

February 2026 Revenue Estimating Conference Report



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City of Detroit
February 2026 Revenue Estimating Conference Report

February 13, 2026

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 February 2026 Revenue Estimating Conference (REC) are:

- Tanya Stoudemire, Chief Financial Officer, City of Detroit
- Andrew Lockwood, Manager, Forecasting and Economic Analysis Division, 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 Office 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 2025-2030](#) 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 2026, annual average resident employment will stand nearly 9.5% higher than FY 2021.

The Revenue Conference reported FY 2026 General Fund recurring revenues projected at \$1.421 billion for the current fiscal year ending June 30, 2026. In addition, the City is projecting \$13.2 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 \$1.432 billion. The out-year forecasts for FY 2028 through FY 2030 show continued overall recurring revenue growth of about 2.4% 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

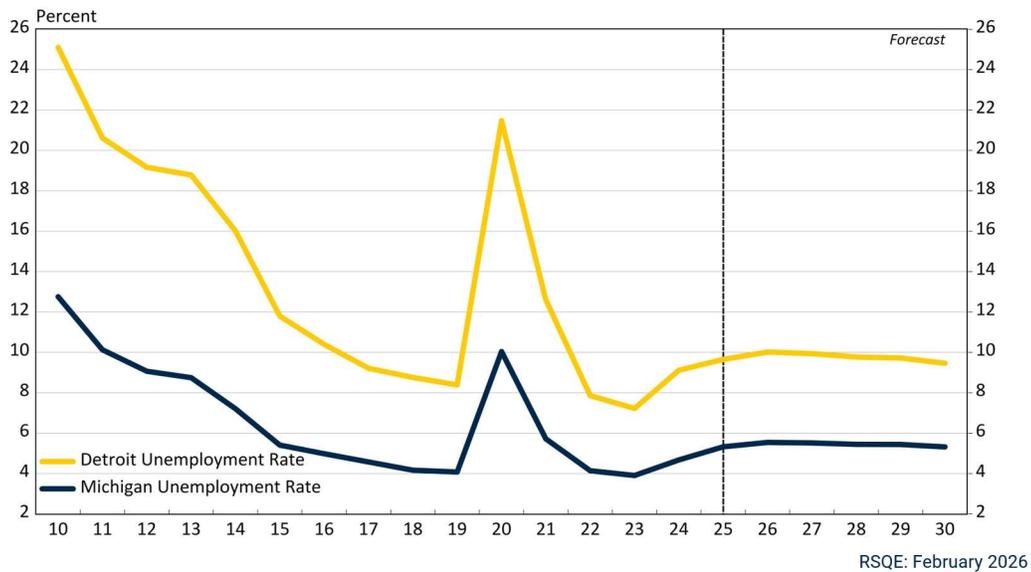
\$ in millions

	FY 2023	FY 2024	FY 2025	February 2026 Estimates				
	Audited Actual	Audited Actual	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>\$ 421.9</u>	<u>\$ 413.6</u>	<u>\$ 423.3</u>	<u>\$ 442.1</u>	<u>\$ 462.7</u>	<u>\$ 483.0</u>
Recurring Base	406.0	428.0	416.9	408.6	421.3	440.1	460.7	481.0
Non-recurring	2.0	6.0	5.0	5.0	2.0	2.0	2.0	2.0
State Revenue Sharing	<u>\$ 224.7</u>	<u>\$ 235.3</u>	<u>\$ 239.7</u>	<u>\$ 238.9</u>	<u>\$ 238.6</u>	<u>\$ 240.9</u>	<u>\$ 244.0</u>	<u>\$ 248.7</u>
Recurring Base	223.2	227.5	239.7	238.9	238.6	240.9	244.0	248.7
Non-recurring	1.5	7.8	-	-	-	-	-	-
Wagering Tax	<u>\$ 255.8</u>	<u>\$ 258.8</u>	<u>\$ 306.4</u>	<u>\$ 329.9</u>	<u>\$ 331.5</u>	<u>\$ 333.6</u>	<u>\$ 335.4</u>	<u>\$ 337.2</u>
Recurring Base	255.8	258.8	306.4	329.9	331.5	333.6	335.4	337.2
Non-recurring	-	-	-	-	-	-	-	-
Property Tax	<u>\$ 140.0</u>	<u>\$ 142.3</u>	<u>\$ 163.0</u>	<u>\$ 172.3</u>	<u>\$ 177.8</u>	<u>\$ 184.1</u>	<u>\$ 190.5</u>	<u>\$ 199.3</u>
Recurring Base	140.0	150.5	163.0	172.3	177.8	184.1	190.5	199.3
Non-recurring	-	(8.2)	-	-	-	-	-	-
Utility Users Tax	<u>\$ 41.1</u>	<u>\$ 36.4</u>	<u>\$ 39.3</u>	<u>\$ 41.0</u>	<u>\$ 41.6</u>	<u>\$ 42.1</u>	<u>\$ 42.7</u>	<u>\$ 43.2</u>
Recurring Base	41.1	36.4	39.3	41.0	41.6	42.1	42.7	43.2
Non-recurring	0.0	-	-	-	-	-	-	-
Subtotal, Major Taxes	<u>\$ 1,069.6</u>	<u>\$ 1,106.9</u>	<u>\$ 1,170.3</u>	<u>\$ 1,195.8</u>	<u>\$ 1,212.8</u>	<u>\$ 1,242.9</u>	<u>\$ 1,275.2</u>	<u>\$ 1,311.3</u>
Major Taxes, Recurring	1,066.1	1,101.3	1,165.3	1,190.8	1,210.8	1,240.9	1,273.2	1,309.3
Major Taxes, Non-Recurring	3.5	5.6	5.0	5.0	2.0	2.0	2.0	2.0
Other Revenues	<u>\$ 231.2</u>	<u>\$ 248.9</u>	<u>\$ 259.6</u>	<u>\$ 238.8</u>	<u>\$ 222.1</u>	<u>\$ 225.1</u>	<u>\$ 232.3</u>	<u>\$ 229.0</u>
Recurring	196.4	199.7	216.7	230.6	221.3	224.3	226.9	228.1
Non-recurring	34.8	49.2	42.9	8.2	0.8	0.8	5.3	0.8
Total, General Fund	<u>\$ 1,300.8</u>	<u>\$ 1,355.8</u>	<u>\$ 1,429.9</u>	<u>\$ 1,434.6</u>	<u>\$ 1,434.9</u>	<u>\$ 1,468.0</u>	<u>\$ 1,507.5</u>	<u>\$ 1,540.3</u>
General Fund, Recurring	1,262.5	1,301.0	1,382.0	1,421.4	1,432.1	1,465.2	1,500.1	1,537.5
General Fund, Non-Recurring	38.4	54.8	47.9	13.2	2.8	2.8	7.3	2.8

