

# September 2026 Revenue Estimating Conference Report

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**City of Detroit**  
**September 2026 Revenue Estimating Conference Report**

September 11, 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 September 2026 Revenue Estimating Conference (REC) 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 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 2027) and the four succeeding fiscal years (FY 2028 through FY 2031). 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 2025-2031](#) 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 projects that by the end of FY 2027, annual average resident employment will stand nearly 10.7% higher than FY 2021.

The Revenue Conference reported General Fund recurring revenues projected at \$1.49 billion for the current fiscal year ending June 30, 2027 (FY 2027). In addition, the City is projecting \$10.9 million in non-recurring revenues for FY 2027, primarily from income tax payments.

General Fund recurring revenues for FY 2028, beginning July 1, 2027, are now forecasted at \$1.518 billion. The out-year forecasts for FY 2029 through FY 2031 show continued overall recurring revenue growth of about 1.9% 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 2024<br>Audited<br>Actual | FY 2025<br>Audited<br>Actual | FY 2026<br>Projected<br>Actual | September 2026 Estimates |                   |                   |                   |                   |
|                                                            |                              |                              |                                | FY 2027                  | FY 2028           | FY 2029           | FY 2030           | FY 2031           |
| <b>Major Taxes</b>                                         |                              |                              |                                |                          |                   |                   |                   |                   |
| <b>Income Tax</b>                                          | <b>\$ 434.1</b>              | <b>\$ 421.9</b>              | <b>\$ 437.0</b>                | <b>\$ 451.1</b>          | <b>\$ 457.6</b>   | <b>\$ 473.3</b>   | <b>\$ 489.0</b>   | <b>\$ 505.7</b>   |
| Recurring Base                                             | 428.0                        | 416.9                        | 432.0                          | 441.3                    | 455.6             | 471.3             | 487.0             | 503.7             |
| Non-recurring                                              | 6.0                          | 5.0                          | 5.0                            | 9.7                      | 2.0               | 2.0               | 2.0               | 2.0               |
| <b>State Revenue Sharing</b>                               | <b>\$ 235.3</b>              | <b>\$ 239.7</b>              | <b>\$ 237.3</b>                | <b>\$ 235.2</b>          | <b>\$ 238.1</b>   | <b>\$ 240.5</b>   | <b>\$ 244.6</b>   | <b>\$ 248.7</b>   |
| Recurring Base                                             | 227.5                        | 239.7                        | 237.3                          | 235.2                    | 238.1             | 240.5             | 244.6             | 248.7             |
| Non-recurring                                              | 7.8                          | -                            | -                              | -                        | -                 | -                 | -                 | -                 |
| <b>Wagering Tax</b>                                        | <b>\$ 258.8</b>              | <b>\$ 306.4</b>              | <b>\$ 338.7</b>                | <b>\$ 340.1</b>          | <b>\$ 342.0</b>   | <b>\$ 343.9</b>   | <b>\$ 345.8</b>   | <b>\$ 347.7</b>   |
| Recurring Base                                             | 258.8                        | 306.4                        | 338.7                          | 340.1                    | 342.0             | 343.9             | 345.8             | 347.7             |
| Non-recurring                                              | -                            | -                            | -                              | -                        | -                 | -                 | -                 | -                 |
| <b>Property Tax</b>                                        | <b>\$ 142.3</b>              | <b>\$ 163.0</b>              | <b>\$ 176.6</b>                | <b>\$ 186.2</b>          | <b>\$ 191.4</b>   | <b>\$ 195.0</b>   | <b>\$ 200.8</b>   | <b>\$ 205.4</b>   |
| Recurring Base                                             | 150.5                        | 163.0                        | 176.6                          | 186.2                    | 191.4             | 195.0             | 200.8             | 205.4             |
| Non-recurring                                              | (8.2)                        | -                            | -                              | -                        | -                 | -                 | -                 | -                 |
| <b>Utility Users Tax</b>                                   | <b>\$ 36.4</b>               | <b>\$ 39.3</b>               | <b>\$ 42.9</b>                 | <b>\$ 43.4</b>           | <b>\$ 44.0</b>    | <b>\$ 44.6</b>    | <b>\$ 45.1</b>    | <b>\$ 45.7</b>    |
| Recurring Base                                             | 36.4                         | 39.3                         | 42.9                           | 43.4                     | 44.0              | 44.6              | 45.1              | 45.7              |
| Non-recurring                                              | -                            | -                            | -                              | -                        | -                 | -                 | -                 | -                 |
| <b>Subtotal, Major Taxes</b>                               | <b>\$ 1,106.9</b>            | <b>\$ 1,170.3</b>            | <b>\$ 1,232.5</b>              | <b>\$ 1,256.0</b>        | <b>\$ 1,273.2</b> | <b>\$ 1,297.3</b> | <b>\$ 1,325.3</b> | <b>\$ 1,353.3</b> |
| Major Taxes, Recurring                                     | 1,101.3                      | 1,165.3                      | 1,227.5                        | 1,246.3                  | 1,271.2           | 1,295.3           | 1,323.3           | 1,351.3           |
| Major Taxes, Non-Recurring                                 | 5.6                          | 5.0                          | 5.0                            | 9.7                      | 2.0               | 2.0               | 2.0               | 2.0               |
| <b>Other Revenues</b>                                      | <b>\$ 248.9</b>              | <b>\$ 257.7</b>              | <b>\$ 250.5</b>                | <b>\$ 245.2</b>          | <b>\$ 247.6</b>   | <b>\$ 253.8</b>   | <b>\$ 253.1</b>   | <b>\$ 255.5</b>   |
| Recurring                                                  | 199.7                        | 215.3                        | 230.0                          | 244.0                    | 246.6             | 249.3             | 252.0             | 254.5             |
| Non-recurring                                              | 49.2                         | 42.5                         | 20.5                           | 1.2                      | 1.0               | 4.5               | 1.0               | 1.0               |
| <b>Total, General Fund</b>                                 | <b>\$ 1,355.8</b>            | <b>\$ 1,428.0</b>            | <b>\$ 1,483.0</b>              | <b>\$ 1,501.2</b>        | <b>\$ 1,520.8</b> | <b>\$ 1,551.1</b> | <b>\$ 1,578.3</b> | <b>\$ 1,608.7</b> |
| General Fund, Recurring                                    | 1,301.0                      | 1,380.6                      | 1,457.5                        | 1,490.3                  | 1,517.8           | 1,544.6           | 1,575.3           | 1,605.7           |
| General Fund, Non-Recurring                                | 54.8                         | 47.5                         | 25.5                           | 10.9                     | 3.0               | 6.5               | 3.0               | 3.0               |

