



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

CHRISTOPHER M. HARKINS
DIRECTOR

June 30, 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 May 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
May 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	\$ 1,926.4
Public Acts 53 and 61 of 2022	\$ 595.7
May 2022 Consensus	\$ (755.4)
Subtotal One-Time Expenditures	\$ 1,766.7
Total Expenditures	\$ 12,763.1
Ending Balance	\$ 5,276.5

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

FISCAL
2022

Beginning Balance	\$	2,922.3
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Revenues		
Ongoing:		
May 2022 Consensus Forecast	\$	17,340.6
General Fund	\$	40.0
Community District Trust Fund	\$	72.0
Federal Revenue	\$	1,822.5
Subtotal Ongoing Revenue	\$	19,275.1
One-Time:		
General Fund	\$	45.4
Federal Revenue - ARP	\$	202.0
Subtotal One-Time Revenue	\$	247.4
Total Revenue	\$	19,522.5

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	\$	4,673.9
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**SUMMARY OF EXPENDITURES AND ENCUMBRANCES
GENERAL FUND - ALL PURPOSE**

May 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
78.8	118.5	Agriculture and Rural Development	155.6	5.3	35.3	196.2	93.7
61.1	96.8	Attorney General	106.8	6.2	20.7	133.7	64.4
219.4	306.5	Capital Outlay (2)	314.7	614.1	793.6	1,722.4	222.7
9.4	15.6	Civil Rights	17.8	1.5	2.5	21.8	10.6
1,079.0	1,470.9	Colleges and Universities	1,446.3	0.0	110.7	1,557.0	1,074.7
1,377.3	1,939.3	Corrections	2,055.8	2.5	365.3	2,423.5	1,380.4
338.6	571.7	Education	2,214.9	6.3	174.7	2,395.8	762.5
289.8	606.6	Environment, Great Lakes, and Energy	630.1	1,967.3	850.8	3,448.2	312.8
5.2	7.8	Executive Office	7.3	0.0	0.1	7.4	5.9
18,840.1	30,300.0	Health and Human Services	31,586.5	1,677.6	2,035.9	35,300.0	20,531.0
37.2	83.8	Insurance and Financial Service	73.0	1.6	25.0	99.6	44.7
153.7	272.2	Judiciary	320.5	0.3	7.7	328.5	159.2
324.9	966.6	Labor and Economic Opportunity	877.2	2,074.9	3,414.9	6,366.9	2,067.0
17.0	25.6	Legislative Auditor General	27.1	0.0	7.2	34.3	17.0
105.9	160.5	Legislature	183.2	3.0	126.1	312.3	119.6
283.2	375.5	Licensing and Regulatory Affairs	484.2	83.6	95.1	662.8	257.2
0.0	0.0	Marshall Plan for Talent	0.0	0.0	30.3	30.3	0.0
160.6	178.7	Michigan Strategic Fund	323.3	73.0	0.0	396.3	353.1
27.7	42.5	Michigan Veterans' Facility Authority	35.5	3.5	0.0	39.0	35.5
86.1	119.9	Military and Veterans Affairs	104.5	17.3	10.1	131.9	92.9
90.6	120.2	Natural Resources	141.7	5.0	62.3	209.1	83.0
149.7	251.3	State	252.2	12.1	88.8	353.0	156.3
0.0	0.0	State Land Bank Authority	0.0	1.1	0.0	1.1	0.0
424.3	1,281.3	State Police	828.6	339.4	592.6	1,760.6	483.3
384.8	1,329.1	Technology, Management and Budget (3)	503.4	42.9	453.7	1,000.1	320.5
2.3	9.8	Transportation	0.0	47.0	29.5	76.5	0.7
1,582.4	4,189.6	Treasury	2,098.6	1,126.9	245.9	3,471.3	1,605.1
\$26,129.2	\$44,840.3		\$44,788.9	\$8,112.2	\$9,578.7	\$62,479.7	\$30,253.8

(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
May 31, 2022
(\$ in millions)**

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	20,443.9	178.9	20,622.8
Total state spending from state resources	37,930.7	1,754.7	39,685.4
Percentage of state spending from state resources paid to local units	53.90%	10.20%	51.97%
Required payments to local units (48.97%)	18,574.7	859.3	19,433.9
Surplus/(deficit)	\$1,869.2	(\$680.4)	\$1,188.9

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

ASSETS

Current Assets:	
Equity in common cash	<u>\$ 1,400,873</u>
Total Assets	<u><u>\$ 1,400,873</u></u>

LIABILITIES

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

FUND BALANCES

Committed	<u>1,400,873</u>
Total Fund Balances	<u>1,400,873</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,400,873</u></u>

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

REVENUES

Miscellaneous	\$ 18,524
	18,524

EXPENDITURES

Current:	
General government	-
	-
Total Expenditures	-
	-
Excess of Revenues over (under) Expenditures	18,524
	18,524

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	\$ 18,524 ¹
	\$ 18,524 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
 May 31, 2022
 (\$ in thousands)

ASSETS

Current Assets:	
Equity in common cash	\$ 53,830
Investments	-
Other current assets	-
Total Current Assets	53,830
Noncurrent Assets:	
Investments	713,356
Total Assets	\$ 767,186

LIABILITIES

Current Liabilities:	
Accounts payable and other liabilities	\$ 8,734
Amounts due to other funds	-
Total Current Liabilities	8,734
Total Liabilities	8,734

FUND BALANCES

Nonspendable	500,000
Restricted	258,452
Total Fund Balances	758,452
Total Liabilities and Fund Balances	\$ 767,186

