



MONTHLY REVENUE REPORT

JULY 2022

Revenue from Michigan's major taxes with General Fund and School Aid Fund earmarks totaled \$2.9 billion in July 2022, an 8.9% increase from the July 2021 level. July 2022 tax collections were approximately \$275.7 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the revised consensus revenue estimates adopted in May 2022. The above-forecast revenue primarily reflected collections from sales and use taxes, the real estate transfer tax, and lottery revenue as well as less-than-expected individual income tax refunds.

Collections earmarked to the General Fund were \$133.8 million above the expected level for July 2022, while School Aid Fund tax collections were \$141.2 million above the forecasted level. The remaining \$700,000 in greater-than-expected collections was directed to other funds, most notably constitutional revenue sharing. Through July 2022, fiscal year-to-date General Fund collections were \$479.0 million above, and School Aid Fund collections \$169.5 million above, the level expected based on the May 2022 consensus revenue estimates.

Net income tax revenue totaled \$966.0 million in July 2022, a 10.7% increase from July 2021 and \$83.4 million above the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 8.9% above the year-ago level and \$17.7 million above the predicted level. Fiscal year-to-date withholding payments were 8.2% above the level in fiscal year (FY) 2020-21 but only \$1.6 million less than the \$9.0 billion forecasted. Individual income tax refunds were \$48.5 million less than expected, reflecting the fact that many of the anticipated refunds associated with the flow-through entity tax have yet to be filed.

Sales tax collections totaled \$1,024.1 million in July 2022, a 15.6% increase from July 2021 that represents the second consecutive month sales tax collections have exceeded \$1.0 billion and the second highest month of sales tax collections ever received. Sales tax collections in July 2022 were \$102.5 million above forecast. Sales tax collections from vehicle sales totaled \$122.9 million, the fifth consecutive month (and 16th time in the last 17 months) that sales tax collections from vehicle sales have exceeded the \$100.0 million mark. Use tax collections totaled \$252.8 million, the fourth highest month on record (the three months above that level were November 2020, January 2021, and January 2022) and \$26.9 million above the expected level for the month. Fiscal year-to-date sales tax collections were up 14.7%, compared a 1.0% decrease in use tax collections.

Combined business tax collections from the Single Business Tax, Michigan Business Tax, and Corporate Income Tax totaled \$146.4 million for the month (meaning collections exceeded refunds) and were \$19.1 million above the expected level. Fiscal year-to-date business tax collections were up 40.4% from the level in July 2021.

Lottery revenue to the School Aid Fund totaled \$139.3 million, \$39.6 million above forecast and the third highest month on record, as sales swelled in response to an atypically large Mega-Millions jackpot. Real estate transfer tax collections posted an all-time record high, \$66.1 million, which was a 30.1% increase from July 2021 and \$21.3 million above forecast.

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 July 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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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	July 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⁾	\$1,038.1	9.6%	\$13,369.2	18.9%	\$16,727.2	15.1%
Refunds	(72.0)	(3.5)	(2,245.9)	(0.5)	(3,244.2)	20.3
Net Income Tax	966.0	10.7	11,123.3	23.8	13,483.0	13.9
Sales Tax	1,024.1	15.6	7,927.2	14.7	10,299.6	9.4
Motor Vehicles	122.9	4.5	1,085.4	10.3	---	---
All Other Sales Tax	901.2	17.3	6,841.8	15.4	---	---
Use Tax ⁶⁾	252.8	1.3	1,937.5	(1.0)	2,604.3	(0.7)
Tobacco Taxes	73.5	5.1	591.7	(8.4)	830.7	(6.6)
Corporate Income Tax	144.6	14.9	1,521.3	20.6	1,822.6	7.1
Michigan Business Tax	(1.7)	(134.4)	(460.2)	(8.8)	(594.3)	21.2
Insurance Tax	93.3	(11.1)	287.9	17.1	385.0	8.5
Essential Services Assessment	20.3	(3.6)	31.9	9.5	135.0	7.3
State Education Property Tax	12.3	6.4	527.8	7.7	2,396.0	6.2
Real Estate Transfer Tax	66.1	30.1	407.3	19.1	527.0	7.5
Wagering Taxes ⁷⁾	22.3	(64.0)	201.2	71.6	320.8	77.2
Oil & Gas Severance Tax	5.5	160.7	30.9	110.0	35.0	67.5
Other Taxes ⁸⁾	54.0	5.1	246.9	1.3	345.0	0.9
Total Taxes	\$2,733.2	8.8%	\$24,374.6	17.5%	\$32,589.7	9.5%
Lottery, Net to School Aid Fund ⁶⁾	139.3	11.9	1,000.5	(14.5)	1,240.0	(12.7)
Total	\$2,872.5	8.9%	\$25,375.1	15.9%	\$33,829.7	8.5%

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.

