



MONTHLY REVENUE REPORT

FEBRUARY 2024

Fiscal Year-to-Date Revenue Dashboard

Actual Revenue Compared to Predicted



Michigan's major taxes and net lottery revenue totaled \$1.2 billion in February 2024, a 23.8% decrease from February 2023. February 2024 tax collections were approximately \$152.1 million below the Senate Fiscal Agency's (SFA's) projection for the month, based on the consensus revenue estimates adopted in January 2024. Greater-than-expected Individual Income Tax (IIT) refunds and Michigan Business Tax (MBT) refunds more than offset greater-than-expected collections from IIT withholding, the Insurance Tax, and the Corporate Income Tax (CIT).

General Fund tax collections were \$141.1 million below the expected level for February 2024, while School Aid Fund tax collections were \$16.1 million below the forecasted level. The remaining \$5.1 million in above-forecast collections was directed to other funds, most notably constitutional revenue sharing and the Michigan Transportation Fund. Through February, fiscal year-to-date General Fund collections were \$129.3 million below, and School Aid Fund collections \$62.0 million below, the level expected based on the January 2024 consensus revenue estimates.

Net income tax revenue totaled \$57.3 million in February 2024, an 83.1% decrease from February 2023, and \$144.8 million less than the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 6.9% above the year-ago level and \$29.9 million more than the level expected based on SFA monthly estimates. Individual income tax refunds were \$186.8 million greater than expected, reducing net IIT revenue—although a portion of these refunds were expected because of the effective date of Public Act 4 of 2023 (which expanded the Michigan Earned Income Tax credit beginning tax year 2022 and provided for other income tax reductions) and have already been accrued to fiscal year (FY) 2022-23 revenue.

Sales tax receipts totaled \$761.9 million in February 2024, a 4.1% decline from the February 2023 level but \$5.8 million above forecast. In contrast, use tax collections totaled \$190.6 million in February 2024, up 8.7% from the February 2023 level but \$2.8 million below the predicted level. Sales tax collections from motor vehicles sales totaled \$103.8 million, up 6.5% from February 2023. Use tax collection on motor vehicle sales, which primarily reflect sales of used vehicles, were up 5.8% from February 2023.

Net revenue from MBT, CIT, and the repealed Single Business Tax totaled negative \$50.7 million (i.e., refunds exceeded payments), down from the positive \$26.1 million in February 2023 but \$4.1 million more than expected. Michigan Business Tax collections were negative \$148.4 million (because refunds exceeded payments) and were \$49.8 million more 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 up 172.7% from February 2023 and \$53.8 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 February 2024. Also presented are the consensus revenue estimates for FY 2023-24, which were adopted at the January 2024 Consensus Revenue Estimating Conference.



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| MICHIGAN REVENUE UPDATE (dollars in millions) | | | | | | | |
|--|----------------------|------------------------------|---------------------------------|------------------------------|---|--|--------------------------------|
| Type of Revenue | February Collections | | FY 2023-24 to Date ² | | Year-to-Date Relative to Forecast | FY 2023-24 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⁾ | \$1,053.4 | 6.6% | \$5,022.9 | 1.2% | (\$23.3) | \$15,686.2 | 0.4% |
| Refunds | (996.1) | 53.3 | (1,127.5) | 16.1 | (153.5) | (3,347.0) | 2.1 |
| Net Income Tax | 57.3 | (83.1) | 3,895.4 | (2.5) | (176.7) | 12,339.2 | (0.0) |
| Sales Tax | 761.9 | (4.1) | 3,425.6 | (3.5) | (14.1) | 10,777.3 | 1.0 |
| Motor Vehicles | 103.8 | 6.5 | 417.3 | (3.5) | --- | --- | --- |
| All Other Sales Tax | 658.1 | (5.6) | 3,008.3 | (3.5) | --- | --- | --- |
| Use Tax ⁶⁾ | 190.6 | 8.7 | 913.5 | 8.2 | 33.6 | 2,670.0 | (1.4) |
| Tobacco Taxes | 53.1 | (4.5) | 218.0 | (7.8) | (6.9) | 716.0 | (0.7) |
| Corporate Income Tax | 97.7 | 172.7 | 665.8 | 15.9 | 40.0 | 2,125.0 | (3.8) |
| Michigan Business Tax | (148.4) | 2,193.3 | (349.6) | (26.8) | (36.6) | (494.6) | 13.9 |
| Insurance Tax | 30.6 | 16.1 | 157.9 | 23.2 | 35.0 | 478.0 | 2.6 |
| Essential Services Assessment | 0.1 | (55.0) | (0.6) | (164.7) | (0.9) | 150.0 | 5.8 |
| State Education Property Tax | 20.2 | 1.6 | 413.9 | (6.6) | (12.7) | 2,710.0 | 5.9 |
| Real Estate Transfer Tax | 22.7 | (20.6) | 119.9 | (9.5) | (1.9) | 370.0 | (4.9) |
| Wagering Taxes ⁷⁾ | 37.8 | 14.0 | 155.5 | 11.1 | (0.5) | 453.2 | 5.4 |
| Oil & Gas Severance Tax | 1.5 | (44.4) | 8.8 | (21.9) | (1.2) | 30.0 | 10.7 |
| Other Taxes ⁸⁾ | 16.0 | 3.3 | 93.4 | 14.0 | (13.4) | 337.6 | 1.6 |
| Total Taxes | \$1,141.1 | (24.9%) | \$9,717.4 | 0.6% | (\$156.4) | \$32,661.8 | 0.3% |
| Lottery, Net to School Aid Fund ⁶⁾ | 91.9 | (6.0) | 497.6 | (11.3) | (37.8) | 1,300.0 | (3.8) |
| Total | \$1,233.0 | (23.8%) | \$10,215.0 | 0.0% | (\$194.2) | \$33,961.8 | 0.1% |

- Total collections are unadjusted cash collections unless otherwise noted.
- FY 2023-24 year-to-date collections begin with November 2023 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 12, 2024, 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 2023-24 collections will reflect October 2023 to September 2024.
- Other Taxes include beer, wine, liquor, SBT, industrial facilities, utility property, estate taxes, and tax penalties & interest.

