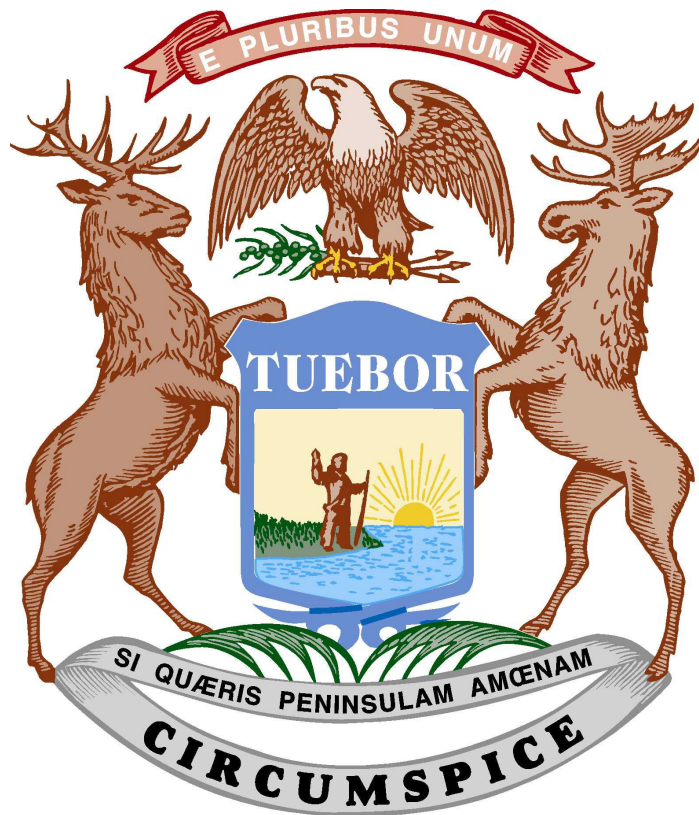


Economic and Revenue Outlook

FY 2024-25, FY 2025-26 and FY 2026-27

Michigan Department of Treasury



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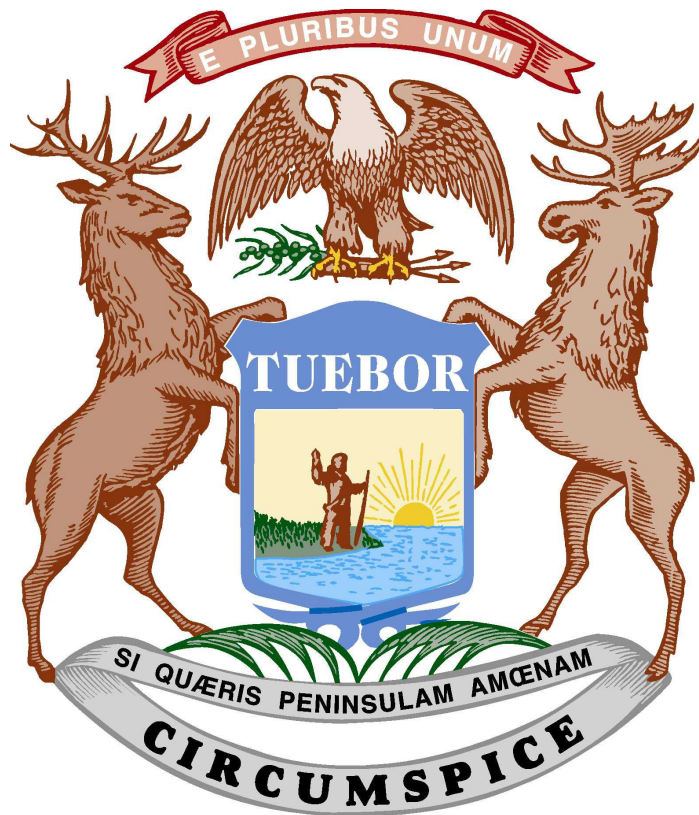
Denise Heidt, Economic Specialist

January 10, 2025

Economic and Revenue Outlook

FY 2024-25, FY 2025-26 and FY 2026-27

Michigan Department of Treasury



Acknowledgements

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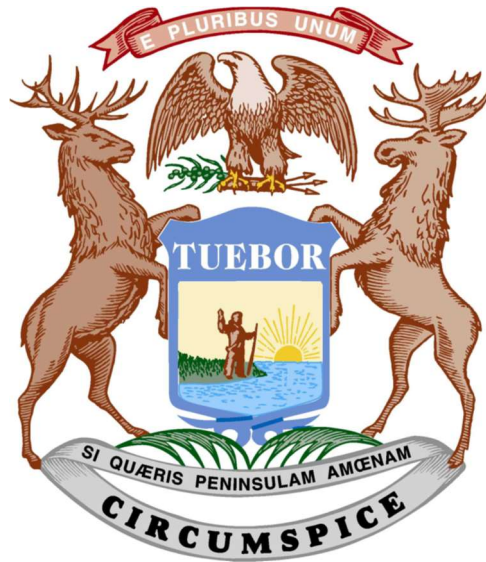
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SECTION I

Administration Estimates Executive Summary

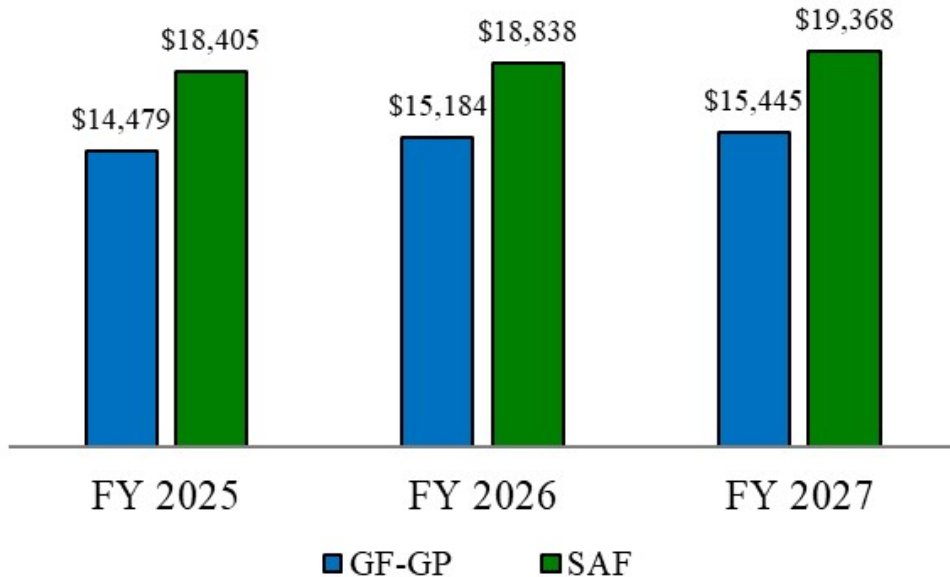


**Administration Estimates
Executive Summary
January 10, 2025**

Revenue Review and Outlook

- Preliminary FY 2024 GF-GP revenue is \$14,501.1 million, up \$551.8 million from the May 2024 Consensus estimate. Preliminary FY 2024 SAF revenue is \$18,085.1 million, up \$301.5 million from the May 2024 Consensus estimate.
- FY 2025 GF-GP revenue is forecast to decrease 0.6 percent to \$14,479.4 million, up \$221.6 million from the May 2024 Consensus estimate. FY 2025 SAF revenue is forecast to increase 2.0 percent to \$18,404.7 million, up \$257.8 million from the May 2024 Consensus estimate.
- FY 2026 GF-GP revenue is forecast to increase 4.9 percent to \$15,184.2 million, up \$297.7 million from the May 2024 Consensus estimate. FY 2026 SAF revenue is forecast to increase 2.4 percent to \$18,838.0 million, up \$265.5 million from the May 2024 Consensus estimate.
- FY 2027 GF-GP revenue is forecast to increase 1.7 percent to \$15,444.8 million. FY 2027 SAF revenue is forecast to increase 2.8 percent to \$19,368.3 million.

**Administration GF-GP and School Aid Fund
Revenue Estimates
(millions of dollars)**



United States Economic Outlook

- The U.S. economy is forecast to grow as inflation stabilizes and interest rates are expected to slowly decline.
- Modest economic growth is forecast throughout the next three years. Real, or inflation adjusted, Gross Domestic Product (GDP) is forecast to rise 2.1 percent in 2025 and in 2026 and increase 2.4 percent in 2027.
- U.S. wage and employment is expected to advance over the forecast horizon, increasing by 1.0 percent in 2025, 0.7 percent in 2026, and 0.8 percent in 2027.
- The U.S. unemployment rate is forecast to rise to 4.4 percent in 2025, decline to 4.3 percent in 2026, and fall to 4.2 percent in 2027.
- Housing starts are expected to fall 4.6 percent in the final 2024 data. Starts are expected to increase by 2.5 percent in 2025, 2.9 percent in 2026, and 2.8 percent in 2027.
- With supply constraints abating and inventories up, light vehicle sales are forecast to rise to 16.2 million in 2025, 16.3 million in 2026, and remain at 16.3 million in 2027.
- The pace of inflationary growth is forecast to slow throughout the forecast period. The Consumer Price Index is expected to rise by 2.9 percent in 2024, and 2.8 percent in both 2025 and 2026, before increasing by 2.7 percent in 2027.

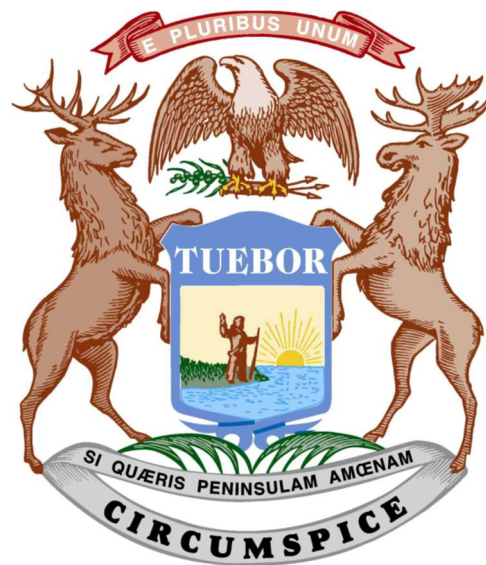
Michigan Economic Outlook

- In 2023, Michigan wage and salary employment rose 1.8 percent over the year. Employment in 2024 is expected to grow 0.8 percent. Michigan employment is forecast to increase by 0.6 percent in 2025, 0.7 percent in 2026, and 0.4 percent in 2027.
- The Michigan unemployment rate was 3.9 percent in 2023 and is expected to increase to 4.2 percent in 2024. The Michigan jobless rate is forecast to rise to 4.5 percent in 2025, decline to 4.4 percent in 2026, and then fall to 4.3 percent in 2027.
- Michigan wages and salaries rose 4.6 percent in 2023 and are expected to increase 5.6 percent in 2024. Wages and salaries are forecast to move up by 3.9 percent in 2025, advance 3.7 percent in 2026, and rise 3.4 percent in 2027.
- Michigan personal income is projected to increase at modest rates through the forecast, including 4.0 percent in 2025, 4.2 percent in 2026, and 3.8 percent during 2027.

Forecast Risks

- Although inflation has cooled from the high of 9% in June 2022, inflation is still higher than the Federal Reserve target and remains a risk to the outlook.
- Both long-term and short-term interest rates may increase and remain a risk for business investment and large consumer purchases, including housing and light vehicles.
- Federal policy on trade, tariffs, and fiscal policy may impact the forecast horizon.
- Michigan's labor markets will see significant policy changes to the minimum wage and paid sick leave. These impacts may either increase or decrease economic growth.
- Geopolitical conflicts and weaker economic activity throughout the world could have a negative impact on economic activity.

