



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

CHRISTOPHER M. HARKINS
DIRECTOR

January 30, 2023

The Honorable Sarah Anthony, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Angela Witwer, 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 December 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: Winnie Brinks, Senate Maj. Leader
Aric Nesbitt, Senate Min. Leader
Joe Tate, Speaker of the House
Matt Hall, House Min. Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency

Mary Cavanagh, Chair, Senate Finance,
Insurance, & Consumer Protection Committee
Cynthia Neeley, Chair, House Tax Policy Com.
JoAnne Huls, Executive Office
Tricia Foster, Executive Office
Jen Flood, Executive Office
Heather Boyd, Office of Financial Mgmt.
Internal State Budget Office Distribution

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2023
Projected Revenues and Expenditures
December 31, 2022
(\$ in millions)

	FISCAL 2023
Beginning Balance	\$ 5,748.9
Revenues	
Ongoing:	
May 2022 Consensus Forecast	\$ 13,973.5
Local Government Program Payments	\$ (525.6)
Subtotal Ongoing Revenue	\$ 13,447.9
One-Time:	
One-time Revenue Reductions	\$ (7.5)
Subtotal One-Time Revenue	\$ (7.5)
Total Revenue	\$ 13,440.4
Expenditures	
Ongoing:	
Public Acts 144 and 166 of 2022	\$ 12,071.6
Subtotal Ongoing Expenditures	\$ 12,071.6
One-Time:	
Public Acts 144 and 166 of 2022	\$ 3,234.2
Public Acts 194 and 212 of 2022	\$ 995.6
Subtotal One-Time Expenditures	\$ 4,229.8
Total Expenditures	\$ 16,301.4
Ending Balance	\$ 2,887.9

¹ This report does not reflect final revenue and expenditure data for the fiscal year ending September 30, 2022. Final year-end activity will be reflected in the fiscal year 2022 Annual Comprehensive Financial Report.

SCHOOL AID FUND
Fiscal Year 2023
Projected Revenues and Expenditures
December 31, 2022
(\$ in millions)

	FISCAL 2023
Beginning Balance	\$ 3,994.8
Revenues	
Ongoing:	
May 2022 Consensus Forecast	\$ 17,195.3
General Fund	\$ 48.6
Community District Trust Fund	\$ 72.0
Federal Revenue	\$ 2,191.2
Subtotal Ongoing Revenue	\$ 19,507.1
One-Time:	
General Fund	\$ 75.6
Federal Revenue - ARP	\$ 333.0
MPERS Reserve Fund Deposit - Public Act 144 of 2022	\$ (425.0)
MPERS Reserve Fund	\$ 140.4
Subtotal One-Time Revenue	\$ 124.0
Total Revenue	\$ 19,631.1
Expenditures	
Ongoing:	
School Aid - Public Act 144 of 2022	\$ 17,718.1
Community Colleges - Public Act 144 of 2022	\$ 448.6
Universities - Public Act 144 of 2022	\$ 347.9
Subtotal Ongoing Expenditures	\$ 18,514.6
One-Time:	
School Aid - Public Act 144 of 2022	\$ 1,884.6
School Aid - Public Act 212 of 2022	\$ 12.2
Subtotal One-Time Expenditures	\$ 1,896.8
Total Expenditures	\$ 20,411.4
Ending Balance	\$ 3,214.5

¹ This report does not reflect final revenue and expenditure data for the fiscal year ending September 30, 2022. Final year-end activity will be reflected in the fiscal year 2022 Annual Comprehensive Financial Report.

SUMMARY OF EXPENDITURES AND ENCUMBRANCES
GENERAL FUND - ALL PURPOSE
December 31, 2022
(\$ in millions)

Fiscal Year 2022			Fiscal Year 2023				
Expenditures & Encumbrances Year to Date FY 2022	Fiscal Year End SEP 30, 2022	Department	Initial Appropriations (1)	Executive Orders & Supplemental Appropriations (1)	Encumbrance, Work Project & Capital Outlay Carry Forwards (2)	Total Authorization	Expenditures & Encumbrances Year to Date FY 2023
47.1	133.7	Agriculture and Rural Development	187.7	5.2	68.1	261.0	51.8
23.7	87.0	Attorney General	116.7	2.1	28.4	147.2	24.6
94.9	338.4	Capital Outlay (3)	1,049.7	15.0	1,768.0	2,832.7	122.3
3.2	15.6	Civil Rights	21.6	1.6	3.7	26.9	3.0
473.1	1,414.9	Colleges and Universities	1,749.9	256.0	110.7	2,116.6	407.4
637.6	1,986.8	Corrections	2,114.7	0.0	362.8	2,477.5	644.1
126.0	1,693.5	Education	865.6	19.4	742.6	1,627.5	165.3
97.3	601.3	Environment, Great Lakes, and Energy	657.7	0.0	2,945.2	3,603.0	161.4
2.8	7.2	Executive Office	8.5	0.0	0.1	8.6	3.1
7,961.5	32,122.4	Health and Human Services	33,299.7	72.2	3,769.9	37,141.9	8,297.4
19.4	69.0	Insurance and Financial Service	74.3	1.6	4.3	80.2	22.5
54.5	281.8	Judiciary	483.5	0.0	16.0	499.6	56.7
168.2	2,934.7	Labor and Economic Opportunity	1,363.1	868.6	3,428.8	5,660.5	219.2
6.0	25.9	Legislative Auditor General	28.6	0.0	11.7	40.3	6.6
44.2	177.1	Legislature	183.0	0.0	167.3	350.3	44.2
140.7	410.1	Licensing and Regulatory Affairs	504.8	58.5	111.5	674.8	165.1
0.0	0.0	Marshall Plan for Talent	0.0	0.0	30.3	30.3	0.0
91.6	404.7	Michigan Strategic Fund	774.8	50.0	0.0	824.8	769.9
35.5	39.2	Michigan Veterans' Facility Authority	36.6	1.0	0.0	37.6	36.6
57.2	118.3	Military and Veterans Affairs	105.3	19.7	10.4	135.4	57.3
41.9	126.2	Natural Resources	160.4	0.0	70.0	230.4	47.2
59.7	242.5	State	255.2	12.1	97.2	364.5	57.3
0.0	1.1	State Land Bank Authority	0.0	0.0	0.0	0.0	0.0
191.7	1,162.5	State Police	821.8	31.0	734.9	1,587.8	231.4
105.9	777.0	Technology, Management and Budget (4)	586.6	6.1	607.0	1,199.7	157.6
0.3	2.6	Transportation	25.4	47.0	29.5	101.9	0.2
824.4	4,465.3	Treasury	3,157.6	121.9	562.8	3,842.4	872.4
\$11,308.2	\$49,638.7		\$48,633.1	\$1,589.1	\$15,681.1	\$65,903.3	\$12,624.6

(1) Includes boilerplate appropriations.

