ECONOMIC OUTLOOK
AND
REVENUE ESTIMATES
FOR
MICHIGAN

FY 2024-25
THROUGH
FY 2026-27

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FOREWORD

This report includes a national and state economic forecast for calendar year (CY) 2024 through CY 2027. It also presents final General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenue for fiscal year (FY) 2023-24 and revised revenue estimates for FY 2024-25 through FY 2026-27. Estimates reported herein will be presented to the Consensus Revenue Estimating Conference on May 16, 2025, and will be used to facilitate the consensus estimating process.

This report includes House Fiscal Agency (HFA) analyses of important factors that will affect state and national economies through the year 2027, and estimates of the Countercyclical Budget Stabilization Fund, state compliance with the Constitutional State Revenue Limit, and GF/GP and SAF year-end balances.

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ECONOMIC OVERVIEW AND FORECAST

This section presents the economic forecast used by the House Fiscal Agency (HFA) to produce its revenue forecasts for FY 2024-25 through FY 2026-27. In developing the U.S. and Michigan forecasts, key macroeconomic data such as employment, interest rates, business investment, light vehicle sales, international trade, oil prices, and consumer spending are examined with the goal of combining these variables along with others into an overall snapshot of the U.S. economy for the past year, current year, and two subsequent years. The key segments for Michigan include the automotive sector, the labor force and employment, wage and salary income, and inflation rates.

The national economy remained strong throughout CY 2024, growing at a 2.8% rate. Inflation moderated significantly from its highs, although not yet falling to the Fed's preferred 2% target, which allowed the Fed to begin a rate cutting cycle, albeit a cautious one. In addition, while the labor market has softened, with fewer job openings, slower hiring rates, and modest increase in the unemployment rate, overall it still remains relatively strong. Consumers continue to exhibit spending power, driving much of the GDP growth. CY 2025 has That said, the forecast assumes the labor market will eventually soften and economic growth will slow slightly to 2.3% in CY 2025 and 2.0% in CY 2026 before rebounding slightly to 2.1% in CY 2027.

Employment growth will moderate throughout the forecast window, averaging about 0.8% growth, and the unemployment rate will peak at 4.9% in CY 2026 before improving to 4.7% in CY 2027. Inflation is expected to rise from 3.1% in CY 2025 to 3.4% in CY 2026 and decline to 2.8% in CY 2027.

Michigan's economy and state revenue are significantly affected by the strength of the national economy. The Michigan outlook projects a moderately weaker employment picture than the national economy with slower employment growth, averaging about 0.4% annually, and the unemployment will peak at 5.9% in CY 2026 before falling to 5.7% in CY 2027. However, current uncertainty around federal policies related to tariffs and trade, immigration, and foreign policy, to name a few, make a baseline forecast less useful.

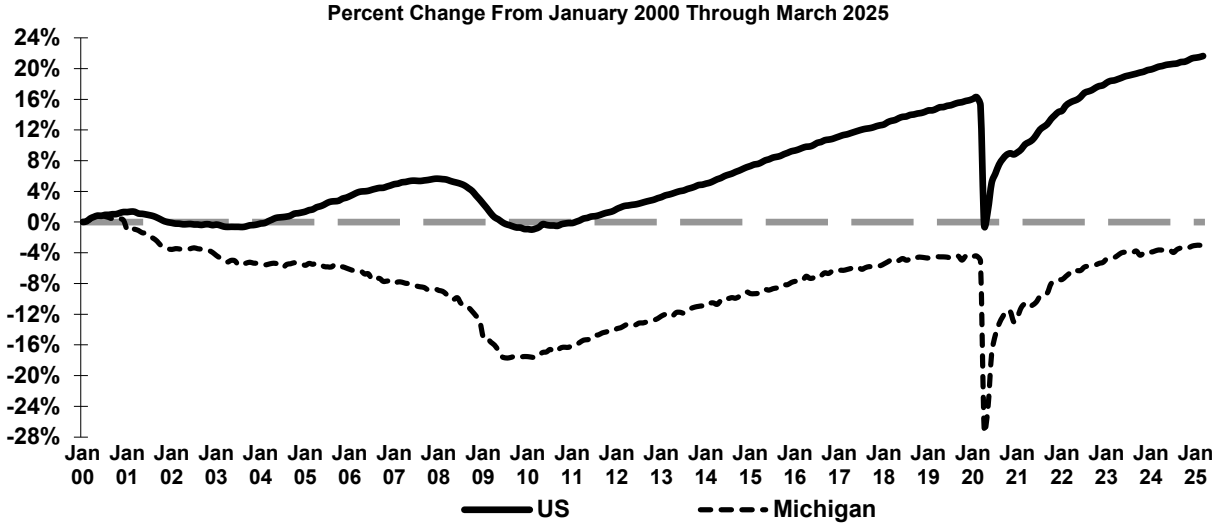
Total Wage and Salary Employment

Figure 1 shows the monthly percent change in total wage and salary employment for both the U.S. and Michigan from January 2000 through March 2025.

