



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

CHRISTOPHER M. HARKINS
DIRECTOR

March 28, 2022

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

The Honorable Thomas Albert, 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 February 28, 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
February 28, 2022
(\$ in millions)

FISCAL
2022

Beginning Balance		\$ 3,873.2	1
Revenues			
Ongoing:			
January 2022 Consensus Forecast		\$ 12,449.7	
Local Government Program Payments		\$ (500.3)	
	Subtotal Ongoing Revenue	\$ 11,949.4	
One-Time:			
Miscellaneous Adjustments		\$ (2.6)	
	Subtotal One-Time Revenue	\$ (2.6)	
Total Revenue		\$ 11,946.8	
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		\$ 1,926.4	
Extension of enhanced FMAP through FY22 3rd Quarter		\$ (440.3)	
	Subtotal One-Time Expenditures	\$ 1,486.1	
Total Expenditures		\$ 12,482.5	
Ending Balance		\$ 3,337.5	

¹ This report does not reflect final revenue and expenditure data for the fiscal year ending September 30, 2021. Final year-end activity will be reflected in the fiscal year 2021 Annual Comprehensive Financial Report.

SCHOOL AID FUND
Fiscal Year 2022
Projected Revenues and Expenditures
February 28, 2022
(\$ in millions)

	FISCAL 2022
Beginning Balance	\$ 2,728.2
Revenues	
Ongoing:	
January 2022 Consensus Forecast	\$ 16,078.2
General Fund	\$ 40.0
Community District Trust Fund	\$ 72.0
Federal Revenue	\$ 1,822.5
Subtotal Ongoing Revenue	\$ 18,012.7
One-Time:	
General Fund	\$ 45.4
Federal Revenue - ARP	\$ 202.0
Subtotal One-Time Revenue	\$ 247.4
Total Revenue	\$ 18,260.1
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
Community Colleges - Public Act 86 of 2021	\$ 3.2
Subtotal One-Time Expenditures	\$ 750.8
Total Expenditures	\$ 17,770.9
Ending Balance	\$ 3,217.4

¹ This report does not reflect final revenue and expenditure data for the fiscal year ending September 30, 2021. Final year-end activity will be reflected in the fiscal year 2021 Annual Comprehensive Financial Report.

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

February 28, 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) (2)	Encumbrance, Work Project & Capital Outlay Carry Forwards	Total Authorization	Expenditures & Encumbrances Year to Date FY 2022
54.9	118.5	Agriculture and Rural Development	155.6	5.3	35.3	196.2	67.0
35.6	96.8	Attorney General	106.8	2.1	20.7	129.7	39.2
143.8	306.5	Capital Outlay (3)	314.7	0.0	793.6	1,108.3	154.0
5.2	15.6	Civil Rights	17.8	1.5	2.5	21.8	6.1
715.3	1,470.9	Colleges and Universities	1,446.3	0.0	110.7	1,557.0	734.8
920.0	1,939.3	Corrections	2,055.8	2.5	365.3	2,423.5	934.0
243.9	571.7	Education	2,214.9	6.0	174.7	2,395.6	600.2
183.7	606.6	Environment, Great Lakes, and Energy	630.1	3.0	850.8	1,483.9	191.3
4.0	7.8	Executive Office	7.3	0.0	0.1	7.4	4.5
12,234.5	30,318.4	Health and Human Services	31,586.5	371.4	2,035.9	33,993.8	13,024.2
21.7	83.8	Insurance and Financial Service	73.0	1.6	25.0	99.6	28.7
95.4	272.2	Judiciary	320.5	0.3	7.7	328.5	93.5
217.7	966.6	Labor and Economic Opportunity	877.2	1,175.9	3,369.8	5,422.9	259.5
10.3	25.6	Legislative Auditor General	27.1	0.0	7.2	34.3	10.2
65.3	160.5	Legislature	183.2	3.0	126.1	312.3	78.1
225.8	375.5	Licensing and Regulatory Affairs	484.2	58.6	95.1	637.8	199.9
0.0	0.0	Marshall Plan for Talent	0.0	0.0	30.3	30.3	0.0
134.1	178.7	Michigan Strategic Fund	323.3	22.0	0.0	345.3	300.6
24.0	42.5	Michigan Veterans' Facility Authority	35.5	3.5	0.0	39.0	35.5
62.0	119.9	Military and Veterans Affairs	104.5	17.3	10.2	132.1	69.6
56.7	120.2	Natural Resources	141.7	5.0	62.3	209.1	55.8
91.8	251.3	State	252.2	12.1	88.8	353.0	95.3
0.0	0.0	State Land Bank Authority	0.0	0.0	0.0	0.0	0.0
251.8	1,281.3	State Police	828.6	337.7	592.6	1,758.9	290.2
277.6	1,329.1	Technology, Management and Budget (4)	503.4	12.9	453.7	970.1	168.5
2.1	9.8	Transportation	0.0	47.0	29.5	76.5	0.3
1,165.7	4,189.6	Treasury	2,098.6	551.9	245.9	2,896.4	1,177.2
\$17,242.7	\$44,858.7		\$44,788.9	\$2,640.5	\$9,533.8	\$56,963.2	\$18,618.2

(1) Includes boilerplate appropriations.

(2) Does not include amounts appropriated in PA 9 and PA 10 of 2022.