(2) Carryforward amounts do not include authorization related to amounts appropriated for fiscal year 2022. Entry of these amounts is expected in January and February 2023.

(3) Includes all capital outlay activity regardless of agency.

(4) Includes Civil Service Commission.

**ESTIMATED BALANCE OF STATE PAYMENTS
TO LOCAL UNITS OF GOVERNMENT
Fiscal Year 2023
December 31, 2022
(\$ in millions)**

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	23,686.4	64.0	23,750.4
Total state spending from state resources	44,142.0	1,015.6	45,157.6
Percentage of state spending from state resources paid to local units	53.66%	6.30%	52.59%
Required payments to local units (48.97%)	21,616.3	497.3	22,113.7
Surplus/(deficit)	\$2,070.1	(\$433.3)	\$1,636.7

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

ASSETS

Current Assets:	
Equity in common cash	<u>\$ 1,588,927</u>
Total Assets	<u><u>\$ 1,588,927</u></u>

LIABILITIES

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

FUND BALANCES

Committed	<u>1,588,927</u>
Total Fund Balances	<u>1,588,927</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,588,927</u></u>

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

REVENUES

Miscellaneous		\$ -
		-
Total Revenues		-

EXPENDITURES

Current:		
General government		-
		-
Total Expenditures		-
Excess of Revenues over (under)		
Expenditures		-

OTHER FINANCING SOURCES (USES)

Transfers from other funds		-
Transfers to other funds		-
Total Other Financing Sources (Uses)		-
Excess of Revenues and Other Sources		
over (under) Expenditures and		
Other Uses		\$ - ¹

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

December 31, 2022

(\$ in thousands)

ASSETS

Current Assets:

Equity in common cash	\$ 31,017
Investments	-
Other current assets	-
Total Current Assets	<u>31,017</u>

Noncurrent Assets:

Investments	<u>706,404</u>
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Total Assets	<u><u>\$ 737,421</u></u>
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LIABILITIES

Current Liabilities:

Accounts payable and other liabilities	\$ 9,924
Amounts due to other funds	-
Total Current Liabilities	<u>9,924</u>

Total Liabilities	<u>9,924</u>
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FUND BALANCES

Nonspendable	500,000
Restricted	<u>227,497</u>

Total Fund Balances	<u>727,497</u>
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Total Liabilities and Fund Balances	<u><u>\$ 737,421</u></u>
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STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
October 1, 2022 through December 31, 2022
(\$ in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		31,291
		31,291
Total Revenues		31,291

EXPENDITURES

Current:		
General government		368
Conservation, environment, recreation, and agriculture		6,179
Capital outlay		312
		312
Total Expenditures		6,858
Excess of Revenues over (under) Expenditures		24,432

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues		-
Proceeds from sale of capital assets		-
Transfers from other funds		-
Transfers to other funds		-
		-
Total Other Financing Sources (Uses)		-
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		\$ 24,432 ¹

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

REVENUE OVERVIEW

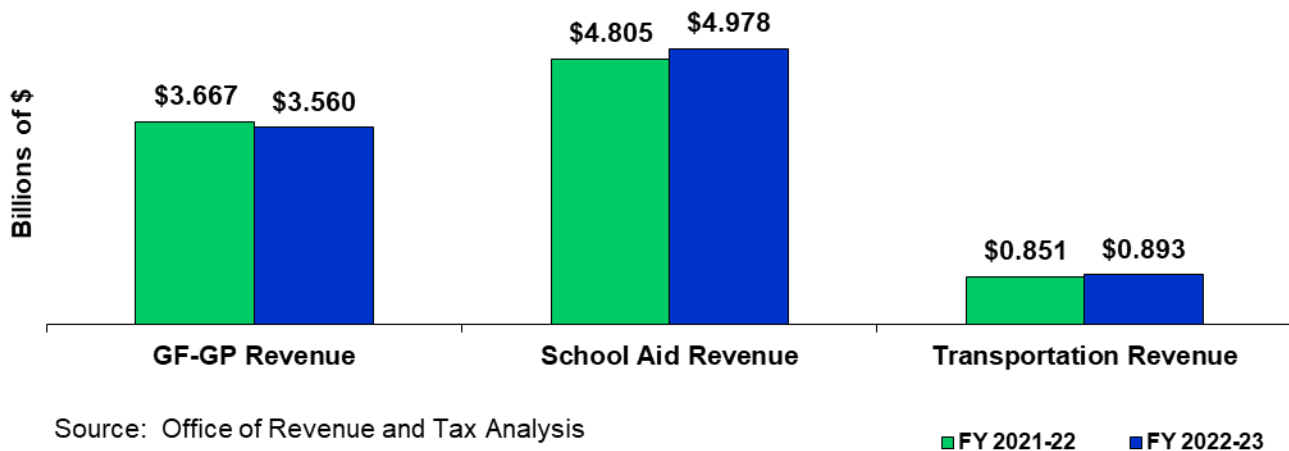
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

