



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

CHRISTOPHER M. HARKINS
DIRECTOR

September 30, 2022

The Honorable Jim Stamas, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Mary Whiteford, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

Attached is the monthly financial report for the month ending August 31, 2022. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

www.michigan.gov/budget under "Spending and Revenue Reports".

If you have questions concerning the information in this report, please contact this office.

Sincerely,

Christopher M. Harkins
State Budget Director

Attachment

cc: Mike Shirkey, Senate Maj. Leader
Jim Ananich, Senate Min. Leader
Jason Wentworth, Speaker of the House
Donna Lasinski, House Min. Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency

Jim Runestad, Chair, Senate Finance Com.
Matt Hall, Chair, House Tax Policy Com.
JoAnne Huls, Executive Office
Tricia Foster, Executive Office
Jen Flood, Executive Office
Bethany Wicksall, Deputy State Budget Director
Heather Boyd, Office of Financial Mgmt.
Internal State Budget Office Distribution

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2022
Projected Revenues and Expenditures
August 31, 2022
(\$ in millions)

	FISCAL 2022
Beginning Balance	\$ 4,362.8
Revenues	
Ongoing:	
May 2022 Consensus Forecast	\$ 14,179.7
Local Government Program Payments	\$ (500.3)
Subtotal Ongoing Revenue	\$ 13,679.4
One-Time:	
Miscellaneous Adjustments	\$ (2.6)
Subtotal One-Time Revenue	\$ (2.6)
Total Revenue	\$ 13,676.8
Expenditures	
Ongoing:	
Public Acts 48, 86, and 87 of 2021	\$ 10,996.4
Subtotal Ongoing Expenditures	\$ 10,996.4
One-Time:	
Public Acts 48, 86, 87, 132, and 133 of 2021, and Public Acts 53, 61, 93, 144, and 166 of 2022	\$ 1,294.3
Subtotal One-Time Expenditures	\$ 1,294.3
Total Expenditures	\$ 12,290.7
Ending Balance	\$ 5,748.9

SCHOOL AID FUND
Fiscal Year 2022
Projected Revenues and Expenditures
August 31, 2022
(\$ in millions)

FISCAL
2022

Beginning Balance	\$	2,922.3
Revenues		
Ongoing:		
May 2022 Consensus Forecast	\$	17,340.6
General Fund	\$	37.3
Community District Trust Fund	\$	72.0
Federal Revenue	\$	1,822.5
Subtotal Ongoing Revenue	\$	19,272.4
One-Time:		
General Fund	\$	105.8
Federal Revenue - ARP	\$	248.1
Other Federal One-Time Grants	\$	374.7
Infrastructure Fund Deposit - Public Act 144 of 2022	\$	(475.0)
MI Fellowship Scholarship Fund Deposit - Public Act 144 of 2022	\$	(280.0)
Subtotal One-Time Revenue	\$	(26.4)
Total Revenue	\$	19,246.0
Expenditures		
Ongoing:		
School Aid - Public Act 48 of 2021	\$	16,230.5
Community Colleges - Public Act 86 of 2021	\$	428.2
Universities - Public Act 86 of 2021	\$	361.4
Subtotal Ongoing Expenditures	\$	17,020.1
One-Time:		
School Aid - Public Act 48 of 2021	\$	747.6
School Aid - Public Act 93 of 2022	\$	37.3
School Aid - Public Act 144 of 2022	\$	65.3
Community Colleges - Public Act 86 of 2021	\$	3.2
Universities - Public Act 144 of 2022	\$	300.0
Subtotal One-Time Expenditures	\$	1,153.5
Total Expenditures	\$	18,173.6
Ending Balance	\$	3,994.8

**SUMMARY OF EXPENDITURES AND ENCUMBRANCES
GENERAL FUND - ALL PURPOSE**

August 31, 2022

(\$ in millions)

Fiscal Year 2021			Fiscal Year 2022				
Expenditures & Encumbrances Year to Date FY 2021	Fiscal Year End SEP 30, 2021	Department	Initial Appropriations (1)	Executive Orders & Supplemental Appropriations (1)	Encumbrance, Work Project & Capital Outlay Carry Forwards	Total Authorization	Expenditures & Encumbrances Year to Date FY 2022
103.4	118.5	Agriculture and Rural Development	155.6	5.3	35.3	196.2	123.4
85.0	96.8	Attorney General	106.8	6.2	20.7	133.7	86.5
299.3	306.5	Capital Outlay (2)	314.7	893.8	793.6	2,002.1	313.4
13.6	15.6	Civil Rights	17.8	2.0	2.5	22.3	14.0
1,413.6	1,470.9	Colleges and Universities	1,446.3	0.0	110.7	1,557.0	1,414.2
1,779.9	1,939.3	Corrections	2,055.8	2.5	365.3	2,423.5	1,830.5
500.0	571.7	Education	2,214.9	69.6	174.7	2,459.2	1,315.7
510.5	606.6	Environment, Great Lakes, and Energy	630.1	1,973.8	850.8	3,454.7	435.9
6.8	7.8	Executive Office	7.3	0.0	0.1	7.4	7.4
26,599.3	30,300.0	Health and Human Services	31,586.5	3,418.5	2,035.9	37,041.0	28,274.2
54.7	83.8	Insurance and Financial Service	73.0	1.6	25.0	99.6	63.7
223.0	272.2	Judiciary	320.5	7.3	7.7	335.5	224.3
653.3	966.6	Labor and Economic Opportunity	877.2	2,085.5	3,414.9	6,377.6	2,385.7
22.9	25.6	Legislative Auditor General	27.1	0.0	7.2	34.3	23.6
142.7	160.5	Legislature	183.2	2.2	129.1	314.5	158.6
352.7	375.5	Licensing and Regulatory Affairs	484.2	84.7	95.1	663.9	317.5
0.0	0.0	Marshall Plan for Talent	0.0	0.0	30.3	30.3	0.0
178.8	178.7	Michigan Strategic Fund	323.3	84.0	0.0	407.3	395.9
33.9	42.5	Michigan Veterans' Facility Authority	35.5	3.8	0.0	39.3	35.8
106.4	119.9	Military and Veterans Affairs	104.5	17.3	10.1	131.9	114.0
111.9	120.2	Natural Resources	141.7	6.0	62.3	210.0	117.0
215.7	251.3	State	252.2	12.7	88.8	353.6	213.4
0.0	0.0	State Land Bank Authority	0.0	1.1	0.0	1.1	0.0
658.3	1,281.3	State Police	828.6	442.9	592.6	1,864.1	715.1
534.7	1,329.1	Technology, Management and Budget (3)	503.4	238.7	453.7	1,195.9	605.2
2.5	9.8	Transportation	0.0	47.0	29.5	76.5	2.2
2,223.8	4,189.6	Treasury	2,098.6	1,294.2	245.9	3,638.7	2,713.5
\$36,826.7	\$44,840.3		\$44,788.9	\$10,700.5	\$9,581.7	\$65,071.0	\$41,900.9

(1) Includes boilerplate appropriations.
(2) Includes all capital outlay activity regardless of agency.
(3) Includes Civil Service Commission.