Figure 1

Total Wage and Salary Employment

Percent Change From January 2000 Through March 2025



U.S. Wage and Salary Employment

U.S. employment peaked in February 2001, and then began a long slide that did not end until August 2003. During this 30-month period, more than 2.7 million jobs were lost – about 91,800 jobs per month on average. This decline was followed by 53 consecutive months of job growth, and by January 2008, more than 8.1 million jobs had been added.

The recession which began in February 2008 led to 25 continuous months of employment declines during which almost 8.8 million jobs were lost. Job gains finally reappeared in March 2010, and during the 128-month span of job growth that ensued, U.S. wage and salary employment surpassed the pre-recession peak and by February 2020, total cumulative growth during the expansion topped 22.8 million jobs.

The sharp decline brought about by COVID-19 saw employment drop back to roughly the same level as January 2000, but through April 2025, 29.1 million jobs have returned and total employment is now 4.7% above pre-pandemic levels.

Michigan Wage and Salary Employment

Michigan endured more than a decade of job losses during the early 2000s, during which time wage and salary employment in Michigan dropped by almost 18% relative to January 2000. As the labor market began recovering from the Great Recession, steady job growth continued each year through 2019, although by the end of the decade annual gains were slowing. Still, by the end of 2019, total employment was within 5% of the January 2000 level.

As with employment nationwide, sharp declines occurred in March and April of 2020 as employment plunged well below Great Recession levels. Michigan has added back just over of 1.1 million jobs from the pandemic low point in April 2020, and is now approximately 1.4% above the pre-pandemic level in February 2020.

U.S. and Michigan Motor Vehicle Industry

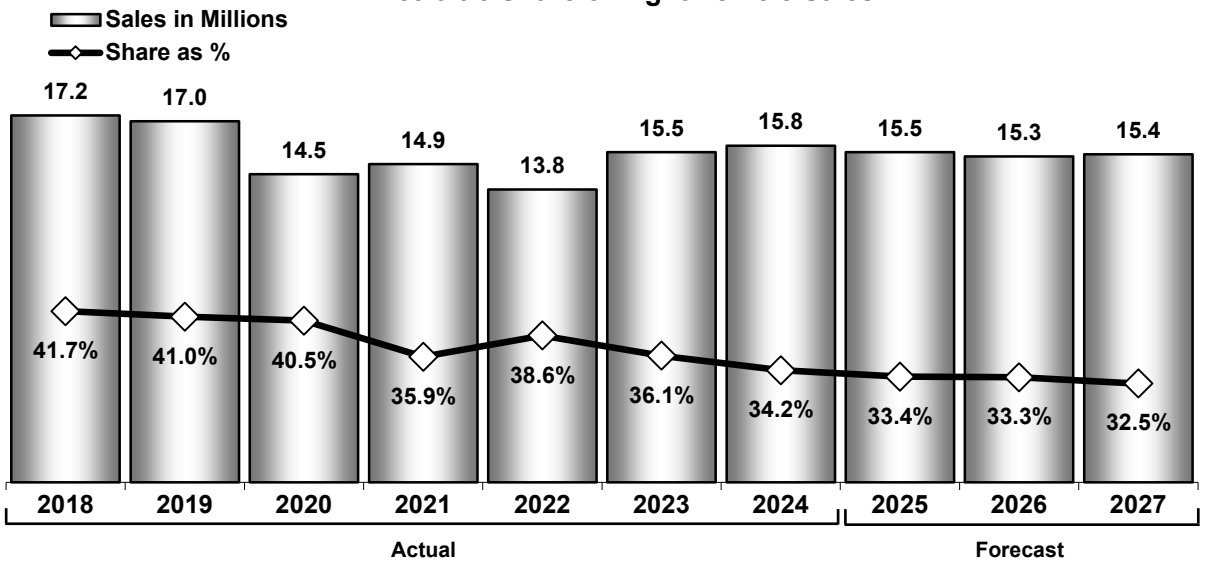
Light motor vehicle sales totaled 15.8 million units in CY 2024, an 1.9% increase from the from the 15.5 million units sold in CY 2023. Light motor vehicle sales are forecast to total 15.5 million units in CY 2025, 15.3 million units in CY 2026, and 15.4 million units in CY 2027.

The market share of imports and transplants (vehicles with a foreign nameplate that are made in the U.S.) has stabilized in recent years. As shown in **Figure 2**, the market share of the Detroit-3 auto manufacturers was 34.2% in CY 2024 and is expected to decline to 32.5% by the end of the forecast horizon.