## Economic Conditions

The most recent [City of Detroit forecast](#) published by RSQE reported that “we expect employment growth to resume as the automotive sector adjusts and a more supportive policy environment strengthens the Detroit Three's market position. Payroll employment is projected to grow an average

of 0.4 percent annually from 2027 through 2031, while resident employment edges up by 0.1 percent per year. Meanwhile, the annual average unemployment rate is forecast to peak at 10.7 percent next year before declining to 9.9 percent by 2031.” Strong wage growth is forecasted, RSQE wrote that “we forecast average annual wage growth of 3.3 percent per year for Detroit payroll jobs and 4.2 percent annually for employed Detroit residents from 2026 through 2031.”

For the City’s latest withholding forecast, approximately 73% of the expected growth between FY 2026 and FY 2027 can be attributed to resident wage growth. About another 16% is projected to be from non-resident wage growth. This illustrates the wage and employment patterns reflected in the RSQE report. Note that FY 2026 is not final, so these figures are subject to change until the Annual Comprehensive Financial Report (ACFR) is published later this year.

### **Economic Risks**

At present, a number of risks, rather than one above the others, could affect the City’s revenue forecast and Detroit residents in the near future. The United States-Mexico-Canada Agreement (USMCA) negotiations have begun but are slow to progress. Additionally, new tariffs have been introduced which makes for a challenging and tense environment for future USMCA discussions. The Federal Open Market Committee (FOMC) raised its interest rate for the first time since 2023 which increases borrowing costs. Additionally, the average consumer is likely feeling high cost pressures, a slowdown in their ability to contribute to savings, or both. Michigan residents in particular have recently seen higher gas prices at the pump due to a power outage in the supply chain ([Reuters](#)).

### **USMCA Negotiations Stalled**

- General Motors assembles nearly 20% of its models in Mexico and sources cross-border components extensively to meet the 75% regional content rules under the USMCA. Similarly, Ford assembles 13% of its models in Mexico and 13% in Canada ([Boise State](#)).
- The U.S. and Mexico are accelerating negotiations toward an interim trade agreement, with both sides hoping to reach a deal before the November 3, 2026 U.S. midterm elections. U.S.-Canada negotiations have stopped in the wake of the current trade war ([Reuters](#)).

### **FOMC Rate Change Decision**

- The Federal Open Market Committee voted to increase its key interest rate by a quarter percentage point, or 25 basis points. The move brought the overnight funds rate to a target range of 3.75%-4% ([CNBC](#)).
- While the recent change benefits those who hold liquid High Yield Savings Accounts (HYSA), auto loan costs will likely rise as a result. With everyday costs at an all-time high, this has the potential to lower the demand for vehicle purchases, or at least postpone the decision to make a subjectively significant purchase or open a new line of credit.
- While the amount of monthly light vehicle sales has increased as of August 2026, the pace of annual growth has been slowing since 2024.

### **Tariff- and Energy Cost-Related Concerns**

- Detroit-Warren-Dearborn energy annual inflation, measured by CPI-U, has averaged about 14% in the first half of calendar year 2026. July and August were 19.4% and 20.4% respectively.