**ESTIMATED BALANCE OF STATE PAYMENTS
TO LOCAL UNITS OF GOVERNMENT
Fiscal Year 2022
August 31, 2022
(\$ in millions)**

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	20,443.9	(267.6)	20,176.3
Total state spending from state resources	37,930.7	421.8	38,352.5
Percentage of state spending from state resources paid to local units	53.90%	-63.44%	52.61%
Required payments to local units (48.97%)	18,574.7	206.6	18,781.2
Surplus/(deficit)	\$1,869.2	(\$474.2)	\$1,395.1

STATE OF MICHIGAN
YEAR-TO-DATE BALANCE SHEET
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
August 31, 2022
(\$ in thousands)

ASSETS

Current Assets:	
Equity in common cash	\$ 1,582,473
Total Assets	<u>\$ 1,582,473</u>

LIABILITIES

Current Liabilities:	
Total Current Liabilities	\$ -
Total Liabilities	<u>-</u>

FUND BALANCES

Committed	<u>1,582,473</u>
Total Fund Balances	<u>1,582,473</u>
Total Liabilities and Fund Balances	<u>\$ 1,582,473</u>

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 October 1, 2021 through August 31, 2022
 (\$ in thousands)

REVENUES

Miscellaneous	\$ 20,387
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Total Revenues	20,387
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EXPENDITURES

Current:	
General government	263
	<hr/>
Total Expenditures	263
	<hr/>
Excess of Revenues over (under) Expenditures	20,124
	<hr/>

OTHER FINANCING SOURCES (USES)

Transfers from other funds	180,000
Transfers to other funds	-
	<hr/>
Total Other Financing Sources (Uses)	180,000
	<hr/>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ 200,124 ¹
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¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

**STATE OF MICHIGAN
YEAR-TO-DATE BALANCE SHEET
MICHIGAN NATURAL RESOURCES TRUST FUND**

August 31, 2022

(\$ in thousands)

ASSETS

Current Assets:	
Equity in common cash	\$ 64,458
Investments	-
Other current assets	-
Total Current Assets	<u>64,458</u>
 Noncurrent Assets:	
Investments	<u>685,330</u>
 Total Assets	<u><u>\$ 749,788</u></u>

LIABILITIES

Current Liabilities:	
Accounts payable and other liabilities	\$ 7,354
Amounts due to other funds	-
Total Current Liabilities	<u>7,354</u>
 Total Liabilities	<u>7,354</u>

FUND BALANCES

Nonspendable	500,000
Restricted	<u>242,434</u>
 Total Fund Balances	<u>742,434</u>
 Total Liabilities and Fund Balances	<u><u>\$ 749,788</u></u>

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND

October 1, 2021 through August 31, 2022

(\$ in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>(33,119)</u>
Total Revenues		<u>(33,119)</u>

EXPENDITURES

Current:		
General government		2,908
Conservation, environment, recreation, and agriculture		14,839
Capital outlay		<u>3,429</u>
Total Expenditures		<u>21,176</u>
Excess of Revenues over (under) Expenditures		<u>(54,295)</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues		-
Proceeds from sale of capital assets		84
Transfers from other funds		-
Transfers to other funds		<u>(25)</u>
Total Other Financing Sources (Uses)		<u>59</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		<u><u>\$ (54,236)</u></u> ¹

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

REVENUE OVERVIEW

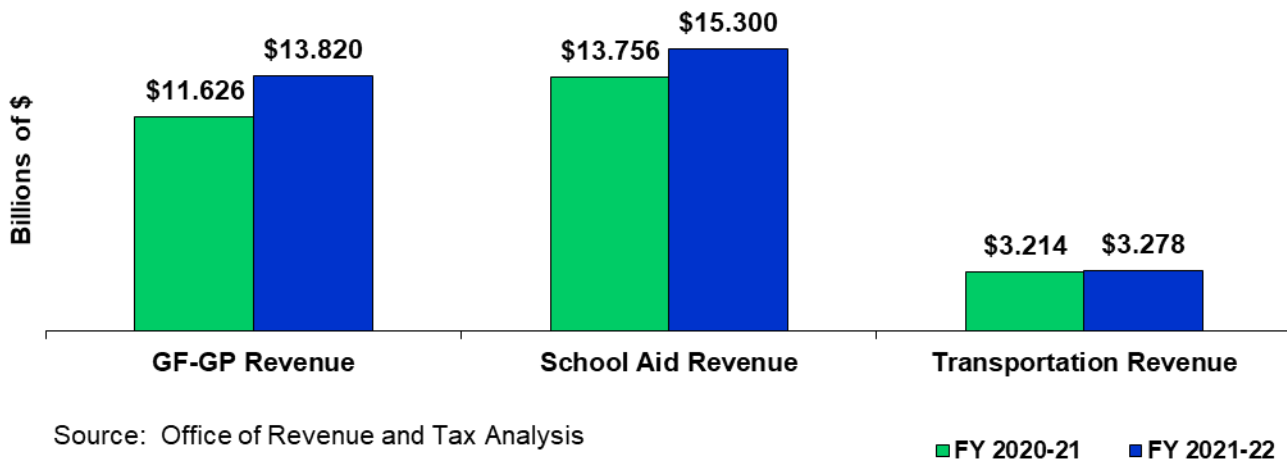
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for August 2022, representing some July and some August economic activity in Michigan.

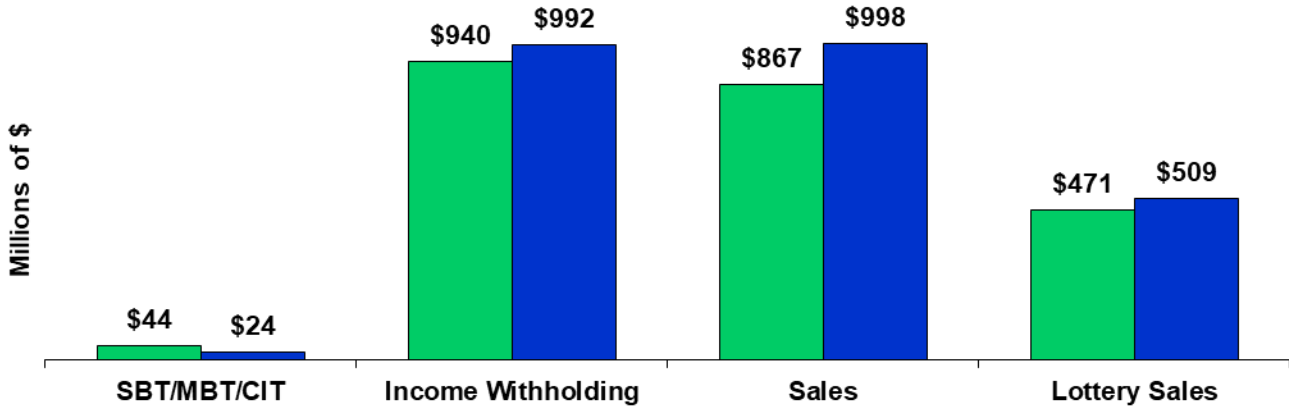
Total General Fund - General Purpose cash collections were \$28.4 million (2.6 percent) higher in August 2022 than in August 2021. The August 2022 School Aid Fund cash collections were \$96.9 million (7.2 percent) higher than in August 2021. August 2022 transportation collections were \$15.3 million (4.8 percent) lower than in August 2021 (see revenue summary table). August is the eleventh month of the State's fiscal year (FY). Year-to-date General Fund - General Purpose cash collections are up \$2,194.5 million (18.9 percent) from a year ago. School Aid Fund cash collections are up \$1,543.8 million (11.2 percent) and transportation collections are up \$64.6 million (2.0 percent).

