



MONTHLY REVENUE REPORT

FEBRUARY 2023

Fiscal Year-to-Date Revenue Dashboard

Actual Revenue Compared to Predicted

General Fund



-\$113.6 million

School Aid Fund



\$22.8 million

Michigan's major taxes and net lottery revenue totaled \$1.6 billion in February 2023, down 9.6% from February 2022. February 2023 tax collections were approximately \$100.1 million below the Senate Fiscal Agency's projection for the month, based on the consensus revenue estimates adopted in January 2023. Greater-than-expected Individual Income Tax (IIT) refunds combined with less-than-expected collections from IIT withholding more than offset greater-than-expected collections from the Sales Tax and insurance taxes.

General Fund tax collections were \$99.0 million below the expected level for February 2023, while School Aid Fund tax collections were \$6.2 million above the forecasted level. The remaining \$1.6 million in below-forecast collections were directed to other funds, most notably the Medicaid Benefits Trust Fund and the Michigan Strategic Fund. Through February, fiscal year-to-date General Fund collections are \$113.6 million below, and School Aid Fund collections \$22.8 million above, the level expected based on the January 2023 consensus revenue estimates.

Net income tax revenue totaled \$338.5 million in February 2023, a 40.1% decrease from February 2022, and \$127.3 million less than the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 0.1% above the year-ago level and \$30.1 million less than the level expected based on SFA monthly estimates. Individual income tax refunds were \$104.5 million greater than expected, reducing net IIT revenue.

Sales tax receipts totaled \$794.7 million in February 2023, a 9.0% increase from the February 2022 level and \$40.7 million above forecast. In contrast, use tax collections totaled \$175.3 million in February 2023, up 2.9% from the February 2022 level and \$12.5 million below the predicted level. Sales tax collections from motor vehicles sales totaled \$97.4 million, the same as in February 2022, and the first time since February 2022 (and the second time in the last 24 months) to drop below the \$100.0 million level. Use tax collection on motor vehicle sales, which primarily reflect sales of used vehicles, were up 4.1% from February 2022.

Net revenue from the repealed Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled \$26.1 million, down 30.8% from February 2022 but \$12.6 million more than expected. MBT collections were negative \$6.5 million due to refunds exceeding payments but \$15.0 million less negative than expected. Each year, MBT revenue is dominated by several large refunds. The timing of when refunds are claimed and processed will significantly affect the accuracy of monthly MBT estimates. Net CIT collections were down 10.7% from February 2022 and \$0.9 million above the forecasted level.

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



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MICHIGAN REVENUE UPDATE (dollars in millions)							
Type of Revenue	February 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⁾	\$988.4	1.8%	\$4,964.6	6.4%	\$15.0	\$15,699.4	(6.1%)
Refunds	(649.9)	60.3	(971.3)	89.0	(128.3)	(2,479.2)	(23.6)
Net Income Tax	338.5	(40.1)	3,993.2	(3.8)	(113.3)	13,220.2	(1.9)
Sales Tax	794.7	9.0	3,549.4	7.4	17.2	10,232.5	(0.7)
Motor Vehicles	97.4	0.0	432.4	0.6	---	---	---
All Other Sales Tax	697.3	10.4	3,117.0	8.4	---	---	---
Use Tax ⁶⁾	175.3	2.9	844.1	1.2	26.3	2,590.7	(0.5)
Tobacco Taxes	55.6	(4.3)	236.5	(9.8)	(8.0)	819.4	(1.4)
Corporate Income Tax	35.8	(10.7)	574.6	9.4	(23.7)	1,582.1	(13.2)
Michigan Business Tax	(6.5)	167.5	(477.5)	(0.3)	(0.2)	(527.6)	(11.2)
Insurance Tax	26.4	48.2	128.1	22.9	21.2	398.0	3.4
Essential Services Assessment	0.3	252.2	0.9	6.6	0.3	143.0	5.9
State Education Property Tax	19.9	32.6	443.1	12.6	(8.3)	2,563.2	7.0
Real Estate Transfer Tax	28.6	(40.4)	132.5	(30.5)	(11.1)	496.9	(5.7)
Wagering Taxes ⁷⁾	33.1	23.4	140.0	22.1	21.4	329.0	2.6
Oil & Gas Severance Tax	2.6	(3.6)	11.2	(4.5)	(0.2)	32.0	(8.6)
Other Taxes ⁸⁾	15.5	(2.2)	81.9	1.8	(12.9)	347.0	0.6
Total Taxes	\$1,519.9	(10.4%)	\$9,657.9	3.3%	(\$91.4)	\$32,226.4	(1.8%)
Lottery, Net to School Aid Fund ⁶⁾	97.7	4.7	560.7	14.1	21.4	1,240.0	0.0
Total	\$1,617.7	(9.6%)	\$10,218.6	2.6%	(\$69.9)	\$33,466.4	(1.7%)

- Total collections are unadjusted cash collections unless otherwise noted.
- FY 2022-23 year-to-date collections begin with November 2022 collections to reflect accrual accounting.
- Year-to-date figures represent cash collections only, while the fiscal year estimate also includes accruals.
- Consensus revenue estimates adopted at the January 13, 2023, Consensus Revenue Estimating Conference.
- Includes payments made under the Flow-Through Entity Tax.
- Includes both the State share and the local share (Local Community Stabilization Authority).
- Lottery & casino revenue are not accrued, so FY 2022-23 collections will reflect October 2022 to September 2023.
- Other Taxes include beer, wine, liquor, SBT, industrial facilities, utility property, estate taxes, and tax penalties & interest.