(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 2022
February 28, 2022
(\$ in millions)**

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	20,443.9	77.0	20,520.9
Total state spending from state resources	37,930.7	1,150.1	39,080.8
Percentage of state spending from state resources paid to local units	53.90%	6.70%	52.51%
Required payments to local units (48.97%)	18,574.7	563.2	19,137.9
Surplus/(deficit)	\$1,869.2	(\$486.2)	\$1,383.0

STATE OF MICHIGAN
YEAR-TO-DATE BALANCE SHEET
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
February 28, 2022
(\$ in thousands)

ASSETS

Current Assets:	
Equity in common cash	\$ 1,382,750
Total Assets	<u>\$ 1,382,750</u>

LIABILITIES

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

FUND BALANCES

Committed	<u>1,382,750</u>
Total Fund Balances	<u>1,382,750</u>
Total Liabilities and Fund Balances	<u>\$ 1,382,750</u>

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
October 1, 2021 through February 28, 2022
(\$ in thousands)

REVENUES

Miscellaneous		\$	401
			<hr/>
Total Revenues			401
			<hr/>

EXPENDITURES

Current:			
General government			-
			<hr/>
Total Expenditures			-
			<hr/>
Excess of Revenues over (under)			
Expenditures			401
			<hr/>

OTHER FINANCING SOURCES (USES)

Transfers from other funds			-
Transfers to other funds			-
			<hr/>
Total Other Financing Sources (Uses)			-
			<hr/>
Excess of Revenues and Other Sources			
over (under) Expenditures and			
Other Uses		\$	401 ¹
			<hr/> <hr/>

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

February 28, 2022

(\$ in thousands)

ASSETS

Current Assets:

Equity in common cash	\$ 41,072
Investments	-
Other current assets	-
Total Current Assets	<u>41,072</u>

Noncurrent Assets:

Investments	<u>759,389</u>
-------------	----------------

Total Assets	<u><u>\$ 800,461</u></u>
--------------	--------------------------

LIABILITIES

Current Liabilities:

Accounts payable and other liabilities	\$ 9,876
Amounts due to other funds	-
Total Current Liabilities	<u>9,876</u>

Total Liabilities	<u>9,876</u>
-------------------	--------------

FUND BALANCES

Nonspendable	500,000
Restricted	<u>290,585</u>

Total Fund Balances	<u>790,585</u>
---------------------	----------------

Total Liabilities and Fund Balances	<u><u>\$ 800,461</u></u>
-------------------------------------	--------------------------

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

October 1, 2021 through February 28, 2022
(\$ in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		7,701
		7,701
Total Revenues		7,701

EXPENDITURES

Current:		
General government		2,387
Conservation, environment, recreation, and agriculture		8,756
Capital outlay		2,670
		2,670
Total Expenditures		13,814
Excess of Revenues over (under) Expenditures		(6,112)

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues		-
Proceeds from sale of capital assets		28
Transfers from other funds		-
Transfers to other funds		-
		-
Total Other Financing Sources (Uses)		28
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		\$ (6,084) ¹

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

REVENUE OVERVIEW

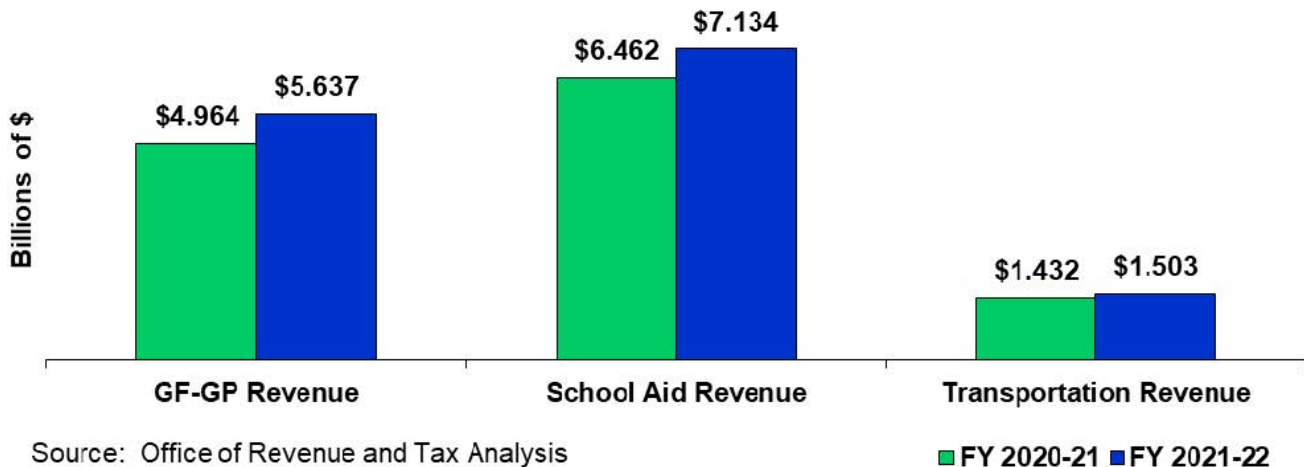
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

Total General Fund - General Purpose cash collections were \$26.9 million (5.0 percent) higher in February 2022 than in February 2021. The February 2022 School Aid Fund cash collections were \$59.4 million (6.3 percent) higher than in February 2021. February 2022 transportation collections were \$32.8 million (10.9 percent) higher than in February 2021 (see revenue summary table). February is the fifth 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 up \$673.8 million (13.6 percent) from a year ago. School Aid Fund cash collections are up \$671.5 million (10.4 percent) and transportation collections are up \$71.6 million (5.0 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 January 14, 2022. The revenue estimate for net General Fund – General Purpose revenue for FY 2021-22 is \$12,449.7 million and the net School Aid revenue forecast is \$16,078.2 million. The Transportation Funds revenue forecast is \$3,838.2 million. By law, the Consensus Revenue Estimating Conferences are held the second week of January and the third week of May.