The FY 2021-22 revenue projections presented in the revenue summary table on page 11 are from the Consensus Revenue Estimating Conference held on May 20, 2022. The revenue estimate for net General Fund – General Purpose revenue for FY 2021-22 is \$14,179.7 million and the net School Aid revenue forecast is \$17,340.6 million. The Transportation Funds revenue forecast is \$3,866.4 million. By law, the Consensus Revenue Estimating Conferences are held the second week of January and the third week of May.

October through August Collections FY 2020-21 and FY 2021-22



August Revenue Collections FY 2020-21 and FY 2021-22



Source: Office of Revenue and Tax Analysis

FY 2020-21 FY 2021-22

October through August Collections FY 2020-21 and FY 2021-22



Source: Office of Revenue and Tax Analysis

FY 2020-21 FY 2021-22

Revenue Summary FY 2021-22
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: August 31, 2022

Month-End Cash Collections Data				October Through August Cash Collections Data					Revenue Projections		
August		Difference		Source of Revenue	Year-to-Date		Difference		FY 2020-21 Total ⁽ⁱ⁾	FY 2021-22 Statutory Estimate	FY 2021-22 May 2022 Forecast
2021	2022	Amount	Percent		FY 2020-21	FY 2021-22	Amount	Percent			
Income Taxes (j)											
\$940,270	\$991,752	\$51,482	5.5%	Withholding	\$10,152,602	\$10,995,965	\$843,363	8.3%	\$11,050,800	\$11,182,000	\$11,954,500
29,873	30,640	767	2.6%	Quarterlies	1,308,374	1,080,047	(228,326)	-17.5%	1,706,000	1,331,500	983,900
0	13,253	13,253	na	Flow Through Entity Tax	0	1,655,261	1,655,261	na	na	na	2,048,800
27,875	29,063	1,188	4.3%	Annuals	1,753,661	1,771,611	17,949	1.0%	1,781,600	1,118,100	1,740,000
\$998,018	\$1,064,708	\$66,690	6.7%	Gross Collections	\$13,214,637	\$15,502,884	\$2,288,247	17.3%	\$14,538,400	\$13,631,600	\$16,727,200
59,683	83,546	23,863	40.0%	Less: Refunds	2,391,223	2,404,577	13,354	0.6%	2,696,900	2,427,300	3,244,200
0	0	0	na	Less: State Campaign Fund	0	0	0	na	600	800	800
\$938,335	\$981,162	\$42,826	4.6%	Net Personal Income	\$10,823,414	\$13,098,307	\$2,274,893	21.0%	\$11,840,900	\$11,203,500	\$13,482,200
50,000	50,000	0	0.0%	Less: Disbursements to MTF	550,000	550,000	0	0.0%	600,000	600,000	600,000
5,750	5,750	0	0.0%	Less: Disbursements to Renew Michigan	63,250	63,250	0	0.0%	69,000	69,000	69,000
232,321	247,868	15,547	6.7%	Less: Disbursements to SAF	3,076,308	3,672,888	596,580	19.4%	3,458,300	3,245,400	3,982,500
\$650,264	\$677,543	\$27,279	4.2%	Net Personal Income To GF-GP	\$7,133,856	\$8,812,169	\$1,678,313	23.5%	\$7,713,600	\$7,289,100	\$8,830,700
Consumption Taxes											
\$140,271	\$151,715	\$11,444	8.2%	Sales (a)	\$1,388,005	\$1,543,570	\$155,565	11.2%	\$1,470,700	\$1,407,700	\$1,607,700
111,263	109,175	(2,088)	-1.9%	Use (a) (h)	1,126,507	1,103,514	(22,994)	-2.0%	1,258,300	1,124,100	1,212,400
17,937	12,882	(5,055)	-28.2%	Tobacco	162,291	145,477	(16,815)	-10.4%	177,000	172,600	165,500
1,494	1,574	80	5.3%	Beer, Wine & Mixed Spirits	49,592	48,142	(1,449)	-2.9%	51,500	53,000	52,000
6,820	7,278	458	6.7%	Liquor Specific	66,374	66,535	162	0.2%	80,500	69,000	79,000
\$277,785	\$282,623	\$4,838	1.7%	Total Consumption Taxes	\$2,792,769	\$2,907,238	\$114,469	4.1%	\$3,038,000	\$2,826,400	\$3,116,600
Other Taxes											
(\$26)	\$196	\$222	-841.8%	Single Business	(\$453)	\$2,835	\$3,288	na	\$0	\$0	\$0
9,460	11,376	1,916	20.3%	Insurance Premiums Taxes	\$346,791	396,428	49,637	14.3%	354,800	405,000	385,000
9,433	11,572	2,138	22.7%	Sub-total SBT & Insurance	346,338	399,263	52,925	15.3%	354,800	405,000	385,000
(322)	(1,590)	(1,268)	na	Michigan Business Tax	(508,169)	(509,953)	(1,784)	-0.4%	(490,500)	(592,900)	(594,300)
44,421	25,725	(18,696)	-42.1%	Corporate Income Tax	1,392,454	1,682,244	289,790	20.8%	1,701,700	1,197,900	1,822,600
972	4,497	3,525	363.0%	Telephone & Telegraph	32,735	37,278	4,544	13.9%	32,400	32,000	32,000
2,583	3,521	937	36.3%	Oil & Gas Severance	18,295	37,275	18,979	104.0%	20,900	18,500	35,000
5,833	6,612	779	13.4%	Penalties & Interest	109,974	109,385	(588)	-0.5%	134,600	132,000	140,000
95,054	101,035	5,981	6.3%	Essential Services Assessment	124,760	134,116	9,356	7.5%	125,800	135,000	135,000
575	850	275	47.8%	Miscellaneous Other/Railroad	2,630	2,647	17	0.6%	2,900	2,000	3,000
(12,667)	(12,917)	(250)	-2.0%	Treasury Enforcement Programs (e)	(139,333)	(142,083)	(2,750)	-2.0%	(142,600)	(155,000)	(150,000)
\$145,881	\$139,303	(\$6,578)	-4.5%	Total Other Taxes	\$1,379,684	\$1,750,172	\$370,488	26.9%	\$1,740,000	\$1,174,500	\$1,808,300
\$1,073,931	\$1,099,470	\$25,539	2.4%	Subtotal GF-GP Taxes	\$11,306,309	\$13,469,579	\$2,163,270	19.1%	\$12,491,600	\$11,290,000	\$13,755,600

continued

Revenue Summary FY 2021-22
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: August 31, 2022

