



# MONTHLY REVENUE REPORT

OCTOBER 2022

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Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$3.9 billion in October 2022, up 7.1% from the level in October 2021 and \$461.5 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2022. Collections from the sales tax, use tax, and individual income tax withholding (SUW) accounted for \$161.9 million of the above-forecast revenue. Less-than-expected individual income tax refunds accounted for \$310.7 million of the above-forecast revenue, although accruals that occur during fiscal year-end book-closing are expected to reduce that excess considerably. Due to the State's use of accrual accounting, Fiscal Year (FY) 2021-22 revenues will generally reflect November 2021 through October 2022 collections, although final revenues will be adjusted through the accrual process and should be known in mid-to-late December.

Collections earmarked to the General Fund were \$450.9 million above the expected level for October 2022, while School Aid Fund tax collections were \$12.4 million above. The remaining \$1.8 million in below-forecast revenues were directed to other funds, most notably the Medicaid Trust Fund and the Agricultural Equine Development Fund. On a fiscal year-to-date basis, General Fund collections are \$1.5 billion more, and School Aid Fund collections \$414.7 million more, than expected based on the May 2022 consensus revenue estimates. However, the overage in the General Fund likely will be partially offset as discussed in the next paragraph.

Below-forecast individual income tax refunds represent \$684.8 million of the above-forecast fiscal year-to-date General Fund revenue. Due to timing issues associated with returns that filed extensions and with the State's adoption of the Flow-Through Entity Tax, much of the above-forecast revenue associated with these refunds is expected to be reduced through the book-closing accrual process.

Net income tax revenue totaled \$1.1 billion in October 2022, a 9.7% increase from October 2021. Withholding payments (which represented the majority of gross income tax revenue) were 13.6% above the year-ago level, exceeded \$1.0 billion for the fifth time in the last 11 months, and were \$106.1 million more than expected. As mentioned above, refunds were \$310.7 million less than expected.

Sales tax collections totaled \$923.4 million in October 2022, up 6.4% from the October 2021 level. Sales tax collections from motor vehicle sales totaled \$143.3 million, an all-time record high and the eighth consecutive month collections have exceeded \$100 million. Fiscal year-to-date sales tax collections were 13.7% above the FY 2020-21 level and \$482.3 million above the May 2022 consensus estimates. On a fiscal year-to-date basis, use tax collections were up down 0.7% from the FY 2020-21 level and \$3.0 million less than the expected.

Combined business tax collections from the Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax totaled \$120.0 million in October 2022, a 35.8% increase from October 2021 but \$37.9 million below the expected level. On a fiscal year-to-date basis, combined business tax collections were \$347.7 million above the forecasted level.

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 October 2022. Also presented are the consensus revenue estimates for FY 2021-22 adopted at the May 2022 Consensus Revenue Estimating Conference.



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MICHIGAN REVENUE UPDATE (dollars in millions)						
Type of Revenue	October Collections		FY 2021-22 to Date <sup>2</sup>		FY 2021-22 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 2020-21
Gross Individual Income Tax <sup>5)</sup>	\$1,244.5	16.4%	\$17,196.8	17.8%	\$16,727.2	15.1%
Refunds	(154.5)	105.5	(2,559.4)	2.9	(3,244.2)	20.3
Net Income Tax	1,090.0	9.7	14,637.5	20.9	13,483.0	13.9
Sales Tax	923.4	6.4	10,781.9	13.7	10,299.6	9.4
Motor Vehicles	143.3	25.0	1,499.0	12.6	----	----
All Other Sales Tax	780.1	3.6	9,282.9	13.9	----	----
Use Tax <sup>6)</sup>	218.4	7.0	2,601.3	(0.7)	2,604.3	(0.7)
Tobacco Taxes	70.0	(6.2)	799.6	(10.0)	830.7	(6.6)
Corporate Income Tax	122.6	(9.3)	2,028.4	17.4	1,822.6	7.1
Michigan Business Tax	(2.7)	(94.4)	(456.1)	(16.2)	(594.3)	21.2
Insurance Tax	118.0	21.4	419.2	18.2	385.0	8.5
Essential Services Assessment	0.5	(57.8)	134.7	5.9	135.0	7.3
State Education Property Tax	1,092.4	2.0	2,373.9	5.8	2,396.0	6.2
Real Estate Transfer Tax	50.4	17.4	549.8	13.0	527.0	7.5
Wagering Taxes <sup>7)</sup>	24.0	15.6	271.1	54.5	320.8	77.2
Oil & Gas Severance Tax	4.7	63.8	43.6	91.7	35.0	67.5
Other Taxes <sup>8)</sup>	26.0	(11.8)	319.6	(7.6)	345.0	0.9
<b>Total Taxes</b>	<b>\$3,737.7</b>	<b>7.0%</b>	<b>\$34,504.4</b>	<b>14.9%</b>	<b>\$32,589.7</b>	<b>9.5%</b>
Lottery, Net to School Aid Fund <sup>6)</sup>	116.3	9.0	116.3	9.0	1,240.0	(12.7)
<b>Total</b>	<b>\$3,854.0</b>	<b>3.6%</b>	<b>\$34,620.7</b>	<b>10.4%</b>	<b>\$33,829.7</b>	<b>8.5%</b>

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.

