



Mary Ann Cleary, Director  
Jim Stansell, Senior Economist

## July 2022 Revenue Update

### Major Taxes

Cash collections from Michigan's major taxes, penalties and interest, and lottery transfers totaled \$2,823.1 million in July 2022, \$229.1 million more than in July 2021. For the fiscal year-to-date, collections in FY 2021-22 were \$3,738.0 million (or 17.5%) higher than during FY 2020-21.

Net income tax revenue totaled \$966.0 million in July 2022, and for FY 2021-22 collections through July were \$2,137.1 million more than the same period during FY 2020-21. Year-to-date gross income tax collections in FY 2021-22 were \$2,125.2 million higher than one year ago due primarily to withholding and collections from the new flow through entity (FTE) tax, which replace some collections submitted previously as quarterly payments.

Net business taxes are composed of the single business tax (SBT), the Michigan business tax (MBT), the corporate income tax (CIT), and insurance company taxes. Because of their inherent volatility, monthly collections of business taxes often display significant fluctuations that diverge from historical trends. On a fiscal year-to-date basis, net business taxes were \$348.0 million higher through July 2022 than a year ago. MBT refunds through July 2022 were about \$58.9 million less than last year at this point, which boosts net collections. CIT collections over the same period were \$260.1 million higher than last year's amount and year-to-date insurance taxes were also higher than a year ago.

Revenue from consumption taxes, which consist of the sales tax, the use tax, beer and wine taxes, liquor taxes, and tobacco taxes, totaled \$1,333.5 million in July 2022, and were collectively \$953.3 million higher than in FY 2020-21 on a year-to-date basis. Sales tax collections exceeded \$1.0 billion for the second consecutive month while tobacco tax revenues remained weaker than expected.

Collections from online gaming in July 2022 totaled \$21.2 million and revenue from the real estate transfer tax reached an all-time monthly high at \$66.1 million. Year-to-date revenue from recreational marihuana sales through July 2022 was \$51.8 million higher than one year ago. The transfer from the lottery to the School Aid Fund was \$80.0 million in July 2022, and year-to-date transfers were \$43.7 million lower than FY 2020-21.

### General Fund/General Purpose (GF/GP) Tax Revenue

General Fund/General Purpose revenue from Michigan's major taxes was estimated<sup>1</sup> to be \$1,331.5 million in July 2022, about \$146.8 million above the projection established at the May 2022 consensus revenue estimating conference (CREC). Lower than projected individual income tax refunds accounted for almost 40% of the differential, although the expectation remains that these refunds will be paid out before the end of the fiscal year. Combined sales and use tax collections also exceeded projections by about \$40.0 million.

Year-to-date GF/GP tax revenue for FY 2021-22 was about \$1,113.6 million above the projected amount, well more than half of which can be attributed to the aforementioned individual income tax refunds. Year-to-date sales tax and business tax collections were also well above the May 2022 CREC projections.

### School Aid Fund (SAF) Revenue

School Aid Fund revenue from Michigan's major taxes was estimated<sup>1</sup> to be \$1,301.1 million in July 2022, about \$72.3 million above the amount established at the May 2022 CREC. Sales tax collections and annual income tax payments accruing to the SAF more than offset lower than projected lottery transfers, which were about \$36.3 million below the estimated amounts for July 2022.

Year-to-date SAF revenue for FY 2021-22 was about \$157.7 million above the consensus revenue projections, largely due to sales tax collections and individual income tax revenue accruing to the SAF.

<sup>1</sup> Because of accruals and undistributed revenue, monthly fund splits are estimated.