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

October 1, 2021 through May 31, 2022
(\$ in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>(20,548)</u>
Total Revenues	<u>(20,548)</u>

EXPENDITURES

Current:	
General government	2,752
Conservation, environment, recreation, and agriculture	12,190
Capital outlay	<u>2,732</u>
Total Expenditures	<u>17,674</u>
Excess of Revenues over (under) Expenditures	<u>(38,221)</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Proceeds from sale of capital assets	28
Transfers from other funds	-
Transfers to other funds	<u>(25)</u>
Total Other Financing Sources (Uses)	<u>3</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u><u>\$ (38,218)</u></u> ¹

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

REVENUE OVERVIEW

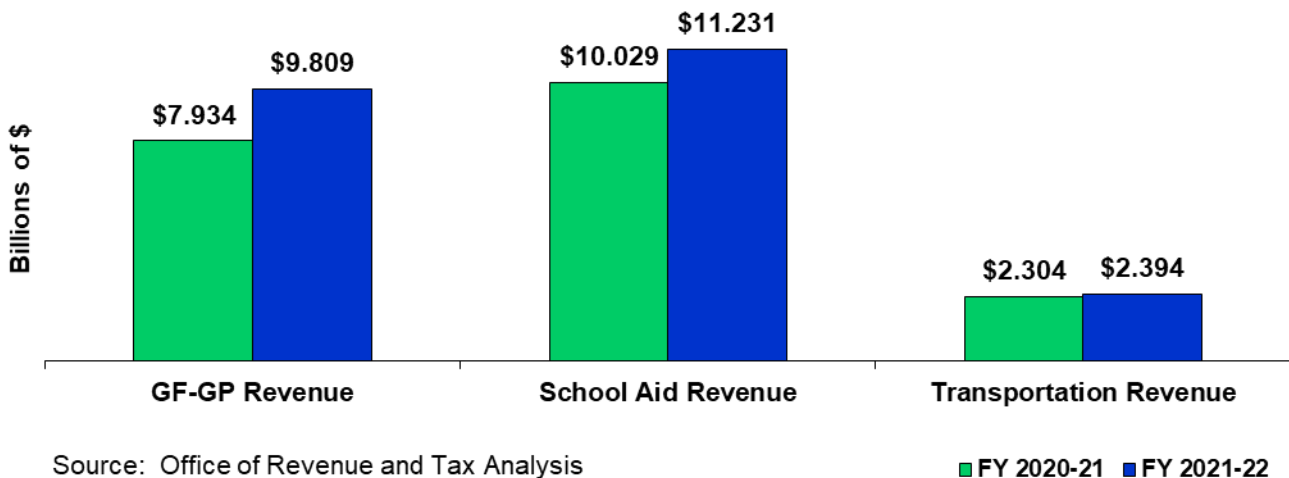
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

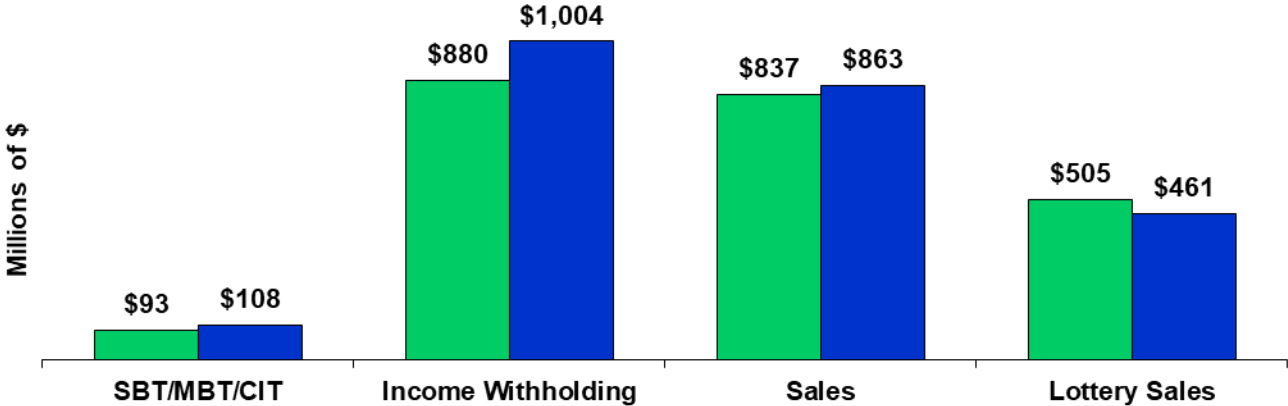
Total General Fund - General Purpose cash collections were \$118.4 million (9.1 percent) lower in May 2022 than in May 2021. The May 2022 School Aid Fund cash collections were \$113.2 million (8.6 percent) lower than in May 2021. May 2022 transportation collections were \$2.2 million (0.8 percent) higher than in May 2021 (see revenue summary table). May is the eighth 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 \$1,875.1 million (23.6 percent) from a year ago. School Aid Fund cash collections are up \$1,201.4 million (12.0 percent) and transportation collections are up \$89.5 million (3.9 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 May Collections FY 2020-21 and FY 2021-22



