

REVENUE ESTIMATING CONFERENCE

Proposed Revenue Estimates for Fiscal Years 2024 through 2028

September 11, 2023

detroitmi.gov/budget



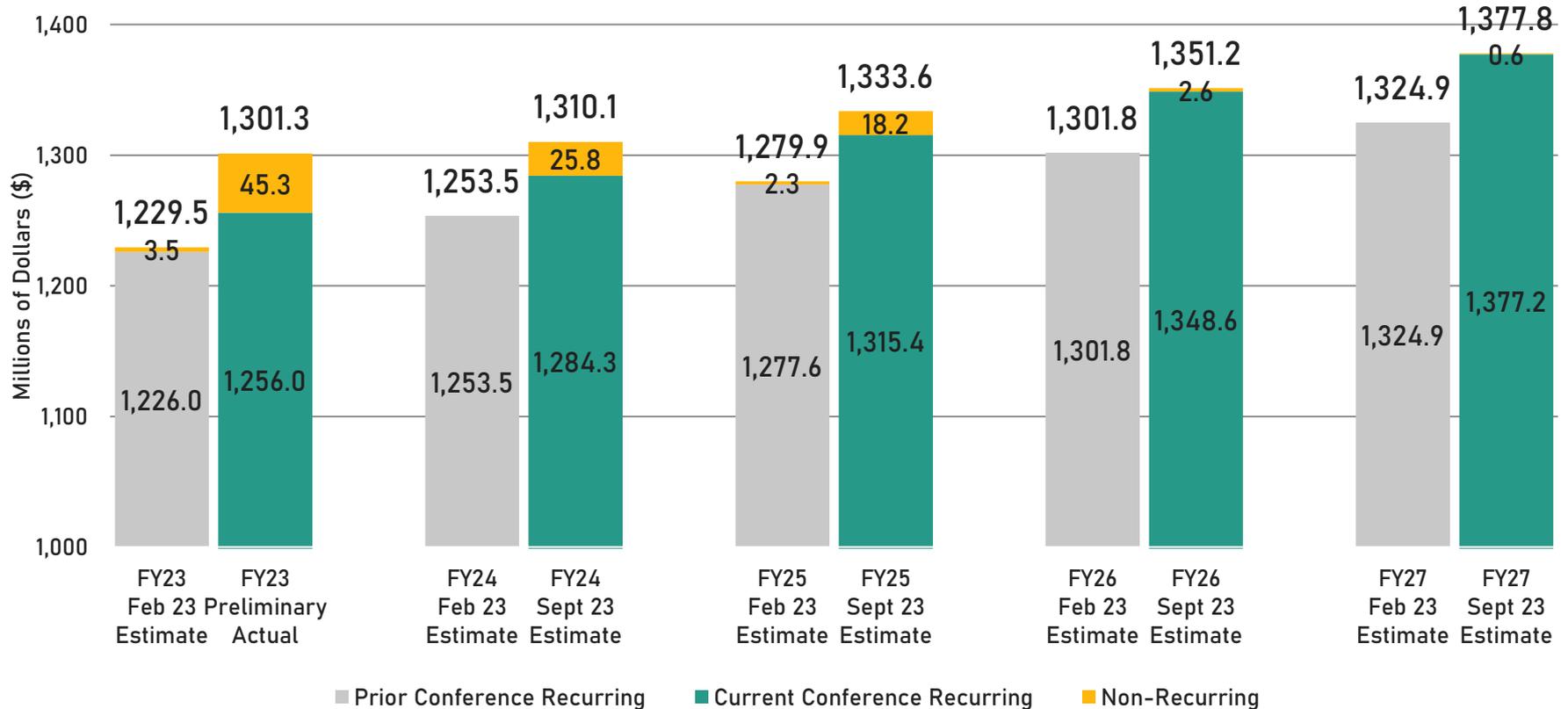
TAKE PART
Opportunity Rising



Overview

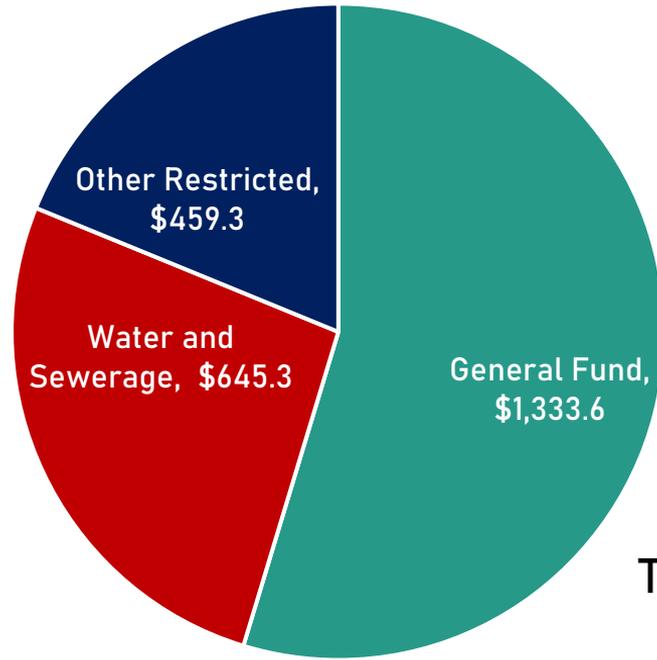
- Section 117.4t(1)(d) of the Home Rule City Act, as amended by PA 182 of 2014, states the City of Detroit shall hold independent revenue estimating conferences in September and February each year to establish its official economic forecast and forecast of anticipated City revenues
- Revenue estimates must be approved by consensus among the voting conference principals:
 - **Jay B. Rising:** Chief Financial Officer, City of Detroit
