

## Monthly Revenue Report April 2023

## Fiscal Year-to-Date Revenue Dashboard Actual Revenue Compared to Predicted

General Fund

School Aid Fund

-\$3

-\$353.6 million

-\$67.7 million

Michigan's major taxes and net lottery revenue totaled \$3.1 billion in April 2023, down 16.1% from April 2022. April 2023 tax collections were approximately \$225.8 million below the Senate Fiscal Agency's (SFA's) projection for the month, based on the consensus revenue estimates adopted in January 2023. Less-than-expected Individual Income Tax (IIT) annual payments, and greater-than-expected IIT refunds more than offset greater-than-expected Corporate Income Tax (CIT) collections.

General Fund tax collections were \$152.9 million below the expected level for April 2023, while School Aid Fund tax collections were \$75.9 million below the forecasted level. The remaining \$3.0 million in below-forecast collections was directed to other funds, most notably the Local Community Stabilization Authority. Through April, fiscal year-to-date General Fund collections were \$353.6 million below, and School Aid Fund collections \$67.7 million below, the level expected based on the January 2023 consensus revenue estimates.

Net income tax revenue totaled \$1.2 billion in April 2023, a 31.0% decrease from April 2022, and \$447.1 million less than the forecasted level. Withholding payments (which represented the majority of gross income tax revenue) were 10.5% above the year-ago level and \$42.7 million more than the level expected based on SFA monthly estimates. However, IIT refunds were \$199.8 million greater than expected, which reduced net IIT revenue, while IIT annual payments were \$259.2 million below the forecasted level.

Sales tax receipts totaled \$856.1 million in April 2023, an 8.7% decrease from the April 2022 level and \$9.9 million below forecast. In contrast, use tax collections totaled \$232.7 million in April 2023, an 8.8% increase from the April 2022 level and \$24.9 million above the predicted level. Sales tax collections from motor vehicles sales totaled \$117.0 million, down 9.8% from the level in April 2022.

Net revenue from the repealed Single Business Tax, Michigan Business Tax (MBT), and CIT totaled \$407.4 million, a 14.0% increase from the April 2022 level and \$189.2 million more than expected. Michigan Business Tax collections totaled \$15.4 million and were \$23.8 million more than expected (the forecast expected refunds to exceed payments). Each year, MBT revenue is dominated by several large refunds. When these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates. Net CIT collections were up 13.7% from April 2022 and \$165.3 million above the forecasted level.

In April 2023, real estate transfer tax collections continued to reflect the slowdown in the housing market and were down 31.0% from the April 2022 level (but \$2.9 million above the forecasted level). Year-to-date collections from the real estate transfer tax were down 31.3% in April 2023.

The table on the next page of this report identifies the major taxes included in this report and provides their respective revenue levels and growth rates for April 2023. Also presented are the consensus revenue estimates for fiscal year 2022-23, which were adopted at the January 2023 Consensus Revenue Estimating Conference.



MICHIGAN REVENUE UPDATE (dollars in millions)							
April Collections FY 2022-23 to Date <sup>2</sup> FY 2022-23 CREC							REC Estimate <sup>3,4)</sup>
	·	% Change From		% Change From	Year-to-Date Relative to		% Change From
Type of Revenue	Total1)	Year Ago	Total1)	Year Ago	Forecast	Total	FY 2021-22
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Gross Individual Income Tax5)	\$1,945.8	(19.6%)	\$8,294.2	(13.3%)	(\$243.9)	\$15,699.4	(6.1%)
Refunds	<u>(735.9)</u>	<u>10.5</u>	<u>(2,461.8)</u>	<u>28.0</u>	<u>(455.1)</u>	<u>(2,479.2)</u>	<u>(23.6)</u>
Net Income Tax	1,209.9	(31.0)	5,832.4	(23.7)	(699.0)	13,220.2	(1.9)
Sales Tax	856.1	(8.7)	5,233.3	4.6	(1.3)	10,232.5	(0.7)
Motor Vehicles	117.0	(9.8)	677.5	(2.5)			
All Other Sales Tax	739.0	(8.5)	4,555.8	5.7			
Use Tax <sup>6)</sup>	232.7	8.8	1,264.0	(1.8)	38.5	2,590.7	(0.5)
Tobacco Taxes	59.7	(11.3)	349.4	(9.9)	(16.0)	819.4	(1.4)
Corporate Income Tax	392.0	13.7	1,125.6	17.4	199.6	1,582.1	(13.2)
Michigan Business Tax	15.4	9.0	(459.6)	(1.0)	38.9	(527.6)	(11.2)
Insurance Tax	82.7	9.1	219.8	17.7	18.0	398.0	3.4
Essential Services Assessment	0.3	(71.6)	1.1	(40.4)	(0.0)	143.0	5.9
State Education Property Tax	20.8	6.4	486.2	3.7	(20.0)	2,563.2	7.0
Real Estate Transfer Tax	32.5	(31.0)	187.5	(31.3)	(12.9)	496.9	(5.7)
Wagering Taxes <sup>7)</sup>	39.8	20.9	214.9	20.5	10.2	329.0	2.6
Oil & Gas Severance Tax	1.9	(6.4)	14.9	(17.2)	(2.5)	32.0	(8.6)
Other Taxes <sup>8)</sup>	64.2	21.6	168.9	7.7	13.7	347.0	0.6
Total Taxes	\$3,008.2	(15.6%)	\$14,638.3	(9.1%)	(\$432.9)	\$32,226.4	(1.8%)
Lottery, Net to School Aid Fund <sup>6)</sup>	91.4	(30.6)	769.5	5.4	17.3	1,240.0	0.0
Total	\$3,099.5	(16.1%)	\$15,407.8	(8.6%)	(\$415.7)	\$33,466.4	(1.7%)

- 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 January 13, 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.

