Economic and Revenue Outlook

FY 2022-23, FY 2023-24 and FY 2024-25

Michigan Department of Treasury

Rachael Eubanks, State Treasurer

Office of Revenue and Tax Analysis
Eric Bussis, Chief Economist and Director
Andrew Lockwood, Manager, Forecasting and Economic Analysis
Melissa Gibson, Economic Specialist
Thomas Patchak-Schuster, Economic Specialist

May 19, 2023

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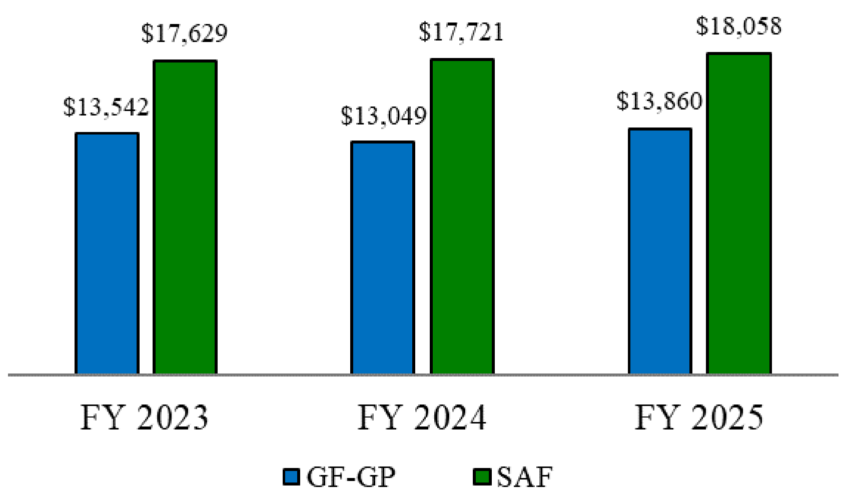
- Enacted tax changes have decreased revenues by $1,046.2 million in FY 2023, $1,930.6 million in FY 2024, and $1,397.8 million in FY 2025. The majority of the changes since January are attributable to these tax reductions.
- FY 2023 GF-GP revenue is forecast to decrease 11.0 percent to $13,542.4 million, down $1,235.5 million from the January 2023 Consensus estimate. FY 2023 SAF revenue is forecast to decrease by 1.4 percent to $17,629.4 million, down $5.7 million from the January 2023 Consensus estimate.
- FY 2024 GF-GP revenue is forecast to decrease 3.6 percent to $13,048.8 million, down $2,043.4 million from the January 2023 Consensus estimate. FY 2024 SAF revenue is forecast to increase 0.5 percent to $17,721.4, down $124.6 million from the January 2023 Consensus estimate.
- FY 2025 GF-GP revenue is forecast to increase 6.2 percent to $13,859.6 million, down $1,685.9 million from the January 2023 Consensus estimate. FY 2025 SAF revenue is forecast to increase 1.9 percent to $18,058.4, down $199.2 million from the January 2023 Consensus estimate.

Administration GF-GP and School Aid Fund
Revenue Estimates
(millions of dollars)



Economic Outlook

- Real GDP rose 2.1 percent in 2022. Real GDP is forecast to rise 1.2 percent in 2023, 0.2 percent in 2024 and 1.8 percent in 2025. Higher interest rates and weak global economic growth are expected to shrink the U.S. economy slightly over the second half of 2023 and early 2024.
- U.S. employment rose 4.3 percent in 2022, and is forecast to increase 1.9 percent in 2023, fall 0.3 percent in 2024 and then increase 0.6 percent in 2025.
- The national unemployment rate dropped from 5.3 percent in 2021 to 3.6 percent in 2022. The U.S. unemployment rate is forecast to rise to 3.8 percent in 2023, increase to 4.2 percent in 2024 and then fall to 4.0 percent in 2025.
- Housing starts fell 3.0 percent in 2022. Starts are expected to drop 14.9 percent in 2023, then decrease 1.9 percent in 2024 and rise 4.2 percent in 2025.
- In 2022, light vehicle sales fell to 13.8 million units. With the semi-conductor shortage expected to continue to ease, light vehicle sales are forecast to strengthen. Sales are expected to increase to 14.9 million units in 2023, 15.1 million units in 2024 and 15.5 million units in 2025.
- The U.S. CPI rose 8.0 percent in 2022. Inflation is forecast to slow to 4.5 percent in 2023, 3.1 percent in 2024 and 2.7 percent in 2025.

Michigan Economic Outlook

- In 2022, Michigan wage and salary employment rose 3.9 percent. State job growth will grow more slowly over the forecast with Michigan employment expected to increase 1.2 percent in 2023, 0.1 percent in 2024 and 0.5 percent in 2025.
- The Michigan unemployment rate fell from 5.8 percent in 2021 to 4.2 percent in 2022. The Michigan unemployment rate is forecast to rise to 4.3 percent in 2023, increase to 4.7 percent in 2024 and then decline to 4.4 percent in 2025.
- Michigan wages and salaries rose 9.0 percent in 2022 and are forecast to increase 5.4 percent in 2023, 2.4 percent in 2024 and 3.3 percent in 2025.
- Michigan personal income rose a slight 0.4 percent in 2022 and is forecast to rise 4.1 percent in 2023, increase 3.0 percent in 2024 and rise 3.6 percent in 2025.

Forecast Risks

- The Fed may continue to raise interest rates above what is needed and/or respond to an economic downturn too slowly. Restrictive monetary policy coupled with unforeseen shocks could push the U.S. economy into a deeper downturn.
- Additional bank failures could push the economy into a substantial downturn.
- A prolonged U.S. federal government default could push the U.S. and Michigan economies into a severe recession.
- The U.S. economy could be pushed into a period of stagflation (high inflation along with a shrinking domestic economy).
- Demand for new vehicles is expected to remain high, but supply chain issues and higher interest rates may lower sales.

SECTION II

Economic Review

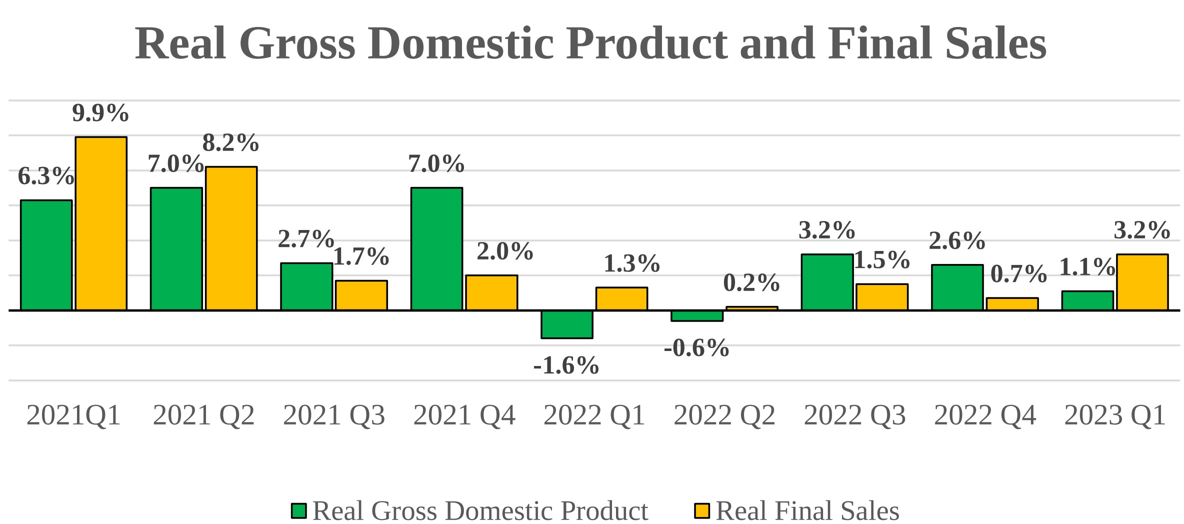
Economic Review
May 19, 2023

Current U.S. Economic Situation

Current Economy

Real GDP declined slightly in the first half of 2022 – falling at a 1.6 percent annualized rate in the first quarter and a 0.6 percent rate in the second quarter due to inventory and trade fluctuations while the fundamentals of the economy continued modest growth. In the third quarter, real GDP grew at a 3.2 percent annual rate, due to a substantial increase in exports paired with a significant decrease in imports and modest increases in consumption and government spending outweighing the substantial declines in investment. Overall economic growth slowed over the two most recent quarters with real GDP growth slowing to 2.6 percent in 2022Q4 and 1.1 percent in 2023Q1. In three of the most recent four quarters, sharp declines in inventory investment have served as a substantial drag to the economy. In the most recent quarter (2023Q1), substantial declines in inventories subtracted 2.3 percentage points from overall growth.

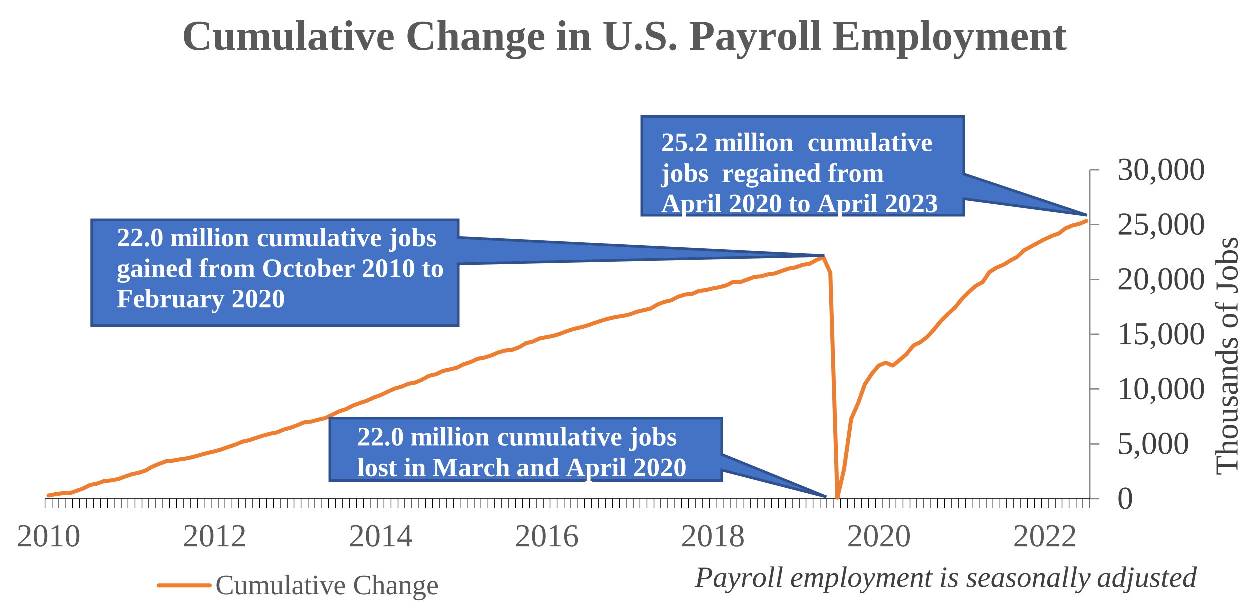
Real final sales, a measure of current domestic demand, which excludes inventory changes and exports but includes imports, grew at a 2.0 percent annual rate in 2021Q4 before slowing over the next two quarters. Then while accelerating slightly in 2022Q3, real final sales slowed slightly in 2022Q4. However, real final sales rebounded in 2023Q1 – growing at a 3.2 percent annual rate.