Economic Conditions

The most recent [City of Detroit forecast](#) published by RSQE reported that “on an annual basis, Detroit’s unemployment rate improved steadily from the peak of the pandemic through 2023, falling from 21.5 percent in 2020 to 7.2 percent in 2023. That progress reversed in 2024, as the city’s jobless rate rose to 9.1 percent. By 2030, Detroit’s jobless rate is expected to fall to 9.5 percent, or 1.1 percentage points above its 2019 level.”

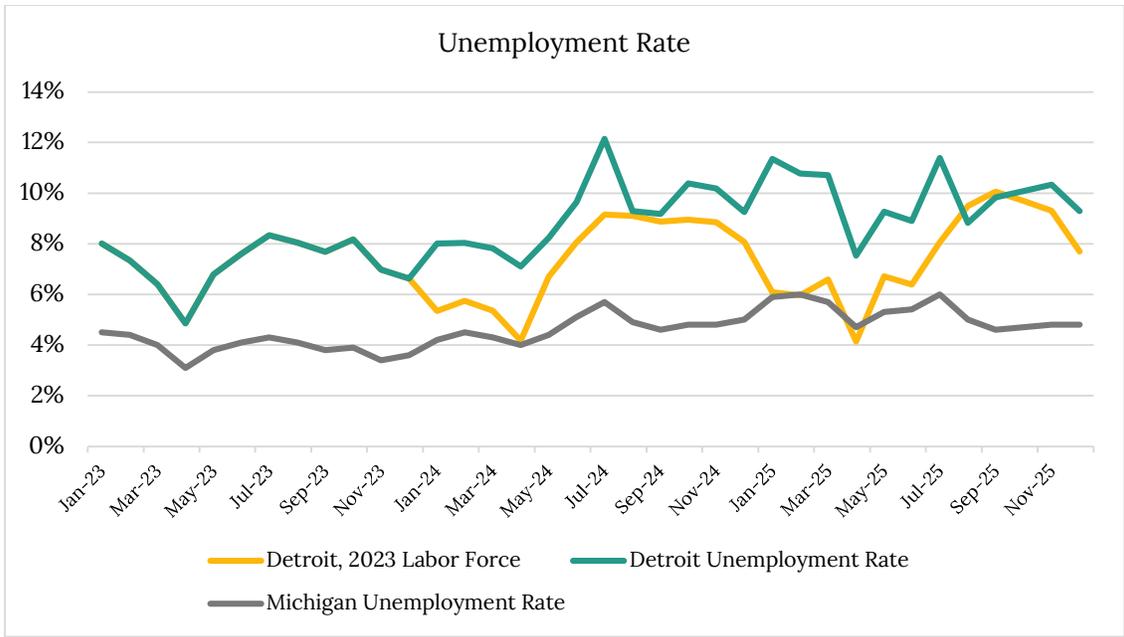
Annual Unemployment Rates, City of Detroit and Michigan



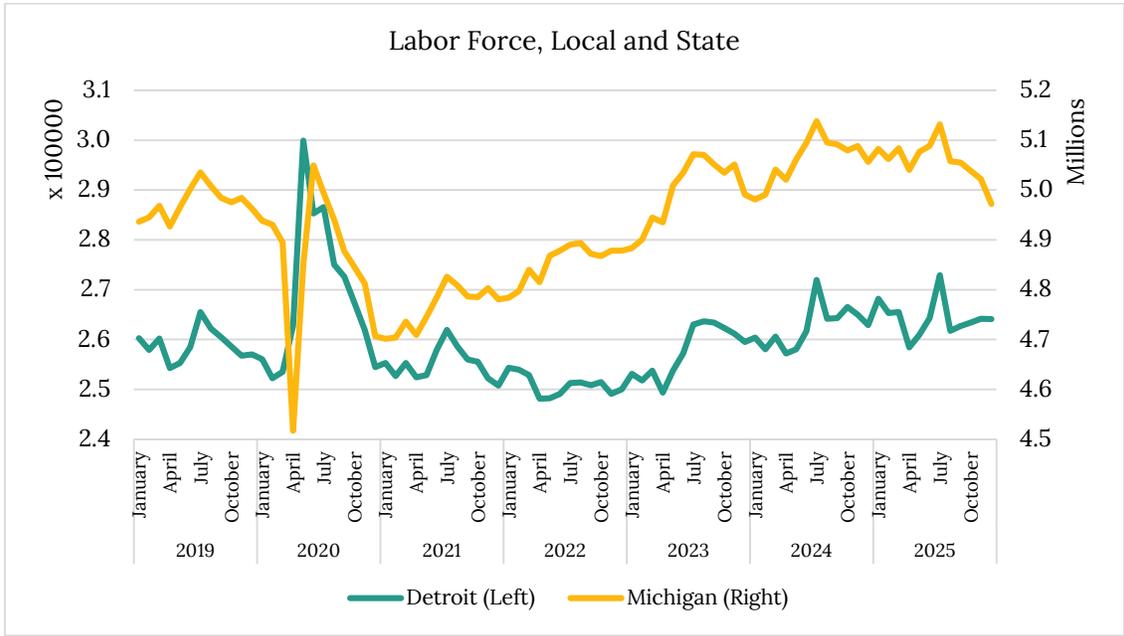
Source: University of Michigan, Research Seminar in Quantitative Economics, City of Detroit Economic Outlook for 2025–2030

While Detroit’s resident unemployment rate has been rising, it is important to note that the increase is due to the resident labor force is growing faster than employment. During the February 2026 REC, it was mentioned that “if [resident] labor force had remained at its 2023 level, then its [2025] unemployment rate would have averaged 7.6%, just 0.4 percentage points higher than in 2023.” This is illustrated in the chart below. The data used in the chart was not seasonally adjusted. A two-month average referencing the surrounding months was used to determine a value for October 2025, which was not available at the time this report was published due to a lapse in federal funding. The Bureau of Labor Statistics has not released official guidance on whether they will methodologically fill in this missing period, but a simple average will work for the purposes of this analysis.