- The University of Michigan's survey of consumers published that the August 2026 index of consumer sentiment was 51.7, down 6% from the previous month and 11% lower than August 2025. Many have been citing gasoline and tariff concerns since April 2026 ([Survey](#)).
- The City will need to continue monitoring these concerns to analyze if tariff and material-cost pressures will eventually become large enough to reduce production, investment or employment or if automakers will be able to absorb or pass on the costs without a major reduction in profitability.

## Summary of Economic Drivers

| <u>Major Revenue</u>             | <u>Economic Input</u>                                                          | <u>FY 2027</u> | <u>FY 2028</u> | <u>FY 2029</u> | <u>FY 2030</u> | <u>FY 2031</u> |
|----------------------------------|--------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Municipal<br/>Income Tax</b>  | Resident Employment Growth <sup>1</sup>                                        | 0.5%           | 0.0%           | 0.2%           | 0.1%           | 0.2%           |
|                                  | Payroll Employment Growth <sup>1</sup>                                         | 0.3%           | 0.5%           | 0.5%           | 0.3%           | 0.5%           |
|                                  | Resident Wage Growth <sup>2</sup>                                              | 4.7%           | 4.0%           | 4.4%           | 4.2%           | 4.2%           |
|                                  | Payroll Wage Growth <sup>2</sup>                                               | 2.4%           | 3.5%           | 3.5%           | 3.4%           | 3.3%           |
|                                  | Corporate Income Growth                                                        | 1.1%           | 2.1%           | 2.1%           | 2.1%           | 2.1%           |
|                                  | Partnership Income Growth                                                      | 1.1%           | 2.1%           | 2.1%           | 2.1%           | 2.1%           |
| <b>Property Tax</b>              | U.S. Consumer Price Index for All Urban Consumers<br>(U.S. CPI-U) <sup>3</sup> | 2.7%           | 2.5%           | 2.5%           | 2.5%           | 2.5%           |
| <b>State Revenue<br/>Sharing</b> | State Sales Tax Forecast                                                       | -3.2%          | 2.0%           | 1.0%           | 1.0%           | 1.0%           |
|                                  | City/State Population Ratio <sup>4</sup>                                       | 6.4%           | 6.4%           | 6.4%           | 6.4%           | 6.4%           |
|                                  | Statutory Revenue Sharing Growth Rate <sup>5</sup>                             | 0.0%           | 1.0%           | 1.0%           | 2.0%           | 2.0%           |
| <b>Wagering Tax</b>              | Onsite Adjusted Gross Receipt (AGR) Growth Rate                                | -0.8%          | 0.0%           | 0.0%           | 0.0%           | 0.0%           |
|                                  | Internet AGR Growth Rate                                                       | 1.0%           | 1.0%           | 1.0%           | 1.0%           | 1.0%           |
| <b>Utility Users</b>             | 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
5. 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 2027 recurring General Fund revenue is projected to be \$1,490.3 million. Fiscal year 2028 is projected to grow by 1.8% to \$1,517.8 million. The updated FY 2028 recurring revenue estimates have been increased by \$52.6 million since the February 2026 REC. The upside is primarily driven by increases in internet gaming activity and revised expectations for corporate income tax. On the contrary, FY 2028 state revenue sharing was decreased by \$2.8 million since the February 2026 REC. This comes from changes made to the State of Michigan's budgeted removal of gasoline from state sales tax.

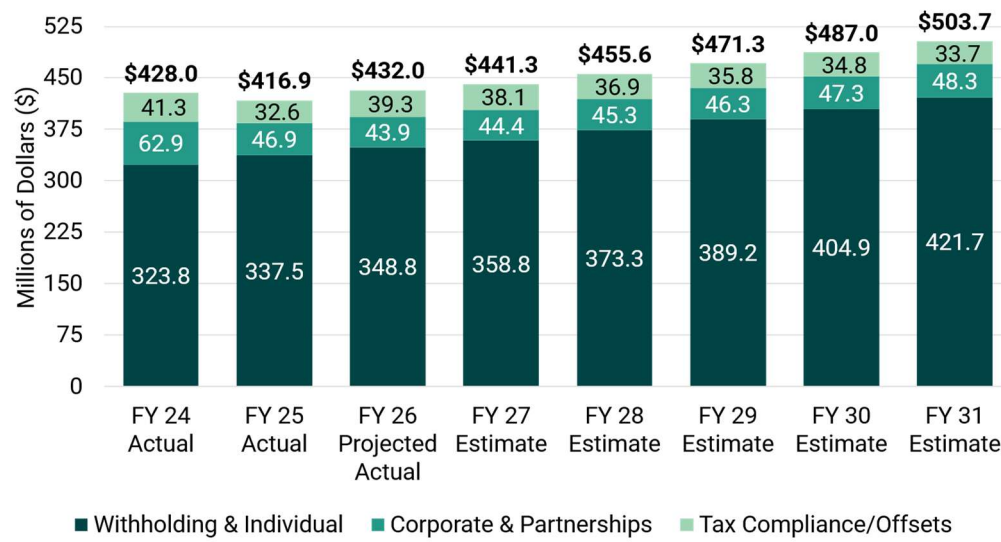
Non-recurring revenues of \$3 million are projected to be received in FY 2028. These revenues include \$1 million from sale of assets and \$2.0 million from one-time income tax payments.