Source: Bureau of Economic Analysis

In the 113 months directly prior to the pandemic, U.S. employment rose in all but one month – averaging a net monthly 195,000 gain over the 113 months. With the outbreak of the pandemic, U.S. employment fell by 1.4 million jobs in March 2020 and then plummeted a record 20.5 million jobs in April. However, over the balance of 2020, U.S. employment increased, on average, a net

1.5 million jobs each month. Average monthly gains slowed to a still robust 606,000 jobs in 2021 and then to a still substantial 399,000 jobs in 2022. Most recently, over the first four months of 2023, the U.S. labor market has gained an average of 285,000 jobs per month – still substantially greater than the average pre-pandemic monthly employment gain of 195,000 jobs.

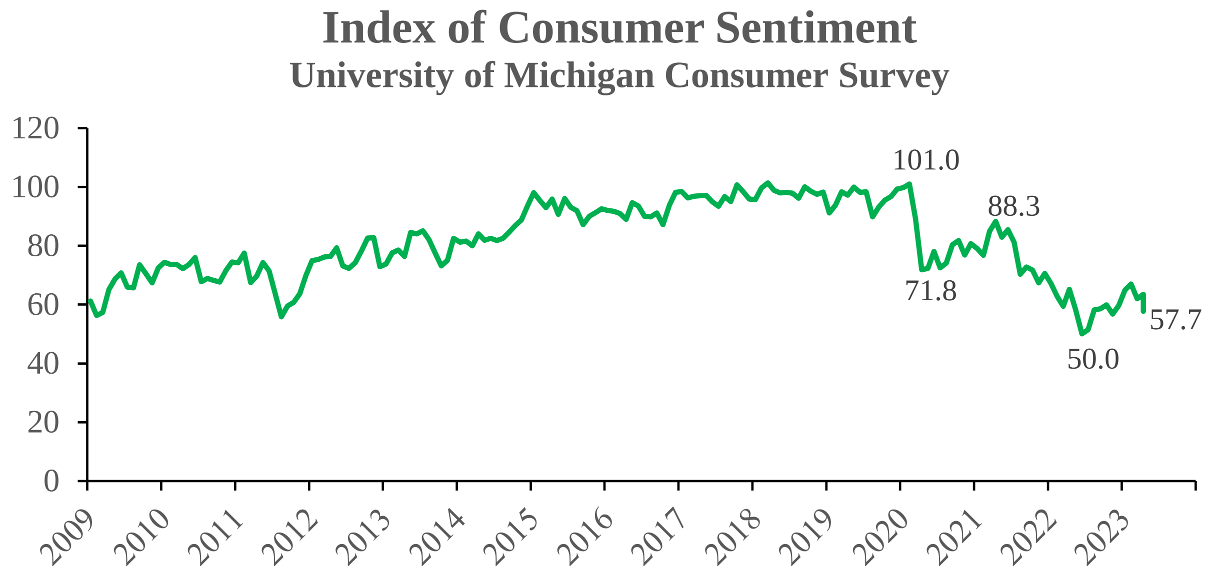


Source: Bureau of Labor Statistics

The U.S. unemployment rate declined for nearly all of 2021, down to 3.9 percent in December. After rising slightly to 4.0 percent in January 2022, the unemployment rate again fell in February and has remained below 4.0 percent each month since February 2022 – ranging narrowly between 3.4 percent (a 53- year low) and 3.8 percent. In April 2023, the rate stood at 3.4 percent.

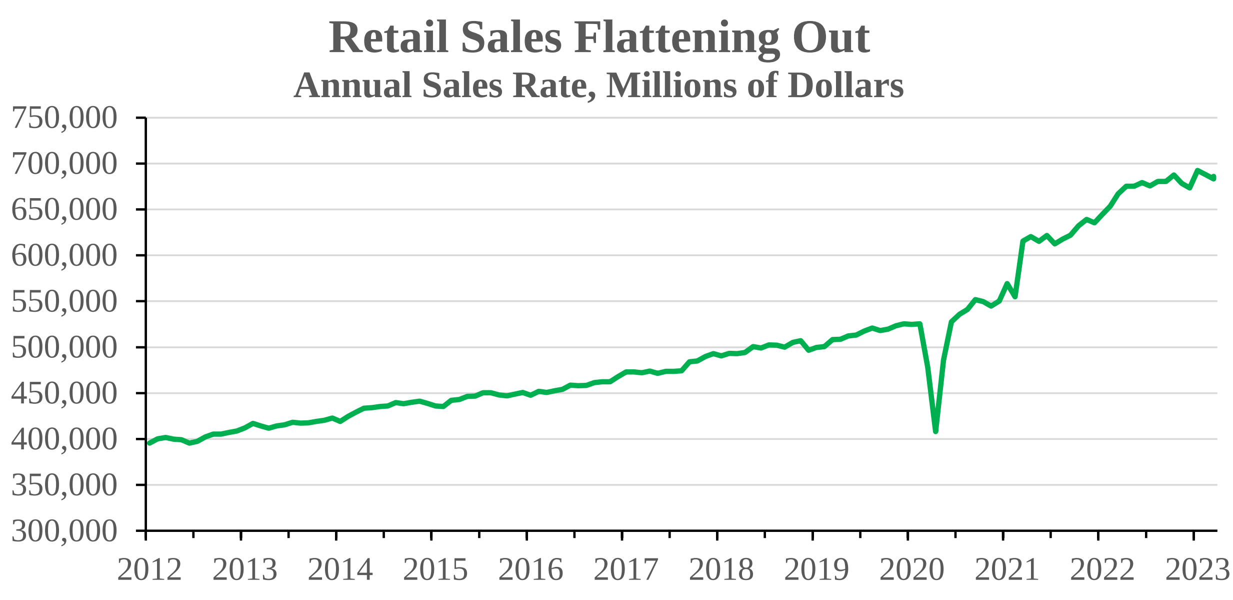
While the labor market remains very tight, the market shows some signs of loosening. Job openings, measured by JOLTS, remain well above pre-pandemic highs, but have declined from the record high 12.0 million openings in March 2022 – declining to 9.6 million in March 2023. Similarly, quits, which peaked at 4.5 million in November 2021, dropped to a still historically high 3.9 million in March 2023. The job openings rate (number of job openings divided by the sum of job openings and employment), which peaked in March 2022 at 7.4 percent, was down to 5.8 percent in March 2023 – but remained well above the pre-pandemic February 2020 rate of 4.4 percent.

Consumer sentiment has remained at historic lows since the onset of the pandemic. Most recently, consumer sentiment has lost ground over the most recent due to concerns about inflation. In June 2022, consumer sentiment fell to 50 -- an all-time low. Sentiment trended upward between June 2022 and February 2023 -- rising to 67.0 in February 2023. However due to concerns about an economic downturn, sentiment lost substantial ground in both March 2023 and May 2023 (preliminary). May’s reading of 57.7 remains a substantial 43.3 points below its February 2020 pre-pandemic level of 101.0.



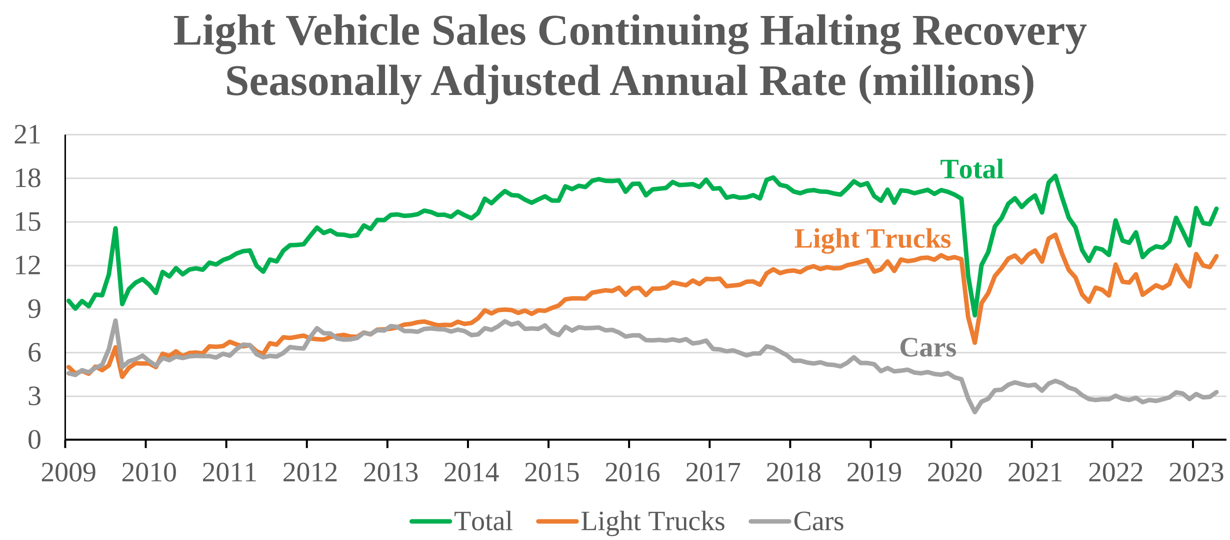
Source: University of Michigan Survey Research Center

In early 2021, retail sales experienced a massive acceleration and sales levels continued to grow through mid-2022. However, nominal retail sales flattened out in the second half of 2022. Retail sales fell in four or the most recent six months. Consequently, April 2023 retail sales were up only 1.6 percent from a year earlier – well below the 4.9 percent increase in the general price level.



Source: U.S. Census Bureau

Due to a semi-conductor shortage, light vehicle sales fell from 15.0 million units to 13.8 million units in 2022. Shortages have recently lessened. As a result, light vehicle annual sales rate averaged 15.4 million unit annual rate over the first four months of 2023 – up 8.8 percent from a year ago. Demand for light vehicles is high, but remains supply constrained. New vehicle prices have increased significantly. While price increases are starting to slow, demand still remains high and continued supply issues are slowing the decline in prices.