 - **Eric Bussis:** Chief Economist and Director, Office of Revenue and Tax Analysis, Michigan Department of Treasury (State Treasurer's designee)
 - **George A. Fulton, PhD:** Director Emeritus, Research Professor Emeritus, Research Seminar In Quantitative Economics (RSQE), Department of Economics, University of Michigan
- The estimates include the current fiscal year (FY 2024) and the next four years (FY 2025-FY 2028).
- The revenue estimates approved today set the amount available for the City budget.

General Fund Revenue Comparison to February 2023 Conference



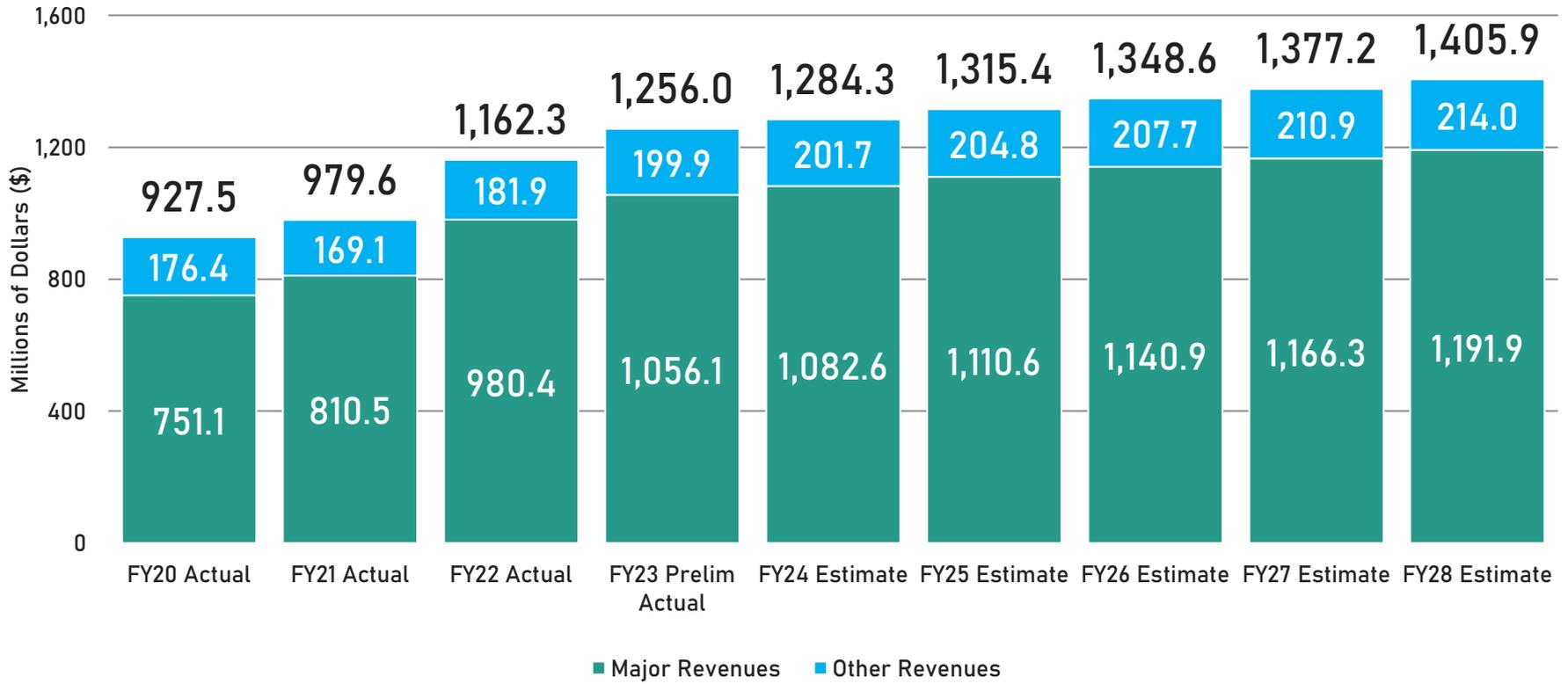
FY 2025 Revenue Summary, All Funds

Millions of Dollars (\$)