Month-End Cash Collections Data				October Through August Cash Collections Data					Revenue Projections		
August		Difference		Source of Revenue	Year-to-Date		Difference		FY 2020-21 Total ^(f)	FY 2021-22 Statutory Estimate	FY 2021-22 May 2022 Forecast
2021	2022	Amount	Percent		FY 2020-21	FY 2021-22	Amount	Percent			
Non-Tax Revenue (e)											
\$833	\$833	\$0	0.0%	Federal Aid	\$9,167	\$9,167	\$0	0.0%	\$8,300	\$10,000	\$10,000
8	8	0	0.0%	Local Agencies	92	92	0	0.0%	100	100	100
583	583	0	0.0%	Services	6,417	6,417	0	0.0%	3,300	7,000	7,000
1,167	1,167	0	0.0%	Licenses & Permits	12,833	12,833	0	0.0%	22,400	14,000	14,000
0	0	0	na	Investments/Interest Costs	1,266	1,266	0	0.0%	400	2,000	2,000
833	833	0	0.0%	Misc. Non-tax Revenue	9,167	9,167	0	0.0%	51,900	10,000	10,000
18,750	21,383	2,633	14.0%	Liquor Purchase Revolving Fund	206,250	235,217	28,967	14.0%	313,600	256,600	295,000
6,750	6,958	208	3.1%	From Other Funds-Lottery & Escheats	74,250	76,542	2,292	3.1%	99,400	83,500	86,000
\$28,925	\$31,767	\$2,842	9.8%	Total Non-Tax Revenue	\$319,441	\$350,699	\$31,258	9.8%	\$499,400	\$383,200	\$424,100
\$1,102,856	\$1,131,237	\$28,381	2.6%	Total GF-GP Revenue	\$11,625,750	\$13,820,278	\$2,194,529	18.9%	\$12,991,000	\$11,673,100	\$14,179,700
School Aid Fund											
\$357,731	\$390,196	\$32,465	9.1%	Sales Tax 4%	\$3,574,653	\$3,989,686	\$415,034	11.6%	\$3,836,000	\$3,683,200	\$4,202,500
270,880	347,935	77,055	28.4%	Sales Tax 2%	2,602,880	3,143,576	540,696	20.8%	3,021,600	2,882,900	3,302,500
76,098	76,295	197	0.3%	Use Tax 2%	807,663	790,731	(16,931)	-2.1%	876,100	824,900	869,600
214,820	192,688	(22,132)	-10.3%	State Education Property Tax	1,787,071	1,791,772	4,701	0.3%	2,256,400	2,324,300	2,396,000
48,463	48,164	(299)	-0.6%	Real Estate Transfer Tax	434,057	498,402	64,345	14.8%	490,300	402,400	527,000
90,000	90,000	0	0.0%	Lottery Transfer (b)	941,983	898,308	(43,675)	-4.6%	1,419,800	1,093,900	1,240,000
9,148	8,526	(622)	-6.8%	Casino Wagering Tax	82,259	96,332	14,073	17.1%	181,100	181,700	320,800
6,510	6,339	(170)	-2.6%	Liquor Excise Tax	63,154	63,116	(38)	-0.1%	76,700	68,600	78,600
36,414	26,152	(10,263)	-28.2%	Cigarette/Tobacco Tax	329,476	295,340	(34,136)	-10.4%	322,000	318,200	299,900
3,292	3,626	334	10.1%	Indus. & Comm. Facilities Taxes	34,685	36,387	1,703	4.9%	41,900	37,000	42,000
3,880	8,672	4,792	123.0%	Specific Other	21,582	23,064	1,483	6.9%	76,200	68,500	79,200
232,321	247,868	15,547	6.7%	Income Tax Earmarking	3,076,308	3,672,888	596,580	19.4%	3,458,300	3,245,400	3,982,500
\$1,349,558	\$1,446,461	\$96,903	7.2%	Total School Aid Fund	\$13,755,770	\$15,299,604	\$1,543,834	11.2%	\$16,056,400	\$15,131,000	\$17,340,600
Multi-Fund Revenue Summary											
\$867,099	\$998,262	\$131,163	15.1%	Sales Tax 6%	\$8,560,635	\$9,793,053	\$1,232,419	14.4%	\$9,414,800	\$9,000,800	\$10,299,600
596,219	650,327	54,108	9.1%	Sales Tax 4% (d)	5,957,755	6,649,477	691,723	11.6%	6,393,200	6,117,900	6,997,100
270,880	347,935	77,055	28.4%	Sales Tax 2%	2,602,880	3,143,576	540,696	20.8%	3,021,600	2,882,900	3,302,500
228,294	228,886	592	0.3%	Use Tax 6% (g)	2,422,989	2,372,194	(50,794)	-2.1%	2,623,000	2,470,300	2,604,300
3,026	7,606	4,580	151.0%	Recreational Marihuana	88,910	163,900	74,991	84.3%	120,472	120,000	149,100
90,134	64,732	(25,403)	-28.2%	Tobacco Taxes	815,534	731,039	(84,495)	-10.4%	890,145	868,000	830,700
0	0	0	na	Tobacco Settlement	236,821	242,986	6,165	2.6%	na	na	na

continued

Revenue Summary FY 2021-22
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: August 31, 2022