Source: Bureau of Economic Analysis

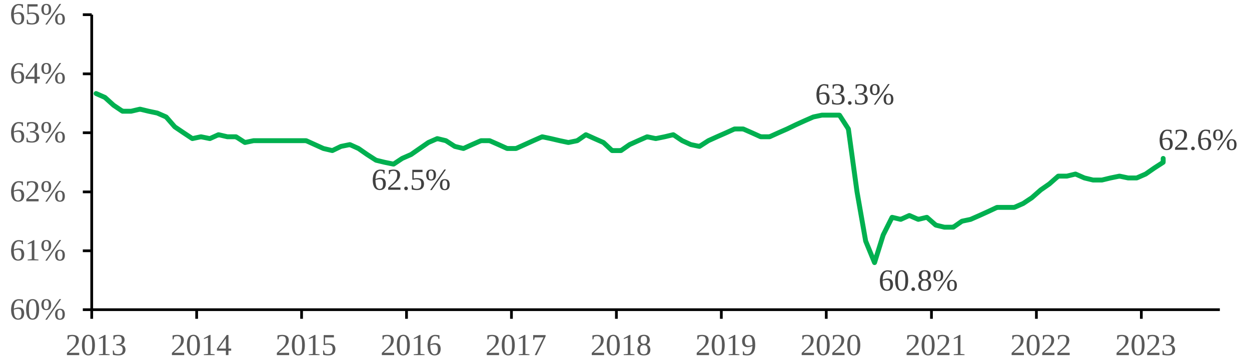
With supply constraints starting to ease, the national vehicle production y-o-y decline slowed in 2021Q3 and in 2021Q4. Further, production jumped just over 20 percent y-o-y in 2022Q1 and in 2022Q2. For 2022 as a whole, vehicle production rose 12.6 percent. In 2023Q1, vehicle production was up 4.6 percent from 2022Q1.

Between December 2021 and December 2022, the average 30-year mortgage rate doubled. Coupled with higher house prices, housing starts have fallen sharply. Housing starts dropped from a 1.77 million unit annual rate in December 2021 to a 1.35 million unit annual rate a year later. Over the first four months of 2023, the annual housings starts rate has averaged 1.39 million units – down 20.2 percent from a year earlier.

Labor Force Participation

The labor force participation rate (the share of the working-age population who are in the labor force either working or actively looking for work) reached 63.1 percent in 2019. However, with the onset of the pandemic, the participation rate fell sharply down. In calendar year 2020, the participation rate fell to 61.7 percent, where it remained in 2021. In calendar year 2022, the labor force participation rate rose to 62.2 percent – still nearly one percentage point below the rate's 2019 average. In 2022, the U.S. labor force totaled 164.3 million person. Had the 2022 U.S. labor force participation rate averaged 63.1 percent (the 2019 average rate), the size of the U.S. labor force would have been 166.7 million persons– 2.4 million persons larger. Most recently, the labor force participation has trended upward – rising to an average 62.6 percent over the three most recent months – but remaining below its 2019 average rate.

U.S. Labor Force Participation Rate
January 2013 to April 2023
Three-Month Average



Source: Bureau of Labor Statistics

<u>Inflation</u>

In each of the 21 months between June 2021 and February 2023, inclusive, overall consumer prices rose from the prior year by more than 5.0 percent – the first such streak in nearly 40 years. In June 2022, the overall consumer price index rose 9.1 percent y-o-y, which is the fastest y-o-y increase in over 40 years. Several factors contributed to the acceleration of inflation including supply chain disruptions, physical input shortages and labor shortages, coupled with strong demand, spurred by historic government stimulus (both fiscal and monetary) and pent-up demand.

Year-over-year overall CPI inflation slowed each month after June 2022 with y-o-y inflation slowing to 4.9 percent in April 2023. Nonetheless, overall inflation remains well above average annual inflation over the ten years prior to the pandemic (1.7 percent).

While falling or rising only slightly y-o-y in 2020, producer price increases accelerated substantially over the following 15 months with y-o-y increases accelerating from 1.6 percent in January 2021 to 11.7 percent in March 2022 (a record for the relatively brief current PPI series, which began in late 2009). Since April 2022, PPI inflation has trended substantially slower with the y-o-y increase in the PPI slowing to 2.3 percent in April 2023. Core PPI inflation has also moderated significantly – slowing from 9.7 percent in March 2022 to 3.2 percent in April 2023.

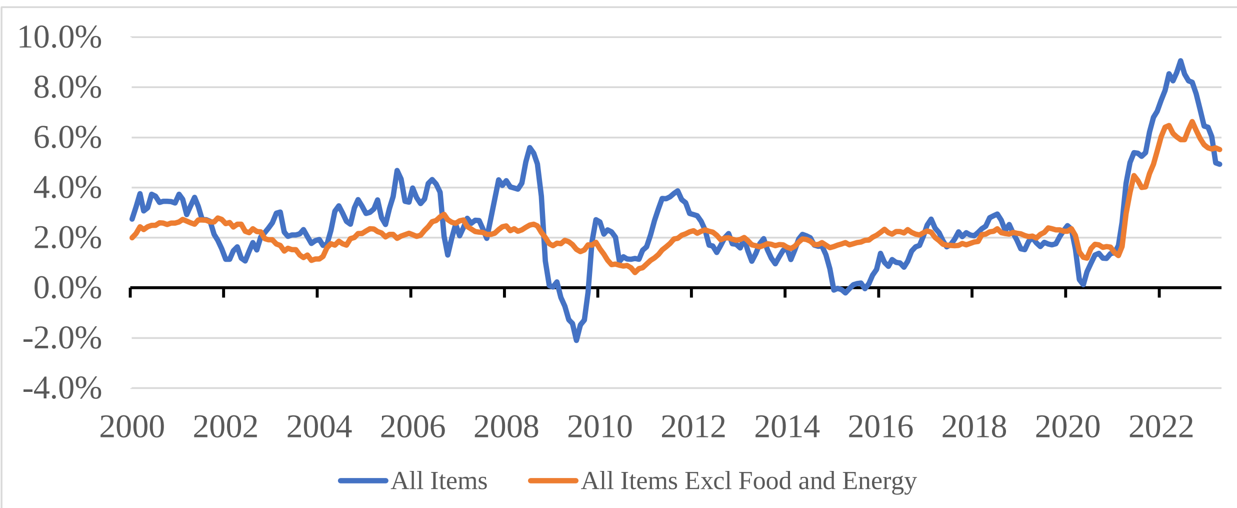
The y-o-y increase in average hourly private sector earnings exceeded 4.0 percent in each of the most recent 22 months. In calendar year 2022, average hourly earnings were up 5.4 percent from 2021. Over the first four months of 2023, average hourly earnings were up 4.6 percent from a year ago.

Sharp increases in energy prices played a significant role in the recent acceleration in inflation. While having declined y-o-y through most of 2020, y-o-y energy price increases exceeded 10 percent each month between March 2021 and November 2022 and peaked at 41.6 percent in June 2022. However, year-over-year energy price increases slowed each month between July 2022 and February 2023. Further, in March and April 2023, energy prices *declined* year-over-year.

Food prices accelerated each month from June 2021 through August 2022. The y-o-y increase peaked at 11.4 percent in August 2022. While slowing in each subsequent month, food price increases have exceeded 7.0 percent for 15 consecutive months – the longest such streak in over 40 years. In April 2023, food prices were up 7.7 percent from a year ago.

The core consumer price index, which excludes volatile food and energy prices, has remained stubbornly high in recent months. After rising less than 2.0 percent y-o-y in each of the first 12 months of the pandemic, core CPI inflation accelerated – increasing from 4.0 percent in September 2021 to 6.5 in March 2022. Over the past year, y-o-y core CPI inflation has ranged between 5.5 percent and 6.6 percent. Most recently, the core CPI rose 5.5 percent between April 2022 and April 2023.

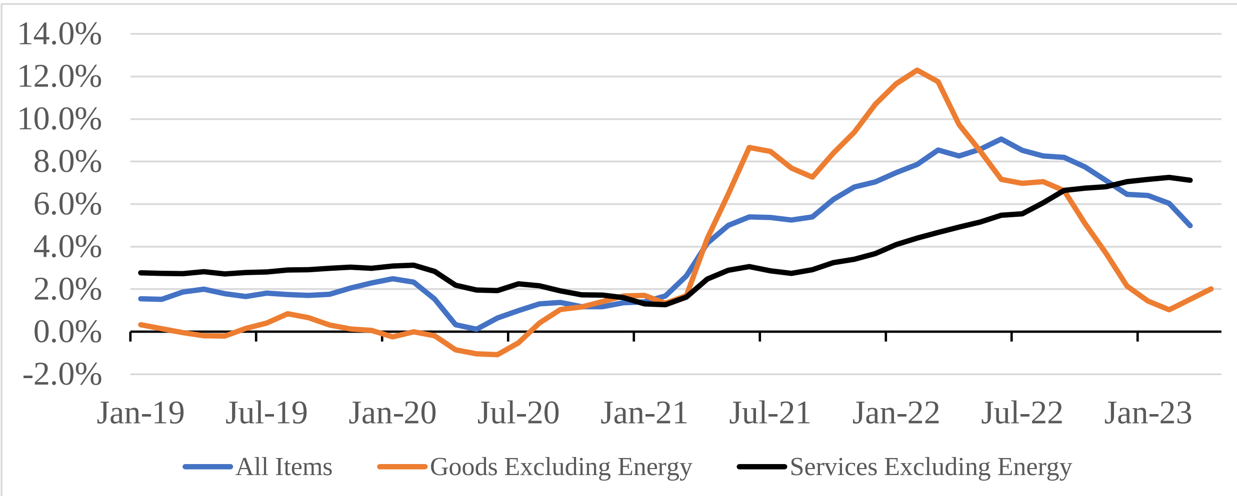
Overall Inflation Slows



Source: Bureau of Labor Statistics

While goods inflation has recently slowed, services inflation has accelerated. The y-o-y increase in the goods CPI excluding energy and food peaked at 12.3 percent in February 2022. Each month over the next year, goods inflation excluding food and energy slowed – slowing to 1.0 percent by February 2023. Goods inflation excluding food and energy accelerated modestly in March 2023 and April 2023 but was only 2.0 percent y-o-y in April 2023. Conversely, services inflation excluding energy services trended faster between February 2021 and February 2023 – increasing from 1.3 percent to 7.3 percent. Most recently, in March and April 2023, services inflation excluding energy services slowed slightly to 6.8 percent in April.

Goods Inflation Slows While Services Inflation Accelerates



Source: Bureau of Labor Statistics

Shelter costs steadily accelerated between early 2021 to early 2023 with y-o-y price increases in shelter accelerating from 1.5 percent in February 2021 to 8.2 percent in March 2023 before slowing slightly to 8.1 percent in April. However, there are indications that shelter inflation will begin to moderate later this year.

