



# MONTHLY REVENUE REPORT

## DECEMBER 2023

### Fiscal Year-to-Date Revenue Dashboard

#### Actual Revenue Compared to Predicted

General Fund



\$123.0 million

School Aid Fund



-\$94.7 million

Michigan's major taxes and net lottery revenue totaled \$3.0 billion in December 2023, a 4.1% increase from December 2022. Based on the consensus revenue estimates adopted in May 2023, December tax collections were approximately \$93.7 million above the Senate Fiscal Agency's (SFA's) projection for the month. Greater-than-expected collections from the Flow-Through Entity Tax and Corporate Income Tax (CIT) combined with less-than-expected Michigan Business Tax (MBT) refunds to more than offset less-than-expected collections from quarterly individual income tax payments and the sales tax.

General Fund tax collections were \$148.9 million above the expected level for December, while School Aid Fund tax collections were \$53.1 million below the forecasted level. The remaining \$2.1 million in below-forecast collections was directed to other funds, most notably constitutional revenue sharing. On a year-to-date basis, General Fund collections were \$123.0 million higher while School Aid Fund collections were \$94.7 million lower than the level expected based on the May 2023 consensus revenue estimates.

Net income tax revenue totaled \$1.2 billion in December 2023, a 7.4% increase from December 2022, and \$50.4 million more than the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were down 1.6% from the year-ago level and \$3.6 million less than the level expected based on SFA monthly estimates. Quarterly individual income tax payments were down 11.0% from December 2022 and \$36.3 million below the forecasted level, while payments under the Flow-Through Entity Tax were down 7.0% but \$75.4 million above the expected level. Individual income tax refunds were down 75.8% from December 2022 and \$10.5 million less than expected.

Sales tax receipts totaled \$894.6 million in December 2023, a 0.1% increase from the December 2022 level and \$101.7 million below forecast. Use tax collections totaled \$246.4 million in December 2023, a 22.4% increase from a year ago and \$45.3 million above the forecasted level. Sales and use tax collections were somewhat distorted by a transfer of approximately \$30.0 million from the sales tax to the use tax to reflect collections received before December 2023 that were misclassified.

Net revenue from the repealed Single Business Tax, MBT, and CIT totaled \$317.4 million, a 2.1% increase from December 2022 and \$113.0 million above the expected level. Michigan Business Tax collections were negative \$10.7 million because refunds exceeded payments but \$69.7 million less negative 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 down 0.2% from December 2022 and \$43.3 million above 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 December 2023. Also presented are the consensus revenue estimates for fiscal year (FY) 2023-24, which were adopted at the May 2023 Consensus Revenue Estimating Conference. The January 12, 2024 consensus revenue estimates will be used beginning with the January 2023 report.



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<b>MICHIGAN REVENUE UPDATE</b> (dollars in millions)							
Type of Revenue	December Collections		FY 2023-24 to Date <sup>2</sup>		Year-to-Date Relative to Forecast	FY 2023-24 CREC Estimate <sup>3,4)</sup>	
	Total <sup>1)</sup>	% Change From Year Ago	Total <sup>1)</sup>	% Change From Year Ago		Total	% Change From FY 2021-22
Gross Individual Income Tax <sup>5)</sup>	\$1,285.8	(2.0%)	\$2,300.3	0.8%	\$26.1	\$15,758.1	1.4%
Refunds	(36.0)	(75.8)	(91.3)	(63.3)	0.8	(3,510.0)	24.9
Net Income Tax	1,249.8	7.4	2,209.0	8.7	27.0	12,248.1	(3.8)
Sales Tax	894.6	0.1	1,751.1	(3.4)	(148.1)	10,887.3	0.4
Motor Vehicles	106.6	(2.4)	212.5	(4.5)	----	----	----
All Other Sales Tax	787.9	0.4	1,538.5	(3.2)	----	----	----
Use Tax <sup>6)</sup>	246.4	22.4	465.0	12.8	56.3	2,561.9	(0.0)
Tobacco Taxes	54.1	(12.9)	110.7	(8.0)	(10.3)	733.4	(1.4)
Corporate Income Tax	328.1	(0.2)	383.0	(4.9)	29.7	2,100.0	(2.8)
Michigan Business Tax	(10.7)	134.3	(32.1)	(45.8)	86.2	(509.7)	(3.3)
Insurance Tax	4.5	28.6	4.2	14.0	1.4	450.0	2.3
Essential Services Assessment	0.0	30.4	0.2	(60.7)	(0.2)	152.0	6.3
State Education Property Tax	40.8	(1.6)	373.4	(6.9)	(15.3)	2,737.9	5.0
Real Estate Transfer Tax	32.9	(12.1)	65.3	(15.3)	1.8	377.5	(3.2)
Wagering Taxes <sup>7)</sup>	40.5	13.2	76.5	9.0	16.6	434.2	4.0
Oil & Gas Severance Tax	2.5	21.1	4.8	(11.1)	(1.0)	34.0	(2.9)
Other Taxes <sup>8)</sup>	20.2	18.1	52.7	28.5	1.8	333.8	1.2
<b>Total Taxes</b>	<b>\$2,903.8</b>	<b>4.4%</b>	<b>\$5,463.7</b>	<b>2.7%</b>	<b>\$46.0</b>	<b>\$32,540.5</b>	<b>(1.0%)</b>
Lottery, Net to School Aid Fund <sup>6)</sup>	129.5	(0.9)	322.7	(6.4)	(16.7)	1,212.7	(0.6)
<b>Total</b>	<b>\$3,033.3</b>	<b>4.1%</b>	<b>\$5,786.3</b>	<b>2.3%</b>	<b>\$29.3</b>	<b>\$33,753.2</b>	<b>(1.0%)</b>

- 1) Total collections are unadjusted cash collections unless otherwise noted.
- 2) FY 2023-24 year-to-date collections begin with November 2023 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 2023-24 collections will reflect October 2023 to September 2024.
- 8) Other Taxes include beer, wine, liquor, SBT, industrial facilities, utility property, estate taxes, and tax penalties & interest.