SECTION II
Economic Review



Economic Review

January 10, 2025

Current U.S. Economic Situation

Summary

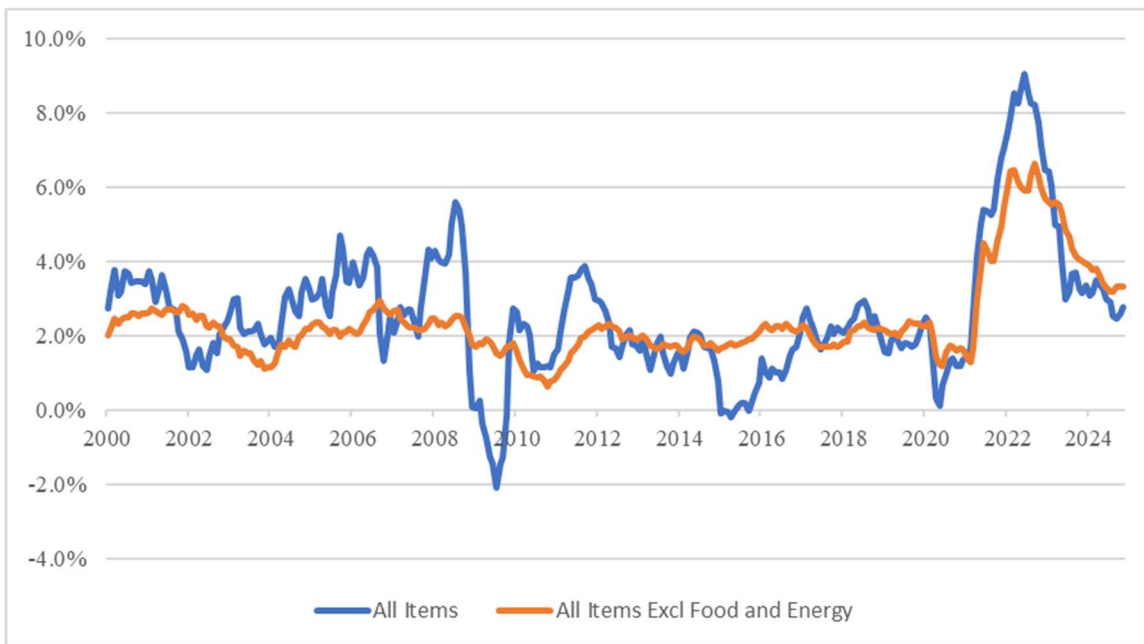
The U.S. economy continued to expand since the recession in 2020. Growth began to slow over the last year, as inflation and monetary policy presented headwinds to the economy. Despite this, the economy maintained modest growth in 2024, due to resilient consumer spending and steady growth in labor markets.

The sections below evaluate the economic conditions in six key areas: Inflation, Monetary Policy and Interest Rates, Gross Domestic Product (GDP), Labor Markets, Consumers, and Federal Policy.

Inflation

Over the course of 2024, price inflation continued to slow from its historic highs reached in 2022. Between October 2022 and September 2024, year-over-year increases in the U.S. Consumer Price Index (CPI) decelerated from 7.7 percent to 2.4 percent, on a not seasonally adjusted basis. The 2.4 percent September increase was the lowest one-year change since February 2021. Since then, progress in lowering inflation has slowed, with the index increasing 2.6 percent in October, and 2.7 percent in November from a year ago. The CPI measures of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services

Overall Inflation Stabilizing in 2024

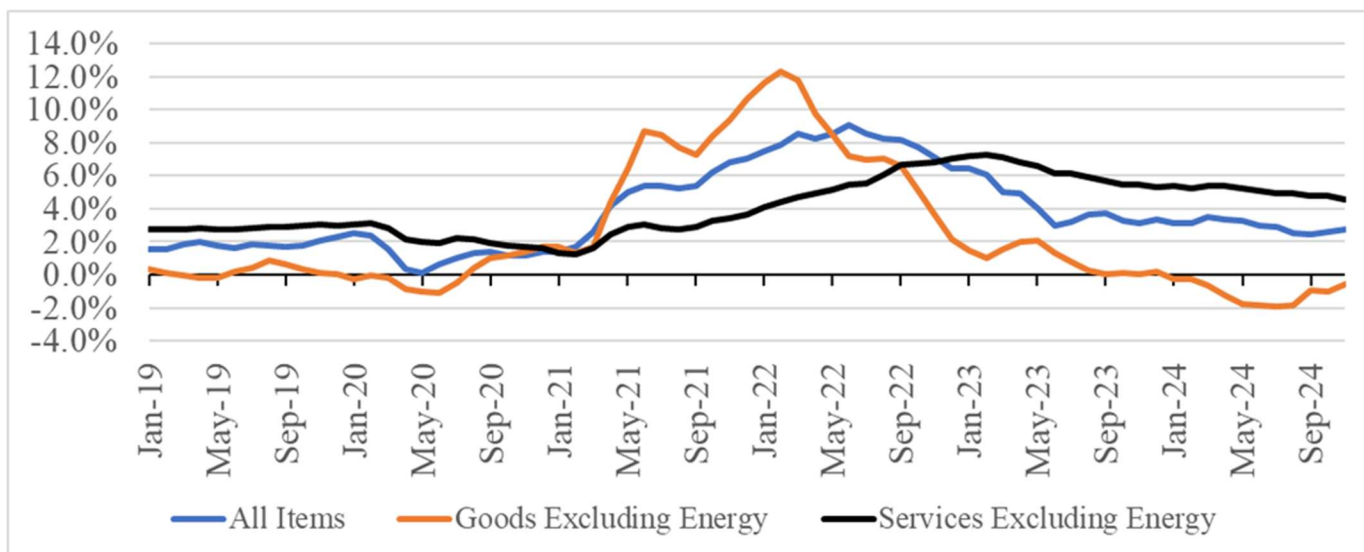


Source: Bureau of Economic Analysis

The less volatile U.S. Core Consumer Price Index, which excludes food and energy, also continued to move at a slower pace during 2024. Year-over-year core CPI increases decelerated from 6.6 percent in September 2022 to 3.2 percent in July 2024, the slowest pace since April 2021. Since then, core CPI year-over-year rates edged slightly up to 3.3 percent for three consecutive months ending in November.

The Personal Consumption Expenditure (PCE) deflator, which measures prices that people living in the United States, or those buying on their behalf, pay for goods and services, is the Federal Reserve’s preferred inflation measure. The year-over-year increase in the PCE deflator decelerated from 6.5 percent in October 2022 to 2.1 percent in September 2024, the lowest yearly increase since February 2021 (1.8 percent). The deflator increased slightly in the following months, registering a year-over-year increase of 2.3 percent in October, and 2.4 percent in November.

Services Inflation Remains High But Slowing



Source: Bureau of Labor Statistics

Goods prices inflation started to slowdown during 2023 and reached deflationary territory in the first eleven months of 2024. The year-over-year increase in the goods CPI excluding energy and food peaked at 12.3 percent in February 2022, then gradually declined, reaching 0.0 percent in November 2023 and declining further to -1.9 percent by July 2024 (the lowest rate since February 2004 at -2.0 percent). By November 2024, goods prices were 0.6 percent lower than a year ago. Meanwhile, year-over-year services inflation excluding energy services increased from 1.3 percent in February 2021 to 7.3 percent in February 2023. Since then, services prices have receded, but at a more gradual pace than goods prices, declining to a 4.6 percent year-over-year rate in November 2024 (the lowest annual change since February 2022 at 4.4 percent).

Monetary Policy and Interest Rates

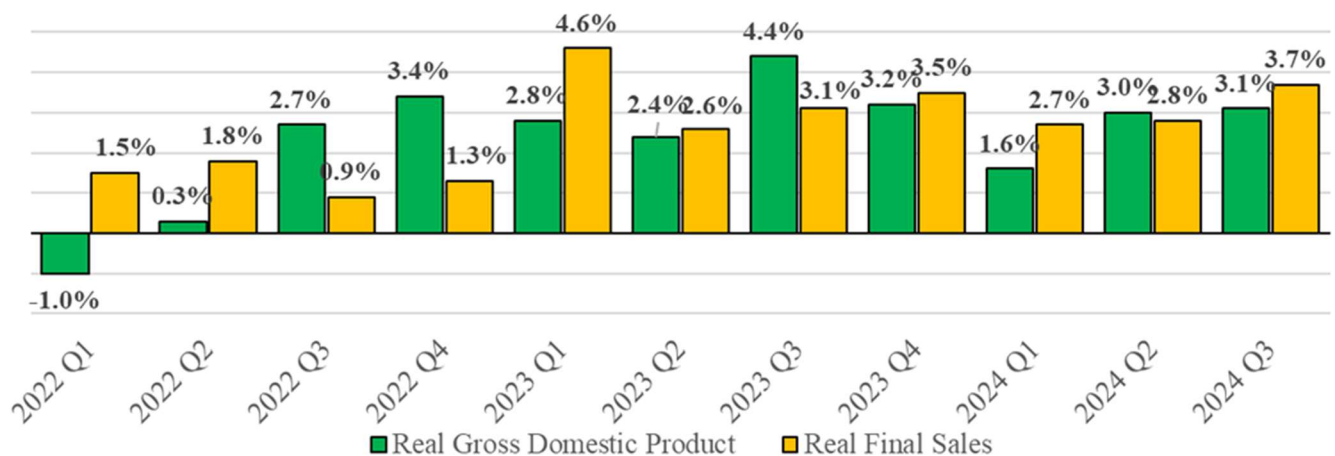
The Federal Reserve maintained a contractionary policy regime through July 2023. From March 2022 through July 2023, the Federal Reserve raised the federal funds rate eleven times with a beginning target range of 0.25-0.50 percent to an eventual target range of 5.25-5.50 percent. The

federal funds rate increased 4.25 percentage points in CY 2022, the Fed then increased the rate an additional 1.00 percentage point in CY 2023, to a 22-year high range of 5.25-5.50 percent. In 2024, with inflation stabilizing and worries about economic growth, the Federal Reserve decreased the federal funds rate 1.00 percentage points by December with a target range of 4.25-4.50 percent. Since unemployment has increased and job growth has slowed over 2024, officials are balancing those risks against inflationary pressures with future rate cuts as 2025 begins. The Fed has continued to decrease its asset holdings in calendar year 2024. As of Jan 1st, 2025, the Federal Reserve reduced its asset holdings by 10.7 percent compared to its year-ago levels.

Gross Domestic Product (GDP)

Real GDP increased throughout the first three quarters of 2024. Consumer spending was a main contributor and kept growing over the year. Personal consumption expenditures, private nonresidential fixed investments, and government expenditures were main contributors to GDP growth in 2024. Imports, which are a subtraction in real GDP growth, exhibited strong growth in 2024. Real GDP grew at a strong rate during the second and third quarters of 2024 of 3.0 percent and 3.1 percent, respectively.