Total: \$2.438 Billion

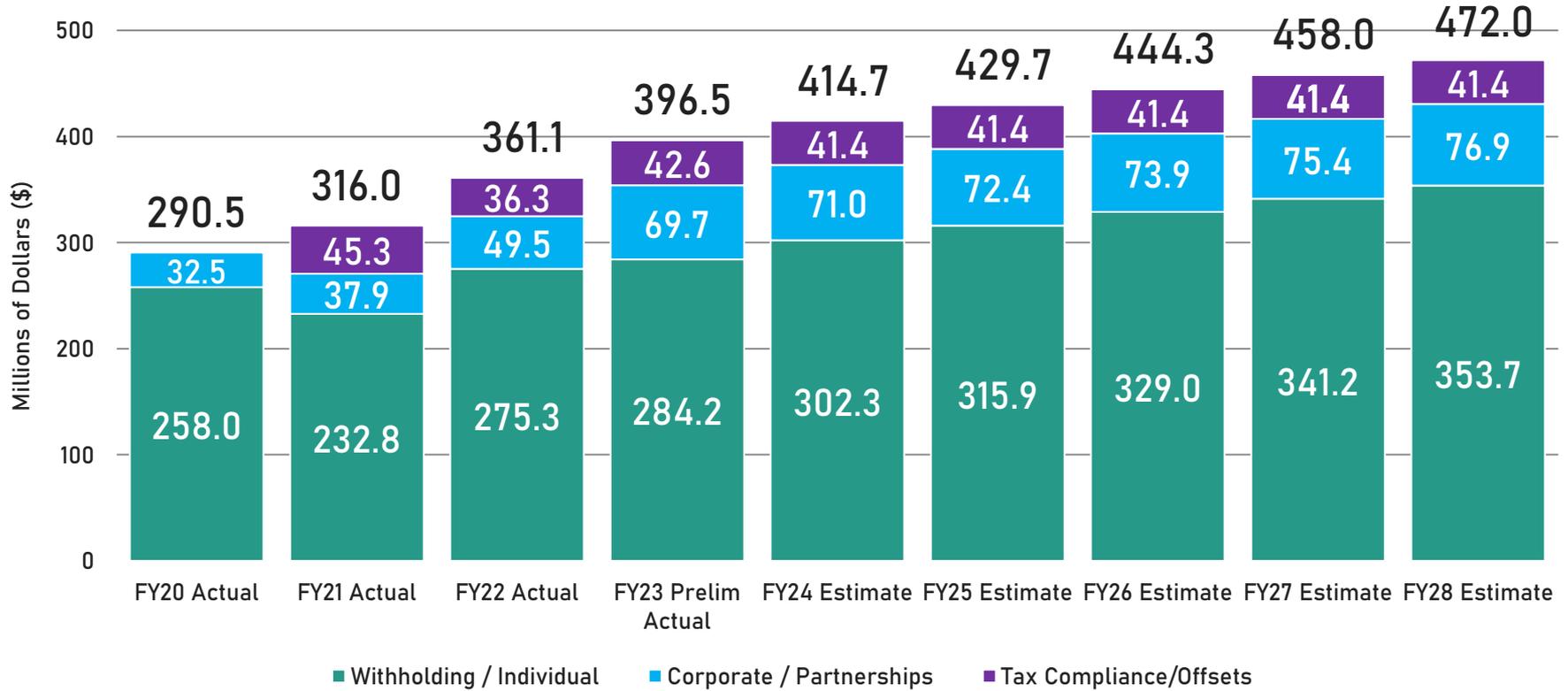
Recurring General Fund Revenue



Note: Excludes non-recurring revenues, such as bond proceeds, asset sales, and one-time tax payments, which are not expected to continue in future years.



