



MONTHLY REVENUE REPORT

SEPTEMBER 2022

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes totaled \$3.8 billion in September 2022, a 13.4% increase from September 2021. This figure is approximately \$476.4 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. Above-forecast collections from the Sales Tax, the State Education Tax (SET), Individual Income Tax (IIT) estimated payments, and the Corporate Income Tax (CIT) combined with less-than-expected IIT refunds to account for the over-forecast revenue. The few taxes below forecast exhibited relatively minimal shortfalls.

Collections earmarked to the General Fund were \$324.4 million above the expected level for September 2022, while School Aid Fund tax collections were \$153.2 million above the forecasted level. The remaining \$1.2 million in below-forecast collections reflected other earmarks, most notably the Medicaid Trust Fund and the Agricultural Equine Development Fund. Through September 2022, year-to-date General Fund collections are \$1.0 billion above, and School Aid fund collections \$402.4 million above, the level expected based on the May 2022 consensus revenue estimates. Although the fiscal year ended September 30, the State's use of accrual accounting allows the October collections to be included in FY 2021-22 revenue, as will some other transactions and adjustments in November.

Net income tax revenue totaled \$1.4 billion in September 2022, a 21.2% increase from September 2021 and \$193.0 million above the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 10.2% above the year-ago level but \$8.6 million below the predicted level. Above-forecast individual income tax collections primarily reflected estimated payments, which were up 34.8% from September 2021 and \$116.6 million above the predicted level, and \$64.1 million in less-than-expected refunds.

Sales tax collections totaled \$933.0 million in September 2022, \$54.2 million above the forecasted level and 11.4% above the September 2021 level. Sales tax collections from vehicle sales totaled \$130.2 million, the 19th month out of the last 21 months where collections have exceeded \$100 million, something that had occurred only six times before (all during the 2001-2003 period). In September, fiscal year-to-date sales tax collections were up 8.6% from 2021.

Combined business tax collections from the Single Business Tax, Michigan Business Tax, and CIT totaled \$367.1 million for the month and were \$162.8 million above the expected level. Estimated CIT payments were up 21.9% from September 2021 while total CIT collections for the month were up 24.8%. In September, total CIT revenue was \$148.7 million above the predicted level. Fiscal year-to-date CIT collections were up 19.6% from the level in September 2021 and \$254.6 million above the expected level.

State Education Tax collections for September 2022 were 19.8% above collections in September 2021, and \$83.4 million greater than expected. Deviations from forecast in SET collections generally reflect when counties remit payments to the State. The majority of SET collections are received in September and October.

The table on the next page identifies the major taxes included in the report and provides their respective revenue levels and growth rates for September 2022. Also presented are the revised consensus revenue estimates for fiscal year 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	September 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⁾	\$1,518.5	18.1%	\$15,952.3	17.9%	\$16,727.2	15.1%
Refunds	(75.5)	(20.5)	(2,404.9)	(0.3)	(3,244.2)	20.3
Net Income Tax	1,443.0	21.2	13,547.5	21.9	13,483.0	13.9
Sales Tax	933.0	11.4	9,858.4	14.4	10,299.6	9.4
Motor Vehicles	130.1	16.0	1,355.6	11.4	---	---
All Other Sales Tax	802.9	10.7	8,502.8	14.9	---	---
Use Tax ⁶⁾	216.8	(5.3)	2,383.0	(1.3)	2,604.3	(0.7)
Tobacco Taxes	73.2	(6.0)	729.6	(10.4)	830.7	(6.6)
Corporate Income Tax	358.7	24.8	1,905.8	19.6	1,822.6	7.1
Michigan Business Tax	8.4	(4.0)	(453.4)	(8.6)	(594.3)	21.2
Insurance Tax	1.9	(18.3)	301.2	16.9	385.0	8.5
Essential Services Assessment	1.3	(29.0)	134.3	6.5	135.0	7.3
State Education Property Tax	561.0	19.8	1,281.4	9.3	2,396.0	6.2
Real Estate Transfer Tax	43.9	(17.1)	499.4	12.6	527.0	7.5
Wagering Taxes ⁷⁾	22.6	21.1	247.1	59.8	320.8	77.2
Oil & Gas Severance Tax	4.5	74.3	38.9	95.8	35.0	67.5
Other Taxes ⁸⁾	23.0	(57.4)	293.6	(7.2)	345.0	0.9
Total Taxes	\$3,691.3	14.2%	\$30,766.7	15.9%	\$32,589.7	9.5%
Lottery, Net to School Aid Fund ⁶⁾	104.2	(10.4)	1,191.3	(14.2)	1,240.0	(12.7)
Total	\$3,795.5	13.4%	\$31,958.1	14.5%	\$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.