The Michigan unemployment rate is added below for reference. Over the past two years, the state-wide unemployment rate has also been rising. As was mentioned in the February REC, “in 2025, Michigan experienced a declining unemployment rate alongside a shrinking labor force. The state’s unemployment rate fell from 5.5% in April 2025 to 5.1% in September, while its labor force declined by 0.8% over the same time.”



Source: U.S. Bureau of Labor Statistics, not seasonally adjusted



Source: U.S. Bureau of Labor Statistics, not seasonally adjusted

It is difficult to pinpoint a specific reason as to why the resident labor force has been rising in Detroit. This is seen as a positive indicator overall, and could have a few driving factors. To be considered in the labor force, civilians (those who are not on active duty in the Armed Forces) need to be at least 16 years old and employed or available and actively looking for work (have applied to at least one job in the past month). Retirees, full-time students, and individuals in an institution (prisons, nursing homes, or other institutions) or caring for family members (so are not seeking work) are not considered part of the labor force.

The reason it is difficult to find out why Detroit's labor force has been rising is that each month, any of the following changes can occur: college graduates can enter the labor force (if they weren't working while in school), residents can turn 16 years old and start working, or residents over 16 can become interested in looking for work when they weren't previously. It is also difficult to measure how many people are leaving the labor force at a given time. Residents can retire, decide to stay home with children or family members who need special care, or enter active-duty service in the U.S. Armed Forces. The monthly change in the labor force is known; however, these detailed fluctuations are not.

The recent rise in the Detroit resident labor force is not currently being matched by a rise in employment. The national labor market can give some clues as to why this is happening. There are often differences in the Detroit labor market versus the national labor market, but it is still useful to explore the national conditions. National metrics indicate that uncertainty regarding macroeconomic conditions is causing companies to slow both hiring and layoffs. Again, this could look different in specific local industries, but largely this is the prevailing pattern. An [article](#) from The Workplace Advisors explains that "the U.S. workforce is shrinking as Baby Boomers retire, and we're not adding enough new workers to replace them. Immigration hasn't filled the gap, and younger generations are smaller. The result is a labor market where openings persist, but hiring and quitting have both slowed dramatically." We know from [this report](#) from RSQE that Detroit has a higher younger generation than the state and country, so while this explains the national environment well, it may not explain the local conditions for Detroit.

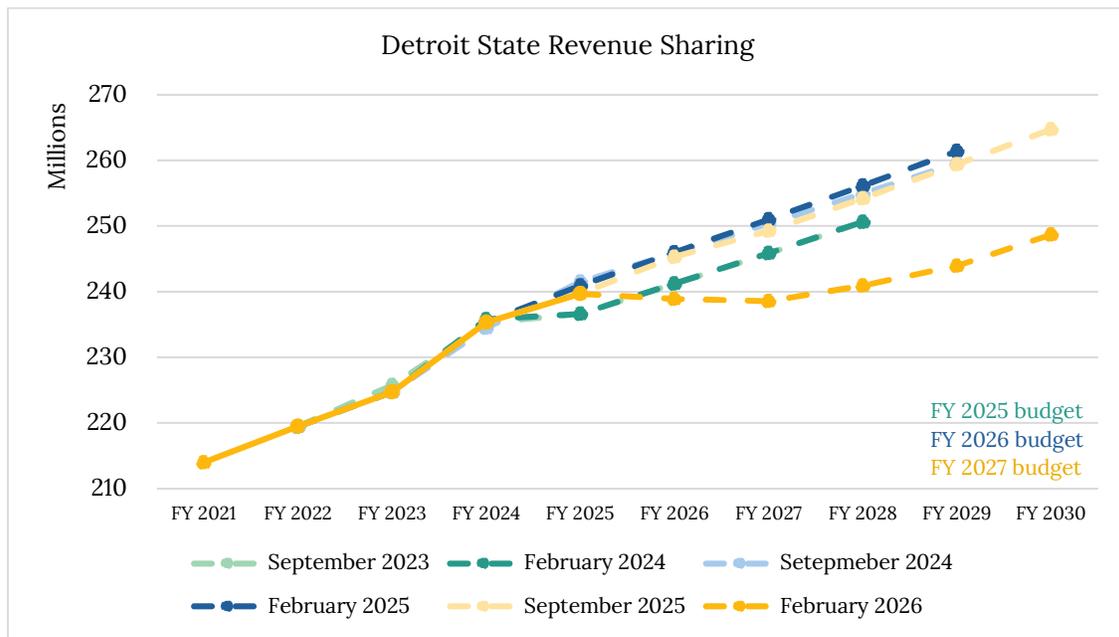
Theoretically in Detroit, slow employment growth is the result of companies being hesitant to make staff changes, so jobs are not readily available for young graduates entering the job market. High labor force growth is being observed from young people entering the labor force while factors causing individuals to leave are becoming less popular. For example, the recently observed high inflationary environment could be producing incentive for family members to stay working to be able to afford rising costs. This could look different for different families, people could be retiring later or returning to work after childbirth when they would stay home if not for the higher costs. The increase in flexible work arrangements such as remote work could also be contributing to these household decisions and higher labor force potential. All things considered, there could be many reasons why the Detroit labor force is growing faster than employment. This topic would benefit from additional research and better data analysis.