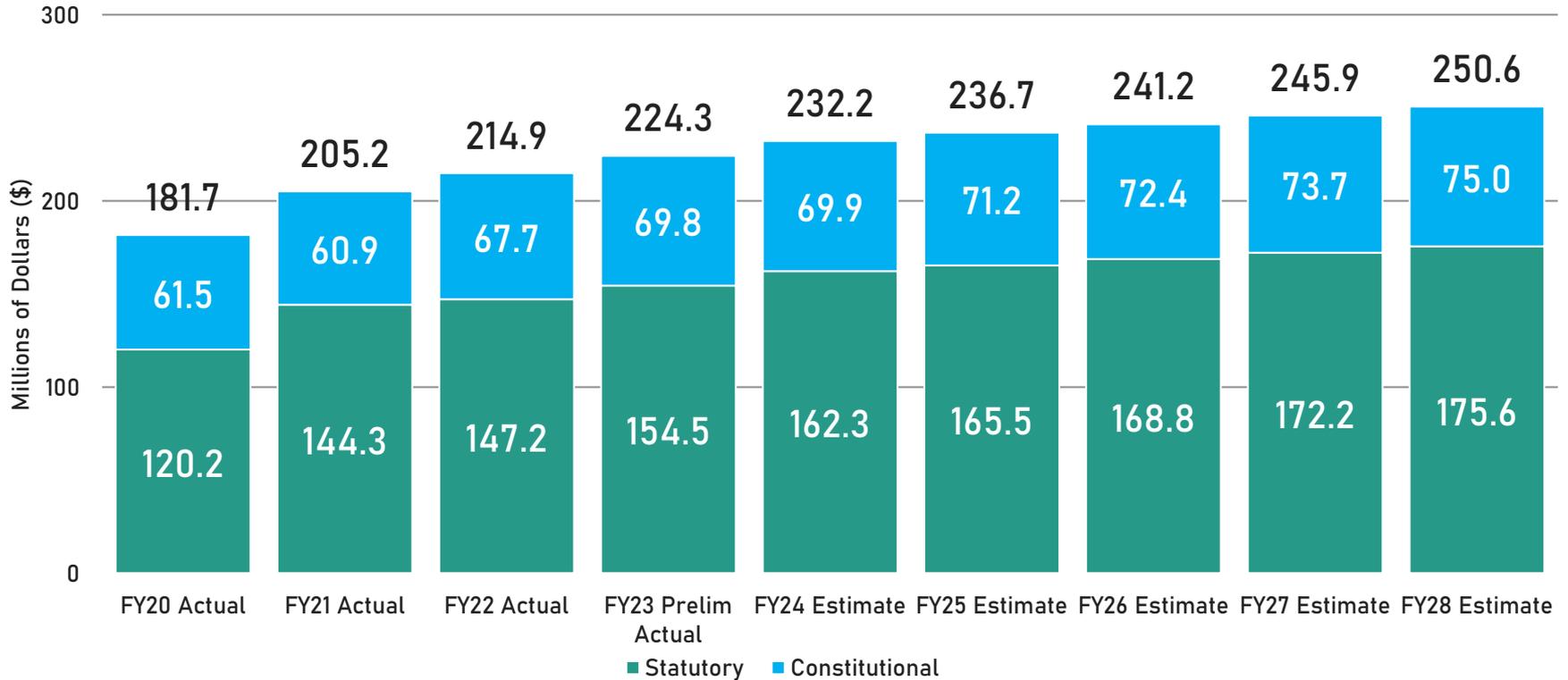
Recurring Income Tax



Note: Excludes estimated one-time activity totaling \$41.1 million in FY22 and \$8 million in FY23.