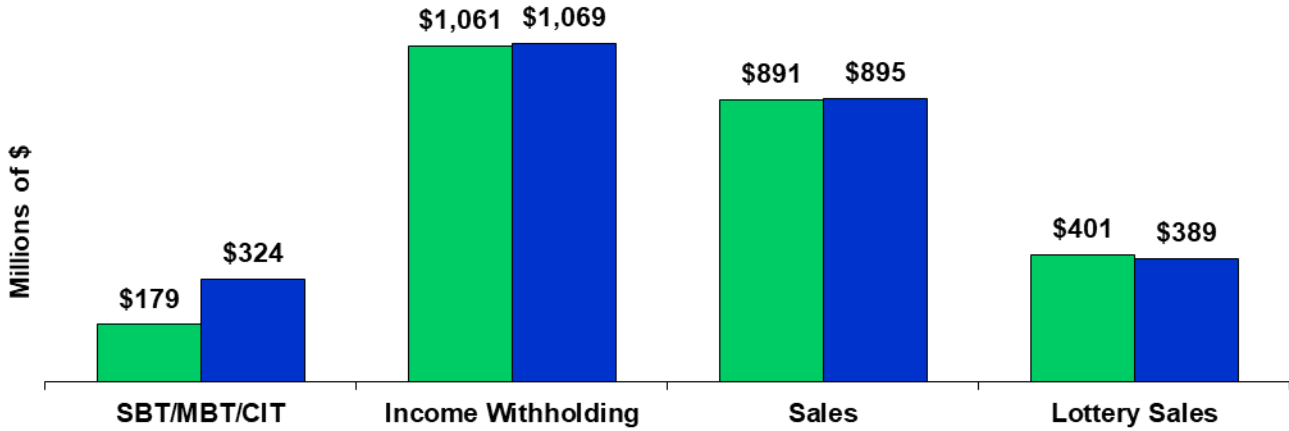
Total General Fund - General Purpose cash collections were \$181.2 million (11.1 percent) lower in December 2022 than in December 2021. The December 2022 School Aid Fund cash collections were \$79.0 million (6.0 percent) lower than in December 2021. December 2022 transportation collections were \$27.2 million (9.4 percent) higher than in December 2021 (see revenue summary table). December is the third month of the State's fiscal year (FY). Year-to-date collection totals generally provide a more accurate view of collections since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are down \$107.2 million (2.9 percent) from a year ago. School Aid Fund cash collections are up \$173.7 million (3.6 percent) and transportation collections are up \$42.9 million (5.0 percent).

The FY 2022-23 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 2022-23 is \$13,973.5 million and the net School Aid revenue forecast is \$17,195.3 million. The Transportation Funds revenue forecast is \$4,003.3 million. By law, the Consensus Revenue Estimating Conferences are held the second week of January and the third week of May.

October through December Collections FY 2021-22 and FY 2022-23



**December Revenue Collections
FY 2021-22 and FY 2022-23**



Source: Office of Revenue and Tax Analysis

■ FY 2021-22 ■ FY 2022-23

**October through December Collections
FY 2021-22 and FY 2022-23**



Source: Office of Revenue and Tax Analysis

■ FY 2021-22 ■ FY 2022-23

Revenue Summary FY 2022-23
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: December 31, 2022

Month-End Cash Collections Data				October Through December Cash Collections Data					Revenue Projections		
December		Difference		Source of Revenue	Year-to-Date		Difference		FY 2021-22	FY 2022-23	FY 2022-23
2021	2022	Amount	Percent		FY 2021-22	FY 2022-23	Amount	Percent	May 2022 Forecast	Statutory Estimate	May 2022 Forecast
Income Taxes (i)											
\$1,060,559	\$1,068,585	\$8,026	0.8%	Withholding	\$2,977,451	\$3,075,323	\$97,872	3.3%	\$11,954,500	\$12,332,100	\$12,332,100
92,750	64,635	(28,115)	-30.3%	Quarterlies	144,556	113,602	(30,954)	-21.4%	983,900	840,100	840,100
410,120	166,792	(243,328)	-59.3%	Flow Through Entity Tax	410,120	185,915	(224,205)	-54.7%	2,048,800	1,061,500	1,061,500
12,547	12,280	(267)	-2.1%	Annuals	104,448	150,636	46,188	44.2%	1,740,000	1,465,700	1,465,700
\$1,575,976	\$1,312,292	(\$263,685)	-16.7%	Gross Collections	\$3,636,575	\$3,525,476	(\$111,099)	-3.1%	\$16,727,200	\$15,699,400	\$15,699,400
32,575	148,773	116,198	357.0%	Less: Refunds	145,096	403,103	258,007	178.0%	3,244,200	2,479,200	2,479,200
0	0	0	na	Less: State Campaign Fund	0	0	0	na	800	800	800
\$1,543,401	\$1,163,518	(\$379,883)	-24.6%	Net Personal Income	\$3,491,478	\$3,122,373	(\$369,106)	-10.6%	\$13,482,200	\$13,219,400	\$13,219,400
50,000	50,000	0	0.0%	Less: Disbursements to MTF	150,000	150,000	0	0.0%	600,000	600,000	600,000
5,750	5,750	0	0.0%	Less: Disbursements to Renew Michigan	17,250	17,250	0	0.0%	69,000	69,000	69,000
375,239	312,457	(62,782)	-16.7%	Less: Disbursements to SAF	865,869	839,413	(26,456)	-3.1%	3,982,500	3,737,700	3,737,700
\$1,112,411	\$795,311	(\$317,100)	-28.5%	Net Personal Income To GF-GP	\$2,458,360	\$2,115,710	(\$342,650)	-13.9%	\$8,830,700	\$8,812,700	\$8,812,700
Consumption Taxes											
\$139,919	\$142,085	\$2,167	1.5%	Sales (a)	\$408,221	\$428,943	\$20,721	5.1%	\$1,607,700	\$1,604,300	\$1,604,300
137,552	134,293	(3,259)	-2.4%	Use (a) (h)	229,539	253,726	24,187	10.5%	1,212,400	1,176,600	1,176,600
13,962	12,371	(1,591)	-11.4%	Tobacco	42,303	37,887	(4,416)	-10.4%	165,500	163,300	163,300
1,255	1,010	(245)	-19.5%	Beer, Wine & Mixed Spirits	13,486	12,773	(713)	-5.3%	52,000	53,000	53,000
12,576	7,735	(4,841)	-38.5%	Liquor Specific	13,420	14,933	1,513	11.3%	79,000	80,000	80,000
\$305,264	\$297,495	(\$7,769)	-2.5%	Total Consumption Taxes	\$706,969	\$748,262	\$41,293	5.8%	\$3,116,600	\$3,077,200	\$3,077,200
Other Taxes											
\$60	\$1	(\$59)	-97.8%	Single Business	\$1,319	\$8	(\$1,311)	-99.4%	\$0	\$0	\$0
6,138	3,471	(2,667)	-43.4%	Insurance Premiums Taxes	\$103,348	121,683	18,335	17.7%	385,000	398,000	398,000
6,198	3,472	(2,726)	-44.0%	Sub-total SBT & Insurance	104,667	121,691	17,024	16.3%	385,000	398,000	398,000
(105,576)	(4,552)	101,024	95.7%	Michigan Business Tax	(172,679)	(61,969)	110,710	64.1%	(594,300)	(527,600)	(527,600)
284,974	328,740	43,765	15.4%	Corporate Income Tax	475,210	525,494	50,284	10.6%	1,822,600	1,582,100	1,582,100
1,016	202	(813)	-80.1%	Telephone & Telegraph	10,199	7,701	(2,498)	-24.5%	32,000	32,000	32,000
3,341	2,040	(1,301)	-38.9%	Oil & Gas Severance	9,283	10,129	846	9.1%	35,000	32,000	32,000
7,260	7,314	54	0.7%	Penalties & Interest	16,762	23,105	6,343	37.8%	140,000	140,000	140,000
535	36	(499)	-93.2%	Essential Services Assessment	1,879	954	(925)	-49.2%	135,000	143,000	143,000
114	142	28	25.0%	Miscellaneous Other/Railroad	281	220	(61)	-21.7%	3,000	3,000	3,000
(12,917)	(12,917)	0	0.0%	Treasury Enforcement Programs (e)	(38,750)	(38,750)	0	0.0%	(150,000)	(152,000)	(152,000)
\$184,945	\$324,478	\$139,533	75.4%	Total Other Taxes	\$406,851	\$588,574	\$181,723	44.7%	\$1,808,300	\$1,650,500	\$1,650,500
\$1,602,621	\$1,417,284	(\$185,337)	-11.6%	Subtotal GF-GP Taxes	\$3,572,180	\$3,452,547	(\$119,634)	-3.3%	\$13,755,600	\$13,540,400	\$13,540,400