## Summary of Major Taxes

General Fund major revenues in FY 2028 are projected to be \$1273.2 million, \$2.0 million of which is non-recurring. Recurring major revenue in FY 2028 is projected to be 2.0% higher than FY 2027. The forecasts for FY 2029-2031 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 2024<br>Audited<br>Actual | FY 2025<br>Audited<br>Actual | FY 2026<br>Projected<br>Actual | September 2026 Estimates |                   |                   |                   |                   |
|                                                                 |                              |                              |                                | FY 2027                  | FY 2028           | FY 2029           | FY 2030           | FY 2031           |
| <b>Major Taxes</b>                                              |                              |                              |                                |                          |                   |                   |                   |                   |
| <b>Income Tax</b>                                               | <b>\$ 434.1</b>              | <b>\$ 421.9</b>              | <b>\$ 437.0</b>                | <b>\$ 451.1</b>          | <b>\$ 457.6</b>   | <b>\$ 473.3</b>   | <b>\$ 489.0</b>   | <b>\$ 505.7</b>   |
| Withholding                                                     | 359.1                        | 371.9                        | 384.9                          | 396.8                    | 412.9             | 430.5             | 447.9             | 466.4             |
| Individual Returns                                              | 24.2                         | 30.3                         | 30.8                           | 30.8                     | 32.0              | 33.3              | 34.6              | 35.9              |
| Corporate                                                       | 55.4                         | 41.0                         | 38.9                           | 39.3                     | 40.1              | 41.0              | 41.8              | 42.7              |
| Partnership                                                     | 7.5                          | 5.9                          | 5.1                            | 5.1                      | 5.2               | 5.3               | 5.5               | 5.6               |
| Tax Compliance/Offsets                                          | 41.3                         | 32.6                         | 39.3                           | 38.1                     | 36.9              | 35.8              | 34.8              | 33.7              |
| Total Refunds                                                   | (59.5)                       | (64.8)                       | (66.8)                         | (68.8)                   | (71.5)            | (74.5)            | (77.5)            | (80.6)            |
| Non-Recurring                                                   | 6.0                          | 5.0                          | 5.0                            | 9.7                      | 2.0               | 2.0               | 2.0               | 2.0               |
| <b>State Revenue Sharing</b>                                    | <b>\$ 235.3</b>              | <b>\$ 239.7</b>              | <b>\$ 237.3</b>                | <b>\$ 235.2</b>          | <b>\$ 238.1</b>   | <b>\$ 240.5</b>   | <b>\$ 244.6</b>   | <b>\$ 248.7</b>   |
| Statutory                                                       | 157.5                        | 170.9                        | 171.6                          | 171.6                    | 173.3             | 175.0             | 178.5             | 181.9             |
| Constitutional                                                  | 70.0                         | 68.8                         | 65.7                           | 63.6                     | 64.8              | 65.5              | 66.1              | 66.8              |
| Non-Recurring                                                   | 7.8                          | -                            | -                              | -                        | -                 | -                 | -                 | -                 |
| <b>Wagering Tax</b>                                             | <b>\$ 258.8</b>              | <b>\$ 306.4</b>              | <b>\$ 338.7</b>                | <b>\$ 340.1</b>          | <b>\$ 342.0</b>   | <b>\$ 343.9</b>   | <b>\$ 345.8</b>   | <b>\$ 347.7</b>   |
| Retail Gaming                                                   | 133.3                        | 139.5                        | 138.8                          | 137.7                    | 137.7             | 137.7             | 137.7             | 137.7             |
| Internet Gaming                                                 | 86.1                         | 115.3                        | 139.5                          | 140.9                    | 142.4             | 143.8             | 145.3             | 146.7             |
| Retail Sports Betting                                           | 0.6                          | 0.4                          | 0.6                            | 0.6                      | 0.6               | 0.6               | 0.6               | 0.6               |
| Internet Sports Betting                                         | 3.9                          | 5.0                          | 6.5                            | 6.5                      | 6.6               | 6.7               | 6.7               | 6.8               |
| Percentage Payment - Retail                                     | 17.8                         | 18.9                         | 18.9                           | 18.9                     | 18.9              | 18.9              | 18.9              | 18.9              |
| Percentage Payment - Internet                                   | 17.1                         | 27.2                         | 34.4                           | 35.5                     | 35.8              | 36.2              | 36.6              | 36.9              |
| Non-Recurring                                                   | -                            | -                            | -                              | -                        | -                 | -                 | -                 | -                 |
| <b>Property Tax</b>                                             | <b>\$ 142.3</b>              | <b>\$ 163.0</b>              | <b>\$ 176.6</b>                | <b>\$ 186.2</b>          | <b>\$ 191.4</b>   | <b>\$ 195.0</b>   | <b>\$ 200.8</b>   | <b>\$ 205.4</b>   |
| Gross Current                                                   | 129.8                        | 138.3                        | 149.0                          | 157.6                    | 162.6             | 166.4             | 171.5             | 175.7             |
| TIF Distributions                                               | (18.8)                       | (18.7)                       | (21.4)                         | (22.8)                   | (23.4)            | (24.0)            | (24.6)            | (25.2)            |
| Delinquent                                                      | 34.5                         | 37.3                         | 42.3                           | 44.2                     | 44.8              | 45.1              | 46.0              | 47.0              |
| Special Acts                                                    | 5.0                          | 6.1                          | 6.7                            | 7.2                      | 7.4               | 7.6               | 7.8               | 8.0               |
| Non-Recurring                                                   | (8.2)                        | -                            | -                              | -                        | -                 | -                 | -                 | -                 |
| <b>Net Utility Users Tax</b>                                    | <b>\$ 36.4</b>               | <b>\$ 39.3</b>               | <b>\$ 42.9</b>                 | <b>\$ 43.4</b>           | <b>\$ 44.0</b>    | <b>\$ 44.6</b>    | <b>\$ 45.1</b>    | <b>\$ 45.7</b>    |
| Utility Users Tax                                               | 48.9                         | 51.8                         | 55.4                           | 55.9                     | 56.5              | 57.1              | 57.6              | 58.2              |
| To Public Lighting Authority                                    | (12.5)                       | (12.5)                       | (12.5)                         | (12.5)                   | (12.5)            | (12.5)            | (12.5)            | (12.5)            |
| Non-Recurring                                                   | -                            | -                            | -                              | -                        | -                 | -                 | -                 | -                 |
| <b>Total, Major Taxes</b>                                       | <b>\$ 1,106.9</b>            | <b>\$ 1,170.3</b>            | <b>\$ 1,232.5</b>              | <b>\$ 1,256.0</b>        | <b>\$ 1,273.2</b> | <b>\$ 1,297.3</b> | <b>\$ 1,325.3</b> | <b>\$ 1,353.3</b> |
| Major Taxes, Recurring                                          | 1,101.3                      | 1,165.3                      | 1,227.5                        | 1,246.3                  | 1,271.2           | 1,295.3           | 1,323.3           | 1,351.3           |
| Major Taxes, Non-Recurring                                      | 5.6                          | 5.0                          | 5.0                            | 9.7                      | 2.0               | 2.0               | 2.0               | 2.0               |

