



MONTHLY REVENUE REPORT

AUGUST 2023

Fiscal Year-to-Date Revenue Dashboard

Actual Revenue Compared to Predicted



Michigan's major taxes and net lottery revenue totaled \$2.7 billion in August 2023, down 4.3% from August 2022. August 2023 tax collections were approximately \$134.4 million below the Senate Fiscal Agency's projection for the month, based on the consensus revenue estimates adopted in May 2023. Less-than-expected Individual Income Tax (IIT) withholding and sales tax collections combined with greater-than-expected IIT refunds to more than offset greater-than-expected lottery revenue, use tax collections, and Michigan Business Tax (MBT) collections.

General Fund tax collections were \$115.9 million below the expected level for August 2023, while School Aid Fund tax collections were \$14.5 million below the forecasted level. The remaining \$4.0 million in below-forecast collections was directed to other funds, most notably constitutional revenue sharing. Through August, fiscal year-to-date General Fund collections were \$56.2 million below, and School Aid Fund collections \$11.7 million above, the level expected based on the May 2023 consensus revenue estimates.

Net income tax revenue totaled \$858.9 million in August 2023, a 12.5% decrease from August 2022, and \$163.3 million less than the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 11.9% below the year-ago level and \$112.3 million less than the level expected based on SFA monthly estimates. While IIT refunds were \$52.7 million greater than expected, and more than expected for a fourth consecutive month, the shortfall overstates the likely impact for fiscal year (FY) 2022-23 because a portion of these refunds reflect expected refunds for activity in previous years under the Flow-Through Entity Tax. Those expected refunds were accrued to FY 2021-22 but are appearing in FY 2022-23 cash collections.

Sales tax receipts totaled \$934.8 million in August 2023, a 6.4% decrease from the August 2022 level and \$16.1 million below the forecasted level. As of August 2023, sales tax collections have exhibited year-over-year declines in four of the last five months. In contrast, use tax collections totaled \$263.1 million in August 2023, a 15.1% increase from the July 2022 level and \$36.5 million above the predicted level. On a fiscal year-to-date basis, sales tax collections were down 0.3% while use tax collections were up 2.8%. Sales tax collections from motor vehicles sales totaled \$135.1 million, the highest level since October 2022, but down 3.6% from the level in August 2022.

Net revenue from the repealed Single Business Tax, MBT, and Corporate Income Tax (CIT) totaled \$40.7 million, a 67.1% increase from the August 2022 level and \$7.3 million more than expected. Michigan Business Tax collections totaled \$3.7 million (payments exceeded refunds) and were \$20.3 million more than expected. Each year, MBT revenue is dominated by several large refunds. When these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates. Net CIT collections were up 43.6% from August 2022 but \$13.0 million below the forecasted level.

The table on the next page identifies the major taxes included in this report and provides their respective revenue levels and growth rates for August 2023. Also presented are the revised consensus revenue estimates for FY 2022-23, which were adopted at the May 2023 Consensus Revenue Estimating Conference.



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MICHIGAN REVENUE UPDATE (dollars in millions)							
Type of Revenue	August Collections		FY 2022-23 to Date ²		Year-to-Date Relative to Forecast	FY 2022-23 CREC Estimate ^{3,4)}	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago		Total	% Change From FY 2021-22
Gross Individual Income Tax ⁵⁾	\$934.7	(12.2%)	\$12,987.2	(10.0%)	\$9.8	\$15,537.4	(9.1%)
Refunds	(75.9)	(9.2)	(2,923.5)	25.5	(193.5)	(2,810.0)	(11.4)
Net Income Tax	858.9	(12.5)	10,063.7	(16.9)	(183.7)	12,727.4	(8.6)
Sales Tax	934.8	(6.4)	8,899.0	(0.3)	(81.0)	10,847.3	0.6
Motor Vehicles	135.1	(3.6)	1,195.5	(2.4)	---	---	---
All Other Sales Tax	799.6	(6.8)	7,703.5	0.0	---	---	---
Use Tax ⁶⁾	263.1	15.1	2,226.4	2.8	85.3	2,562.4	(0.5)
Tobacco Taxes	60.2	(7.0)	596.7	(9.1)	(14.1)	743.9	(6.6)
Corporate Income Tax	36.9	43.6	1,748.0	13.0	41.9	2,160.0	6.4
Michigan Business Tax	3.7	(333.3)	(465.9)	0.9	48.9	(527.0)	5.3
Insurance Tax	12.6	10.9	351.3	17.4	18.3	440.0	4.8
Essential Services Assessment	99.8	(1.2)	142.8	7.4	2.2	143.0	5.6
State Education Property Tax	207.5	7.7	763.2	5.9	(19.4)	2,607.0	6.8
Real Estate Transfer Tax	35.6	(26.0)	321.1	(29.5)	5.3	390.0	(28.7)
Wagering Taxes ⁷⁾	36.1	13.1	359.8	18.1	5.7	417.6	14.5
Oil & Gas Severance Tax	2.4	(32.6)	22.7	(34.0)	(5.6)	35.0	(17.1)
Other Taxes ⁸⁾	25.5	7.4	274.9	1.6	(11.1)	330.0	(0.7)
Total Taxes	\$2,577.2	(4.9%)	\$25,303.8	(6.8%)	(\$107.2)	\$32,876.6	(3.0%)
Lottery, Net to School Aid Fund ⁶⁾	97.5	12.4	1,191.3	9.6	55.6	1,220.0	(2.3)
Total	\$2,674.7	(4.3%)	\$26,495.1	(6.2%)	(\$51.6)	\$34,096.6	(3.0%)

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2022-23 year-to-date collections begin with November 2022 collections to reflect accrual accounting.
- 3) Year-to-date figures represent cash collections only, while the fiscal year estimate also includes accruals.
- 4) Consensus revenue estimates adopted at the May 19, 2023, Consensus Revenue Estimating Conference.
- 5) Includes payments made under the Flow-Through Entity Tax.
- 6) Includes both the State share and the local share (Local Community Stabilization Authority).
- 7) Lottery & casino revenue are not accrued, so FY 2022-23 collections will reflect October 2022 to September 2023.
- 8) Other Taxes include beer, wine, liquor, SBT, industrial facilities, utility property, estate taxes, and tax penalties & interest.