continued

Revenue Summary FY 2022-23
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: December 31, 2022

Month-End Cash Collections Data				October Through December Cash Collections Data					Revenue Projections		
December		Difference		Source of Revenue	Year-to-Date		Difference		FY 2021-22	FY 2022-23	FY 2022-23
2021	2022	Amount	Percent		FY 2021-22	FY 2022-23	Amount	Percent	May 2022 Forecast	Statutory Estimate	May 2022 Forecast
Non-Tax Revenue (e)											
\$833	\$833	\$0	0.0%	Federal Aid	\$2,500	\$2,500	\$0	0.0%	\$10,000	\$10,000	\$10,000
8	8	0	0.0%	Local Agencies	25	25	0	0.0%	100	100	100
583	583	0	0.0%	Services	1,750	1,750	0	0.0%	7,000	7,000	7,000
1,167	1,167	0	0.0%	Licenses & Permits	3,500	3,500	0	0.0%	14,000	14,000	14,000
0	0	0	na	Investments/Interest Costs	0	0	0	na	2,000	2,000	2,000
833	833	0	0.0%	Misc. Non-tax Revenue	2,500	2,500	0	0.0%	10,000	12,000	12,000
21,383	25,000	3,617	16.9%	Liquor Purchase Revolving Fund	64,150	75,000	10,850	16.9%	295,000	300,000	300,000
6,958	7,500	542	7.8%	From Other Funds-Lottery & Escheats	20,875	22,500	1,625	7.8%	86,000	88,000	88,000
<u>\$31,767</u>	<u>\$35,925</u>	<u>\$4,158</u>	<u>13.1%</u>	Total Non-Tax Revenue	<u>\$95,300</u>	<u>\$107,775</u>	<u>\$12,475</u>	<u>13.1%</u>	<u>\$424,100</u>	<u>\$433,100</u>	<u>\$433,100</u>
\$1,634,387	\$1,453,209	(\$181,178)	-11.1%	Total GF-GP Revenue	\$3,667,480	\$3,560,322	(\$107,159)	-2.9%	\$14,179,700	\$13,973,500	\$13,973,500
School Aid Fund											
\$358,205	\$363,405	\$5,200	1.5%	Sales Tax 4%	\$1,051,582	\$1,104,939	\$53,357	5.1%	\$4,202,500	\$4,175,200	\$4,175,200
293,750	289,151	(4,599)	-1.6%	Sales Tax 2%	811,431	895,311	83,880	10.3%	3,302,500	3,283,500	3,283,500
68,776	67,147	(1,629)	-2.4%	Use Tax 2%	201,935	210,287	8,352	4.1%	869,600	865,100	865,100
45,283	41,526	(3,757)	-8.3%	State Education Property Tax	1,409,471	1,493,502	84,031	6.0%	2,396,000	2,563,200	2,563,200
40,656	37,448	(3,208)	-7.9%	Real Estate Transfer Tax	126,428	127,449	1,022	0.8%	527,000	496,900	496,900
90,000	90,000	0	0.0%	Lottery Transfer (b)	198,308	180,000	(18,308)	-9.2%	1,240,000	1,240,000	1,240,000
9,062	8,832	(230)	-2.5%	Casino Wagering Tax	27,304	25,851	(1,453)	-5.3%	320,800	329,000	329,000
12,507	7,687	(4,820)	-38.5%	Liquor Excise Tax	12,507	13,576	1,068	8.5%	78,600	79,600	79,600
28,346	25,116	(3,230)	-11.4%	Cigarette/Tobacco Tax	85,880	76,916	(8,965)	-10.4%	299,900	294,800	294,800
652	802	150	23.1%	Indus. & Comm. Facilities Taxes	11,543	8,497	(3,045)	-26.4%	42,000	42,000	42,000
766	656	(109)	-14.3%	Specific Other	2,475	2,643	168	6.8%	79,200	88,300	88,300
375,239	312,457	(62,782)	-16.7%	Income Tax Earmarking	865,869	839,413	(26,456)	-3.1%	3,982,500	3,737,700	3,737,700
<u>\$1,323,243</u>	<u>\$1,244,227</u>	<u>(\$79,016)</u>	<u>-6.0%</u>	Total School Aid Fund	<u>\$4,804,733</u>	<u>\$4,978,385</u>	<u>\$173,651</u>	<u>3.6%</u>	<u>\$17,340,600</u>	<u>\$17,195,300</u>	<u>\$17,195,300</u>
Multi-Fund Revenue Summary											
\$890,759	\$894,826	\$4,067	0.5%	Sales Tax 6%	\$2,564,067	\$2,736,876	\$172,809	6.7%	\$10,299,600	\$10,232,500	\$10,232,500
597,008	605,675	8,666	1.5%	Sales Tax 4% (d)	1,752,636	1,841,565	88,929	5.1%	6,997,100	6,949,000	6,949,000
293,750	289,151	(4,599)	-1.6%	Sales Tax 2%	811,431	895,311	83,880	10.3%	3,302,500	3,283,500	3,283,500
206,328	201,440	(4,888)	-2.4%	Use Tax 6% (g)	605,805	630,860	25,055	4.1%	2,604,300	2,590,700	2,590,700
2,943	4,824	1,881	63.9%	Recreational Marihuana	37,459	57,639	20,181	53.9%	149,100	175,100	175,100
70,163	62,167	(7,996)	-11.4%	Tobacco Taxes	212,575	190,386	(22,190)	-10.4%	830,700	819,400	819,400
0	0	0	na	Tobacco Settlement	0	0	0	na	na	na	na

continued

Revenue Summary FY 2022-23
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: December 31, 2022

