



MONTHLY REVENUE REPORT

JANUARY 2023

Fiscal Year-to-Date Revenue Dashboard

Actual Revenue Compared to Predicted



Michigan's major taxes and net lottery revenue totaled \$2.9 billion in January 2023, a 3.6% increase from January 2022. January tax collections were approximately \$8.4 million below the Senate Fiscal Agency's projection for the month, based on the consensus revenue estimates adopted in January 2023. Less-than-expected collections from the Sales Tax and the Corporate Income Tax (CIT), combined with greater-than-expected Michigan Business Tax and Individual Income Tax (IIT) refunds, more than offset greater-than-expected collections from the Use Tax, quarterly payments under the IIT, and the lottery.

General Fund tax collections were \$14.5 million below the expected level for January 2023, while School Aid Fund tax collections were \$16.6 million above the forecasted level. The remaining \$10.5 million in below-forecast collections were directed to other funds, most notably constitutional revenue sharing. Because the January 2023 consensus estimates revised the forecasted values for the year, the fiscal year-to-date deviations from forecast are effectively the same as the deviations for January.

Net income tax revenue totaled \$1.6 billion in January 2023, an 8.3% increase from January 2022, and \$14.0 million more than the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 9.0% above the year-ago level and \$3.0 million more than the level expected based on SFA monthly estimates. Individual income tax refunds were \$23.9 million greater than expected, reducing net IIT revenue; however, the decline was offset by quarterly payments exceeding the monthly estimate by \$40.2 million.

Sales tax receipts totaled \$942.2 million in January 2023, a 7.2% increase from the January 2022 level but \$23.5 million below forecast. In contrast, use tax collections totaled \$256.6 million in January 2023, a 2.5% decline from the January 2022 level but \$38.8 million above the predicted level. Sales tax collections from motor vehicles sales exceeded \$100.0 million for an 11th consecutive month (and for the 22nd time in the last 23 months) and were up 11.6% from January 2022. Use tax collection on motor vehicle sales, which primarily reflect sales of used vehicles, were up 18.2% from January 2022.

Net revenue from the repealed Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled negative \$276.1 million because refunds exceeded collections, and were \$40.0 million more negative than expected. MBT collections were negative \$411.8 million due to refunds exceeding payments and \$15.3 more negative than expected. Each year, MBT revenue is dominated by several large refunds. The timing of when these refunds are claimed and processed significantly affects the accuracy of monthly MBT estimates. Net CIT collections were down 6.4% from January 2022 and \$24.6 million below 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 January 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	January 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⁾	\$1,695.2	10.3%	\$3,976.2	7.6%	\$37.9	\$15,699.4	(6.1%)
Refunds	(72.8)	89.7	(321.4)	196.8	(23.9)	(2,479.2)	(23.6)
Net Income Tax	1,622.4	8.3	3,654.8	1.9	14.0	13,220.2	(1.9)
Sales Tax	942.2	7.2	2,754.6	7.0	(23.5)	10,232.5	(0.7)
Motor Vehicles	112.4	11.6	335.0	0.7	----	----	----
All Other Sales Tax	829.8	6.7	2,419.7	7.9	----	----	----
Use Tax ⁶⁾	256.6	(2.5)	668.8	0.7	38.8	2,590.7	(0.5)
Tobacco Taxes	60.5	(8.5)	180.9	(11.3)	(3.6)	819.4	(1.4)
Corporate Income Tax	135.9	(6.4)	538.7	11.0	(24.6)	1,582.1	(13.2)
Michigan Business Tax	(411.8)	16.9	(471.1)	(1.2)	(15.3)	(527.6)	(11.2)
Insurance Tax	98.0	22.1	101.7	17.7	5.6	398.0	3.4
Essential Services Assessment	0.1	15,918.3	0.6	(21.9)	0.0	143.0	5.9
State Education Property Tax	22.1	(45.2)	423.2	11.8	(3.0)	2,563.2	7.0
Real Estate Transfer Tax	26.9	(54.7)	103.9	(27.2)	(6.6)	496.9	(5.7)
Wagering Taxes ⁷⁾	26.4	27.1	77.3	23.0	(7.1)	329.0	2.6
Oil & Gas Severance Tax	3.2	21.8	8.6	(4.8)	(0.2)	32.0	(8.6)
Other Taxes ⁸⁾	25.4	(7.3)	66.4	2.7	(5.6)	347.0	0.6
Total Taxes	\$2,807.8	2.8%	\$8,108.4	4.2%	(\$31.0)	\$32,226.4	(1.8%)
Lottery, Net to School Aid Fund ⁶⁾	118.1	26.8	463.0	16.3	22.6	1,240.0	0.0
Total	\$2,926.0	3.6%	\$8,571.4	4.7%	(\$8.4)	\$33,466.4	(1.7%)

- 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 January 13, 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.