From January 2019 through the first year of the pandemic, the Federal Reserve's preferred inflation gauge (the core personal consumption expenditure price index (the core PCE deflator)) had remained at or below 2.0 percent. Still more, core PCE inflation had remained below 2.5 percent for over 14 years through March 2021. However, in April 2021, y-o-y core PCE index inflation accelerated above 3.0 percent for the first time in nearly 29 years. In February and March 2022, the core PCE was up 5.4 percent y-o-y, the fastest core PCE inflation in nearly 39 years. Since April 2022, the core PCE deflator has moderated slightly and has fluctuated between 4.6 percent and 5.2 percent. In March 2023, the core PCE deflator was up 4.6 percent from last March.

Monetary and Fiscal Policy Actions

Monetary Policy

In November 2021, the Fed announced that it would begin tapering its quantitative easing program and the Fed fully ended its program as of March 2022, at which point Fed holdings had risen to $8.9 trillion. In June, the Fed began *reducing the level* of its holdings of Treasury bonds and mortgage bond securities. In early May 2023, Fed holdings had fallen to $8.5 trillion.

After having maintained the target federal funds rate at essentially zero for two years, the FOMC began raising the target federal funds rate in March 2022. The Fed raised the target range 25 basis points in March and increased the range an additional 50 basis points in May. The Fed raised the target range an additional 75 basis points at each of its meetings in June, July, September and November. The FOMC then slowed the target rate's pace of increase with a 50 basis point increase at its December meeting and then 25 basis point increases at each of its first three Committee meetings in 2023. The target federal funds rate now stands at 5.00 percent to 5.25 percent -- a 16-year federal funds rate high. In May, while still affirming its goal to slow price inflation to its 2.0 percent price inflation target, the FOMC laid out a somewhat less aggressive policy posture compared with recent previous statements, omitting the statement "The Committee anticipates that some additional policy firming may be appropriate in order to attain a stance of monetary policy that is sufficiently restrictive to return inflation to 2 percent over time" from its May statement:

> In determining the extent to which additional policy firming may be appropriate to return inflation to 2 percent over time, the Committee will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments. In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities, as described in its previously announced plans. The Committee is strongly committed to returning inflation to its 2 percent objective.

In March 2023, two sizeable regional banks failed as bank customers withdrew massive amounts of their deposits in a matter of days. In April, another large regional bank failed. The three recent bank failures account for three of the four largest-ever U.S. bank failures. Despite massive intervention by the federal government, the risk of additional bank failures remains. In any case, the recent failures have served and will serve to tighten lending standards still further – representing a drag on the U.S. economy.

Fiscal Policy

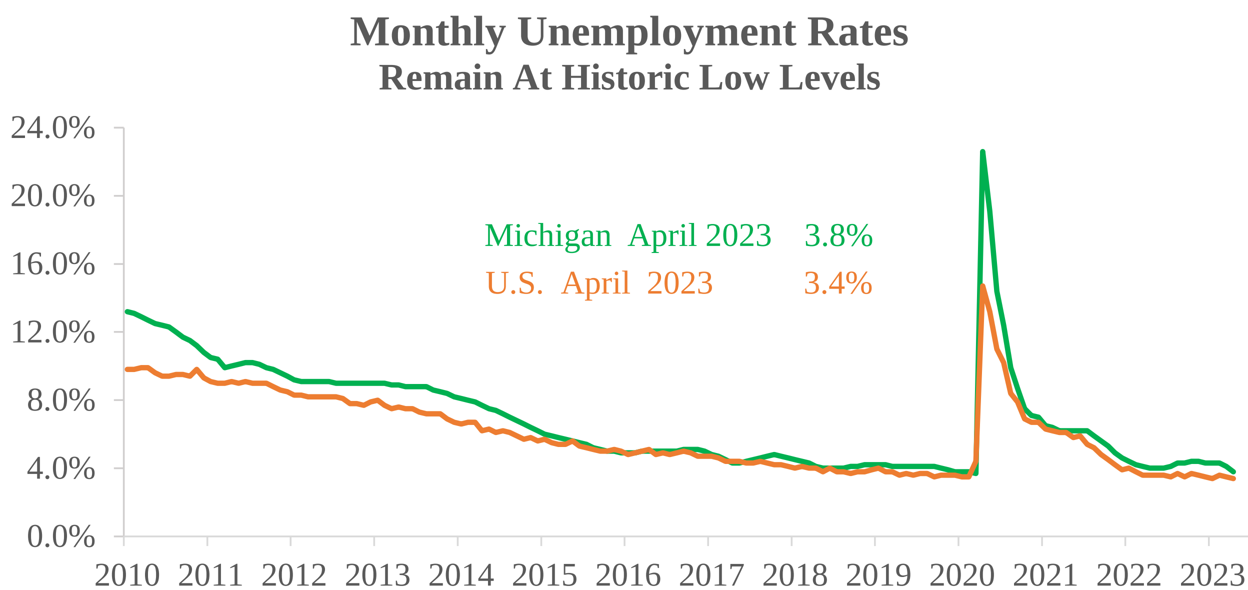
In each of the two most recent quarters (2022Q4 and 2023Q1), real (inflation adjusted) federal government expenditures have grown at around a 10.0 percent annual rate – providing substantial stimulus to the U.S. economy.

The U.S. federal government hit the current legal debt limit of roughly $31.4 trillion on January 19, 2023. The debt limit is a statutory limit on the borrowing authority of the U.S. government. The current limit was set by Congress in a bill passed in December 2021. In order to keep paying its obligations including bondholder payments, Social Security and Medicare payments and other obligations on time and in full, the U.S. Treasury began employing "extraordinary measures" on January 19. These "extraordinary measures" include suspending certain government investments. However, the "extraordinary measures" work only temporarily. The Department of Treasury recently estimated that the measures may work only through early June. To date, little progress has been made toward reaching an agreement that would raise or temporarily suspend the debt ceiling. Without such an agreement, the federal government runs the risk of default, which would severely harm domestic and international financial and economic markets. Even a last-minute agreement could result in steeper federal borrowing costs and higher interest rates in general and disrupt the broader financial system and macroeconomy.

Current Michigan Economic Situation

Current Economy

Between 2010 and 2019, Michigan wage and salary employment grew, on net, an average of 5,200 jobs per month. With the onset of the pandemic, Michigan employment plummeted by more than 1.0 million jobs. However, following the sharp losses in March and April 2020, Michigan employment rose, on net, an average of 81,800 jobs per month over the balance of 2020. Monthly gains slowed to 21,200 jobs per month in 2021 and to 7,300 jobs per month in 2022. Over the first four months of 2023, monthly Michigan job gains averaged 7,500 jobs. Since May 2020, Michigan employment has regained 97.2 percent of the jobs lost in March and April 2020.



Source: Bureau of Labor Statistics.

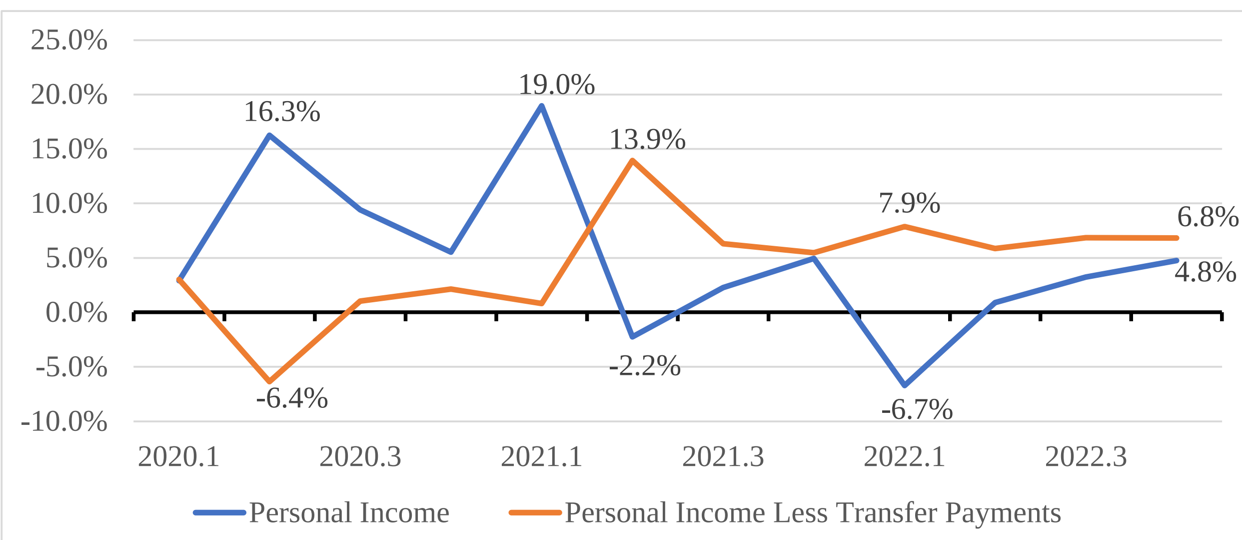
With the massive employment losses, Michigan's unemployment rate rose sharply in April 2020, from 3.7 percent to 22.6 percent. The rate quickly dropped to 7.0 percent by December 2020 and fell to 4.6 percent by the end of 2021. The state's unemployment rate declined to 4.0 percent in April 2022. Since April 2022, Michigan unemployment rate has ranged narrowly between 4.0 percent and 4.4 percent. For 2022 as a whole, the state's unemployment rate averaged 4.2 percent – only slightly higher than the 2019 average unemployment rate (4.1 percent). Most recently, Michigan's unemployment rate averaged 4.1 percent over the first four months of 2023. In April, the state's unemployment rate fell to 3.8 percent.

Michigan's labor force participation rate remains significantly lower than its pre-pandemic rate. After falling in 2020 and 2021, the state's annual labor force participation rate regained some of its losses in 2022. However, the 2022 annual labor force participation rate (59.9 percent) still stood nearly 2.0 percentage points below its 2019 rate (61.8 percent). Over the first four months of 2023, Michigan's labor force participation rate has averaged 59.9 percent.

Largely because of the CARES Act and state unemployment insurance payments, personal income rose in the second quarter of calendar year 2020 despite a substantial decline in economic activity. In 2020Q2, while Michigan real GDP fell 12.8 percent from a year earlier, personal income *rose* 16.3 percent y-o-y. Michigan personal income increased at a still strong 9.4 percent y-o-y in 2020Q3 before slowing to 5.5 percent in 2020Q4. Then, in 2021Q1, with the convergence of two federal stimulus packages, Michigan personal income rose 19.0 percent y-o-y before falling 2.2 percent from 2020Q2, when the massive CARES package was implemented. Michigan personal income increased 2.3 percent y-o-y in 2021Q3 and then rose 4.9 percent in 2021Q4. Personal income declined 6.7 percent between 2021Q1, the quarter in which the American Rescue Act was enacted, and 2022Q1. Personal income rose a slight 0.9 percent y-o-y in 2022Q2 and a modest 3.2 percent in 2022Q3 and 4.8 percent in 2022Q4.