**May Revenue Collections
FY 2020-21 and FY 2021-22**



Source: Office of Revenue and Tax Analysis

■ FY 2020-21 ■ FY 2021-22

**October through May 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: May 31, 2022

Month-End Cash Collections Data				October Through May Cash Collections Data					Revenue Projections		
May		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)											
\$879,794	\$1,003,691	\$123,896	14.1%	Withholding	\$7,451,500	\$8,160,353	\$708,853	9.5%	\$11,050,800	\$11,182,000	\$11,954,500
36,545	48,904	12,360	33.8%	Quarterlies	908,572	758,365	(150,207)	-16.5%	1,706,000	1,331,500	983,900
0	6,200	6,200	na	Flow Through Entity Tax	0	1,438,254	1,438,254	na	na	na	2,048,800
973,855	340,084	(633,771)	-65.1%	Annuals	1,666,010	1,681,532	15,522	0.9%	1,781,600	1,118,100	1,740,000
\$1,890,194	\$1,398,879	(\$491,315)	-26.0%	Gross Collections	\$10,026,082	\$12,038,505	\$2,012,423	20.1%	\$14,538,400	\$13,631,600	\$16,727,200
400,306	169,643	(230,663)	-57.6%	Less: Refunds	2,156,749	2,168,661	11,912	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
\$1,489,888	\$1,229,237	(\$260,652)	-17.5%	Net Personal Income	\$7,869,333	\$9,869,843	\$2,000,510	25.4%	\$11,840,900	\$11,203,500	\$13,482,200
50,000	50,000	0	0.0%	Less: Disbursements to MTF	400,000	400,000	0	0.0%	600,000	600,000	600,000
5,750	5,750	0	0.0%	Less: Disbursements to Renew Michigan	46,000	46,000	0	0.0%	69,000	69,000	69,000
440,033	333,072	(106,961)	-24.3%	Less: Disbursements to SAF	2,334,051	2,866,380	532,329	22.8%	3,458,300	3,245,400	3,982,500
\$994,105	\$840,414	(\$153,691)	-15.5%	Net Personal Income To GF-GP	\$5,089,282	\$6,557,463	\$1,468,182	28.8%	\$7,713,600	\$7,289,100	\$8,830,700
Consumption Taxes											
\$135,326	\$137,133	\$1,806	1.3%	Sales (a)	\$959,236	\$1,074,840	\$115,605	12.1%	\$1,470,700	\$1,407,700	\$1,607,700
41,385	38,817	(2,567)	-6.2%	Use (a) (h)	743,185	729,886	(13,299)	-1.8%	1,258,300	1,124,100	1,212,400
13,786	12,123	(1,663)	-12.1%	Tobacco	113,915	104,147	(9,768)	-8.6%	177,000	172,600	165,500
1,246	1,428	182	14.6%	Beer, Wine & Mixed Spirits	35,384	34,487	(897)	-2.5%	51,500	53,000	52,000
12,718	5,855	(6,863)	na	Liquor Specific	44,282	45,190	908	2.1%	80,500	69,000	79,000
\$204,462	\$195,357	(\$9,105)	-4.5%	Total Consumption Taxes	\$1,896,001	\$1,988,550	\$92,549	4.9%	\$3,038,000	\$2,826,400	\$3,116,600
Other Taxes											
\$216	\$1	(\$215)	-99.6%	Single Business	(\$137)	(\$905)	(\$769)	563.0%	\$0	\$0	\$0
(18,293)	5,448	23,741	na	Insurance Premiums Taxes	\$241,129	289,422	48,293	20.0%	354,800	405,000	385,000
(18,077)	5,448	23,525	na	Sub-total SBT & Insurance	240,992	288,516	47,524	19.7%	354,800	405,000	385,000
38	2,232	2,193	na	Michigan Business Tax	(526,207)	(509,956)	16,251	3.1%	(490,500)	(592,900)	(594,300)
92,691	105,669	12,978	14.0%	Corporate Income Tax	987,564	1,200,028	212,465	21.5%	1,701,700	1,197,900	1,822,600
0	0	0	na	Inheritance / Estate	0	0	0	na	0	0	0
0	0	0	na	Telephone & Telegraph	11,087	10,237	(849)	-7.7%	32,400	32,000	32,000
1,685	3,090	1,404	83.3%	Oil & Gas Severance	11,675	23,939	12,263	105.0%	20,900	18,500	35,000
6,541	7,829	1,289	19.7%	Penalties & Interest	84,787	89,255	4,469	5.3%	134,600	132,000	140,000
3,595	3,965	370	10.3%	Essential Services Assessment	5,730	6,985	1,255	21.9%	125,800	135,000	135,000
1	20	20	na	Miscellaneous Other/Railroad	111	374	263	236.0%	2,900	2,000	3,000
(12,667)	(12,917)	(250)	-2.0%	Treasury Enforcement Programs (e)	(101,333)	(103,333)	(2,000)	-2.0%	(142,600)	(155,000)	(150,000)
\$73,808	\$115,337	\$41,529	56.3%	Total Other Taxes	\$714,406	\$1,006,046	\$291,640	40.8%	\$1,740,000	\$1,174,500	\$1,808,300
\$1,272,375	\$1,151,108	(\$121,267)	-9.5%	Subtotal GF-GP Taxes	\$7,699,689	\$9,552,059	\$1,852,370	24.1%	\$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: May 31, 2022

