



MONTHLY REVENUE REPORT

MARCH 2023

Fiscal Year-to-Date Revenue Dashboard

Actual Revenue Compared to Predicted



Michigan's major taxes and net lottery revenue totaled \$2.1 billion in March 2023, down 21.5% from March 2022. March 2023 tax collections were approximately \$104.5 million below the Senate Fiscal Agency's projection for the month, based on the consensus revenue estimates adopted in January 2023. Most major revenue sources exhibited less-than-expected collections and Individual Income Tax (IIT) refunds were more than expected. The most significant exceptions in revenue sources that were over-forecast in March were the Corporate Income Tax (CIT) and lottery revenue.

General Fund tax collections were \$87.1 million below the expected level for March 2023, while School Aid Fund tax collections were \$14.7 million below the forecasted level. The remaining \$2.7 million in below-forecast collections was directed to other funds, most notably the Medicaid Benefits Trust Fund and constitutional revenue sharing. Through March, fiscal year-to-date General Fund collections were \$200.7 million below, and School Aid Fund collections \$8.1 million above, the level expected based on the January 2023 consensus revenue estimates.

Net income tax revenue totaled \$629.3 million in March 2023, a 49.7% decrease from March 2022, and \$138.6 million less than the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 0.5% above the year-ago level but \$10.3 million less than the level expected based on SFA monthly estimates. Individual income tax refunds were \$127.0 million greater than expected, which reduced net IIT revenue.

Sales tax receipts totaled \$827.8 million in March 2023, an 8.7% increase from the March 2022 level but \$8.6 million below forecast. In contrast, use tax collections totaled \$187.1 million in March 2023, down 21.7% from the March 2022 level and \$12.7 million below the predicted level. Sales tax collections from motor vehicles sales totaled \$128.0 million, the highest monthly level since October 2022, but down 5.0% from the level in March 2022.

Net revenue from the repealed Single Business Tax, Michigan Business Tax (MBT), and CIT totaled \$161.6 million, a 79.9% increase from the March 2022 level and \$73.3 million more than expected. Michigan Business Tax collections totaled \$2.5 million and were \$15.3 more than expected (the forecast expected refunds to exceed payments). 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 78.7% from March 2022 and were \$58.0 million above the forecasted level.

In March 2023, year-to-date net lottery revenue to the School Aid Fund was up 13.4% from the previous year and March collections were \$8.4 million above the expected level. Year-to-date collections from wagering taxes, including those for casino and online gaming, were up 20.4% in March 2023.

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 March 2023. Also presented are the consensus revenue estimates for fiscal year 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	March 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⁾	\$1,383.9	(30.7%)	\$6,348.4	(11.2%)	\$3.4	\$15,699.4	(6.1%)
Refunds	(754.6)	1.4	(1,725.9)	37.2	(255.3)	(2,479.2)	(23.6)
Net Income Tax	629.3	(49.7)	4,622.5	(21.6)	(251.9)	13,220.2	(1.9)
Sales Tax	827.8	8.7	4,377.2	7.7	8.7	10,232.5	(0.7)
Motor Vehicles	128.0	(5.0)	560.4	(0.8)	---	---	---
All Other Sales Tax	699.8	11.7	3,816.8	9.0	---	---	---
Use Tax ⁶⁾	187.1	(21.7)	1,031.2	(3.9)	13.6	2,590.7	(0.5)
Tobacco Taxes	53.1	(8.9)	289.6	(9.6)	(12.1)	819.4	(1.4)
Corporate Income Tax	159.0	78.7	733.6	19.4	34.3	1,582.1	(13.2)
Michigan Business Tax	2.5	187.8	(475.0)	(0.7)	15.1	(527.6)	(11.2)
Insurance Tax	9.0	33.5	137.2	23.5	17.0	398.0	3.4
Essential Services Assessment	(0.0)	(106.4)	0.9	(12.9)	0.2	143.0	5.9
State Education Property Tax	22.3	(59.9)	465.4	3.6	(11.1)	2,563.2	7.0
Real Estate Transfer Tax	22.5	(36.0)	154.9	(31.4)	(15.8)	496.9	(5.7)
Wagering Taxes ⁷⁾	35.0	14.0	175.0	20.4	5.5	329.0	2.6
Oil & Gas Severance Tax	1.7	(58.3)	12.9	(18.6)	(2.0)	32.0	(8.6)
Other Taxes ⁸⁾	22.8	(3.4)	104.7	0.6	(21.0)	347.0	0.6
Total Taxes	\$1,972.2	(22.9%)	\$11,630.2	(7.3%)	(\$219.7)	\$32,226.4	(1.8%)
Lottery, Net to School Aid Fund ⁶⁾	117.4	10.0	678.1	13.4	29.8	1,240.0	0.0
Total	\$2,089.6	(21.5%)	\$12,308.2	(6.4%)	(\$189.9)	\$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.