The level and composition of light motor vehicle sales, as well as the extent to which the domestic nameplates can retain market share, will have a direct impact on Michigan's economy. In CY 2025, the Detroit-3 auto manufacturers are expected to sell almost 5.2 million vehicles, which would translate to an 4.3% decrease from CY 2024. It is estimated that the Detroit-3 sales will decrease to 5.2 million vehicles in CY 2026 and drop to just over 5.0 million CY 2027.

Figure 2

Detroit-3 Share of Light Vehicle Sales



U.S. Forecast Highlights

Real GDP increased at a 2.8% rate in CY 2024 and is forecast to grow by 1.3% in CY 2025, 1.5% in CY 2026, and 1.9% in CY 2027.

Inflation, as measured by the Consumer Price Index (CPI), is forecast to increase at a rate of 3.1% in CY 2025. It is projected to rise to 3.4% in CY 2026 before declining to 2.8% in CY 2027.

Wage and salary employment growth was 1.3% in CY 2024; it is forecast to increase by 1.0% in CY 2025, 0.6% in CY 2026, and 0.7% in CY 2027.

The national unemployment rate was 4.0% in CY 2024; it is forecast to increase to 4.4% in CY 2025 and 4.9% in CY 2026 before declining slightly to 4.7% in CY 2027.

Interest rates on three-month T-bills are expected to decrease from 5.0% in CY 2024 to 4.1% in CY 2025, 3.7% in CY 2026, and 3.5% in CY 2027 as the Federal Reserve gradually lowers interest rates.

Michigan Forecast Highlights

Michigan wage and salary employment increased by 0.6% in CY 2024; it is expected to increase by 0.4% in CY 2025, 0.3% in CY 2026, and 0.4% in CY 2027.

Michigan's unemployment rate was 4.7% in CY 2024; it is forecast to increase to 5.6% in CY 2025 and 5.9% in CY 2026 before decreasing to 5.7% in CY 2027.

Michigan personal income grew by 4.5% in CY 2024; it is forecast to increase 3.5% in CY 2025, 3.6% in CY 2026, and 3.8% in CY 2027.

Michigan wage and salary income increased by 4.2% in CY 2024; it is forecast to increase 2.8% in CY 2025, 3.1% in CY 2026, and 3.2% in CY 2027.

Inflation (as measured by the Detroit Consumer Price Index) is forecast to increase 2.3% in CY 2025, 3.5% in CY 2026, and 2.8% CY 2027.

Additional details of the U.S. and Michigan forecasts are presented in **Table 1** on the following page.

Table 1
ECONOMIC FORECAST VARIABLES

	Calendar 2023 Actual	Calendar 2024 Actual	% Change from Prior Year	Calendar 2025 Estimated	% Change from Prior Year	Calendar 2026 Estimated	% Change from Prior Year	Calendar 2027 Estimated	% Change from Prior Year
United States									
Real Gross Domestic Product (Billions of 2012 dollars)	$22,671.1	$23,305.0	2.8%	$23,597.0	1.3%	$23,950.3	1.5%	$24,403.4	1.9%
Implicit Price Deflator GDP (2012 = 100)	122.266	125.224	2.4%	128.674	2.8%	132.343	2.9%	135.661	2.5%
Personal Consumption Deflator (2012 = 100)	120.486	123.496	2.5%	126.834	2.7%	130.415	2.8%	133.575	2.4%
Consumer Price Index (1982-84 = 100)	304.702	313.689	2.9%	323.279	3.1%	334.384	3.4%	343.861	2.8%
Consumer Price Index (FY) (1982-84 = 100)	302.289	311.581	3.1%	320.556	2.9%	331.670	3.5%	341.603	3.0%
Federal Funds Rate Interest Rate (Percent)	5.0%	5.1%		4.3%		3.8%		3.6%	
3-month Treasury Bills Interest Rate (Percent)	5.1%	5.0%		4.1%		3.7%		3.5%	
30-year Conventional Mortgage Rate Interest Rate (Percent)	6.8%	6.7%		6.7%		6.3%		6.0%	
Unemployment Rate (Percent)	3.6%	4.0%		4.4%		4.9%		4.7%	
Wage and Salary Employment (Millions)	155.9	158.0	1.3%	159.6	1.0%	160.6	0.6%	161.7	0.7%
Housing Starts (Millions of units)	1.421	1.368	(3.8%)	1.350	(1.3%)	1.380	2.2%	1.405	1.8%
Light Vehicle Sales (Millions of units)	15.5	15.8	1.9%	15.5	(1.9%)	15.3	(1.3%)	15.4	0.7%
Passenger Car Sales (Millions of units)	3.1	3.0	(4.4%)	2.7	(10.1%)	2.6	(4.8%)	2.5	(0.6%)
Light Truck Sales (Millions of units)	12.4	12.8	3.1%	12.8	0.4%	12.7	(0.6%)	12.9	0.9%
Import Share of Light Vehicles (Percent)	21.8%	22.8%		23.4%		23.0%		22.9%	
Detroit-3 Share of Light Vehicle Sales (Percent)	36.1%	34.2%		33.4%		33.3%		32.5%	
Personal Income (Billions of current dollars)	$23,402.5	$24,658.3	5.4%	$25,821.5	4.7%	$26,936.1	4.3%	$28,127.0	4.4%
Michigan									
Wage and Salary Employment (Thousands)	4,460.7	4,488.4	0.6%	4,506.9	0.4%	4,519.4	0.3%	4,538.8	0.4%
Transportation Equipment Employment (Thousands)	190.2	184.8	(2.9%)	177.7	(3.9%)	178.8	0.7%	177.9	(0.5%)
Unemployment Rate (Percent)	3.9%	4.7%		5.6%		5.9%		5.7%	
Personal Income (Millions of current dollars)	$613,719	$641,085	4.5%	$663,407	3.5%	$687,476	3.6%	$713,493	3.8%
Real Personal Income (Millions of 1982-84 dollars)	$217,012	$219,483	1.1%	$221,818	1.1%	$222,183	0.2%	$224,313	1.0%
Wage and Salary Income (Millions of current dollars)	$296,271	$308,744	4.2%	$317,510	2.8%	$327,500	3.1%	$338,095	3.2%
Detroit Consumer Price Index (1982-84 = 100)	283.730	292.354	3.0%	299.067	2.3%	309.414	3.5%	318.086	2.8%
Detroit Consumer Price Index (FY) (1982-84 = 100)	280.730	290.430	3.5%	296.647	2.1%	306.959	3.5%	316.024	3.0%

