

September 2025 Revenue Estimating Conference Report



George A. Fulton, Ph.D.

Director Emeritus
Research Professor
Emeritus Research
Seminar in Quantitative
Economics (RSQE),
Department of
Economics, University of
Michigan

Tanya Stoudemire

Chief Financial Officer
City of Detroit

Eric Bussis

Chief Economist and
Director Office of Revenue
& Tax Analysis, Michigan
Department of Treasury

City of Detroit
September 2025 Revenue Estimating Conference Report

September 22, 2025

Overview of Revenue Estimating Conference:

State of Michigan Public Act 279 of 1909, Section 117.4t(1)(d), as amended by Public Act 182 of 2014, states the City of Detroit shall hold biannual revenue estimating conferences, which shall establish the official economic forecast and forecast of anticipated revenues of the City. The City holds its Revenue Estimating Conferences in September and February of each fiscal year. The voting principals are the City's Chief Financial Officer (CFO), the State Treasurer (or designee), and a person affiliated with another public entity, including a State institution of higher education, with experience in economic forecasting and revenue projection selected by the CFO and State Treasurer. The voting principals for the September 2025 Revenue Estimating Conference are:

- Tanya Stoudemire, Chief Financial Officer, City of Detroit
- Eric Bussis, Chief Economist and Director, Office of Revenue and Tax Analysis, Michigan Department of Treasury (on behalf of State Treasurer Rachael Eubanks)
- George Fulton, PhD, Director Emeritus, Research Seminar in Quantitative Economics (RSQE), Department of Economics, University of Michigan

The Office of the Treasury, within the Office of the Chief Financial Officer (OCFO), prepared revenue estimates for consideration by the conference principals. Following their review, the principals approved the revenue estimates without modification. In preparing the revenue estimates, the Office of the Treasury consulted with the OCFO's Offices of the Assessor, Office of Budget, and Departmental Financial Services, as well as the City Council's Legislative Policy Division and the Office of the Auditor General. The Office of the Treasury thanks its colleagues for their continued support and assistance throughout the revenue estimation process.

The estimates that follow include the current fiscal year (FY 2026) and the four succeeding fiscal years (FY 2027 through FY 2030). While there is a greater focus on the General Fund, the estimates also cover the City's Grant, Enterprise, and Special Revenue Funds. The forecasts assume that current laws and administrative procedures will remain in effect for the forecast period.

Summary of Revenue Estimates:

Detroit's economy continues to show steady growth marked by wage gains for Detroiters, according to the [Detroit Economic Outlook for 2024-2030](#) released by the Research Seminar in Quantitative Economics (RSQE) at the University of Michigan. Employment growth, although still positive, is not expected to grow as fast as previously forecasted. The outlook forecast projects that by the end of 2025, resident employment will stand nearly 1.9% higher than its pre-pandemic level.

The Revenue Conference reported FY 2026 General Fund recurring revenues projected at \$1.407 billion for the current fiscal year ending June 30, 2026. In addition, the City is projecting \$9.3 million in non-recurring revenues for FY 2026, primarily from investment earnings.

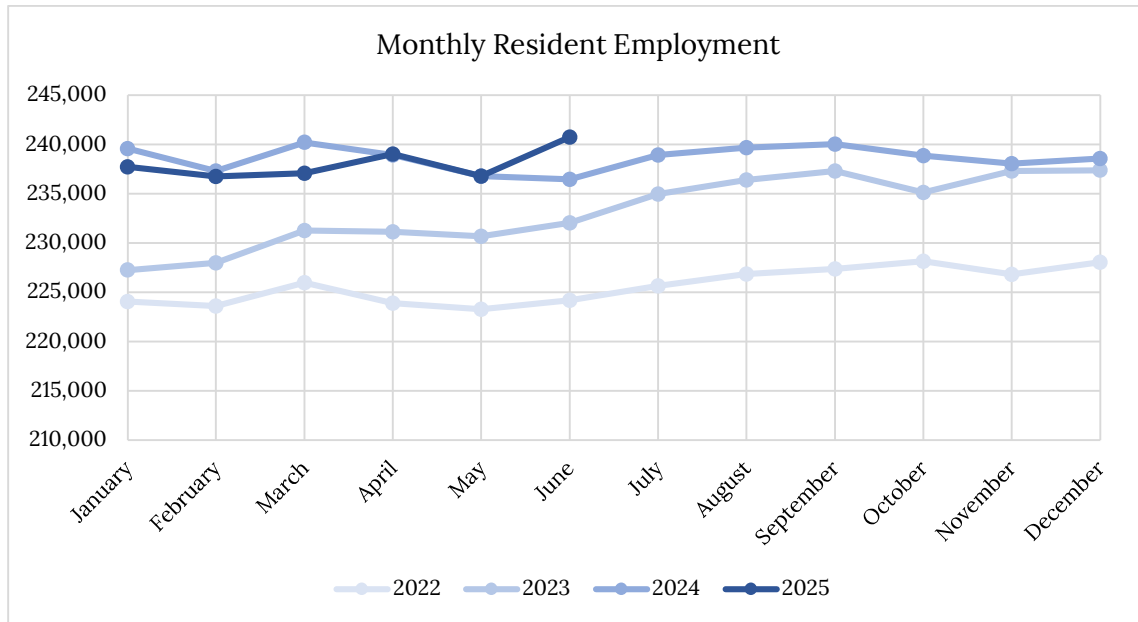
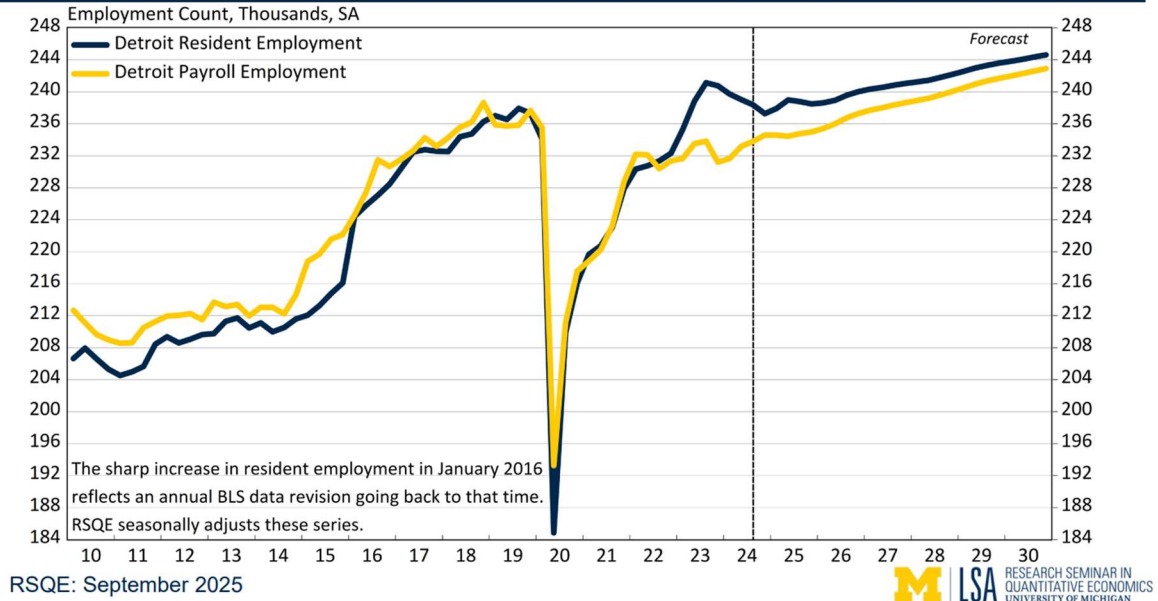
General Fund recurring revenues for FY 2027, beginning July 1, 2026, are now forecasted at \$1.423 billion. The out-year forecasts for FY 2028 through FY 2030 show continued overall recurring revenue growth of about 2% per year. Note that all revenue estimates exclude the use of fund balance and inter-fund transfers, which may otherwise appear in the City budget. In addition, some revenues will not match what is published in the Annual Comprehensive Financial Report on the City's website.