Excluding transfer payments, which encompass the federal stimulus direct relief payments and all unemployment insurance payments, Michigan personal income excluding transfers dropped 6.4 percent y-o-y in 2020Q2 and then rose slightly y-o-y in each of the next three quarters. Michigan personal income excluding transfer payments rebounded sharply from a year earlier in 2021Q2 – rising 13.9 percent from a year earlier. While slowing, state personal income excluding transfers still rose substantially y-o-y each quarter between 2021Q3 and 2022Q4 – with increases ranging between 5.5 percent and 7.9 percent.

Personal Income Year-over-Year Percent Changes



Sources: Bureau of Economic Analysis.

SECTION III

Administration Economic Forecast

Administration Economic Forecast
May 19, 2023

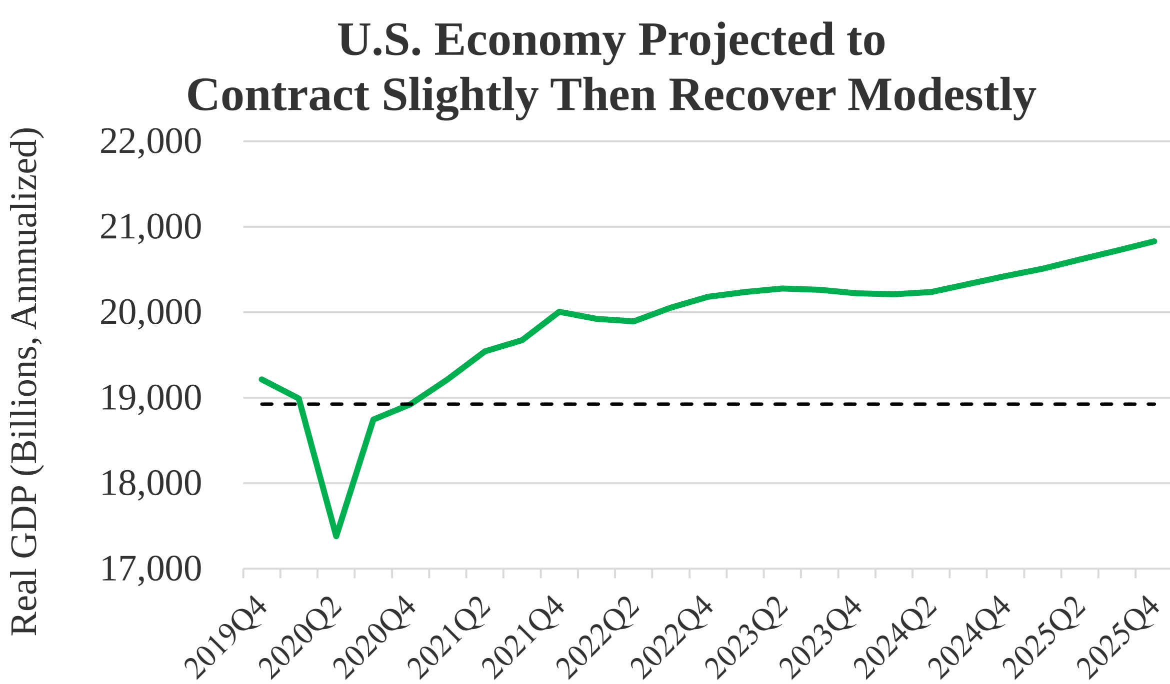
Administration Economic Forecast Summary

Table 1 provides a one-page summary table of the Administration forecast of the U.S. and Michigan economies.

2023, 2024 and 2025 U.S. Economic Outlook

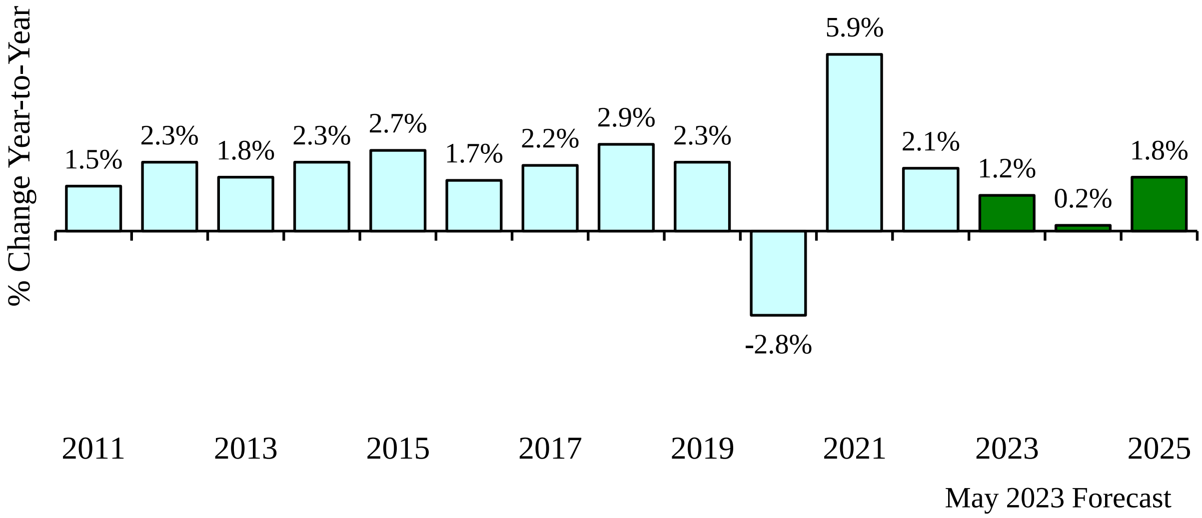
Real (inflation adjusted) annual GDP is expected to increase over the forecast horizon. After declining 2.8 percent in 2020 (the largest annual decline since 1946), real GDP rose 5.9 percent in calendar year 2021 – the fastest annual real GDP growth since 1984. Real GDP growth then slowed to 2.1 percent in 2022. Real GDP growth is forecast to slow further to 1.2 percent in 2023 and 0.2 percent in 2024 before accelerating to modest 1.8 percent growth in 2025.

Under the pressure of a weak global economy, financial system turmoil and higher interest rates, real GDP is forecast to decline slightly in each of the three quarters beginning in 2023Q3. Real GDP is then forecast to rise over the balance of the forecast horizon, but do so at a modest pace. By the end of the forecast (2025Q4), real GDP is projected to be up 8.4 percent from its level six years earlier, directly before the pandemic in 2019Q4.



Source: Bureau of Economic Analysis, U.S. Department of Commerce, and Administration Forecast, May 2023.

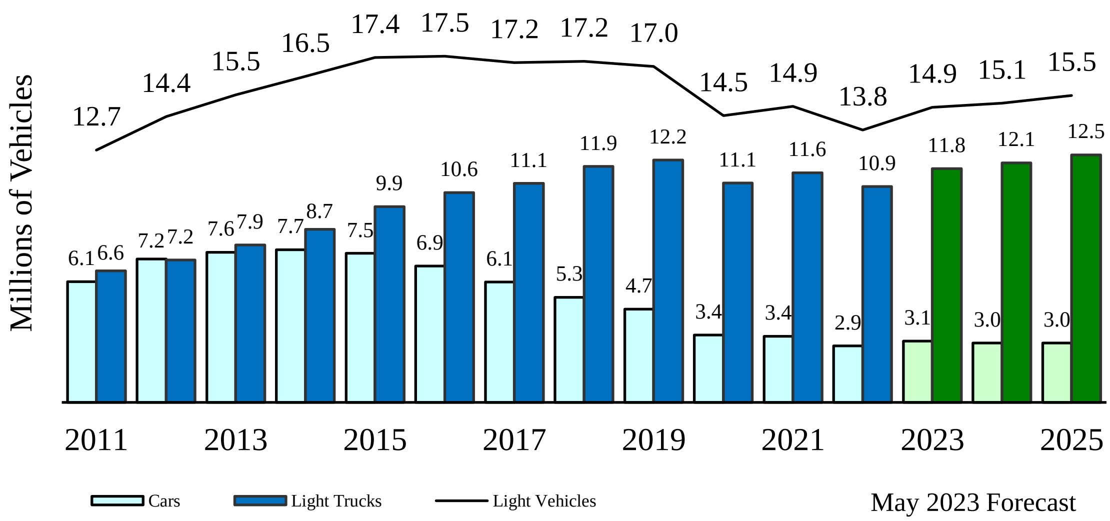
Annual Real GDP Growth Weakens Then Re-accelerates



Source: Bureau of Economic Analysis, U.S. Department of Commerce, and Administration Forecast, May 2023.

As a result of sharp declines over the first half of 2020, **light vehicle sales** declined from 17.0 million units in 2019 to 14.5 million units in 2020. In 2021, light vehicle sales rose modestly to 14.9 million units and then declined to 13.8 million units in 2022. Light vehicle sales are expected to increase gradually over the forecast horizon – rising to 14.9 million units in 2023, 15.1 million units in 2024 and 15.5 million units in 2025. Light trucks continue to dominate the light vehicle market over the forecast horizon.

Vehicle Sales Rebound Gradually Over Forecast Horizon



Source Bureau of Economic Analysis, U.S. Department of Commerce, and Administration Forecast, May 2023.

The **U.S. unemployment rate** dropped from 8.1 percent in 2020 to 5.3 percent in 2021 The national unemployment rate fell to 3.6 percent in 2022 and is forecast to rise to 3.8 percent in 2023 and 4.2 percent in 2024 before falling to 4.0 percent in 2025.

U.S. wage and salary employment recovered its steep 2020Q2 losses by 2022Q3. Quarterly employment is projected to rise through mid-2023 before declining slightly in late 2023 and early 2024. Employment then regains those losses by the second half of 2025 and rises slightly above mid-2023 levels by the end of the forecast horizon. After having declined 5.8 percent in 2020, annual **U.S. wage and salary employment** rose 2.9 percent in 2021. Wage and salary employment rose 4.3 percent in 2022, and is projected to increase 1.9 percent in 2023, decline 0.3 percent in 2024 and rise 0.6 percent in 2025.

After having risen 1.2 percent in 2020, the **U.S. consumer price index (CPI)** increased 4.7 percent in 2021. The U.S. CPI rose 8.0 percent in 2022 and is forecast to increase 4.5 percent in 2023, increase 3.1 percent in 2024 and rise 2.7 percent in 2025. The personal consumption price deflator rate rose 6.2 percent in 2022 and is projected to increase 4.0 percent in 2023, 2.9 percent in 2024 and 2.3 percent in 2025.

