



MONTHLY REVENUE REPORT

FEBRUARY 2022

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$1.8 billion in February 2022, a 4.6% increase from the February 2021 level. February 2022 tax collections were approximately \$284.9 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in January 2022. The above-forecast collections for the month reflected greater-than-expected individual income tax withholding and sales tax collections, and less-than-expected individual income tax refunds and Michigan Business Tax (MBT) refunds.

Collections earmarked to the General Fund were \$234.5 million above the expected level for February, while School Aid Fund tax collections were \$50.4 million above the forecasted level. Through February, fiscal year-to-date General Fund collections were \$265.6 million above, and School Aid Fund collections \$134.8 million above, the level expected based on the January 2022 consensus revenue estimates.

Net income tax revenue totaled \$575.0 million in February 2022, up 2.0% from February 2021, and \$142.2 million above the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 7.2% above the February 2021 level and \$56.3 million above the predicted level for the month. Individual income tax refunds totaled \$405.5 million, up 19.2% from February 2021, but \$77.5 million less than predicted. Refunds generally depend on when taxpayers file their returns and the Department of Treasury reported receiving fewer returns through the end of February than in previous years.

February 2022 sales tax receipts increased 8.5% from February 2021 and were \$81.8 million above the forecasted level. Sales tax collections from motor vehicles sales were up 17.7% from February 2021, while collections from all other sales were up 7.2%. Use tax collections in February 2022 were 19.3% below the February 2021 level and \$18.7 million below the forecasted level. Fiscal year-to-date sales tax revenue was up 18.1% from last year and \$122.2 million above the predicted level, while use tax revenue was down 5.2% from last year but \$31.8 million above the predicted level.

Combined business tax collections from the Single Business Tax, MBT, and Corporate Income Tax (CIT) totaled \$37.7 million and were \$107.4 million above the estimate for the month (the forecast expected refunds to exceed collections). Net CIT collections totaled \$40.1 million, up 73.2% from February 2021 and \$9.2 million above forecast. Fiscal year-to-date CIT collections were up 15.9% from last year. Net MBT revenue totaled a negative \$2.4 million, although the loss was \$98.2 million less than expected (more than offsetting January's \$65.1 million greater-than-expected refunds). Most taxpayers that 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.

February 2022 real estate transfer tax collections totaled \$48.0 million, the fifth-highest monthly total on record (after an all-time record high in January 2022). The collections were 30.6% above the February 2021 level and \$11.4 million above the expected level. Fiscal year-to-date real estate transfer tax collections were up 21.6% from February 2021.

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 February 2022. Also presented are the revised consensus revenue estimates for fiscal year 2021-22, which were adopted at the January 2022 Consensus Revenue Estimating Conference.



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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	February Collections		FY 2021-22 to Date ²		FY 2021-22 CREC Estimate ^{3,4)}	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total	% Change From FY 2020-21
Gross Individual Income Tax ⁵⁾	\$980.5	8.5%	\$5,154.5	19.1%	\$14,727.2	1.2%
Refunds	(405.5)	19.2	(513.8)	25.0	(2,838.2)	5.2
Net Income Tax	575.0	2.0	4,640.6	18.4	11,889.0	0.3
Sales Tax	729.2	8.5	3,304.2	18.1	9,412.6	0.1
Motor Vehicles	97.4	17.7	430.0	18.2	---	---
All Other Sales Tax	631.8	7.2	2,874.2	18.1	---	---
Use Tax ⁶⁾	170.4	(19.3)	834.5	(5.2)	2,539.3	(3.2)
Tobacco Taxes	58.2	(10.3)	262.2	(8.8)	878.0	(1.3)
Corporate Income Tax	40.1	73.2	525.2	15.9	1,461.6	(13.9)
Michigan Business Tax	(2.4)	214.2	(479.1)	31.0	(594.3)	21.4
Insurance Tax	17.8	(250.9)	104.3	25.7	380.0	7.1
Essential Services Assessment	0.1	(45.8)	0.8	9.6	135.0	7.3
State Education Property Tax	15.0	(21.7)	393.5	2.3	2,360.0	4.2
Real Estate Transfer Tax	48.0	30.6	190.8	21.6	487.5	(0.6)
Wagering Taxes ⁷⁾	12.8	83.2	55.2	175.8	227.0	25.4
Oil & Gas Severance Tax	2.7	147.9	11.7	121.1	22.0	5.3
Other Taxes ⁸⁾	15.8	93.1	80.5	14.6	337.0	(1.5)
Total Taxes	\$1,682.8	5.5%	\$9,924.4	14.2%	\$29,534.7	(0.9%)
Lottery, Net to School Aid Fund ⁶⁾	93.4	(9.1)	491.5	(12.1)	1,280.0	(9.8)
Total	\$1,776.2	4.6%	\$10,415.9	12.8%	\$30,814.7	(1.3%)

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 January 14, 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.

