

March 2025 Revenue Update

Major Taxes

Cash collections from Michigan's major taxes, penalties and interest, and lottery transfers totaled \$1,993.1 million in March 2025, \$450.2 million more than in March 2024. For the fiscal year-to-date, collections in FY 2024-25 were \$801.6 million (or 6.9%) higher than during FY 2023-24.

Net income tax revenue totaled \$697.3 million in March 2025, and for FY 2024-25 collections through March were \$677.6 million more than the same period during FY 2023-24. Year-to-date gross income tax collections in FY 2024-25 were \$432.0 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 \$65.7 million lower through March 2025 than a year ago. MBT refunds through March 2025 are \$20.4 million lower (more negative)¹, while CIT collections and insurance taxes over the same period were \$35.8 million (or 4.8%) and \$9.5 million (or 5.8%), 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 \$966.3 million in March 2025, and were collectively \$64.2 million higher than in FY 2023-24 on a year-to-date basis. Strong sales tax collections have more than offset slightly weaker tobacco tax revenues.

Revenues from the state education tax (SET) and the real estate transfer tax (RET) in March 2025 were \$25.5 million and \$31.5 million, respectively. Recreational marijuana and online gaming revenue were \$6.2 million (or 6.2%) and \$51.6 million (or 34.0%), respectively, higher than last year, on a year-to-date basis. Lottery revenues were \$39.2 million (or 7.4%) below 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 estimated² to be \$655.1 million in March 2025, about \$93.4 million below the projection established at the January 2025 consensus revenue estimating conference (CREC). Higher than anticipated individual income tax (IIT) refunds (more negative) and weaker than expected IIT withholding revenue, flow-through entity tax revenue, and corporate income tax revenue more than offset slightly higher than anticipated revenue from IIT annuals and quarterlies.

On a year-to-date basis, GF/GP tax revenue for FY 2024-25 was about \$260.4 million below the projected amount.

School Aid Fund (SAF) Revenue

School Aid Fund revenue from Michigan's major taxes was estimated¹ to be \$1,186.9 million in March 2025, about \$91.3 million below the amount established at the January 2025 CREC. Weaker than expected sales and use tax revenue and lottery transfer more than offset higher than anticipated online gaming and recreational marijuana revenue.

Year-to-date SAF revenue for FY 2024-25 was about \$25.6 million below 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.

FY 2024-25 March Revenue Collections

Millions of Dollars

Major Taxes	FY 2024-25	Year-to-Date Collections		Change from		FY 2024-25 Estimates	
	March	FY 2023-24	FY 2024-25	FY 2023-24 Year-to-Date	Dollar	% Change	(January 2025 CREC)
							Dollar % Change
Individual Income Tax							
Withholding	\$1,260.9	\$5,435.9	\$5,874.1	\$438.3	8.1%	\$13,379.5	4.4%
Flow Through Entity Tax	159.0	533.5	475.6	(57.8)	(10.8%)	960.0	0.3%
Quarterly Income Tax	22.1	369.4	414.0	44.6	12.1%	1,145.0	3.1%
Annual Income Tax	<u>106.7</u>	<u>188.7</u>	<u>195.6</u>	<u>6.9</u>	3.6%	<u>1,318.0</u>	9.7%
Gross Income Tax	\$1,548.7	\$6,527.5	\$6,959.4	\$432.0	6.6%	\$16,802.5	4.4%
Less: Income Tax Refunds	<u>851.3</u>	<u>2,385.1</u>	<u>2,139.5</u>	<u>(245.6)</u>	(10.3%)	<u>3,150.0</u>	0.9%
Net Income Tax	\$697.3	\$4,142.3	\$4,819.9	\$677.6	16.4%	\$13,652.5	5.3%
Business Taxes							
Single Business Tax	0.0	0.0	0.0	0.0		0.0	
Michigan Business Tax	(11.8)	(410.1)	(430.5)	(20.4)		(496.9)	
Corporate Income Tax	115.1	739.5	703.7	(35.8)	(4.8%)	2,220.0	2.1%
Insurance Company Taxes	<u>3.7</u>	<u>164.2</u>	<u>154.7</u>	<u>(9.5)</u>	(5.8%)	<u>563.5</u>	4.9%
Subtotal	\$107.0	\$493.6	\$427.9	(\$65.7)	(13.3%)	\$2,286.6	(2.9%)
Consumption Taxes							
Sales Tax	773.5	4,189.5	4,272.2	82.7	2.0%	10,688.8	1.1%
Use Tax (excluding LCSA levy)	140.4	901.9	906.0	4.1	0.5%	2,205.0	3.6%
Beer and Wine Taxes	0.9	13.2	13.0	(0.1)	(1.1%)	45.6	1.6%
Liquor Excise Tax	9.7	65.0	63.2	(1.7)	(2.7%)	150.0	4.0%
Tobacco Taxes	<u>41.7</u>	<u>267.4</u>	<u>246.8</u>	<u>(20.7)</u>	(7.7%)	<u>650.0</u>	(2.7%)
Subtotal	\$966.3	\$5,437.0	\$5,501.2	\$64.2	1.2%	\$13,739.4	1.3%
Other Miscellaneous Taxes							
State Education Tax	25.5	444.4	541.3	96.9	21.8%	2,870.0	3.7%
Real Estate Transfer Tax	31.5	145.9	170.8	24.9	17.1%	412.0	1.9%
Essential Services Assessment	0.3	(0.5)	1.5	2.0	(385.6%)	157.0	6.6%
Industrial & Commercial Facilities Taxes	5.4	17.2	11.6	(5.6)	(32.7%)	50.0	(6.9%)
Casino Wagering Tax	9.5	41.5	43.3	1.8	4.3%	102.0	1.5%
iGaming, Sports Betting, Fantasy Sports	40.0	151.6	203.2	51.6	34.0%	425.0	6.2%
Recreational Marihuana Excise Tax	13.8	99.1	105.2	6.2	6.2%	337.1	1.7%
Gas and Oil Severance Tax	1.1	10.8	8.5	(2.3)	(21.5%)	22.0	0.5%
Telephone and Telegraph Tax	0.0	13.4	6.0	(7.5)	(55.6%)	42.0	(2.3%)
Penalties and Interest	10.0	43.8	40.5	(3.3)	(7.5%)	157.0	(8.7%)
Lottery Transfer to the School Aid Fund	<u>85.6</u>	<u>528.7</u>	<u>489.5</u>	<u>(\$39.2)</u>	(7.4%)	<u>1,255.0</u>	0.5%
Subtotal	\$222.5	\$1,496.0	\$1,621.5	\$125.5	8.4%	\$5,829.1	2.4%
TOTAL	\$1,993.1	\$11,568.9	\$12,370.5	\$801.6	6.9%	\$35,507.6	2.7%

Note: Numbers may not add due to rounding.