MBT), and CIT totaled \$179.5 million, \$128.0 million above the expected level and up 90.7% from December 2020. Corporate Income Tax collections increased 32.1% from December 2020 and were \$132.2 million above the forecasted level. Each year, MBT revenue is dominated by several large refunds. When these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates.

The table on the next page identifies the major taxes included in this report and provides their respective revenue levels and growth rates for December 2021. Also presented are the consensus revenue estimates for fiscal year 2021-22, which were adopted at the May 2021 Consensus Revenue Estimating Conference.



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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	December 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 2019-20
Gross Individual Income Tax <sup>5)</sup>	\$1,576.0	50.1	\$2,567.6	31.0	\$13,631.6	1.8
Refunds	(32.6)	29.9	(69.9)	31.8	(2,427.3)	(11.4)
Net Income Tax	1,543.4	50.6	2,497.7	31.0	11,204.3	5.2
Sales Tax	890.8	14.9	1,696.4	23.8	9,000.8	1.1
Motor Vehicles	108.3	16.0	231.8	28.8	---	---
All Other Sales Tax	782.4	14.7	1,464.7	23.1	---	---
Use Tax <sup>6)</sup>	206.3	72.3	400.7	(1.6)	2,470.3	(0.3)
Tobacco Taxes	70.2	(0.5)	138.0	(6.6)	868.0	(2.0)
Corporate Income Tax	285.0	32.1	340.0	6.1	1,197.9	(13.5)
Michigan Business Tax	(105.6)	(13.2)	(124.5)	(34.7)	(592.9)	(5.4)
Insurance Tax	6.1	61.3	6.2	34.3	405.0	3.8
Essential Services Assessment	0.5	185.3	0.7	59.5	135.0	7.1
State Education Property Tax	45.3	1.8	338.1	(0.6)	2,324.3	2.5
Real Estate Transfer Tax	40.7	(5.7)	83.5	1.7	402.4	(7.2)
Wagering Taxes <sup>7)</sup>	21.5	1,057.5	42.0	619.8	276.5	34.7
Oil & Gas Severance Tax	3.3	65.0	6.4	146.2	18.5	32.1
Other Taxes <sup>8)</sup>	22.8	53.6	37.2	(11.8)	323.0	0.9
<b>Total Taxes</b>	<b>\$3,030.2</b>	<b>38.0</b>	<b>\$5,462.5</b>	<b>23.0</b>	<b>\$28,033.1</b>	<b>2.1</b>
Lottery, Net to School Aid Fund <sup>6)</sup>	105.6	2.9	305.0	(1.7)	1,093.9	(9.5)
<b>Total</b>	<b>\$3,135.8</b>	<b>36.5</b>	<b>\$5,767.5</b>	<b>22.0</b>	<b>\$29,127.0</b>	<b>1.6</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 21, 2021, 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.