Economic Risks

Unfortunately, as with many areas across the country, the State of Michigan's most recent budget was under pressure from the federal budget bill passed in July 2025, which shifted some of the costs to fund programs like SNAP to the state level. The State of Michigan decided to take on the funding responsibility to allow these benefits to continue, so they had to find areas to cut cost expectations. This, combined with the decision to remove fuel from state sales tax, lowered expectations for FY 2026 state revenue sharing (SRS) distributions. This was the primary risk for the City of Detroit's general fund revenues in the February 2026 REC.

In their January 2026 Consensus Revenue Estimating Conference (CREC), the State of Michigan published revenue sharing estimates for FY 2026 that were level with FY 2025 distributions. Prior to

this posting, statutory revenue sharing, which made up about 71% of Detroit’s total SRS in FY 2025, was expected to increase by about 2%. At the time of the State’s May 2025 CREC, state revenue sharing for FY 2026 for the City was expected to be \$249.4 million. As calendar year 2025 progressed, that was brought down to \$245.3 million, which was the FY 2026 estimate for Detroit’s September 2025 REC. There was a possibility that this could decline further, knowing that the federal cuts were coming, however the Detroit REC procedure in general is to publish what is available at the time of the conference. After the decision from the State to keep FY 2026 distributions even with FY 2025 was finalized, the City’s February 2026 REC estimates were updated accordingly and settled at \$238.9 million for FY 2026. The chart below shows how the forecast for Detroit’s state revenue sharing has developed over the past few years. The most recent forecast, shown in orange, reflects the estimates that contributed to the City’s FY 2027 budget.



Source: City of Detroit Revenue Estimating Conference

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	-0.5%	0.3%	0.7%	0.7%	0.4%
	Payroll Employment Growth ¹	0.1%	0.4%	0.8%	0.7%	0.5%
	Resident Wage Growth ²	3.7%	3.8%	4.9%	4.8%	4.4%
	Payroll Wage Growth ²	3.5%	3.2%	3.2%	3.3%	3.2%
	Corporate Income Growth	-34.8%	-9.6%	9.8%	13.8%	12.7%
	Partnership Income Growth	0.0%	0.0%	1.0%	1.0%	1.0%
Property Tax	U.S. Consumer Price Index for All Urban Consumers (U.S. CPI-U) ³	3.1%	2.7%	2.5%	2.5%	2.5%
State Revenue Sharing	State Sales Tax Forecast	-1.2%	-0.5%	1.0%	1.9%	1.9%
	City/State Population Ratio ⁴	6.4%	6.4%	6.4%	6.4%	6.4%
	Statutory Revenue Sharing Growth Rate ⁵	0.0%	0.0%	1.0%	1.0%	2.0%
Wagering Tax	Onsite Adjusted Gross Receipt (AGR) Growth	-0.3%	0.0%	0.0%	0.0%	0.0%
	Internet AGR Growth Rate	16.6%	1.0%	1.0%	1.0%	1.0%
Utility Users	Net UUT Growth Rate	4.3%	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
5. FY 26 and FY 27 estimates are posted on the State of Michigan's [Revenue Sharing](#) page

Current Year General Fund Revenue Estimates

As shown in the summary table on page 2, the FY 2026 recurring General Fund revenue is projected to be \$1,421.4 million. Fiscal year 2027 is projected to grow by 0.8% to \$1,432.1 million. The updated FY 2027 recurring revenue estimates have been increased by \$8.7 million since the September 2025 REC. The upside is primarily driven by increases in internet gaming activity. On the contrary, FY 2026 state revenue sharing was decreased by \$6.4 million since the September 2025 REC. This comes from changes made to the State of Michigan's budgeted payments to local municipalities.

Non-recurring revenues of \$13.2 million are projected to be received in FY 2026. These revenues include \$6.5 million from one-time investment activity and \$5.0 million from one-time income tax payments. In FY 2027, non-recurring revenues are expected to be \$2.8 million.

