

May 2024 Revenue Update

Major Taxes

Cash collections from Michigan's major taxes, penalties and interest, and lottery transfers totaled \$2,636.3 million in May 2024, \$145.3 million more than in May 2023. For the fiscal year-to-date, collections in FY 2023-24 were \$650.9 million (or 3.7%) lower than during FY 2022-23.

Net income tax revenue totaled \$1,080.1 million in May 2024, and for FY 2023-24 collections through May were \$725.7 million less than the same period during FY 2022-23. Year-to-date gross income tax collections in FY 2023-24 were \$192.4 million higher than one year ago due primarily to higher withholding payments offsetting lower collections from the quarterly and annual payments.

Net business taxes are composed of the single business tax (SBT), the Michigan business tax (MBT), the corporate income tax (CIT), and insurance company taxes. Because of their inherent volatility, monthly collections of business taxes often display significant fluctuations that diverge from historical trends. On a fiscal year-to-date basis, net business taxes were \$134.0 million higher through May 2024 than a year ago. MBT refunds through May 2024 were \$106.5 million less negative than last year while CIT collections over the same period were \$22.2 million lower than last year's amount. Year-to-date insurance taxes were also higher than a year ago by \$46.5 million (or 20.7%).

Revenue from consumption taxes, which consist of the sales tax, the use tax, beer and wine taxes, liquor taxes, and tobacco taxes, totaled \$1,158.7 million in May 2024, and were collectively \$88.9 million lower than in FY 2022-23 on a year-to-date basis. Sales tax collections were \$148.4 million (or 2.4%) below last year's amount on a year-to-date basis, while use tax collections were \$90.4 million (or 7.8%) higher than a year ago.

Revenue from online gaming totaled \$33.7 million in May 2024 and collections through May were \$39.4 million (or 21.5%) higher than the same period during FY 2022-23. Year-to-date revenue from recreational marijuana sales through May 2024 was \$34.0 million higher than one year ago. The transfer from the lottery to the School Aid Fund was \$111.2 million in May 2024, and year-to-date transfers were \$36.2 million lower than FY 2022-23.

General Fund/General Purpose (GF/GP) Tax Revenue

General Fund/General Purpose revenue from Michigan's major taxes was estimated¹ to be \$1,202.9 million in May 2024, about \$214.5 million above the projection established at the May 2024 consensus revenue estimating conference (CREC). Net individual income taxes were \$163.1 million above target and net business taxes were \$50.4 million above target.

Because May collections are the only monthly revenues since the most recent CREC, year-to-date GF/GP tax revenue for FY 2023-24 was also about \$214.5 million above the projected amount.

School Aid Fund (SAF) Revenue

School Aid Fund revenue from Michigan's major taxes was estimated¹ to be \$1,268.5 million in May 2024, about \$72.6 million above the amount established at the May 2024 CREC. Almost all of the differential can be attributed to higher than projected sales tax revenues.

For the same reason as with year-to-date GF/GP revenue, year-to-date SAF revenue for FY 2023-24 was also about \$72.6 million above the consensus revenue projections.

¹ Because of accruals and undistributed revenue, monthly fund splits are estimated.