## Municipal Income Tax - Recurring



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).

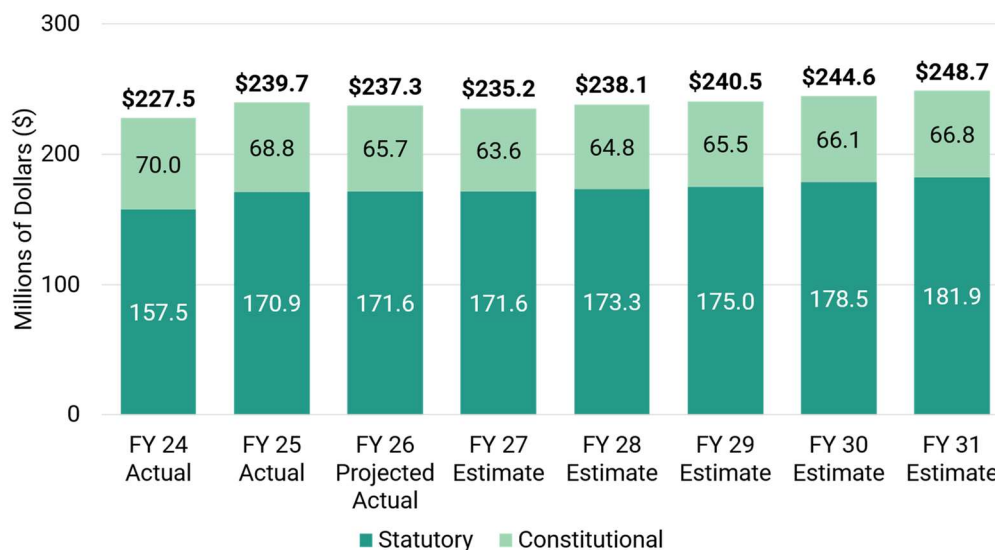
The primary drivers behind income tax revenue are resident employment levels, nonresident employment levels, and wages. The current year employment estimates are tied to observed local area employment data, and employment growth rates for each employment industry are projected independently. Wage growth is projected using observed regional and local wage data and is assumed to be uniform for each employment category. The FY 2028 projection for total recurring income tax revenue represents a 3.2% increase compared to the FY 2027 estimated total.