City of Detroit - General Fund Revenue Estimates - Summary								
\$ in millions								
	FY 2023	FY 2024	FY 2025	September 2025 Estimates				
	Audited Actual	Audited Actual	Pre-Audited Actual	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Major Taxes								
Income Tax	<u>\$ 408.1</u>	<u>\$ 434.1</u>	<u>\$ 422.3</u>	<u>\$ 409.4</u>	<u>\$ 422.6</u>	<u>\$ 439.8</u>	<u>\$ 459.0</u>	<u>\$ 479.2</u>
Recurring Base	406.0	428.0	413.8	407.4	421.6	438.8	458.0	478.2
Non-recurring	2.0	6.0	8.6	2.0	1.0	1.0	1.0	1.0
State Revenue Sharing	<u>\$ 224.7</u>	<u>\$ 235.3</u>	<u>\$ 239.7</u>	<u>\$ 245.3</u>	<u>\$ 249.3</u>	<u>\$ 254.2</u>	<u>\$ 259.4</u>	<u>\$ 264.7</u>
Recurring Base	223.2	227.5	239.7	245.3	249.3	254.2	259.4	264.7
Non-recurring	1.5	7.8	-	-	-	-	-	-
Wagering Tax	<u>\$ 255.8</u>	<u>\$ 258.8</u>	<u>\$ 304.6</u>	<u>\$ 315.8</u>	<u>\$ 317.2</u>	<u>\$ 320.2</u>	<u>\$ 323.3</u>	<u>\$ 330.4</u>
Recurring Base	255.8	258.8	304.6	315.8	317.2	320.2	323.3	330.4
Non-recurring	-	-	-	-	-	-	-	-
Property Tax	<u>\$ 140.0</u>	<u>\$ 142.3</u>	<u>\$ 158.3</u>	<u>\$ 171.1</u>	<u>\$ 176.2</u>	<u>\$ 182.3</u>	<u>\$ 188.1</u>	<u>\$ 196.9</u>
Recurring Base	140.0	150.5	161.8	171.1	176.2	182.3	188.1	196.9
Non-recurring	-	(8.2)	(3.5)	-	-	-	-	-
Utility Users Tax	<u>\$ 41.1</u>	<u>\$ 36.4</u>	<u>\$ 41.4</u>	<u>\$ 42.0</u>	<u>\$ 42.5</u>	<u>\$ 43.1</u>	<u>\$ 43.6</u>	<u>\$ 44.2</u>
Recurring Base	41.1	36.4	41.4	42.0	42.5	43.1	43.6	44.2
Non-recurring	0.0	-	-	-	-	-	-	-
Subtotal, Major Taxes	<u>\$ 1,069.6</u>	<u>\$ 1,106.9</u>	<u>\$ 1,166.4</u>	<u>\$ 1,183.6</u>	<u>\$ 1,207.7</u>	<u>\$ 1,239.7</u>	<u>\$ 1,273.5</u>	<u>\$ 1,315.4</u>
Major Taxes, Recurring	1,066.1	1,101.3	1,161.3	1,181.6	1,206.7	1,238.7	1,272.5	1,314.4
Major Taxes, Non-Recurring	3.5	5.6	5.1	2.0	1.0	1.0	1.0	1.0
Other Revenues	<u>\$ 231.2</u>	<u>\$ 248.9</u>	<u>\$ 263.2</u>	<u>\$ 232.5</u>	<u>\$ 217.5</u>	<u>\$ 220.2</u>	<u>\$ 227.3</u>	<u>\$ 226.4</u>
Recurring	196.4	199.7	223.3	225.2	216.7	219.4	226.5	225.6
Non-recurring	34.8	49.2	39.9	7.3	0.8	0.8	0.8	0.8
Total, General Fund	<u>\$ 1,300.8</u>	<u>\$ 1,355.8</u>	<u>\$ 1,429.5</u>	<u>\$ 1,416.1</u>	<u>\$ 1,425.2</u>	<u>\$ 1,459.9</u>	<u>\$ 1,500.9</u>	<u>\$ 1,541.9</u>
General Fund, Recurring	1,262.5	1,301.0	1,384.6	1,406.8	1,423.4	1,458.1	1,499.0	1,540.0
General Fund, Non-Recurring	38.4	54.8	45.0	9.3	1.8	1.8	1.8	1.8

Economic Conditions

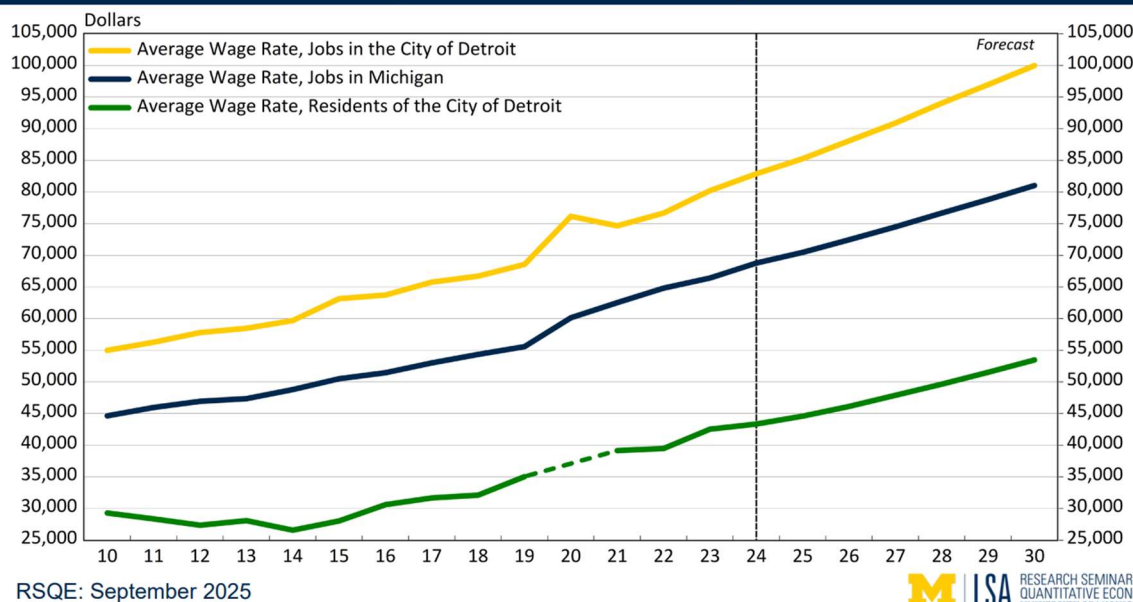
In the most recent [City of Detroit forecast](#) published by RSQE, Detroit resident employment continues to outperform payroll employment. Although the numbers shown in the seasonally adjusted chart decline between 2023 and 2024, the non-seasonally adjusted numbers show that Detroit resident employment has been very strong in 2024 and so far in 2025.

Quarterly Average Payroll and Resident Employment, City of Detroit



Wage growth was a positive aspect of the RSQE forecast: “Nominal wage growth at jobs located in the city of Detroit registered a healthy 4.6% in 2023. Detroit residents saw even stronger average wage growth of 7.8%. We project wages to grow at a moderate but steadier pace from now through 2030. Wage growth at jobs located in the city averages 3.2% per year from 2025 through 2030, faster than the 2.8% average growth we forecast statewide. Wages of city residents outstrip both city and statewide payroll wages, growing at an average annual rate of 3.6%.”