RISKS AND UNCERTAINTIES

An economic forecast is based on the best information available at the time the forecast is prepared. Because information and foresight are not perfect, risks and uncertainties are inherent in any forecast, and variations in the underlying factors can exert either optimistic or pessimistic influences on the forecast. Some of the more prevalent risks are highlighted below.

Federal Policy

The scope and uncertainty of federal policy changes around tariffs and trade, immigration, industrial policy, and tax and fiscal policy creates significant uncertainty in the forecast.

Inflation and Monetary Policy

Elevated inflation levels led the Federal Reserve to aggressively raise rates throughout CY 2022 and CY 2023 reaching the forecasted terminal range of 5.25-5.50%. Between September 2024 and December 2024, the Fed has reduced the federal funds rate by 100 basis points, where it has remained. The forecast assumes the Fed will reduce the federal funds rate by another 75 basis points between the 4th quarter of CY 2025 and the 4th quarter of CY 2026. Inflation above the Fed's target that necessitates maintaining rates higher for longer or even a potential reversal in policy to monetary tightening would present a downside risk to the forecast. Since the Federal Reserve has a dual mandate to promote both maximum employment and stable prices, the employment picture could also affect the Federal Reserve interest rate decisions.

Geopolitical Conflict and Global Economic Conditions

The Russia-Ukraine and Israel-Hamas conflicts continue to present challenges on multiple fronts as countries respond politically, militarily, and economically. Certainly, a quicker end to the conflicts presents an upside risk, while a protracted or intensified set of conflicts and a more pronounced slowdown in global growth is a downside risk to the forecast.

GF/GP AND SAF REVENUE

Revenue estimates are based on the economic performance of the components of national and state economies discussed in the previous section. This section contains the House Fiscal Agency's May 2025 baseline and net General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) estimates as well as recommended revisions from the January 2025 Consensus Revenue Estimating Conference (**Table 2**), detailed net GF/GP estimates (**Table 3**), and detailed net SAF (**Table 4**) estimates. Also, included in this section are estimated year-end balances for GF/GP, the SAF, and the budget stabilization fund (BSF), and the state revenue limit calculation.

Baseline and Net GF/GP and SAF Revenue Estimates

Baseline revenue does not include the impact of partial-year policy changes or certain other policy changes that have recently been adopted. Baseline estimates are comparable across fiscal years and demonstrate the changes to state revenue that are driven by changes in the economy. The final total combined baseline GF/GP and SAF revenue was $35,510.1 million in FY 2023-24. It is forecast to increase 2.2% in FY 2024-25, 1.3% in FY 2025-26, and 2.1% in FY 2026-27.

Net revenue captures the effects of all policy changes and represents actual resources available. Final total net GF/GP and SAF revenue was $32,601.6 million in FY 2023-24, which is a 2.4% increase from FY 2022-23. It is forecast to increase 1.6% in FY 2024-25, 2.6% in FY 2025-26, and 1.9% in FY 2026-27.