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 \$77.4 million forecasted to be collected over FY 2026 and 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 each of the forecasted years (FY 2028-2031) from the February 2026 REC. Withholding was lowered by \$4.5 million for FY 2028 based on updated employment and wage growth projections. Corporate income tax for FY 2028 was adjusted upward by \$12.3 million, a change based on year-to-date collections and the FY 2026 projected actual. Another reason for the 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 2028 was increased by about \$15.5 million from the February 2026 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.

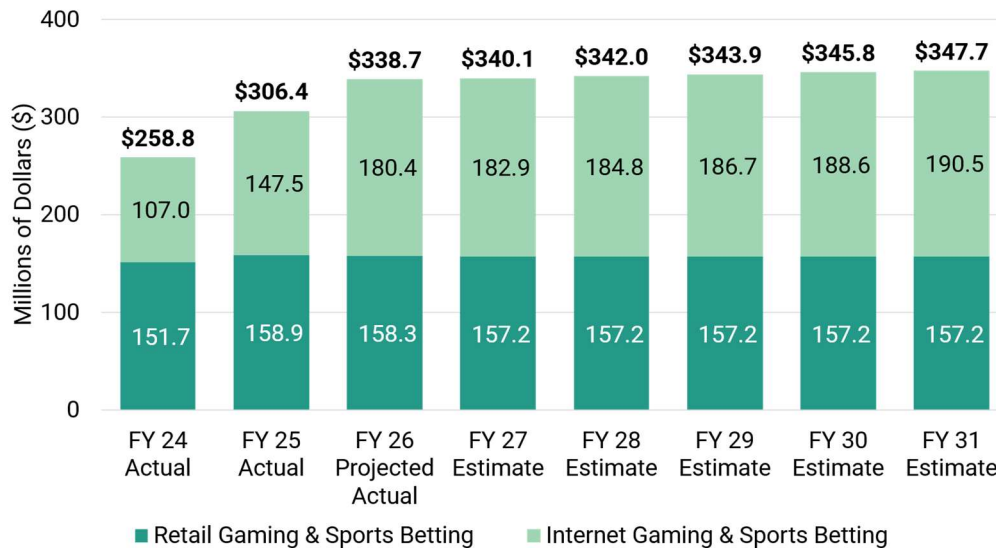
### State Revenue Sharing - Recurring



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 portion based on the State's May 2026 Consensus Revenue Estimating Conference. Based on the State's reported sales tax, there is a 2.0% increase expected between FY 2027 and FY 2028. Recurring constitutional revenue for FY 2028 is an estimated \$64.8 million. The statutory revenue sharing amount for FY 2028 is expected to increase by \$1.7 million from the recurring total for FY 2027 (\$171.6 million). Total recurring state revenue sharing for FY 2028 is expected to be \$231.8 million and grow by about 1.5% each year after.

## Wagering Tax - Recurring



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 AGR in any specific gaming type exceeds \$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.

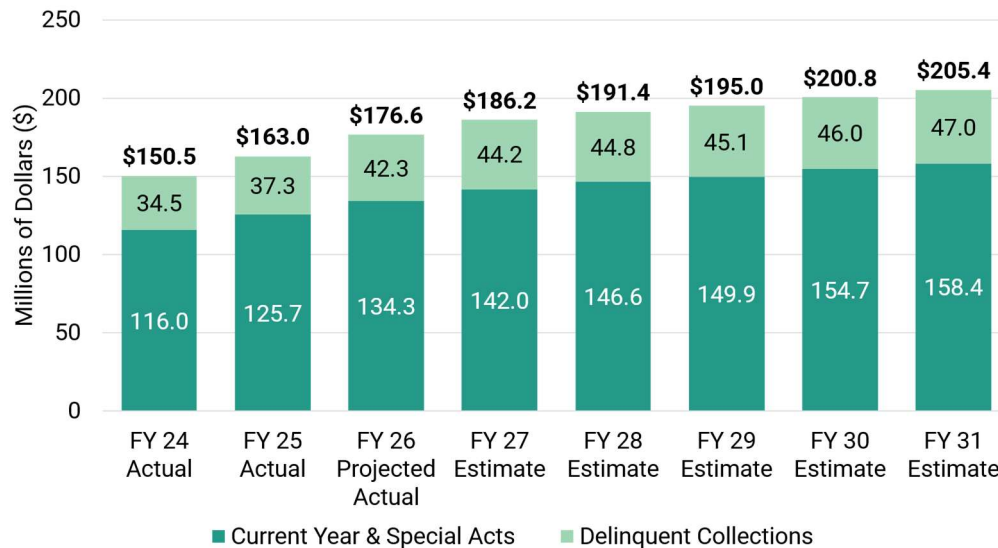
Internet gaming conducted by the Detroit casinos is taxed at a graduated rate on their adjusted gross receipts received each month as outlined below. The City receives 30% of this tax revenue.

