

October 2024 Revenue Update

Major Taxes

Cash collections from Michigan's major taxes, penalties and interest, and lottery transfers totaled \$4,106.6 million in October 2024, \$135.5 million more than in October 2023. Because October cash collections complete the fiscal year, prior year comparisons represent full fiscal year totals. Cash collections in FY 2023-24 were \$191.1 million (or 0.6%) lower than during FY 2022-23.

Net income tax revenue totaled \$1,044.7 million in October 2024, and for FY 2023-24 collections were \$297.4 million less than FY 2022-23. Gross income tax collections in FY 2023-24 were \$622.8 million higher than last year due primarily to higher withholding and flow-through entity payments offsetting lower collections from the 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. For FY 2023-24, net business taxes were \$121.2 million higher than last year. MBT refunds were \$99.8 million less negative than last year while CIT collections were \$51.1 million lower than last year's amount. Insurance taxes were higher than a year ago by \$69.3 million (or 14.8%).

Revenue from consumption taxes, which consist of the sales tax, the use tax, beer and wine taxes, liquor taxes, and tobacco taxes, totaled \$1,152.0 million in October 2024, and were collectively \$133.9 million lower than in FY 2022-23. Sales tax collections were \$117.4 million (or 1.1%) below last year's amount, while use tax collections were \$40.3 million (or 1.9%) higher than a year ago. Tobacco taxes were \$57.7 million (or 8.0%) lower than last year.

Revenue from online gaming totaled \$35.8 million in October 2024 and collections for FY 2023-24 were \$74.5 million (or 23.3%) higher than during FY 2022-23. Revenue from recreational marihuana sales for FY 2023-24 was \$39.2 million (or 14.7%) higher than one year ago. The transfer from the lottery to the School Aid Fund was \$92.2 million in October 2024, and for the year transfers were \$87.1 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 \$1,326.7 million in October 2024, about \$17.1 million above the projection established at the May 2024 consensus revenue estimating conference (CREC) primarily due to stronger than expected net income collections more than offsetting lower than expected CIT collections.

GF/GP cash collections for FY 2023-24 were about \$422.7 million above the projection, with strong IIT collections offsetting slightly below forecast CIT and use tax collections.

School Aid Fund (SAF) Revenue

School Aid Fund revenue from Michigan's major taxes was estimated¹ to be \$2,586.9 million in October 2024, about \$32.9 million above the amount established at the May 2024 CREC.

SAF revenue for FY 2023-24 was \$78.9 million above the consensus revenue projections with above forecast IIT and sales tax offsetting slightly lower than projected SET.²

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

² Most SET revenue is collected in September and October. There may be instances of revenue collected in November 2024 accruing to FY 2023-24, which may alter final SET revenue collections.

FY 2023-24 October Revenue Collections

Millions of Dollars

Major Taxes	FY 2023-24	Year-to-Date Collections		Change from		FY 2023-24 Estimates	
	October	FY 2022-23	FY 2023-24	FY 2022-23 Year-to-Date	Dollar	% Change	(May 2024 CREC)
							Dollar % Change
Individual Income Tax (IIT)							
Withholding	\$1,092.3	\$12,259.0	\$12,901.1	\$642.1	5.2%	\$12,581.9	4.5%
Flow Through Entity Tax	(54.9)	883.6	962.7	79.1	9.0%	972.8	(45.8%)
Quarterly Income Tax	32.5	1,080.4	1,114.9	34.5	3.2%	999.0	(27.3%)
Annual Income Tax	<u>90.9</u>	<u>1,317.0</u>	<u>1,184.1</u>	<u>(132.9)</u>	(10.1%)	<u>1,152.5</u>	(38.9%)
Gross Income Tax	\$1,160.8	\$15,540.0	\$16,162.8	\$622.8	4.0%	\$15,706.2	(8.1%)
Less: Income Tax Refunds	116.0	3,113.3	4,033.5	920.2	29.6%	3,317.0	(204.6%)
Net Income Tax	\$1,044.7	\$12,426.7	\$12,129.3	(\$297.4)	(2.4%)	\$12,389.2	(38.9%)
Business Taxes							
Single Business Tax	0.0	(3.5)	(0.3)	3.2		0.0	
Michigan Business Tax	(9.3)	(460.5)	(360.8)	99.8		(494.6)	
Corporate Income Tax	162.9	2,246.9	2,195.8	(51.1)	(2.3%)	2,225.0	9.6%
Insurance Company Taxes	<u>120.7</u>	<u>467.0</u>	<u>536.3</u>	<u>69.3</u>	14.8%	<u>523.0</u>	24.6%
Subtotal	\$274.3	\$2,249.8	\$2,371.1	\$121.2	5.4%	\$2,253.4	15.5%
Consumption Taxes							
Sales Tax	893.8	10,706.1	10,588.7	(117.4)	(1.1%)	10,487.3	(2.8%)
Use Tax (excluding LCSA levy)	191.6	2,158.8	2,199.1	40.3	1.9%	2,253.3	9.7%
Beer and Wine Taxes	9.3	46.6	44.9	(1.7)	(3.7%)	46.0	(6.5%)
Liquor Excise Tax	2.6	146.0	148.5	2.6	1.8%	142.7	0.9%
Tobacco Taxes	<u>54.7</u>	<u>722.2</u>	<u>664.5</u>	<u>(57.7)</u>	(8.0%)	<u>691.0</u>	(13.4%)
Subtotal	\$1,152.0	\$13,779.7	\$13,645.8	(\$133.9)	(1.0%)	\$13,620.3	(1.5%)
Other Miscellaneous Taxes							
State Education Tax	1,386.9	2,586.4	2,658.9	72.5	2.8%	2,715.0	11.3%
Real Estate Transfer Tax	38.1	396.4	396.8	0.4	0.1%	370.0	(32.3%)
Essential Services Assessment	0.6	143.6	146.4	2.8	2.0%	150.0	10.8%
Industrial & Commercial Facilities Taxes	6.4	48.9	57.5	8.6	17.6%	45.0	8.7%
Casino Wagering Tax	9.0	101.1	102.3	1.2	1.2%	100.8	(3.2%)
iGaming, Sports Betting, Fantasy Sports	35.8	319.3	393.8	74.5	23.3%	378.4	45.2%
Recreational Marihuana Excise Tax	52.1	266.2	305.4	39.2	14.7%	330.3	66.6%
Gas and Oil Severance Tax	1.7	27.6	21.0	(6.6)	(23.8%)	27.0	(36.0%)
Telephone and Telegraph Tax	5.1	30.2	51.4	21.2	70.1%	34.0	(2.9%)
Penalties and Interest	7.9	133.3	125.4	(7.9)	(5.9%)	143.0	2.3%
Lottery Transfer to School Aid Fund	<u>92.2</u>	<u>1,297.5</u>	<u>1,210.4</u>	<u>(87.1)</u>	(6.7%)	<u>1,270.0</u>	1.7%
Subtotal	\$1,635.6	\$5,350.4	\$5,469.4	\$118.9	2.2%	\$5,563.5	7.2%
TOTAL	\$4,106.6	\$33,806.6	\$33,615.5	(\$191.1)	(0.6%)	\$33,826.4	(18.0%)

Note: Numbers may not add due to rounding.