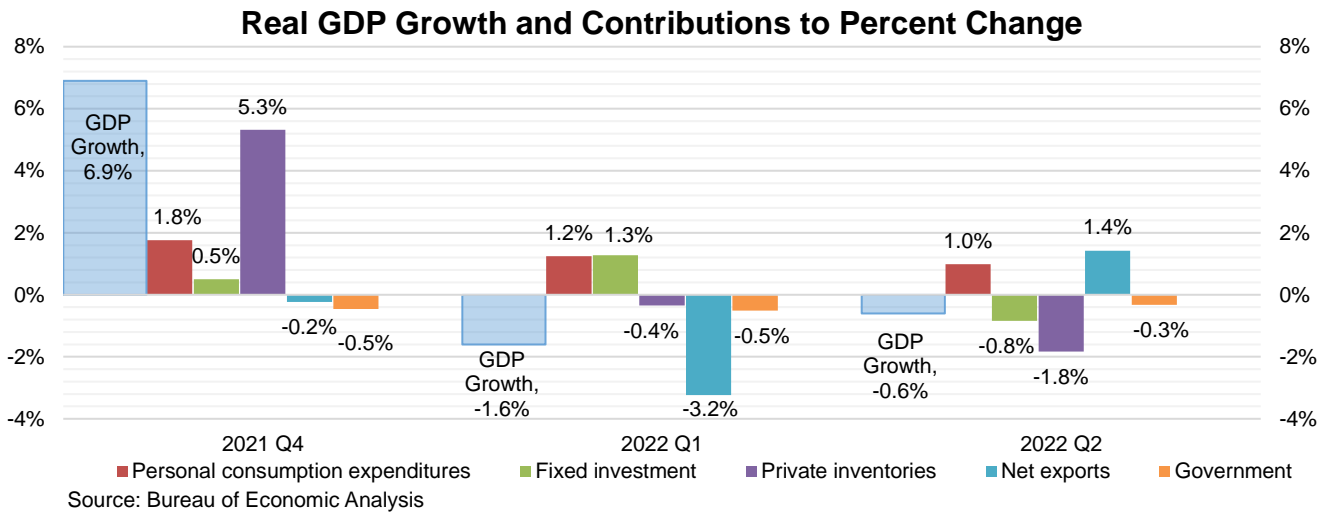
Month-End Cash Collections Data				October Through August Cash Collections Data					Revenue Projections		
August		Difference		Source of Revenue	Year-to-Date		Difference		FY 2020-21 Total ⁽ⁱ⁾	FY 2021-22 Statutory Estimate	FY 2021-22 May 2022 Forecast
2021	2022	Amount	Percent		FY 2020-21	FY 2021-22	Amount	Percent			
Major Transportation Revenues											
\$20,935	\$21,386	\$450	2.1%	Diesel Fuel / Motor Carrier Fuel Tax	\$222,086	\$227,995	\$5,908	2.7%	\$240,846	\$241,500	\$247,000
107,584	104,732	(2,852)	-2.7%	Gasoline	1,012,515	1,055,351	42,836	4.2%	1,111,575	1,196,000	1,165,200
123,143	108,957	(14,186)	-11.5%	Motor Vehicle Registration	1,285,574	1,295,097	9,523	0.7%	1,403,514	1,402,000	1,445,800
5,401	5,135	(266)	-4.9%	Other Taxes, Fees & Misc.	49,424	47,557	(1,867)	-3.8%	155,878	216,258	246,214
8,537	10,117	1,580	18.5%	Comprehensive Transportation (c)	93,902	102,083	8,181	8.7%	136,952	137,774	162,211
50,000	50,000	0	0.0%	Income Tax Earmarking	550,000	550,000	0	0.0%	600,000	600,000	600,000
<u>\$315,599</u>	<u>\$300,326</u>	<u>(\$15,273)</u>	<u>-4.8%</u>	Total Major Trans. Revenues	<u>\$3,213,501</u>	<u>\$3,278,083</u>	<u>\$64,582</u>	<u>2.0%</u>	<u>\$3,648,765</u>	<u>\$3,793,532</u>	<u>\$3,866,425</u>
Lottery Sales By Games											
\$247,133	\$268,361	\$21,227	8.6%	Instant Games (f)	\$2,449,027	\$2,317,396	(\$131,631)	-5.4%	na	na	na
108,998	94,603	(14,396)	-13.2%	Daily Games	1,076,888	982,210	(94,678)	-8.8%	na	na	na
39,307	70,273	30,966	78.8%	Lotto and Big Game (f)	444,843	427,220	(17,623)	-4.0%	na	na	na
643	754	112	17.4%	Keno Game	7,997	7,435	(562)	-7.0%	na	na	na
3,378	3,554	176	5.2%	Lucky For Life	15,882	33,514	17,632	111.0%	na	na	na
9,399	7,399	(2,000)	-21.3%	Other (f)	75,963	97,278	21,315	28.1%	na	na	na
62,081	63,823	1,742	2.8%	Club Games	539,807	605,784	65,977	12.2%	na	na	na
<u>\$470,939</u>	<u>\$508,767</u>	<u>\$37,828</u>	<u>8.0%</u>	Total Lottery Sales	<u>\$4,610,407</u>	<u>\$4,470,836</u>	<u>(\$139,571)</u>	<u>-3.0%</u>	<u>na</u>	<u>na</u>	<u>na</u>

- (a) GF-GP Sales has been adjusted based on Comprehensive Transportation Fund, Health Initiative, Constitutional Revenue Sharing, and Aviation Fund. GF-GP Use has been adjusted based on Aviation Fund.
- (b) The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the School Aid Fund transfer. The transfers shown are actual transfers from Lottery to School Aid Fund.
- (c) The Comprehensive Transportation Fund distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the Comprehensive Transportation Fund).
- (d) 2% collections adjusted to reflect exemption on residential utilities.
- (e) Non-tax revenue items other than interest are estimates.
- (f) Lottery Sales include iLottery net win amounts; and Other lottery games includes the new Fast Cash games, which began in July 2017.
- (g) Gross Use tax collections include the transferred amounts to the Local Community Stabilization Authority, which are front-loaded at the beginning of the fiscal year. The year-to-date 2021 revenues were \$447.9 million and the year-to date 2022 revenues are \$434.5 million. Per 2014 Public Act 80, the total fiscal year 2021 Local Community Stabilization Share (LCSS) was \$491.5 million and the total fiscal year 2022 LCSS is \$521.3 million.
- (h) General Fund Use tax collections are net of LCSS revenue. The year-to-date 2021 LCSS revenues were \$447.9 million and the year-to-date 2022 LCSS revenues are \$434.5 million.
- (i) Official Annual Comprehensive Financial Report figures are adjusted to put them on a comparable basis with Consensus Estimates.
- (j) Implementation of the Flow Through Entity Tax retroactive to January 1, 2021 has resulted in fluctuating totals in Individual Income Tax annuals, quarterlies, and refunds in FY 2022.

Source: Michigan Department of Treasury, Office of Revenue & Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of Technology, Management and Budget, and other reports from the Michigan Department of Treasury.

Economic Highlights
(All data seasonally adjusted unless otherwise noted.)
U.S. Economy

U.S. real **Gross Domestic Product** decreased at a 0.6 percent annual rate in the second quarter of 2022, according to the most recent estimate, up from the -1.6 percent annual rate in the first quarter of 2022. The past three quarterly contributions to the percent change in GDP are shown in the graph below.