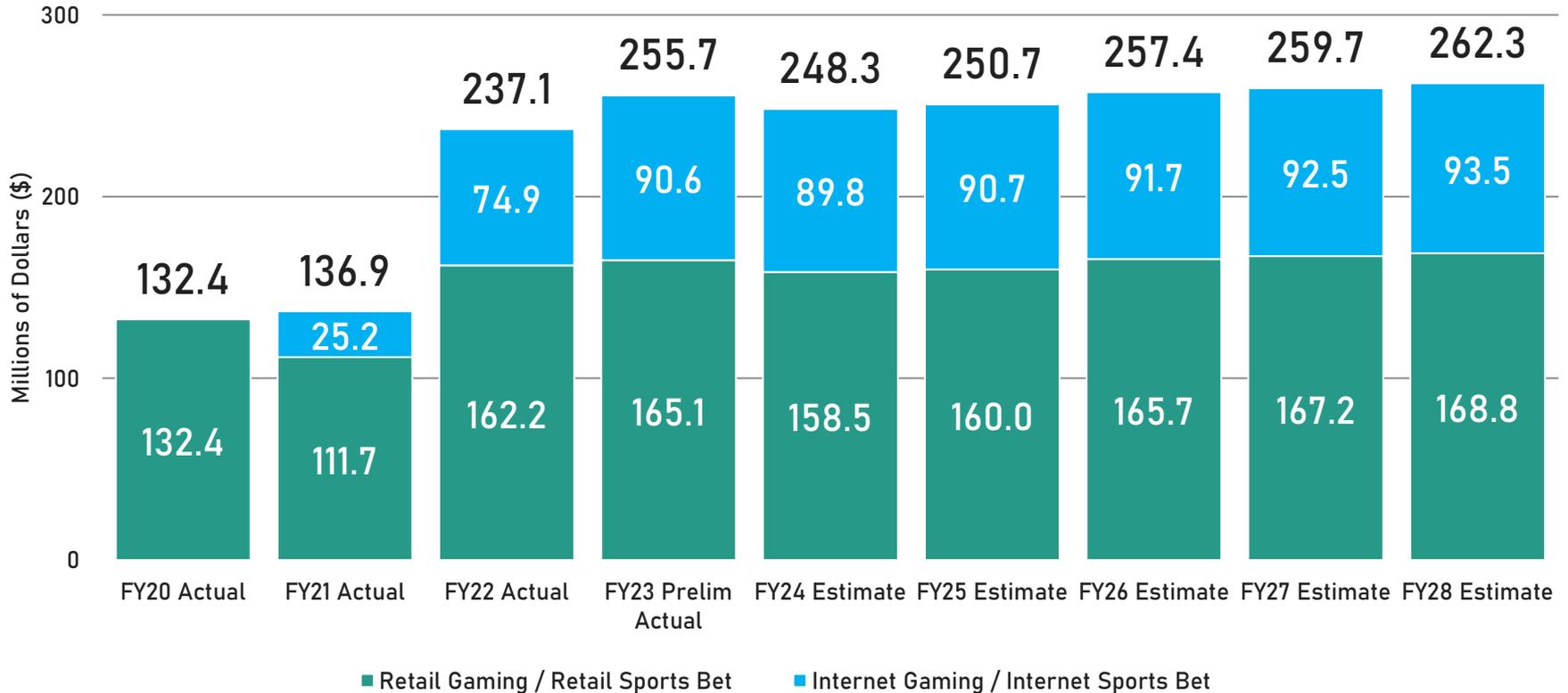
Recurring State Revenue Sharing



Note: FY20 Actual includes one-time \$24M reduction in statutory revenue sharing that the State replaced with a one-time Coronavirus Relief Fund grant outside the General Fund. Excludes one-time hold harmless funds received for FY21 and FY22 to offset losses due to 2020 US Census. Excludes one-time 1% increase in statutory revenue sharing for FY23 and one-time 2% increase in FY24.



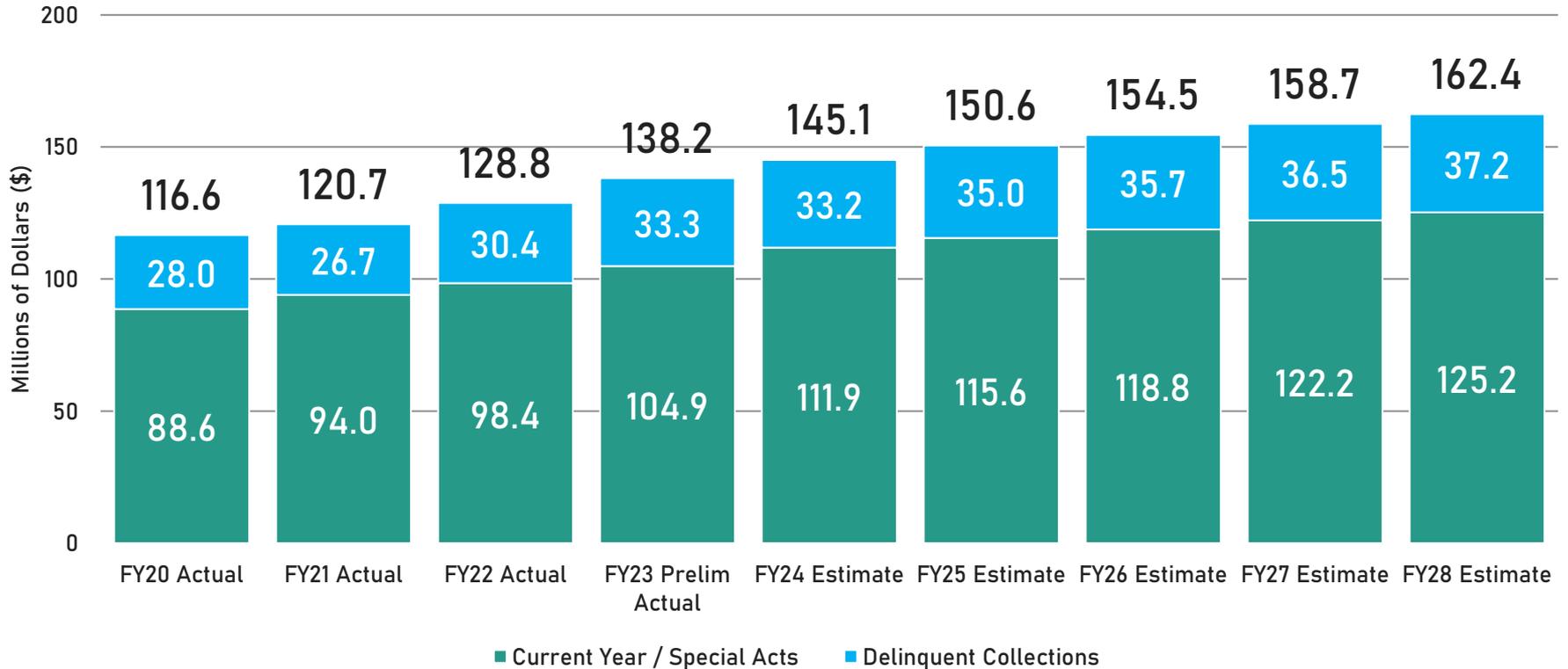
Recurring Wagering Tax



Note: FY22 excludes \$40.5M one-time hold harmless payment from State based on FY21 revenue losses.



