HOUSE FISCAL AGENCY

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January 2025 Revenue Update

Major Taxes

Cash collections from Michigan's major taxes, penalties and interest, and lottery transfers totaled $3,051.1 million in January 2025, $156.1 million less than in January 2024. For the fiscal year-to-date, collections in FY 2024-25 were $278.0 million (or 3.2%) higher than during FY 2023-24.

Net income tax revenue totaled $1,616.4 million in January 2025, and for FY 2024-25 collections through January were $271.0 million more than the same period during FY 2023-24. Year-to-date gross income tax collections in FY 2024-25 were $308.5 million higher than one year ago primarily due to strong withholding collections.

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 $256.3 million lower through January 2025 than a year ago. MBT refunds through January 2025 are $214.5 million lower (more negative)[1], while CIT collections and insurance taxes over the same period were $33.1 million (or 5.8%) and $8.7 million (or 6.9%), respectively, lower than last year's amount.

Revenue from consumption taxes, which consist of the sales tax, the use tax, beer and wine taxes, liquor taxes, and tobacco taxes, totaled $1,267.4 million in January 2025, and were collectively $96.6 million higher than in FY 2023-24 on a year-to-date basis. Both sales and use tax collections have been strong and more than offset slightly weaker tobacco tax revenues.

Revenues from the state education tax (SET) and the real estate transfer tax (RET) in January 2025 were $29.6 million and $41.4 million, respectively. Recreational marijuana revenue was $1.3 million (or 1.7%) higher than last year and online gaming revenue was $30.5 million (or 33.4%) higher than last year, on a year-to-date basis.

General Fund/General Purpose (GF/GP) Tax Revenue

General Fund/General Purpose revenue from Michigan's major taxes was estimated[2] to be $1,419.0 million in January 2025, about $135.0 million below the projection established at the January 2025 consensus revenue estimating conference (CREC). Weaker than anticipated individual income tax and business collections offset stronger than anticipated sales and use tax collections.

Because January collections are the only monthly revenues since the most recent CREC, year-to-date GF/GP tax revenue for FY 2024-25 was also about $135.0 million below the projected amount.

School Aid Fund (SAF) Revenue

School Aid Fund revenue from Michigan's major taxes was estimated[1] to be $1,428.1 million in January 2025, about $51.7 million above the amount established at the January 2025 CREC. Above forecast sales tax revenue offset weaker than expected individual income tax collections.

For the same reason as with year-to-date GF/GP revenue, year-to-date SAF revenue for FY 2024-25 was also about $51.7 million above the consensus revenue projections.

MBT refund totals mainly comprise a few large refunds, therefore the timing of those refunds can significantly impact monthly revenue comparisons.

[2] Because of accruals and undistributed revenue, monthly fund splits are estimated.

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FY 2024-25 January Revenue Collections

Millions of Dollars

Major Taxes	FY 2024-25 January	Year-to-Date Collections FY 2023-24	Year-to-Date Collections FY 2024-25	Change from FY 2023-24 Year-to-Date Dollar	Change from FY 2023-24 Year-to-Date % Change	FY 2024-25 Estimates (January 2025 CREC) Dollar	FY 2024-25 Estimates (January 2025 CREC) % Change
Individual Income Tax							
Withholding	$1,274.9	$3,268.9	$3,545.6	$276.7	8.5%	$13,379.5	4.4%
Flow Through Entity Tax	113.7	308.3	302.2	(6.1)	(2.0%)	960.0	0.3%
Quarterly Income Tax	296.6	336.3	381.0	44.7	13.3%	1,145.0	3.1%
Annual Income Tax	9.2	55.9	49.1	(6.8)	(12.2%)	1,318.0	9.7%
Gross Income Tax	**$1,694.4**	**$3,969.5**	**$4,278.0**	**$308.5**	**7.8%**	**$16,802.5**	**4.4%**
Less: Income Tax Refunds	78.0	131.4	168.9	37.5	28.5%	3,150.0	0.9%
Net Income Tax	**$1,616.4**	**$3,838.1**	**$4,109.1**	**$271.0**	**7.1%**	**$13,652.5**	**5.3%**
Business Taxes							
Single Business Tax	0.0	0.0	0.0	(0.0)		0.0	
Michigan Business Tax	(368.4)	(201.3)	(415.8)	(214.5)		(496.9)	
Corporate Income Tax	140.3	568.1	535.0	(33.1)	(5.8%)	2,220.0	2.1%
Insurance Company Taxes	113.4	127.2	118.5	(8.7)	(6.9%)	563.5	4.9%
Subtotal	**($114.7)**	**$494.0**	**$237.7**	**($256.3)**	**(51.9%)**	**$2,286.6**	**(2.9%)**
Consumption Taxes							
Sales Tax	981.5	2,663.8	2,724.5	60.7	2.3%	10,688.8	1.1%
Use Tax (excluding LCSA levy)	212.1	582.5	627.5	45.0	7.7%	2,205.0	3.6%
Beer and Wine Taxes	8.9	11.2	11.2	0.0	0.1%	45.6	1.6%
Liquor Excise Tax	15.2	42.6	41.9	(0.7)	(1.7%)	150.0	4.0%
Tobacco Taxes	49.7	164.9	156.5	(8.4)	(5.1%)	650.0	(2.7%)
Subtotal	**$1,267.4**	**$3,465.0**	**$3,561.6**	**$96.6**	**2.8%**	**$13,739.4**	**1.3%**
Other Miscellaneous Taxes							
State Education Tax	29.6	393.7	499.1	105.4	26.8%	2,870.0	3.7%
Real Estate Transfer Tax	41.4	97.2	111.2	14.0	14.4%	412.0	1.9%
Essential Services Assessment	0.2	(0.7)	1.1	1.8	(253.6%)	157.0	6.6%
Industrial & Commercial Facilities Taxes	0.6	6.9	3.7	(3.2)	(46.2%)	50.0	(6.9%)
Casino Wagering Tax	8.4	23.1	25.9	2.8	12.2%	102.0	1.5%
iGaming, Sports Betting, Fantasy Sports	43.0	91.4	121.9	30.5	33.4%	425.0	6.2%
Recreational Marihuana Excise Tax	46.7	74.3	75.6	1.3	1.7%	337.1	1.7%
Gas and Oil Severance Tax	3.4	7.3	6.0	(1.3)	(18.0%)	22.0	0.5%
Telephone and Telegraph Tax	0.0	13.4	6.0	(7.4)	(55.4%)	42.0	(2.3%)
Penalties and Interest	9.2	24.1	22.6	(1.5)	(6.2%)	157.0	(8.7%)
Lottery Transfer to the School Aid Fund	99.6	294.9	319.2	$24.3	8.2%	1,255.0	0.5%
Subtotal	**$282.1**	**$1,025.4**	**$1,192.1**	**$166.7**	**16.3%**	**$5,829.1**	**2.4%**
TOTAL	**$3,051.1**	**$8,822.5**	**$9,100.6**	**$278.0**	**3.2%**	**$35,507.6**	**2.7%**

Note: Numbers may not add due to rounding.