



# MONTHLY REVENUE REPORT

JUNE 2023

## Fiscal Year-to-Date Revenue Dashboard

### Actual Revenue Compared to Predicted

General Fund



\$71.8 million

School Aid Fund



-\$2.7 million

Michigan's major taxes and net lottery revenue totaled \$3.0 billion in June 2023, down 2.2% from June 2022. Tax collections for June 2023 were approximately \$30.4 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 corporate income tax collections more than offset greater-than-expected IIT refunds and less-than-expected sales tax collections.

General Fund tax collections were \$56.3 million above the expected level for June 2023, while School Aid Fund tax collections were \$19.8 million below the forecasted level. The remaining \$6.1 million in below-forecast collections were directed to other funds, most notably constitutional revenue sharing. Through June, fiscal year-to-date General Fund collections are \$71.8 million above, and School Aid Fund collections \$2.7 million below, the levels expected based on the May 2023 consensus revenue estimates.

Net income tax revenue totaled \$1.3 billion in June 2023, virtually unchanged from June 2022, and \$26.3 million less than the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 11.5% above the year-ago level and \$16.8 million more than the level expected based on SFA monthly estimates. However, IIT refunds were \$46.9 million greater than expected, reducing net IIT revenue.

Sales tax receipts totaled \$874.5 million in June 2023, a 15.7% decrease from the June 2022 level and \$83.1 million below the forecasted level. In contrast, use tax collections totaled \$273.9 million in June 2023, a 46.6% increase from the June 2022 level and \$53.4 million above the predicted level. The different behavior between sales and use tax collections reflected approximately \$70.0 million of revenue received in previous months (that had been classified sales tax revenue) being transferred to use tax collections. Absent this transfer, sales tax collections would have been down 8.8% from June 2022 and \$13.1 million below the forecasted level, while use tax collections would have been up 9.1% from June 2022 but \$16.6 million below the forecasted level for the month. Sales tax collections from motor vehicles sales totaled \$131.8 million, down 2.6% from the level in June 2022, but the highest level since October 2022.

Net revenue from the repealed Single Business Tax, Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled \$271.8 million, a 13.8% decline from the June 2022 level but \$58.7 million more than expected. MBT collections totaled \$1.2 million (payments exceeded refunds). 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 down 13.2% from June 2022 but \$41.9 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 May 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<br>(dollars in millions) |                     |                              |                                 |                              |   |  |                                |
|--|---------------------|------------------------------|---------------------------------|------------------------------|---|--|--------------------------------|
| Type of Revenue                                  | June Collections    |                              | FY 2022-23 to Date <sup>2</sup> |                              | Year-to-Date<br>Relative to<br>Forecast | FY 2022-23 CREC Estimate <sup>3,4)</sup> |                                |
|  | Total <sup>1)</sup> | % Change<br>From<br>Year Ago | Total <sup>1)</sup>             | % Change<br>From<br>Year Ago |   | Total                                    | % Change<br>From<br>FY 2021-22 |
| Gross Individual Income Tax <sup>5)</sup>        | \$1,381.7           | 1.5%                         | \$10,896.5                      | (11.6%)                      | \$40.5                                  | \$15,537.4                               | (9.1%)                         |
| Refunds  | (100.0)             | 24.5                         | (2,753.0)                       | 26.6                         | (98.2)                                  | (2,810.0)                                | (11.4)                         |
| Net Income Tax                                   | 1,281.6             | 0.0                          | 8,143.5                         | (19.8)                       | (57.7)                                  | 12,727.4                                 | (8.6)                          |
| Sales Tax  | 874.5               | (15.7)                       | 6,987.8                         | 1.2                          | (65.3)                                  | 10,847.3                                 | 0.6                            |
| Motor Vehicles                                   | 131.8               | (2.6)                        | 939.2                           | (2.4)                        | ---                                     | ---                                      | ---                            |
| All Other Sales Tax                              | 742.7               | (17.6)                       | 6,048.6                         | 1.8                          | ---                                     | ---                                      | ---                            |
| Use Tax <sup>6)</sup>                            | 273.9               | 46.6                         | 1,755.7                         | 4.2                          | 66.6                                    | 2,562.4                                  | (0.5)                          |
| Tobacco Taxes                                    | 65.3                | (6.0)                        | 470.1                           | (9.3)                        | (4.7)                                   | 743.9                                    | (6.6)                          |
| Corporate Income Tax                             | 270.7               | (13.2)                       | 1,543.0                         | 12.1                         | 85.4                                    | 0.0                                      | 0.0                            |
| Michigan Business Tax                            | 1.2                 | (64.8)                       | (472.3)                         | 3.0                          | 17.8                                    | (527.0)                                  | 5.3                            |
| Insurance Tax                                    | 3.2                 | 37.6                         | 228.3                           | 17.3                         | 7.0                                     | 440.0                                    | 4.8                            |
| Essential Services Assessment                    | 11.2                | 94.0                         | 13.6                            | 17.4                         | 6.2                                     | 143.0                                    | 5.6                            |
| State Education Property Tax                     | 43.1                | 52.0                         | 550.2                           | 6.7                          | (8.5)                                   | 2,607.0                                  | 6.8                            |
| Real Estate Transfer Tax                         | 31.2                | (28.6)                       | 246.3                           | (27.8)                       | 4.0                                     | 390.0                                    | (28.7)                         |
| Wagering Taxes <sup>7)</sup>                     | 35.7                | 13.6                         | 287.9                           | 18.8                         | 3.9                                     | 417.6                                    | 14.5                           |
| Oil & Gas Severance Tax                          | 2.4                 | (44.6)                       | 18.9                            | (25.4)                       | (2.6)                                   | 35.0                                     | (17.1)                         |
| Other Taxes <sup>8)</sup>                        | 19.0                | 11.1                         | 209.4                           | 8.6                          | (3.5)                                   | 330.0                                    | (0.7)                          |
| <b>Total Taxes</b>                               | <b>\$2,912.9</b>    | <b>(3.6%)</b>                | <b>\$19,982.5</b>               | <b>(7.9%)</b>                | <b>\$48.7</b>                           | <b>\$30,716.6</b>                        | <b>0.0%</b>                    |
| Lottery, Net to School Aid Fund <sup>6)</sup>    | 121.3               | 54.8                         | 983.6                           | 14.2                         | 16.5                                    | 1,220.0                                  | (2.3)                          |
| <b>Total</b>                                     | <b>\$3,034.2</b>    | <b>(2.2%)</b>                | <b>\$20,966.0</b>               | <b>(7.2%)</b>                | <b>\$65.1</b>                           | <b>\$31,936.6</b>                        | <b>0.0%</b>                    |

- 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.

