



MONTHLY REVENUE REPORT

OCTOBER 2023

Fiscal Year-to-Date Revenue Dashboard Actual Revenue Compared to Predicted



Michigan's major taxes and net lottery revenue totaled \$4.0 billion in October 2023, up 2.6% from October 2022. Collections were approximately \$83.8 million below the Senate Fiscal Agency's projection for the month, based on the consensus revenue estimates adopted in May 2023. Less-than-expected State Education Tax (SET) and Corporate Income Tax (CIT) combined with greater-than-expected Individual Income Tax (IIT) refunds to more than offset greater-than-expected IIT withholding. Because of the State's use of accrual accounting, fiscal year (FY) 2022-23 revenue will generally reflect November 2022 through October 2023 collections, although final revenue will be adjusted through the accrual process and should be known in mid-to-late December.

General Fund tax collections were \$42.0 million below the expected level for October 2023 and School Aid Fund tax collections were \$43.8 million below the forecasted level. The remaining \$2.0 million in above-forecast collections was directed to other funds, most notably to the Local Community Stabilization Authority. Through October 2023, fiscal year-to-date General Fund collections were \$101.4 million below, and School Aid Fund collections \$43.2 million above, the level expected based on the May 2023 consensus revenue estimates.

Net income tax revenue totaled \$1.1 billion in October 2023, a 1.6% decrease from October 2022 and \$12.4 million less than the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 2.8% below the year-ago level but \$65.9 million greater than the expected level. While IIT refunds were \$43.9 million greater than expected, and more than expected for a sixth consecutive month, the deviation overstates the likely impact for FY 2022-23 because a portion of these refunds reflects expected refunds for activity in previous years under the Flow-Through Entity Tax. Those expected refunds were accrued to FY 2021-22 but appear in FY 2022-23 cash collections.

Sales tax receipts totaled \$910.5 million in October 2023, a 1.4% decrease from the October 2022 level and \$21.2 million below the forecasted level. In contrast, use tax collections totaled \$225.7 million in October 2023, a 3.4% increase from the October 2022 level and \$13.8 million above the predicted level. Sales tax collections from motor vehicles sales totaled \$139.8 million, the highest level since October 2022, and down 2.5% from the level in October 2022.

Net revenue from the repealed Single Business Tax, Michigan Business Tax, and CIT totaled \$130.2 million, an 8.5% increase from the October 2022 level but \$41.4 million less than expected. Net CIT collections were up 5.6% from October 2022 and \$53.7 million below the forecasted level.

State Education Tax collections for September 2023 were 13.0% above collections in October 2022, but \$56.8 million less than expected. Deviations from forecast in SET collections generally reflect when counties remit payments to the State. Most SET collections are received in September and October. Fiscal year-to-date SET collections were \$20.6 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 October 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	October 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⁾	\$1,168.3	(6.1%)	\$15,540.0	(9.6%)	\$2.6	\$15,537.4	(9.1)
Refunds	(96.2)	(37.7)	(3,113.3)	21.6	(303.3)	(2,810.0)	(11.4)
Net Income Tax	1,072.1	(1.6)	12,426.7	(15.1)	(300.7)	12,727.4	(8.6)
Sales Tax	910.5	(1.4)	10,755.1	(0.2)	(92.2)	10,847.3	0.6
Motor Vehicles	139.8	(2.5)	1,454.5	(3.0)	----	----	----
All Other Sales Tax	770.7	(1.2)	9,300.6	0.2	----	----	----
Use Tax ⁶⁾	225.7	3.4	2,656.8	2.1	94.4	2,562.4	(0.5)
Tobacco Taxes	61.9	(11.6)	722.2	(9.7)	(21.7)	743.9	(6.6)
Corporate Income Tax	129.5	5.6	2,246.9	10.8	86.9	2,160.0	6.4
Michigan Business Tax	0.7	(126.9)	(460.5)	1.0	66.5	(527.0)	5.3
Insurance Tax	113.7	(3.6)	467.0	11.4	27.0	440.0	4.8
Essential Services Assessment	0.2	(49.6)	143.6	6.6	0.6	143.0	5.6
State Education Property Tax	1,233.9	13.0	2,586.4	9.0	(20.6)	2,607.0	6.8
Real Estate Transfer Tax	39.9	(20.8)	396.4	(27.9)	6.4	390.0	(28.7)
Wagering Taxes ⁷⁾	37.2	13.7	432.2	17.3	14.6	417.6	14.5
Oil & Gas Severance Tax	2.6	(44.1)	27.6	(36.8)	(7.4)	35.0	(17.1)
Other Taxes ⁸⁾	26.2	0.8	327.9	2.6	(13.6)	330.0	(0.7)
Total Taxes	\$3,854.2	2.9%	\$32,728.2	(5.4%)	(\$159.9)	\$32,876.6	(3.0)
Lottery, Net to School Aid Fund ⁶⁾	110.8	9.0	1,302.9	9.4	82.9	1,220.0	(2.3)
Total	\$3,965.0	2.6%	\$34,031.1	(5.0%)	(\$77.0)	\$34,096.6	(3.0)

- 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 May 19, 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.