Table 2 reports GF/GP and SAF revenue in terms of baseline and net revenue. It also shows the January 2025 adjusted consensus estimates and the recommended revisions to these estimates for FY 2024-25 through FY 2026-27. The January 2025 adjusted consensus estimates include the January 2025 consensus estimates plus enacted tax changes since January 2025.

The recommended revision for FY 2024-25 is a decrease of $42.2 million. Larger individual income tax (IIT) refunds and modestly weaker corporate income tax (CIT) collections more than offset strong IIT gross collections (withholding, quarterlies, and annuals) and use tax collections, lowering the GF/GP estimate, while strong IIT and online gaming revenues boosted anticipated SAF revenue. The recommended revisions for FY 2025-26 and FY 2026-27 are a decrease of $28.0 million and a decrease of $24.0 million, respectively. Revisions

to GF/GP and SAF in FY 2025-26 and FY 2026-27 are substantially due to the same reasons noted above for FY 2024-25.

GF/GP Revenue by Source

GF/GP Net Tax Revenue

Table 3 - GF/GP net tax revenue increased 4.5% to $13,341.4 million in FY 2023-24. GF/GP tax revenue in FY 2024-25 is estimated to be $13,712.4 million, an increase of $371.0 million, and $14,322.5 million in FY 2025-26, an increase of $610.1 million. GF/GP tax revenue is estimated to increase 1.7% in FY 2026-27.

Total GF/GP Net Revenue

Net GF/GP revenue includes non-tax revenue and represents the amount available to for expenditures. Final net GF/GP revenue was $14,527.1 million in FY 2023-24; it is forecast to be $14,501.0 million in FY 2024-25, a decrease of $26.1 million, and $14,990.5 million in FY 2025-26, an increase of $489.5 million. Net GF/GP revenue is estimated to increase 1.2% in FY 2026-27.

SAF Revenue by Source

Total Net SAF Revenue

Table 4 - Final net SAF revenue decreased by 1.2% to $18,074.5 million in FY 2023-24. Net SAF revenue is forecast to be $18,631.9 million in FY 2024-25, an increase of $557.4 million. Net SAF revenue is estimated to increase 2.0% in FY 2025-26 to $19,002.8 million and 2.4% in FY 2026-27.

Table 2

HFA MAY 2025 REVENUE ESTIMATES FOR FY 2024-25 THROUGH FY 2026-27

(Millions of Dollars)

	Final FY 2023-24	HFA Est. FY 2024-25	HFA Est. FY 2025-26	HFA Est. FY 2026-27	FY 2024-25 % Change	FY 2025-26 % Change	FY 2026-27 % Change
Baseline							
GF/GP	$17,313.5	$17,553.3	$17,653.1	$17,988.2	1.4%	0.6%	1.9%
SAF	18,196.6	18,754.7	19,129.8	19,584.9	3.1%	2.0%	2.4%
Total	**$35,510.1**	**$36,308.0**	**$36,782.9**	**$37,573.1**	2.2%	1.3%	2.1%
Net							
GF/GP	$14,527.1	$14,501.0	$14,990.5	$15,175.0	(0.2%)	3.4%	1.2%
SAF	18,074.5	18,631.9	19,002.8	19,456.7	3.1%	2.0%	2.4%
Total	**$32,601.6**	**$33,132.9**	**$33,993.3**	**$34,631.7**	1.6%	2.6%	1.9%
January 2025 CREC (Adjusted Net)							
Net							
GF/GP	$14,578.1	$14,715.5	$15,477.7	$15,743.5			
SAF	18,062.1	18,459.6	18,891.4	19,354.5			
Total	**$32,640.2**	**$33,175.1**	**$34,369.1**	**$35,098.0**			
Recommended Net Revision							
Net							
GF/GP	($51.0)	($214.5)	($487.1)	($568.5)			
SAF	12.4	172.3	111.3	102.2			
Total	**($38.6)**	**($42.2)**	**($375.8)**	**($466.3)**			

NOTE: Numbers may not add due to rounding.