Annual Wage and Salary Income per Worker, City of Detroit and Michigan



Source: University of Michigan, Research Seminar in Quantitative Economics, City of Detroit Economic Outlook for 2024–2029

Economic Risks

The current largest risk for the City of Detroit’s revenues is the unpredictability of federal policies. Two policies in particular are negatively affecting the City’s revenues: new tariffs and the One Big Beautiful Bill Act (OBBBA). New tariffs introduced in April 2025 on steel and aluminum are negatively affecting profits in the automotive industry, particularly for Stellantis, which has historically been one of the top two employers in Detroit.¹ In the first half of 2025, net revenues were down 13% compared to 2024. In their [press release](#), Stellantis “updates its estimate of 2025 net tariff impact to approximately €1.5 billion, of which €0.3 billion was incurred in H1 2025.” The OBBBA changes how businesses calculate their federal taxable income, which the City Income Tax Act of 1964 relies on as a starting point to calculate corporate tax liability. More details on the OBBBA are below in the Municipal Income Tax section.

“Uncertainty” is the word of the times, and with that comes lower consumer sentiment. In one of the more recent [economic indicators reports](#) published by the City’s University Economic Partnership, the group reported on the U.S. Economic Policy Uncertainty Index and the Trade Policy Uncertainty Index. Both metrics have risen to higher levels than those seen during the Covid-19 pandemic. Additionally, both consumer sentiment and confidence dipped in early 2025 around the news of the tariffs. The Federal Reserve Bank of Atlanta’s Survey of Business Uncertainty also shows that U.S. firms are facing elevated levels of uncertainty, particularly regarding future sales growth.

¹ Crain’s Book of Lists, Top 17 Employers in Detroit 2024

Summary of Economic Drivers:

<u>Major Revenue</u>	<u>Economic Input</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
Municipal Income Tax	Resident Employment Growth ¹	0.2%	0.6%	0.4%	0.5%	0.5%
	Payroll Employment Growth ¹	0.4%	0.9%	0.6%	0.6%	0.6%
	Resident Wage Growth ²	3.2%	4.3%	4.4%	4.4%	4.5%
	Payroll Wage Growth ²	3.7%	3.2%	3.3%	3.3%	3.1%
	Corporate Income Growth	-41.5%	0.3%	11.5%	16.1%	14.5%
	Partnership Income Growth	1.0%	3.1%	3.1%	3.1%	3.1%
Property Tax	U.S. Consumer Price Index for All Urban Consumers (U.S. CPI-U) ³	3.1%	2.4%	2.4%	2.4%	2.4%
State Revenue Sharing	State Sales Tax Forecast	0.6%	0.8%	2.1%	2.3%	2.3%
	City/State Population Ratio ⁴	6.4%	6.4%	6.4%	6.4%	6.4%
Wagering Tax	Onsite Adjusted Gross Receipt (AGR)					
	Growth Rate	0.8%	1.0%	1.0%	1.0%	1.0%
	Internet AGR Growth Rate	4.7%	-0.2%	0.9%	0.9%	0.9%
Utility Users	Net UUT Growth Rate	1.3%	1.3%	1.3%	1.3%	1.3%

Sources:

1. University of Michigan RSQE and Local Area Unemployment Statistics
2. University of Michigan RSQE and Quarterly Census of Employment and Wages
3. Taxable value growth cannot exceed 5% per Proposal A limits. FY 2026-2030 uses the US CPI-U consensus forecast from the Survey of Professional Forecasters.
4. U.S. Census Bureau, 2020 Decennial Census Redistricting Data

Current Year General Fund Revenue Estimates:

As shown in the summary table on page 2, the FY 2025 recurring General Fund revenue is projected to be \$1,384.6 million. Fiscal year 2026 is projected to grow by 1.6% to \$1,406.8 million. The updated FY 2027 estimates have been decreased by \$45.9 million since the February 2025 Revenue Estimating Conference. The decrease is primarily driven by the OBBBA signed by President Trump on July 4, 2025. More details are below in the income tax section, but this act is projected to decrease corporate income tax by approximately \$16 million in FY 2026 and FY 2027 from the forecasted total in February. On the contrary, internet gaming activity has risen since February 2025, and accounts for an upward adjustment of about \$18 million in FY 2026 and FY 2027.

Non-recurring revenues of \$45.0 million are projected to be received in FY 2025. These revenues include \$26.9 million from one-time investment activity and \$5.0 million from one-time income tax payments. In FY 2026, non-recurring revenues are expected to be \$9.3 million, almost two-thirds of which is from one-time investment activity (\$6.5 million).

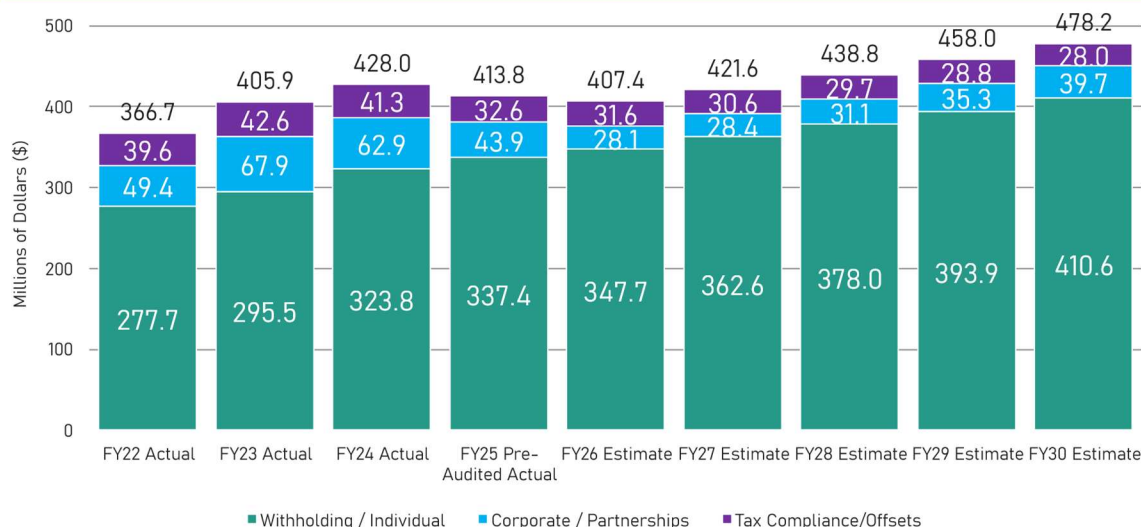
Summary of Major Taxes:

General Fund major revenues in FY 2025 are projected to be \$1,166.4 million, \$5.1 million of which is non-recurring. Recurring major revenue in FY 2026 is projected to be 1.8% higher than FY 2025. The forecasts for FY 2027-2030 also show an increase in recurring revenue annually. Please see the sections below for additional details on the major revenue forecasts:

