



MONTHLY REVENUE REPORT

SEPTEMBER 2023

Fiscal Year-to-Date Revenue Dashboard

Actual Revenue Compared to Predicted



Michigan's major taxes and net lottery revenue totaled \$3.7 billion in September 2023, down 3.2% from September 2022. Collections were approximately \$75.9 million above the Senate Fiscal Agency's projection for the month, based on the consensus revenue estimates adopted in May 2023. Greater-than-expected State Education Tax (SET), Corporate Income Tax (CIT), and lottery revenue combined to more than offset less-than-expected individual income tax (IIT) withholding and greater-than-expected IIT refunds. Although September marks the end of the fiscal year on a calendar basis, Michigan's use of accrual accounting means that from a revenue basis the fiscal year largely runs through October collections (as noted in the second footnote of the table on the next page). As a result, the fiscal year-to-date totals in this report represent 11 months of collections.

General Fund tax collections were \$3.1 million below the expected level for September 2023, while School Aid Fund tax collections were \$75.3 million above the forecasted level. The remaining \$3.7 million in above-forecast collections was directed to other funds, most notably constitutional revenue sharing. Through September, fiscal year-to-date General Fund collections were \$59.3 million below, and School Aid Fund collections \$87.0 million above, the level expected based on the May 2023 consensus revenue estimates.

Net income tax revenue totaled \$1.3 billion in September 2023, a 10.5% decrease from September 2022, and \$104.6 million less than the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 1.4% below the year-ago level and \$23.6 million less than the expected level. While IIT refunds were \$65.9 million greater than expected, and more than expected for a fifth consecutive month, the shortfall overstates the likely impact for fiscal year (FY) 2022-23 because a portion of these refunds reflect 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 \$945.6 million in September 2023, a 1.3% increase from the September 2022 level and \$9.9 million above the forecasted level. In contrast, use tax collections totaled \$204.7 million in September 2023, a 5.6% decrease from the September 2022 level and \$4.7 million below the predicted level. Sales tax collections from motor vehicles sales totaled \$119.2 million, the lowest level since April 2023, and down 8.4% from the level in September 2022.

Net revenue from the repealed Single Business Tax, Michigan Business Tax, and CIT totaled \$374.0 million, a 1.9% increase from the September 2022 level and \$103.8 million more than expected. Net CIT collections were up 3.0% from September 2022 and \$98.6 million above the forecasted level.

State Education Tax collections for September 2023 were 5.0% above collections in September 2022, and \$55.6 million greater 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.

The table on the next page identifies the major taxes included in this report and provides their respective revenue levels and growth rates for September 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	September 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⁾	\$1,384.5	(8.8%)	\$14,371.7	(9.9%)	(\$28.9)	\$15,537.4	(9.1%)
Refunds	(93.6)	24.0	(3,017.1)	25.5	(259.4)	(2,810.0)	(11.4)
Net Income Tax	1,290.9	(10.5)	11,354.6	(16.2)	(288.3)	12,727.4	(8.6)
Sales Tax	945.6	1.3	9,844.6	(0.1)	(71.0)	10,847.3	0.6
Motor Vehicles	119.2	(8.4)	1,314.7	(3.0)	---	---	---
All Other Sales Tax	826.4	2.9	8,529.9	0.3	---	---	---
Use Tax ⁶⁾	204.7	(5.6)	2,431.1	2.0	80.6	2,562.4	(0.5)
Tobacco Taxes	63.7	(12.9)	660.4	(9.5)	(19.1)	743.9	(6.6)
Corporate Income Tax	369.4	3.0	2,117.4	11.1	140.5	2,160.0	6.4
Michigan Business Tax	4.6	(44.7)	(461.3)	1.7	54.2	(527.0)	5.3
Insurance Tax	2.0	1.2	353.3	17.3	16.8	440.0	4.8
Essential Services Assessment	0.5	(62.1)	143.3	6.8	1.0	143.0	5.6
State Education Property Tax	589.3	5.0	1,352.5	5.5	36.1	2,607.0	6.8
Real Estate Transfer Tax	35.4	(19.5)	356.5	(28.6)	4.1	390.0	(28.7)
Wagering Taxes ⁷⁾	35.1	12.6	394.9	17.6	10.1	417.6	14.5
Oil & Gas Severance Tax	2.2	(50.3)	24.9	(35.9)	(6.8)	35.0	(17.1)
Other Taxes ⁸⁾	26.8	16.8	301.8	2.8	(17.1)	330.0	(0.7)
Total Taxes	\$3,570.2	(3.5%)	\$28,874.0	(6.4%)	(\$58.6)	\$32,876.6	(3.0%)
Lottery, Net to School Aid Fund ⁶⁾	111.7	7.2	1,302.9	9.4	82.9	1,220.0	(2.3)
Total	\$3,681.9	(3.2%)	\$30,176.9	(5.9%)	\$24.3	\$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.