**FY 2021-22 July Revenue Collections**  
Millions of Dollars

<u>Major Taxes</u>	<u>FY 2021-22</u>	<u>Year-to-Date Collections</u>		<u>Change from</u> <u>FY 2020-21 Year-to-Date</u>		<u>FY 2021-22 Estimates</u> <u>(May 2022 CREC)</u>	
	<u>July</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>Dollar</u>	<u>% Change</u>	<u>Dollar</u>	<u>% Change</u>
Individual Income Tax							
Withholding	\$979.1	\$8,357.4	\$9,043.1	\$685.7	8.2%	\$11,954.5	8.2%
Flow Through Entity Tax	8.8	0.0	1,642.0	1,642.0		2,048.8	
Quarterly Income Tax	24.0	1,241.8	1,017.4	(224.4)	(18.1%)	983.9	(42.3%)
Annual Income Tax	<u>26.1</u>	<u>1,644.9</u>	<u>1,666.7</u>	<u>21.8</u>	1.3%	<u>1,740.0</u>	(2.3%)
<b>Gross Income Tax</b>	<b>1,038.1</b>	<b>11,244.0</b>	<b>13,369.2</b>	<b>2,125.2</b>	<b>18.9%</b>	<b>16,727.2</b>	<b>15.1%</b>
Less: Income Tax Refunds	<u>72.0</u>	<u>2,257.9</u>	<u>2,245.9</u>	<u>(12.0)</u>	(0.5%)	<u>3,244.2</u>	20.3%
<b>Net Income Tax</b>	<b>966.0</b>	<b>8,986.2</b>	<b>11,123.3</b>	<b>2,137.1</b>	<b>23.8%</b>	<b>13,483.0</b>	<b>13.9%</b>
Business Taxes							
Single Business Tax	3.5	(0.2)	1.4	1.6		0.0	
Michigan Business Tax	(1.7)	(504.3)	(460.2)	44.1		(594.3)	
Corporate Income Tax	144.6	1,261.2	1,521.3	260.1	20.6%	1,822.6	7.1%
Insurance Company Taxes	<u>93.3</u>	<u>245.8</u>	<u>287.9</u>	<u>42.1</u>	17.1%	<u>385.0</u>	8.5%
<b>Subtotal</b>	<b>239.7</b>	<b>1,002.4</b>	<b>1,350.4</b>	<b>348.0</b>	<b>34.7%</b>	<b>1,613.3</b>	<b>60.9%</b>
Consumption Taxes							
Sales Tax	1,024.1	6,911.4	7,927.1	1,015.7	14.7%	10,299.6	9.4%
Use Tax (excluding LCSA levy)	209.4	1,589.3	1,583.2	(6.1)	(0.4%)	2,082.0	(2.5%)
Beer and Wine Taxes	10.7	37.0	35.5	(1.6)	(4.2%)	52.0	1.0%
Liquor Excise Tax	15.8	115.8	115.3	(0.5)	(0.4%)	157.6	0.3%
Tobacco Taxes	<u>73.5</u>	<u>646.0</u>	<u>591.7</u>	<u>(54.3)</u>	(8.4%)	<u>830.7</u>	(6.9%)
<b>Subtotal</b>	<b>1,333.5</b>	<b>9,299.5</b>	<b>10,252.8</b>	<b>953.3</b>	<b>10.3%</b>	<b>13,421.9</b>	<b>24.6%</b>
Other Miscellaneous Taxes							
State Education Tax	12.3	489.9	527.8	37.9	7.7%	2,396.0	6.2%
Real Estate Transfer Tax	66.1	342.0	407.3	65.3	19.1%	527.0	7.5%
Essential Services Assessment	20.3	29.2	31.9	2.8	9.5%	135.0	7.3%
Industrial & Commercial Facilities Taxes	3.3	25.6	26.9	1.3	4.9%	42.0	0.2%
Casino Wagering Tax	8.6	64.8	78.1	13.4	20.7%	110.0	21.4%
iGaming, Sports Betting, Fantasy Sports	21.2	49.0	200.3	151.3		210.8	
Recreational Marihuana Excise Tax	36.6	73.0	124.8	51.8	71.0%	144.0	192.1%
Gas and Oil Severance Tax	5.5	14.7	30.9	16.2	110.0%	35.0	67.5%
Telephone and Telegraph Tax	22.5	29.8	29.8	0.0	0.2%	32.0	(1.2%)
Penalties and Interest	7.2	94.3	97.6	3.3	3.5%	140.0	4.0%
Lottery Transfer to School Aid Fund	<u>80.0</u>	<u>852.0</u>	<u>808.3</u>	<u>(43.7)</u>	(5.1%)	<u>1,240.0</u>	(12.7%)
<b>Subtotal</b>	<b>283.8</b>	<b>2,064.2</b>	<b>2,363.8</b>	<b>299.5</b>	<b>14.5%</b>	<b>5,011.8</b>	<b>23.1%</b>
<b>TOTAL</b>	<b>\$2,823.1</b>	<b>\$21,352.3</b>	<b>\$25,090.3</b>	<b>\$3,738.0</b>	<b>17.5%</b>	<b>\$33,530.0</b>	<b>27.3%</b>

*Note: Numbers may not add due to rounding.*