City of Detroit - General Fund Major Revenue Estimates - Detail								
\$ in millions								
	FY 2023	FY 2024	FY 2025	September 2025 Estimates				
	Audited Actual	Audited Actual	Pre-Audited Actual	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Major Taxes								
Income Tax	\$ 408.1	\$ 434.1	\$ 422.3	\$ 409.4	\$ 422.6	\$ 439.8	\$ 459.0	\$ 479.2
Withholding	331.7	359.1	370.4	381.6	397.9	415.0	432.7	451.2
Individual Returns	26.6	24.2	27.1	27.1	28.2	29.4	30.6	31.8
Corporate	58.9	55.4	38.1	22.3	22.4	24.9	28.9	33.1
Partnership	9.0	7.5	5.8	5.8	6.0	6.2	6.4	6.6
Tax Compliance/Offsets	42.6	41.3	32.6	31.6	30.6	29.7	28.8	28.0
Total Refunds	(62.7)	(59.5)	(60.2)	(61.0)	(63.5)	(66.3)	(69.3)	(72.5)
Regular Refund Estimate	(32.2)	(34.9)	(36.0)	(37.1)	(38.7)	(40.3)	(42.1)	(43.9)
Nonresident Remote Work Estimate	(30.5)	(24.5)	(24.2)	(23.9)	(24.8)	(26.0)	(27.3)	(28.6)
Non-Recurring	2.0	6.0	8.6	2.0	1.0	1.0	1.0	1.0
State Revenue Sharing	\$ 224.7	\$ 235.3	\$ 239.7	\$ 245.3	\$ 249.3	\$ 254.2	\$ 259.4	\$ 264.7
Statutory	154.5	157.5	170.9	176.0	179.4	182.9	186.5	190.1
Constitutional	68.7	70.0	68.9	69.3	69.8	71.3	72.9	74.6
Non-Recurring	1.5	7.8	-	-	-	-	-	-
Wagering Tax	\$ 255.8	\$ 258.8	\$ 304.6	\$ 315.8	\$ 317.2	\$ 320.2	\$ 323.3	\$ 330.4
Retail Gaming	137.6	133.3	140.2	140.4	141.8	143.2	144.7	146.1
Internet Gaming	77.2	86.1	115.8	120.5	120.3	121.4	122.5	123.7
Retail Sports Betting	0.6	0.6	0.4	0.5	0.5	0.5	0.5	0.5
Internet Sports Betting	4.8	3.9	5.1	5.2	5.1	5.2	5.2	5.3
Percentage Payment - Retail	19.1	17.8	17.4	19.1	19.2	19.4	19.6	23.8
Percentage Payment - Internet	16.4	17.1	25.6	30.2	30.2	30.5	30.8	31.1
Non-Recurring	-	-	-	-	-	-	-	-
Property Tax	\$ 140.0	\$ 142.3	\$ 158.3	\$ 171.1	\$ 176.2	\$ 182.3	\$ 188.1	\$ 196.9
Gross Current	119.1	129.8	138.4	147.4	152.4	158.0	162.9	170.6
TIF Distributions	(18.2)	(18.8)	(18.7)	(20.8)	(21.3)	(21.8)	(22.3)	(22.8)
Delinquent	34.9	34.5	36.1	38.4	38.9	39.8	41.0	42.5
Special Acts	4.2	5.0	6.1	6.0	6.2	6.3	6.5	6.6
Non-Recurring	-	(8.2)	(3.5)	-	-	-	-	-
Net Utility Users Tax	\$ 41.1	\$ 36.4	\$ 41.4	\$ 42.0	\$ 42.5	\$ 43.1	\$ 43.6	\$ 44.2
Utility Users Tax	53.6	48.9	53.9	54.5	55.0	55.6	56.1	56.7
To Public Lighting Authority	(12.5)	(12.5)	(12.5)	(12.5)	(12.5)	(12.5)	(12.5)	(12.5)
Non-Recurring	0.0	-	-	-	-	-	-	-
Total, Major Taxes	\$ 1,069.6	\$ 1,106.9	\$ 1,166.4	\$ 1,183.6	\$ 1,207.7	\$ 1,239.7	\$ 1,273.5	\$ 1,315.4
Major Taxes, Recurring	1,066.1	1,101.3	1,161.3	1,181.6	1,206.7	1,238.7	1,272.5	1,314.4
Major Taxes, Non-Recurring	3.5	5.6	5.1	2.0	1.0	1.0	1.0	1.0

Municipal Income Tax:

Recurring Income Tax



In accordance with the City Income Tax Act (Public Act 284 of 1964, as amended), the City levies a municipal income tax, with certain exemptions such as unemployment benefits. The current tax rates are 2.4% for residents, 1.2% for nonresidents, and 2.0% for corporations, which are the maximum allowed by State law. Nonresident taxes only apply to work performed within the City's boundaries. The primary drivers behind income tax revenue are resident employment levels, nonresident employment levels, and wages. The base year employment estimates are tied to observed local area employment data, and employment growth rates for each employment category are projected independently. Wage growth is projected using observed regional and local wage data and is assumed to be uniform for each employment category.

The FY 2026 projection represents a 3.1% decrease compared to FY 2025 pre-audited actuals. The FY 2026 forecast anticipates \$23.9 million foregone revenue collections from nonresidents working remotely, slightly below the estimated \$24.2 million revenue loss in FY 2025. There is an assumption that remote work has reached a steady state and that growth for income tax will be driven by the anticipated growth in resident wages. Remote work is assumed to be nontaxable, and subject to either an adjustment in withholding or a future tax refund. Of course, not all nonresident employment can be conducted remotely (e.g., health care, manufacturing, construction, leisure and hospitality). The remote work estimates are projected to grow at the similar rate as withholding – both between 4.0% and 5.0% annually from FY 2027 – FY 2030.

In FY 2021, City Treasury began a large-scale tax compliance program in partnership with the State of Michigan to collect income taxes owed to the City not otherwise collected from withholding or individual tax payments. The majority of collection on these prior year income taxes come from income tax refund offsets, where a refund owed to a taxpayer from federal and/or state income taxes is used to pay off income taxes owed to the City. The tax compliance program collected \$201.9 million from FY 2021 to FY 2025, with another \$62.2 million forecasted to be collected by the end of FY 2027. During the forecast period, it is estimated that collections will decrease at a 3% rate each year, as the base of delinquency tax continues to fall.

This forecast revised down expectations for corporate income tax in FY 2026 forward. This is driven by FY 2025 pre-audited actuals falling 31.8% below expectations, as well as the federal introduction of the OBBBA which changes the calculation of federal taxable income, something that the local income tax liability is coupled with. The drop in FY 2025 pre-audited actuals are most likely driven by lower profitability compared to previous years. This drop is understood to be linked to uncertainty in the market driven by federal policy changes and the introduction of tariffs. These numbers will be finalized later in the fall and there is a scenario where the drop observed now can be mitigated.

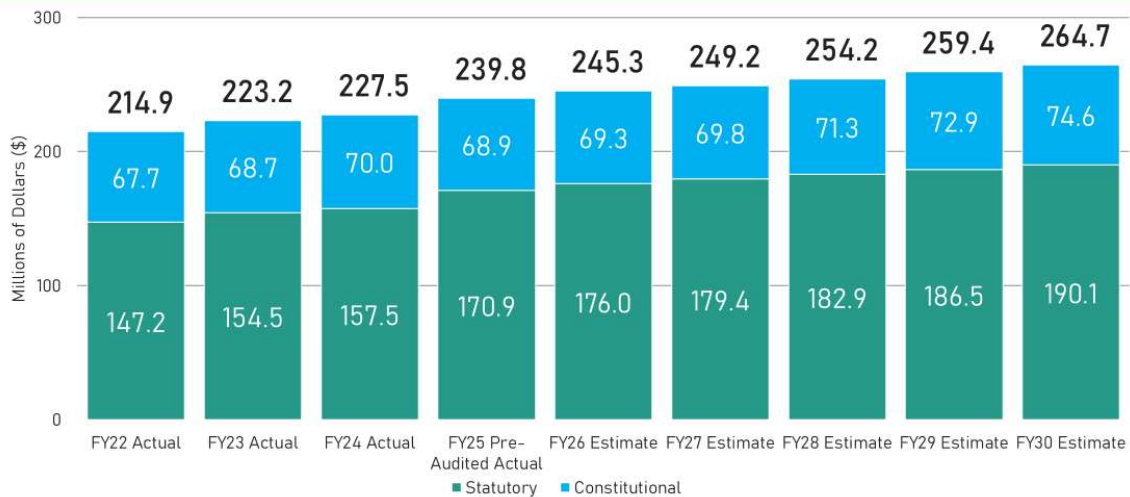
The estimated revenue reduction to corporate income tax revenue is also driven by 5 provisions of the OBBBA where bonus depreciation is the largest component. Please find a breakdown in the table below for the anticipated impact to FY 2026. These estimates are based on figures published by Congress' Joint Committee on Taxation (JCT-35-25), then translated down to the local level based on the proportional number of jobs in Detroit vs nationally. As the City relies on the definition of federal taxable income laid out by the Internal Revenue Code (IRC) section 63, changes introduced by the listed subsections can affect local taxable income. The expected reductions are front-loaded and take immediate effect. They are estimated to be roughly \$16 million in FY 2026 and 2027, ramping down to roughly \$8 million by FY 2030. These estimates are understood to have a high degree of uncertainty and may be revised as more data becomes available.