Real Gross Domestic Product and Final Sales



Source: Bureau of Economic Analysis

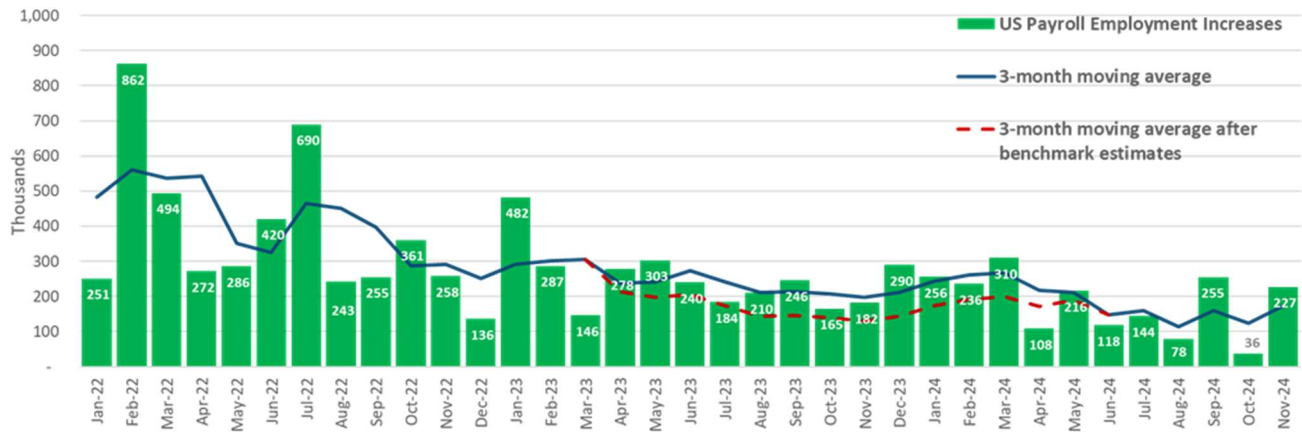
Real final sales, a more stable and representative measure of current domestic demand, which excludes inventory changes and exports but includes imports, increased marginally throughout 2022 but increased at a greater pace during 2023. In 2024, real final sales exhibited stable growth and increased by 2.7 percent at an annual rate in 2024Q1 and increased to 3.7 percent by 2024Q3.

Labor Markets

U.S. employment growth slowed in 2024 compared to the past couple of years. U.S. employment grew at historically high rates in 2022 and 2023. After averaging 377,000 jobs per month in 2022, monthly employment gains slowed to 251,000 in 2023. Through November 2024, job gains were

slower as the year progressed. Monthly job gains averaged 207,000 jobs per month over the first half of the calendar year before slowing to 148,000 jobs per month over the second half through November. As of November 2024, wage and salary employment in the United States was up 0.1 percent over the month and 1.4 percent (2.3 million) over the year. Additionally, U.S. employment in April 2024 was nearly 7.0 million (4.6 percent) higher than its February 2020 pre-pandemic level.

Cumulative Change in U.S. Payroll Employment



The U.S. unemployment rate has remained historically low over the past three years. The unemployment rate has increased in 2024 compared to the previous two years but remains low. The unemployment rate in January 2024 was 3.7 percent and has slowly risen to its current rate of 4.2 percent in November 2024.

The labor force participation rate, the share of the working-age population who are in the labor force either working or actively looking for work, averaged 63.1 percent in 2019. However, due mainly to the COVID-19 pandemic, the participation rate fell sharply down in the proceeding months. In calendar year 2020, the annual participation rate fell to 61.8 percent and fell slightly to 61.7 percent in 2021.

In calendar year 2022, the labor force participation rate advanced to 62.2 percent but was still nearly one percentage point below its pre-pandemic rate. In 2023, the labor force participation rate continued its rebound and reached 62.6 percent. Throughout 2024, the labor force participation rate was in a tight range from 62.5 percent to 62.7 percent from January through November. In November 2024, the seasonally adjusted labor force participation rate resided at 62.5 percent. November 2024's three-month moving average was recorded at 62.6 percent and trending upwards towards pre-pandemic levels.

U.S. Labor Force Participation Rate October 2013 to November 2024 Three-month Average



Source: Bureau of Labor Statistics

Consumers: Spending, Sentiment and Residential Investment

The University of Michigan’s Index of Consumer Sentiment survey recovered in 2023 from its record lows during 2022, when increasing inflation was a growing concern. The index increased to 71.5 by July 2023, up significantly from the 50.0 recorded in June 2022 when inflation severely eroded consumers’ purchasing power.

But the persistent effect of high prices and uncertainties over labor disputes in the auto industry and the potential federal government shutdown contributed to a steady decline of the index, which fell to 61.3 in November 2023. Consumer sentiment rebounded strongly during December 2023 (69.7 index) and January 2024 (79.0 index), culminating with a reading of 79.4 in March 2024. The index started to slip during the Spring and Summer months of 2024, due to renewed concerns about the effect of high prices and weakening incomes on personal finances. Consumer sentiment dropped to 66.4 in July 2024, but has since steadily increased every month, finishing 2024 with a reading of 74.0 in December.

Index of Consumer Sentiment University of Michigan Consumer Survey

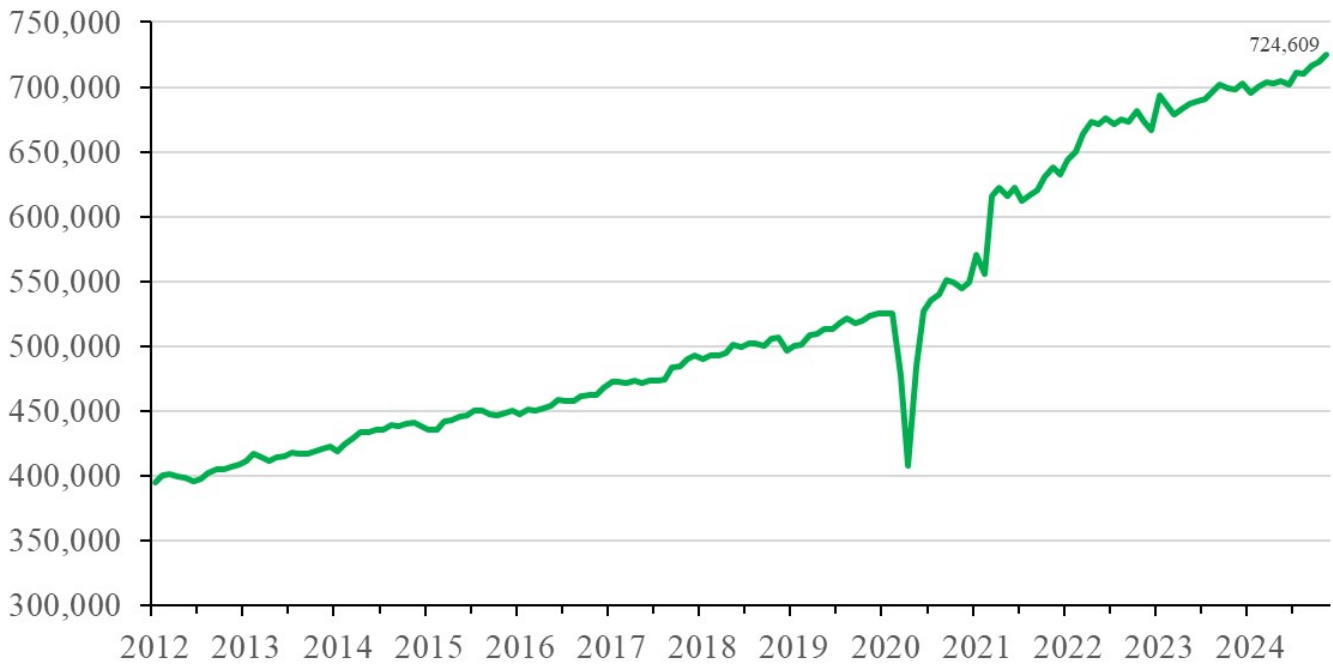


Source: University of Michigan Survey Research Center

In November 2024, retail sales were up 3.8 percent from a year earlier. The outlook for retail sales is modest as continued high interest rates continue to affect large purchases and tightened lending standards has affected borrowing levels. Low unemployment rates and wage growth will help support spending.

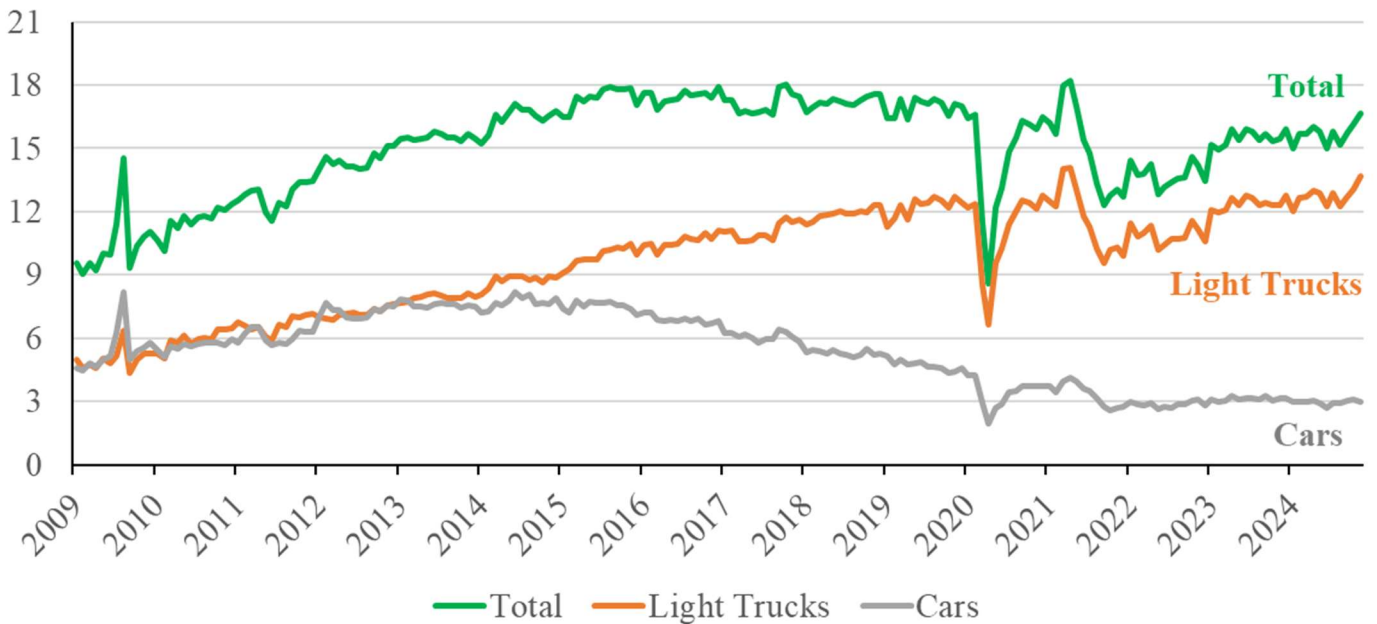
With supply chain constraints largely overcome and sustainable inventory production restored, light vehicle sales advanced from 13.8 million average units in 2022 to 15.5 million average units in 2023. Light vehicle sales continued to increase in 2024, reaching 15.8 million average units, 1.9 percent higher than sales recorded a year ago. Similarly, light trucks sales grew to 12.4 million average units in 2023 (an increase of 13.6 percent from 2022), and to 12.8 million average units in 2024, 3.6 percent above the sales in 2023. Total light vehicle sales are expected to continue to be driven by light trucks sales in the coming years.

Retail Sales Annual Sales Rate (in millions of dollars)



Source: U.S. Census Bureau

Light Vehicle Sales Seasonally Adjusted Annual Rate (in millions)



Source: Bureau of Economic Analysis

National housing starts have been declining since the end of 2021. Higher mortgage rates have played a part in the decline. The average annual 30-year fixed mortgage rate in 2021 was 2.96 percent. The rate has risen sharply over the past few years to an annual average of 5.34 percent in 2022, an increase to 6.81 percent in 2023 and down slightly to an annual average of 6.72 percent in 2024. The 30-year mortgage high peaked at 7.79 percent at the end of October 2023, from a low of 2.65 percent, in January 2021. The 30-year average mortgage rate remained elevated during 2024 and is at 6.91 percent in the first week of 2025.

In 2021, the annual average for housing starts totaled 1.60 million, which declined to 1.55 in 2022 and to 1.42 million in 2023 million. The annual average rate for housing starts in 2024 ranged between 1.26 million to 1.55 million units during the year through November. Currently, housing starts were recorded at 1.29 million units during November 2024, down 1.8 percent over the month and 17.8 percent over the year.

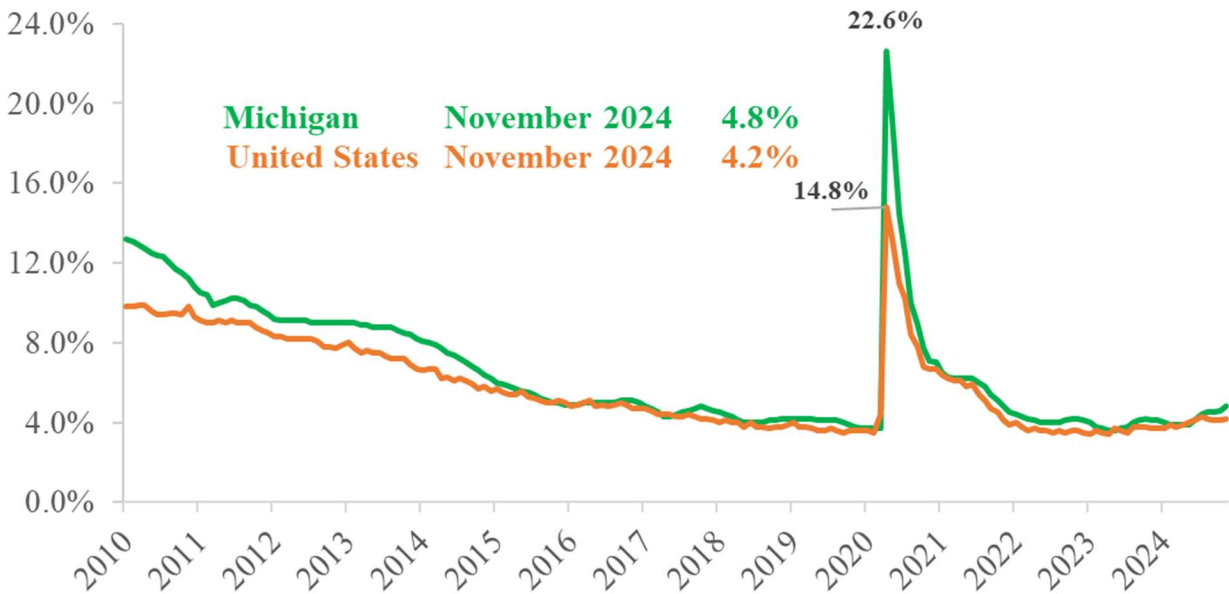
Federal Policy: Budget, Tax, and Trade

The U.S. federal budget deficit rose to \$1.833 trillion in FY 2024, on an annualized, not seasonally adjusted basis. This is an increase of \$138 billion from the FY 2023 total. Federal tax revenues rose by 11 percent, or \$479 billion while federal outlays increased by 10 percent, or \$617 billion. Federal individual income tax revenues were well above fiscal year 2023 levels. In FY 2024, the deficit was equal to 6.4 percent of the nation's GDP which was above the FY 2023 level of 6.2 percent. The FY 2024 federal budget deficit as a share of GDP is greater than the 50-year average of 3.8 percent.

Current Michigan Economic Situation

During 2023, Michigan total nonfarm payroll employment rose by an average of 4,400 jobs per month on a seasonally adjusted basis, which decelerated in 2024, averaging a gain of approximately 3,500 jobs per month through November 2024. As of November 2024, Michigan's total nonfarm payroll employment count stood at 4.50 million, with an over the year net gain of 53,200 (1.2 percent) jobs.

United States and Michigan Unemployment Rates, 2010 to 2024



Source: Bureau of Labor Statistics

The 2024 unemployment rate at in January was 4.0 percent and remained in a tight band between 3.9 percent and 4.1 percent through June. Over the past few months, the unemployment rate increased and stands at 4.8 percent in November.

Michigan's labor force participation rate has been in a narrow band at 62.2 percent to 62.4 percent through November 2024. The labor force participation rate is currently 62.2 percent in November 2024. While remaining mostly unchanged during 2024 the labor force participation rate is noticeably higher from a couple of years ago in 2022 where the rate ranged from 60.0 percent to 60.9 percent.

Compared to the prior year, personal income across the state increased in all quarters from 2022Q2 through 2024Q3, reflecting the strength in earnings from work, dividends, and interest and rent income during the period. At an over the year rate, Michigan personal income increased 4.8 percent in 2022Q3, 5.3 percent in 2023Q3, and 4.8 percent in 2024Q4.

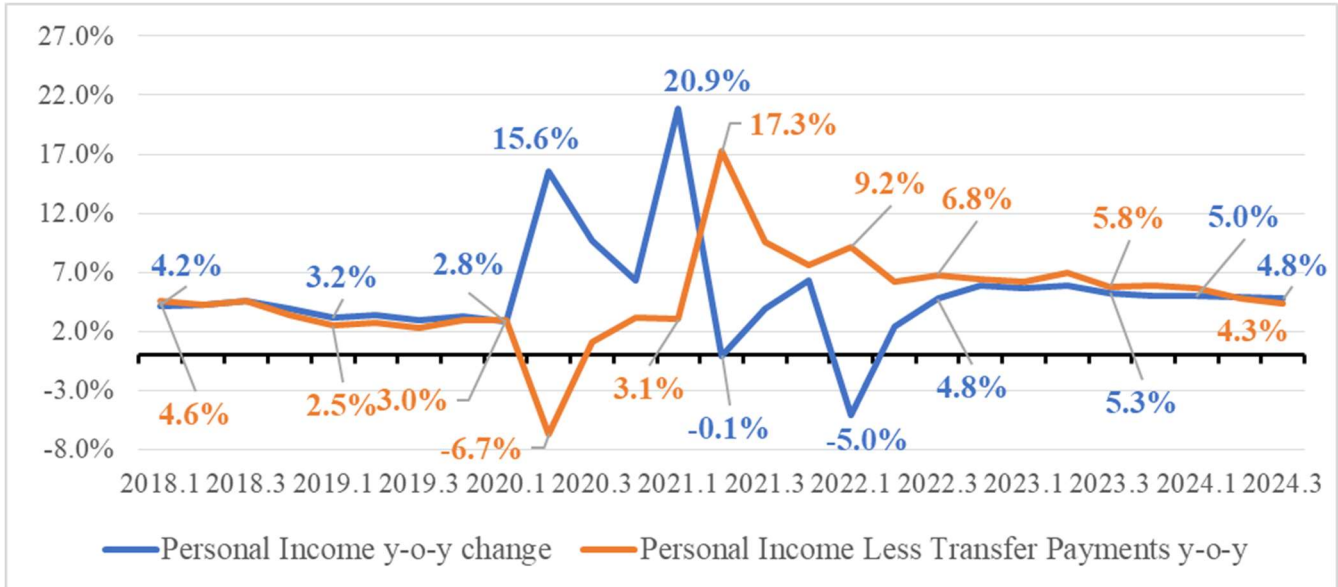
For Michigan, transfer payments decreased more markedly than the national average during 2022 and increased at a slower rate than the U.S. during the first half of 2023. Michigan transfer payments recovered during the second half of 2023 but resumed increasing at a slower pace than the national rates during 2024. As of 2024Q3, Michigan transfers increased 6.3 percent from the same period in the prior year, compared to the national year-over-year growth of 7.1 percent.

As a result, Michigan personal income less transfer payments continued to increase over the year every quarter since 2020Q3. Personal income less transfer payments measures income by excluding payments made by the government to individuals through programs such as Social Security or unemployment insurance. This measure helps in understanding underlying income

trends and economic health while excluding the effects of government intervention through transfer payments.

Between 2020Q3 and 2024Q3, Michigan personal income less transfers growth rates have ranged from 1.1 percent to 17.3 percent. Compared to the prior year, Michigan personal income less transfers increased 6.8 percent in 2022Q3, 5.8 percent in 2023Q3, and 4.3 percent in 2024Q3.

Michigan Personal Income Year-over-Year Percent Changes



Source: Bureau of Economic Analysis

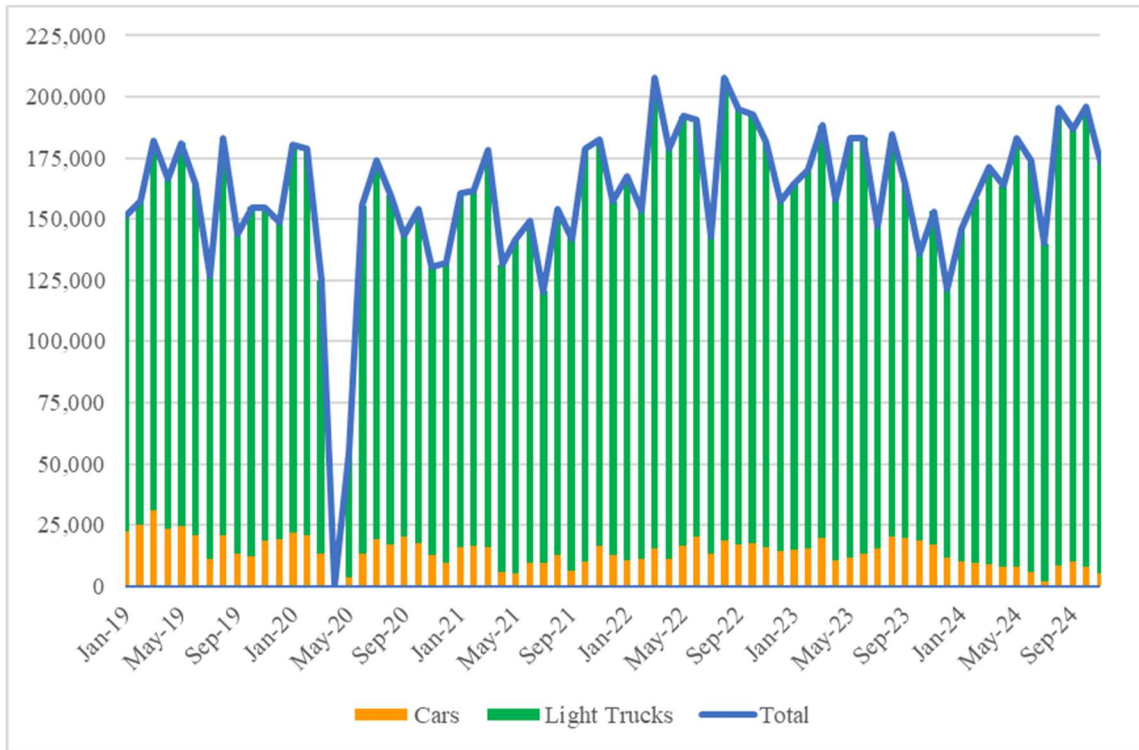
Michigan auto production continued to advance at a noteworthy pace, moving up by 16.9 percent in 2021 and 16.6 percent in 2022. The positive growth occurred despite the supply-chain challenges and semi-conductor chip shortages. These increases were due mainly to strong production in light trucks, which advanced 21.3 percent in 2021 and 15.5 percent in 2022. Michigan car production, which has recorded negative growth rates since 2017, decreased again in 2021 (-19.2 percent) but rebounded in 2022, rising by 31.6 percent.

However, 2023 marked a reversal of this post-pandemic growth for total statewide motor vehicle production, as Michigan vehicle production fell by 9.8 percent over the year. This decline mainly reflected weaker light truck production throughout the year, which was aggravated by the UAW strike in the latter half of 2023. During 2023, the light truck production decline of 11.1 percent was offset slightly by the minimally recorded auto increase (3.8 percent).

For the first eleven months of 2024, Michigan light truck production has recovered, and was up 9.0 percent over the same period in the prior year. As of November 2024, statewide light truck production is about 133,300 units (8.0 percent) higher since 2019 and 38,900 units (2.2 percent) higher since 2023.

Michigan auto production had slowly rebounded and recorded two consecutive years of annualized growth in 2022 and 2023. However, Michigan auto production has declined in 2024, with year-to-date production down 92,400 units (-55.5 percent) in November, compared to the same period in 2023. Compared to 2019, statewide auto production as of November 2024 is down almost 159,000 units (65.6 percent), and 104,000 units lower than 2023 levels.

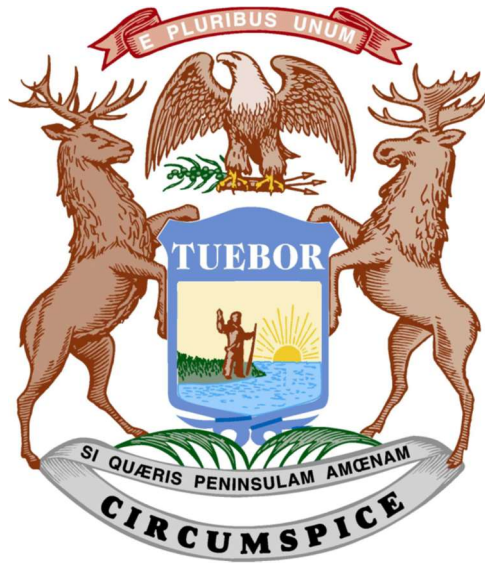
Michigan Light Vehicle Production Seasonally Adjusted



Sources: Automotive News and Michigan Department of Treasury

SECTION III

Administration Economic Forecast



Administration Economic Forecast
January 10, 2025

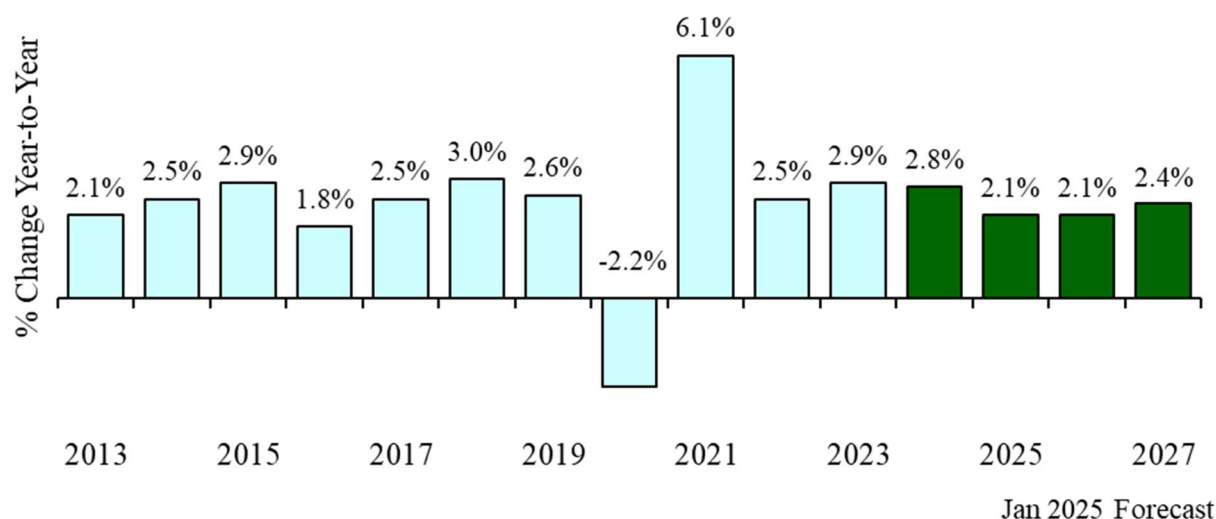
Administration Economic Forecast Summary

Table 1 provides a one-page summary table of the Administration forecast of the U.S. and Michigan economies.

2025, 2026 and 2027 U.S. Economic Outlook

Real (inflation adjusted) annual GDP is expected to advance over the forecast horizon. After declining 2.2 percent in 2020 (the largest annual decline since 2009), real GDP rose 6.1 percent in calendar year 2021, which was the fastest annual real GDP growth recorded since 1984. Real GDP growth then slowed to 2.5 percent in 2022 but moved up by 2.9 percent in 2023. Real GDP is expected to grow 2.8 percent in 2024. For 2025 and 2026, real GDP is forecast to increase 2.1 percent, and then rise 2.4 percent in 2027.

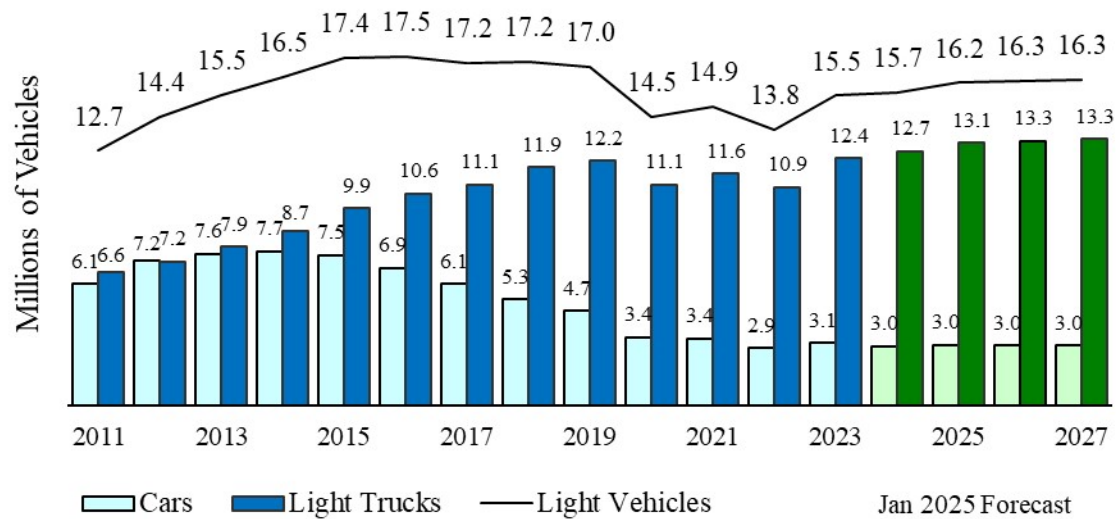
Annual Real GDP Growth Steady Through Forecast Horizon



Source: Bureau of Economic Analysis, U.S. Department of Commerce, and Administration Forecast, January 2025

Due mainly to notable decreases during the first half of 2020, **light vehicle sales** decreased from 17.0 million units in 2019 to 14.5 million units in 2020. In 2021, light vehicle sales edged up modestly to 14.9 million units and then declined to 13.8 million units in 2022. Sales rebounded back to 15.5 million units in 2023 and edge up to 15.8 million units in 2024. Light vehicle sales are expected to rise gradually over the forecast horizon, rising to 16.2 million units in 2025, and then stabilizing at the 16.3 million units level in 2026 and 2027. Similarly to prior year's forecast, light truck sales continue to dominate the light vehicle market over the forecast horizon.

Vehicle Sales Increase Through 2027



Source Bureau of Economic Analysis, U.S. Department of Commerce, and Administration Forecast, January 2025.

The **U.S. unemployment rate** declined steadily from 5.3 percent in 2021 to 3.6 percent in both 2022 and 2023. But for 2024, the national unemployment rate is expected to rise to 4.0 percent. The national unemployment rate is forecast to rise to 4.4 percent in 2025, before receding one-tenth of a percentage point each in 2026 and 2027 to 4.3 percent, and 4.2 percent, respectively.

U.S. wage and salary employment rose a strong 4.3 percent in 2022 and increased 2.3 percent during 2023. In 2024, wage and salary employment is projected to increase more slowly at a 1.6 percent rate. More moderate growth rates are expected for the forecasting horizon, with wage and salary employment rising 1.0 percent in 2025, increasing 0.7 percent in 2026 and moving up 0.8 percent in 2027.

The **U.S. consumer price index (CPI)** increased 8.0 percent in 2022, 4.1 percent in 2023, and is projected to increase 2.9 percent in 2024. The CPI is forecast to rise 2.8 percent in both 2025 and 2026, before increasing by 2.7 percent in 2027. The personal consumption price deflator rate advanced 3.8 percent in 2023 and is projected to move up by 2.5 percent in 2024. The deflator is forecast to increase 2.5 percent in 2025, rise 2.1 percent in 2026, and 2.2 percent in 2027.

The **three-month Treasury bill rate** average was 5.0 percent in 2024. The Treasury bill rate is expected to average 4.0 percent in 2025, 3.6 percent in 2026, and 3.3 percent in 2027.

Housing starts fell 3.3 percent to 1.552 million in 2022. Due to higher mortgage rates, housing starts declined 8.4 percent in 2023 to 1.421 million and are projected to decline 4.6 percent in 2024 to 1.356 million. Housing starts are forecast to increase 2.5 percent in 2025, rise 2.9 percent in 2026, then advance 2.8 percent by 2027 to reach 1.471 million starts.

2025, 2026 and 2027 Michigan Economic Outlook

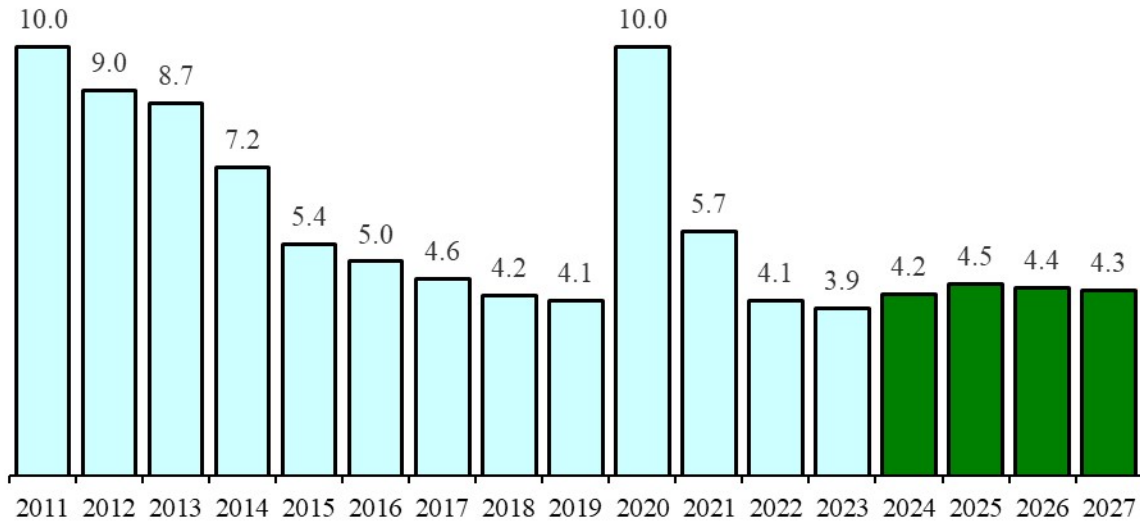
Michigan wage and salary employment displayed solid growth since 2020. Wage and salary employment advanced 4.0 percent in 2021 and 4.1 percent in 2022 after the steep decline of 9.1 percent in 2020 due to the pandemic. By April 2023, statewide wage and salary employment of 4.6 million was slightly above the pre-pandemic level, finishing 2023 with an annual wage and salary employment increase of 1.8 percent. For 2024, Michigan wage and salary employment is expected to increase 0.8 percent.

Over the forecast horizon, statewide wage and salary employment is projected to move up at a more moderate pace, rising by 0.6 percent in 2025, 0.7 percent in 2026, and 0.4 percent in 2027.

Michigan manufacturing employment declined 11.1 percent in 2020 during the pandemic but rebounded upwards by 4.9 percent in 2021, 3.9 percent in 2022 and 1.3 percent in 2023. Statewide manufacturing employment started to retract during the second half of 2023 and continued to descend through most of 2024. It is expected that Michigan manufacturing employment will decline 1.5 percent in 2024 to 605,700 jobs. Statewide manufacturing employment is forecast to fluctuate between 604,000 to 606,300 jobs in the coming years, declining 0.3 percent in 2025, increasing 0.4 percent in 2026, before edging down 0.1 percent in 2027.

The **Michigan unemployment rate** decreased to 4.1 percent in 2022 and fell to 3.9 percent in 2023. The state jobless rate edged up during the second half of 2024 and is expected to increase to 4.2 percent in 2024. Statewide unemployment rate is forecast to continue to increase to 4.5 percent in 2025, before starting to abate in 2026, at 4.4 percent, and dropping to 4.3 percent in 2027.

State Unemployment Rate Rises Slightly Over Forecast Then Falls (Percent)



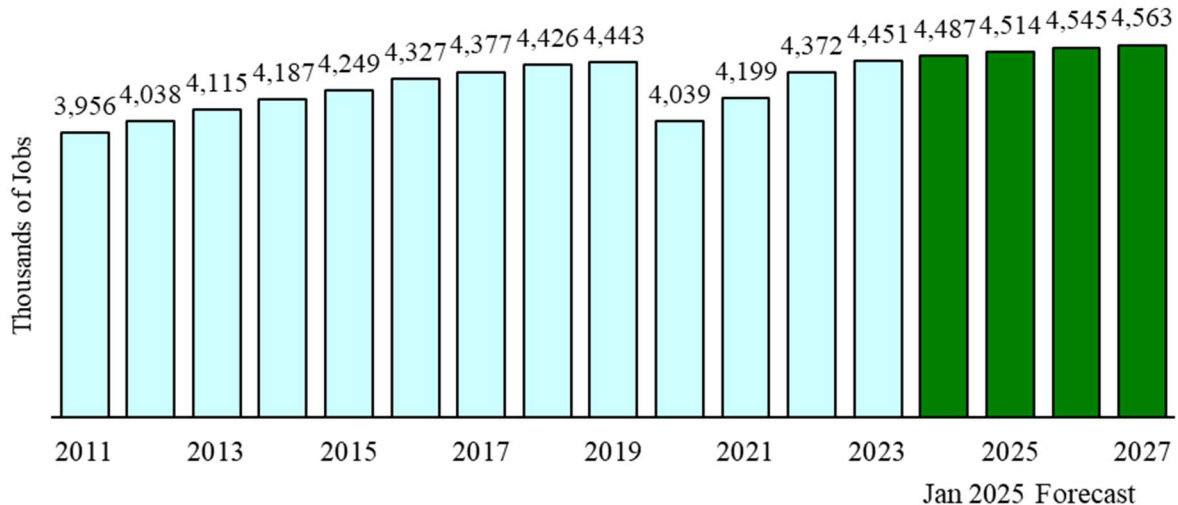
Source: Michigan Department of Technology, Management, & Budget, U.S. Bureau of Labor Statistics and January 2025 Administration Forecast.

Table 1
Administration Economic Forecast

| | January 2025 | | | | | | | |
|---|------------------------------|---|------------------------------|---|------------------------------|---|------------------------------|---|
| | Calendar 2024 Forecast | Percent Change from Prior Year | Calendar 2025 Forecast | Percent Change from Prior Year | Calendar 2026 Forecast | Percent Change from Prior Year | Calendar 2027 Forecast | Percent Change from Prior Year |
| United States | | | | | | | | |
| Real Gross Domestic Product (Billions of Chained 2012 Dollars) | \$23,306 | 2.8% | \$23,795 | 2.1% | \$24,295 | 2.1% | \$24,878 | 2.4% |
| Implicit Price Deflator GDP (2012 = 100) | 125.2 | 2.4% | 128.2 | 2.4% | 130.9 | 2.1% | 133.9 | 2.3% |
| Consumer Price Index (1982-84 = 100) | 313.536 | 2.9% | 322.177 | 2.8% | 331.285 | 2.8% | 340.185 | 2.7% |
| Consumer Price Index - Fiscal Year (1982-84 = 100) | 311.581 | 3.1% | 319.735 | 2.6% | 329.049 | 2.9% | 338.017 | 2.7% |
| Personal Consumption Deflator (2012 = 100) | 123.5 | 2.5% | 126.5 | 2.4% | 129.1 | 2.1% | 132.0 | 2.2% |
| 3-month Treasury Bills Interest Rate (percent) | 5.0 | | 4.0 | | 3.6 | | 3.3 | |
| Unemployment Rate - Civilian (percent) | 4.0 | | 4.4 | | 4.3 | | 4.2 | |
| Wage and Salary Employment (millions) | 158.548 | 1.6% | 160.133 | 1.0% | 161.254 | 0.7% | 162.544 | 0.8% |
| Housing Starts (millions of starts) | 1.356 | -4.5% | 1.390 | 2.5% | 1.430 | 2.9% | 1.471 | 2.8% |
| Light Vehicle Sales (millions of units) | 15.7 | 1.3% | 16.2 | 3.2% | 16.3 | 0.6% | 16.3 | 0.0% |
| Passenger Car Sales (millions of units) | 3.0 | -4.7% | 3.0 | 2.1% | 3.0 | -0.9% | 3.0 | -0.7% |
| Light Truck Sales (millions of units) | 12.7 | 2.8% | 13.2 | 3.4% | 13.3 | 1.0% | 13.3 | 0.2% |
| Big 3 Share of Light Vehicles (percent) | 34.3 | | 34.4 | | 33.7 | | 33.1 | |
| Michigan | | | | | | | | |
| Wage and Salary Employment (thousands) | 4,487 | 0.8% | 4,514 | 0.6% | 4,545 | 0.7% | 4,563 | 0.4% |
| Unemployment Rate (percent) | 4.2 | | 4.5 | | 4.4 | | 4.3 | |
| Personal Income (millions of dollars) | \$643,791 | 4.9% | \$669,543 | 4.0% | \$697,664 | 4.2% | \$724,175 | 3.8% |
| Real Personal Income (millions of 1982-84 dollars) | \$219,570 | 1.5% | \$222,284 | 1.2% | \$225,027 | 1.2% | \$227,238 | 1.0% |
| Wages and Salaries (millions of dollars) | \$312,862 | 5.6% | \$325,063 | 3.9% | \$337,091 | 3.7% | \$348,552 | 3.4% |
| Detroit CPI (1982-84 = 100) | 293.206 | 3.3% | 301.210 | 2.7% | 310.036 | 2.9% | 318.686 | 2.8% |
| Detroit CPI - Fiscal Year (1982-84 = 100) | 289.914 | 3.2% | 297.749 | 2.7% | 306.843 | 3.1% | 315.532 | 2.8% |

Source: Michigan Department of Technology, Management, & Budget, U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, U.S. Census Bureau, Federal Reserve and January 2025 Administration Forecast.

Michigan Wage and Salary Employment Increases



Source: Michigan Department of Technology, Management, & Budget, U.S. Bureau of Labor Statistics and January 2025 Administration Forecast.

Michigan wages and salaries increased 7.9 percent in 2022, 4.6 percent in 2023, and are expected to grow 5.6 percent in 2024. Wages and salaries are forecast to increase 3.9 percent in 2025, 3.7 percent in 2026 and 3.4 percent in 2027.

Michigan personal income increased by 5.4 percent in 2023 and is projected to finish 2024 with a growth of 4.9 percent. Personal income is forecast to increase 4.0 percent in 2025, 4.2 percent in 2026, then rise by 3.8 percent in 2027.

The **Detroit CPI** advanced 5.4 percent in 2023, and is projected to moderate in 2024, increasing 3.3 percent. Over the forecast period, inflation is projected to continue to moderate. The Detroit CPI is forecast to rise 2.7 percent in 2025, move up 2.9 percent in 2026, and increase 2.8 percent in 2027. After increasing 1.5 percent in 2024, **real (inflation adjusted) Michigan personal income** is forecast to rise 1.2 percent in 2025 and in 2026, before increasing 1.0 percent in 2027.

Fiscal Year Economics

Michigan's largest taxes are the individual income tax (\$13.0 billion in FY 2024) and sales and use taxes (\$13.3 billion). Income tax withholding is the largest component of the income tax. Withholding (\$12.8 billion) is most affected by growth in wages and salaries. **Michigan wages and salaries** increased 5.4 percent in FY 2024. Wages and salaries are projected to rise 4.3 percent in FY 2025, 3.8 percent in FY 2026 and 3.4 percent in FY 2027.

Sales and use taxes depend, in part, on **Michigan disposable (after tax) income** and inflation. In FY 2024, disposable income rose an estimated 5.6 percent and is projected to rise in each the next three fiscal years – rising 3.8 percent in FY 2025, 4.9 percent in FY 2026 and 3.9 percent in FY 2027. Prices, as measured by the **Detroit CPI**, rose 3.2 percent in FY 2024. The Detroit CPI is forecast to increase 2.7 percent in FY 2025, 3.1 percent in FY 2026, and 2.8 percent in FY 2027.

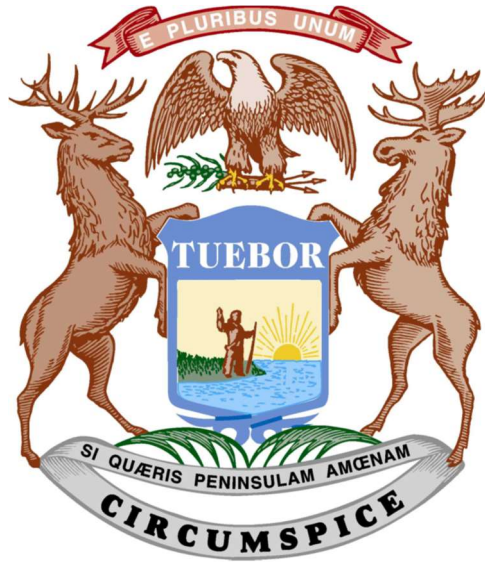
Forecast Risks

Interest rates are expected to decline over the forecast horizon but remain a risk for business investment and consumer spending. Consumer spending has been resilient, but many households have exhausted the savings accumulated during the pandemic and are now facing significantly higher debt costs and muted inflation-adjusted income growth. Business capital expenditures remain challenged by higher financing costs, tight lending standards, and uncertain demand prospects, while commercial real estate faces occupancy issues.

Higher than projected inflation could result in slower economic growth. The inflation rate of increase has slowed in 2024 allowing the Federal Reserve to cut the federal funds rate. An upturn in inflation would have an adverse effect on larger durable goods purchases.

Light vehicle sales are projected to increase but high financing costs and higher auto loan delinquency rates could curtail sales. Continued high mortgage rates could dampen the housing market and new builds. Recent law changes in Michigan involving an increased minimum wage, tipped wage and sick leave could potentially have an effect on economic growth. Geopolitical conflicts and weaker economic activity throughout the world could have a negative impact on domestic economic activity.

SECTION IV
Administration
Revenue Estimates



Administration Revenue Estimates

January 10, 2025

Revenue Estimate Overview

The revenue estimates presented in this section consist of baseline revenues, revenue adjustments, and net revenues. Baseline revenues provide an estimate of the effects of the economy on tax revenues. For these estimates, FY 2024 is the base year. Any non-economic changes to the taxes occurring in FY 2025, FY 2026 and FY 2027 are not included in the baseline estimates. Non-economic changes are referred to in the tables as "tax adjustments". The net revenue estimates are the baseline revenues adjusted for tax adjustments.

This treatment of revenue is best illustrated with an example. Suppose tax revenues are \$10.0 billion in a given year, and that based on the economic forecast, revenues are expected to grow by 5.0 percent per year. Baseline revenue would be \$10.0 billion in Year 1, \$10.5 billion in Year 2, and \$11.0 billion in Year 3. Assume a tax rate cut is in place that would reduce revenues by \$100 million in Year 1, \$200 million in Year 2, and \$300 million in Year 3. If Year 1 is the base year, the revenue adjustments for Year 1 would be \$0 since the tax cut for this year is included in the base. The revenue adjustments for Year 2 would be \$100 million, and the revenue adjustments for Year 3 would be \$200 million, since the revenue adjustments are compared to the base year.

In the example above, the baseline revenues would be \$10.0 billion, \$10.5 billion, and \$11.0 billion, for Years 1 through 3, respectively. The revenue adjustments would be \$0 in Year 1, \$100 million in Year 2, and \$200 million in Year 3. The \$200 million in Year 3 represents the tax cuts since Year 1. Net revenue would be \$10.0 billion in Year 1, \$10.4 billion in Year 2, and \$10.8 billion in Year 3.

The following revenue figures are presented on a Consensus basis. Generally speaking, the Consensus estimates do not include certain one-time budget measures, such as withdrawals from the Budget Stabilization Fund, the sale of buildings, and so on. The figures also do not include constitutional revenue sharing payments to local governments from the sales tax. In addition, the estimates only include enacted legislation and do not include the effects of any proposed changes. The School Aid Fund estimates consist of taxes plus the transfer from the State Lottery Fund.

FY 2024 Preliminary Revenue

FY 2024 GF-GP revenue is estimated to be \$14,501.1 million, a 3.8 percent increase compared to FY 2023. The FY 2024 GF-GP revenue estimate is \$552.3 million above the May 2024 Consensus estimate. FY 2024 SAF revenue is forecast to be \$18,085.1, a 1.3 percent increase from FY 2023. The FY 2024 SAF estimate is \$301.5 million above the May 2024 Consensus estimate (see Table 2).

Table 2
FY 2023-24 Preliminary Revenue
(millions)

| | Administration January 10, 2025 | | Change from May 2024 Consensus |
|--------------------------------|--|---------------|---|
| | Amount | Growth | |
| General Fund - General Purpose | | | |
| Baseline Revenue | \$17,318.0 | 2.4% | --- |
| Tax Cut Adjustments | (\$2,816.9) | --- | --- |
| Net Resources | \$14,501.1 | 3.8% | \$552.3 |
| School Aid Fund | | | |
| Baseline Revenue | \$18,203.9 | 1.6% | --- |
| Tax Cut Adjustments | (\$118.8) | --- | --- |
| Net Resources | \$18,085.1 | 1.3% | \$301.5 |
| Combined | | | |
| Baseline Revenue | \$35,521.9 | 2.0% | --- |
| Tax Cut Adjustments | (\$2,935.7) | --- | --- |
| Net Resources | \$32,586.2 | 2.4% | \$853.8 |

Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury

FY 2025 Revenue Outlook

FY 2025 GF-GP revenue is forecast to decrease 0.1 percent to \$14,479.4 million from FY 2024. The FY 2025 GF-GP revenue estimate is \$221.6 million above the May 2024 Consensus estimate. FY 2025 SAF revenue is forecast to increase 1.8 percent to \$18,404.7 from FY 2025. The FY 2025 SAF revenue estimate is \$257.8 million above the May 2024 Consensus estimate. (see Table 3).

Table 3
FY 2024-25 Administration Revenue Estimates
(millions)

| | Administration January 10, 2025 | | Change from May 2024 Consensus |
|--------------------------------|--|---------------|---|
| | Amount | Growth | |
| General Fund - General Purpose | | | |
| Baseline Revenue | \$17,389.0 | 0.4% | --- |
| Tax Cut Adjustments | (\$2,909.6) | --- | --- |
| Net Resources | \$14,479.4 | -0.1% | \$221.6 |
| School Aid Fund | | | |
| Baseline Revenue | \$18,584.2 | 2.1% | --- |
| Tax Cut Adjustments | (\$179.5) | --- | --- |
| Net Resources | \$18,404.7 | 1.8% | \$257.8 |
| Combined | | | |
| Baseline Revenue | \$35,973.2 | 1.3% | --- |
| Tax Cut Adjustments | (\$3,089.1) | --- | --- |
| Net Resources | \$32,884.1 | 0.9% | \$479.4 |

Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury

FY 2026 Revenue Outlook

FY 2026 GF-GP revenue is forecast to increase 4.9 percent to \$15,184.2 million from FY 2025. The FY 2026 GF-GP revenue estimate is \$297.7 million above the May 2024 Consensus estimate. FY 2026 SAF revenue is forecast to increase 2.4 percent to \$18,838.0 from FY 2025. The FY 2026 SAF revenue estimate is \$265.5 million above the May 2024 Consensus estimate. (see Table 4).

Table 4
2025-26 Administration Revenue Estimates
(millions)

| | Administration January 10, 2025 | | Change from May 2024 Consensus |
|---------------------------------------|--|---------------|---|
| | Amount | Growth | |
| General Fund - General Purpose | | | |
| Baseline Revenue | \$17,662.7 | 1.6% | --- |
| Tax Cut Adjustments | (\$2,478.5) | --- | --- |
| Net Resources | \$15,184.2 | 4.9% | \$297.7 |
| School Aid Fund | | | |
| Baseline Revenue | \$19,047.0 | 2.5% | --- |
| Tax Cut Adjustments | (\$209.0) | --- | --- |
| Net Resources | \$18,838.0 | 2.4% | \$265.5 |
| Combined | | | |
| Baseline Revenue | \$36,709.7 | 2.0% | --- |
| Tax Cut Adjustments | (\$2,687.5) | --- | --- |
| Net Resources | \$34,022.2 | 3.5% | \$563.2 |

Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury

FY 2027 Revenue Outlook

FY 2027 GF-GP revenue is forecast to increase 1.7 percent to \$15,444.8 million from FY 2026. FY 2027 SAF revenue is forecast to increase 2.8 percent to \$19,368.3 from FY 2026 (see Table 5).

Table 5
2026-27 Administration Revenue Estimates
 (millions)

| | Administration | |
|---------------------------------------|-------------------------|---------------|
| | January 10, 2025 | |
| | Amount | Growth |
| General Fund - General Purpose | | |
| Baseline Revenue | \$18,032.6 | 2.1% |
| Tax Cut Adjustments | (\$2,587.8) | --- |
| Net Resources | \$15,444.8 | 1.7% |
| School Aid Fund | | |
| Baseline Revenue | \$19,603.8 | 2.9% |
| Tax Cut Adjustments | (\$235.5) | --- |
| Net Resources | \$19,368.3 | 2.8% |
| <hr/> | | |
| Combined | | |
| Baseline Revenue | \$37,636.4 | 2.5% |
| Tax Cut Adjustments | (\$2,823.3) | --- |
| Net Resources | \$34,813.0 | 2.3% |

Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury

Constitutional Revenue Limit

Article IX, Section 26, of the Michigan Constitution establishes a limit on the amount of revenue State government can collect in any given fiscal year. The revenue limit for a given fiscal year is equal to 9.49 percent of the State’s personal income for the calendar year prior to the year in which the fiscal year begins. For example, FY 2022 revenue is compared to CY 2020 personal income. If revenues exceed the limit by less than 1 percent, the State may deposit the excess into the Budget Stabilization Fund (BSF). If the revenues exceed the limit by more than 1 percent, the excess revenue is refunded to taxpayers.

FY 2023 revenues were \$10.3 billion below the revenue limit. State revenues will also be well below the limit for FY 2024 through FY 2027. FY 2024 revenues are expected to be about \$9.8 billion below the limit, FY 2025 revenues \$12.0 billion below the limit, FY 2026 revenues \$14.9 billion below the limit, and FY 2027 revenues \$16.3 billion below the limit (See Table 6).

Table 6
Administration Revenue Limit Calculation
(millions)

| | <u>FY 2023</u> | <u>FY 2024</u> | <u>FY 2025</u> | <u>FY 2026</u> | <u>FY 2027</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Final | Admin | Admin | Admin | Admin |
| | <u>June 2024</u> | <u>Jan 2025</u> | <u>Jan 2025</u> | <u>Jan 2025</u> | <u>Jan 2025</u> |
| Revenue Subject to Limit | \$43,610.7 | \$44,550.4 | \$44,924.4 | \$46,153.0 | \$47,227.0 |
| <u>Revenue Limit</u> | <u>CY 2021</u> | <u>CY 2022</u> | <u>CY 2023</u> | <u>CY 2024</u> | <u>CY 2025</u> |
| Personal Income | \$567,807 | \$572,325 | \$599,366 | \$643,791 | \$669,543 |
| Ratio | 9.49% | 9.49% | 9.49% | 9.49% | 9.49% |
| Revenue Limit | \$53,884.9 | \$54,313.6 | \$56,879.8 | \$61,095.8 | \$63,539.6 |
| <u>Amount Under (Over) Limit</u> | \$10,274.2 | \$9,763.2 | \$11,955.4 | \$14,942.8 | \$16,312.7 |

Budget Stabilization Fund Calculation

The Management and Budget Act contains provisions for calculating a recommended deposit or withdrawal from the BSF. The calculation looks at personal income net of transfer payments. The net personal income figure is adjusted for inflation. The change in this figure for the calendar year determines whether a pay-in or pay-out is recommended. If the formula calls for a deposit into the BSF, the deposit is made in the next fiscal year. If the formula calls for a withdrawal, the withdrawal is made during the current fiscal year.

PA 613 of 2018 prohibits the legislature from appropriating money from the fund for a fiscal year when the annual growth rate of real personal income less transfer payments for the calendar year in which that fiscal year ends is estimated to be greater than 0% at the most recent consensus revenue estimating conference. When the annual growth rate is estimated to be less than 0% at the most recent consensus revenue estimating conference, the legislature may appropriate by law for the fiscal year ending in the current calendar year no more than 25% of the prior fiscal year ending

balance in the fund as reported in the comprehensive annual financial report. If personal income is forecast to be negative for subsequent fiscal years, the Legislature then could appropriate up to 25% of the available Fund balance in the first fiscal year for each subsequent fiscal year.

If real personal income less transfer payments grew by more than 2 percent in a given calendar year, the fraction of income growth over 2 percent is multiplied by the current fiscal year's GF-GP revenue to determine the pay-in for the next fiscal year.

Real calendar year personal income less transfer payments is projected to be between 0 and 2 percent in 2025 through 2027. Therefore, no pay-ins or pay-outs are projected through the forecast horizon.

School Aid Fund Revenue Adjustment Factor

The School Aid Fund (SAF) revenue adjustment factor for the next fiscal year is calculated by dividing the sum of current year and subsequent year SAF revenue by the sum of current year and prior year SAF revenue. The SAF revenue totals are adjusted for any change in the rate and base of the SAF taxes. The year for which the adjustment factor is being calculated is used as the base year for any tax adjustments. For FY 2026, the SAF revenue adjustment factor is calculated to be 1.0244 (See Table 7). For FY 2027, the SAF revenue adjustment factor is calculated to be 1.0274 (See Table 8).

Table 7
Administration School Aid Revenue Adjustment Factor
For Fiscal Year 2026

| | <u>FY 2024</u> | <u>FY 2025</u> | <u>FY 2026</u> |
|--------------------------------------|------------------|------------------|------------------|
| Baseline SAF Revenue | \$18,160.1 | \$18,584.2 | \$19,047.0 |
| Balance Sheet Adjustments | <u>(\$118.8)</u> | <u>(\$179.5)</u> | <u>(\$209.1)</u> |
| Net SAF Estimates | \$18,041.3 | \$18,404.7 | \$18,837.9 |
| Subtotal Adjustments to FY 2026 Base | <u>(\$90.3)</u> | <u>(\$29.6)</u> | <u>\$0.0</u> |
| Baseline Revenue on a FY 2026 Base | \$17,951.0 | \$18,375.1 | \$18,837.9 |

School Aid Fund Revenue Adjustment Calculation for FY 2026

| | | | | | |
|--------------------------|------------|---|------------|---|------------|
| Sum of FY 2024 & FY 2025 | \$17,951.0 | + | \$18,375.1 | = | \$36,326.1 |
| Sum of FY 2025 & FY 2026 | \$18,375.1 | + | \$18,837.9 | = | \$37,213.0 |

| | |
|--|---------------|
| FY 2026 Revenue Adjustment Factor | 1.0244 |
|--|---------------|

Note: Factor is calculated off a FY 2026 base year.

Table 8
Administration School Aid Revenue Adjustment Factor
For Fiscal Year 2027

| | <u>FY 2025</u> | <u>FY 2026</u> | <u>FY 2027</u> |
|--------------------------------------|------------------|------------------|------------------|
| Baseline SAF Revenue | \$18,584.2 | \$19,047.0 | \$19,603.8 |
| Balance Sheet Adjustments | <u>(\$179.5)</u> | <u>(\$209.1)</u> | <u>(\$235.6)</u> |
| Net SAF Estimates | \$18,404.7 | \$18,837.9 | \$19,368.2 |
| Subtotal Adjustments to FY 2027 Base | <u>(\$56.1)</u> | <u>(\$26.5)</u> | <u>\$0.0</u> |
| Baseline Revenue on a FY 2027 Base | \$18,348.6 | \$18,811.4 | \$19,368.2 |

School Aid Fund Revenue Adjustment Calculation for FY 2027

| | |
|--------------------------|--------------------------------------|
| Sum of FY 2025 & FY 2026 | \$18,348.6 + \$18,811.4 = \$37,160.0 |
| Sum of FY 2026 & FY 2027 | \$18,811.4 + \$19,368.2 = \$38,179.6 |

| | |
|--|---------------|
| FY 2027 Revenue Adjustment Factor | 1.0274 |
|--|---------------|

Note: Factor is calculated off a FY 2026 base year.

Revenue Detail

The estimated tax and revenue totals include the effects of all enacted tax changes. The revenue totals by tax are presented separately for GF-GP and for the SAF (See Tables 9 and 10). Tax totals for the income, sales, use, CIT/MBT, tobacco and casino taxes for all funds are also included (See Table 11).

Table 9
Administration General Fund General Purpose Revenue Detail
(millions)

| | FY 2025 | | FY 2026 | | FY 2027 | |
|------------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| | Amount | Growth | Amount | Growth | Amount | Growth |
| GF-GP Tax Amounts | | | | | | |
| Income Tax | \$8,731.1 | 4.4% | \$8,943.2 | 2.4% | \$9,180.1 | 2.6% |
| Sales | \$1,613.6 | 1.5% | \$1,641.9 | 1.8% | \$1,692.0 | 3.0% |
| Use | \$1,241.6 | 3.7% | \$1,304.9 | 5.1% | \$1,360.1 | 4.2% |
| Cigarette | \$128.7 | -1.8% | \$126.6 | -1.6% | \$124.4 | -1.7% |
| Beer & Wine | \$46.0 | 0.0% | \$47.0 | 2.2% | \$48.0 | 2.1% |
| Liquor Specific | \$67.7 | 0.1% | \$68.3 | 0.9% | \$68.8 | 0.7% |
| Insurance Co. Premium | \$555.0 | 3.4% | \$568.0 | 2.3% | \$580.0 | 2.1% |
| CIT/MBT | \$1,098.1 | -9.8% | \$1,612.3 | 46.8% | \$1,583.0 | -1.8% |
| Telephone & Telegraph | \$42.0 | -2.3% | \$41.0 | -2.4% | \$40.0 | -2.4% |
| Oil & Gas Severance | \$25.0 | 14.2% | \$26.0 | 4.0% | \$27.0 | 3.8% |
| Essential Services Assess. | \$157.0 | 6.6% | \$164.0 | 4.5% | \$170.0 | 3.7% |
| Penalties and Interest | \$150.0 | -12.3% | \$151.0 | 0.7% | \$152.0 | 0.7% |
| Railroad/Car Loaning | \$8.0 | 0.0% | \$8.0 | 0.0% | \$8.0 | 0.0% |
| Enhanc. Enforce/ACS | (\$150.0) | 2.0% | (\$151.0) | 0.7% | (\$152.0) | 0.7% |
| Total GF-GP Taxes | \$13,713.8 | 2.4% | \$14,551.2 | 6.1% | \$14,881.4 | 2.3% |
| GF-GP Non-Tax Revenue | | | | | | |
| Federal Aid | \$10.0 | -28.1% | \$10.0 | 0.0% | \$10.0 | 0.0% |
| From Local Agencies | \$0.1 | -99.4% | \$0.1 | 0.0% | \$0.1 | 0.0% |
| From Services | \$7.0 | 66.7% | \$7.0 | 0.0% | \$7.0 | 0.0% |
| From Licenses & Permits | \$14.0 | 30.8% | \$14.0 | 0.0% | \$14.0 | 0.0% |
| Miscellaneous | \$35.0 | 15.5% | \$35.0 | 0.0% | \$35.0 | 0.0% |
| Interfund Interest | \$260.0 | -56.2% | \$125.0 | -51.9% | \$50.0 | -60.0% |
| Liquor Purchase | \$295.5 | -1.8% | \$297.9 | 0.8% | \$303.3 | 1.8% |
| Charitable Games | \$4.0 | -43.7% | \$4.0 | 0.0% | \$4.0 | 0.0% |
| Transfer From Escheats | \$140.0 | -30.2% | \$140.0 | 0.0% | \$140.0 | 0.0% |
| Other Non Tax | \$0.0 | 0.0% | \$0.0 | 0.0% | \$0.0 | 0.0% |
| Total Non Tax | \$765.6 | -35.0% | \$633.0 | -17.3% | \$563.4 | -11.0% |
| Total GF-GP Revenue | \$14,479.4 | -0.1% | \$15,184.2 | 4.9% | \$15,444.8 | 1.7% |

Table 10
Administration School Aid Fund Revenue Detail

| | FY 2025 | | FY 2026 | | FY 2027 | |
|---------------------------|------------|--------|------------|--------|------------|--------|
| | Amount | Growth | Amount | Growth | Amount | Growth |
| School Aid Fund | | | | | | |
| Income Tax | \$4,099.4 | 4.2% | \$4,231.8 | 3.2% | \$4,359.0 | 3.0% |
| Sales Tax | \$7,773.5 | 0.3% | \$7,899.3 | 1.6% | \$8,144.6 | 3.1% |
| Use Tax | \$958.0 | 2.9% | \$990.8 | 3.4% | \$1,019.1 | 2.9% |
| Liquor Excise Tax | \$79.8 | 0.9% | \$80.8 | 1.3% | \$81.8 | 1.2% |
| Cigarette & Tobacco | \$223.3 | -2.2% | \$218.3 | -2.2% | \$213.2 | -2.3% |
| Marijuana Excise Tax | \$121.7 | 5.3% | \$127.0 | 4.4% | \$132.0 | 3.9% |
| State Education Tax | \$2,887.6 | 4.4% | \$2,985.0 | 3.4% | \$3,086.0 | 3.4% |
| Real Estate Transfer | \$405.0 | 0.1% | \$420.0 | 3.7% | \$425.0 | 1.2% |
| Industrial Facilities Tax | \$51.0 | -5.0% | \$50.0 | -2.0% | \$49.0 | -2.0% |
| Casino (45% of 18%) | \$101.2 | 0.7% | \$102.5 | 1.3% | \$103.5 | 1.0% |
| iGaming, Sports Betting | \$427.0 | 6.7% | \$451.9 | 5.8% | \$471.5 | 4.3% |
| Commercial Forest | \$4.0 | 0.0% | \$4.0 | 0.0% | \$4.0 | 0.0% |
| Other Spec Taxes | \$24.0 | 0.0% | \$24.0 | 0.0% | \$24.0 | 0.0% |
| Subtotal Taxes | \$17,155.5 | 2.2% | \$17,585.4 | 2.5% | \$18,112.7 | 3.0% |
| Lottery Transfer | \$1,249.2 | 0.0% | \$1,252.5 | 0.3% | \$1,255.5 | 0.2% |
| Total SAF Revenue | \$18,404.7 | 1.8% | \$18,837.9 | 2.4% | \$19,368.2 | 2.8% |

Table 11
Administration Major Tax Totals

| | FY 2025 | | FY 2026 | | FY 2027 | |
|--|------------|--------|------------|--------|------------|--------|
| | Amount | Growth | Amount | Growth | Amount | Growth |
| Major Tax Totals (Includes all Funds) | | | | | | |
| Income Tax | \$13,500.3 | 4.1% | \$13,844.8 | 2.6% | \$14,208.9 | 2.6% |
| Sales Tax | \$10,608.8 | 0.3% | \$10,779.9 | 1.6% | \$11,251.0 | 4.4% |
| Use Tax | \$2,844.4 | 2.9% | \$2,942.1 | 3.4% | \$3,026.4 | 2.9% |
| CIT/MBT | \$1,698.1 | -6.5% | \$1,662.3 | -2.1% | \$1,633.0 | -1.8% |
| Cigarette and Tobacco | \$648.0 | -1.7% | \$637.0 | -1.7% | \$626.0 | -1.7% |
| Casino Tax | \$101.2 | 0.7% | \$102.5 | 1.3% | \$103.5 | 1.0% |