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



Source: Office of Revenue and Tax Analysis

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



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



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

For The Month Ended: February 28, 2022

Month-End Cash Collections Data				October Through February Cash Collections Data					Revenue Projections		
February		Difference		Source of Revenue	Year-to-Date		Difference		FY 2020-21	FY 2021-22	FY 2021-22
2021	2022	Amount	Percent		FY 2020-21	FY 2021-22	Amount	Percent	May 2021 Forecast	Statutory Estimate	Jan 2022 Forecast
Income Taxes											
\$866,511	\$929,287	\$62,775	7.2%	Withholding	\$4,602,482	\$5,076,828	\$474,346	10.3%	\$11,014,500	\$11,182,000	\$11,564,500
11,445	15,124	3,680	32.2%	Quarterlies	529,845	511,895	(17,950)	-3.4%	1,358,400	1,331,500	785,200
0	9,675	9,675	na	Flow Through Entity Tax	0	489,111	489,111	na	na	na	1,193,500
25,908	26,447	539	2.1%	Annuals	169,476	145,611	(23,865)	-14.1%	1,017,400	1,118,100	1,184,000
\$903,864	\$980,533	\$76,670	8.5%	Gross Collections	\$5,301,803	\$6,223,445	\$921,642	17.4%	\$13,390,300	\$13,631,600	\$14,727,200
340,213	405,527	65,314	19.2%	Less: Refunds	484,848	589,001	104,154	21.5%	2,738,400	2,427,300	2,838,200
0	0	0	na	Less: State Campaign Fund	0	0	0	na	800	800	800
\$563,651	\$575,006	\$11,356	2.0%	Net Personal Income	\$4,816,956	\$5,634,444	\$817,488	17.0%	\$10,651,100	\$11,203,500	\$11,888,200
50,000	50,000	0	0.0%	Less: Disbursements to MTF	250,000	250,000	0	0.0%	600,000	600,000	600,000
5,750	5,750	0	0.0%	Less: Disbursements to Renew Michigan	28,750	28,750	0	0.0%	69,000	69,000	69,000
210,413	228,268	17,855	8.5%	Less: Disbursements to SAF	1,234,257	1,457,157	222,900	18.1%	3,188,200	3,245,400	3,506,300
\$297,488	\$290,988	(\$6,499)	-2.2%	Net Personal Income To GF-GP	\$3,303,949	\$3,898,537	\$594,588	18.0%	\$6,793,900	\$7,289,100	\$7,712,900
Consumption Taxes											
\$109,527	\$116,752	\$7,224	6.6%	Sales (a)	\$584,850	\$664,358	\$79,508	13.6%	\$1,356,900	\$1,407,700	\$1,449,300
85,817	57,115	(28,702)	-33.4%	Use (a) (h)	476,334	462,265	(14,069)	-3.0%	1,158,300	1,124,100	1,169,100
12,907	11,573	(1,334)	-10.3%	Tobacco	73,018	67,022	(5,996)	-8.2%	176,200	172,600	175,000
975	789	(187)	-19.2%	Beer, Wine & Mixed Spirits	24,663	24,298	(365)	-1.5%	53,000	53,000	52,000
87	4,745	4,658	na	Liquor Specific	13,903	26,695	12,791	92.0%	68,000	69,000	77,000
\$209,314	\$190,973	(\$18,341)	-8.8%	Total Consumption Taxes	\$1,172,768	\$1,244,638	\$71,871	6.1%	\$2,812,400	\$2,826,400	\$2,922,400
Other Taxes											
(\$13)	\$1	\$14	na	Single Business	(\$372)	\$757	\$1,129	na	\$0	\$0	\$0
(11,801)	17,809	29,610	na	Insurance Premiums Taxes	\$174,505	201,430	26,925	15.4%	390,000	405,000	380,000
(11,813)	17,810	29,624	na	Sub-total SBT & Insurance	174,133	202,187	28,054	16.1%	390,000	405,000	380,000
(770)	(2,418)	(1,648)	214.0%	Michigan Business Tax	(369,189)	(527,224)	(158,035)	-42.8%	(626,900)	(592,900)	(594,300)
23,154	40,113	16,959	73.2%	Corporate Income Tax	539,858	660,454	120,596	22.3%	1,384,100	1,197,900	1,461,600
0	0	0	na	Inheritance / Estate	0	0	0	na	0	0	0
0	0	0	na	Telephone & Telegraph	11,087	10,199	(888)	-8.0%	32,000	32,000	32,000
1,104	2,737	1,633	148.0%	Oil & Gas Severance	6,319	14,613	8,294	131.0%	14,000	18,500	22,000
5,714	8,335	2,621	45.9%	Penalties & Interest	38,550	33,972	(4,578)	-11.9%	130,000	132,000	136,000
158	86	(72)	-45.8%	Essential Services Assessment	1,278	1,966	687	53.8%	126,000	135,000	135,000
9	3	(6)	-64.7%	Miscellaneous Other/Railroad	90	353	262	291.0%	2,000	2,000	3,000
(12,667)	(12,917)	(250)	-2.0%	Treasury Enforcement Programs (e)	(63,333)	(64,583)	(1,250)	-2.0%	(152,000)	(155,000)	(150,000)
\$4,889	\$53,749	\$48,860	999.0%	Total Other Taxes	\$338,793	\$331,936	(\$6,857)	-2.0%	\$1,299,200	\$1,174,500	\$1,425,300
\$511,690	\$535,710	\$24,020	4.7%	Subtotal GF-GP Taxes	\$4,815,509	\$5,475,111	\$659,602	13.7%	\$10,905,500	\$11,290,000	\$12,060,600

