

## UPDATES FROM THE CAPITOL

### July 8 - 24, 2025

#### REVENUE REPORT DRAFT

Michigan's major tax revenues and net lottery earnings reached \$3.3 billion in June 2025 - an 8.3% increase over June 2024. According to the Senate Fiscal Agency (SFA), this total exceeded projections by approximately \$64.0 million, as outlined in the May 2025 Consensus Revenue Estimating Conference (CREC).

General Fund revenue came in \$71.8 million higher than expected, driven primarily by stronger-than-anticipated individual income tax (IIT) withholding and estimated payments, as well as higher-than-forecast corporate and Michigan Business Tax (MBT) collections. Meanwhile, School Aid Fund revenues fell short of projections by \$17.0 million, with an additional \$9.2 million in surplus collections directed toward other funds, such as the Agriculture Equine Industry Development Fund.

Notably, net IIT revenue rose to \$1.5 billion in June 2025—a 15.5% increase from the previous year and \$43.2 million above projections. Sales tax revenues reached \$940.1 million (up 2.4% year-over-year), while use tax collections fell 3.6% to \$227.8 million, underperforming the forecast by \$19.1 million. Motor vehicle sales tax revenues showed a significant rebound, up 34.6% from June 2024.

Corporate Income Tax (CIT) brought in \$280.1 million - 14.3% more than last June and \$31.1 million above forecast. Michigan Business Tax (MBT) revenue totaled \$15.0 million, significantly exceeding expectations by \$30.3 million due to a lower volume of large refunds processed this month.

These figures will continue to shape the state's budget discussions for Fiscal Year 2025 and projections for 2026 and 2027, as finalized during the May 16, 2025, CREC. Official revenue estimates are agreed upon by the State Treasurer or State Budget Director, the Director of the Senate Fiscal Agency, and the Director of the House Fiscal Agency.

#### MICHIGAN DEPARTMENT OF ATTORNEY GENERAL DRAFT

Michigan Attorney General Dana Nessel has joined a coalition of 22 states in suing the Trump Administration for unlawfully freezing \$6.8 billion in education grants that fund essential programs across the country, including \$171 million in Michigan. The lawsuit alleges the freeze violates multiple federal laws and the U.S. Constitution, threatening funding for services such as migrant education, English learner support, teacher training, summer learning, and adult literacy. The abrupt halt - announced just one day before the funds were expected - has disrupted plans for the upcoming school year, leaving local districts and state agencies scrambling. Nessel and her colleagues are seeking a court injunction to restore the funds and prevent further harm to students, schools, and adult learners.