The **three-month Treasury bill rate** averaged 0.1 percent in 2021, during which the federal funds rate remained near zero. Balancing growth/stability risks and inflation risks, the Fed is expected to hold the federal funds rate unchanged at current levels through early 2024. The Fed is then expected to begin gradually lowering rates. As a result, the Treasury bill rate is expected to average 4.9 percent in 2023, 4.6 percent in 2024 and 3.9 percent in 2025.

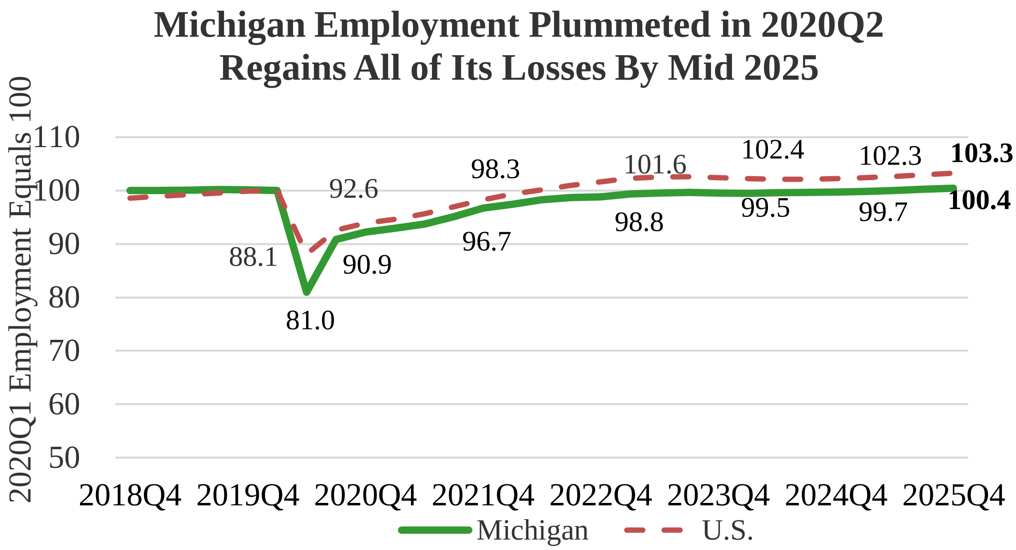
Housing starts jumped 16.0 percent in 2021. In 2022, housing starts fell 3.0 percent. Under the weight of higher mortgage rates, housing starts are forecast to drop 14.9 percent in 2023 and fall an additional 1.9 percent in 2024 before rising 4.2 percent in 2025. In 2025, housing starts total 1.3 million – down 15.6 percent from total starts in 2021.

2023, 2024 and 2025 Michigan Economic Outlook

Michigan wage and salary employment growth is forecast to slow in 2023Q2 and 2023Q3 and then decline slightly over the following two quarters before re-accelerating modestly over the balance of the forecast horizon. By 2023Q1, Michigan employment had regained 96.8 percent of its 19.0 percent decline in 2020Q2. As a result, 2023Q1 Michigan employment remained 0.6 percent below its 2020Q1 level. With slight declines in late 2023 and early 2024 followed by slight increases in the remaining quarters, Michigan employment is expected to have regained, on net, all of its 2020Q2 losses by mid-2025.

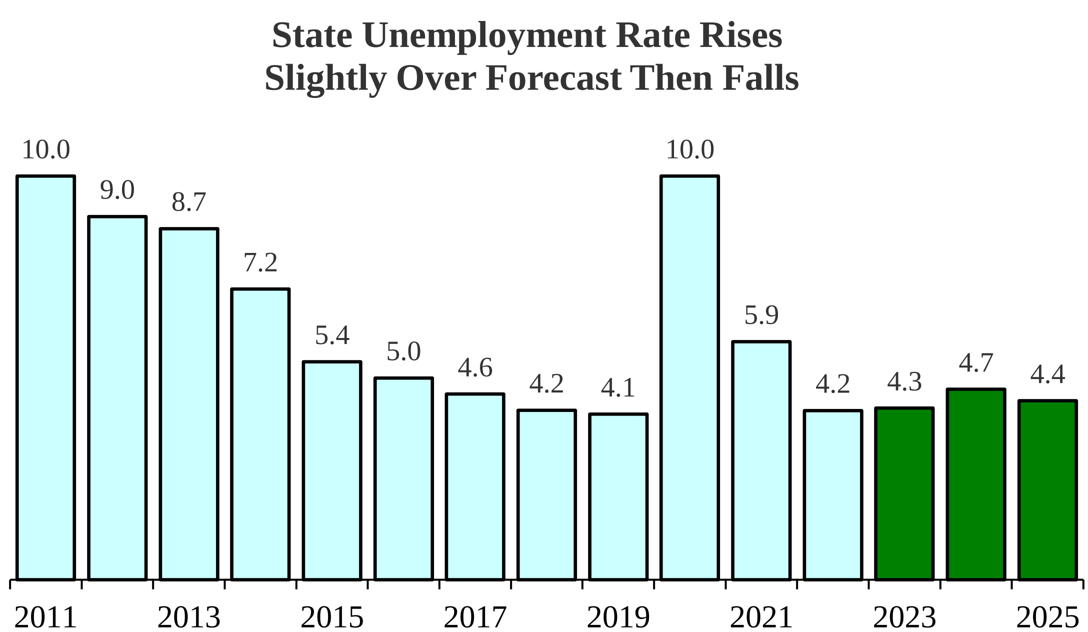
In 2020, annual Michigan wage and salary employment declined 9.1 percent -- the largest annual Michigan employment decline since 1958. Michigan employment rose 4.0 percent in 2021 and increased 3.9 percent in 2022. State employment is forecast to rise 1.2 percent in 2023, 0.1 percent in 2024 and 0.5 percent in 2025.

In 2020, annual **Michigan manufacturing employment** dropped 11.1 percent. Michigan manufacturing employment increased 4.9 percent in 2021, rose 3.3 percent in 2022 and is projected to rise 1.2 percent in 2023, 0.4 percent in 2024 and 0.6 percent in 2025.



Source: Michigan Department of Technology, Management, & Budget, U.S. Bureau of Labor Statistics and May 2023 Administration Forecast.

The **Michigan unemployment rate** rose to 10.0 percent in 2020 before falling to 5.8 percent in 2021 and declined to 4.2 percent in 2022. The state unemployment rate is projected to rise to 4.3 percent in 2023 and 4.7 percent in 2024 and then fall to 4.4 percent in 2025.



Source: Michigan Department of Technology, Management, & Budget, U.S. Bureau of Labor Statistics and May 2023 Administration Forecast.

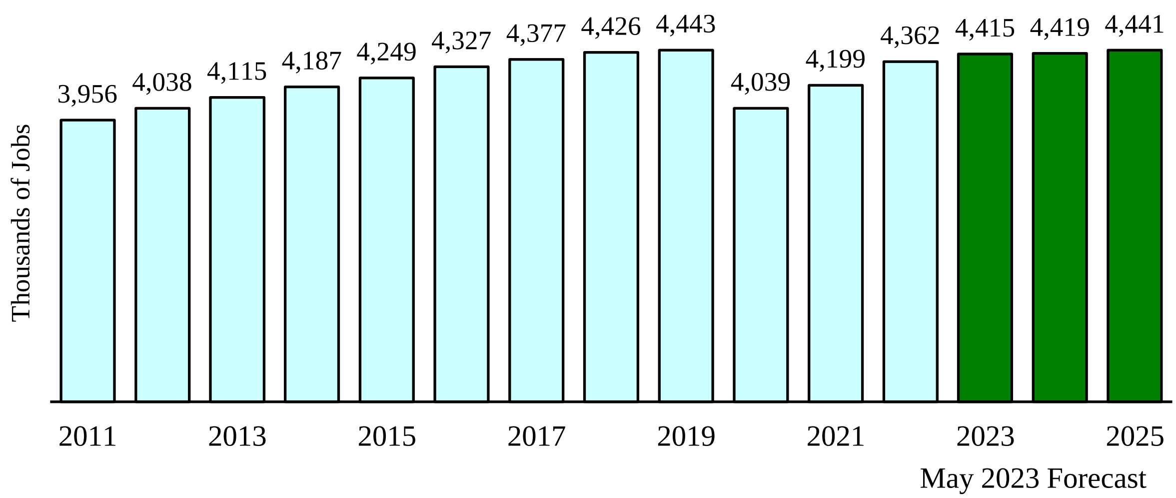
Table 1
Administration Economic Forecast

May 2023

	Calendar 2021 Actual	Calendar 2022 Estimated	Percent Change from Prior Year	Calendar 2023 Forecast	Percent Change from Prior Year	Calendar 2024 Forecast	Percent Change from Prior Year	Calendar 2025 Forecast	Percent Change from Prior Year
United States									
Real Gross Domestic Product (Billions of Chained 2012 Dollars)	$19,610	$20,014	2.1%	$20,254	1.2%	$20,295	0.2%	$20,660	1.8%
Implicit Price Deflator GDP (2012 = 100)	118.9	127.2	7.0%	132.6	4.2%	136.4	2.9%	139.5	2.3%
Consumer Price Index (1982-84 = 100)	270.970	292.655	8.0%	305.939	4.5%	315.427	3.1%	323.937	2.7%
Consumer Price Index - Fiscal Year (1982-84 = 100)	266.616	287.723	7.9%	303.179	5.4%	313.270	3.3%	321.801	2.7%
Personal Consumption Deflator (2012 = 100)	115.6	122.8	6.2%	127.7	4.0%	131.5	2.9%	134.5	2.3%
3-month Treasury Bills Interest Rate (percent)	0.1	2.0		4.9		4.6		3.9	
Unemployment Rate - Civilian (percent)	5.3	3.6		3.8		4.2		4.0	
Wage and Salary Employment (millions)	146.285	152.575	4.3%	155.474	1.9%	155.008	-0.3%	155.938	0.6%
Housing Starts (millions of starts)	1.601	1.553	-3.0%	1.322	-14.9%	1.297	-1.9%	1.351	4.2%
Light Vehicle Sales (millions of units)	14.9	13.8	-8.0%	14.9	8.3%	15.1	1.3%	15.5	2.6%
Passenger Car Sales (millions of units)	3.4	2.9	-14.7%	3.1	8.4%	3.0	-3.2%	3.0	0.0%
Light Truck Sales (millions of units)	11.6	10.9	-6.0%	11.8	8.3%	12.1	2.5%	12.5	3.3%
Big 3 Share of Light Vehicles (percent)	35.9	38.6		37.7		37.5		36.9	
Michigan									
Wage and Salary Employment (thousands)	4,199	4,362	3.9%	4,415	1.2%	4,419	0.1%	4,441	0.5%
Unemployment Rate (percent)	5.8	4.2		4.3		4.7		4.4	
Personal Income (millions of dollars)	$567,807	$570,065	0.4%	$593,438	4.1%	$611,241	3.0%	$633,246	3.6%
Real Personal Income (millions of 1982-84 dollars)	$229,135	$212,615	-7.2%	$211,536	-0.5%	$211,561	0.0%	$213,664	1.0%
Wages and Salaries (millions of dollars)	$261,812	$285,475	9.0%	$300,890	5.4%	$308,112	2.4%	$318,279	3.3%
Detroit Consumer Price Index (1982-84 = 100)	247.805	268.121	8.2%	280.538	4.6%	288.919	3.0%	296.374	2.6%
Detroit CPI - Fiscal Year (1982-84 = 100)	244.089	263.397	7.9%	278.063	5.6%	287.013	3.2%	294.468	2.6%

Source: Michigan Department of Technology, Management, & Budget, U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, U.S. Census Bureau, Federal Reserve and May 2023 Administration Forecast.

