

## June 2024 Revenue Update

### Major Taxes

Cash collections from Michigan's major taxes, penalties and interest, and lottery transfers totaled \$2,999.0 million in June 2024, \$24.1 million more than in June 2023. For the fiscal year-to-date, collections in FY 2023-24 were \$634.9 million (or 3.1%) lower than during FY 2022-23.

Net income tax revenue totaled \$1,317.3 million in June 2024, and for FY 2023-24 collections through June were \$690.1 million less than the same period during FY 2022-23. Year-to-date gross income tax collections in FY 2023-24 were \$250.3 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 \$115.7 million higher through June 2024 than a year ago. MBT refunds through June 2024 were \$113.9 million less negative than last year while CIT collections over the same period were \$47.8 million lower than last year's amount. Year-to-date insurance taxes were higher than a year ago by \$46.4 million (or 20.3%).

Revenue from consumption taxes, which consist of the sales tax, the use tax, beer and wine taxes, liquor taxes, and tobacco taxes, totaled \$1,184.7 million in June 2024, and were collectively \$88.5 million lower than in FY 2022-23 on a year-to-date basis. Sales tax collections were \$104.4 million (or 1.5%) below last year's amount on a year-to-date basis, while use tax collections were \$51.5 million (or 3.7%) higher than a year ago.

Revenue from online gaming totaled \$34.9 million in June 2024 and collections through June were \$47.9 million (or 22.9%) higher than the same period during FY 2022-23. Year-to-date revenue from recreational marijuana sales through June 2024 was \$34.8 million higher than one year ago. The transfer from the lottery to the School Aid Fund was \$89.2 million in June 2024, and year-to-date transfers were \$45.2 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 estimated<sup>1</sup> to be \$1,528.6 million in June 2024, about \$31.4 million above the projection established at the May 2024 consensus revenue estimating conference (CREC).

On a year-to-date basis, GF/GP tax revenue for FY 2023-24 was approximately \$246.0 million above the projected amount.

### School Aid Fund (SAF) Revenue

School Aid Fund revenue from Michigan's major taxes was estimated<sup>1</sup> to be \$1,302.0 million in June 2024, about \$13.0 million below the amount established at the May 2024 CREC.

On a year-to-date basis, SAF revenue for FY 2023-24 was approximately \$59.7 million above the consensus revenue projections.

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<sup>1</sup> Because of accruals and undistributed revenue, monthly fund splits are estimated.

