

REVENUE ESTIMATING CONFERENCE

City Council Update

Proposed Revenue Estimates for Fiscal Years 2025 through 2029

September 9, 2024

detroitmi.gov/budget



TAKE PART
Opportunity Rising

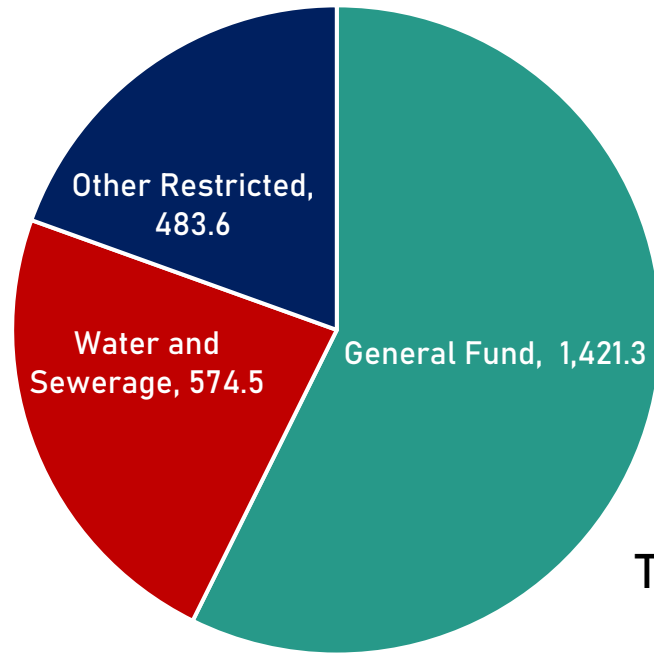


Overview

- Section 117.4t(1)(d) of the Home Rule City Act, as amended by PA 182 of 2014, states the City of Detroit shall hold independent revenue estimating conferences in September and February each year to establish its official economic forecast and forecast of anticipated City revenues
- Revenue estimates must be approved by consensus among the voting conference principals:
 - **Jay B. Rising:** Chief Financial Officer, City of Detroit
 - **Eric Bussis:** Chief Economist and Director, Office of Revenue and Tax Analysis, Michigan Department of Treasury (State Treasurer's designee)
 - **George A. Fulton, PhD:** Director Emeritus, Research Professor Emeritus, Research Seminar In Quantitative Economics (RSQE), Department of Economics, University of Michigan
- The estimates include the current fiscal year (FY 2025) and the next four years (FY 2026-FY 2029).
- The revenue estimates approved today set the amount available for the City budget.