FY 2023-24 May Revenue Collections
Millions of Dollars

	FY 2023-24	Year-to-Date Collections		Change from FY 2022-23 Year-to-Date		FY 2023-24 Estimates (May 2024 CREC)	
<u>Major Taxes</u>	<u>May</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>Dollar</u>	<u>% Change</u>	<u>Dollar</u>	<u>% Change</u>
Individual Income Tax							
Withholding	\$1,016.7	\$7,333.1	\$7,595.4	\$262.3	3.6%	\$12,581.9	4.5%
Flow Through Entity Tax	(30.9)	516.8	575.6	58.9	11.4%	972.8	(45.8%)
Quarterly Income Tax	48.3	570.8	539.1	(31.7)	(5.6%)	999.0	(27.3%)
Annual Income Tax	<u>241.7</u>	<u>1,094.2</u>	<u>997.1</u>	<u>(97.1)</u>	(8.9%)	<u>1,152.5</u>	(38.9%)
Gross Income Tax	\$1,275.8	\$9,514.9	\$9,707.2	\$192.4	2.0%	\$15,706.2	(8.1%)
Less: Income Tax Refunds	<u>195.7</u>	<u>2,653.0</u>	<u>3,571.1</u>	<u>918.1</u>	34.6%	<u>3,317.0</u>	(204.6%)
Net Income Tax	\$1,080.1	\$6,861.9	\$6,136.2	(\$725.7)	(10.6%)	\$12,389.2	(38.9%)
Business Taxes							
Single Business Tax	(0.3)	(3.5)	(0.3)	3.2		0.0	
Michigan Business Tax	3.4	(473.5)	(367.0)	106.5		(494.6)	
Corporate Income Tax	139.7	1,272.4	1,250.1	(22.2)	(1.7%)	2,225.0	9.6%
Insurance Company Taxes	<u>4.6</u>	<u>225.1</u>	<u>271.7</u>	<u>46.5</u>	20.7%	<u>523.0</u>	24.6%
Subtotal	\$147.4	\$1,020.6	\$1,154.6	\$134.0	13.1%	\$2,253.4	15.5%
Consumption Taxes							
Sales Tax	911.2	6,114.3	5,965.9	(148.4)	(2.4%)	10,487.3	(2.8%)
Use Tax (excluding LCSA levy)	181.4	1,162.1	1,252.6	90.4	7.8%	2,253.3	9.7%
Beer and Wine Taxes	1.1	22.2	21.7	(0.5)	(2.4%)	46.0	(6.5%)
Liquor Excise Tax	11.1	86.9	88.2	1.3	1.5%	142.7	0.9%
Tobacco Taxes	<u>53.9</u>	<u>404.9</u>	<u>373.1</u>	<u>(31.8)</u>	(7.8%)	<u>691.0</u>	(13.4%)
Subtotal	\$1,158.7	\$7,790.4	\$7,701.4	(\$88.9)	(1.1%)	\$13,620.3	(1.5%)
Other Miscellaneous Taxes							
State Education Tax	29.0	507.1	508.6	1.6	0.3%	2,715.0	11.3%
Real Estate Transfer Tax	30.0	215.1	204.2	(10.9)	(5.1%)	370.0	(32.3%)
Essential Services Assessment	7.0	2.5	6.7	4.2	171.4%	150.0	10.8%
Industrial & Commercial Facilities Taxes	6.0	26.1	29.5	3.4	12.9%	45.0	8.7%
Casino Wagering Tax	9.1	60.9	59.4	(1.5)	(2.4%)	100.8	(3.2%)
iGaming, Sports Betting, Fantasy Sports	33.7	183.1	222.5	39.4	21.5%	378.4	45.2%
Recreational Marihuana Excise Tax	13.6	128.3	162.2	34.0	26.5%	330.3	66.6%
Gas and Oil Severance Tax	1.9	16.5	12.7	(3.8)	(23.0%)	27.0	(36.0%)
Telephone and Telegraph Tax	0.0	7.1	13.4	6.3	88.2%	34.0	(2.9%)
Penalties and Interest	8.5	94.1	87.5	(6.7)	(7.1%)	143.0	2.3%
Lottery Transfer to School Aid Fund	<u>111.2</u>	<u>885.4</u>	<u>849.2</u>	<u>(36.2)</u>	(4.1%)	<u>1,270.0</u>	1.7%
Subtotal	\$250.0	\$2,126.2	\$2,156.0	\$29.8	1.4%	\$5,563.5	7.2%
TOTAL	\$2,636.3	\$17,799.1	\$17,148.2	(\$650.9)	(3.7%)	\$33,826.4	(18.0%)

Note: Numbers may not add due to rounding.