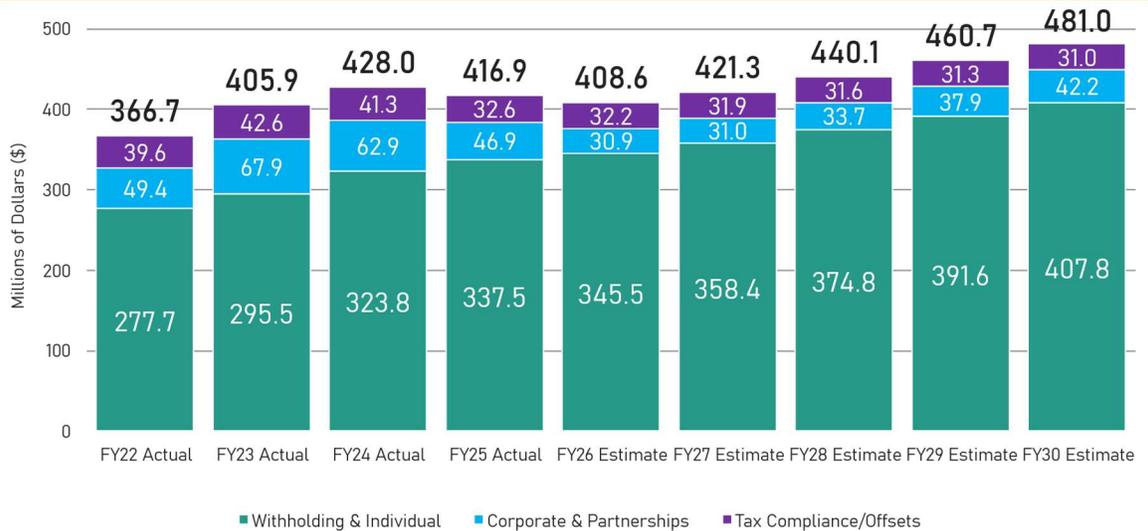
Summary of Major Taxes

General Fund major revenues in FY 2026 are projected to be \$1,195.8 million, \$5.0 million of which is non-recurring. Recurring major revenue in FY 2026 is projected to be 2.2% 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								
<i>\$ in millions</i>								
	FY 2023	FY 2024	FY 2025	February 2026 Estimates				
	Audited Actual	Audited Actual	Audited Actual	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Major Taxes								
Income Tax	\$ 408.1	\$ 434.1	\$ 421.9	\$ 413.6	\$ 423.3	\$ 442.1	\$ 462.7	\$ 483.0
Withholding	331.7	359.1	371.9	384.6	398.9	417.3	436.3	454.6
Individual Returns	26.6	24.2	30.3	26.6	27.6	28.8	30.0	31.3
Corporate	58.9	55.4	41.0	25.0	25.1	27.8	31.9	36.2
Partnership	9.0	7.5	5.9	5.9	5.9	5.9	6.0	6.0
Tax Compliance/Offsets	42.6	41.3	32.6	32.2	31.9	31.6	31.3	31.0
Total Refunds	(62.7)	(59.5)	(64.8)	(65.7)	(68.1)	(71.3)	(74.8)	(78.1)
Non-Recurring	2.0	6.0	5.0	5.0	2.0	2.0	2.0	2.0
State Revenue Sharing	\$ 224.7	\$ 235.3	\$ 239.7	\$ 238.9	\$ 238.6	\$ 240.9	\$ 244.0	\$ 248.7
Statutory	154.5	157.5	170.9	170.9	170.9	172.6	174.4	177.8
Constitutional	68.7	70.0	68.8	68.0	67.6	68.3	69.6	70.9
Non-Recurring	1.5	7.8	-	-	-	-	-	-
Wagering Tax	\$ 255.8	\$ 258.8	\$ 306.4	\$ 329.9	\$ 331.5	\$ 333.6	\$ 335.4	\$ 337.2
Retail Gaming	137.6	133.3	139.5	138.2	138.2	138.2	138.2	138.2
Internet Gaming	77.2	86.1	115.3	132.5	133.8	135.2	136.5	137.9
Retail Sports Betting	0.6	0.6	0.4	0.7	0.7	0.7	0.7	0.7
Internet Sports Betting	4.8	3.9	5.0	6.4	6.4	6.5	6.6	6.6
Percentage Payment - Retail	19.1	17.8	18.9	18.9	18.9	18.9	18.9	18.9
Percentage Payment - Internet	16.4	17.1	27.2	33.3	33.4	34.2	34.5	34.8
Non-Recurring	-	-	-	-	-	-	-	-
Property Tax	\$ 140.0	\$ 142.3	\$ 163.0	\$ 172.3	\$ 177.8	\$ 184.1	\$ 190.5	\$ 199.3
Gross Current	119.1	129.8	138.3	145.5	150.8	156.4	161.8	169.5
TIF Distributions	(18.2)	(18.8)	(18.7)	(20.1)	(20.6)	(21.2)	(21.7)	(22.2)
Delinquent	34.9	34.5	37.3	40.1	40.7	41.6	43.0	44.5
Special Acts	4.2	5.0	6.1	6.8	7.0	7.2	7.4	7.5
Non-Recurring	-	(8.2)	-	-	-	-	-	-
Net Utility Users Tax	\$ 41.1	\$ 36.4	\$ 39.3	\$ 41.0	\$ 41.6	\$ 42.1	\$ 42.7	\$ 43.2
Utility Users Tax	53.6	48.9	51.8	53.5	54.1	54.6	55.2	55.7
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	\$ 1,170.3	\$ 1,195.8	\$ 1,212.8	\$ 1,242.9	\$ 1,275.2	\$ 1,311.3
Major Taxes, Recurring	1,066.1	1,101.3	1,165.3	1,190.8	1,210.8	1,240.9	1,273.2	1,309.3
Major Taxes, Non-Recurring	3.5	5.6	5.0	5.0	2.0	2.0	2.0	2.0

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. 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., healthcare, manufacturing, construction, leisure and hospitality).

The primary drivers behind income tax revenue are resident employment levels, nonresident employment levels, and wages. The current year employment estimates are tied to observed local area employment data, and employment growth rates for each employment industry 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 for recurring income tax revenue represents a 2.0% decrease compared to FY 2025 audited actuals driven by lower corporate income tax activity.

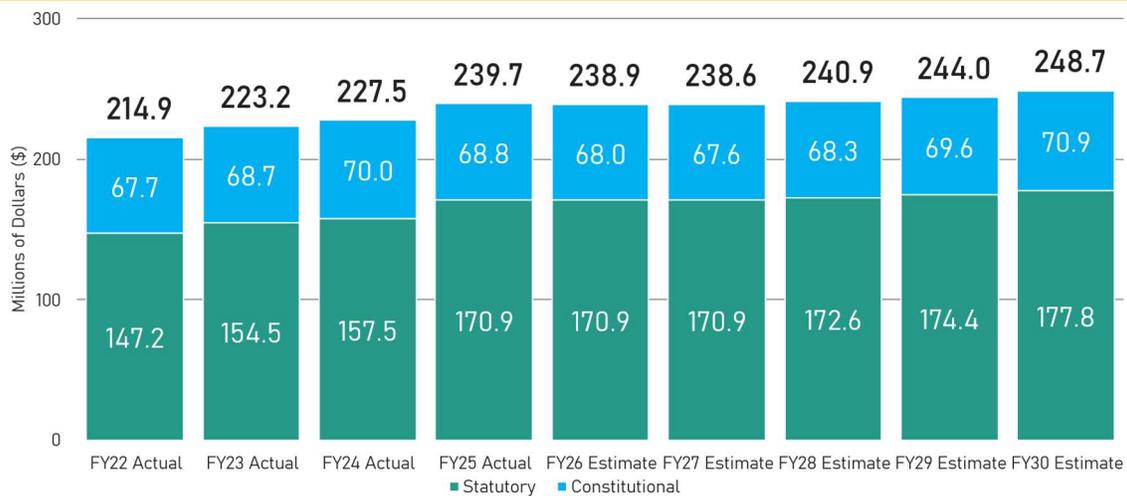
In FY 2021, City Treasury began a large-scale tax compliance program in partnership with the State of Michigan to collect income taxes owed to the City not otherwise collected from withholding or individual tax payments. The majority of collection on these prior year income taxes come from income tax refund offsets, where a refund owed to a taxpayer from federal and/or state income taxes is used to pay income taxes owed to the City. The tax compliance program collected \$201.9 million from FY 2021 to FY 2025, with another \$64.1 million forecasted to be collected over FY 2026 and 2027. During the forecast period, it is estimated that collections will decrease at a 1% rate each year, as the base of delinquency tax continues to fall.

