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## October 2023 Revenue Update

### Major Taxes

Cash collections from Michigan's major taxes, penalties and interest, and lottery transfers totaled \$3,860.3 million in October 2023, \$117.6 million more than in October 2022. Because October cash collections complete the fiscal year, prior year comparisons represent full fiscal year totals. Cash collections in FY 2022-23 were \$1,752.2 million (or 4.9%) lower than during FY 2021-22.

Net income tax revenue totaled \$1,072.1 million in October 2023, and for FY 2022-23 collections were \$2,210.7 million less than FY 2021-22. Gross income tax collections in FY 2022-23 were \$1,656.8 million lower than last year due to lower quarterly and annual payments and lower collections from the new flow through entity (FTE) tax.

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. For FY 2022-23, net business taxes were \$256.8 million higher than a year ago. MBT refunds were close to last year's pace while CIT collections were \$218.5 million higher than last year's amount. However, collections do not reflect CIT earmarks related to the Strategic Outreach and Attraction Reserve Fund, Revitalizing and Placemaking Fund, and Michigan Housing and Community Development Fund that will more than offset that differential when they are accounted for.

Revenue from consumption taxes, which consist of the sales tax, the use tax, beer and wine taxes, liquor taxes, and tobacco taxes, totaled \$1,164.0 million in October 2023, and were collectively \$109.9 million lower than in FY 2021-22. Sales tax collections were 0.7% below last year's amounts while use tax collections were 2.0% above. This was primarily due to approximately \$120.0 million that had been classified as sales tax revenue in prior months being transferred to use tax revenue.

Revenue from online gaming totaled \$29.1 million in October 2023 and collections for FY 2022-23 were \$50.6 million higher than FY 2021-22. Recreational marijuana revenue was \$87.6 million (or 49.1%) higher than last year while collections from the real estate transfer tax were \$153.4 million (or 27.9%) lower. Lottery revenues for FY 2022-23 were approximately 9.4% higher than FY 2021-22.<sup>1</sup>

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

General Fund/General Purpose revenue from Michigan's major taxes was estimated<sup>2</sup> to be \$1,318.8 million in October 2023, about \$169.2 million below the projection established at the May 2023 CREC primarily due to lower than anticipated collections from the flow through entity tax and CIT and higher IIT refunds.

GF/GP cash collections for FY 2022-23 were about \$61.5 million below the projection, with a higher IIT refunds offsetting above forecast net business taxes.

### School Aid Fund (SAF) Revenue

School Aid Fund revenue from Michigan's major taxes was estimated<sup>2</sup> to be \$2,350.4 million in October 2023, about \$93.7 million below the amount established at the May 2023 CREC. Most of the differential can be attributed to lower than forecast sales tax and state education tax (SET) collections.

SAF revenue for FY 2022-23 was \$25.4 million below the consensus revenue projections with lower than projected sales tax and SET more than offsetting higher than projected lottery, use tax, and recreational marijuana collections.

<sup>1</sup> Weekly revenue reports from the Lottery indicate actual collections are stronger than the monthly transfers would suggest.

<sup>2</sup> Because of accruals and undistributed revenue, monthly fund splits are estimated.

**FY 2022-23 October Revenue Collections**  
Millions of Dollars

<b>Major Taxes</b>	<b>FY 2022-23</b>	<b>Year-to-Date Collections</b>		<b>Change from</b>		<b>FY 2022-23 Estimates</b>	
	<b>October</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2021-22 Year-to-Date</b>	<b>Year-to-Date</b>	<b>(May 2023 CREC)</b>	
				<b>Dollar</b>	<b>% Change</b>	<b>Dollar</b>	<b>% Change</b>
Individual Income Tax							
Withholding	\$1,060.3	\$12,058.9	\$12,259.0	\$200.2	1.7%	\$12,206.0	1.3%
Flow Through Entity Tax	(21.3)	1,910.1	883.6	(1,026.6)	(53.7%)	975.7	(45.6%)
Quarterly Income Tax	31.2	1,377.8	1,080.4	(297.3)	(21.6%)	1,040.0	(24.4%)
Annual Income Tax	98.1	1,850.1	1,317.0	(533.1)	(28.8%)	1,315.7	(30.2%)
<b>Gross Income Tax</b>	<b>\$1,168.3</b>	<b>\$17,196.8</b>	<b>\$15,540.0</b>	<b>(\$1,656.8)</b>	<b>(9.6%)</b>	<b>\$15,537.4</b>	<b>(9.1%)</b>
Less: Income Tax Refunds	96.2	2,559.4	3,113.3	553.9	21.6%	2,810.0	(188.6%)
<b>Net Income Tax</b>	<b>\$1,072.1</b>	<b>\$14,637.5</b>	<b>\$12,426.7</b>	<b>(\$2,210.7)</b>	<b>(15.1%)</b>	<b>\$12,727.4</b>	<b>(37.2%)</b>
Business Taxes							
Single Business Tax	0.0	1.6	(3.5)	(5.1)		0.0	
Michigan Business Tax	0.7	(456.1)	(460.5)	(4.4)		(527.0)	
Corporate Income Tax	129.5	2,028.4	2,246.9	218.5	10.8%	1,560.0	(23.1%)
Insurance Company Taxes	113.7	419.2	467.0	47.8	11.4%	440.0	4.8%
<b>Subtotal</b>	<b>\$243.9</b>	<b>\$1,993.0</b>	<b>\$2,249.8</b>	<b>\$256.8</b>	<b>12.9%</b>	<b>\$1,473.0</b>	<b>(24.5%)</b>
Consumption Taxes							
Sales Tax	910.5	10,781.9	10,706.1	(75.8)	(0.7%)	10,847.3	0.6%
Use Tax (excluding LCSA levy)	180.0	2,116.7	2,158.8	42.1	2.0%	2,014.4	(1.9%)
Beer and Wine Taxes	9.6	49.2	46.6	(2.6)	(5.3%)	49.0	(0.4%)
Liquor Excise Tax	2.0	142.3	146.0	3.7	2.6%	140.8	(0.4%)
Tobacco Taxes	61.9	799.6	722.2	(77.3)	(9.7%)	743.9	(6.7%)
<b>Subtotal</b>	<b>\$1,164.0</b>	<b>\$13,889.6</b>	<b>\$13,779.7</b>	<b>(\$109.9)</b>	<b>(0.8%)</b>	<b>\$13,795.4</b>	<b>(0.2%)</b>
Other Miscellaneous Taxes							
State Education Tax	1,233.9	2,373.9	2,586.4	212.5	9.0%	2,607.0	6.8%
Real Estate Transfer Tax	39.9	549.8	396.4	(153.4)	(27.9%)	390.0	(28.6%)
Essential Services Assessment	0.2	134.7	143.6	8.8	6.6%	143.0	5.6%
Industrial & Commercial Facilities Taxes	6.4	45.8	48.9	3.0	6.6%	42.0	1.4%
Casino Wagering Tax	7.4	103.2	101.1	(2.1)	(2.0%)	103.2	(0.9%)
iGaming, Sports Betting, Fantasy Sports	29.1	268.7	319.3	50.6	18.8%	314.4	20.6%
Recreational Marihuana Excise Tax	52.4	178.6	266.2	87.6	49.1%	239.9	21.0%
Gas and Oil Severance Tax	2.6	43.6	27.6	(16.1)	(36.8%)	35.0	(17.1%)
Telephone and Telegraph Tax	0.0	34.7	30.2	(4.5)	(12.9%)	34.0	(2.9%)
Penalties and Interest	8.3	119.9	133.3	13.4	11.2%	140.0	0.1%
Lottery Transfer to School Aid Fund	0.0	1,191.3	1,302.9	111.6	9.4%	1,220.0	(2.3%)
<b>Subtotal</b>	<b>\$1,380.3</b>	<b>\$5,044.2</b>	<b>\$5,355.9</b>	<b>\$311.7</b>	<b>6.2%</b>	<b>\$5,268.5</b>	<b>1.5%</b>
<b>TOTAL</b>	<b>\$3,860.3</b>	<b>\$35,564.3</b>	<b>\$33,812.1</b>	<b>(\$1,752.2)</b>	<b>(4.9%)</b>	<b>\$33,264.3</b>	<b>(19.3%)</b>

Note: Numbers may not add due to rounding.