FY 2026 Revenue Summary, All Funds

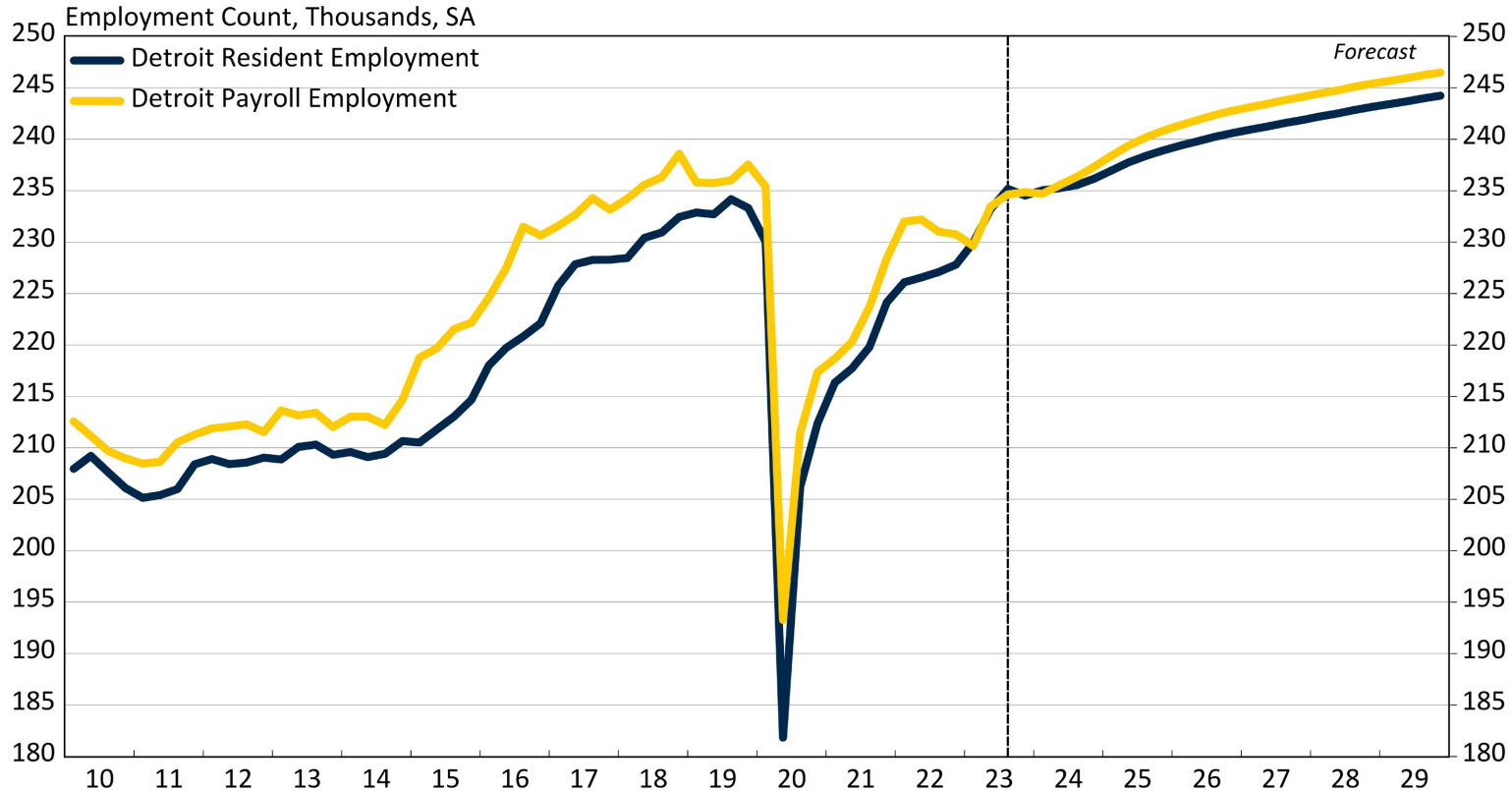
Millions of Dollars (\$)