continued

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

For The Month Ended: February 28, 2022

Month-End Cash Collections Data				October Through February Cash Collections Data					Revenue Projections		
February		Difference		Source of Revenue	Year-to-Date		Difference		FY 2020-21	FY 2021-22	FY 2021-22
2021	2022	Amount	Percent		FY 2020-21	FY 2021-22	Amount	Percent	May 2021 Forecast	Statutory Estimate	Jan 2022 Forecast
Non-Tax Revenue (e)											
\$833	\$833	\$0	0.0%	Federal Aid	\$4,167	\$4,167	\$0	0.0%	\$10,000	\$10,000	\$10,000
8	8	0	0.0%	Local Agencies	42	42	0	0.0%	100	100	100
583	583	0	0.0%	Services	2,917	2,917	0	0.0%	7,000	7,000	7,000
1,167	1,167	0	0.0%	Licenses & Permits	5,833	5,833	0	0.0%	14,000	14,000	14,000
0	0	0	na	Investments/Interest Costs	3,474	3,474	0	0.0%	2,000	2,000	2,000
833	833	0	0.0%	Misc. Non-tax Revenue	4,167	4,167	0	0.0%	10,000	10,000	10,000
18,750	21,383	2,633	14.0%	Liquor Purchase Revolving Fund	93,750	106,917	13,167	14.0%	250,000	256,600	260,000
6,750	6,958	208	3.1%	From Other Funds-Lottery & Escheats	33,750	34,792	1,042	3.1%	78,200	83,500	86,000
<u>\$28,925</u>	<u>\$31,767</u>	<u>\$2,842</u>	<u>9.8%</u>	Total Non-Tax Revenue	<u>\$148,099</u>	<u>\$162,307</u>	<u>\$14,208</u>	<u>9.6%</u>	<u>\$371,300</u>	<u>\$383,200</u>	<u>\$389,100</u>
\$540,615	\$567,477	\$26,861	5.0%	Total GF-GP Revenue	\$4,963,607	\$5,637,418	\$673,810	13.6%	\$11,276,800	\$11,673,100	\$12,449,700
School Aid Fund											
\$283,946	\$301,604	\$17,658	6.2%	Sales Tax 4%	\$1,514,664	\$1,711,376	\$196,712	13.0%	\$3,644,400	\$3,683,200	\$3,834,800
198,832	226,551	27,719	13.9%	Sales Tax 2%	1,055,274	1,319,513	264,239	25.0%	2,852,000	2,882,900	3,022,900
70,554	56,855	(13,699)	-19.4%	Use Tax 2%	372,211	346,603	(25,607)	-6.9%	827,900	824,900	847,900
19,138	14,991	(4,146)	-21.7%	State Education Property Tax	1,466,845	1,464,851	(1,994)	-0.1%	2,267,600	2,324,300	2,360,000
36,754	47,996	11,242	30.6%	Real Estate Transfer Tax	200,396	233,683	33,287	16.6%	433,600	402,400	487,500
90,000	90,000	0	0.0%	Lottery Transfer (b)	411,983	378,308	(33,675)	-8.2%	1,208,100	1,093,900	1,280,000
7,008	7,743	735	10.5%	Casino Wagering Tax	28,383	43,137	14,754	52.0%	134,900	181,700	227,000
0	4,550	4,550	na	Liquor Excise Tax	12,863	25,196	12,333	95.9%	67,600	68,600	76,600
26,203	23,494	(2,709)	-10.3%	Cigarette/Tobacco Tax	148,237	136,065	(12,173)	-8.2%	325,300	318,200	318,200
1,458	1,986	529	36.3%	Indus. & Comm. Facilities Taxes	13,115	14,047	932	7.1%	37,000	37,000	40,000
1,211	833	(378)	-31.2%	Specific Other	4,172	3,957	(215)	-5.2%	45,800	68,500	77,000
210,413	228,268	17,855	8.5%	Income Tax Earmarking	1,234,257	1,457,157	222,900	18.1%	3,188,200	3,245,400	3,506,300
<u>\$945,515</u>	<u>\$1,004,872</u>	<u>\$59,357</u>	<u>6.3%</u>	Total School Aid Fund	<u>\$6,462,400</u>	<u>\$7,133,892</u>	<u>\$671,492</u>	<u>10.4%</u>	<u>\$15,032,400</u>	<u>\$15,131,000</u>	<u>\$16,078,200</u>
Multi-Fund Revenue Summary											
\$672,075	\$729,225	\$57,150	8.5%	Sales Tax 6%	\$3,579,715	\$4,171,807	\$592,092	16.5%	\$8,906,000	\$9,000,800	\$9,412,600
473,243	502,674	29,431	6.2%	Sales Tax 4% (d)	2,524,440	2,852,294	327,853	13.0%	6,054,000	6,117,900	6,389,700
198,832	226,551	27,719	13.9%	Sales Tax 2%	1,055,274	1,319,513	264,239	25.0%	2,852,000	2,882,900	3,022,900
211,662	170,565	(41,097)	-19.4%	Use Tax 6% (g)	1,116,632	1,039,809	(76,822)	-6.9%	2,477,700	2,470,300	2,539,300
2,197	3,783	1,586	72.2%	Recreational Marihuana	31,263	72,553	41,290	132.0%	75,000	120,000	142,900
64,859	58,154	(6,706)	-10.3%	Tobacco Taxes	366,923	336,793	(30,130)	-8.2%	886,000	868,000	878,000
0	0	0	na	Tobacco Settlement	0	0	0	na	na	na	na

continued

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

For The Month Ended: February 28, 2022

Month-End Cash Collections Data				October Through February Cash Collections Data					Revenue Projections		
February		Difference		Source of Revenue	Year-to-Date		Difference		FY 2020-21	FY 2021-22	FY 2021-22
2021	2022	Amount	Percent		FY 2020-21	FY 2021-22	Amount	Percent	May 2021 Forecast	Statutory Estimate	Jan 2022 Forecast
Major Transportation Revenues											
\$15,269	\$20,472	\$5,204	34.1%	Diesel Fuel / Motor Carrier Fuel Tax	\$99,469	\$104,507	\$5,038	5.1%	\$238,000	\$241,500	\$245,000
81,829	105,051	23,222	28.4%	Gasoline	430,522	480,617	50,095	11.6%	1,155,000	1,196,000	1,165,200
142,489	144,258	1,769	1.2%	Motor Vehicle Registration	587,860	592,208	4,348	0.7%	1,373,000	1,402,000	1,445,800
3,929	3,610	(319)	-8.1%	Other Taxes, Fees & Misc.	21,239	18,629	(2,610)	-12.3%	182,419	216,258	239,357
8,537	11,481	2,945	34.5%	Comprehensive Transportation (c)	42,683	57,406	14,723	34.5%	136,123	137,774	142,840
50,000	50,000	0	0.0%	Income Tax Earmarking	250,000	250,000	0	0.0%	600,000	600,000	600,000
<u>\$302,052</u>	<u>\$334,872</u>	<u>\$32,820</u>	<u>10.9%</u>	Total Major Trans. Revenues	<u>\$1,431,773</u>	<u>\$1,503,367</u>	<u>\$71,594</u>	<u>5.0%</u>	<u>\$3,684,542</u>	<u>\$3,793,532</u>	<u>\$3,838,197</u>
Lottery Sales By Games											
\$189,844	\$183,595	(\$6,249)	-3.3%	Instant Games (f)	\$1,019,059	\$990,086	(\$28,974)	-2.8%	na	na	na
87,887	82,791	(5,096)	-5.8%	Daily Games	453,486	453,826	340	0.1%	na	na	na
25,582	24,620	(961)	-3.8%	Lotto and Big Game (f)	233,396	180,019	(53,377)	-22.9%	na	na	na
697	627	(70)	-10.0%	Keno Game	3,519	3,358	(161)	-4.6%	na	na	na
1,122	2,801	1,680	150.0%	Lucky For Life	5,533	14,609	9,075	164.0%	na	na	na
5,318	10,239	4,921	92.5%	Other (f)	26,992	46,952	19,960	73.9%	na	na	na
42,075	50,689	8,614	20.5%	Club Games	185,323	271,489	86,166	46.5%	na	na	na
<u>\$352,523</u>	<u>\$355,363</u>	<u>\$2,840</u>	<u>0.8%</u>	Total Lottery Sales	<u>\$1,927,308</u>	<u>\$1,960,338</u>	<u>\$33,030</u>	<u>1.7%</u>	<u>na</u>	<u>na</u>	<u>na</u>