Month-End Cash Collections Data				October Through May Cash Collections Data					Revenue Projections		
May		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	\$6,667	\$6,667	\$0	0.0%	\$8,300	\$10,000	\$10,000
8	8	0	0.0%	Local Agencies	67	67	0	0.0%	100	100	100
583	583	0	0.0%	Services	4,667	4,667	0	0.0%	3,300	7,000	7,000
1,167	1,167	0	0.0%	Licenses & Permits	9,333	9,333	0	0.0%	22,400	14,000	14,000
0	0	0	na	Investments/Interest Costs	2,789	2,789	0	0.0%	400	2,000	2,000
833	833	0	0.0%	Misc. Non-tax Revenue	6,667	6,667	0	0.0%	51,900	10,000	10,000
18,750	21,383	2,633	14.0%	Liquor Purchase Revolving Fund	150,000	171,067	21,067	14.0%	313,600	256,600	295,000
6,750	6,958	208	3.1%	From Other Funds-Lottery & Escheats	54,000	55,667	1,667	3.1%	99,400	83,500	86,000
\$28,925	\$31,767	\$2,842	9.8%	Total Non-Tax Revenue	\$234,189	\$256,923	\$22,733	9.7%	\$499,400	\$383,200	\$424,100
\$1,301,300	\$1,182,875	(\$118,425)	-9.1%	Total GF-GP Revenue	\$7,933,878	\$9,808,982	\$1,875,104	23.6%	\$12,991,000	\$11,673,100	\$14,179,700
School Aid Fund											
\$345,863	\$350,519	\$4,656	1.3%	Sales Tax 4%	\$2,476,982	\$2,765,375	\$288,393	11.6%	\$3,836,000	\$3,683,200	\$4,202,500
260,721	278,570	17,849	6.8%	Sales Tax 2%	1,766,392	2,124,844	358,452	20.3%	3,021,600	2,882,900	3,302,500
69,177	70,149	971	1.4%	Use Tax 2%	582,614	567,813	(14,800)	-2.5%	876,100	824,900	869,600
24,387	18,350	(6,037)	-24.8%	State Education Property Tax	1,531,795	1,558,372	26,577	1.7%	2,256,400	2,324,300	2,396,000
37,956	24,562	(13,393)	-35.3%	Real Estate Transfer Tax	304,560	340,463	35,903	11.8%	490,300	402,400	527,000
90,000	90,000	0	0.0%	Lottery Transfer (b)	671,983	648,308	(23,675)	-3.5%	1,419,800	1,093,900	1,240,000
8,809	8,698	(111)	-1.3%	Casino Wagering Tax	55,038	71,206	16,168	29.4%	181,100	181,700	320,800
12,511	5,757	(6,754)	-54.0%	Liquor Excise Tax	42,384	43,087	703	1.7%	76,700	68,600	78,600
27,988	24,612	(3,377)	-12.1%	Cigarette/Tobacco Tax	231,265	211,435	(19,830)	-8.6%	322,000	318,200	299,900
2,709	2,907	198	7.3%	Indus. & Comm. Facilities Taxes	25,701	27,417	1,715	6.7%	41,900	37,000	42,000
643	392	(251)	-39.1%	Specific Other	6,394	5,864	(530)	-8.3%	76,200	68,500	79,200
440,033	333,072	(106,961)	-24.3%	Income Tax Earmarking	2,334,051	2,866,380	532,329	22.8%	3,458,300	3,245,400	3,982,500
\$1,320,800	\$1,207,588	(\$113,211)	-8.6%	Total School Aid Fund	\$10,029,160	\$11,230,563	\$1,201,404	12.0%	\$16,056,400	\$15,131,000	\$17,340,600
Multi-Fund Revenue Summary											
\$837,160	\$862,768	\$25,608	3.1%	Sales Tax 6%	\$5,894,695	\$6,733,803	\$839,108	14.2%	\$9,414,800	\$9,000,800	\$10,299,600
576,439	584,198	7,759	1.3%	Sales Tax 4% (d)	4,128,303	4,608,958	480,656	11.6%	6,393,200	6,117,900	6,997,100
260,721	278,570	17,849	6.8%	Sales Tax 2%	1,766,392	2,124,844	358,452	20.3%	3,021,600	2,882,900	3,302,500
207,532	210,446	2,913	1.4%	Use Tax 6% (g)	1,747,841	1,703,440	(44,401)	-2.5%	2,623,000	2,470,300	2,604,300
1,662	7,304	5,642	339.0%	Recreational Marihuana	56,104	115,464	59,360	106.0%	120,472	120,000	149,100
69,278	60,920	(8,358)	-12.1%	Tobacco Taxes	572,439	523,354	(49,085)	-8.6%	890,145	868,000	830,700
0	0	0	na	Tobacco Settlement	236,817	242,982	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: May 31, 2022

Month-End Cash Collections Data				October Through May Cash Collections Data					Revenue Projections		
May		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											
\$19,016	\$16,697	(\$2,319)	-12.2%	Diesel Fuel / Motor Carrier Fuel Tax	\$159,132	\$162,197	\$3,065	1.9%	\$240,846	\$241,500	\$247,000
90,184	81,028	(9,155)	-10.2%	Gasoline	703,032	743,867	40,836	5.8%	1,111,575	1,196,000	1,165,200
101,528	111,746	10,219	10.1%	Motor Vehicle Registration	939,513	962,863	23,350	2.5%	1,403,514	1,402,000	1,445,800
4,205	4,690	485	11.5%	Other Taxes, Fees & Misc.	34,478	33,163	(1,315)	-3.8%	155,878	216,258	246,214
8,537	11,481	2,945	34.5%	Comprehensive Transportation (c)	68,293	91,849	23,557	34.5%	136,952	137,774	162,211
50,000	50,000	0	0.0%	Income Tax Earmarking	400,000	400,000	0	0.0%	600,000	600,000	600,000
<u>\$273,468</u>	<u>\$275,643</u>	<u>\$2,174</u>	<u>0.8%</u>	Total Major Trans. Revenues	<u>\$2,304,447</u>	<u>\$2,393,939</u>	<u>\$89,492</u>	<u>3.9%</u>	<u>\$3,648,765</u>	<u>\$3,793,532</u>	<u>\$3,866,425</u>
Lottery Sales By Games											
\$265,279	\$242,518	(\$22,761)	-8.6%	Instant Games (f)	\$1,801,804	\$1,641,180	(\$160,624)	-8.9%	na	na	na
115,525	102,014	(13,511)	-11.7%	Daily Games	784,681	725,884	(58,797)	-7.5%	na	na	na
48,599	33,499	(15,101)	-31.1%	Lotto and Big Game (f)	347,262	274,279	(72,983)	-21.0%	na	na	na
859	801	(57)	-6.7%	Keno Game	6,017	5,460	(557)	-9.3%	na	na	na
1,430	3,641	2,212	155.0%	Lucky For Life	9,591	24,364	14,773	154.0%	na	na	na
7,986	9,628	1,641	20.5%	Other (f)	54,390	75,312	20,922	38.5%	na	na	na
65,787	68,446	2,659	4.0%	Club Games	376,481	445,702	69,221	18.4%	na	na	na
<u>\$505,465</u>	<u>\$460,547</u>	<u>(\$44,918)</u>	<u>-8.9%</u>	Total Lottery Sales	<u>\$3,380,227</u>	<u>\$3,192,181</u>	<u>(\$188,046)</u>	<u>-5.6%</u>	<u>na</u>	<u>na</u>	<u>na</u>