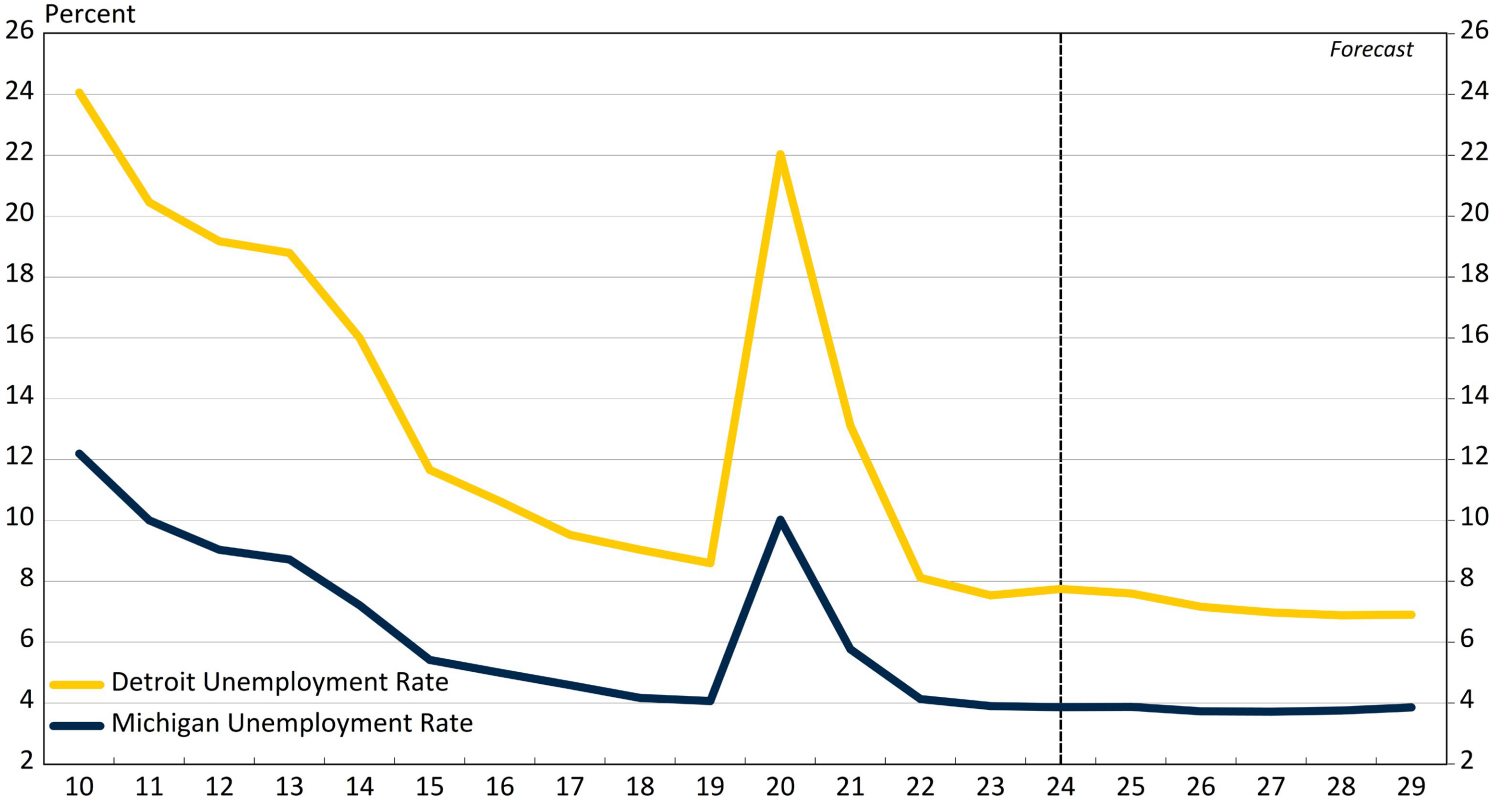
Total: \$2.479 Billion



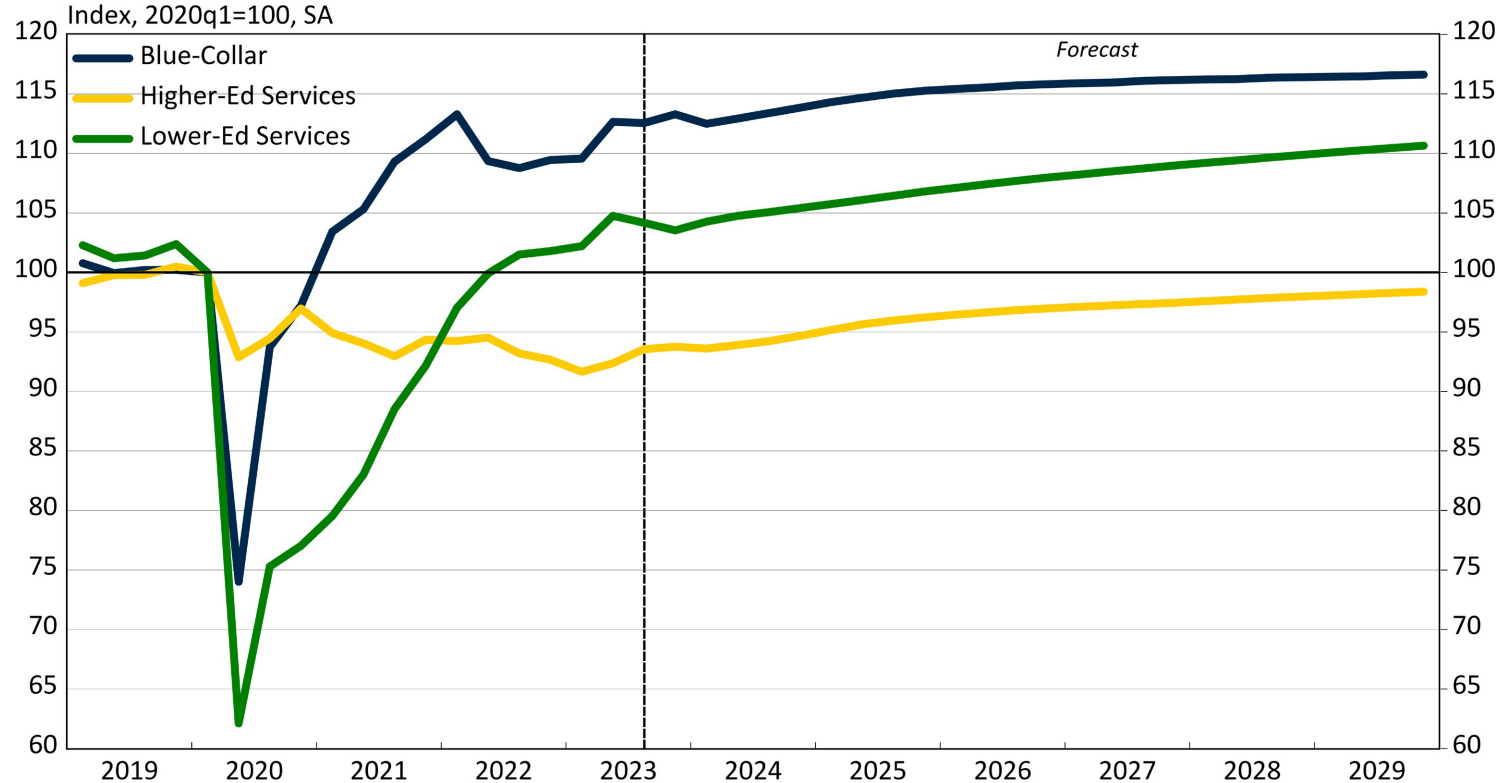
Quarterly Average Payroll and Resident Employment, City of Detroit