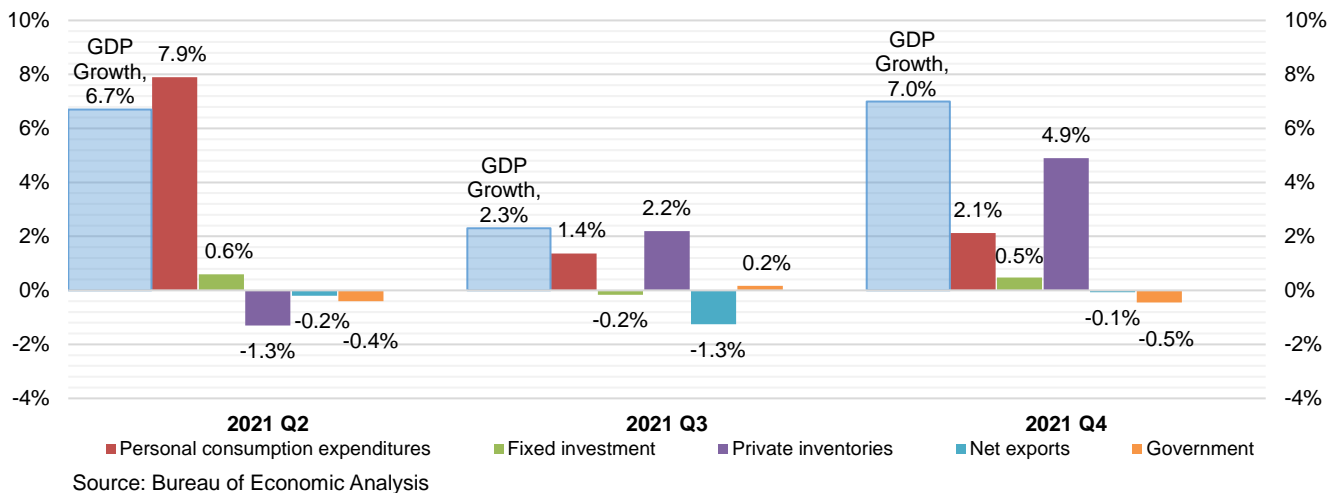
- (a) GF-GP Sales has been adjusted based on Comprehensive Transportation Fund, Health Initiative, Constitutional Revenue Sharing, and Aviation Fund. GF-GP Use has been adjusted based on Aviation Fund.
- (b) The statutory estimate does not include an estimate of lottery sales. It only includes an estimate 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 \$268.1 million and the year-to-date 2022 revenues are \$230.9 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 \$268.1 million and the year-to-date 2022 LCSS revenues are \$230.9 million.

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 7.0 percent annual rate in the fourth quarter of 2021, according to the most recent estimate, up from the 2.3 percent annual rate in the third quarter and the 6.7 percent annual rate in the second quarter of 2021. The past three quarterly contributions to the percent change in GDP are shown in the graph below.

Real GDP Growth and Contributions to Percent Change

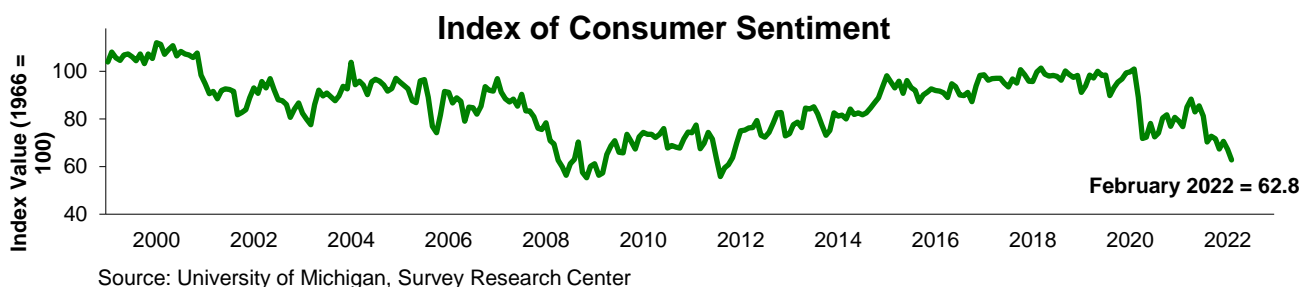


Private inventories and personal consumption expenditures contributed significantly to the increase in GDP in the fourth quarter of 2021, while fixed investments made minor contributions. Government spending was a drag on the economy. Real final sales increased 2.0 percent from the preceding period in the fourth quarter, while on the inflation front, the implicit price deflator increased by 7.2 percent.