This forecast revised each of the forecasted years (FY 2026-2030) up from the September 2025 REC. Withholding was raised by \$3.0 million for FY 2026 based on higher payroll wages and year-to-date collections. Income tax refunds finished lower than expected in FY 2025, and were lowered by about \$4.7 million from the September 2025 estimate for FY 2026. Corporate income tax for FY 2026 was

adjusted upward by \$2.7 million, a cautious change based on year-to-date collections and the FY 2025 audited total. Another reason for the cautious optimism has to do with changes affecting the automotive sector. Namely fewer tariff announcements, and an offset tariff rebate which was extended through 2030 is appearing to allow this sector, an important one for Detroit corporate tax revenues, to stabilize and seek growth. Total recurring income tax revenue for FY 2026 was increased by just over \$1 million from the September 2025 REC. The income tax forecast does not include potential upside on current year taxes from development projects that have not started yet. 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.

There are two types of revenue sharing payments that come from the State: 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. Part of the statutory revenue sharing payment has an underlying formula distribution. For the past several years, the majority of statutory allocations have 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 January 2026 Consensus Revenue Estimating Conference. Based on the State’s reported sales tax, there was a 1.2% decrease between FY 2025 and FY 2026 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 \$67.6 million, a 0.5% decrease from the amount estimated for FY 2026.

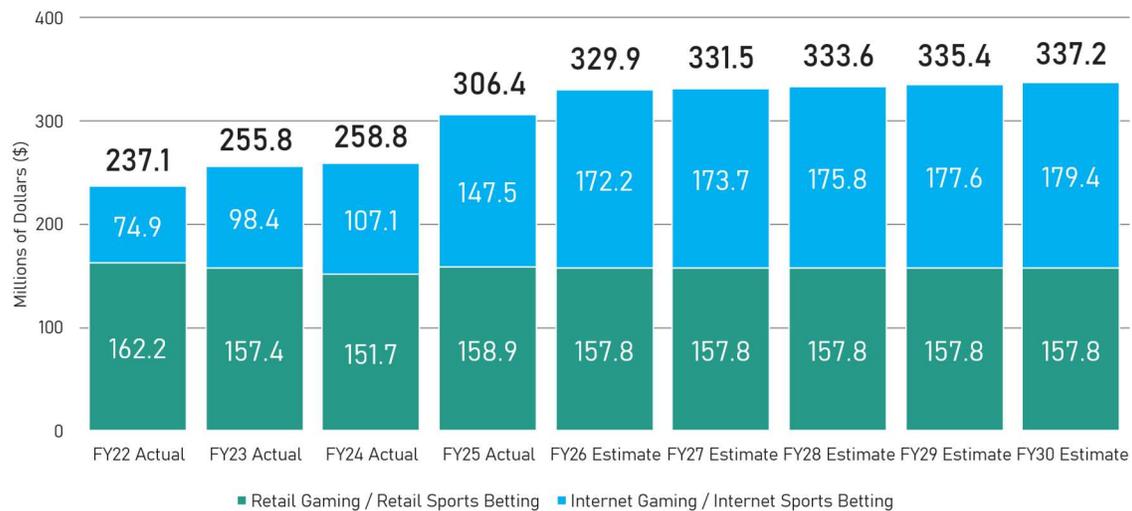
The forecast uses the reported 2020 Census results to estimate Detroit’s share of constitutional revenue sharing. Under state law, the City was also subject to recoupment in FY 2022 for the difference in the reported 2020 Census versus the 2010 Census, going back to FY 2021. Instead of the recoupment 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 is not expected to change from the recurring total for FY 2025 (\$170.9 million). FY 2027 recurring statutory revenue sharing is projected to be \$170.9 million, and an average 1.3% growth rate is forecasted for fiscal years 2028–2030. Total recurring state revenue sharing for FY 2027 is expected to be \$238.6 million and grow by about 1% each year after.

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. 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 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.

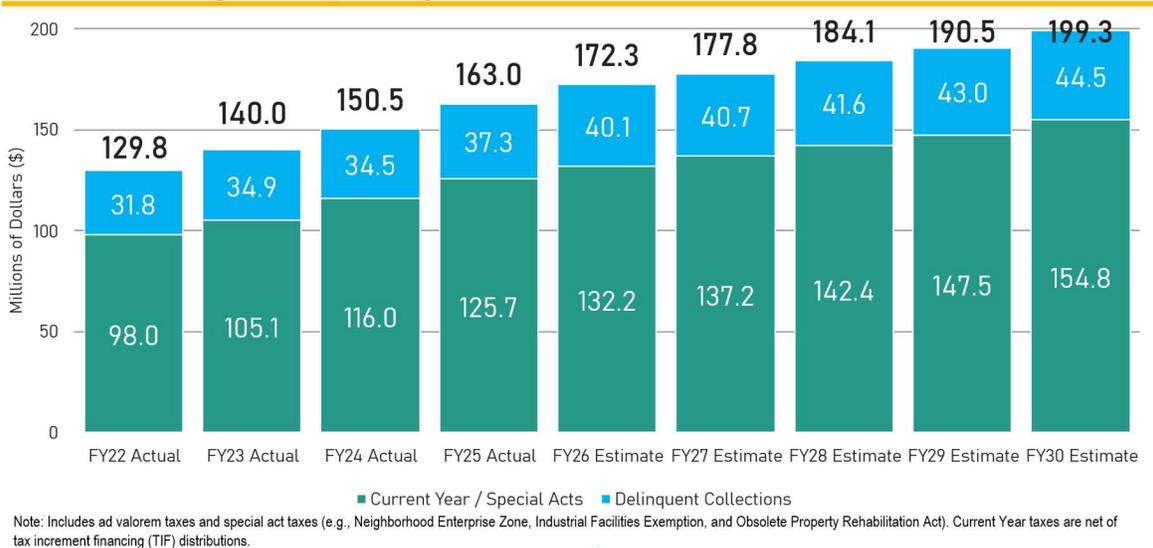
- a) For adjusted gross receipts less than \$4,000,000, a tax of 20%.
- b) For adjusted gross receipts of \$4,000,000 or more but less than \$8,000,000, a tax of 22%.
- c) For adjusted gross receipts of \$8,000,000 or more but less than \$10,000,000, a tax of 24%.
- d) For adjusted gross receipts of \$10,000,000 or more but less than \$12,000,000, a tax of 26%.
- e) 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 November 2025. 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 0.5% between FY 2027 and FY 2030. It is estimated that the City will collect \$331.5 million in recurring wagering tax revenue in FY 2027.