Michigan Wage and Salary Employment Plummets in 2020
Rebounds in 2021-2025



Source: Michigan Department of Technology, Management, & Budget, U.S. Bureau of Labor Statistics and May 2023 Administration Forecast.

Michigan wages and salaries rose 7.9 percent in 2021, increased 9.0 percent in 2022 and are forecast to increase 5.4 percent in 2023, 2.4 percent in 2024 and 3.3 percent in 2025.

Michigan personal income increased 5.6 percent in 2021, increased 0.4 percent in 2022 and is expected to rise 4.1 percent in 2023, 3.0 percent in 2024 and 3.6 percent in 2025.

The **Detroit CPI** rose 4.3 percent in 2021, increased 8.2 percent in 2022 and is forecast to rise 4.6 percent in 2023, 3.0 percent in 2024 and 2.6 percent in 2025. After rising 1.3 percent in 2021, **real (inflation adjusted) Michigan personal income** fell 7.2 percent in 2022 and is forecast to decline 0.5 percent in 2023, remain unchanged in 2024 and then rise 1.0 percent increase in 2025.

Fiscal Year Economics

Michigan's largest taxes are the individual income tax ($15.3 billion in FY 2022) and sales and use taxes ($13.4 billion). Income tax withholding is the largest component of the income tax. Withholding ($12.0 billion) is most affected by growth in wages and salaries. **Michigan wages and salaries** increased 6.4 percent in FY 2021. In FY 2022, wages and salaries increased 8.6 percent. Wages and salaries then are projected to rise 6.4 percent in FY 2023, 3.2 percent in FY 2024 and 2.8 percent in FY 2025.

Sales and use taxes depend, in part, on **Michigan disposable (after tax) income** and inflation. In FY 2022, disposable income fell 2.3 percent, but is projected to rise in each the next three fiscal years – rising 5.2 percent in FY 2023, 3.8 percent in FY 2024 and 3.4 percent in FY 2025. Prices, as measured by the **Detroit CPI**, rose 7.9 percent in FY 2022. The Detroit CPI is forecast to increase 5.6 percent in FY 2023, 3.2 percent in FY 2024, and 2.6 percent in FY 2025.

Forecast Risks

The risks to the baseline forecast are strongly weighted to the downside and include:

- Given still stubbornly high inflation and continued tight labor market the Fed– counter to the forecast –may continue to raise interest rates above what is needed and/or respond to an economic downturn too slowly. Restrictive monetary policy coupled with unforeseen shocks could push the U.S. economy into a deeper downturn.
- Additional bank failures could push the economy into a deeper downturn.
- A prolonged U.S. federal government default could push the U.S. and Michigan economies into a severe recession.
- If the supply-side challenges fail to subside or worsen, the U.S. economy could be pushed into a period of stagflation (high inflation along with a shrinking domestic economy).
- Geopolitical conflicts and economic sanctions could accelerate and sustain inflation at faster rates than forecast and could also have a greater negative impact on domestic economic activity.
- Demand for new vehicles will be solid this coming year, which could drive sales higher than predicted. However, supply chain issues and higher interest rates may lower sales.
- In general, shortages of other raw materials and labor shortages may constrain growth more than assumed along with increasing inflation faster than expected.

SECTION IV

Administration
Revenue Estimates

Administration Revenue Estimates
May 19, 2023

Revenue Estimate Overview

The revenue estimates presented in this section consist of baseline revenues, revenue adjustments, and net revenues. Baseline revenues provide an estimate of the effects of the economy on tax revenues. For these estimates, FY 2022 is the base year. Any non-economic changes to the taxes occurring in FY 2023, FY 2024 and FY 2025 are not included in the baseline estimates. Non-economic changes are referred to in the tables as "tax adjustments". The net revenue estimates are the baseline revenues adjusted for tax adjustments.

This treatment of revenue is best illustrated with an example. Suppose tax revenues are $10.0 billion in a given year, and that based on the economic forecast, revenues are expected to grow by 5.0 percent per year. Baseline revenue would be $10.0 billion in Year 1, $10.5 billion in Year 2, and $11.0 billion in Year 3. Assume a tax rate cut is in place that would reduce revenues by $100 million in Year 1, $200 million in Year 2, and $300 million in Year 3. If Year 1 is the base year, the revenue adjustments for Year 1 would be $0 since the tax cut for this year is included in the base. The revenue adjustments for Year 2 would be $100 million, and the revenue adjustments for Year 3 would be $200 million, since the revenue adjustments are compared to the base year.

In the example above, the baseline revenues would be $10.0 billion, $10.5 billion, and $11.0 billion, for Years 1 through 3, respectively. The revenue adjustments would be $0 in Year 1, $100 million in Year 2, and $200 million in Year 3. The $200 million in Year 3 represents the tax cuts since Year 1. Net revenue would be $10.0 billion in Year 1, $10.4 billion in Year 2, and $10.8 billion in Year 3.

The following revenue figures are presented on a Consensus basis. Generally speaking, the Consensus estimates do not include certain one-time budget measures, such as withdrawals from the Budget Stabilization Fund, the sale of buildings, and so on. The figures also do not include constitutional revenue sharing payments to local governments from the sales tax. In addition, the estimates only include enacted legislation and do not include the effects of any proposed changes. The School Aid Fund estimates consist of taxes plus the transfer from the State Lottery Fund.

FY 2023 Revenue Outlook

FY 2023 GF-GP revenue is estimated to be $13,542.4 million, an 11.0 percent decrease compared to FY 2022. The FY 2023 GF-GP revenue estimate is $1,235.5 million below the January 2023 Consensus estimate. SAF revenue is forecast to be $17,629.4 million, a 1.4 percent decrease compared to FY 2022. The FY 2023 SAF estimate is $5.7 million below the January 2023 Consensus estimate (see Table 2).

Table 2

FY 2022-23 Administration Revenue Estimates

(millions)

	Administration May 19, 2023		Change from Jan 2023
	Amount	**Growth**	**Consensus**
General Fund - General Purpose			
Baseline Revenue	$16,178.6	-4.1%	---
Tax Cut Adjustments	($2,636.2)	---	---
Net Resources	$13,542.4	-11.0%	($1,235.5)
School Aid Fund			
Baseline Revenue	$17,689.2	-0.7%	---
Tax Cut Adjustments	($59.8)	---	---
Net Resources	$17,629.4	-1.4%	($5.7)
Combined			
Baseline Revenue	$33,867.8	-2.3%	---
Tax Cut Adjustments	($2,696.0)	---	---
Net Resources	$31,171.8	-5.8%	($1,241.2)

Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury

FY 2024 Revenue Outlook

FY 2024 GF-GP revenue is forecast to decrease 3.6 percent to $13,048.8 million from FY 2023. The FY 2024 GF-GP revenue estimate is $2,043.4 million below the January 2023 Consensus estimate. FY 2024 SAF revenue is forecast to increase 0.5 percent to $17,721.4 from FY 2023. The FY 2024 SAF estimate is $124.6 million below the January 2023 Consensus estimate (see Table 3).

Table 3

FY 2023-24 Administration Revenue Estimates

(millions)

	Administration May 19, 2023		Change from Jan 2023
	Amount	**Growth**	**Consensus**
General Fund - General Purpose			
Baseline Revenue	$16,172.0	0.0%	---
Tax Cut Adjustments	($3,123.2)	---	---
Net Resources	$13,048.8	-3.6%	($2,043.4)
School Aid Fund			
Baseline Revenue	$17,944.0	1.4%	---
Tax Cut Adjustments	($222.6)	---	---
Net Resources	$17,721.4	0.5%	($124.6)
Combined			
Baseline Revenue	$34,116.0	0.7%	---
Tax Cut Adjustments	($3,345.8)	---	---
Net Resources	$30,770.2	-1.3%	($2,168.0)

Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury

FY 2025 Revenue Outlook

FY 2025 GF-GP revenue is forecast to increase 6.2 percent to $13,859.6 million from FY 2024. The FY 2025 GF-GP revenue estimate is $1,685.9 million below the January 2023 Consensus estimate. FY 2025 SAF revenue is forecast to increase 1.9 percent to $18,058.4 from FY 2024. The FY 2025 SAF revenue estimate is $199.2 million below the January 2023 Consensus estimate. (see Table 4).

Table 4

FY 2024-25 Administration Revenue Estimates

(millions)

	Administration May 19, 2023		Change from Jan 2023
	Amount	**Growth**	**Consensus**
General Fund - General Purpose			
Baseline Revenue	$16,481.5	1.9%	---
Tax Cut Adjustments	($2,621.9)	---	---
Net Resources	$13,859.6	6.2%	($1,685.9)
School Aid Fund			
Baseline Revenue	$18,335.5	2.2%	---
Tax Cut Adjustments	($277.1)	---	---
Net Resources	$18,058.4	1.9%	($199.2)
Combined			
Baseline Revenue	$34,817.0	2.1%	---
Tax Cut Adjustments	($2,899.0)	---	---
Net Resources	$31,918.0	3.7%	($1,885.1)

Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury

Constitutional Revenue Limit

Article IX, Section 26, of the Michigan Constitution establishes a limit on the amount of revenue State government can collect in any given fiscal year. The revenue limit for a given fiscal year is equal to 9.49 percent of the State's personal income for the calendar year prior to the year in which the fiscal year begins. For example, FY 2020 revenue is compared to CY 2018 personal income. If revenues exceed the limit by less than 1 percent, the State may deposit the excess into the Budget Stabilization Fund (BSF). If the revenues exceed the limit by more than 1 percent, the excess revenue is refunded to taxpayers.

FY 2021 revenues were $7.7 billion below the revenue limit. State revenues will also be well below the limit for FY 2022 through FY 2025. FY 2022 revenues are expected to be about $7.0 billion below the limit, FY 2023 revenues $12.2 billion below the limit, FY 2024 revenues $12.5 billion below the limit, and FY 2025 revenues $13.6 billion below the limit (See Table 5).