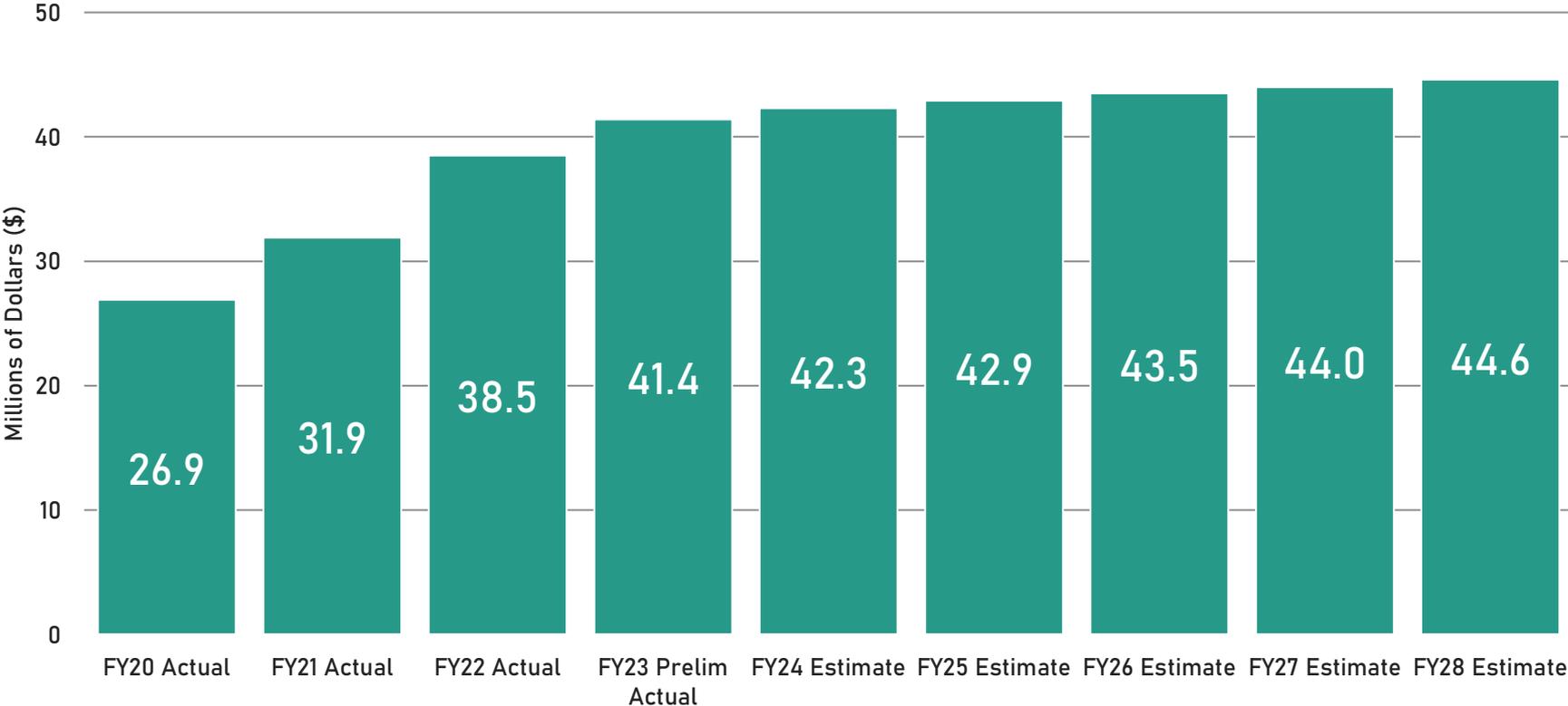
Recurring Property Tax



Note: Includes ad valorem taxes and special act taxes (e.g., Neighborhood Enterprise Zone, Industrial Facilities Exemption, and Obsolete Property Rehabilitation Act). Current Year taxes are net of tax increment financing (TIF) distributions.