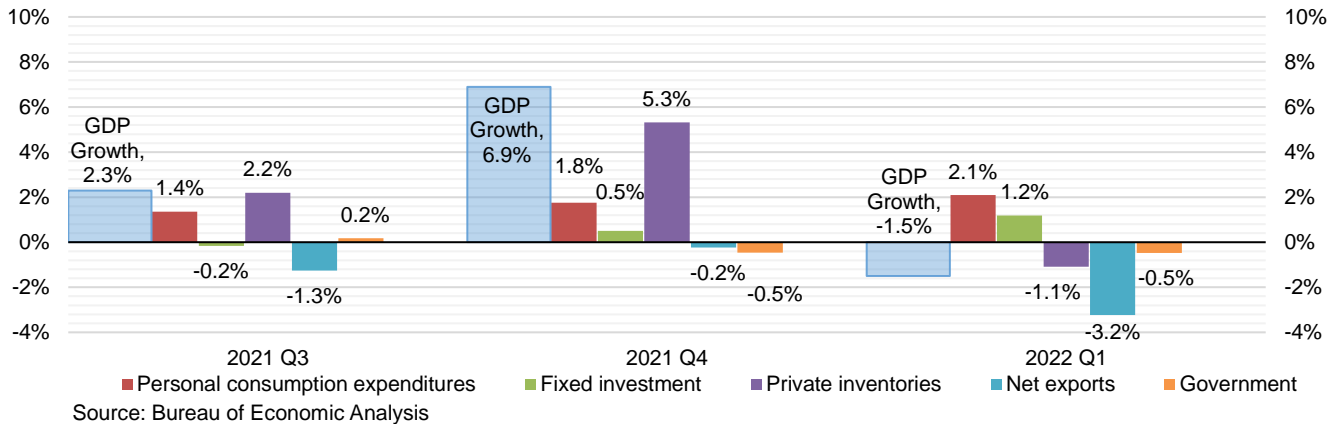
- (a) GF-GP Sales has been adjusted based on Comprehensive Transportation Fund, Health Initiative, Constitutional Revenue Sharing, and Aviation Fund. GF-GP Use has been adjusted based on Aviation Fund.
- (b) The statutory estimate does not include an estimate of lottery sales. It only includes an estimate 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 \$422.0 million and the year-to date 2022 revenues are \$405.7 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 \$422.0 million and the year-to-date 2022 LCSS revenues are \$405.7 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 1.5 percent annual rate in the first quarter of 2022, according to the most recent estimate, down from the 6.9 percent annual rate in the fourth quarter of 2021. This decline in GDP is the first since the second quarter of 2020 at the beginning of the pandemic. 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



Net exports drove the decline in GDP in the first quarter of 2022, while private inventories and government expenditures and investment made minor contributions. Real final sales declined by 0.4 percent in the first quarter, while on the inflation front, the implicit price deflator increased by 8.1 percent.

U.S. wage and salary employment increased by 390,000 jobs in May, down from April's increase of 436,000 jobs, according to the most recent estimates. May employment levels were 822,000 payroll jobs, or 0.5 percent, below the February 2020 levels, prior to the pandemic. In May, sectors with the largest increases in employment include the leisure and hospitality sector with 84,000 jobs, professional and business services with 75,000 jobs, education and health services with 74,000 jobs, and the government sector with 57,000 jobs. While the trade, transportation and utilities sector only gained 1,000 jobs, its sub-sector retail trade lost 60,700 jobs while transportation and warehousing gained 47,000 jobs.

In May, the U.S. unemployment rate remained at 3.6 percent. Civilian employment increased to 158.4 million while the number of unemployed increased to 6.0 million.