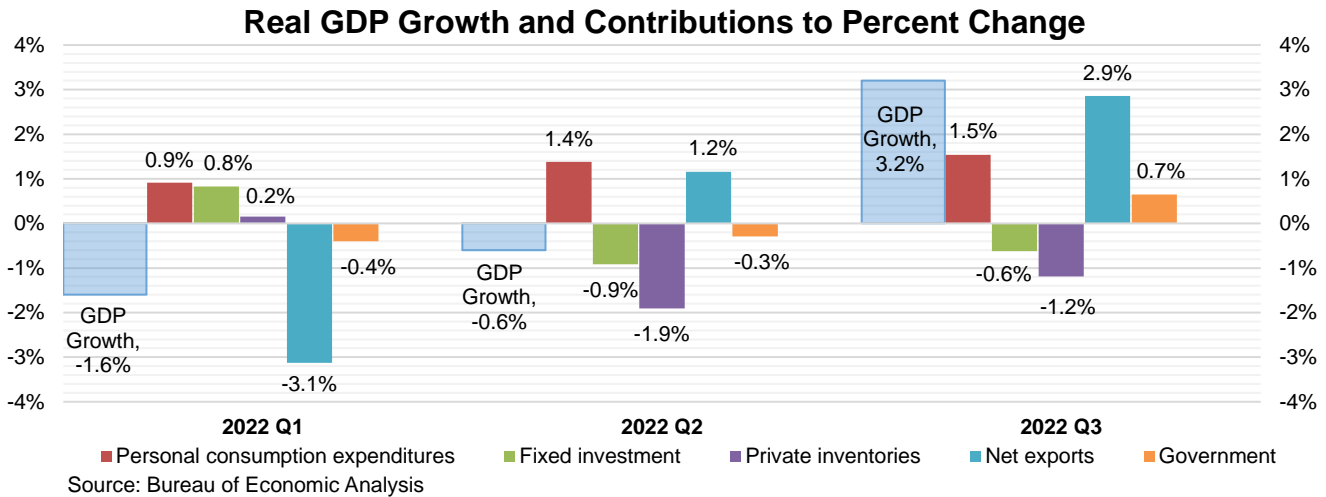
Month-End Cash Collections Data				October Through December Cash Collections Data					Revenue Projections		
December		Difference		Source of Revenue	Year-to-Date		Difference		FY 2021-22	FY 2022-23	FY 2022-23
2021	2022	Amount	Percent		FY 2021-22	FY 2022-23	Amount	Percent	May 2022 Forecast	Statutory Estimate	May 2022 Forecast
Major Transportation Revenues											
\$20,105	\$27,127	\$7,021	34.9%	Diesel Fuel / Motor Carrier Fuel Tax	\$60,554	\$67,098	\$6,544	10.8%	\$247,000	\$258,000	\$258,000
94,717	113,534	18,816	19.9%	Gasoline	279,761	288,762	9,000	3.2%	1,165,200	1,224,700	1,224,700
109,426	111,007	1,580	1.4%	Motor Vehicle Registration	314,308	342,449	28,141	9.0%	1,445,800	1,487,300	1,487,300
3,613	3,356	(257)	-7.1%	Other Taxes, Fees & Misc.	11,463	10,698	(764)	-6.7%	246,214	273,541	273,541
11,481	11,481	0	0.0%	Comprehensive Transportation (c)	34,444	34,444	0	0.0%	162,211	159,735	159,735
50,000	50,000	0	0.0%	Income Tax Earmarking	150,000	150,000	0	0.0%	600,000	600,000	600,000
<u>\$289,343</u>	<u>\$316,504</u>	<u>\$27,160</u>	<u>9.4%</u>	Total Major Trans. Revenues	<u>\$850,530</u>	<u>\$893,451</u>	<u>\$42,921</u>	<u>5.0%</u>	<u>\$3,866,425</u>	<u>\$4,003,276</u>	<u>\$4,003,276</u>
Lottery Sales By Games											
\$212,040	\$220,479	\$8,438	4.0%	Instant Games (f)	\$590,782	\$613,316	\$22,534	3.8%	na	na	na
88,471	79,719	(8,752)	-9.9%	Daily Games	267,466	242,190	(25,276)	-9.5%	na	na	na
36,357	34,060	(2,297)	-6.3%	Lotto and Big Game (f)	98,133	183,784	85,650	87.3%	na	na	na
620	580	(39)	-6.4%	Keno Game	1,964	1,826	(137)	-7.0%	na	na	na
2,650	2,681	31	1.2%	Lucky For Life	8,245	8,636	390	4.7%	na	na	na
12,911	5,327	(7,585)	-58.7%	Other (f)	26,000	16,951	(9,048)	-34.8%	na	na	na
48,362	45,822	(2,539)	-5.3%	Club Games	158,403	147,623	(10,780)	-6.8%	na	na	na
<u>\$401,412</u>	<u>\$388,668</u>	<u>(\$12,743)</u>	<u>-3.2%</u>	Total Lottery Sales	<u>\$1,150,993</u>	<u>\$1,214,327</u>	<u>\$63,334</u>	<u>5.5%</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 2022 revenues were \$174.3 million and the year-to-date 2023 revenues are \$166.8 million. Per 2014 Public Act 80, the total fiscal year 2022 Local Community Stabilization Share (LCSS) was \$521.3 million and the total fiscal year 2023 LCSS is \$548.0 million.
- (h) General Fund Use tax collections are net of LCSS revenue. The year-to-date 2022 LCSS revenues were \$174.3 million and the year-to-date 2023 LCSS revenues are \$166.8 million.
- (i) 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** increased at a 3.2 percent annual rate in the third quarter of 2022, according to the most recent estimate, up from the -0.6 percent annual rate in the second quarter of 2022. The past three quarterly contributions to the percent change in GDP are shown in the graph below.