Property Tax

Recurring 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

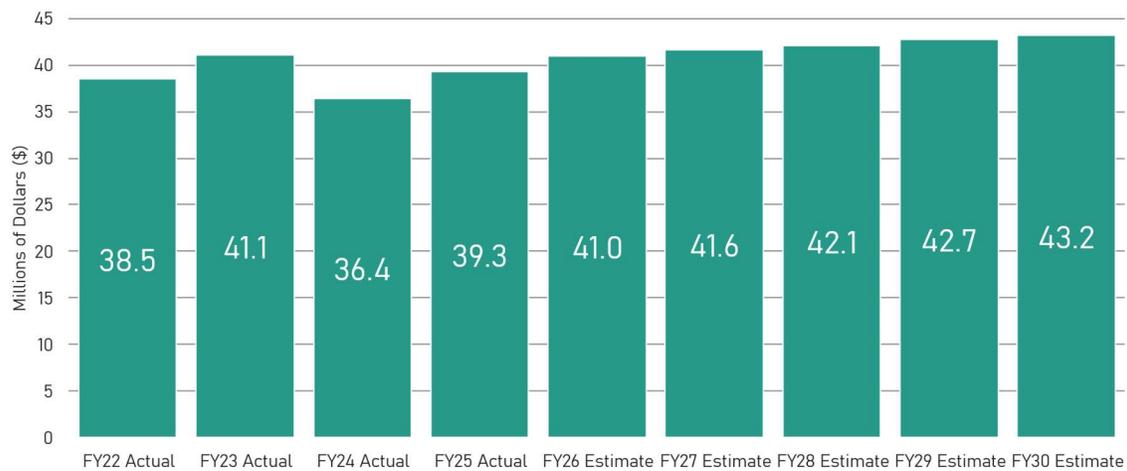
(TIF) distributions. The amounts include ad valorem property tax revenue and Special Act property tax revenues from Neighborhood Enterprise Zones, Industrial Facilities Tax, and Obsolete Property Rehabilitation Act parcels.

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 calculated inflation cap is 3.07% for FY 2026, that inflation rate slowing to 2.70% in FY 2027, and projected to stabilize at 2.50% in fiscal years 2028-2030 as inflationary pressures wane.

The FY 2025 collection rate of 84% is held constant throughout the forecast period. Property tax collections are on par from a collection rate standpoint, and ahead of last year (FY 2025) dollar-for-dollar. 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 delinquent revenue applicable to FY 2025 was higher than expected, leading to an upward revision of the forecast. In FY 2027, recurring property tax is estimated to be \$177.8 million, including \$40.7 million for delinquent collections. Recurring property tax grows at an average rate of approximately 4.0% 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



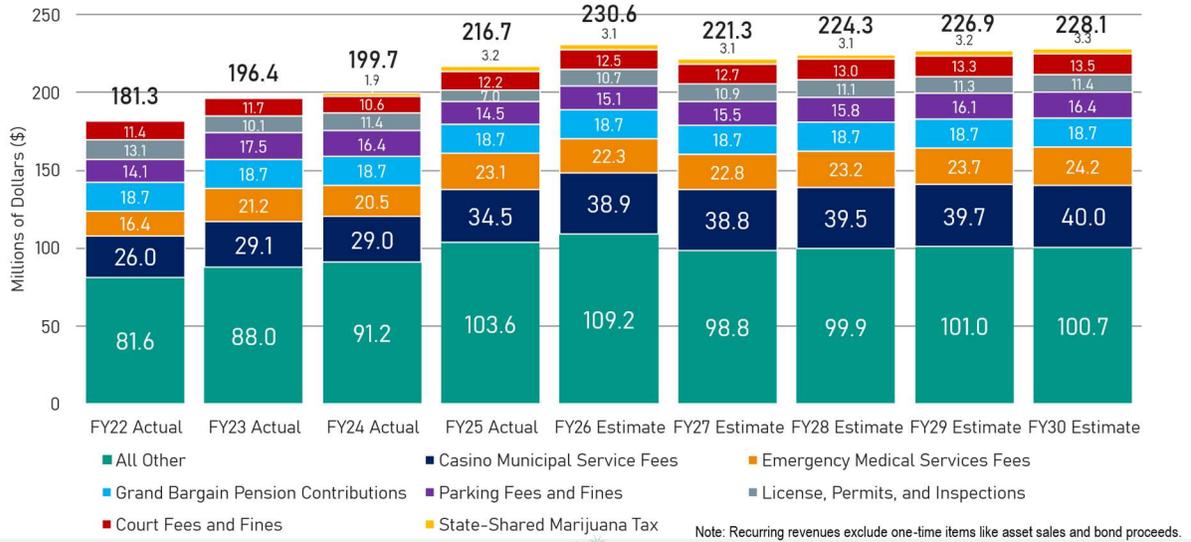
Note: Utility Users Tax for the General Fund is net of annual \$12.5M dedicated to Public Lighting Authority debt service.