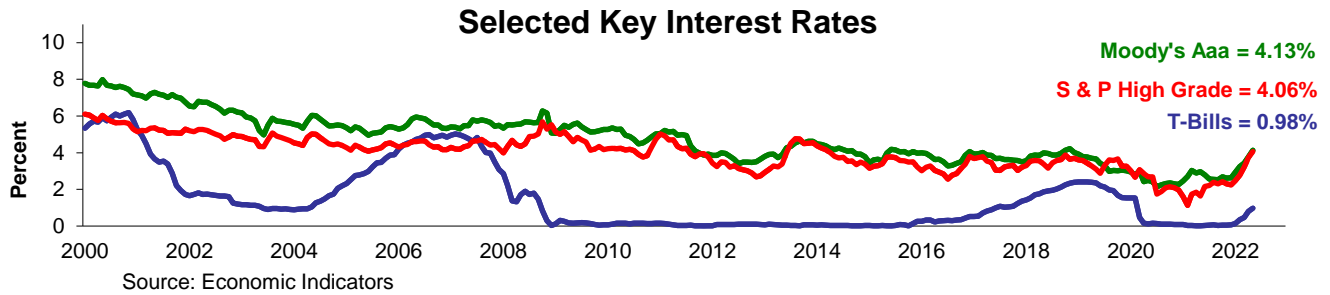
The **Index of Consumer Sentiment** declined 6.8 index-points from April, down to 58.4 in May 2022. The year-over-year consumer sentiment is 24.5 index-points below May 2021 levels.

Index of Consumer Sentiment

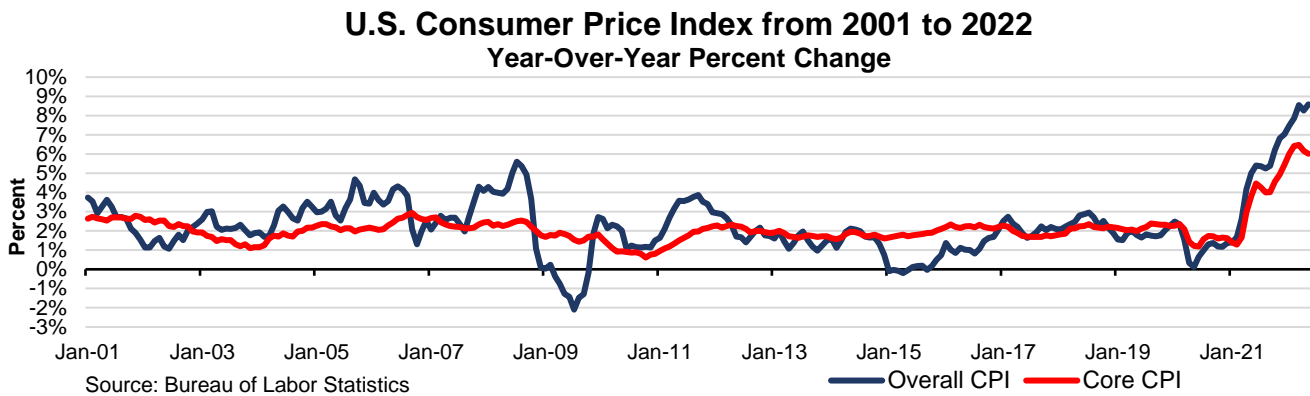


Source: University of Michigan, Survey Research Center

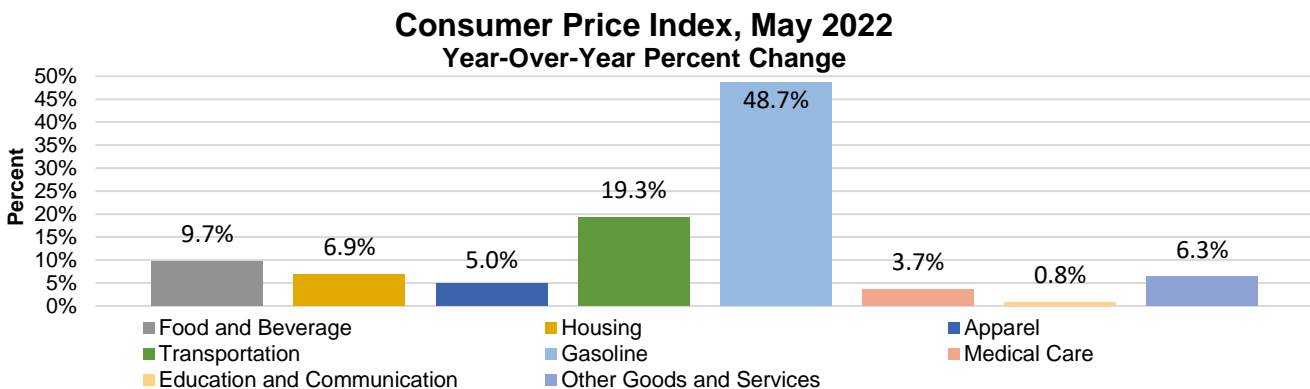
Short-term **interest rates** increased in May, as the 3-month Treasury bill (T-bill) rate increased 0.18 percentage points to 0.98 percent. Compared to one year ago, the T-bill rate increased 0.96 percentage points. The Aaa corporate bond rate increased 0.37 percentage points to an interest yield of 4.13 percent in May and was up 1.17 percentage points from its year-ago level. The interest rate on high-grade municipal bonds increased 0.32 percentage points to 4.06 percent in May and was up 2.43 percentage points from a year ago.



U.S. retail prices, as measured by the Consumer Price Index (CPI-U), are up 8.6 percent from May 2021 to May 2022. The CPI-U year-over-year change is at the highest level since 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 6.0 percent from May 2021 to May 2022. Prior to the current year, growth in the CPI-Core has not been this high since 1982. Overall CPI data are not seasonally adjusted.