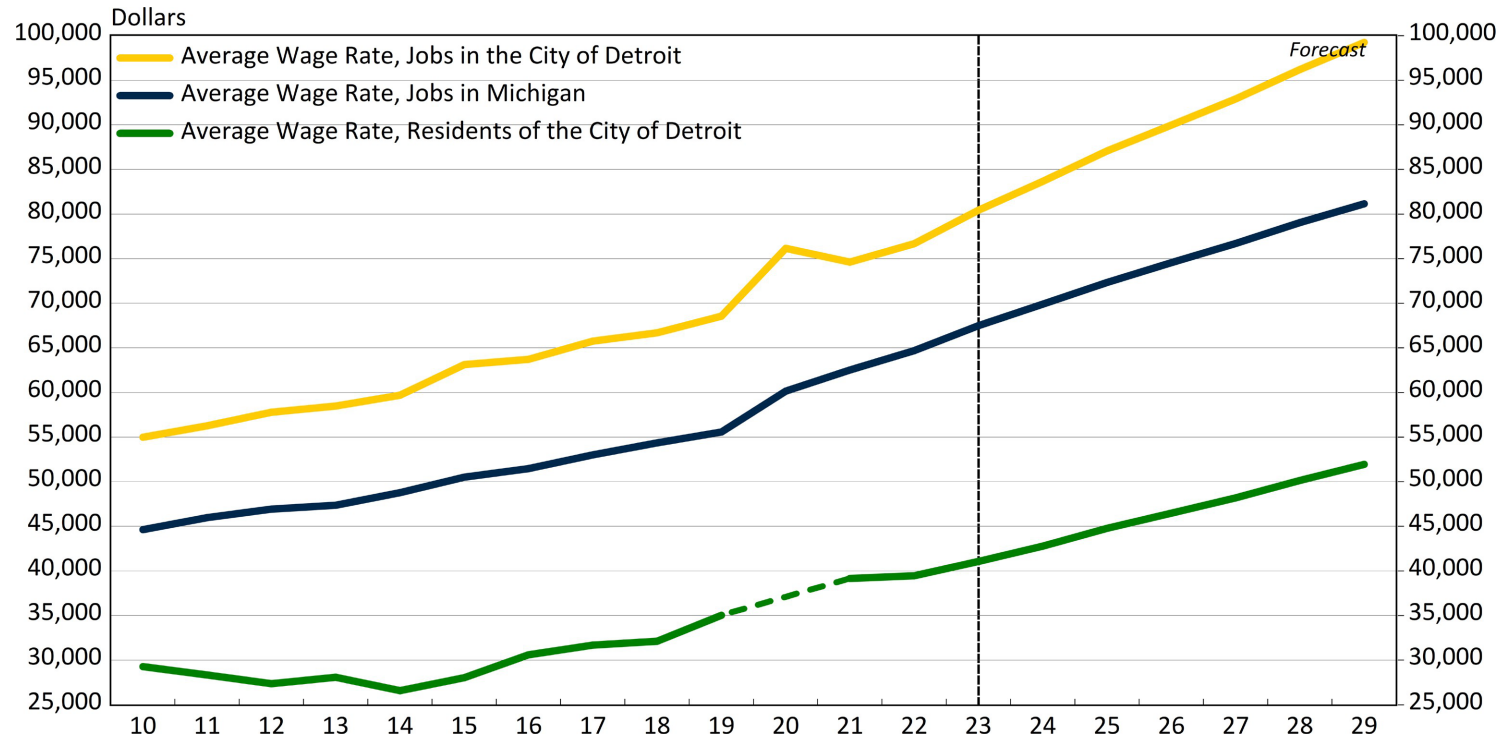
Annual Unemployment Rates, City of Detroit and Michigan