Provision (JCT Title)	IRC Section	Description	FY2026 Impact (Thousands of dollars)
Full expensing for certain business property	§168(k)	Extends 100% bonus depreciation for qualified property, allowing immediate expensing.	\$ (7,084)
Special depreciation allowance for qualified production property	§168(n)	Special depreciation allowance targeted to qualified production property used in manufacturing/production..	\$ (2,879)
Full expensing of domestic research and experimental expenditures	§174	Allows full and immediate deduction of R&D expenses, repealing/amending amortization rules.	\$ (4,784)
Modification of limitation on business interest	§163(j)	Loosens limits on the deductibility of business interest expenses.	\$ (861)
Increased dollar limitations for expensing of certain depreciable business assets	§179	Raises the §179 expensing cap for small businesses.	\$ (470)
Grand Total			\$ (16,078)

Partnership income tax revenue is projected to follow an upward trend averaging 2.7% from FY 2027 through FY 2030. The forecast does not include potential upside on current year taxes from new development projects or increased compliance efforts. Income tax activity that has been identified as non-recurring is not included in the forecasted base.

State Revenue Sharing:

Recurring State Revenue Sharing



Note: Excludes one-time 1% increase in statutory revenue sharing for FY23 and one-time 2% increase in FY24.

Revenue sharing payments from the State come from two components: constitutional and statutory. The State Constitution of 1963, Article IX, Section 10, as amended, requires constitutional revenue sharing payments to municipalities based on 15% of the 4% portion of Michigan's sales tax collections. The State allocates amounts to municipalities based on population as of the last decennial Census. Statutory revenue sharing payments have an underlying formula distribution. For the past several years statutory allocations have instead been determined annually in the State budget as a percentage change from the prior year allocation.

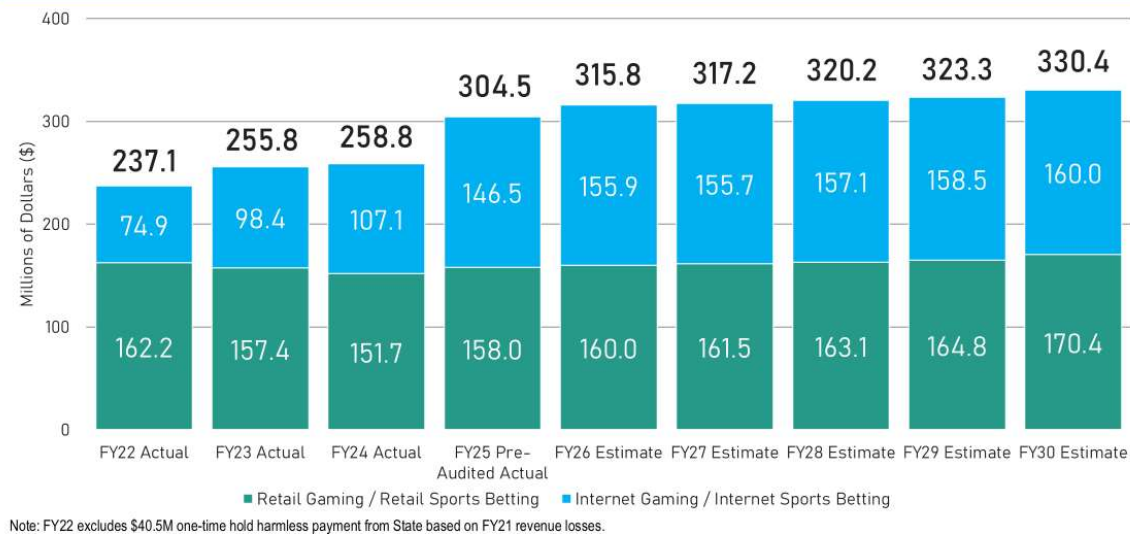
The forecast assumes growth in the constitutional share based on the State's May 2025 Consensus Revenue Estimating Conference. Based on the State's reported sales tax, there was a 1.6% decrease between FY 2024 and FY 2025 due to the City. This caused a new base for recurring constitutional revenue moving forward. As a result, recurring constitutional revenue for FY 2027 is an estimated \$69.8 million, a 0.8% increase from the amount estimated for FY 2026.

The forecast uses the reported 2020 Census results to estimate Detroit's share of constitutional revenue sharing. Under state law, the City was also subject to recoupment in FY 2022 for the difference in the reported 2020 Census versus the 2010 Census, going back to FY 2021. Instead of the recoupment to adjust the constitutional revenue sharing payment to reflect the new population ratio, Detroit was allowed to keep the revenue sharing payments it had received before the population ratio was set. These are represented as non-recurring "hold harmless" funds, where \$8.8 million was kept in FY 2021 and \$4.7 million was kept in FY 2022, totaling to \$13.5 million in non-recurring activity.

The statutory revenue sharing amount for FY 2026 includes a 3.0% increase over the recurring total for FY 2025. A 2% growth rate is forecasted for the statutory portion for fiscal years 2026–2030. FY 2027 recurring statutory revenue sharing is projected to be \$179.4 million and total recurring state revenue sharing is expected to be \$249.3 million.

Wagering Tax:

Recurring Wagering Tax



In accordance with the Michigan Gaming Control and Revenue Act (Initiated Law 1 of 1996, as amended) and associated development agreements, a tax on adjusted gross receipts (AGR) is applied to the three casinos operating in Detroit. The current City retail gaming wagering tax rate is 10.9% plus 1% on all gaming types pursuant to the casinos' development agreements with the City. The casinos additionally pay the City a supplemental 1% tax if their adjusted gross receipts exceed \$400 million in a calendar year. The City also assesses a municipal service fee from each casino of 1.25% of total adjusted gross receipts or \$4 million, whichever is greater (included separately in the "Other Revenues" category).

In late 2019, the State enacted the Lawful Internet Gaming Act (Public Act 152 of 2019), the Lawful Internet Sports Betting Act (Public Act 149 of 2019), and amendments to the Michigan Gaming Control and Revenue Act. Only internet gaming and sports betting conducted within Michigan's borders is authorized. Only the current Detroit and tribal casinos are eligible licensees. On-site sports betting at casinos began in March 2020. The State launched internet gaming and sports betting in late January 2021.

Internet gaming conducted by the Detroit casinos is taxed at a graduated rate on their adjusted gross receipts received each month as outlined below. The City receives 30% of this tax revenue.