Table 3
GF/GP NET REVENUE ESTIMATES AND CHANGE FROM THE PREVIOUS FISCAL YEARS
(Millions of Dollars)

	Final FY 2023-24	HFA Est. FY 2024-25	HFA Est. FY 2025-26	HFA Est. FY 2026-27	FY 2024-25 $ Change	FY 2024-25 % Change	FY 2025-26 $ Change	FY 2025-26 % Change	FY 2026-27 $ Change	FY 2026-27 % Change
Income Tax	$8,333.3	$8,695.8	$8,711.8	$8,828.5	$362.5	4.4%	$15.9	0.2%	$116.8	1.3%
Sales Tax	1,572.5	1,642.2	1,658.1	1,693.0	69.7	4.4%	15.9	1.0%	34.9	2.1%
Use Tax	1,188.2	1,298.5	1,344.0	1,401.8	110.3	9.3%	45.5	3.5%	57.8	4.3%
Michigan Business Tax	(356.9)	(496.9)	(507.7)	(527.0)	(140.0)	39.2%	(10.8)	2.2%	(19.3)	3.8%
Corporate Income Tax	1,574.0	1,550.0	2,075.0	2,105.0	(24.0)	(1.5%)	525.0	33.9%	30.0	1.4%
Insurance	537.4	544.0	556.0	568.0	6.6	1.2%	12.0	2.2%	12.0	2.2%
Other GF/GP Taxes	492.9	478.8	485.4	492.3	(14.1)	(2.9%)	6.6	1.4%	6.9	1.4%
GF/GP Net Tax Revenue	**$13,341.4**	**$13,712.4**	**$14,322.5**	**$14,561.6**	**$371.0**	**2.8%**	**$610.1**	**4.4%**	**$239.1**	**1.7%**
Non-Tax Revenue	1,185.7	788.6	668.0	613.4	(397.1)	(33.5%)	(120.6)	(15.3%)	(54.6)	(8.2%)
Total GF/GP Net Revenue	**$14,527.1**	**$14,501.0**	**$14,990.5**	**$15,175.0**	**($26.1)**	**(0.2%)**	**$489.5**	**3.4%**	**$184.5**	**1.2%**

NOTE: Numbers may not add due to rounding.

Table 4

SCHOOL AID FUND NET REVENUE ESTIMATES AND CHANGE FROM THE PREVIOUS FISCAL YEARS

(Millions of Dollars)

	Final FY 2023-24	HFA Est. FY 2024-25	HFA Est. FY 2025-26	HFA Est. FY 2026-27	FY 2024-25 $ Change	FY 2024-25 % Change	FY 2025-26 $ Change	FY 2025-26 % Change	FY 2026-27 $ Change	FY 2026-27 % Change
Sales Tax	$7,757.8	$7,870.3	$7,966.5	$8,130.3	$112.5	1.5%	$96.2	1.2%	$163.8	2.1%
Use Tax	940.2	986.5	1,010.3	1,040.0	46.3	4.9%	23.8	2.4%	29.7	2.9%
Income Tax	3,962.5	4,237.8	4,346.8	4,472.6	275.3	6.9%	109.1	2.6%	125.7	2.9%
State Education Tax	2,756.8	2,880.0	2,976.0	3,072.0	123.2	4.5%	96.0	3.3%	96.0	3.2%
Lottery/Casinos	1,350.8	1,252.0	1,258.0	1,264.0	(98.8)	(7.3%)	6.0	0.5%	6.0	0.5%
Tobacco Tax	229.8	212.8	210.2	207.2	(17.0)	(7.4%)	(2.6)	(1.2%)	(3.0)	(1.4%)
Real Estate Transfer Tax	404.5	425.0	437.0	442.0	20.5	5.1%	12.0	2.8%	5.0	1.1%
Other Taxes	672.1	767.5	797.9	828.5	95.4	14.2%	30.4	4.0%	30.7	3.8%
Total SAF Net Revenue	**$18,074.5**	**$18,631.9**	**$19,002.8**	**$19,456.7**	**$557.4**	**3.1%**	**$370.9**	**2.0%**	**$454.0**	**2.4%**

NOTE: Numbers may not add due to rounding.

BSF Year-End Balance

The Counter-Cyclical Budget and Economic Stabilization Fund (BSF), the state's rainy-day fund, is a reserve of cash to contribute to or withdraw from throughout economic and budget cycles. A statutory BSF trigger calculation – based on Michigan personal income less transfer payments adjusted for inflation and actual or net GF/GP revenue – indicates whether a pay-in (deposit) is recommended. Under the provisions of 2018 PA 613, a pay-out (withdrawal) of up to 25% of the prior year ending BSF balance would be indicated if personal income growth is negative. In either case, the recommendation is statutory; it cannot mandate an appropriation, and 2018 PA 613 specifies that a legislative appropriation is required for transfers both into and out of the fund.

In addition to the BSF calculation, 2014 PA 186 amended the Michigan Trust Fund Act to require annual $17.5 million deposits of tobacco settlement revenue to the BSF from FY 2014-15 through FY 2034-35. **Table 5** provides details on deposits, withdrawals, interest earnings, and the year-end balance from FY 1990-91 through FY 2026-27. Estimates include the impact of 2014 PA 186 amended the Michigan Trust Fund Act to require annual $17.5 million deposits of tobacco settlement revenue to the BSF from FY 2014-15 through FY 2034-35.

