



Mary Ann Cleary, Director  
Jim Stansell, Senior Economist

## January 2022 Revenue Update

### Major Taxes

Cash collections from Michigan's major taxes, penalties and interest, and lottery transfers totaled \$2,929.6 million in January 2022, \$157.7 million more than in January 2021. For the fiscal year-to-date, collections in FY 2021-22 were \$1,231.0 million (or 16.8%) higher than during FY 2020-21.

Net income tax revenue totaled \$1,568.0 million in January 2022, and for FY 2021-22 collections through January were \$711.2 million more than the same period during FY 2020-21. Year-to-date gross income tax collections in FY 2021-22 were \$748.6 million higher than one year ago primarily due to withholding and collections from the new flow through entity tax.

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 \$65.1 million lower through January 2022 than a year ago. MBT refunds through January 2022 are substantially larger than last year at this point, while CIT collections over the same period were \$55.3 million higher than last year's amount.

Revenue from consumption taxes, which consist of the sales tax, the use tax, beer and wine taxes, liquor taxes, and tobacco taxes, totaled \$1,191.1 million in January 2022, and were collectively \$470.1 million higher than in FY 2020-21 on a year-to-date basis. Sales tax collections remained strong and accounted for most of the differential.

Revenues from the state education tax (SET) and the real estate transfer tax (RET) in January 2022 were \$40.4 million and \$59.3 million, respectively. The transfer from the lottery to the School Aid Fund was \$90.0 million in January 2022, and year-to-date transfers were \$33.7 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 \$1,309.1 million in January 2022, about \$128.8 million below the projection established at the January 2022 consensus revenue estimating conference (CREC). Net income tax collections, along with sales and use tax revenue, exceeded the CREC estimates but were more than offset by lower than projected business tax collections.

Because January collections are the only monthly revenues since the most recent CREC, year-to-date GF/GP tax revenue for FY 2021-22 was also about \$128.8 million below the projected amount.

### School Aid Fund (SAF) Revenue

School Aid Fund revenue from Michigan's major taxes was estimated<sup>1</sup> to be \$1,331.9 million in January 2022, about \$137.4 million above the amount established at the January 2022 CREC. Gross income tax collections, both sales and use tax revenues accruing to the SAF, and the higher than projected real estate transfer tax revenue all contributed to the differential.

For the same reason as with year-to-date GF/GP revenue, year-to-date SAF revenue for FY 2021-22 was also about \$137.4 million above the consensus revenue projections.

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

**FY 2021-22 January 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 2021-22 Estimates</u>	
	<u>January</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2020-21 Year-to-Date</u>	<u>Year-to-Date</u>	<u>(January 2022 CREC)</u>	
				<u>Dollar</u>	<u>% Change</u>	<u>Dollar</u>	<u>% Change</u>
Individual Income Tax							
Withholding	\$1,170.1	\$2,881.0	3,186.4	305.4	10.6%	11,564.5	4.5%
Flow Through Entity Tax	69.3	0.0	479.4	479.4		1,193.5	
Quarterly Income Tax	352.2	481.7	464.8	(16.9)	(3.5%)	785.2	(54.0%)
Annual Income Tax	14.7	62.7	43.3	(19.4)	(30.9%)	1,184.0	(33.5%)
<b>Gross Income Tax</b>	<b>1,606.3</b>	<b>3,425.3</b>	<b>4,173.9</b>	<b>748.6</b>	<b>21.9%</b>	<b>14,727.2</b>	<b>1.2%</b>
Less: Income Tax Refunds	38.4	70.9	108.3	37.4	52.7%	2,838.2	5.2%
<b>Net Income Tax</b>	<b>1,568.0</b>	<b>3,354.4</b>	<b>4,065.6</b>	<b>711.2</b>	<b>21.2%</b>	<b>11,889.0</b>	<b>0.3%</b>
Business Taxes							
Single Business Tax	(0.6)	(0.1)	(0.5)	(0.4)		0.0	
Michigan Business Tax	(352.1)	(364.9)	(476.7)	(111.7)		(594.3)	
Corporate Income Tax	145.1	429.9	485.1	55.3	12.9%	1,461.6	(13.9%)
Insurance Company Taxes	80.3	94.7	86.5	(8.3)	(8.7%)	380.0	7.1%
<b>Subtotal</b>	<b>(127.3)</b>	<b>159.6</b>	<b>94.5</b>	<b>(65.1)</b>	<b>(40.8%)</b>	<b>1,247.3</b>	<b>24.4%</b>
Consumption Taxes							
Sales Tax	878.5	2,125.5	2,574.9	449.4	21.1%	9,412.6	0.1%
Use Tax (excluding LCSA levy)	219.9	546.5	570.4	23.9	4.4%	2,017.0	(5.5%)
Beer and Wine Taxes	10.0	12.6	12.4	(0.2)	(1.6%)	52.0	1.0%
Liquor Excise Tax	16.7	26.3	41.8	15.6	59.2%	153.6	(4.4%)
Tobacco Taxes	66.1	222.6	204.0	(18.6)	(8.4%)	878.0	(1.4%)
<b>Subtotal</b>	<b>1,191.1</b>	<b>2,933.5</b>	<b>3,403.6</b>	<b>470.1</b>	<b>16.0%</b>	<b>12,513.2</b>	<b>16.2%</b>
Other Miscellaneous Taxes							
State Education Tax	40.4	365.4	378.5	13.2	3.6%	2,360.0	4.2%
Real Estate Transfer Tax	59.3	120.1	142.8	22.7	18.9%	487.5	(0.6%)
Essential Services Assessment	0.0	0.6	0.7	0.1	24.3%	135.0	7.3%
Industrial & Commercial Facilities Taxes	0.6	4.7	4.2	(0.5)	(10.4%)	40.0	(4.5%)
Casino Wagering Tax	8.1	13.0	25.7	12.7	97.6%	93.0	2.6%
iGaming, Sports Betting, Fantasy Sports	56.7	0.6	79.3	78.8		134.0	
Recreational Marihuana Excise Tax	31.3	16.1	37.2	21.1	130.8%	50.0	1.4%
Gas and Oil Severance Tax	2.6	4.2	9.0	4.8	114.0%	22.0	5.3%
Telephone and Telegraph Tax	0.0	9.1	7.2	(1.9)	(20.5%)	32.0	(1.2%)
Penalties and Interest	8.9	23.0	20.5	(2.5)	(10.9%)	136.0	1.0%
Lottery Transfer to School Aid Fund	90.0	322.0	288.3	(33.7)	(10.5%)	1,280.0	(9.8%)
<b>Subtotal</b>	<b>297.8</b>	<b>878.7</b>	<b>993.5</b>	<b>114.9</b>	<b>13.1%</b>	<b>4,769.5</b>	<b>17.2%</b>
<b>TOTAL</b>	<b>\$2,929.6</b>	<b>\$7,326.2</b>	<b>\$8,557.2</b>	<b>\$1,231.0</b>	<b>16.8%</b>	<b>\$30,419.0</b>	<b>15.5%</b>

Note: Numbers may not add due to rounding.