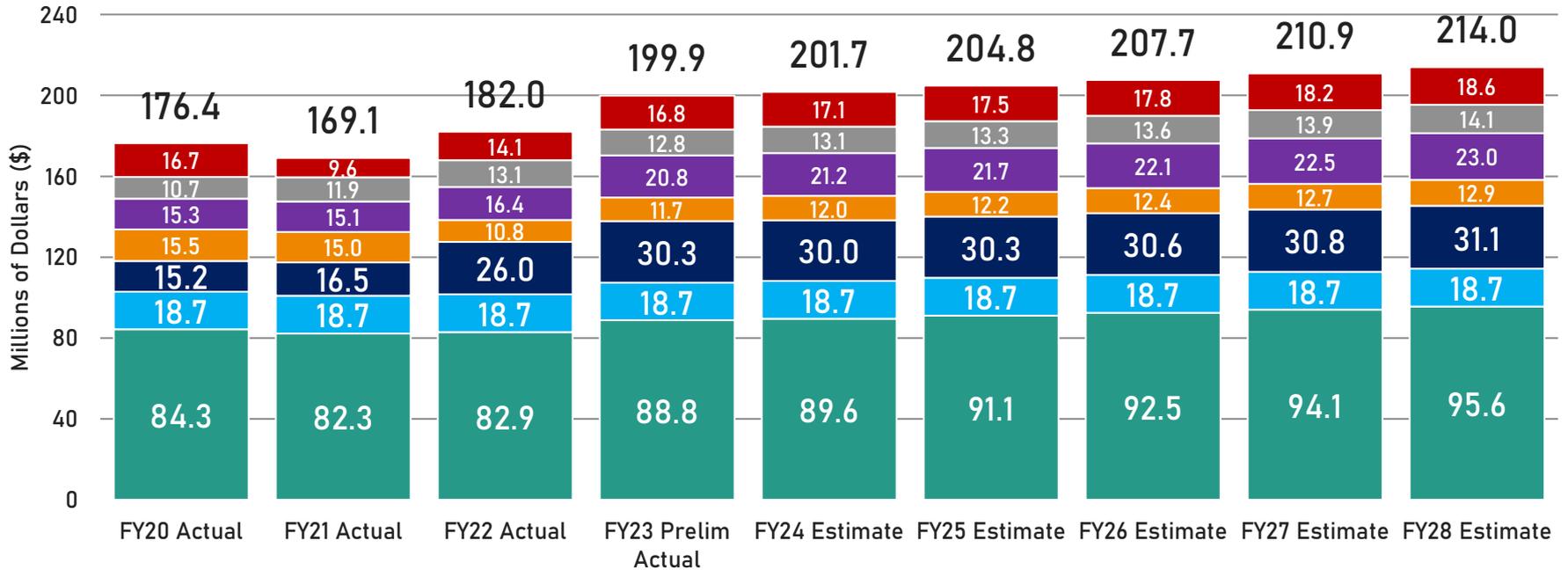
Recurring Utility Users Tax



Note: Utility Users Tax for the General Fund is net of annual \$12.5M dedicated to Public Lighting Authority debt service.



Recurring Other Revenues (General Fund)

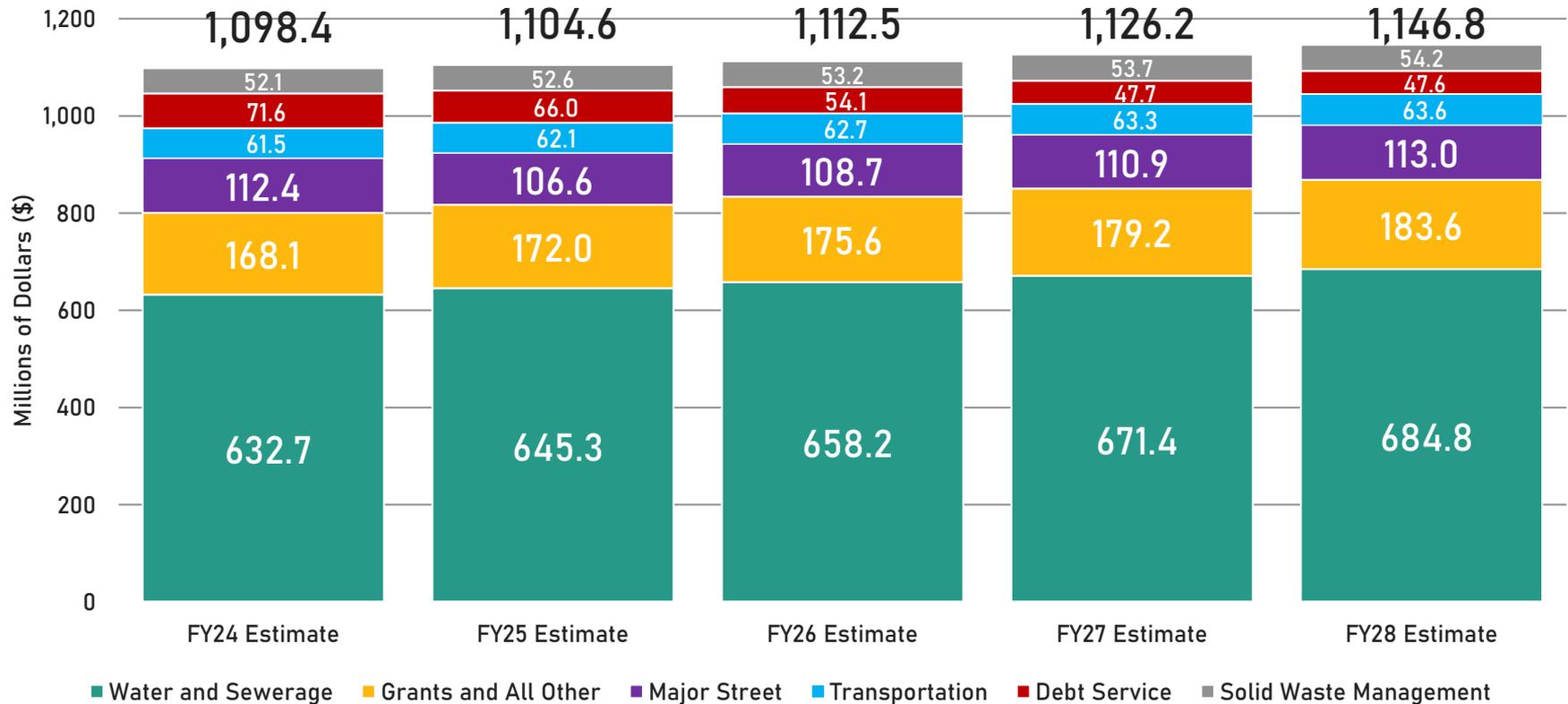


- All Other
- Grand Bargain Pension Contributions
- Casino Municipal Service Fees
- Court Fees and Fines
- Emergency Medical Services Fees
- License, Permits, and Inspections
- Parking Fees and Fines

Note: Recurring revenues exclude one-time items like asset sales and bond proceeds.



