



MONTHLY REVENUE REPORT

JUNE 2022

Revenue from Michigan's major taxes with General Fund and School Aid Fund earmarks totaled \$3.1 billion in June 2022, a 10.7% increase from the June 2021 level. June 2022 tax collections were approximately \$277.2 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. Above-forecast estimated individual income tax payments, sales tax collections, and corporate income tax (CIT) collections combined with less-than-expected individual income tax refunds and Michigan Business Tax (MBT) refunds to more than offset below-forecast individual income tax withholding and use tax collections.

Collections earmarked to the General Fund were \$210.2 million above the expected level for June 2022, while School Aid Fund tax (SAF) collections were \$63.0 million above the forecasted level. The remaining \$4.0 million in greater-than-expected collections was directed to other funds, most notably constitutional revenue sharing. Through June 2022, fiscal year-to-date General Fund collections were \$345.2 million above, and School Aid Fund collections \$28.2 million above, the level expected based on the May 2022 consensus revenue estimates.

Net income tax revenue totaled \$1.3 billion in June 2022, a 12.1% increase from June 2021, and \$72.4 million above the forecasted level. Withholding payments (which generally represent the majority of gross income tax revenue) were 0.3% above the year-ago level but \$65.6 million below the predicted level. Estimated quarterly payments under the individual income tax (including payments under the flow-through entity tax) totaled \$462.0 million, \$79.3 million above forecast, while individual income tax refunds were \$45.8 million less than expected.

Sales tax collections totaled a record \$1,039.9 million in June 2022, 13.6% above June 2021 and the first time monthly sales tax collections have exceeded the \$1.0 billion mark. June 2022 represented the third time in 13 months that sales tax collections have posted an all-time record; June 2021 was the all-time record until April 2022, and June 2022 sales tax collections were 10.6% above the April 2022 record. Not only were total sales tax collections \$126.5 million above forecast, but sales tax collections from vehicle sales broke the \$100.0 million mark for a fourth consecutive month and the fifteenth time in the 16 months since March 2021. Sales tax collections from vehicles also posted an all-time record in June 2022, 0.4% above the most recent record set in March 2022. Use tax collections totaled \$186.9 million, down 5.1% from June 2021 and \$35.0 million below the forecasted level. Fiscal year-to-date sales tax collections were up 9.6% from fiscal year (FY) 2020-21, while use tax collections were down 1.4%.

Combined business tax collections from the Single Business Tax, MBT, and CIT totaled \$315.2 million in June 2022, \$149.6 million above the expected level. Net CIT collections totaled \$234.6 million in June, the second highest month on record (two months after April's all-time record for monthly CIT collections) and \$113.7 million above the forecasted level. Fiscal year-to-date CIT collections were up 21.3% from FY 2020-21.

Although directed to the Michigan Transportation Fund, revenue from the Michigan gasoline tax broke \$100.0 million for the fifth time in the last 12 months. Motor fuel taxes are levied on quantity, not price, and June collections indicated that gasoline consumption was 3.5% above June 2021, while diesel fuel consumption was 4.4% higher.

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



MONTHLY REVENUE REPORT

JUNE 2022

| MICHIGAN REVENUE UPDATE (dollars in millions) | | | | | | |
|--|---------------------|------------------------|---------------------------------|------------------------|--|--------------------------|
| Type of Revenue | June 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⁾ | \$1,361.6 | 9.5% | \$12,331.1 | 19.8% | \$16,727.2 | 15.1% |
| Refunds | (80.3) | (19.8) | (2,173.8) | (0.4) | (3,244.2) | 20.3 |
| Net Income Tax | 1,281.3 | 12.1 | 10,157.3 | 25.2 | 13,483.0 | 13.9 |
| Sales Tax | 1,036.9 | 13.6 | 6,903.0 | 14.6 | 10,299.6 | 9.4 |
| Motor Vehicles | 135.4 | 7.5 | 962.5 | 11.1 | --- | --- |
| All Other Sales Tax | 901.5 | 14.6 | 5,940.5 | 15.2 | --- | --- |
| Use Tax ⁶⁾ | 186.9 | (5.1) | 1,684.7 | (1.4) | 2,604.3 | (0.7) |
| Tobacco Taxes | 69.4 | (16.3) | 518.2 | (10.0) | 830.7 | (6.6) |
| Corporate Income Tax | 311.9 | 32.9 | 1,376.7 | 21.3 | 1,822.6 | 7.1 |
| Michigan Business Tax | 3.3 | (75.0) | (458.5) | (10.0) | (594.3) | 21.2 |
| Insurance Tax | 2.3 | (126.6) | 194.6 | 38.2 | 385.0 | 8.5 |
| Essential Services Assessment | 5.8 | 100.8 | 11.6 | 43.7 | 135.0 | 7.3 |
| State Education Property Tax | 28.4 | (1.7) | 515.4 | 7.8 | 2,396.0 | 6.2 |
| Real Estate Transfer Tax | 43.7 | 44.4 | 341.3 | 17.2 | 527.0 | 7.5 |
| Wagering Taxes ⁷⁾ | 22.8 | 163.8 | 178.9 | 223.3 | 320.8 | 77.2 |
| Oil & Gas Severance Tax | 4.3 | 124.0 | 25.4 | 101.6 | 35.0 | 67.5 |
| Other Taxes ⁸⁾ | 17.1 | (21.7) | 192.9 | 0.2 | 345.0 | 0.9 |
| Total Taxes | \$3,014.1 | 12.9% | \$21,641.4 | 18.7% | \$32,589.7 | 9.5% |
| Lottery, Net to School Aid Fund ⁶⁾ | 78.4 | (36.8) | 861.1 | (17.7) | 1,240.0 | (12.7) |
| Total | \$3,092.5 | 10.7% | \$22,502.5 | 16.9% | \$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.