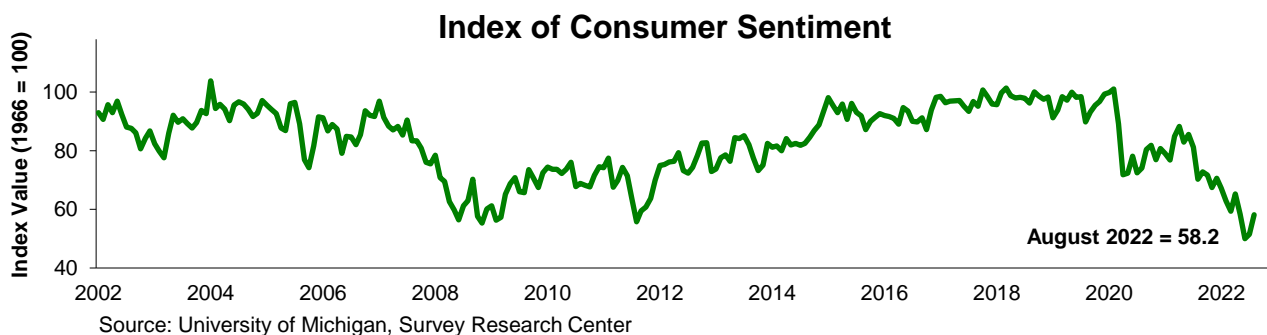


Private inventories drove the decline in GDP in the second quarter of 2022, while fixed investment and government expenditures made minor contributions to the decline. Growth in net exports and personal consumption expenditures helped to hold GDP up from further decline. Real final sales increased by 1.3 percent in the second quarter, while the implicit price deflator increased by 9.0 percent.

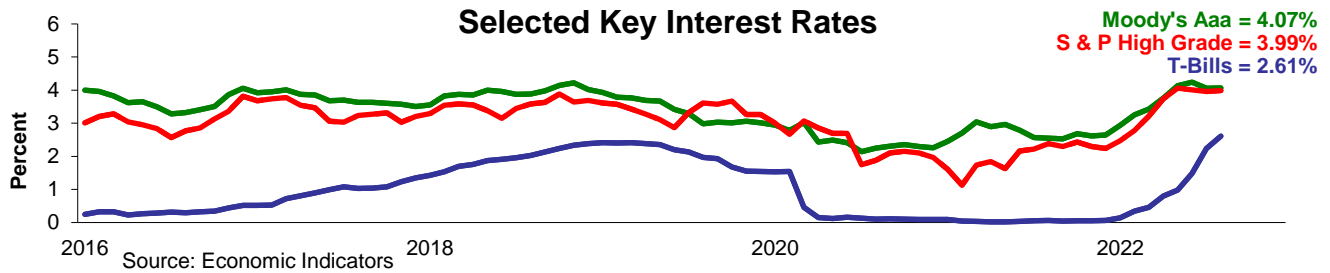
U.S. wage and salary employment increased by 315,000 jobs in August. Total employment is now just above the February 2020 pre-pandemic level. The labor force participation rate was 62.4 percent in August, 1.0 percentage point below the rate in February 2020. In August, sectors with the largest increases in employment include the education and health services and the professional and business services sectors, both with 68,000 jobs, the trade, transportation and utilities sector with 65,000 jobs, and the leisure and hospitality sector with 31,000 jobs.

In August, the U.S. unemployment rate rose slightly to 3.7 percent. Civilian employment increased slightly to 158.7 million, up 0.4 million from July. The number unemployed increased to 6.0 million in August.

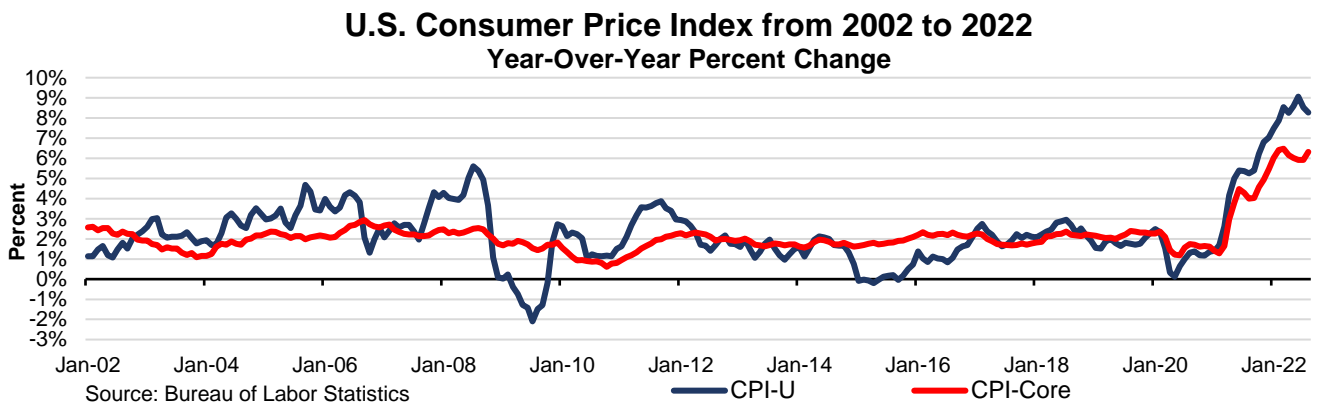
The **Index of Consumer Sentiment** increased to 58.2 index-points in August, up 6.7 from July. While a strong increase, the year-over-year consumer sentiment is still 12.1 index-points below year-ago levels.



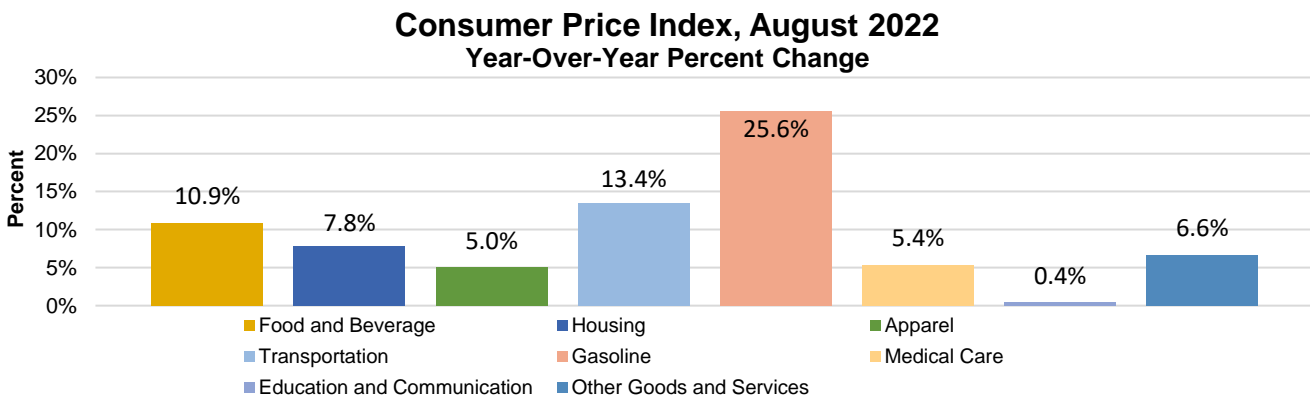
Short-term **interest rates** increased by 0.37 percentage points in August, to a 3-month Treasury bill (T-bill) rate of 2.61 percent. The T-bill rate increased 2.55 percentage points from a year ago. The Aaa corporate bond rate increased 0.01 percentage points to an interest rate of 4.07 percent in August and was up 1.52 percentage points from a year ago. The high-grade municipal bonds interest rate increased 0.03 percentage points to 3.99 percent in August and was up 1.61 percentage points from a year ago.