- 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 updated activity through June 2026. 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 0.6% between FY 2028 and FY 2031. It is estimated that the City will collect \$342.0 million in recurring wagering tax revenue in FY 2028.

### Property Tax - Recurring



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 2026 base, which is defined as the cap for growth in taxable value under the State constitution (Proposal A). The calculated inflation rate is 2.70% for FY 2027, 2.50% in FY 2028, and is projected to stabilize at 2.50% through FY 2031.

The FY 2026 collection rate of 84% is held constant throughout the forecast period. Through August 2026 (FY 2027 so far), property tax collections are on par from a collection rate standpoint, and ahead of last year (FY 2026) 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. In FY 2028, recurring property tax is estimated to be \$191.4 million, including \$44.8 million for delinquent collections. Recurring property tax grows at an average rate of approximately 2.4% in forecast years FY 2029 through FY 2031. The

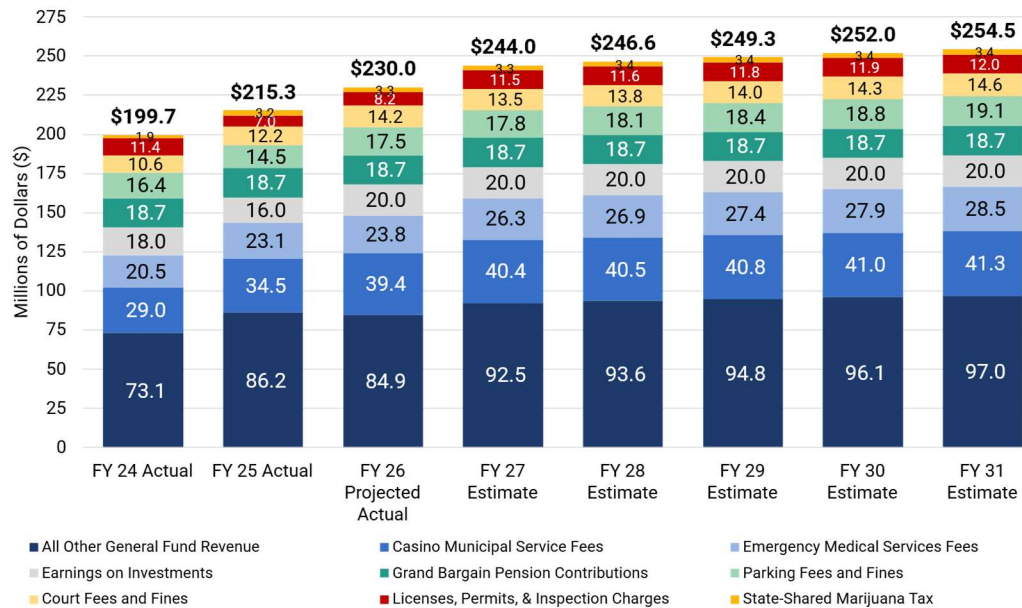
forecast does not include prospective gains from additions to the tax base or the “uncapping” of taxable value.

### Utility Users Tax - Recurring



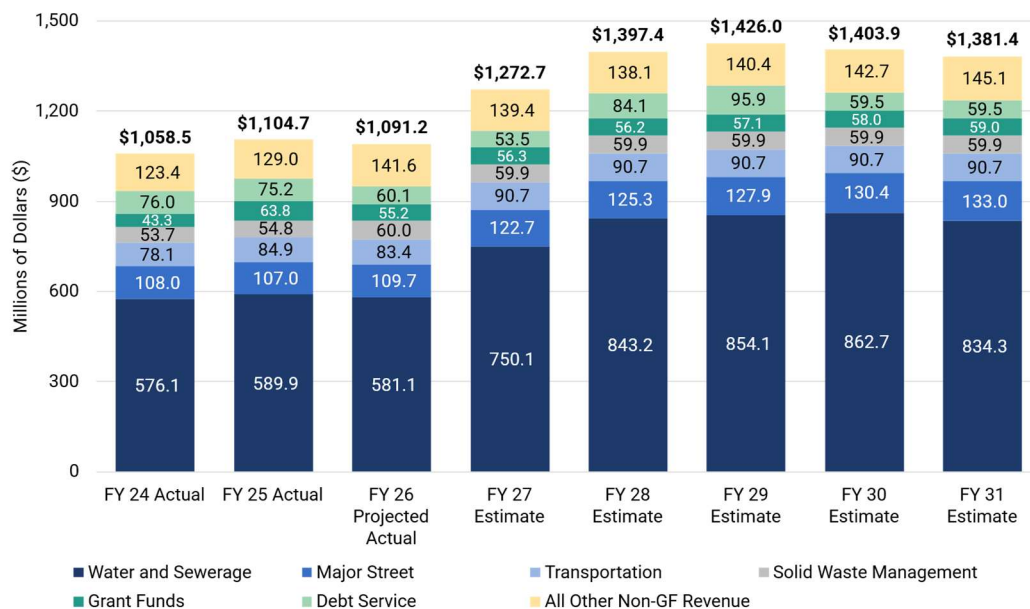
In accordance with the City Utility Users Tax Act (Public Act 100 of 1990, as amended), the City levies a 5% tax on consumption of electricity, gas, steam, and telephone services. The estimated revenues shown in the graph are net of \$12.5 million disbursed annually to the Public Lighting Authority (PLA). Weather conditions have a large effect on how much revenue is received from this tax since it affects demand of utilities. FY 2026 is now projected to finish the year higher than expected in February, so forecasted revenues for FY 2027 through FY 2031 were revised upward by about \$1.9 million. Recurring net utility users' tax revenues are estimated to be \$43.4 million by the end of FY 2027, growing 1.3% to about \$44.0 million by the end of FY 2028. There is downside potential for this revenue if energy prices fall from cooling international tensions in the near future. The future of the tensions is uncertain at this time and will continue to be monitored. The forecasted revenue continues its growth by 1.3% annually from FY 2029 through FY 2031.