The balance increased to $1,588.8 million after appropriations of $35.0 million and $500 million in FY 2020-21 and $180.0 million in FY 2021-22. An additional $100.0 million was appropriated for deposit in both FY 2022-23 and FY 2023-24, which took the BSF balance to $1,996.6 million at the close of FY 2023-24. Relatively high interest rates will continue to provide elevated investment returns for the BSF.

The statutory BSF trigger calculation, based on Michigan personal income less transfer payments adjusted for inflation and actual or net GF/GP revenue, indicates whether deposits (pay-ins) or withdrawals (pay-outs) are recommended for a fiscal year. Regardless of the calculated amounts, however, all deposits and withdrawals must be appropriated. Based on the formula, no pay-ins would be indicated for FY 2024-25, FY 2025-26, or FY 2026-27.

No pay-outs would be indicated for FY 2024-25, FY 2025-26, or FY 2026-27.

After adjusting for the required $17.5 million deposits, the $50.0 million appropriated for deposit in FY 2024-25, and estimated interest earnings, the year-end balance is projected at $2,151.9 million for FY 2024-25, $2,246.7 million for FY 2025-26, and $2,341.4 million for FY 2026-27.

Table 5
BUDGET STABILIZATION FUND HISTORY
(Millions of Dollars)

Fiscal Year	Deposits	Withdrawals	Interest Earned	Balance
1990-91	$0.0	$230.0	$27.1	$182.2
1991-92	$0.0	$170.1	$8.1	$20.1
1992-93	$282.6	$0.0	$0.7	$303.4
1993-94	$460.2	$0.0	$11.9	$775.5
1994-95	$260.1	$90.4	$57.7	$1,003.0
1995-96	$91.3	$0.0	$59.2	$1,153.6
1996-97	$0.0	$69.0	$67.8	$1,152.4
1997-98	$0.0	$212.0	$60.1	$1,000.5
1998-99	$244.4	$73.7	$51.2	$1,222.5
1999-2000	$100.0	$132.0	$73.9	$1,264.4
2000-01	$0.0	$337.0	$66.7	$994.2
2001-02	$0.0	$869.8	$20.8	$145.2
2002-03	$0.0	$156.1	$10.9	$0.0
2003-04	$81.3	$0.0	$0.0	$81.3
2004-05	$0.0	$81.3	$2.0	$2.0
2005-06	$0.0	$0.0	$0.0	$2.0
2006-07	$0.0	$0.0	$0.1	$2.1
2007-08	$0.0	$0.0	$0.1	$2.2
2008-09	$0.0	$0.0	$0.0	$2.2
2009-10	$0.0	$0.0	$0.0	$2.2
2010-11	$0.0	$0.0	$0.0	$2.2
2011-12	$362.7	$0.0	$0.2	$365.1
2012-13	$140.0	$0.0	$0.5	$505.6
2013-14	$75.0	$194.8	$0.4	$386.2
2014-15	$111.6	$0.0	$0.3	$498.1
2015-16	$112.5	$0.0	$1.7	$612.4
2016-17	$92.5	$0.0	$5.1	$710.0
2017-18	$282.4	$0.0	$13.5	$1,005.9
2018-19	$117.5	$0.0	$25.1	$1,148.5
2019-20	$17.3	$350.0	$13.2	$829.0
2020-21	$552.2	$0.0	$1.0	$1,382.2
2021-22	$197.2	$0.0	$9.3	$1,588.8
2022-23	$117.5	$0.0	$74.1	$1,780.4
2023-24	$117.5	$0.0	$98.7	$1,996.6
2024-25*	$67.5	$0.0	$87.9	$2,151.9
2025-26*	$17.5	$0.0	$77.3	$2,246.7
2026-27*	$17.5	$0.0	$77.1	$2,341.4

** HFA estimates*

NOTE: Numbers may not add due to rounding.

Compliance with the State Revenue Limit

Article IX, Section 26 of the *1963 Michigan Constitution,* which was approved by a vote of the people in 1978, sets a limit on the amount of revenue collected by the state in any fiscal year. As provided for in the Constitution, the revenue limit is calculated as 9.49% of total state personal income (which is the broadest measure of state economic activity) in the previous full calendar year prior to the fiscal year in which the revenues are measured.

The revenue to be considered in the revenue limit includes not only state taxes, but also fees, licenses, and interest earned. Federal aid is not included in the revenue limit calculation. Article IX, Section 26 of the 1963 Michigan Constitution provides that:

> . . . For any fiscal year in the event that Total State Revenues exceed the limit established in this section by 1% or more, the excess revenues shall be refunded pro rata based on the liability reported on the Michigan income tax and single business tax (or its successor tax or taxes) annual returns filed following the close of such fiscal year. If the excess is less than 1%, this excess may be transferred to the State Budget Stabilization Fund . . . .