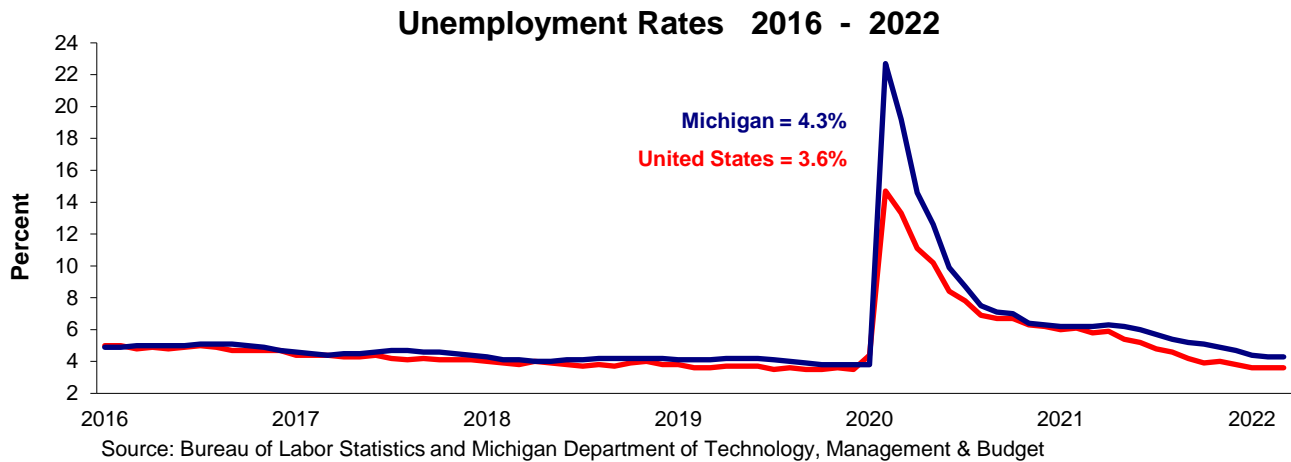


Gasoline, by far, experienced the largest year-over-year price increase (48.7 percent). Transportation was the next largest price increase (19.3 percent). Lower year-over-year percent increases can be seen in food and beverage (9.7 percent), housing (6.9 percent), and other goods and services (6.3 percent). These data are seasonally adjusted.



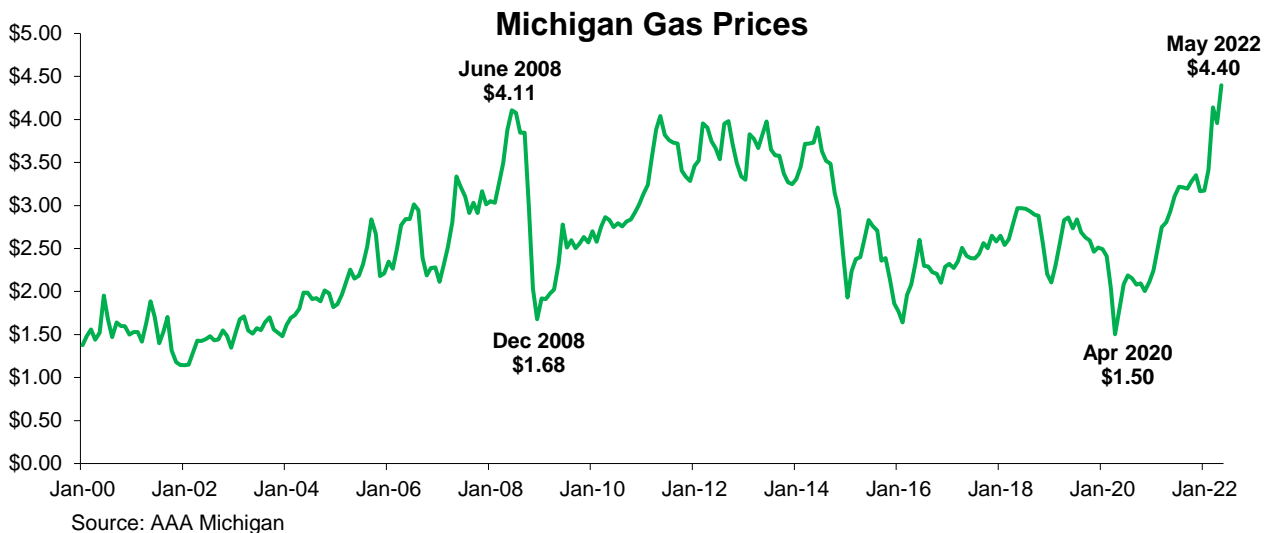
Michigan Economy

The **Michigan jobless rate** remained at 4.3 percent in May, according to the most recent data. The national unemployment rate remained at 3.6 percent in May. The number unemployed in Michigan decreased by 2,000, a 1.0 percent decline, while the number employed increased by 18,000, a 0.4 percent change from April to May. The number unemployed is 30.5 percent lower than in May 2021 at the beginning of the second year of the pandemic. In May, Michigan's unemployment rate was 0.5 percentage points above the February 2020 pre-pandemic rate of 3.8 percent.



Michigan wage and salary employment declined in May by 15,000 jobs from April's revised estimate. Employment was up 151,000 jobs, or 3.6 percent, from May 2021. In May, the sector with the largest one month decline in employment was the leisure and hospitality services sector, which lost 5,000 jobs. Most sectors changed by less than 2,000 jobs from the prior month.