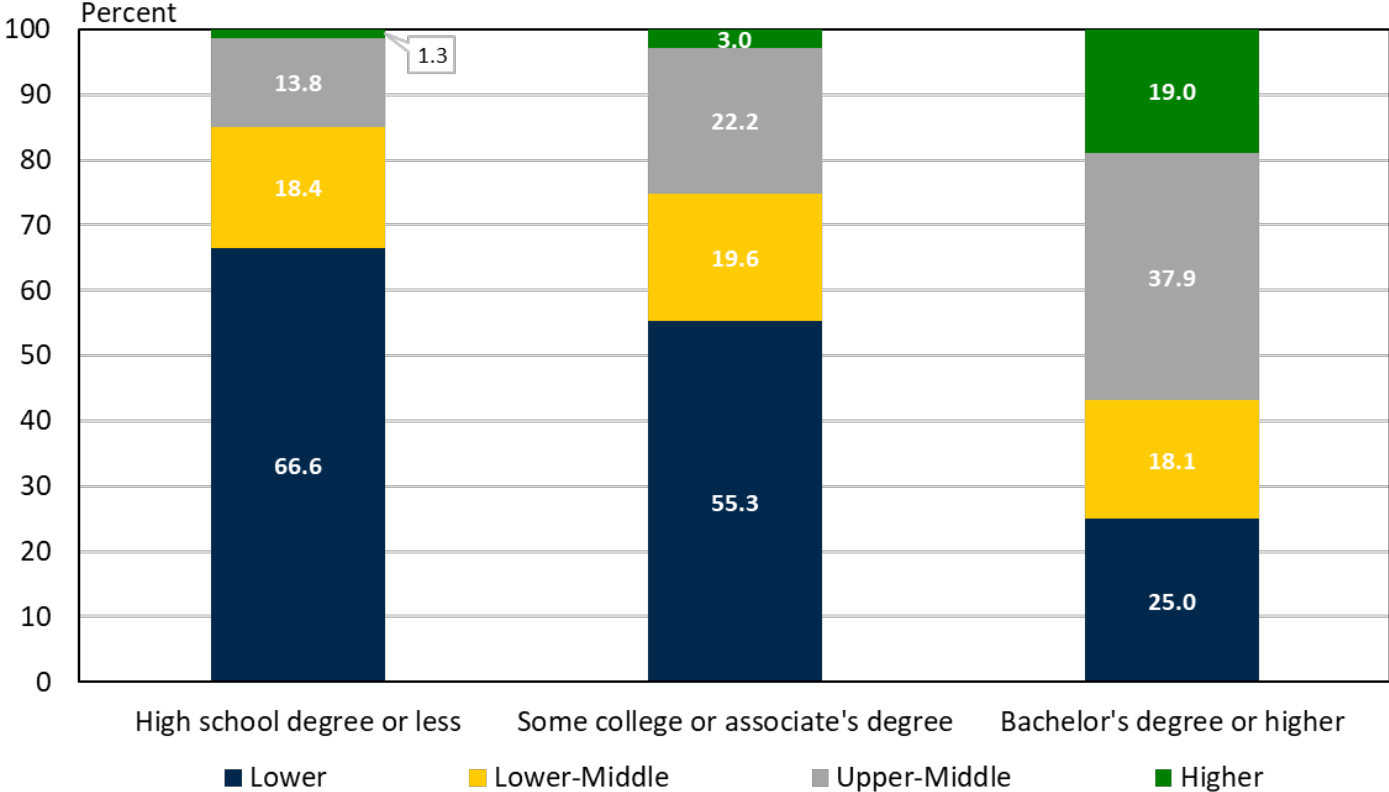
City of Detroit Employment by Industry Group