U.S. retail prices, as measured by the Consumer Price Index (CPI-U), were up 8.3 percent from August 2021 to August 2022. This is a slight decline from July's 8.5 percent year-over-year change. The Consumer Price Index-Core (CPI-Core) measures the change in all consumer items aside from food and energy prices. The CPI-Core was up 6.3 percent year-over-year in August, a 0.4 percentage point increase from July's 5.9 percent. CPI-U and CPI-Core data are not seasonally adjusted.

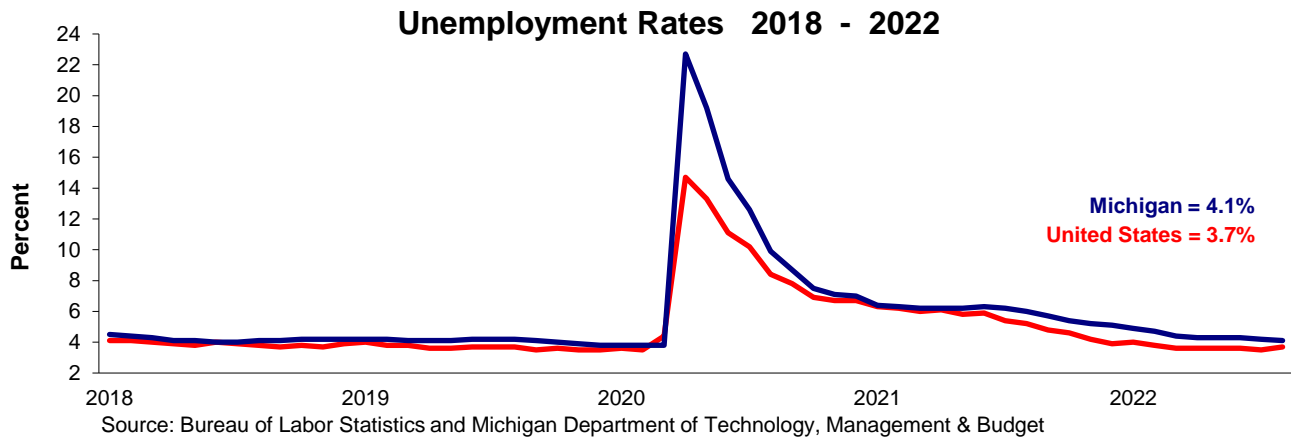


Gasoline continues to exhibit the largest year-over-year price increase, but at a 25.6 percent change in August it is significantly down from the 44.0 percent change in July and the 59.9 percent change in June. The next largest year-over-year change was in transportation with an increase of 13.4 percent, followed by food and beverage with a 10.9 percent increase. Lower year-over-year percent increases can be seen in housing (7.8 percent) and other goods and services (6.6 percent). These data are seasonally adjusted.



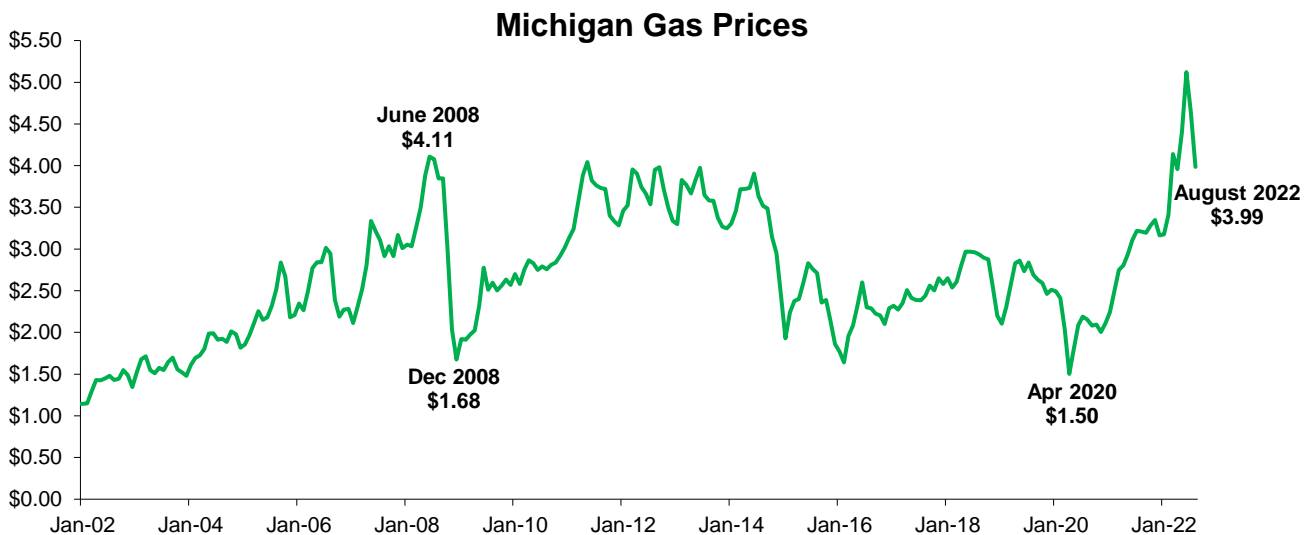
Michigan Economy

The **Michigan jobless rate** remained about the same, declining 0.1 percentage points to 4.1 percent in August. The national unemployment rate increased 0.2 percentage points up to 3.7 percent in August. The number unemployed in Michigan declined by 1,000 while the number employed increased by 1,000. The number employed is 3.4 percent higher, while the number unemployed is 30.2 percent lower than in August 2021. In August, Michigan's unemployment rate was 0.3 percentage points above the February 2020 pre-pandemic rate of 3.8 percent.



Michigan wage and salary employment increased in August by 4,000 jobs from July's revised estimate. Employment was up 135,000 jobs, or 3.2 percent, from August 2021. In August, the sector with the largest increases in employment was the leisure and hospitality services sector with 3,000 jobs. The sector with the largest decline in employment was the professional and business services sector with a loss of 4,000 jobs.