Furthermore, limit established in Section 26 by Article IX, Section 28 prohibits the state from spending any current-year revenue in excess of that amount.

As shown in **Table 6** and **Figure 3**, the FY 2023-24 revenue limit calculation estimates state revenue collections at $10.5 billion below the revenue limit. State revenue is estimated to be below the limit by $12.8 billion for FY 2024-25, $14.2 billion for FY 2025-26, and $15.3 billion for FY 2026-27.

Table 6

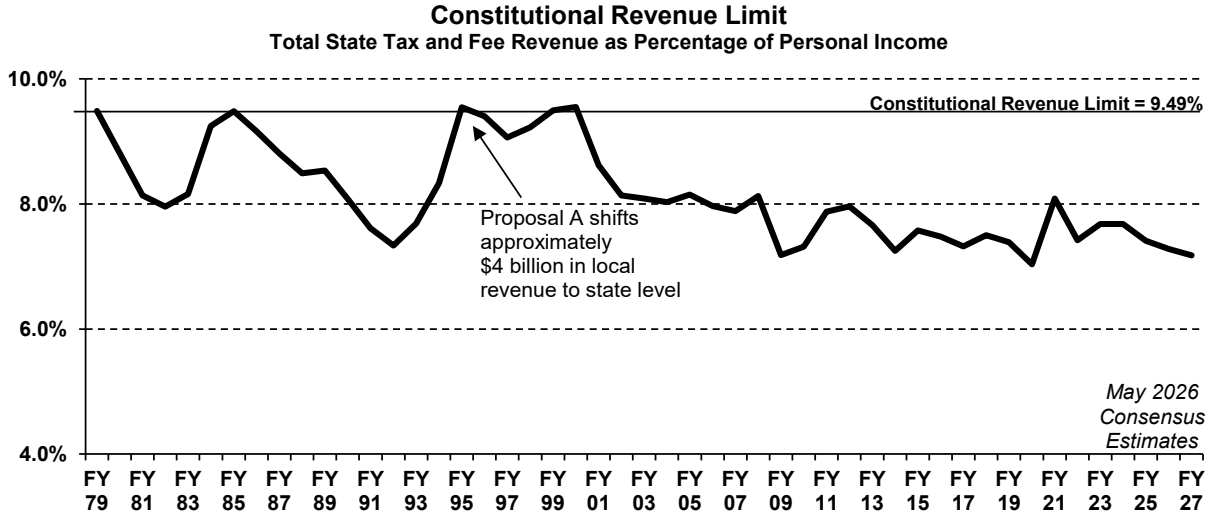
COMPLIANCE WITH THE STATE REVENUE LIMIT

(Millions of Dollars)

Revenue Limit Calculations	Estimated FY 2023-24	Estimated FY 2024-25	Estimated FY 2025-26	Estimated FY 2026-27
Personal Income				
Calendar Year	CY 2022	CY 2023	CY 2024	CY 2025
Amount	$582,021	$613,719	$641,085	$663,407
X Limit Ratio	9.49%	9.49%	9.49%	9.49%
State Revenue Limit	**$55,233.8**	**$58,242.0**	**$60,839.0**	**$62,957.4**
Total Revenue Subject to Revenue Limit	$44,698.2	$45,474.4	$46,664.6	$47,608.0
Amount Under (Over) State Revenue Limit	**$10,535.6**	**$12,767.6**	**$14,174.4**	**$15,349.4**

NOTE: Numbers may not add due to rounding.

Figure 3



HFA Estimates of Year-End Balances

Table 7 reports House Fiscal Agency estimates of year-end balances for GF/GP, the SAF, and the BSF. Fiscal Year 2023-24 reflects final numbers. FY 2024-25 and FY 2025-26 are HFA budget estimates that includes HFA revenue projections, cost adjustments, year-to-date appropriations and baseline budget.

Budget Stabilization Fund estimates are based on the current balance and HFA estimates of future deposits and interest earned.

Table 7

YEAR-END UNRESERVED BALANCE ESTIMATES

(Millions of Dollars)

	Final FY 2023-24	Estimated YTD FY 2024-25*	Estimated Baseline FY 2025-26*
General Fund/General Purpose	$2,148.5	$705.9	$469.4
School Aid Fund	$1,257.7	$1,326.8	$2,465.9
Budget Stabilization Fund	$2,151.9	$2,246.7	$2,341.4

Note: School Aid Fund revenue is restricted; any year-end balance is carried forward to the subsequent year.

** Reflects FY 2024-25 YTD budget and FY 2025-26 baseline budget.*

Additional copies of this report can be obtained from:

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