



# MONTHLY REVENUE REPORT

DECEMBER 2022

## Fiscal Year-to-Date Revenue Dashboard

### Actual Revenue Compared to Predicted



Michigan's major taxes and net lottery revenue totaled \$2.9 billion in December 2022, a 6.5% increase from December 2021. Based on the consensus revenue estimates adopted in May 2022, December tax collections were approximately \$67.7 million above the Senate Fiscal Agency's projection for the month. Greater-than-expected collections from the Flow-Through Entity Tax, the Corporate Income Tax (CIT), and lottery revenue combined with less-than-expected Michigan Business Tax refunds more than offset less-than-expected collections from individual income tax withholding and sales taxes as well as greater-than-expected individual income tax refunds.

General Fund tax collections were \$94.7 million above the expected level for December, while School Aid Fund tax collections were \$19.3 million below the forecasted level. The remaining \$7.7 million in below-forecast collections were directed to other funds, most notably constitutional revenue sharing. On a year-to-date basis, General Fund collections were \$39.2 million lower while School Aid Fund collections were \$50.4 million higher than the level expected based on the May 2022 consensus revenue estimates.

Net income tax revenue totaled \$1.2 billion in December 2022, a 2.7% increase from December 2021, and \$81.3 million less than the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 0.8% above the year-ago level and \$25.0 million less than the level expected based on SFA monthly estimates. As occurred in November, continued processing of individual income tax returns filed in October with extensions resulted in individual income tax refunds being \$120.7 million greater than expected. While almost one-fourth of withholding is directed to the School Aid Fund, income tax refunds reduce only General Fund revenue.

Sales tax receipts totaled \$893.8 million in December 2022, a 0.3% increase from the December 2021 level and \$45.5 million below forecast. Use tax collections totaled \$201.3 million in December 2022 and were down 2.4% from the December 2021 level.

Net revenue from the repealed Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled \$324.2 million, an 80.6% increase from December 2021 and \$203.2 million above the expected level. MBT collections were negative \$4.6 million due to refunds exceeding payments and \$87.3 less negative than expected. 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. Net CIT collections were up 15.4% from December 2021 and \$115.9 million above the forecasted level.

The table on the next page of this report identifies the major taxes included in this report and provides their respective revenue levels and growth rates for December 2022. Also presented are the consensus revenue estimates for FY 2022-23, which were adopted at the May 2022 Consensus Revenue Estimating Conference. The January 13, 2023 consensus revenue estimates will be used beginning with the January 2023 report.



# MONTHLY REVENUE REPORT

## DECEMBER 2022

MICHIGAN REVENUE UPDATE (dollars in millions)							
Type of Revenue	December Collections		FY 2022-23 to Date <sup>2</sup>		Year-to-Date Relative to Forecast	FY 2022-23 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 2021-22
Gross Individual Income Tax <sup>5</sup>	\$1,312.3	12.6%	\$2,281.0	5.7%	(\$56.7)	\$15,699.4	(6.1%)
Refunds	(148.8)	356.7	(248.6)	255.5	(190.9)	(2,479.2)	(23.6)
Net Income Tax	1,163.5	2.7	2,032.4	(2.6)	(247.6)	13,220.2	(1.9)
Sales Tax	893.8	0.3	1,812.4	6.8	26.0	10,232.5	(0.7)
Motor Vehicles	109.2	0.8	222.5	(4.0)	---	---	---
All Other Sales Tax	784.6	0.3	1,589.9	8.6	---	---	---
Use Tax <sup>6</sup>	201.3	(2.4)	412.2	2.9	(4.7)	2,590.7	(0.5)
Tobacco Taxes	62.2	(11.4)	120.4	(12.7)	(14.7)	819.4	(1.4)
Corporate Income Tax	328.7	15.4	402.9	18.5	138.5	1,582.1	(13.2)
Michigan Business Tax	(4.6)	(95.7)	(59.3)	(52.4)	69.3	(527.6)	(11.2)
Insurance Tax	3.5	(43.5)	3.7	(39.9)	(2.2)	398.0	3.4
Essential Services Assessment	0.0	(93.2)	0.5	(36.1)	0.1	143.0	5.9
State Education Property Tax	41.5	(8.3)	401.1	18.6	39.1	2,563.2	7.0
Real Estate Transfer Tax	37.4	(7.9)	77.0	(7.7)	(5.8)	496.9	(5.7)
Wagering Taxes <sup>7</sup>	26.0	20.8	50.8	20.9	(7.5)	329.0	2.6
Oil & Gas Severance Tax	2.0	(38.9)	5.4	(15.5)	(0.0)	32.0	(8.6)
Other Taxes <sup>8</sup>	17.1	(25.2)	41.0	10.1	(10.0)	347.0	0.6
<b>Total Taxes</b>	<b>\$2,772.6</b>	<b>5.8%</b>	<b>\$5,300.6</b>	<b>4.9%</b>	<b>(\$19.4)</b>	<b>\$32,226.4</b>	<b>(1.8%)</b>
Lottery, Net to School Aid Fund <sup>6</sup>	130.7	23.8	344.8	13.1	22.7	1,240.0	0.0
<b>Total</b>	<b>\$2,903.3</b>	<b>6.5%</b>	<b>\$5,645.4</b>	<b>5.3%</b>	<b>\$3.4</b>	<b>\$33,466.4</b>	<b>(1.7%)</b>

- Total collections are unadjusted cash collections unless otherwise noted.
- FY 2022-23 year-to-date collections begin with November 2022 collections to reflect accrual accounting.
- Year-to-date figures represent cash collections only, while the fiscal year estimate also includes accruals.
- Consensus revenue estimates adopted at the May 20, 2022, Consensus Revenue Estimating Conference.
- Includes payments made under the Flow-Through Entity Tax.
- Includes both the State share and the local share (Local Community Stabilization Authority).
- Lottery & casino revenue are not accrued, so FY 2022-23 collections will reflect October 2022 to September 2023.
- Other Taxes include beer, wine, liquor, SBT, industrial facilities, utility property, estate taxes, and tax penalties & interest.