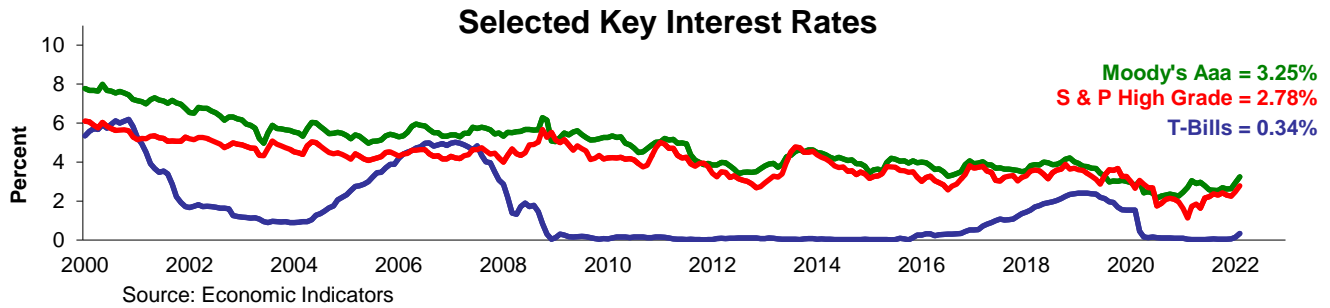
U.S. wage and salary employment increased by 678,000 jobs in February, after gaining 481,000 jobs in January, according to the most recent estimates. February employment levels were 2.1 million payroll jobs, or 1.4 percent, below the February 2020 levels, prior to the pandemic. In January, sectors with the largest increases in employment include the leisure and hospitality sector with 179,000 jobs, education and health services with 112,000 jobs, trade, transportation, and utilities with 103,000 jobs, professional and business services with 95,000 jobs, and construction with 60,000 jobs.

In February, the U.S. unemployment rate declined to 3.8 percent from January's 4.0 percent. Civilian employment increased to 157.7 million while the number unemployed declined to 6.3 million.

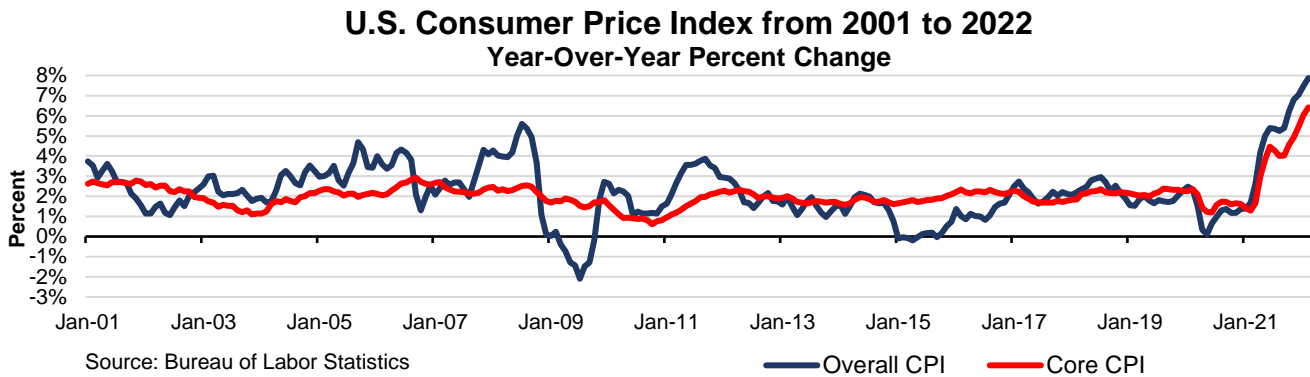
The **Index of Consumer Sentiment** decreased 4.4 index-points from January, down to 62.8 in February 2022, the lowest level since 2011. The year-over-year consumer sentiment is 14.0 index-points below February 2020 levels.



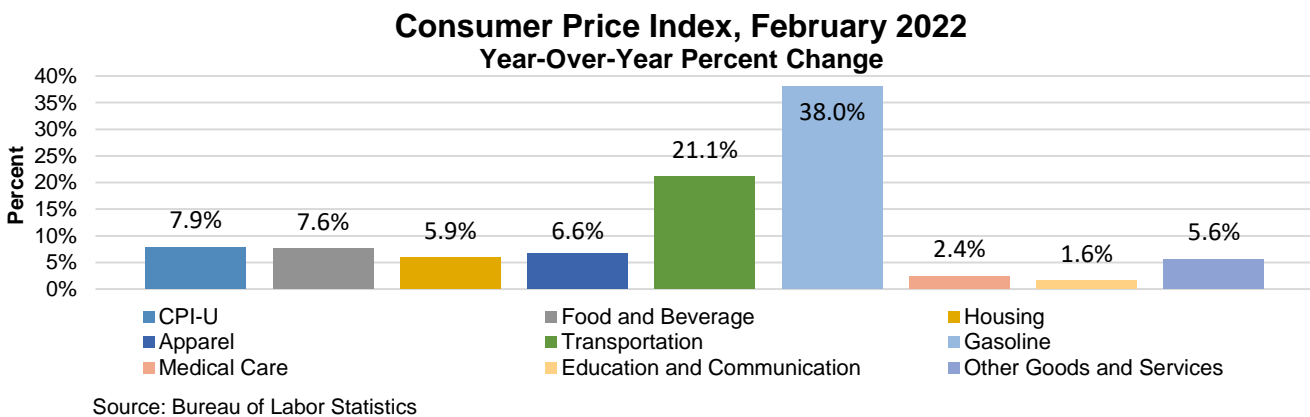
Short-term **interest rates** increased in February, as the 3-month Treasury bill (T-bill) rate increased 0.20 percentage points to 0.34 percent. Compared to one year ago, the T-bill rate increased 0.3 percentage points. The Aaa corporate bond rate increased 0.32 percentage points to an interest yield of 3.25 percent in February and was up 0.55 percentage points from its year-ago level. The interest rate on high-grade municipal bonds increased 0.31 percentage points to 2.78 percent in February and was up 1.65 percentage points from a year ago.



U.S. retail prices, as measured by the Consumer Price Index (CPI-U), are up 7.9 percent from February 2021 to February 2022. The CPI-U year-over-year change was last this high in 1982. 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 6.4 percent from February 2021 to February 2022. Prior to the current year, the CPI-Core has not been this high since 1982. CPI data are not seasonally adjusted.

