



MONTHLY REVENUE REPORT

NOVEMBER 2021

Michigan's major taxes and net lottery revenue totaled \$2.5 billion in November 2021, up 7.8% from November 2020. November tax collections were approximately \$136.1 million above the Senate Fiscal Agency's (SFA's) projection for the month, based on the consensus revenue estimates adopted in May 2021. The above-forecast revenue primarily reflected collections from individual income tax withholding, sales taxes, State Education Tax, and the Corporate Income Tax (CIT). November is the first month of tax collections for fiscal year (FY) 2021-22; most October 2021 tax revenue was accrued to FY 2020-21. Because November represents the first month of FY 2021-22 collections, the year-to-date totals are the same as the monthly figures for those taxes.

General Fund tax collections were \$56.5 million above the expected level for November, while School Aid Fund tax collections were \$72.8 million above the forecasted level. The remaining \$6.8 million in above-forecast collections was directed to other funds, most notably constitutional revenue sharing.

Net income tax revenue totaled \$954.3 million in November 2021, an 8.2% increase from the November 2020 level, and \$36.5 million above the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 9.1% above the year-ago level and \$37.1 million above the level expected based on SFA monthly estimates.

Sales tax receipts totaled \$805.7 million in November 2021, a 35.5% increase from the November 2020 level and \$53.8 million above forecast. The majority of the strong year-over-year growth reflected that November 2020 collections were lowered by a transfer of approximately \$106.9 million of previously received sales tax revenue to other taxes, primarily the use tax. Similarly, use tax collections totaled \$194.5 million in November 2021 and were down 32.4% from November 2020 (reflecting the transfer that occurred in 2020, which raised use tax revenue), and were \$4.6 million below the level forecast for the month.

Net revenue from the repealed Single Business Tax, Michigan Business Tax (MBT), and CIT totaled \$36.1 million, down 1.0% from November 2020 but \$42.8 million above the expected level. Michigan Business Tax collections were negative \$19.0 million due to refunds exceeding payments but \$21.3 million less negative than forecasted. 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 Michigan CIT collections were down 47.5% from November 2020 but \$21.5 million above the forecasted level.

State Education Tax revenue of \$292.9 million was down 1.0% from November 2020 but \$22.3 million above the expected level. November collections for the SET generally are accrued back to the previous fiscal year. School Education Tax revenue over the most recent four-month period (August 2021 to November 2021) when, on average, 89% of the revenue from SET is collected, was 1.2% above the collections for that period in the previous year.

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 November 2021. Also presented are the consensus revenue estimates for FY 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	November 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 2019-20
Gross Individual Income Tax	\$991.6	9.0%	\$991.6	9.0%	\$13,631.6	1.8%
Refunds	(37.4)	33.5	(37.4)	33.5	(2,427.3)	(11.4)
Net Income Tax	954.3	8.2	954.3	8.2	11,204.3	5.2
Sales Tax	805.7	35.5	805.7	35.5	9,000.8	1.1
Motor Vehicles	123.5	42.6	123.5	42.6	---	---
All Other Sales Tax	682.2	34.3	682.2	34.3	---	---
Use Tax ⁵⁾	194.5	(32.4)	194.5	(32.4)	2,470.3	(0.3)
Tobacco Taxes	67.8	(12.1)	67.8	(12.1)	868.0	(2.0)
Corporate Income Tax	55.0	(47.5)	55.0	(47.5)	1,197.9	(13.5)
Michigan Business Tax	(19.0)	(72.5)	(19.0)	(72.5)	(592.9)	(5.4)
Insurance Tax	0.1	(92.5)	0.1	(92.5)	405.0	3.8
Essential Services Assessment	0.2	(25.8)	0.2	(25.8)	135.0	7.1
State Education Property Tax	292.9	(1.0)	292.9	(1.0)	2,324.3	2.5
Real Estate Transfer Tax	42.8	9.9	42.8	9.9	402.4	(7.2)
Casino Wagering Tax ⁶⁾	20.5	415.6	20.5	415.6	276.5	34.7
Oil & Gas Severance Tax	3.1	432.9	3.1	432.9	18.5	32.1
Other Taxes ⁷⁾	14.4	(47.3)	14.4	(47.3)	323.0	0.9
Total Taxes	\$2,432.3	8.4%	\$2,432.3	8.4%	\$28,033.1	2.1%
Lottery, Net to School Aid Fund ⁶⁾	92.7	(6.0)	199.4	(4.0)	1,093.9	(9.5)
Total	\$2,525.0	7.8%	\$2,631.7	7.8%	\$29,127.0	1.6%

- Total collections are unadjusted cash collections unless otherwise noted.
- FY 2021-22 year-to-date collections begin with November 2021 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 21, 2021, Consensus Revenue Estimating Conference.
- Includes both the State share and the local share (Local Community Stabilization Authority).
- Lottery and casino revenue are not accrued, so FY 2021-22 collections will reflect October 2021 to September 2022.
- Other Taxes include beer, wine, liquor, single business tax, industrial facilities, utility property, estate taxes, and tax penalties and interest.