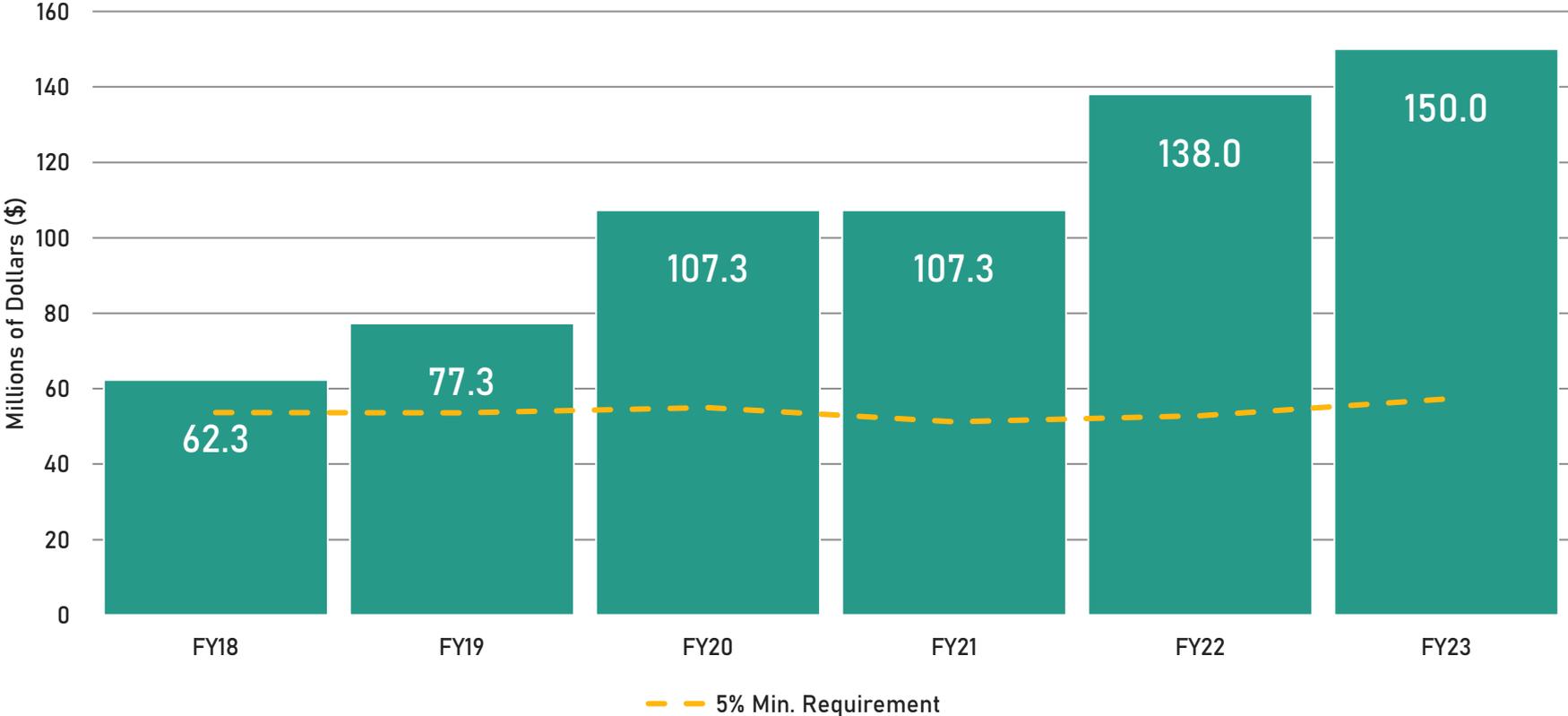
Enterprise and Special Revenue Funds



Note: Does not include contributions and transfers across funds (e.g., General Fund contribution to Transportation).



Budget Reserve (“Rainy Day Fund”)



Forecast Risks

Downside Risks

- Trend changes in income tax revenue from corporate and compliance/refund offset sources
- Trend changes in overall gaming activity and retail vs. internet substitution effects on wagering taxes
- State Budget outcomes for revenue sharing different from forecast expectation
- Larger contractions in economic growth from monetary policy tightening
- Employment effects from potential work stoppage in the automotive sector

Upside Risks

- Above trend residential, commercial, and industrial development
- Above trend workforce development and labor force participation gains
- Higher taxable property values than forecasted (uncapping and additions to the base)
- Gains from income tax audit and enforcement
- State-shared excise tax from adult-use marijuana