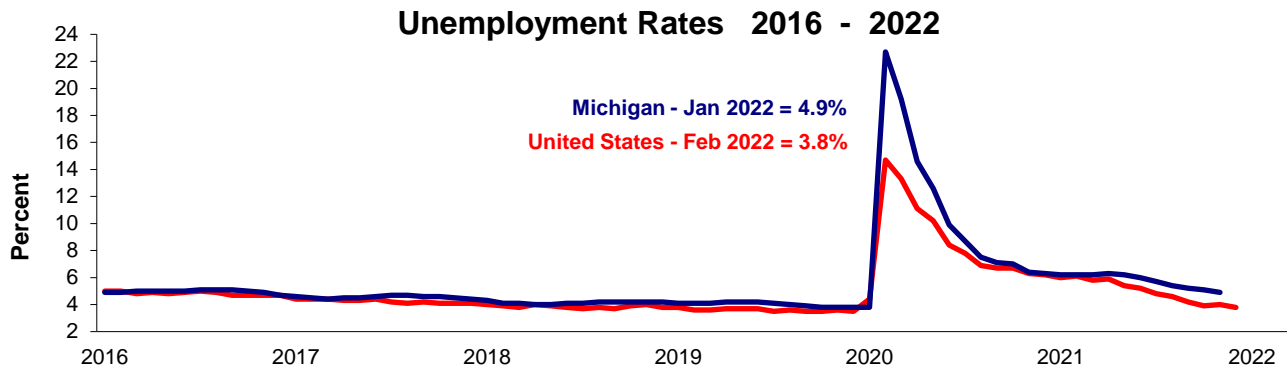


Gasoline experienced the largest year-over-year price increase (38.0 percent). In February of 2021, gasoline prices had returned to pre-pandemic levels. Transportation was the next largest price increase (21.1 percent). Lower year-over-year percent increases can be seen in food and beverage (7.6 percent), apparel (6.6 percent), and housing (5.9 percent).



Michigan Economy

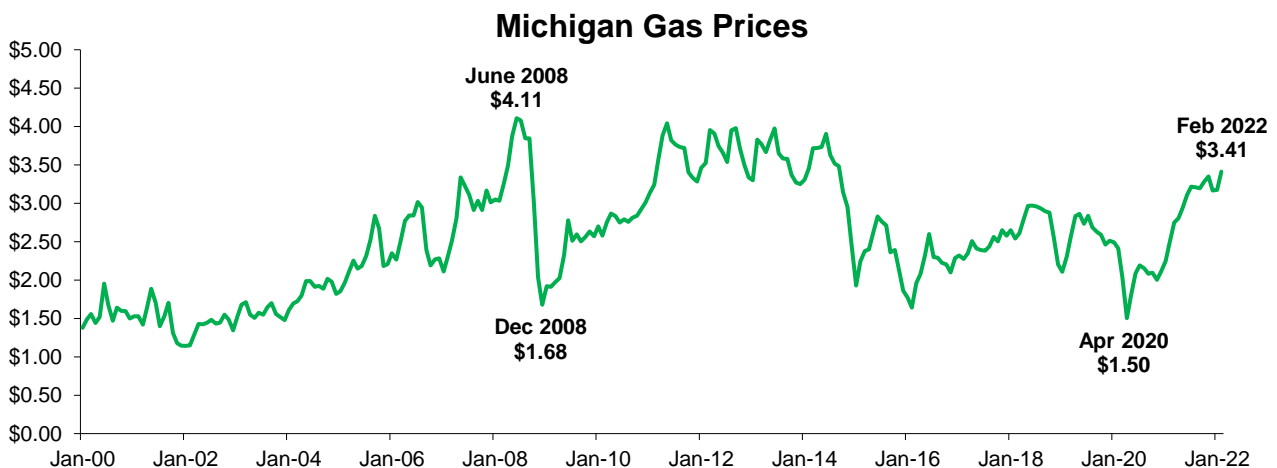
The **Michigan jobless rate** declined in January to 4.9 percent, according to the most recent data, down from December's adjusted unemployment rate of 5.1 percent. The national unemployment rate was 4.0 percent in January and declined to 3.8 percent in February. Recently, the U.S. Bureau of Labor Statistics completed their annual revision process and released updated unemployment rate data for Michigan. The number unemployed decreased by 5,000, a 4.4 percent decline, while the number employed increased by 11,000, a 0.5 percent change from December to January. The number unemployed is 27.0 percent lower than in January 2021 at the end of the first year of the pandemic. Michigan's average annual unemployment rate for 2021 was 5.9 percent, a significant decline from the 10.0 percent in 2020.



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

Michigan wage and salary employment increased in January by 11,000 jobs from December's revised estimate, and was up 217,000 jobs, or 5.3 percent, from January 2021. In January, the sectors with the largest one month increases in employment include leisure and hospitality services with 6,000 jobs gained, trade, transportation, and utilities with 4,000 jobs gained, and education and health services with 3,000 jobs gained. All other major sectors gained or lost around 2,000 jobs or less.

Michigan gasoline prices continued to increase in February 2022, up to \$3.41 per gallon, up 23.8 cents a gallon from last month's average. Year-over-year gasoline prices are up significantly from the \$2.50 per gallon in February 2021, when they were slowly rising as people began to increase their driving after the pandemic lows. February 2022 gas prices are \$1.00 per gallon higher than they were two years ago in February 2020, just prior to the pandemic.