## Other Recurring Departmental General Fund Revenue



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 2028 total revenue is projected to grow by 1.0% from the FY 2027 total. The aggregate estimates are expected to grow by about 1% annually between FY 2029 and FY 2031. The forecast above excludes non-recurring items, such as asset sales.

## Non-General Fund Recurring Revenues

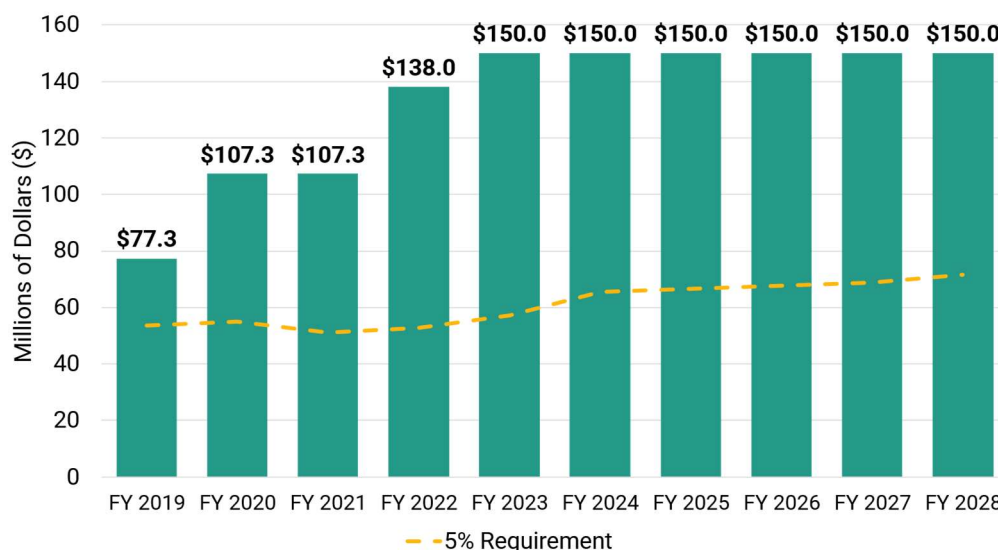


Non-General Fund revenues include enterprise, grants, and special revenue funds. These include water and sewer bills, bus fares, solid waste fees, intergovernmental aid for roads and transit, and other restricted revenues. The Major Street Fund receives most of its revenue from gas and weight tax distributions from the State. The 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. Detroit Department of Transportation (DDOT) 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 2.2% annually between FY 2028 and FY 2031.

## 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.



As of June 30, 2026, 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 2027 budget process leaving the total budget reserve at \$150 million, approximately 10% of expenditures.

## Revenue Forecast Risk

### Downside Risks:

- Uncertain affects to employment and personal income from federal trade and fiscal policy
- Lower state revenue sharing from reduction in state sales tax collections or state budget restrictions
- Energy prices decline as global geopolitical tensions ease

### Upside Potential:

- Continued growth at the casinos; the most recent data shows optimistic activity
- Increased value of residential and commercial properties in the city
- More positive outlook for employment growth
- State sales tax beats expectations

## Appendix, Exhibit 1 – FY 2028 General Fund Non-Recurring Detail

### FY 2028 Non-Recurring Detail

*\$ in millions*

#### Major Revenues

|                              |     |
|------------------------------|-----|
| Income tax corporate returns | 2.0 |
|------------------------------|-----|

#### Other Revenue

|                |     |
|----------------|-----|
| Sale of Assets | 1.0 |
|----------------|-----|

|                                     |               |
|-------------------------------------|---------------|
| <b>Total Non-Recurring Activity</b> | <b>\$ 3.0</b> |
|-------------------------------------|---------------|