



# MONTHLY REVENUE REPORT

## MARCH 2024

### Fiscal Year-to-Date Revenue Dashboard

#### Actual Revenue Compared to Predicted



Michigan’s major taxes and net lottery revenue totaled \$1.6 billion in March 2024, down 24.7% from March 2023. March 2024 tax collections were approximately \$169.6 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 sales tax and Corporate Income Tax (CIT) collections combined with greater-than-expected Individual Income Tax (IIT) refunds to more than offset greater-than-expected IIT withholding, use tax collections, and lottery revenue.

General Fund (GF) tax collections were \$210.1 million below the expected level for March 2024, while School Aid Fund tax collections were \$42.0 million above the forecasted level. The remaining \$1.5 million in below-forecast collections was directed to other funds, most notably constitutional revenue sharing. Through March, fiscal year-to-date GF collections were \$339.4 million below, and School Aid Fund collections were \$19.9 million below, the level expected based on the January 2024 consensus revenue estimates. The below-forecast GF collections reflect issues associated with IIT refunds (discussed in the next paragraph).

Net income tax revenue totaled \$246.9 million in March 2024, a 60.8% decrease from March 2023, and \$81.5 million less than forecasted. Withholding payments (which represented the majority of gross income tax revenue) were 4.5% above the year-ago level and \$31.4 million more than the level expected based on SFA monthly estimates. Individual income tax refunds totaled \$1.3 billion, an all-time record that was 26.2% above the previous all-time record set in February 2024 and 66.7% above the level in March 2023. Although IIT refunds were \$326.0 million greater than expected (which reduced net IIT revenue), a portion of these refunds were expected because of: 1) the effective date of Public Act 4 of 2023 (which expanded the Michigan Earned Income Tax credit beginning tax year 2022 and provided for other income tax reductions), and 2) over-withholding reflecting taxpayers failing to adjust their IIT withholding after the IIT rate reduction for tax year 2023 was announced on March 29, 2023. The expected refunds have already been accrued to fiscal year (FY) 2022-23 revenue, but reduce FY 2023-24 cash collections.

Sales tax receipts totaled \$763.9 million in March 2024, a 7.7% decrease from the March 2023 level and \$72.7 million below forecast. In contrast, use tax collections totaled \$222.4 million in March 2024, up 18.9% from the March 2023 level and \$16.8 million above the predicted level. Sales tax collections from motor vehicles sales totaled \$115.6 million, the highest monthly level since October 2023, but were down 9.7% from the level in March 2023.

Net revenue from the repealed Single Business Tax, Michigan Business Tax, and CIT totaled \$13.3 million, a 91.8% decrease from the March 2023 level and \$54.8 million less than expected. Although CIT collections were down 53.6% from March 2023 and \$57.8 million below the forecasted level, through March fiscal year-to-date CIT collections were up 0.8% from last year and were \$17.9 million below the forecasted level.

The table on the next page identifies the major taxes included in this report and provides their respective revenue levels and growth rates for March 2024. Also presented are the consensus revenue estimates for FY 2023-24, which were adopted in January 2024.



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MICHIGAN REVENUE UPDATE (dollars in millions)							
Type of Revenue	March 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>	\$1,504.5	8.7%	\$6,527.5	2.8%	\$221.2	\$15,686.2	0.4%
Refunds	(1,257.6)	66.7	(2,385.1)	38.2	(479.5)	(3,347.0)	2.1
Net Income Tax	246.9	(60.8)	4,142.3	(10.4)	(258.3)	12,339.2	(0.0)
Sales Tax	763.9	(7.7)	4,189.5	(4.3)	(86.8)	10,777.3	1.0
Motor Vehicles	115.6	(9.7)	532.9	(4.9)	---	---	---
All Other Sales Tax	648.3	(7.4)	3,656.6	(4.2)	---	---	---
Use Tax <sup>6)</sup>	222.4	18.9	1,135.9	10.2	50.3	2,670.0	(1.4)
Tobacco Taxes	49.5	(6.9)	267.4	(7.7)	(10.0)	716.0	(0.7)
Corporate Income Tax	73.8	(53.6)	739.5	0.8	(17.9)	2,125.0	(3.8)
Michigan Business Tax	(60.5)	(2,494.2)	(410.1)	(13.7)	(33.6)	(494.6)	13.9
Insurance Tax	6.3	(30.0)	164.2	19.7	28.6	478.0	2.6
Essential Services Assessment	0.0	(452.7)	(0.5)	(161.1)	(1.0)	150.0	5.8
State Education Property Tax	30.5	37.0	444.4	(4.5)	(8.8)	2,710.0	5.9
Real Estate Transfer Tax	26.0	16.0	145.9	(5.8)	1.1	370.0	(4.9)
Wagering Taxes <sup>7)</sup>	42.5	21.4	198.0	13.1	6.6	453.2	5.4
Oil & Gas Severance Tax	2.1	19.3	10.8	(16.4)	(2.1)	30.0	10.7
Other Taxes <sup>8)</sup>	27.1	19.0	120.5	15.1	(17.1)	337.6	1.6
<b>Total Taxes</b>	<b>\$1,430.6</b>	<b>(27.5%)</b>	<b>\$11,148.0</b>	<b>(4.1%)</b>	<b>(\$348.9)</b>	<b>\$32,661.8</b>	<b>0.3%</b>
Lottery, Net to School Aid Fund <sup>6)</sup>	141.9	20.9	639.6	(5.7)	(14.8)	1,300.0	(3.8)
<b>Total</b>	<b>\$1,572.6</b>	<b>(24.7%)</b>	<b>\$11,787.6</b>	<b>(4.2%)</b>	<b>(\$363.8)</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.