Table 5

Administration Revenue Limit Calculation

(millions)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Actual June 2022	**Admin May 2023**	**Admin May 2023**	**Admin May 2023**	**Admin May 2023**
Revenue Subject to Limit	$38,940.0	$43,334.7	$41,641.2	$41,402.5	$42,728.9
Revenue Limit	**CY 2019**	**CY 2020**	**CY 2021**	**CY 2022**	**CY 2022**
Personal Income	$491,632	$530,809	$567,807	$568,375	$593,438
Ratio	9.49%	9.49%	9.49%	9.49%	9.49%
Revenue Limit	$46,655.9	$50,373.8	$53,884.9	$53,938.8	$56,317.3
Amount Under (Over) Limit	**$7,715.9**	**$7,039.1**	**$12,243.7**	**$12,536.3**	**$13,588.4**

Budget Stabilization Fund Calculation

The Management and Budget Act contains provisions for calculating a recommended deposit or withdrawal from the BSF. The calculation looks at personal income net of transfer payments. The net personal income figure is adjusted for inflation. The change in this figure for the calendar year determines whether a pay-in or pay-out is recommended. If the formula calls for a deposit into the BSF, the deposit is made in the next fiscal year. If the formula calls for a withdrawal, the withdrawal is made during the current fiscal year.

PA 613 of 2018 prohibits the legislature from appropriating money from the fund for a fiscal year when the annual growth rate of real personal income less transfer payments for the calendar year in which that fiscal year ends is estimated to be greater than 0% at the most recent consensus revenue estimating conference. When the annual growth rate is estimated to be less than 0% at the most recent consensus revenue estimating conference, the legislature may appropriate by law for the fiscal year ending in the current calendar year no more than 25% of the prior fiscal year ending balance in the fund as reported in the comprehensive annual financial report. If personal income is forecast to be negative for subsequent fiscal years, the Legislature then could appropriate up to 25% of the available Fund balance in the first fiscal year for each subsequent fiscal year.

If real personal income less transfer payments grows by more than 2 percent in a given calendar year, the fraction of income growth over 2 percent is multiplied by the current fiscal year's GF-GP revenue to determine the pay-in for the next fiscal year.

Real calendar year personal income is projected to be between 0 and 2 percent in 2023 and 2025. In 2024, real calendar year personal income will be negative. This may result in a pay-out in FY 2024 if the Legislature makes an appropriation.

School Aid Fund Revenue Adjustment Factor

The School Aid Fund (SAF) revenue adjustment factor for the next fiscal year is calculated by dividing the sum of current year and subsequent year SAF revenue by the sum of current year and prior year SAF revenue. The SAF revenue totals are adjusted for any change in the rate and base of the SAF taxes. The year for which the adjustment factor is being calculated is used as the base year for any tax adjustments. For FY 2024, the SAF revenue adjustment factor is calculated to be 1.0036 (See Table 6). For FY 2025, the SAF revenue adjustment factor is calculated to be 1.0036 (See Table 7).

Table 6

Administration School Aid Revenue Adjustment Factor

For Fiscal Year 2024

	FY 2022	FY 2023	FY 2024
Baseline SAF Revenue	$17,819.5	$17,689.2	$17,944.1
Balance Sheet Adjustments	$61.5	($59.8)	($222.6)
Net SAF Estimates	$17,881.0	$17,629.4	$17,721.5
Subtotal Adjustments to FY 2024 Base	($284.1)	($162.9)	$0.0
Baseline Revenue on a FY 2024 Base	$17,596.8	$17,466.6	$17,721.5

School Aid Fund Revenue Adjustment Calculation for FY 2024

Sum of FY 2022 & FY 2023	$17,596.8	+	$17,466.6	=	$35,063.4
Sum of FY 2023 & FY 2024	$17,466.6	+	$17,721.5	=	$35,188.0

FY 2024 Revenue Adjustment Factor	**1.0036**

Note: Factor is calculated off a FY 2024 base year.

Table 7

Administration School Aid Revenue Adjustment Factor

For Fiscal Year 2025

	FY 2023	FY 2024	FY 2025
Baseline SAF Revenue	$17,689.2	$17,944.1	$18,335.5
Balance Sheet Adjustments	($59.8)	($222.6)	($277.1)
Net SAF Estimates	$17,629.4	$17,721.5	$18,058.4
Subtotal Adjustments to FY 2025 Base	($217.4)	($54.5)	$0.0
Baseline Revenue on a FY 2025 Base	$17,412.1	$17,667.0	$18,058.4

School Aid Fund Revenue Adjustment Calculation for FY 2025

Sum of FY 2023 & FY 2024	$17,412.1	+	$17,667.0	=	$35,079.0
Sum of FY 2024 & FY 2025	$17,667.0	+	$18,058.4	=	$35,725.3

FY 2025 Revenue Adjustment Factor	**1.0184**

Note: Factor is calculated off a FY 2025 base year.

Revenue Detail

The estimated tax and revenue totals include the effects of all enacted tax changes. The revenue totals by tax are presented separately for GF-GP and for the SAF (See Tables 8 and 9). Tax totals for the income, sales, use, CIT/MBT, tobacco and casino taxes for all funds are also included (See Table 10).

Table 8

Administration General Fund General Purpose Revenue Detail

(millions)

	FY 2023		FY 2024		FY 2025	
	Amount	**Growth**	**Amount**	**Growth**	**Amount**	**Growth**
GF-GP Tax Amounts						
Income Tax	$8,145.1	-11.5%	$7,758.0	-4.8%	$8,625.4	11.2%
Sales	$1,678.5	-0.9%	$1,674.8	-0.2%	$1,709.1	2.0%
Use	$1,155.1	-3.3%	$1,150.8	-0.4%	$1,139.3	-1.0%
Cigarette	$151.1	-4.8%	$148.9	-1.5%	$147.0	-1.3%
Beer & Wine	$49.0	-0.4%	$49.6	1.2%	$51.0	2.8%
Liquor Specific	$65.5	0.5%	$65.3	-0.3%	$65.7	0.6%
Insurance Co. Premium	$420.0	0.0%	$430.0	2.4%	$437.5	1.7%
CIT/MBT	$883.0	-42.2%	$790.3	-10.5%	$829.5	5.0%
Telephone & Telegraph	$34.0	-2.9%	$33.0	-2.9%	$31.0	-6.1%
Oil & Gas Severance	$32.0	-24.2%	$31.0	-3.1%	$29.0	-6.5%
Essential Services Assess.	$143.0	5.6%	$152.0	6.3%	$160.0	5.3%
Penalties and Interest	$140.0	0.1%	$143.0	2.1%	$146.0	2.1%
Railroad/Car Loaning	$3.0	0.0%	$3.0	0.0%	$3.0	0.0%
Enhanc. Enforce/ACS	($150.0)	4.5%	($151.0)	0.7%	($152.0)	0.7%
Total GF-GP Taxes	$12,749.3	-12.3%	$12,278.7	-3.7%	$13,221.5	7.7%
GF-GP Non-Tax Revenue						
Federal Aid	$10.0	8.7%	$10.0	0.0%	$10.0	0.0%
From Local Agencies	$0.1	NA	$0.1	0.0%	$0.1	0.0%
From Services	$7.0	536.4%	$7.0	0.0%	$7.0	0.0%
From Licenses & Permits	$14.0	30.8%	$14.0	0.0%	$14.0	0.0%
Miscellaneous	$20.0	-81.1%	$20.0	0.0%	$20.0	0.0%
Interfund Interest	$315.0	312.3%	$285.0	-9.5%	$150.0	-47.4%
Liquor Purchase	$335.0	2.4%	$342.0	2.1%	$345.0	0.9%
Charitable Games	$2.0	-63.0%	$2.0	0.0%	$2.0	0.0%
Transfer From Escheats	$90.0	-35.6%	$90.0	0.0%	$90.0	0.0%
Other Non Tax	$0.0	0.0%	$0.0	0.0%	$0.0	0.0%
Total Non Tax	$793.1	17.4%	$770.1	-2.9%	$638.1	-17.1%
Total GF-GP Revenue	$13,542.4	-11.0%	$13,048.8	-3.6%	$13,859.6	6.2%

Table 9
Administration School Aid Fund Revenue Detail

	FY 2023		FY 2024		FY 2025	
	Amount	Growth	Amount	Growth	Amount	Growth
School Aid Fund						
Income Tax	$3,818.3	-5.9%	$3,795.6	-0.6%	$3,876.7	2.1%
Sales Tax	$7,858.5	-0.1%	$7,844.3	-0.2%	$7,978.5	1.7%
Use Tax	$854.3	-0.6%	$859.1	0.6%	$857.3	-0.2%
Liquor Excise Tax	$76.8	0.8%	$77.3	0.7%	$78.3	1.3%
Cigarette & Tobacco	$269.4	-5.4%	$264.6	-1.8%	$260.3	-1.6%
Marijuana Excise Tax	$79.6	0.0%	$83.6	5.0%	$88.0	5.3%
State Education Tax	$2,600.0	6.6%	$2,723.0	4.7%	$2,823.0	3.7%
Real Estate Transfer	$390.0	-28.7%	$372.6	-4.5%	$389.3	4.5%
Industrial Facilities Tax	$42.0	1.4%	$42.5	1.2%	$43.0	1.2%
Casino (45% of 18%)	$107.0	3.6%	$113.0	5.6%	$115.0	1.8%
iGaming, Sports Betting	$296.5	13.4%	$312.4	5.4%	$318.0	1.8%
Commercial Forest	$4.0	-7.0%	$4.0	0.0%	$4.0	0.0%
Other Spec Taxes	$23.0	10.6%	$23.0	0.0%	$23.0	0.0%
Subtotal Taxes	$16,419.4	-1.3%	$16,515.0	0.6%	$16,854.4	2.1%
Lottery Transfer	$1,210.0	-3.1%	$1,206.4	-0.3%	$1,204.0	-0.2%
Total SAF Revenue	$17,629.4	-1.4%	$17,721.4	0.5%	$18,058.4	1.9%

Table 10
Administration Major Tax Totals

	FY 2023		FY 2024		FY 2025	
	Amount	Growth	Amount	Growth	Amount	Growth
Major Tax Totals (Includes all Funds)						
Income Tax	$12,633.2	-9.2%	$12,223.4	-3.2%	$13,171.9	7.8%
Sales Tax	$10,777.3	-0.1%	$10,757.4	-0.2%	$10,940.5	1.7%
Use Tax	$2,557.4	-0.6%	$2,571.6	0.6%	$2,558.3	-0.5%
CIT/MBT	$1,483.0	-3.0%	$1,390.3	-6.3%	$1,429.5	2.8%
Cigarette and Tobacco	$759.5	-4.6%	$748.8	-1.4%	$739.2	-1.3%
Casino Tax	$107.0	1.6%	$113.0	5.6%	$115.0	1.8%