



MONTHLY REVENUE REPORT

JULY 2023

Fiscal Year-to-Date Revenue Dashboard

Actual Revenue Compared to Predicted

General Fund



\$84.4 million

School Aid Fund



\$6.5 million

Michigan's major taxes and net lottery revenue totaled \$2.9 billion in July 2023, down 0.9% from July 2022. July 2023 tax collections were approximately \$17.7 million above the Senate Fiscal Agency's projection for the month, based on the consensus revenue estimates adopted in May 2023. Greater-than-expected Individual Income Tax (IIT) withholding, use tax collections, and net lottery revenue more than offset greater-than-expected IIT refunds and less-than-expected sales tax collections.

General Fund tax collections were \$12.6 million above the expected level for July 2023, while School Aid Fund tax collections were \$9.2 million above the forecasted level. The remaining \$4.1 million in below-forecast collections were directed to other funds, most notably constitutional revenue sharing. Through July, fiscal year-to-date General Fund collections are \$84.4 million above, and School Aid Fund collections \$6.5 million above, the level expected based on the May 2023 consensus revenue estimates.

Net income tax revenue totaled \$1.1 billion in July 2023, a 9.9% increase from July 2022, and \$37.3 million more than the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 13.2% above the year-ago level and \$122.7 million more than the level expected based on SFA monthly estimates. Offsetting that gain, all other components of IIT revenue were below forecast for the month and IIT refunds were \$52.7 million greater than expected.

Sales tax receipts totaled \$926.5 million in July 2023, a 9.5% decrease from the July 2022 level and \$49.5 million below the forecasted level. As of July 2023, sales tax collections have exhibited year-over-year declines in three of the last four months, and April-to-July collections were down 8.4% from the same period in 2022. In contrast, use tax collections totaled \$257.6 million in July 2023, a 1.9% increase from the July 2022 level and \$32.2 million above the predicted level. On a fiscal year-to-date basis, sales tax collections were down 0.2% while use tax collections were up 3.9%. Sales tax collections from motor vehicles sales totaled \$121.2 million, down 1.4% from the level in July 2022.

Net revenue from the repealed Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled \$170.8 million, a 16.6% increase from the July 2022 level but \$19.6 million less than expected. MBT collections totaled \$2.7 million (payments exceeded refunds) and were \$10.9 million more than expected. Each year, MBT revenue is dominated by several large refunds. The timing of when refunds are claimed and processed significantly affects the accuracy of monthly MBT estimates. Net CIT collections were up 16.2% from July 2022 but \$30.4 million below the forecasted level.

Net lottery revenue totaled \$110.2 million for the month and was \$27.5 million above the expected level. On a fiscal year-to-date basis, lottery revenue was up 9.3% from the level in fiscal year 2021-22.

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 July 2023. Also presented are the revised consensus revenue estimates for FY 2022-23, which were adopted at the May 2023 Consensus Revenue Estimating Conference.



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MICHIGAN REVENUE UPDATE (dollars in millions)							
Type of Revenue	July 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⁾	\$1,155.9	11.4%	\$12,052.4	(9.8%)	\$130.5	\$15,537.4	(9.1%)
Refunds	(94.6)	31.3	(2,847.6)	26.8	(150.9)	(2,810.0)	(11.4)
Net Income Tax	1,061.3	9.9	9,204.8	(17.2)	(20.4)	12,727.4	(8.6)
Sales Tax	926.5	(9.5)	7,914.3	(0.2)	(114.8)	10,847.3	0.6
Motor Vehicles	121.2	(1.4)	1,060.4	(2.3)	---	---	---
All Other Sales Tax	805.3	(10.6)	6,853.9	0.2	---	---	---
Use Tax ⁶⁾	257.6	1.9	2,013.3	3.9	98.9	2,562.4	(0.5)
Tobacco Taxes	66.3	(9.8)	536.5	(9.3)	(4.7)	743.9	(6.6)
Corporate Income Tax	168.0	16.2	1,711.0	12.5	54.9	2,160.0	6.4
Michigan Business Tax	2.7	(257.5)	(469.6)	2.0	28.6	(527.0)	5.3
Insurance Tax	110.4	18.3	338.7	17.6	11.4	440.0	4.8
Essential Services Assessment	29.4	44.5	43.0	34.7	13.3	143.0	5.6
State Education Property Tax	5.5	(55.4)	555.7	5.3	(26.0)	2,607.0	6.8
Real Estate Transfer Tax	39.2	(40.7)	285.5	(29.9)	7.3	390.0	(28.7)
Wagering Taxes ⁷⁾	35.8	18.5	323.7	18.7	4.6	417.6	14.5
Oil & Gas Severance Tax	1.4	(74.9)	20.3	(34.2)	(4.7)	35.0	(17.1)
Other Taxes ⁸⁾	40.0	(25.9)	249.4	1.0	(9.5)	330.0	(0.7)
Total Taxes	\$2,744.1	0.1%	\$22,726.6	(7.0%)	\$38.8	\$32,876.6	(3.0%)
Lottery, Net to School Aid Fund ⁶⁾	110.2	(20.9)	1,093.8	9.3	44.0	1,220.0	(2.3)
Total	\$2,854.3	(0.9%)	\$23,820.3	(6.5%)	\$82.8	\$34,096.6	(3.0%)

- 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 May 19, 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.