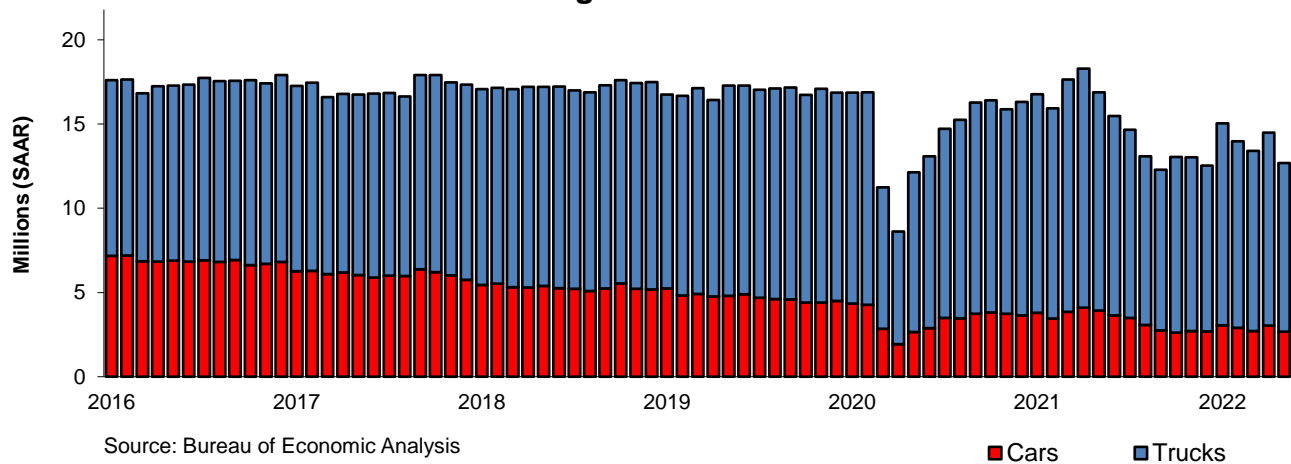
Michigan gasoline prices increased in May 2022, up to \$4.40 per gallon, up 43.8 cents a gallon from last month's average. Year-over-year gasoline prices are up significantly from the \$2.94 per gallon in May 2021, when they were rising after the pandemic lows. May 2022 diesel prices were \$5.20 per gallon, an increase of 29.4 cents a gallon from April's average diesel prices. Diesel prices are up \$2.07 per gallon over the May 2021 price of \$3.13 per gallon.



Motor Vehicle Sector

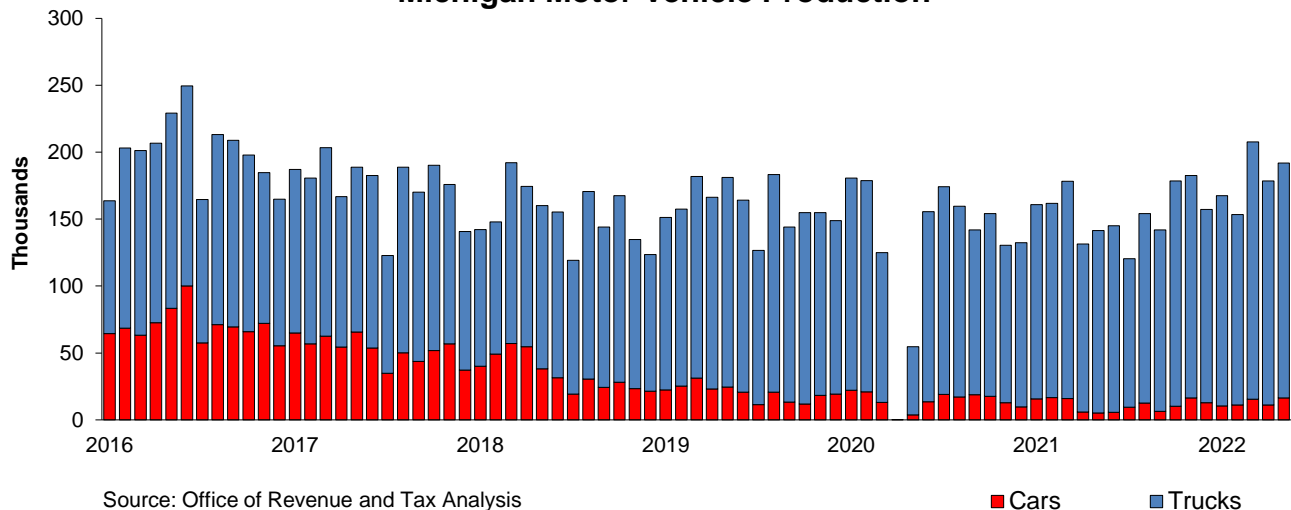
U.S. light vehicle sales (cars and light trucks) declined by 12.6 percent in May from April, selling at a 12.7 million unit seasonally adjusted annual rate. Domestic car sales declined 14.4 percent and light truck sales declined 12.1 percent from March. Import car sales declined 5.4 percent and import light truck sales declined 15.6 percent from March. Compared to May 2021, light vehicle sales were down 25.0 percent. Domestic car sales decreased 29.3 percent while light truck sales decreased 16.5 percent from the year ago levels. May import car sales were down 37.5 percent while import light truck sales were down 42.5 percent from last year. Demand for vehicles remains elevated, with declining sales numbers resulting from supply chain issues, particularly the global semiconductor shortage. High fuel prices are increasing the demand for fuel efficient vehicles. Domestic light vehicles recorded a 79.7 percent share of May 2022 sales, up 5.6 percentage points from May 2021.

U.S. Light Vehicle Sales



Michigan motor vehicle production was up in May, with 191,970 total units. Michigan's May production was 7.5 percent above April's production and 35.6 percent above the level in May 2021. Nationally, motor vehicle production totaled 874,158 units, which was up 25.6 percent from a year ago. In May, Michigan's car production was 16,430 units while the State's truck production was 175,540 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 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	\$558,330
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>\$38,708.0</u>	<u>\$41,615.3</u>	<u>\$41,494.0</u>
Amount Under (Over) Limit	\$7,947.9	\$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 May 20, 2022 Consensus Revenue Agreement.
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