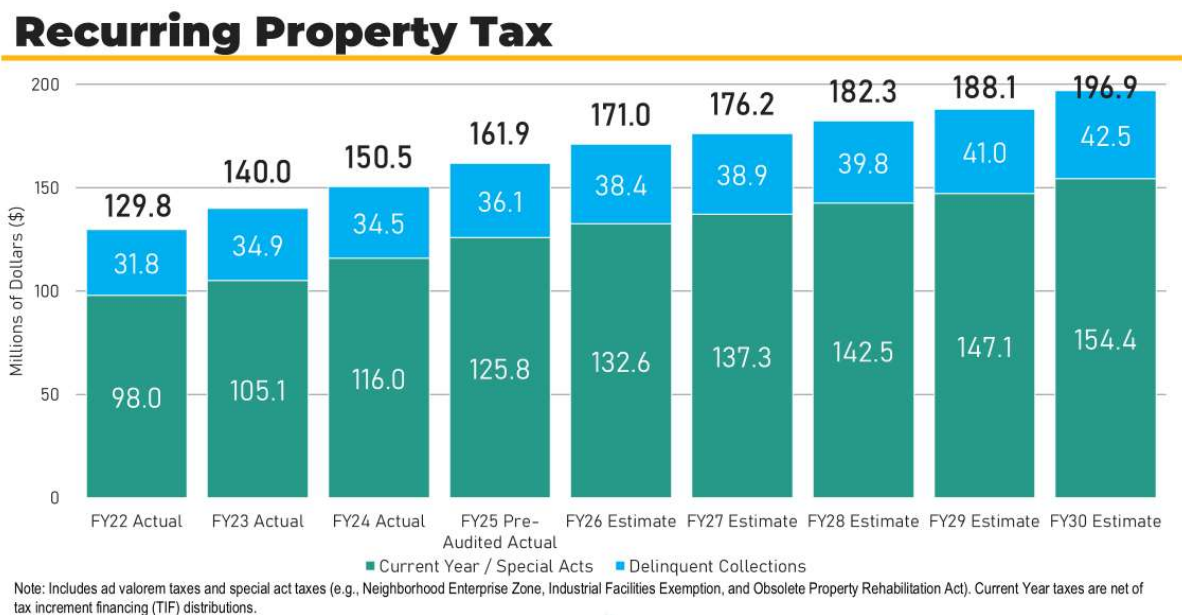
- For adjusted gross receipts less than \$4,000,000, a tax of 20%.
- For adjusted gross receipts of \$4,000,000 or more but less than \$8,000,000, a tax of 22%.
- For adjusted gross receipts of \$8,000,000 or more but less than \$10,000,000, a tax of 24%.
- For adjusted gross receipts of \$10,000,000 or more but less than \$12,000,000, a tax of 26%.
- For adjusted gross receipts of \$12,000,000 or more, 28%.

Internet sports betting conducted by the Detroit casinos is taxed at a rate of 8.4% on their adjusted gross sports betting receipts. The City receives 30% of this tax revenue. Retail sports betting conducted on-site at the Detroit casinos is taxed at a rate of 8.4% on their qualified adjusted gross receipts. The City receives 55% of this tax revenue. In addition to the taxes outlined above, internet

gaming and sports betting conducted by the Detroit casinos are also subject to the existing development agreement taxes (up to 2% of AGR) and municipal service fees (1.25% of AGR) that apply to on-site gaming.

The most recent wagering tax revenue forecast shown above includes the updated activity through July 2025, which represents the most accurate picture of the gaming trends so far. The three casinos in Detroit have been observing different growth patterns across the different types of AGR. Overall, revenue from wagering tax is expected to grow at an average of 1.6% between FY 2026 and FY 2030. It is estimated that the City will collect \$317.2 million in recurring wagering tax revenue in FY 2027. In the chart above, revenue jumps by a large amount (about 10%) from FY 2024 to FY 2025 due to strikes that slowed retail activity in November 2023 (FY 2024).

Property Tax:



In accordance with the General Property Tax Act (Public Act 206 of 1893, as amended), the City levies taxes on real and personal property. Collections consist of current year taxes, delinquent taxes, and related auction proceeds. The City currently levies 19.8123 mills for general operating purposes. However, the millage rate and taxable values are subject to various abatements and exemptions. The actual General Fund collections and revenue estimates are net of captured tax increment financing distributions. The amounts include ad valorem property tax revenue and Special Act property tax revenues from Neighborhood Enterprise Zones, Industrial Facilities Tax, and Obsolete Property Rehabilitation Act parcels.

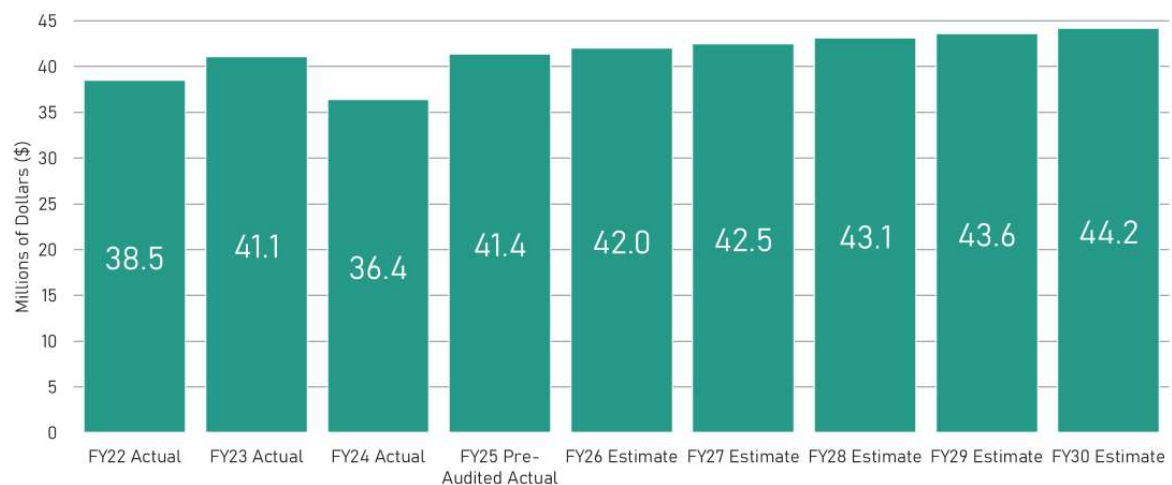
The primary driver for growth during the forecast period is a lagged inflation rate determined by the State Tax Commission (US Consumer Price Index for Urban Consumers lagged by one year) applied to the reported tax year 2025 base, which is defined as the cap for growth in taxable value under the State constitution (Proposal A). The FY 2025 collection rate of 84% is held constant throughout the forecast period. Other components, such as payments from Wayne County for delinquent real

property tax collections and revenue capture by TIF authorities, are also factored into the forecast based on current and historical observations. Updated taxable values applicable to FY 2024 were higher than expected, leading to an upward revision of the forecast. The calculated inflation cap has remained elevated for FY 2025, that inflation rate slowing to 3.1% in FY 2026, and projected to stabilize at 2.4% in fiscal years 2027-2030 as inflationary pressures wane.

In FY 2027, recurring property tax is estimated to be \$176.2 million, including \$38.9 million for delinquent collections. Recurring property tax grows at an average rate of approximately 4.5% in forecast years. The forecast does not include prospective gains from additions to the tax base or the “uncapping” of taxable value.