## FY 2023-24 June Revenue Collections

Millions of Dollars

<b>Major Taxes</b>	FY 2023-24	Year-to-Date Collections		Change from FY 2022-23 Year-to-Date		FY 2023-24 Estimates (May 2024 CREC)	
	<u>June</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	\$980.1	\$8,297.6	\$8,575.5	\$277.9	3.3%	\$12,581.9	4.5%
Flow Through Entity Tax	209.6	697.6	785.3	87.6	12.6%	972.8	(45.8%)
Quarterly Income Tax	209.6	773.4	748.7	(24.8)	(3.2%)	999.0	(27.3%)
Annual Income Tax	<u>40.3</u>	<u>1,127.8</u>	<u>1,037.4</u>	<u>(90.5)</u>	<u>(8.0%)</u>	<u>1,152.5</u>	<u>(38.9%)</u>
<b>Gross Income Tax</b>	<b>\$1,439.6</b>	<b>\$10,896.5</b>	<b>\$11,146.9</b>	<b>\$250.3</b>	<b>2.3%</b>	<b>\$15,706.2</b>	<b>(8.1%)</b>
Less: Income Tax Refunds	122.4	2,753.0	3,693.4	940.4	34.2%	3,317.0	(204.6%)
<b>Net Income Tax</b>	<b>\$1,317.3</b>	<b>\$8,143.5</b>	<b>\$7,453.4</b>	<b>(\$690.1)</b>	<b>(8.5%)</b>	<b>\$12,389.2</b>	<b>(38.9%)</b>
Business Taxes							
Single Business Tax	0.0	(3.5)	(0.3)	3.2		0.0	
Michigan Business Tax	8.5	(472.3)	(358.4)	113.9		(494.6)	
Corporate Income Tax	245.1	1,543.0	1,495.2	(47.8)	(3.1%)	2,225.0	9.6%
Insurance Company Taxes	<u>3.0</u>	<u>228.3</u>	<u>274.7</u>	<u>46.4</u>	<u>20.3%</u>	<u>523.0</u>	<u>24.6%</u>
<b>Subtotal</b>	<b>\$256.7</b>	<b>\$1,295.6</b>	<b>\$1,411.2</b>	<b>\$115.7</b>	<b>8.9%</b>	<b>\$2,253.4</b>	<b>15.5%</b>
Consumption Taxes							
Sales Tax	918.5	6,988.8	6,884.4	(104.4)	(1.5%)	10,487.3	(2.8%)
Use Tax (excluding LCSA levy)	189.4	1,390.4	1,441.9	51.5	3.7%	2,253.3	9.7%
Beer and Wine Taxes	1.4	23.6	23.1	(0.5)	(2.1%)	46.0	(6.5%)
Liquor Excise Tax	14.8	101.7	103.0	1.4	1.3%	142.7	0.9%
Tobacco Taxes	<u>60.6</u>	<u>470.1</u>	<u>433.7</u>	<u>(36.5)</u>	<u>(7.8%)</u>	<u>691.0</u>	<u>(13.4%)</u>
<b>Subtotal</b>	<b>\$1,184.7</b>	<b>\$8,974.6</b>	<b>\$8,886.1</b>	<b>(\$88.5)</b>	<b>(1.0%)</b>	<b>\$13,620.3</b>	<b>(1.5%)</b>
Other Miscellaneous Taxes							
State Education Tax	33.3	550.2	541.9	(8.3)	(1.5%)	2,715.0	11.3%
Real Estate Transfer Tax	33.2	246.3	237.4	(8.9)	(3.6%)	370.0	(32.3%)
Essential Services Assessment	7.5	13.6	14.1	0.5	3.7%	150.0	10.8%
Industrial & Commercial Facilities Taxes	3.3	27.2	32.8	5.6	20.7%	45.0	8.7%
Casino Wagering Tax	8.5	69.1	67.9	(1.2)	(1.8%)	100.8	(3.2%)
iGaming, Sports Betting, Fantasy Sports	34.9	209.5	257.4	47.9	22.9%	378.4	45.2%
Recreational Marihuana Excise Tax	11.8	139.2	174.0	34.8	25.0%	330.3	66.6%
Gas and Oil Severance Tax	1.6	18.9	14.4	(4.6)	(24.1%)	27.0	(36.0%)
Telephone and Telegraph Tax	7.2	10.4	20.7	10.3	99.1%	34.0	(2.9%)
Penalties and Interest	10.0	100.4	97.5	(3.0)	(3.0%)	143.0	2.3%
Lottery Transfer to School Aid Fund	<u>89.2</u>	<u>983.6</u>	<u>938.4</u>	<u>(\$45.2)</u>	<u>(4.6%)</u>	<u>1,270.0</u>	<u>1.7%</u>
<b>Subtotal</b>	<b>\$240.4</b>	<b>\$2,368.4</b>	<b>\$2,396.5</b>	<b>\$28.0</b>	<b>1.2%</b>	<b>\$5,563.5</b>	<b>7.2%</b>
<b>TOTAL</b>	<b>\$2,999.0</b>	<b>\$20,782.1</b>	<b>\$20,147.2</b>	<b>(\$634.9)</b>	<b>(3.1%)</b>	<b>\$33,826.4</b>	<b>(18.0%)</b>

*Note: Numbers may not add due to rounding.*