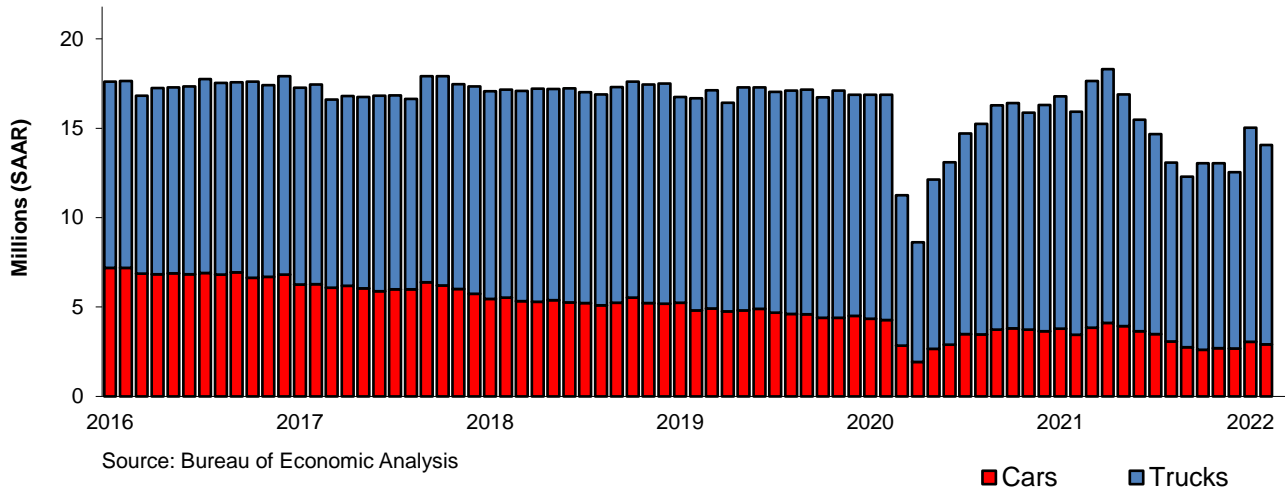


Source: AAA Michigan

Motor Vehicle Sector

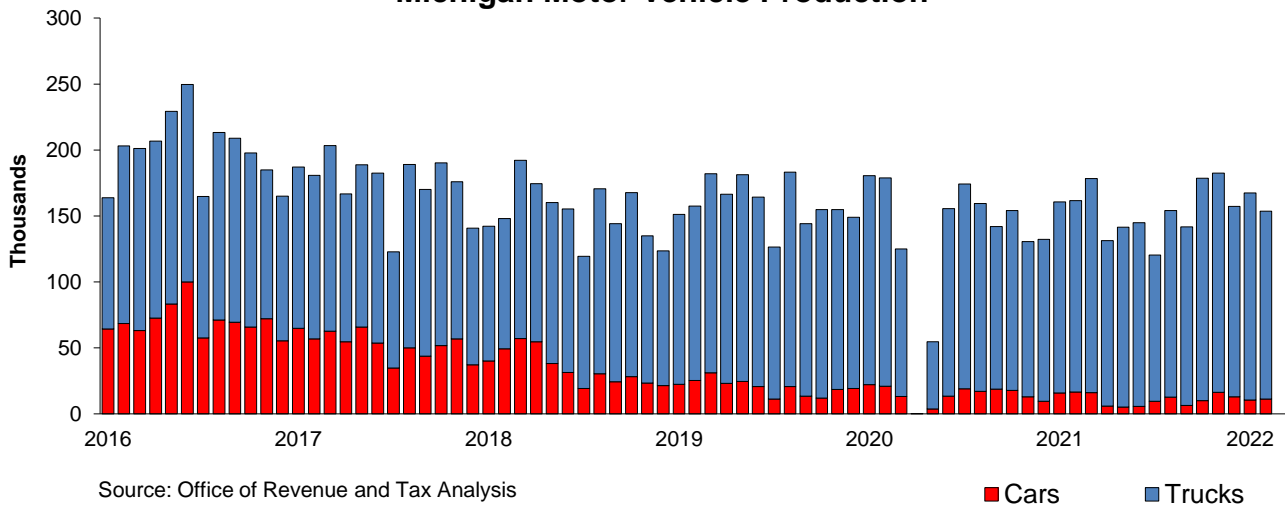
U.S. light vehicle sales (cars and light trucks) decreased by 6.4 percent in February from January, selling at a 14.1 million unit seasonally adjusted annual rate. Domestic car sales decreased 5.1 percent and light truck sales decreased 8.2 percent from January. Import car sales and light truck sales decreased 2.8 percent and 1.9 percent, respectively, from January. Compared to February 2021, light vehicle sales were down 11.7 percent. Domestic car sales decreased 12.9 percent while light truck sales decreased 9.6 percent from the year ago levels. February import car sales were down 20.7 percent while import light truck sales were down 14.6 percent from last year. Domestic light vehicles recorded a 77.2 percent share of February 2022 sales, down 1.0 percentage points from January.

U.S. Light Vehicle Sales



Michigan motor vehicle production was down in February, with 153,501 total units. Michigan's February production was 8.4 percent below January's production and 5.1 percent below the level in February 2021. Nationally, motor vehicle production totaled 746,644 units, which was down 3.5 percent from a year ago. In February, Michigan's car production was 11,167 units while the State's truck production was 142,334 units. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



**Summary Estimates of the Constitutional Revenue Limit
Based on the January 14, 2022 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	<u>Fiscal Year 2020-21 Estimate</u>	<u>Fiscal Year 2021-22 Estimate</u>	<u>Fiscal Year 2022-23 Estimate</u>
Applicable Calendar Year Personal Income	\$491,632	\$530,809	\$558,411
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$46,655.9</u>	<u>\$50,373.8</u>	<u>\$52,993.2</u>
Revenue Limit	\$46,655.9	\$50,373.8	\$52,993.2
State Revenue Subject to Limit	<u>\$38,370.1</u>	<u>\$38,208.8</u>	<u>\$38,994.2</u>
Amount Under (Over) Limit	\$8,285.8	\$12,165.0	\$13,999.0

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 2021-22 calculation uses the January 14, 2022 Consensus Revenue Agreement.
The FY 2022-23 calculation uses the January 14, 2022 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2020-21 calculation uses the January 14, 2022 Consensus Revenue Agreement.
The FY 2021-22 calculation uses the January 14, 2022 Consensus Revenue Agreement.
The FY 2022-23 calculation uses the January 14, 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