Michigan gasoline prices decreased significantly in August 2022, down to \$3.99 per gallon, 65.2 cents a gallon below last month's average. Year-over-year gasoline prices remained elevated and were \$0.78 per gallon higher than in August 2021. August 2022 diesel prices decreased to \$5.37 per gallon, a decline of 42.7 cents a gallon from July's average diesel price of \$5.80 per gallon. Diesel prices were up \$2.09 per gallon over the August 2021 price of \$3.28 per gallon.

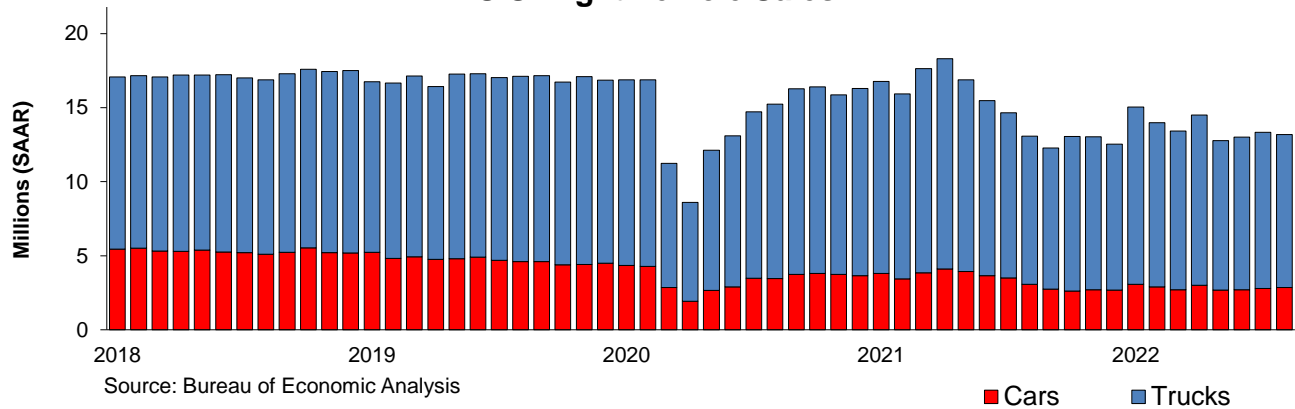


Source: AAA Michigan

Motor Vehicle Sector

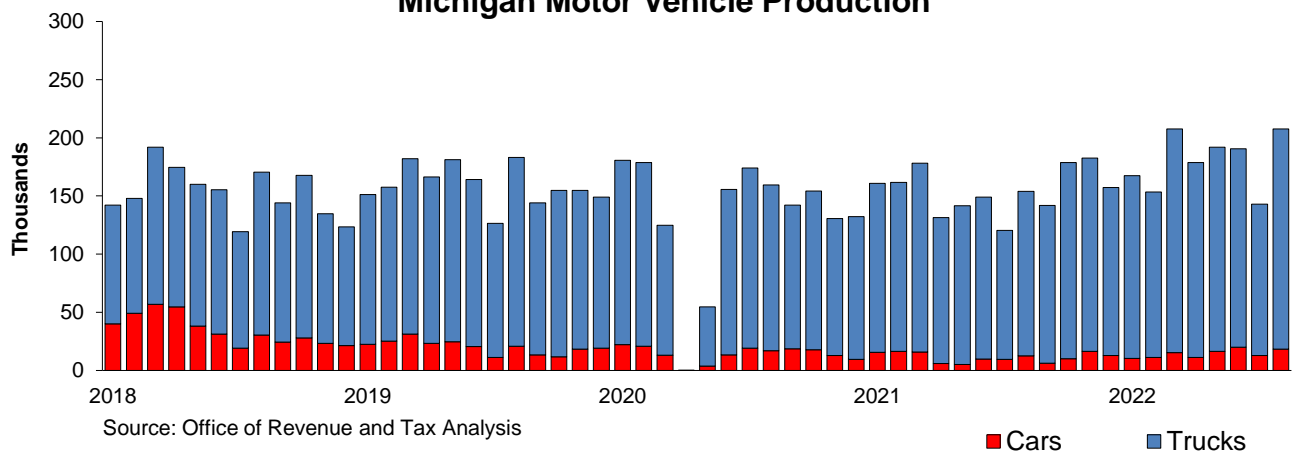
U.S. light vehicle sales (cars and light trucks) declined slightly, by 0.8 percent in August from July, selling at a 13.2 million unit seasonally adjusted annual rate, according to the most recent estimates. Domestic car sales declined 2.6 percent while light truck sales declined 4.2 percent from July. Import car sales increased 14.5 percent while import light truck sales increased 8.6 percent from July. Compared to August 2021, light vehicle sales were up 0.8 percent. Domestic car sales decreased 5.8 percent while light truck sales increased 7.4 percent from the year ago levels. August import car sales were down 11.0 percent while import light truck sales were down 10.9 percent from last year. Domestic light vehicles recorded a 78.0 percent share of August 2022 sales, up 2.8 percentage points from August 2021.

U.S. Light Vehicle Sales



Michigan motor vehicle production rose sharply in August, with 207,612 total units. Michigan's August production was 45.3 percent above July's production and 34.7 percent above the level in August 2021, according to the most recently available data. Nationally, motor vehicle production totaled 959,003 units, which was up 18.6 percent from a year ago. In August, Michigan's car production was 18,366 units while the State's truck production was 189,246 units. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



**Summary Estimates of the Constitutional Revenue Limit
Based on the May 20, 2022 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	<u>Fiscal Year 2020-21 Actual</u>	<u>Fiscal Year 2021-22 Estimate</u>	<u>Fiscal Year 2022-23 Estimate</u>
Applicable Calendar Year Personal Income	\$491,632	\$530,809	\$558,330
Section 26 Base Ratio	<u>9.49%</u>	<u>9.49%</u>	<u>9.49%</u>
Revenue Limit	<u>\$46,655.9</u>	<u>\$50,373.8</u>	<u>\$52,985.5</u>
Revenue Limit	\$46,655.9	\$50,373.8	\$52,985.5
State Revenue Subject to Limit	<u>\$38,890.0</u>	<u>\$41,615.3</u>	<u>\$41,494.0</u>
Amount Under (Over) Limit	\$7,765.9	\$8,758.5	\$11,491.5

Sources:

Personal Income Estimate

The FY 2020-21 calculation uses the official personal income estimate for calendar year 2019 (Survey of Current Business, October 2020).
The FY 2020-21 calculation uses the official personal income estimate for calendar year 2020 (Survey of Current Business, October 2021).
The FY 2022-23 calculation uses the May 20, 2022 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2020-21 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2021.
The FY 2021-22 calculation uses the May 20, 2022 Consensus Revenue Agreement.
The FY 2022-23 calculation uses the May 20, 2022 Consensus Revenue Agreement.

Column detail may not add to totals due to rounding

Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury