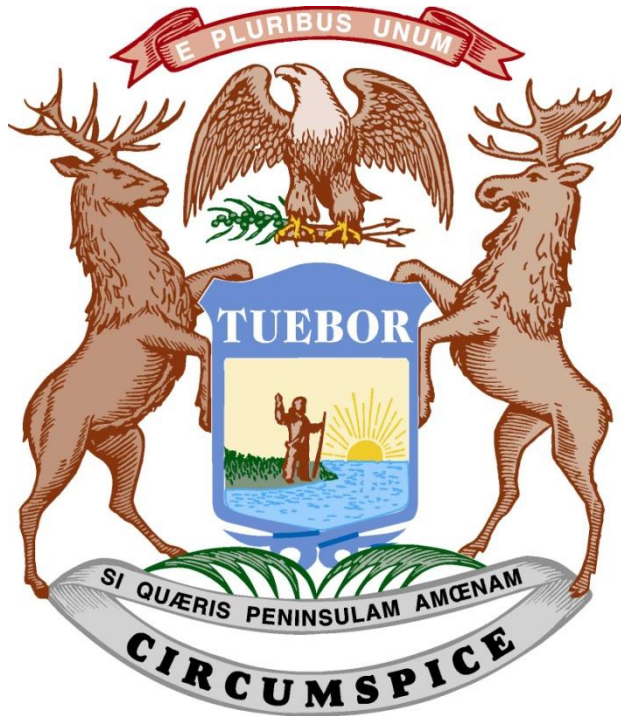


# ECONOMIC AND REVENUE FORECASTS

FY 2025 • FY 2026 • FY 2027



## CONSENSUS REVENUE ESTIMATING CONFERENCE (CREC)

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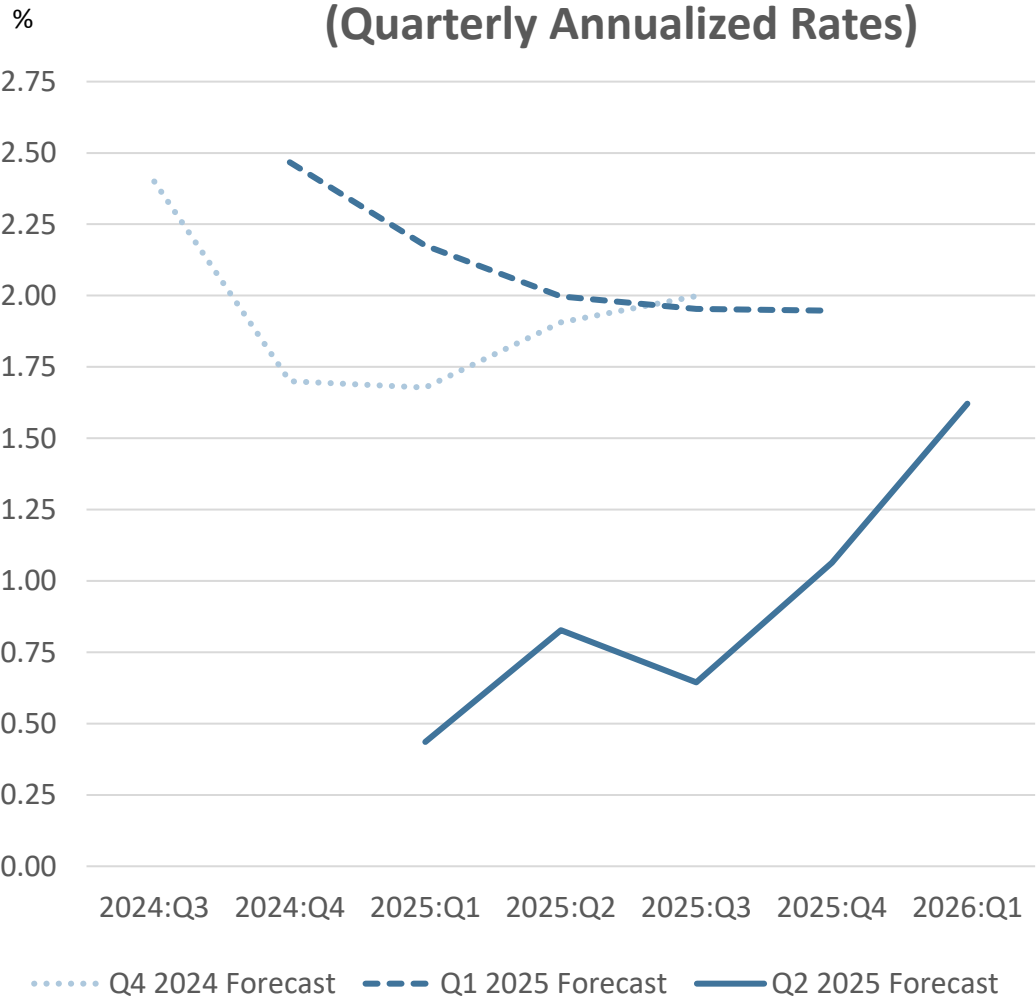
MAY 16, 2025

# OUTLINE

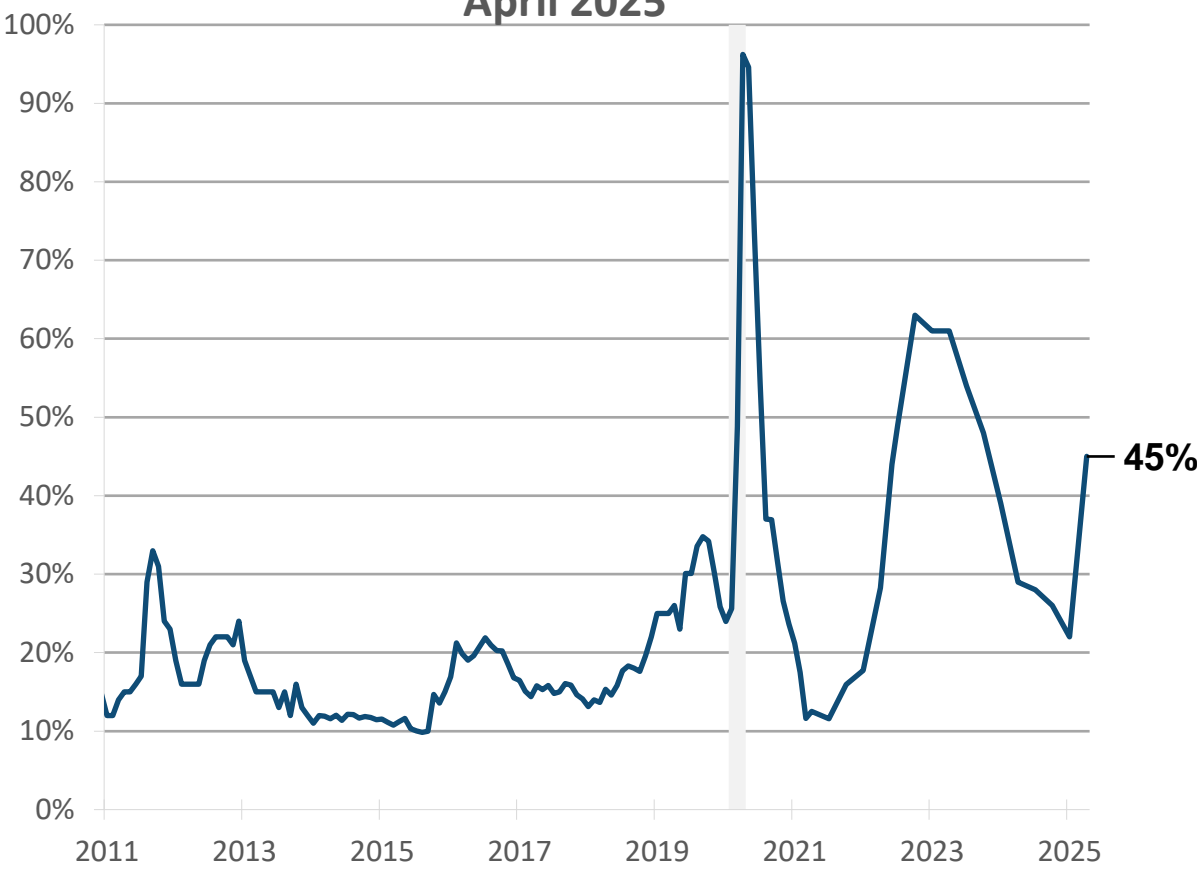
- **Recent Economic and Revenue Updates**  
David Zin, Senate Fiscal Agency
- **Revenue Estimates for Major Taxes**  
Eric Bussis, Department of Treasury
- **Revenue Estimates by Fund**  
Ben Gielczyk, House Fiscal Agency

# RISKS BEGINNING TO APPEAR

Real Gross Domestic Product Growth  
(Quarterly Annualized Rates)



Probability the U.S. is in a Recession in the  
Next 12 Months  
April 2025

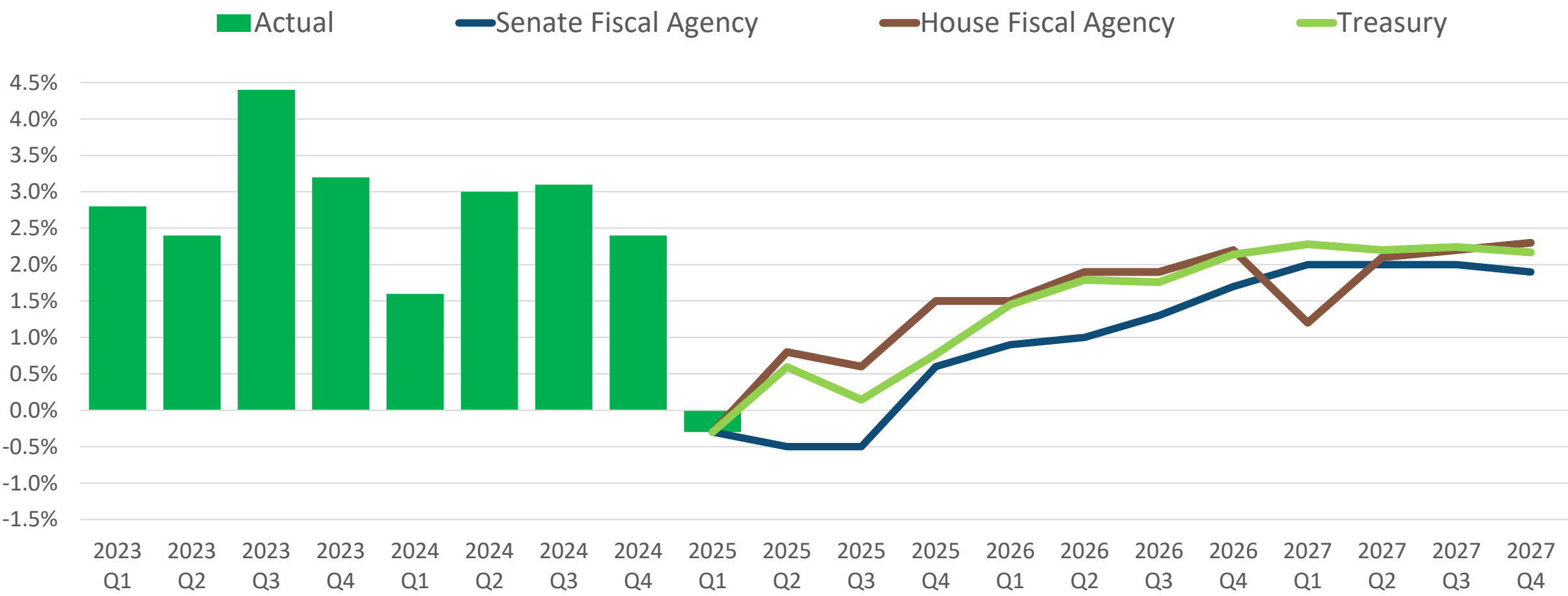


Note: Average of economists' answers. Gaps indicate question not asked

Source: The Wall Street Journal Survey of Economists, 04/14/2025.

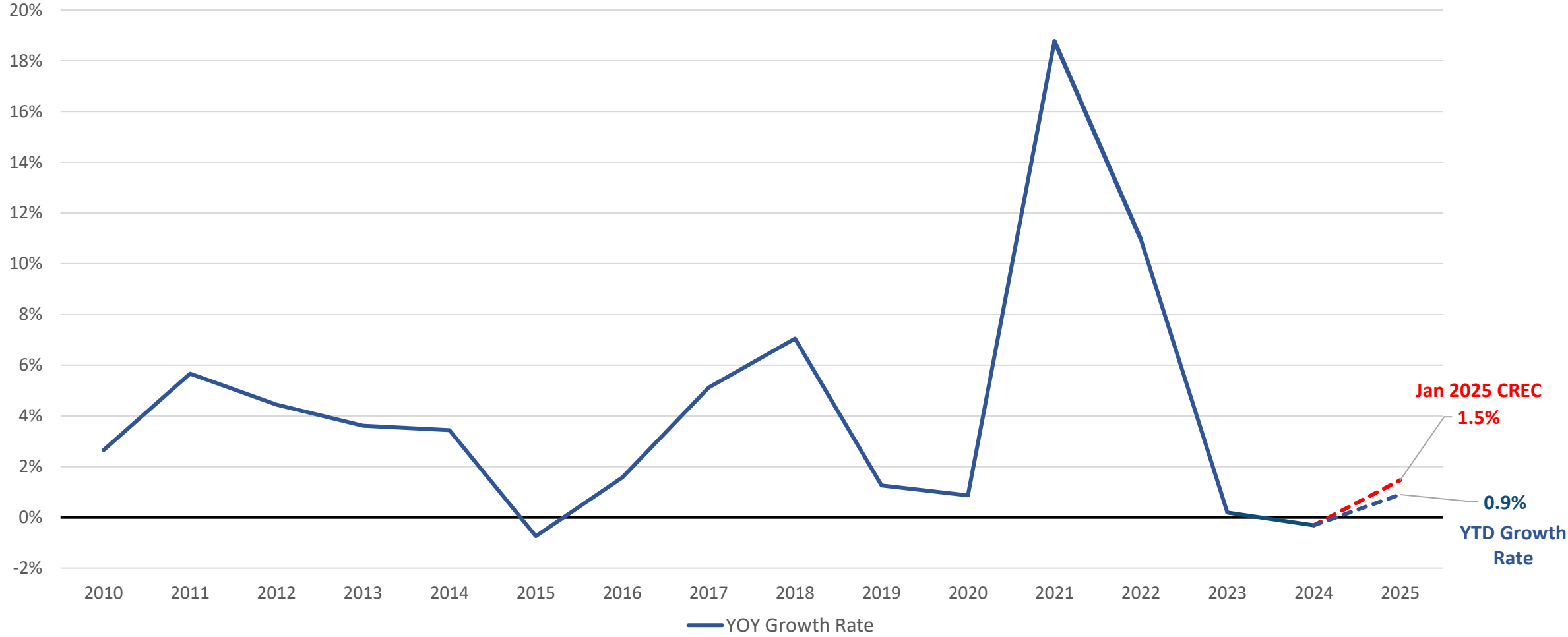
# U.S. REAL GROSS DOMESTIC PRODUCT (GDP)

## Quarterly Real GDP



# SALES AND USE TAX GROWTH RATE

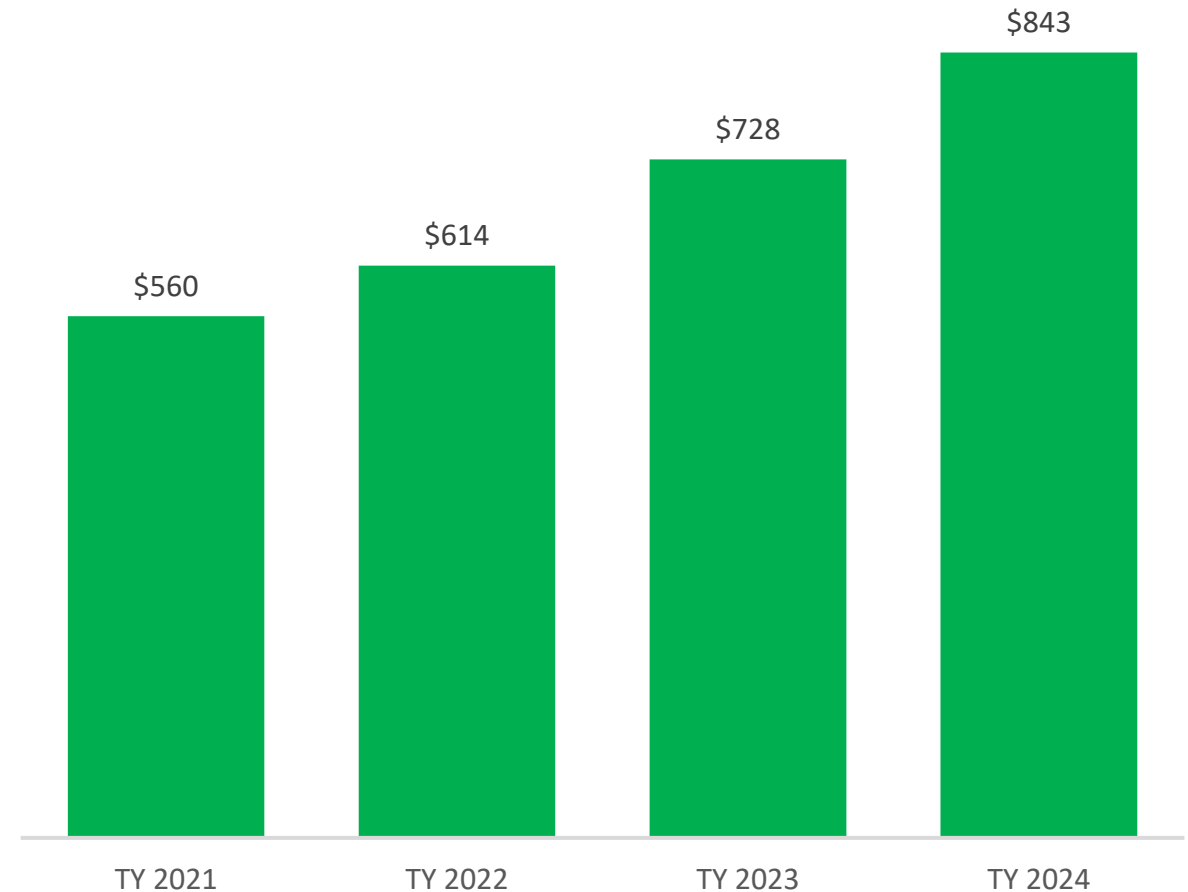
Sales and Use Tax  
Fiscal Year-Over-Year Growth Rate



# INDIVIDUAL INCOME TAX RETURNS

- As designed, the May CREC is after Individual Income Tax returns are due on April 15
- April 2025 Updates
  - Homestead Property Tax Credit: \$70 million higher
  - EITC credits: \$50 million higher
  - Higher refunds for retirees that benefited from retirement tax changes: \$120 million
  - Faster processing: \$100 million
  - Stronger than expected annual payments: \$100 million

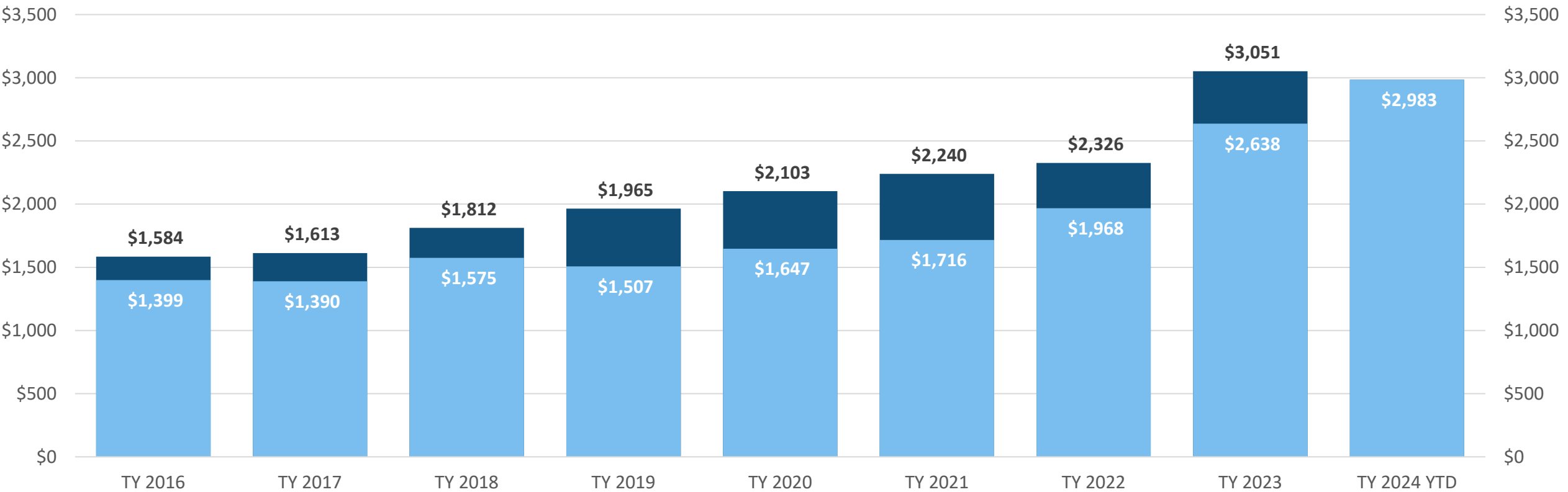
IIT Average Refund by Tax Year  
Processing through May 15 each year



# INDIVIDUAL INCOME TAX REFUNDS

Income Tax Refunds Paid  
(millions)

■ Total Income Tax Refunds Paid for Tax Year    ■ Income Tax Refunds Paid Through May 15

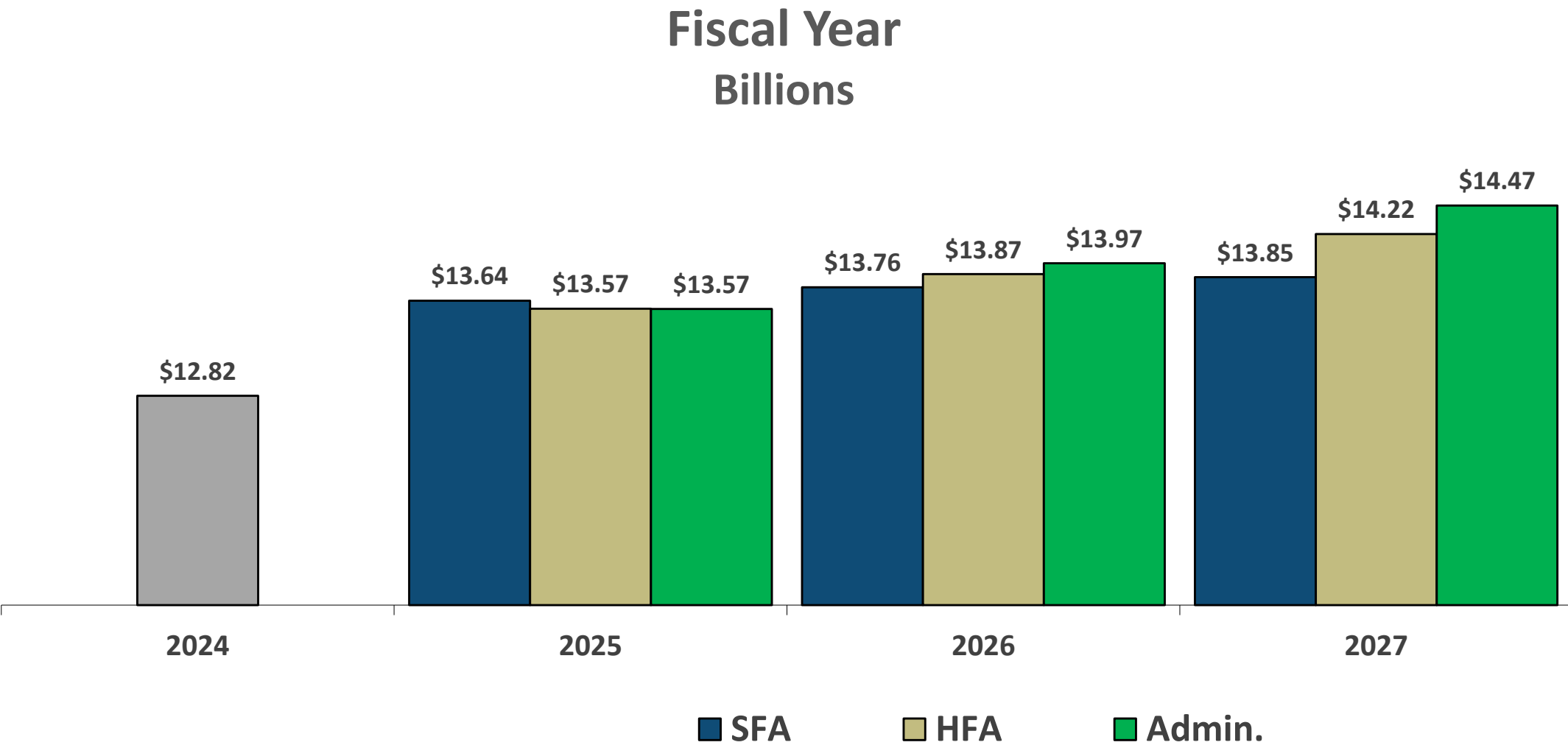


# FORECAST OF MAJOR TAXES

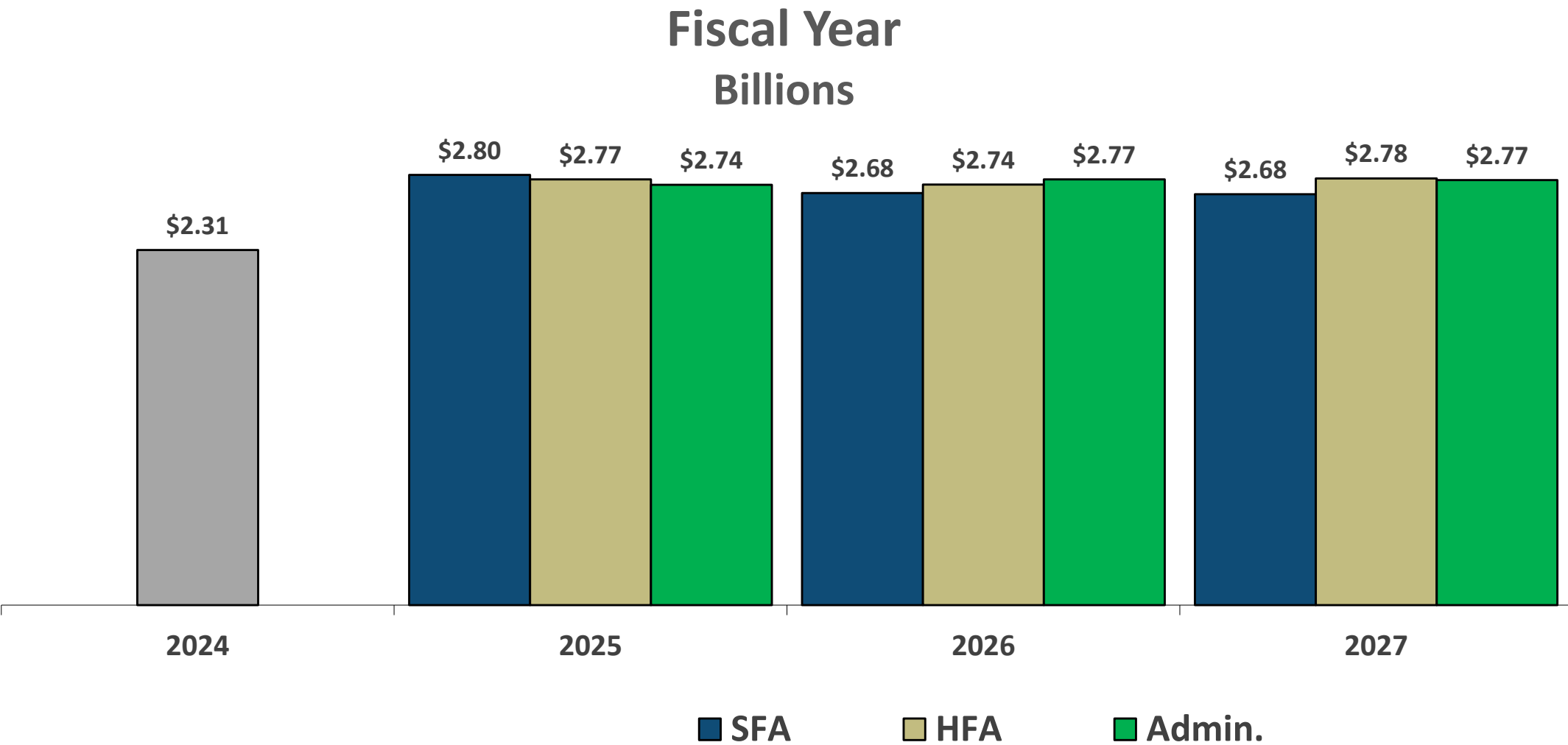
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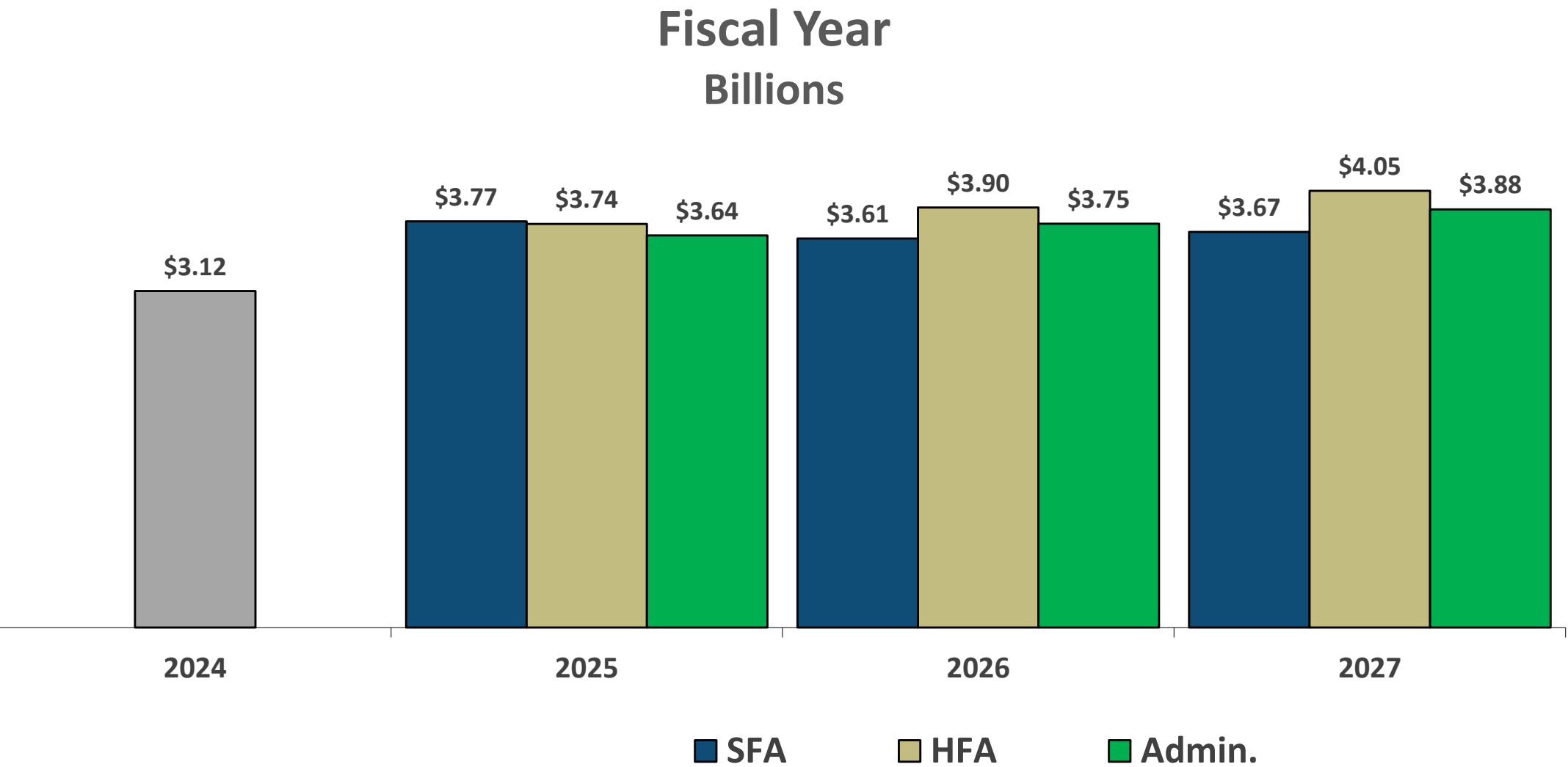
# Income Tax Withholding



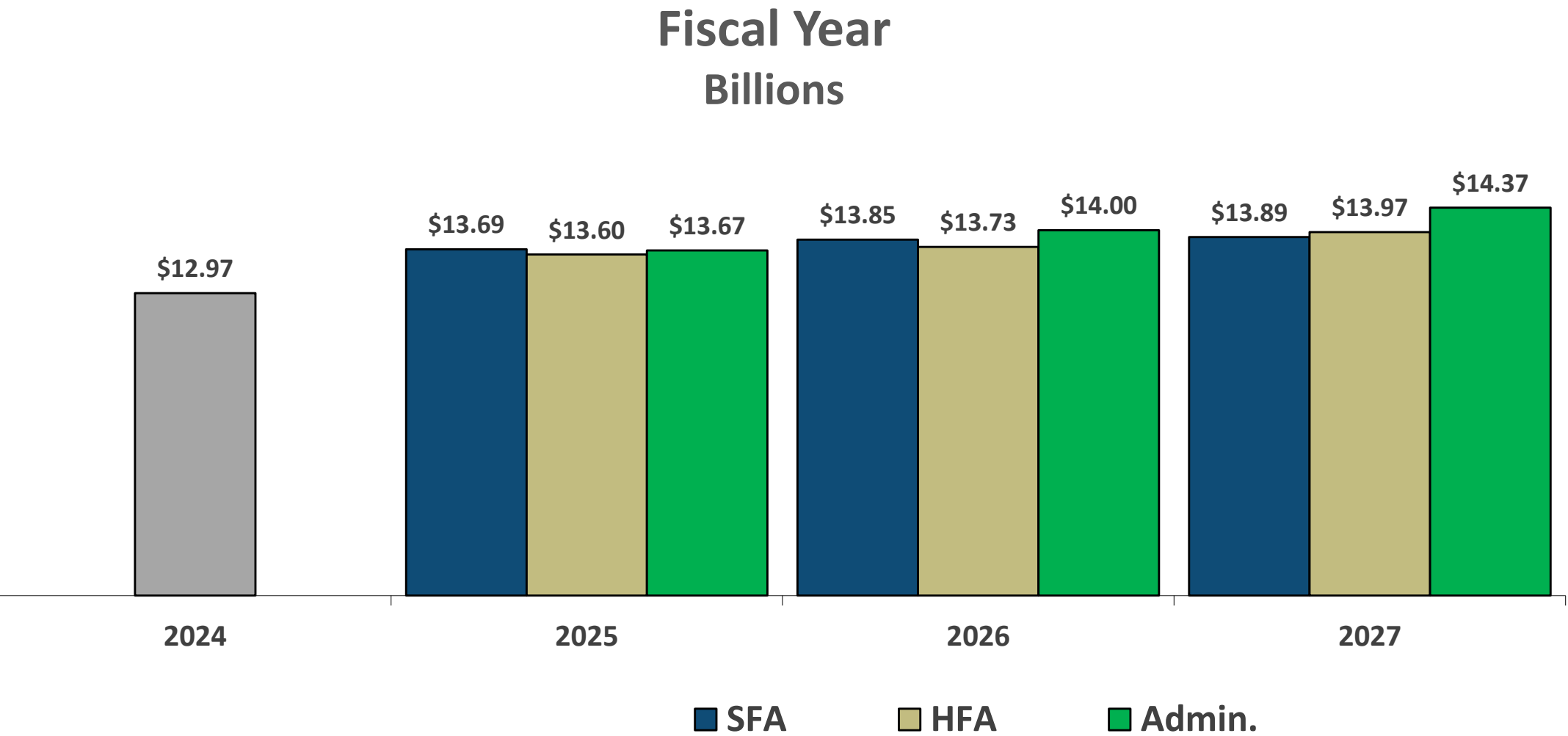
# Income Tax Quarterly and Annual Payments



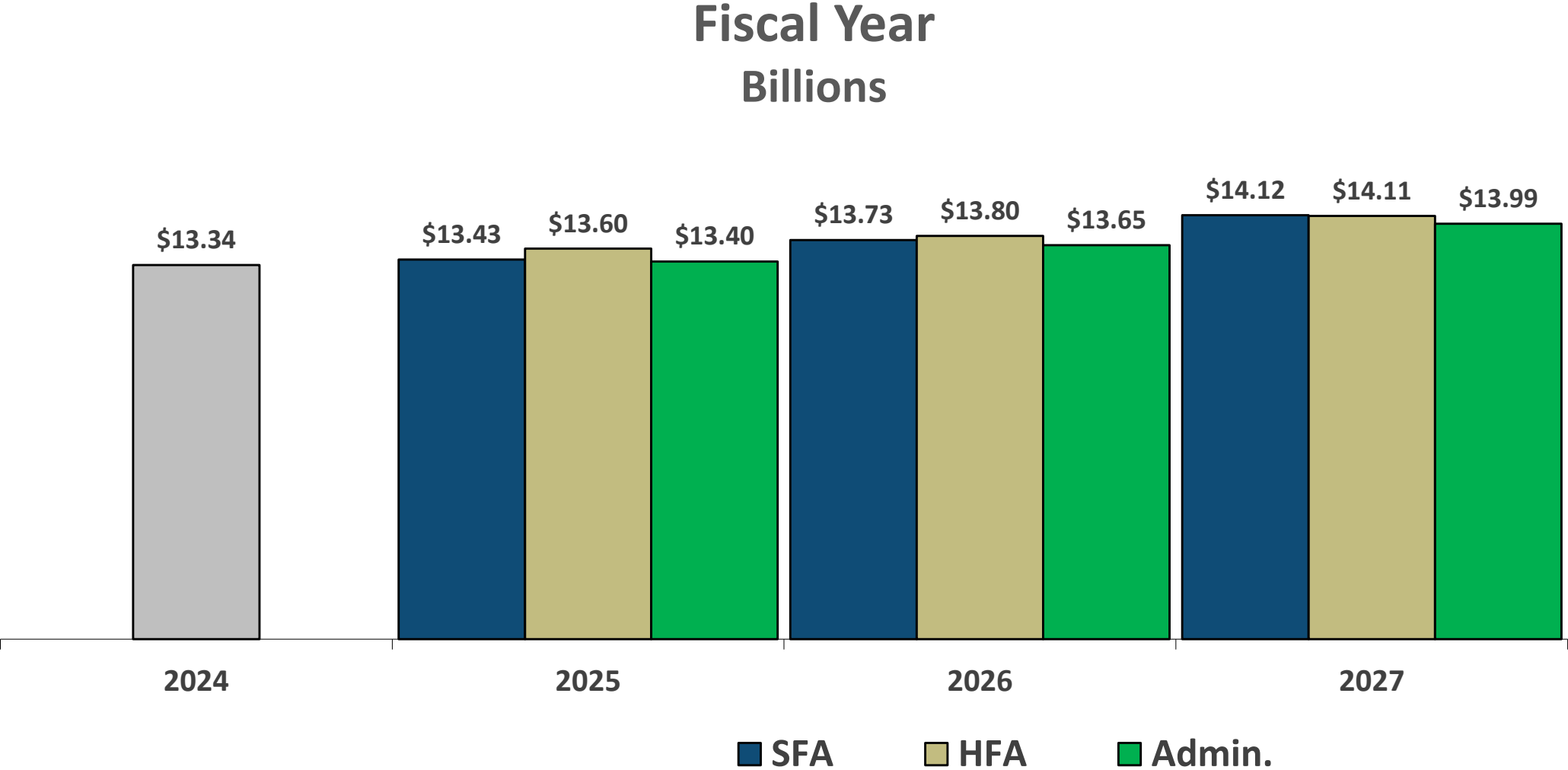
# Income Tax Refunds



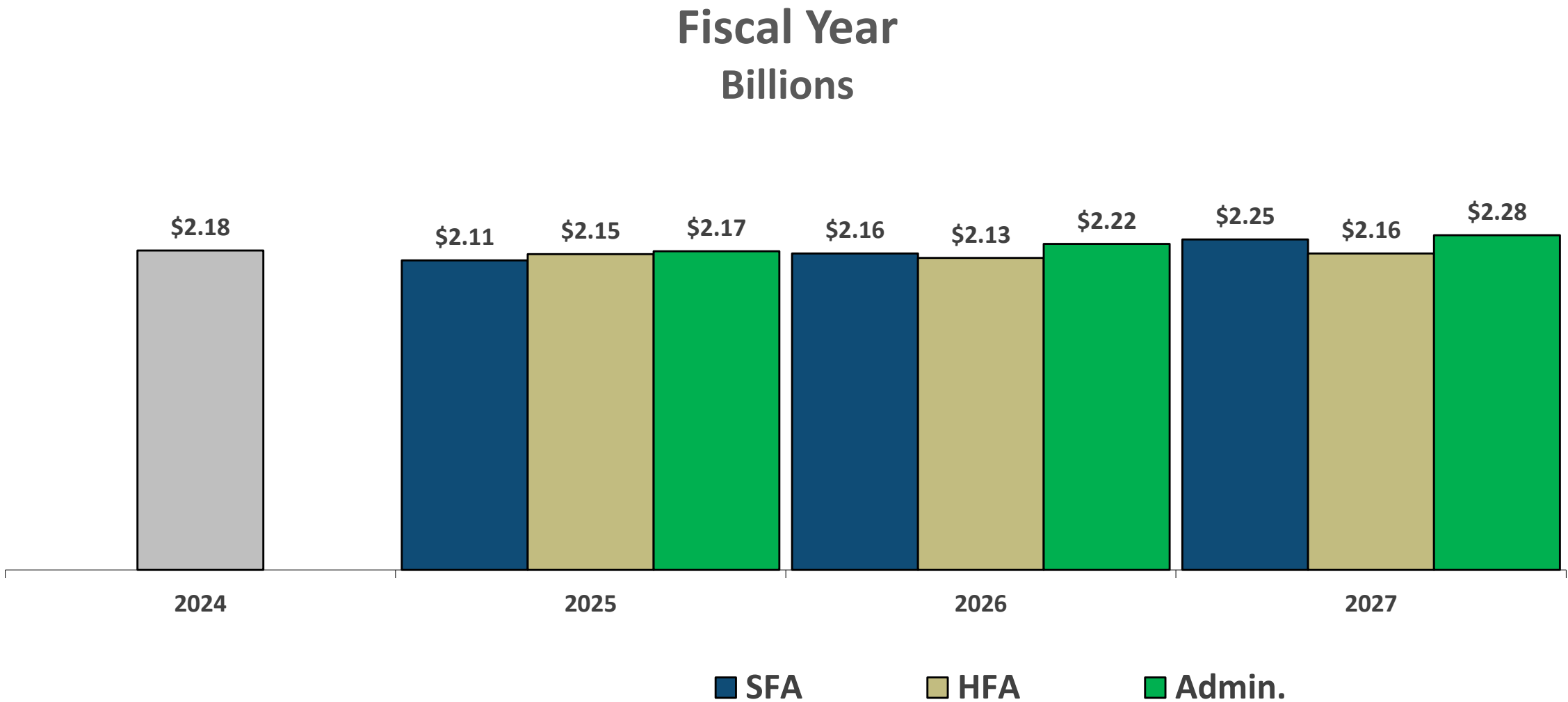
# Net Individual Income Tax (IIT) Revenue Estimates



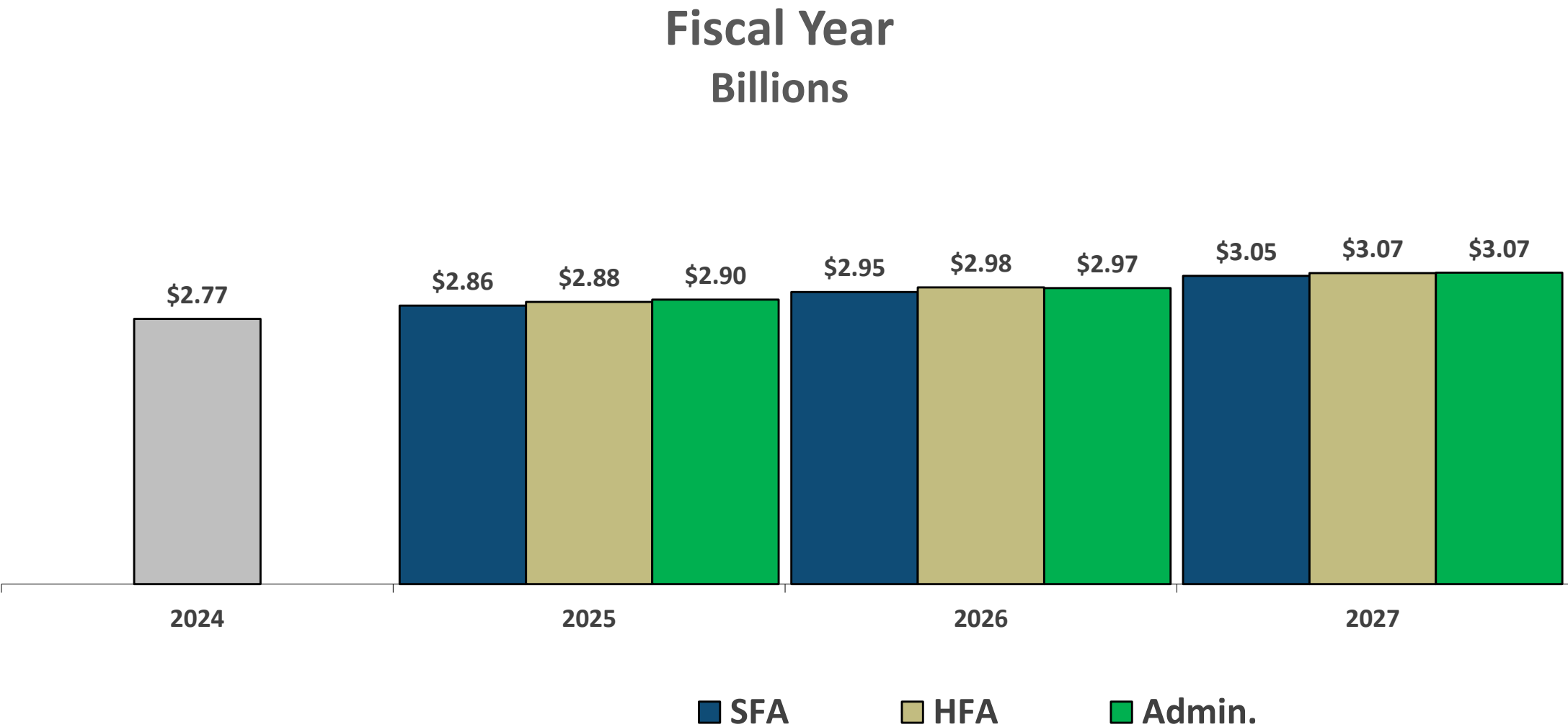
# Net Sales and Use Taxes Revenue Estimates



# Net Corporate Income Tax (CIT) Revenue Estimates



# Net State Education Tax (SET) Revenue Estimates

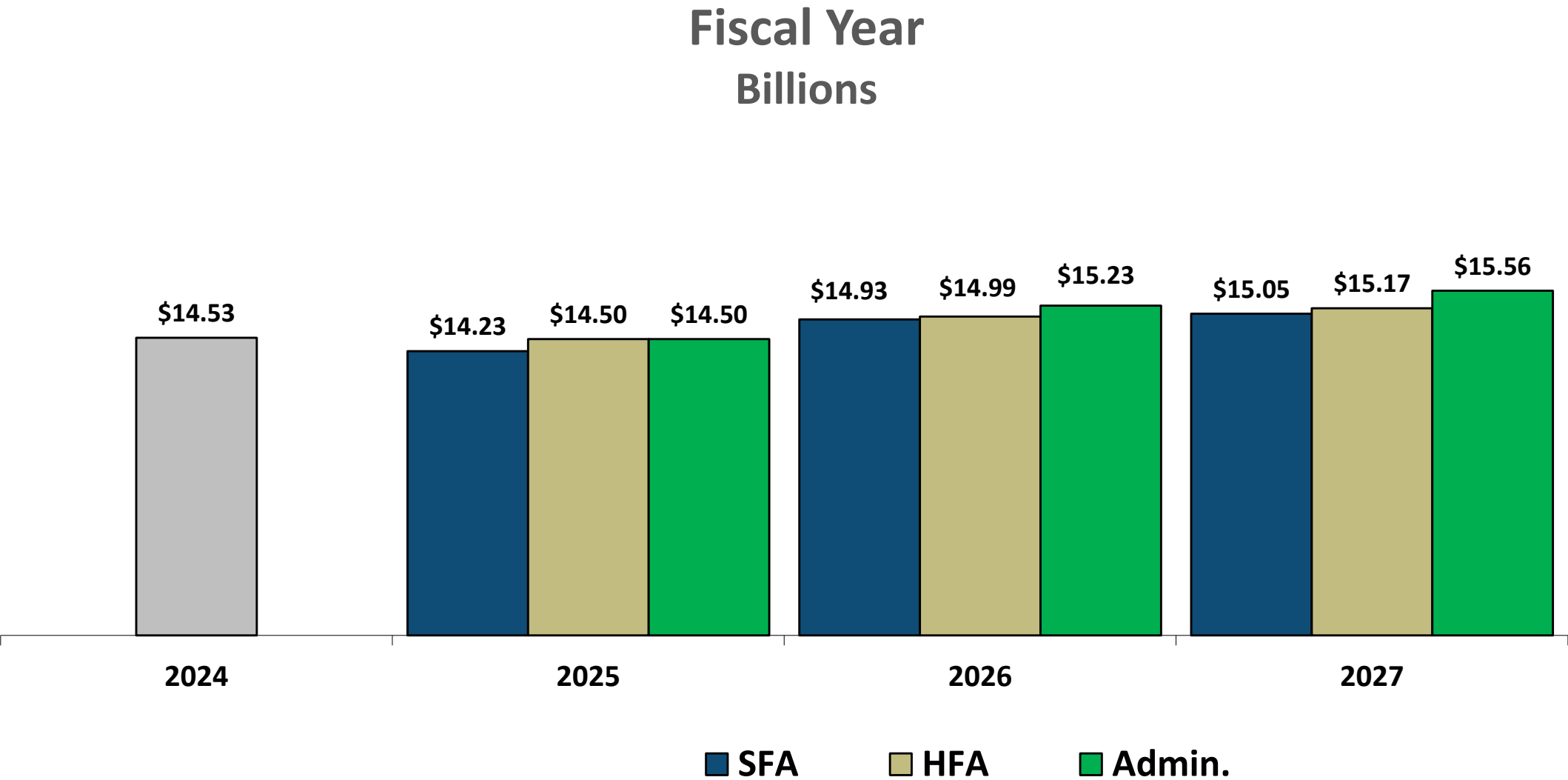


# FORECAST OF GF-GP AND SCHOOL AID FUND

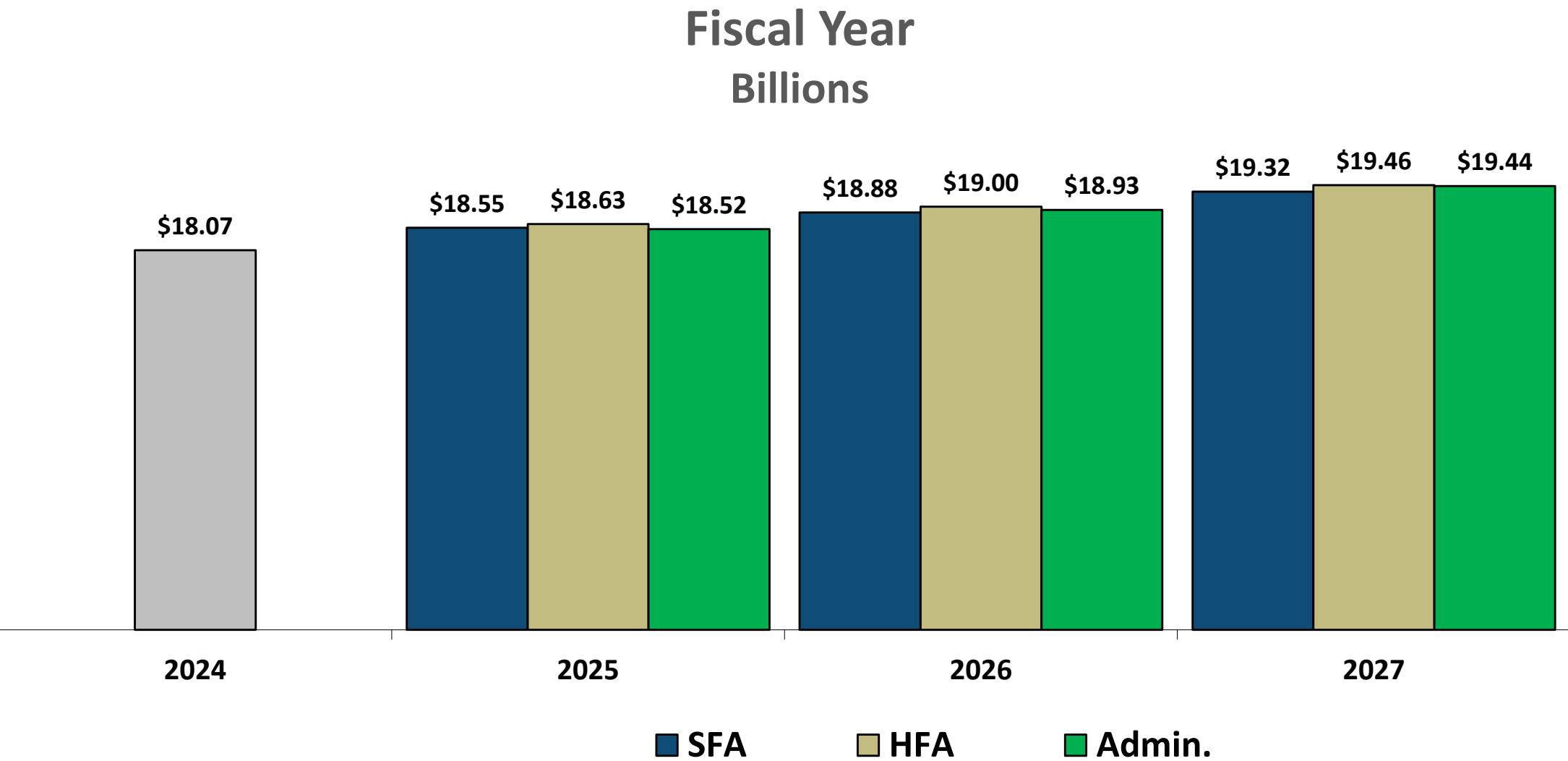
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# GF-GP Net Revenue Estimates



# School Aid Fund Net Revenue Estimates



# Revenue Forecast Comparison

Total Revenue (Values in Millions)									
	FY 2025			FY 2026			FY 2027		
	<u>SFA</u>	<u>HFA</u>	<u>Admin.</u>	<u>SFA</u>	<u>HFA</u>	<u>Admin.</u>	<u>SFA</u>	<u>HFA</u>	<u>Admin.</u>
GF-GP	\$14,231.6	\$14,501.0	\$14,497.7	\$14,931.6	\$14,990.6	\$15,229.1	\$15,054.5	\$15,174.5	\$15,557.0
School Aid Fund	\$18,550.3	\$18,631.9	\$18,522.1	\$18,876.4	\$19,002.8	\$18,934.1	\$19,318.5	\$19,456.8	\$19,436.7

Difference from January 2025 Consensus Estimates									
	FY 2025			FY 2026			FY 2027		
	<u>SFA</u>	<u>HFA</u>	<u>Admin.</u>	<u>SFA</u>	<u>HFA</u>	<u>Admin.</u>	<u>SFA</u>	<u>HFA</u>	<u>Admin.</u>
GF-GP	(\$483.9)	(\$214.5)	(\$217.8)	(\$546.1)	(\$487.1)	(\$248.6)	(\$689.0)	(\$569.0)	(\$186.5)
School Aid Fund	\$90.7	\$172.3	\$62.5	(\$15.1)	\$111.3	\$42.6	(\$36.0)	\$102.3	\$82.2
Combined	(\$393.2)	(\$42.2)	(\$155.3)	(\$561.2)	(\$375.8)	(\$206.0)	(\$725.0)	(\$466.7)	(\$104.3)

# Budget Stabilization Fund

**Both pay-ins and pay-outs require an appropriation**

The agency estimates calculate:

***Pay-ins***

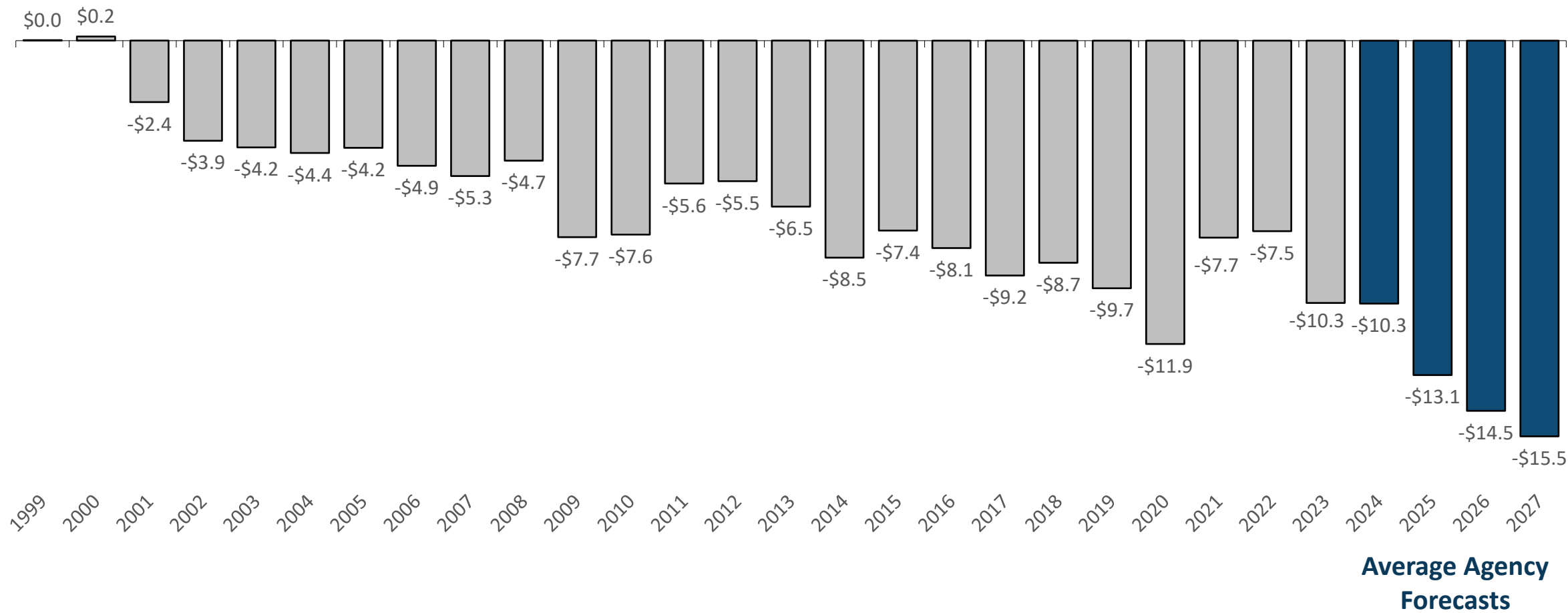
- No pay-ins during FY 2025 through FY 2027

***Pay-outs***

- No pay-outs during FY 2025 and FY 2027
- Pay-out of up to \$538.5 million during FY 2026

# Constitutional Revenue Limit Calculation

## Amount Under/Over the Constitutional Revenue Limit Billions

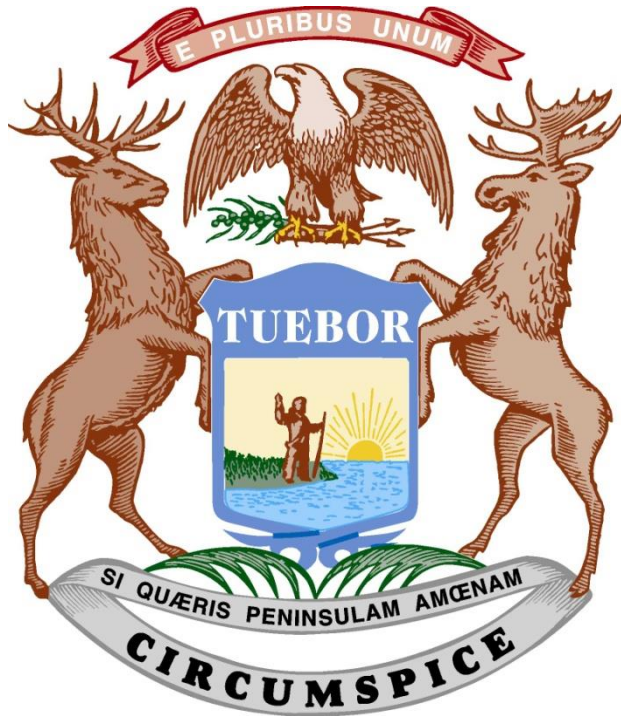


# MICHIGAN TAX REVENUE FORECAST RISKS

- Federal Policy Changes: Trade, Tariffs, and Tax Reforms may impact the forecast
  - Trade and Tariffs: Present uncertainty to the Michigan outlook
  - Tax Reforms: Many provisions in the Tax Cuts and Jobs Act sunset beginning in 2026
  - Some federal changes may impact the Michigan tax base
- Potential changes to the revenue accrual process and standards
- Transformational Brownfield
  - Incentives awarded or in process of \$1.8 billion currently
  - Nearly all impacts are outside the forecast horizon

# ECONOMIC AND REVENUE FORECASTS

FY 2025 • FY 2026 • FY 2027



## CONSENSUS REVENUE ESTIMATING CONFERENCE

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MAY 16, 2025