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. The FY 2025 audited actual revenue came in slightly lower than projected in September 2025. Year-to-date revenues for FY 2026 have come in higher than expected, so forecasted

revenues in FY 2027-2030 were revised down by about \$1 million. Recurring net utility users' tax revenues are estimated to be \$41.0 million by the end of FY 2026, growing 1.3% to be about \$41.6 million by the end of FY 2027. There is upside potential for this revenue if prices of electricity and gas continue to 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 total revenue grew by 8.5% from the FY 2024 total, driven by the municipal service fee from casinos. FY 2026 estimates are anticipated to grow by 6.4% over the FY 2025 total. The aggregate estimates are expected to grow by 1% annually between FY 2028 and 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	FY 2024	FY 2025	February 2026 Estimates				
	Audited Actual	Audited Actual	Audited Actual	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Other Revenue (Recurring)								
Municipal Service Fee-Casino	29.1	29.0	34.5	38.9	38.8	39.5	39.7	40.0
State-Shared Marijuana Excise Tax	-	1.9	3.2	3.1	3.1	3.1	3.2	3.3
Emergency Medical Services Fees	21.2	20.5	23.1	22.3	22.8	23.2	23.7	24.2
Direct and Indirect Cost Recoveries for Inter-Agency Billings	27.2	24.0	32.2	38.4	39.2	39.9	40.7	39.8
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	14.5	15.1	15.5	15.8	16.1	16.4
Licenses, Permits, & Inspection Charges	10.1	11.4	7.0	10.7	10.9	11.1	11.3	11.4
Court Fees and Fines	11.7	10.6	12.2	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	32.4	32.0	32.4	32.7	33.0	33.4
Non-Major Taxes, Assessments & Interest	6.9	6.5	6.4	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	12.5	12.7	12.5	12.3	12.2	12.1
Subtotal, Other Revenue (Recurring)	\$ 196.4	\$ 199.7	216.7	\$ 230.6	\$ 221.3	\$ 224.3	\$ 226.9	\$ 228.1
Other Revenue (Non-Recurring)								
Sale of Assets	7.5	3.3	4.4	1.2	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	5.9	-	-	-	-	-
Other Fines, Forfeits, & Penalties	1.8	-	-	-	-	-	-	-
Licenses, Permits, & Inspection Charges	3.0	-	1.0	-	-	-	-	-
Presidential Primary Reimbursement	-	-	3.7	-	-	-	4.5	-
Earnings on Investments	14.0	37.3	26.9	6.5	-	-	-	-
Other Revenue	4.8	6.4	1.1	0.5	-	-	-	-
Subtotal, Other Revenue (Non-Recurring)	\$ 34.8	\$ 49.2	42.9	\$ 8.2	\$ 0.8	\$ 0.8	\$ 5.3	\$ 0.8
Total, Other Revenue	\$ 231.2	\$ 248.9	259.6	\$ 238.8	\$ 222.1	\$ 225.1	\$ 232.3	\$ 229.0

Non-General Fund Revenues

City of Detroit - Non-General Fund Revenue Estimates									
\$ in millions									
	FY 2023	FY 2024	FY 2025	February 2026 Estimates					
	Audited Actual	Audited Actual	Audited Actual	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	
Special Revenue and Other Restricted Funds									
BSEED Construction Code Fund	26.7	31.2	32.6	33.2	33.9	34.1	34.8	35.5	
Community Development Block Grant	48.7	35.7	37.2	30.7	30.7	30.7	30.7	30.7	
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	40.7	44.4	45.4	46.7	48.2	49.7	
DPD Drug Law Enforcement and Forfeiture Fund	0.9	0.1	0.5	0.5	0.6	0.6	0.6	0.6	
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	51.4	54.6	56.8	56.8	56.8	56.8	
DPW Street Funds	104.8	108.0	83.4	106.2	123.5	126.0	128.6	131.2	
Grant Funds	59.3	43.7	63.8	54.4	55.1	56.0	56.9	57.8	
PLD Decommissioning Reserve Fund	2.7	3.1	2.1	2.4	2.4	2.4	2.4	2.4	
Special Revenue and Restricted Funds	-	-	0.1	0.1	0.1	0.1	0.1	0.1	
Special Revenue Fund	11.3	14.1	14.3	13.1	13.3	13.6	13.8	14.1	
UTGO Debt Service Fund	74.6	76.0	75.2	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	84.9	79.2	89.7	89.9	90.1	90.3	
Detroit Water and Sewerage Department	517.1	576.1	589.9	618.2	700.4	663.7	689.8	708.7	
Total, Recurring Non-General Fund Revenue	\$ 1,004.9	\$ 1,059.1	\$ 1,081.1	\$ 1,102.3	\$ 1,210.7	\$ 1,177.5	\$ 1,204.0	\$ 1,229.1	
Non-Recurring Non-General Fund Revenue									
BSEED Construction Code Fund	-	-	7.5	2.0	-	-	-	-	
CRIO Workforce Development Fund	-	-	0.1	-	-	-	-	-	
Detroit Department of Transportation	40.9	3.2	69.7	0.2	-	-	-	-	
Detroit Public Library	-	1.4	5.3	-	-	-	-	-	
DPW Solid Waste Management Fund	-	-	-	6.7	-	-	-	-	
DPW Street Funds	-	-	3.2	-	-	-	-	-	
Grant Funds	-	2.0	1.9	-	-	-	-	-	
Special Revenue Fund	4.7	6.2	3.0	1.5	-	-	-	-	
Special Revenue and Restricted Funds	4.2	0.9	6.1	1.3	-	-	-	-	
FY 2026 Public Safety Grant	-	-	-	10.6	-	-	-	-	
UTGO Debt Service Fund	2.8	-	1.7	-	-	-	-	-	
Total, Non-Recurring Non-General Fund Revenue	\$ 52.6	\$ 13.7	\$ 98.5	\$ 22.3	\$ -	\$ -	\$ -	\$ -	
Total Non-General Fund Revenue	\$ 1,057.5	\$ 1,072.8	\$ 1,179.6	\$ 1,124.6	\$ 1,210.7	\$ 1,177.5	\$ 1,204.0	\$ 1,229.1	

Notes:

* Solid Waste Fund includes \$10 per year residential fee increase for the next three years, approved by City Council on 2/6/24.

* DWSD forecast amounts have been updated since the revenue conference on February 13, 2026.

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. 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 0.5% 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”)



As of June 30, 2025, 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 to employment and personal income from federal trade and fiscal policy
- Pace of growth in employment
- Lower state revenue sharing from reduction in state sales tax collections
- Shift in wagering behavior pattern from historically positive trend

