



MONTHLY REVENUE REPORT

MAY 2023

Fiscal Year-to-Date Revenue Dashboard

Actual Revenue Compared to Predicted



Michigan's major taxes and net lottery revenue totaled \$2.5 billion in May 2023, down 4.1% from May 2022. May 2023 tax collections were approximately \$34.7 million above the Senate Fiscal Agency's (SFA's) projection for the month, based on the consensus revenue estimates adopted in May 2023. Less-than-expected Individual Income Tax (IIT) withholding and greater-than-expected IIT refunds were more than offset by greater-than-expected IIT annual payments, sales and use tax collections, and Corporate Income Tax (CIT) collections.

General Fund tax collections were \$15.4 million above the expected level for May 2023, while School Aid Fund tax collections were \$17.1 million above the forecasted level. The remaining \$2.2 million in above-forecast collections was directed to other funds, most notably constitutional revenue sharing. Because the May 2022 Consensus estimates revised the forecasted values for the year, the fiscal year-to-date deviations from forecast were effectively the same as the deviations for May.

Net income tax revenue totaled \$1.0 billion in May 2023, a 16.3% decrease from May 2022, and \$31.4 million less than the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 4.6% below the year-ago level and \$16.5 million less than the level expected based on SFA monthly estimates. Additionally, IIT refunds were \$51.3 million greater than expected, reducing net IIT revenue. Partially offsetting those shortfalls, IIT annual payments were \$43.5 million above the forecasted level.

Sales tax receipts totaled \$880.0 million in May 2023, a 2.0% increase from the May 2022 level and \$17.8 million above forecast. Similarly, use tax collections totaled \$217.9 million in May 2023, a 3.6% increase from the May 2022 level and \$13.2 million above the predicted level. Sales tax collections from motor vehicles sales totaled \$129.9 million, down 2.0% from the level in May 2022, but the highest level since October 2022.

Net revenue from the repealed Single Business Tax, Michigan Business Tax (MBT), and CIT totaled \$132.8 million, a 23.1% increase from the May 2022 level and \$44.5 million more than expected. Michigan Business Tax collections totaled -\$13.9 million (refunds exceeded 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 38.9% from May 2022 and \$43.4 million above the forecasted level.

In May 2023, real estate transfer tax collections exhibited the first year-over-year increase since October 2022, with collections 12.5% above the May 2022 level. However, reflecting the slowdown in the housing market since last year, fiscal year-to-date collections from the real estate transfer tax were down 27.7% in May 2023.

The table on the next page 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 fiscal year 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	May 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⁾	\$1,220.7	(12.7%)	\$9,514.9	(13.3%)	\$19.9	\$15,537.4	(9.1%)
Refunds	(191.2)	12.7	(2,653.0)	26.7	(51.3)	(2,810.0)	(11.4)
Net Income Tax	1,029.5	(16.3)	6,861.9	(22.7)	(31.4)	12,727.4	(8.6)
Sales Tax	880.0	2.0	6,113.3	4.2	17.8	10,847.3	0.6
Motor Vehicles	129.9	(2.0)	807.4	(2.4)	---	---	---
All Other Sales Tax	750.1	2.7	5,305.9	5.3	---	---	---
Use Tax ⁶⁾	217.9	3.6	1,481.8	(1.1)	13.2	2,562.4	(0.5)
Tobacco Taxes	55.5	(8.9)	404.9	(9.8)	(4.1)	743.9	(6.6)
Corporate Income Tax	146.8	38.9	1,272.4	19.5	43.4	2,160.0	6.4
Michigan Business Tax	(13.9)	(723.8)	(473.5)	2.5	1.0	(527.0)	5.3
Insurance Tax	5.3	(2.4)	225.1	17.1	4.9	440.0	4.8
Essential Services Assessment	1.3	(66.2)	2.5	(57.9)	(1.2)	143.0	5.6
State Education Property Tax	20.9	13.8	507.1	4.1	(9.9)	2,607.0	6.8
Real Estate Transfer Tax	27.6	12.5	215.1	(27.7)	1.0	390.0	(28.7)
Wagering Taxes ⁷⁾	37.3	14.3	252.2	19.5	1.7	417.6	14.5
Oil & Gas Severance Tax	1.7	(46.3)	16.5	(21.4)	(1.5)	35.0	(17.1)
Other Taxes ⁸⁾	21.5	13.7	190.4	8.3	(1.3)	330.0	(0.7)
Total Taxes	\$2,431.2	(5.7%)	\$17,069.6	(8.6%)	\$33.6	\$32,876.6	(3.0%)
Lottery, Net to School Aid Fund ⁶⁾	92.8	75.1	862.2	10.2	1.2	1,220.0	(2.3)
Total	\$2,524.0	(4.1%)	\$17,931.8	(8.0%)	\$34.7	\$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.