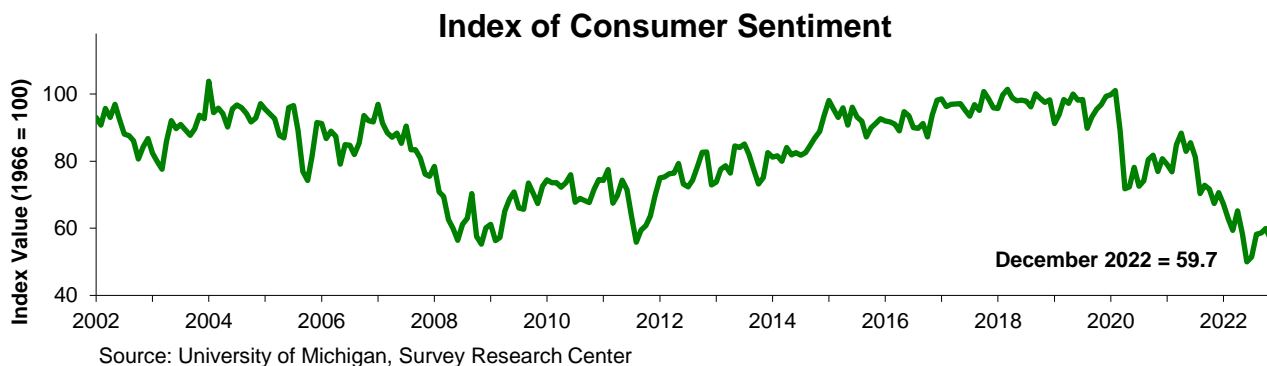


Net exports drove the increase in GDP in the third quarter of 2022, while personal consumption and government expenditures made additional contributions. Declines in fixed investments and private inventories reduced the third quarter GDP growth. Real final sales increased by 4.5 percent in the third quarter, while the implicit price deflator increased by 4.4 percent.

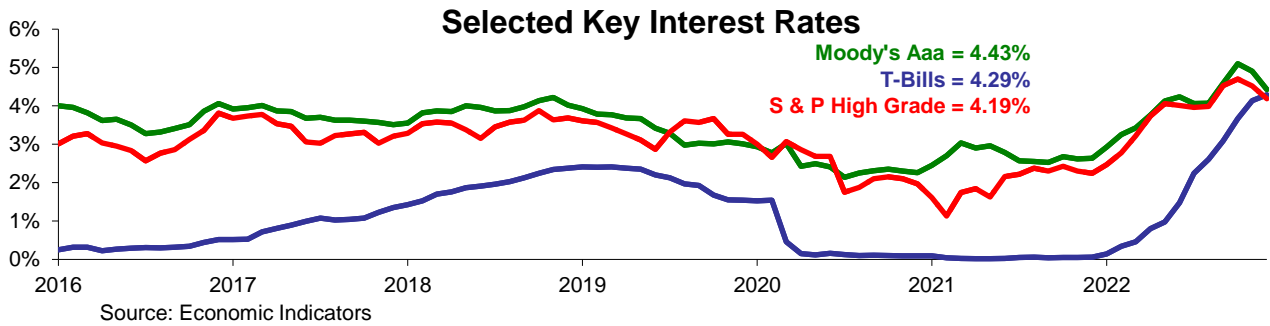
U.S. wage and salary employment increased by 223,000 jobs in December, with total employment 1.2 million above the February 2020 pre-pandemic level. The labor force participation rate was 62.3 percent in December, 1.1 percentage points below the rate in February 2020. In December, sectors with the largest increases in employment include the education and health services sector with 78,000 jobs and the leisure and hospitality sector with 67,000 jobs.

In December, the U.S. unemployment rate declined to 3.5 percent. Civilian employment increased slightly to 159.2 million, up 0.1 million from November. The number unemployed declined to 5.7 million in December.

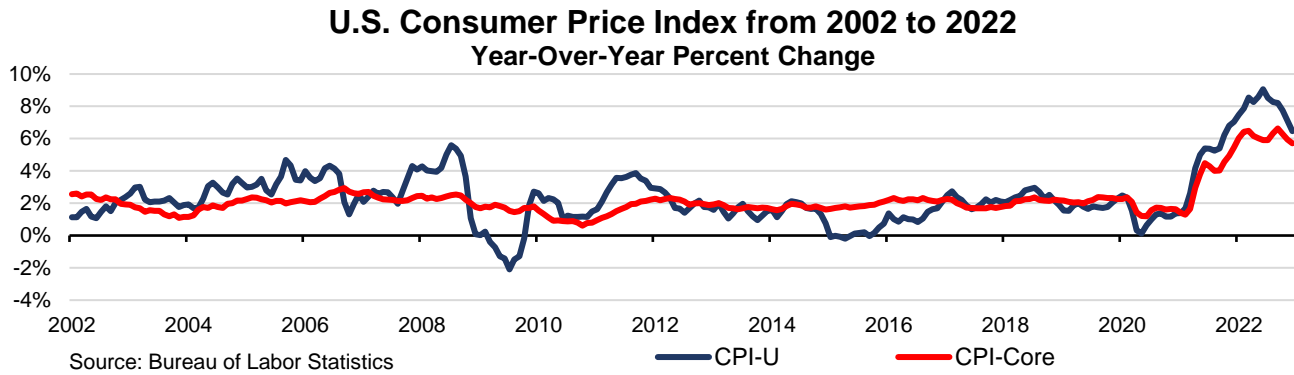
The **Index of Consumer Sentiment** increased to 59.7 index-points in December, up 2.9 from November. The consumer sentiment is 10.9 index-points below year-ago levels.



