



# MONTHLY REVENUE REPORT

## JANUARY 2024

### Fiscal Year-to-Date Revenue Dashboard

#### Actual Revenue Compared to Predicted



Michigan's major taxes and net lottery revenue totaled \$3.2 billion in January 2024, an 8.8% increase from January 2023. January tax collections were approximately \$42.1 million below the Senate Fiscal Agency's (SFA's) projection for the month, based on the consensus revenue estimates adopted in January 2024. Less-than-expected collections from the Sales Tax, Individual Income Tax (IIT) quarterly payments, the Flow-Through Entity Tax, and the Corporate Income Tax (CIT) combined with less-than-expected lottery revenue to more than offset greater-than-expected collections from IIT withholding and the Use Tax and less-than-expected IIT refunds.

General Fund tax collections were \$11.7 million above the expected level for January 2024, while School Aid Fund tax collections were \$45.9 million below the forecasted level. The remaining \$7.9 million in below-forecast collections was directed to other funds, most notably constitutional revenue sharing. Because the January 2024 consensus estimates revised the forecasted values for the year, the fiscal year-to-date deviations from forecast are the same as the deviations for January.

Net income tax revenue totaled \$1.6 billion in January 2024, a 0.4% increase from January 2023, and \$32.0 million less than the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 1.4% below the all-time record high level of January 2023 but \$54.7 million more than the level expected based on SFA monthly estimates. Individual Income Tax refunds were \$33.3 million less than expected, which increased net IIT revenue, although the gain was offset by quarterly IIT and Flow-Through Entity Tax payments falling below the monthly estimate by a combined \$111.2 million.

Sales Tax receipts totaled \$912.7 million in January 2024, down 3.1% from the January 2023 level and \$19.9 million below forecast. In contrast, Use Tax collections totaled \$258.0 million in January 2024, a 0.5% increase from the January 2023 level and \$36.3 million above the predicted level. Sales Tax collections from motor vehicles sales were down 10.2% from January 2023 and the lowest level since February 2023. Use Tax collection on motor vehicle sales, which primarily reflect sales of used vehicles, were down 14.3% from January 2023 and at their lowest level since January 2022.

Net revenue from the repealed Single Business Tax (SBT), Michigan Business Tax (MBT), and CIT totaled \$16.0 million in January 2024, up from the negative \$276.1 million in January 2023 (when refunds exceeded collections) and were \$700,000 less than expected. Michigan Business Tax collections were negative \$169.1 million due to refunds exceeding payments but \$13.1 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 up 36.2% from January 2023 but \$13.9 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 2024. Also presented are the consensus revenue estimates for fiscal year 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	January 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>	\$1,669.2	(1.5%)	\$3,969.5	(0.2%)	(\$65.3)	\$15,686.2	0.4%
Refunds	(40.1)	(44.9)	(131.4)	(59.1)	33.3	(3,347.0)	2.1
Net Income Tax	1,629.1	0.4	3,838.1	5.0	(32.0)	12,339.2	(0.0)
Sales Tax	912.7	(3.1)	2,663.8	(3.3)	(19.9)	10,777.3	1.0
Motor Vehicles	101.0	(10.2)	313.5	(6.4)	---	---	---
All Other Sales Tax	811.7	(2.2)	2,350.2	(2.9)	---	---	---
Use Tax <sup>6)</sup>	258.0	0.5	722.9	8.1	36.3	2,670.0	(1.4)
Tobacco Taxes	54.1	(10.5)	164.9	(8.9)	(4.9)	716.0	(0.7)
Corporate Income Tax	185.1	36.2	568.1	5.4	(13.9)	2,125.0	(3.8)
Michigan Business Tax	(169.1)	(58.9)	(201.3)	(57.3)	13.1	(494.6)	13.9
Insurance Tax	123.0	25.5	127.2	25.0	17.0	478.0	2.6
Essential Services Assessment	(0.9)	(940.5)	(0.7)	(221.9)	(1.0)	150.0	5.8
State Education Property Tax	20.3	(8.0)	393.7	(7.0)	(6.4)	2,710.0	5.9
Real Estate Transfer Tax	31.9	18.8	97.2	(6.5)	3.6	370.0	(4.9)
Wagering Taxes <sup>7)</sup>	41.3	12.5	117.8	10.2	(5.2)	453.2	5.4
Oil & Gas Severance Tax	2.5	(21.5)	7.3	(14.9)	(0.4)	30.0	10.7
Other Taxes <sup>8)</sup>	24.7	(2.7)	77.4	16.6	(6.6)	337.6	1.6
<b>Total Taxes</b>	<b>\$3,112.6</b>	<b>10.5%</b>	<b>\$8,576.3</b>	<b>5.4%</b>	<b>(\$20.0)</b>	<b>\$32,661.8</b>	<b>0.3%</b>
Lottery, Net to School Aid Fund <sup>6)</sup>	83.1	(29.7)	405.7	(12.4)	(22.0)	1,300.0	(3.8)
<b>Total</b>	<b>\$3,195.7</b>	<b>8.8%</b>	<b>\$8,982.0</b>	<b>4.6%</b>	<b>(\$42.1)</b>	<b>\$33,961.8</b>	<b>0.1%</b>

- 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.