Utility Users Tax:

Recurring Utility Users Tax

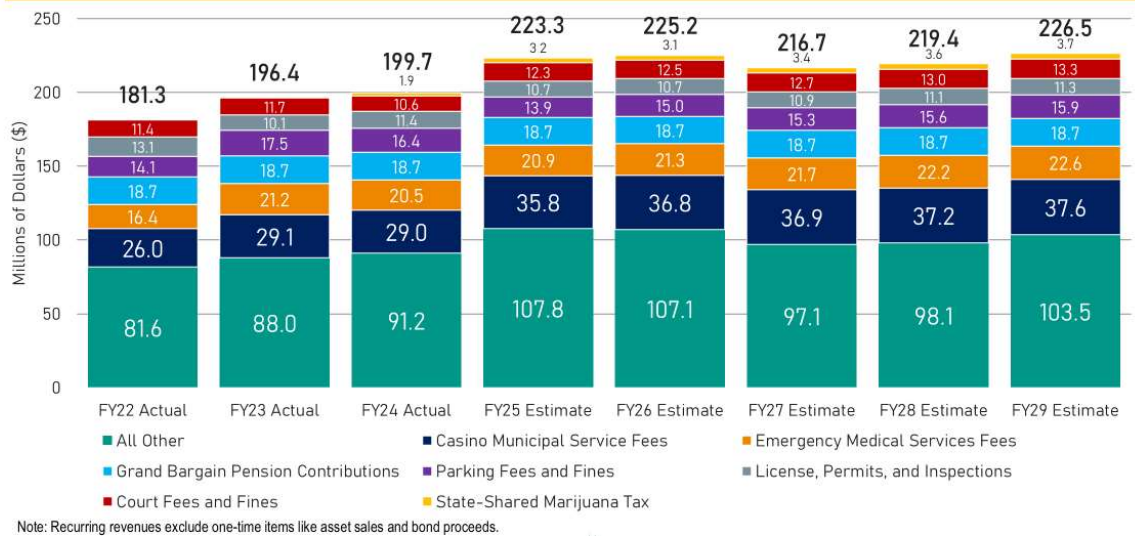


Note: Utility Users Tax for the General Fund is net of annual \$12.5M dedicated to Public Lighting Authority debt service.

In accordance with the City Utility Users Tax Act (Public Act 100 of 1990, as amended), the City levies a 5% tax on consumption of electricity, gas, steam, and telephone services. The estimated revenues shown in the graph are net of \$12.5 million disbursed annually to the Public Lighting Authority (PLA). Weather conditions have a large effect on how much revenue is received from this tax since it affects demand of utilities. Since the weather in 2025 was hotter than expected, revenues forecasted in FY 2026 are higher than expected back in February 2025. Recurring net utility users’ tax revenues are estimated to be \$42.0 million by the end of FY 2026, growing 1.3% to be about \$42.5 million by the end of FY 2027. There is upside potential for the possibility that prices of electricity and gas may increase. The forecasted revenue continues its growth by 1.3% annually through FY 2030.

Other Departmental General Fund Revenue:

Recurring Other Revenues (General Fund)



The Other Revenue category includes various non-major revenues mostly administered by individual departments related to their operations and services. The graph above shows the largest categories of these revenues. The FY 2025 pre-audited actuals grew by 11.8% over the FY 2024 actuals, driven by the municipal service fee from casinos. FY 2026 estimates are anticipated to grow minimally at 0.9% over FY 2025 pre audited actuals. The aggregate estimates are expected to grow between -3.7% and 3.3% annually through FY 2030. The negative growth seen in FY 2027 is due to the decrease in earnings on investment from the ARPA money being spent fully in FY 2026. The forecast excludes non-recurring items, such as asset sales. The full breakdown of other revenues in the General Fund is shown below.

City of Detroit - General Fund Other Revenue Estimates - Detail									
\$ in millions									
	FY 2023 Audited Actual	FY 2024 Audited Actual	FY 2025 Pre-Audited Actual	September 2025 Estimates					
				FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	
Other Revenue (Recurring)									
Municipal Service Fee-Casino	29.1	29.0	35.8	36.8	36.9	37.2	37.6	38.0	
State-Shared Marijuana Excise Tax	-	1.9	3.2	3.1	3.4	3.6	3.7	3.9	
Emergency Medical Services Fees	21.2	20.5	20.9	21.3	21.7	22.2	22.6	23.1	
Direct and Indirect Cost Recoveries for Inter-Agency Billings	27.2	24.0	33.8	38.4	39.2	39.9	40.7	41.5	
DIA/Foundation Grand Bargain Contributions	18.7	18.7	18.7	18.7	18.7	18.7	18.7	18.7	
Parking Fees and Fines	17.5	16.4	13.9	15.0	15.3	15.6	15.9	16.2	
Licenses, Permits, & Inspection Charges	10.1	11.4	10.7	10.7	10.9	11.1	11.3	11.4	
Court Fees and Fines	11.7	10.6	12.3	12.5	12.7	13.0	13.3	13.5	
Earnings on Investments	10.9	18.0	16.0	16.0	4.4	4.4	4.4	4.4	
Operational Fees	33.1	33.4	35.1	34.1	35.0	35.1	39.8	36.2	
Non-Major Taxes, Assessments & Interest	6.9	6.5	6.1	6.2	6.3	6.4	6.6	6.7	
Other Fines, Forfeits, & Penalties	3.8	3.2	4.0	4.0	4.0	4.1	4.2	4.3	
Other Revenue	6.1	6.0	12.9	8.4	8.2	8.1	7.8	7.8	
Subtotal, Other Revenue (Recurring)	\$ 196.4	\$ 199.7	\$ 223.3	\$ 225.2	\$ 216.7	\$ 219.4	\$ 226.5	\$ 225.6	
Other Revenue (Non-Recurring)									
Sale of Assets	7.5	3.3	3.8	0.8	0.8	0.8	0.8	0.8	
Direct and Indirect Cost Recoveries for Inter-Agency Billings	3.0	-	-	-	-	-	-	-	
Operational Fees	0.8	2.2	4.1	-	-	-	-	-	
Other Fines, Forfeits, & Penalties	1.8	-	-	-	-	-	-	-	
Licenses, Permits, & Inspection Charges	3.0	-	1.0	-	-	-	-	-	
Presidential Primary Reimbursement	-	-	3.7	-	-	-	-	-	
Earnings on Investments	14.0	37.3	26.9	6.5	-	-	-	-	
Other Revenue	4.8	6.4	0.5	-	-	-	-	-	
Subtotal, Other Revenue (Non-Recurring)	\$ 34.8	\$ 49.2	\$ 39.9	\$ 7.3	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	
Total, Other Revenue	\$ 231.2	\$ 248.9	\$ 263.2	\$ 232.5	\$ 217.5	\$ 220.2	\$ 227.3	\$ 226.4	

Non-General Fund Revenues:

City of Detroit - Non-General Fund Revenue Estimates								
\$ in millions								
	FY 2023 Audited Actual	FY 2024 Audited Actual	FY 2025 Pre-Audited Actual	September 2025 Estimates				
				FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Special Revenue and Other Restricted Funds								
BSEED Construction Code Fund	26.7	31.2	32.2	34.2	34.7	35.4	36.1	36.8
Community Development Block Grant	48.7	35.7	32.3	32.3	32.3	32.3	32.3	32.3
CRIO Workforce Development Fund	2.9	1.9	1.0	1.5	1.5	1.6	1.6	1.6
Detroit Public Library	36.9	37.1	37.7	38.8	39.7	41.0	42.3	43.4
DPD Drug Law Enforcement and Forfeiture Fund	0.9	0.1	0.8	0.9	0.9	0.9	0.9	0.9
DPW METRO Fund	3.3	3.2	3.5	3.5	3.5	3.5	3.5	3.5
DPW Solid Waste Management Fund	54.2	50.5	70.4	78.3	76.0	76.9	77.8	78.7
DPW Street Funds	104.8	108.0	107.5	108.2	112.1	114.4	116.8	119.1
Grant Funds	59.3	43.7	49.1	56.5	57.4	58.3	59.2	60.1
PLD Decommissioning Reserve Fund	2.7	3.1	2.6	2.2	2.1	1.9	1.8	1.6
Special Revenue Fund	11.3	14.1	14.8	15.1	14.5	15.6	15.7	16.1
UTGO Debt Service Fund	74.6	76.0	75.7	59.9	53.5	51.5	45.9	45.9
Enterprise Funds (Operating and Grants)								
Coleman A. Young International Airport	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.4
Detroit Department of Transportation	61.2	78.1	74.4	71.0	71.2	71.4	71.5	71.7
Detroit Water and Sewerage Department	517.1	576.1	580.6	724.4	738.9	753.7	768.8	784.2
Total, Recurring Non-General Fund Revenue	\$ 1,004.9	\$ 1,059.1	\$ 1,083.1	\$ 1,227.1	\$ 1,238.5	\$ 1,258.6	\$ 1,274.4	\$ 1,296.3
Non-Recurring Non-General Fund Revenue								
BSEED Construction Code Fund	-	-	7.5	3.0	-	-	-	-
CRIO Workforce Development Fund	-	-	0.1	-	-	-	-	-
Detroit Department of Transportation	40.9	3.2	69.6	3.7	-	-	-	-
Detroit Public Library	-	1.4	4.8	-	-	-	-	-
DPW Street Funds	-	-	3.2	-	-	-	-	-
Grant Funds	-	2.0	1.8	-	-	-	-	-
Special Revenue Fund	4.7	6.2	0.3	-	0.8	-	-	-
Special Revenue and Restricted Funds	4.2	0.9	2.3	0.1	0.1	0.1	0.1	0.1
UTGO Debt Service Fund	2.8	-	-	-	-	-	-	-
Total, Non-Recurring Non-General Fund Revenue	\$ 52.6	\$ 13.7	\$ 89.5	\$ 6.7	\$ 0.9	\$ 0.1	\$ 0.1	\$ 0.1
Total Non-General Fund Revenue	\$ 1,057.5	\$ 1,072.8	\$ 1,172.6	\$ 1,233.8	\$ 1,239.4	\$ 1,258.7	\$ 1,274.5	\$ 1,296.3
Notes:								
* Amounts exclude inter-fund transfers. Actuals include various grant reimbursements and other one-time items not included in forecasts.								
* DWSD estimates include use of bonds and other fund balances not reported in revenue actuals.								
* Solid Waste Fund includes \$10 per year residential fee increase for the next three years, approved by City Council on 2/6/24.								
* BSEED Construction Code Fund has been updated since February 2025 Conference to reflect revenues minus prior year surplus								

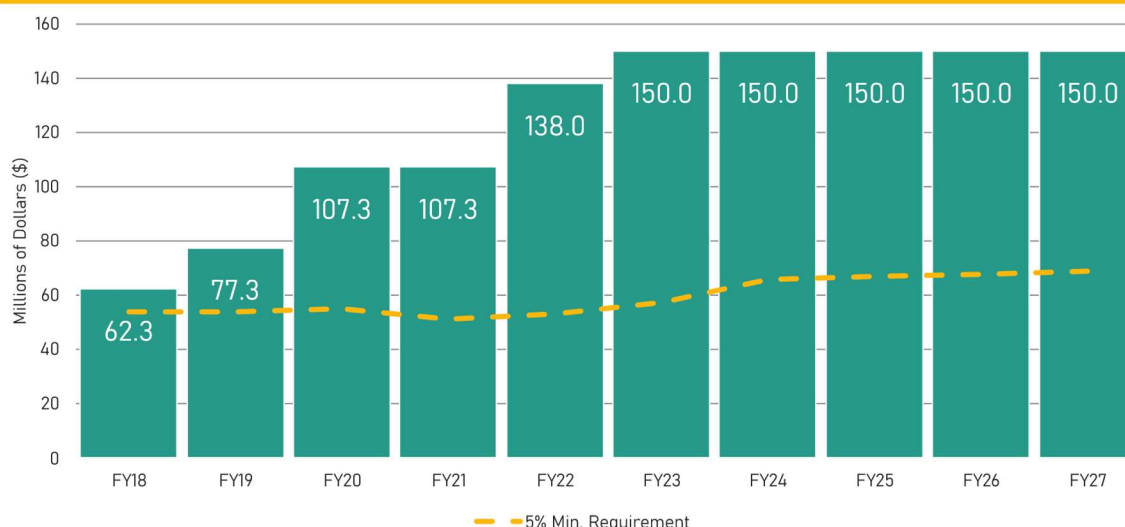
Non-General Fund revenues include enterprise, grants and special revenue funds. These include water and sewer bills, bus fares, solid waste fees, intergovernmental aid for roads and transit, and other restricted revenues. Note that the amounts above exclude General Fund contributions, interfund transfers, and the use of fund balance. The Major Street Fund receives most of its revenue from gas and weight tax distributions from the State. The UTGO Debt Service Fund represents the City's debt millage, which raises property tax revenue sufficient to pay debt service on voter-approved bonds. The Solid Waste Management Fund includes the annual solid waste fee seen on the summer property tax bill, which supports residential curbside garbage collection. This fee will increase by \$10 each year over tax years 2024-2026, totaling \$270 by tax year 2026. The Transportation enterprise fund is for the Detroit Department of Transportation (DDOT). It includes bus fares, State formula aid for bus operations, and transit capital grants. Non-general fund recurring revenues on average are projected to increase by about 1.4% annually between FY 2027 and FY 2030.

Budget Reserve:

State of Michigan Public Act 279 of 1909, Sections 117.4t(1)(b)(vi) and 117.4t(1)(c)(vi), as amended by Public Act 182 of 2014, states the City's annual four-year financial plan shall include and comply with the following requirements:

- Measures to assure adequate reserves for mandated and other essential programs and activities in the event of an overestimation of revenue, an underestimation of expenditures, or both.
- Include a general reserve fund for each fiscal year to cover potential reductions in projected revenues or increases in projected expenditures equal to no less than 5% of the projected expenditures for the fiscal year.

Budget Reserve (“Rainy Day Fund”)



September 2025 Revenue Estimating Conference



OCFO – Office of the Treasury

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As of June 30, 2023, the City's Budget Reserve (or “Rainy Day fund”) totaled \$150.0 million, which exceeded the minimum requirement of 5% of the projected expenditures. No additional allocation was authorized during the FY 2026 budget process leaving the total budget reserve at \$150 million, approximately 11% of expenditures.

Revenue Forecast Risk:

Downside Risks

- Uncertainty and unpredictability of employment and personal income from federal trade and fiscal policy, and corresponding uncertainty on resulting federal monetary policy
- Pace of growth in employment
- Lower state revenue sharing from reduction in state sales tax collections, driven by change in personal income and propensity to spend
- Shift in wagering behavior pattern from historically positive trend

Upside Potential

- Incremental employment from economic development initiatives (e.g., healthcare, research and development, start-up tech, entertainment and sports)
- Larger share of tax derived from income earned (hours of work) within City, driven by above-trend wage growth, more in-person work, and employment job growth
- Increased individual and corporate tax compliance
- Increase in property sales (leading to uncapping) and improvement in market value conditions of residential, commercial, and industrial properties, impact mitigated by Headlee inflation cap
- Passing of legislation authorizing allocation of public safety trust fund

Appendix, Exhibit 1 – FY 2026 General Fund Non-Recurring Detail

FY 2026 Non-recurring Detail

\$ in millions

Major Revenues

Income tax corporate returns	2.0
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Other Revenue

Sale of Assets	0.8
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Earnings on Investments	6.5
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Other Revenues Subtotal	7.3
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Total Non-Recurring Activity	\$ 9.3
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