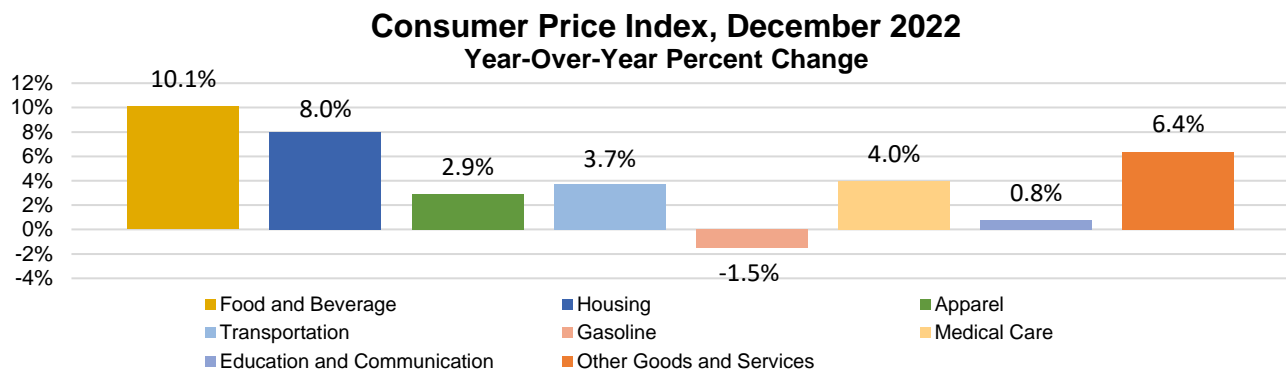
Short-term **interest rates** increased by 0.15 percentage points in December, to a 3-month Treasury bill (T-bill) rate of 4.29 percent. The T-bill rate increased 4.23 percentage points from a year ago. The Aaa corporate bond rate decreased 0.47 percentage points to an interest rate of 4.43 percent in December and was up 1.79 percentage points from a year ago. The interest rate on S&P high-grade municipal bonds decreased 0.33 percentage points to 4.19 percent and was up 1.95 percentage points from a year ago.



U.S. retail prices, as measured by the Consumer Price Index (CPI-U), were up 6.5 percent from December 2021 to December 2022, a decline from November's 7.1 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 5.7 percent year-over-year in December, a 0.3 percentage point decline from November's 6.0 percent. CPI-U and CPI-Core data are not seasonally adjusted.

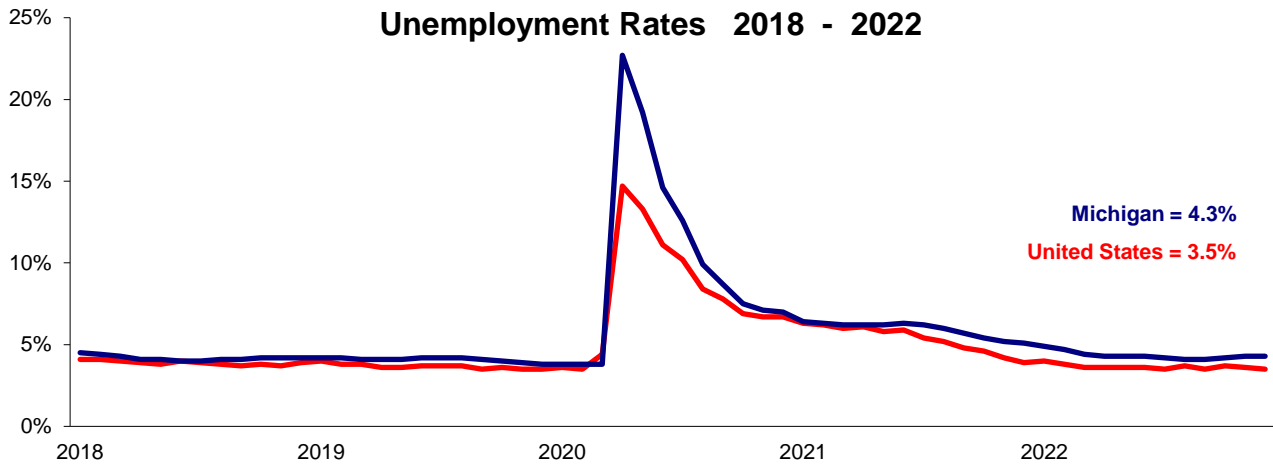


Food and beverage exhibited the largest year-over-year price increase at 10.1 percent for December, followed by housing with an 8.0 percent increase and other goods and services with a 6.4 percent increase. Gasoline had a year-over-year price decline of 1.5 percent in December, its first year-over-year decline since January 2021. These data are seasonally adjusted.



Michigan Economy

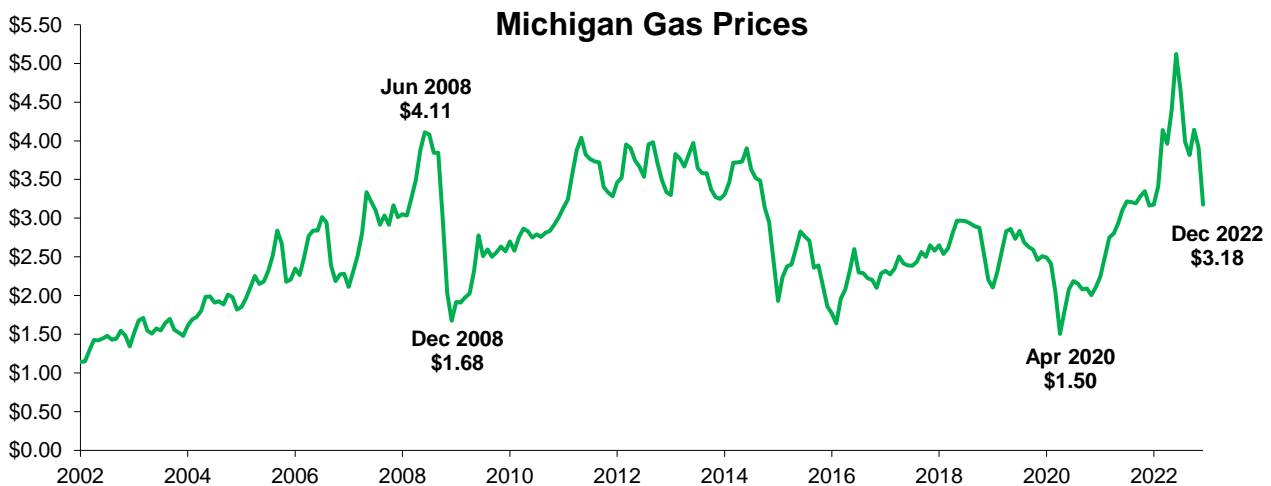
The **Michigan jobless rate** remained unchanged at 4.3 percent in December. The national unemployment rate declined slightly to 3.5 percent in December. The number unemployed in Michigan remained unchanged in December while the number employed decreased by 1,000 from November's levels. The number employed is 2.2 percent higher, while the number unemployed is 15.1 percent lower than in December 2021. In December, Michigan's unemployment rate was 0.5 percentage points above the February 2020 pre-pandemic rate of 3.8 percent.



Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

Michigan wage and salary employment remained flat in December at 4.4 million jobs, with an increase of 2,000 jobs from November. Employment was up 92,000 jobs, or 2.2 percent, from December 2021. In December, the sector with the largest increase in employment was the education and health services sector with a gain of 4,000 jobs. The sector with the largest decline in employment was the leisure and hospitality services sector with a loss of 3,000 jobs.

Michigan gasoline prices declined significantly in December 2022, down to \$3.18 per gallon, 73.8 cents a gallon below last month's average. Year-over-year gasoline prices were 1.2 cents per gallon higher than in December 2021. December 2022 diesel prices declined significantly, by 37.2 cents a gallon from November to December's price of \$5.10 per gallon. Diesel prices were up \$1.61 per gallon over the December 2021 price of \$3.49 per gallon.

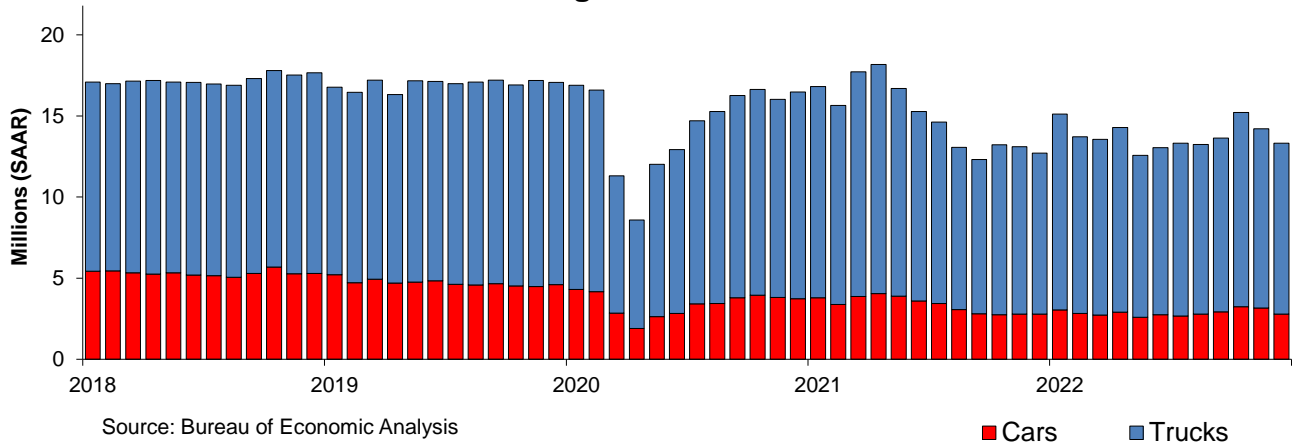


Source: AAA Michigan

Motor Vehicle Sector

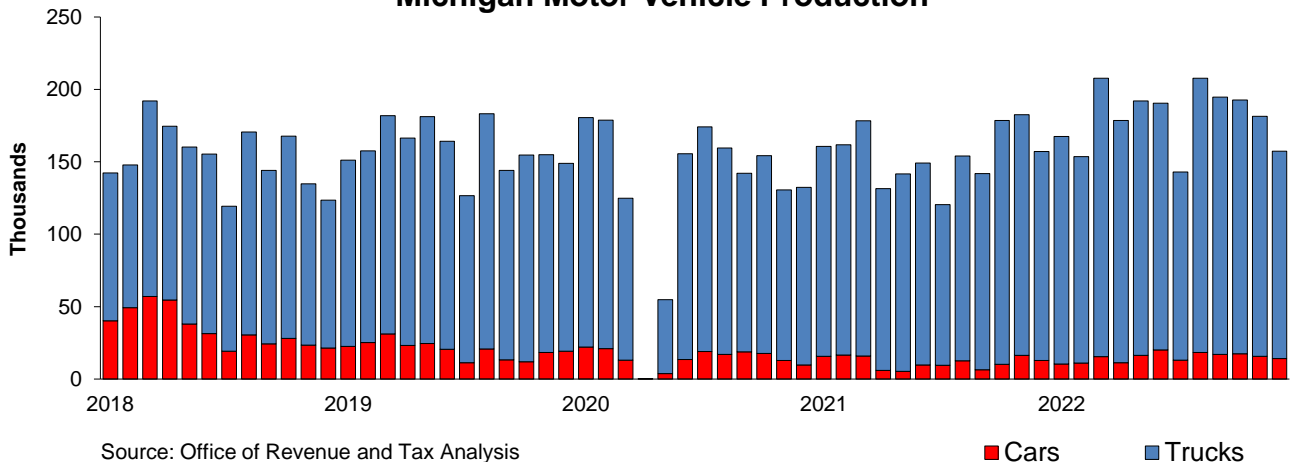
U.S. light vehicle sales (cars and light trucks) declined by 6.3 percent in December from November, selling at a 13.3 million unit seasonally adjusted annual rate, according to the most recent estimates. Domestic car sales declined 16.3 percent while light truck sales declined 5.5 percent from November. Import car sales increased 2.2 percent while import light truck sales declined 1.6 percent from November. Compared to December 2021, light vehicle sales were up 4.7 percent. Domestic car sales decreased 3.8 percent while light truck sales increased 5.9 percent from the year ago levels. December import car sales were up 11.5 percent and import light truck sales were up 6.3 percent from last year. Domestic light vehicles recorded a 78.8 percent share of December 2022 sales, down 0.6 percentage points from December 2021.

U.S. Light Vehicle Sales



Michigan motor vehicle production declined in December, to 157,321 total units. Michigan's December production was 13.3 percent below November's production and 0.1 percent above the level in December 2021, according to the most recently available data. Nationally, motor vehicle production totaled 731,413 units, which was down 16.4 percent from a year ago. In December, Michigan's car production was 14,256 units while the State's truck production was 143,065 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)**

	Fiscal Year 2020-21 Actual	Fiscal Year 2021-22 Estimate	Fiscal Year 2022-23 Estimate
Applicable Calendar Year Personal Income	\$491,632	\$530,809	\$558,330
Section 26 Base Ratio	9.49%	9.49%	9.49%
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