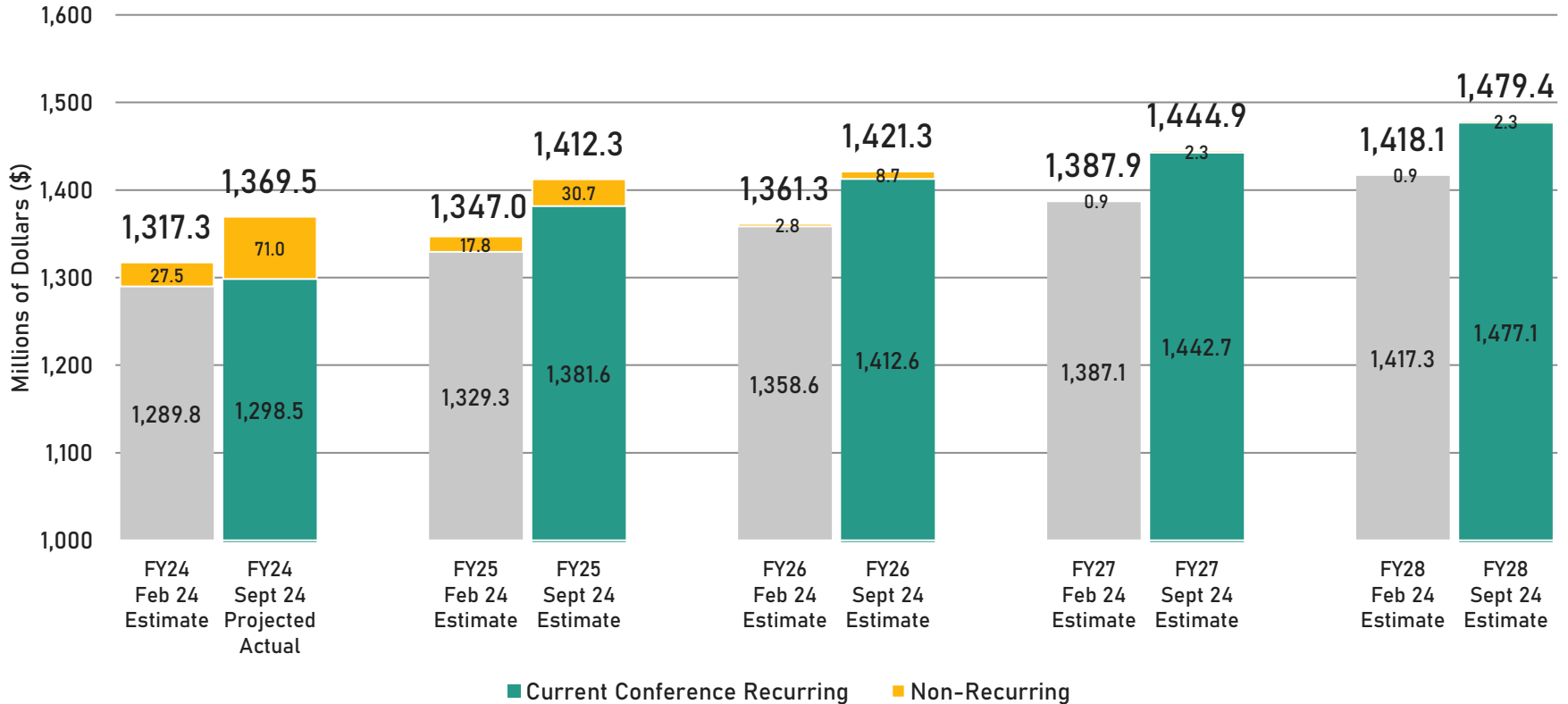
Annual Wage and Salary Income per Worker, City of Detroit and Michigan



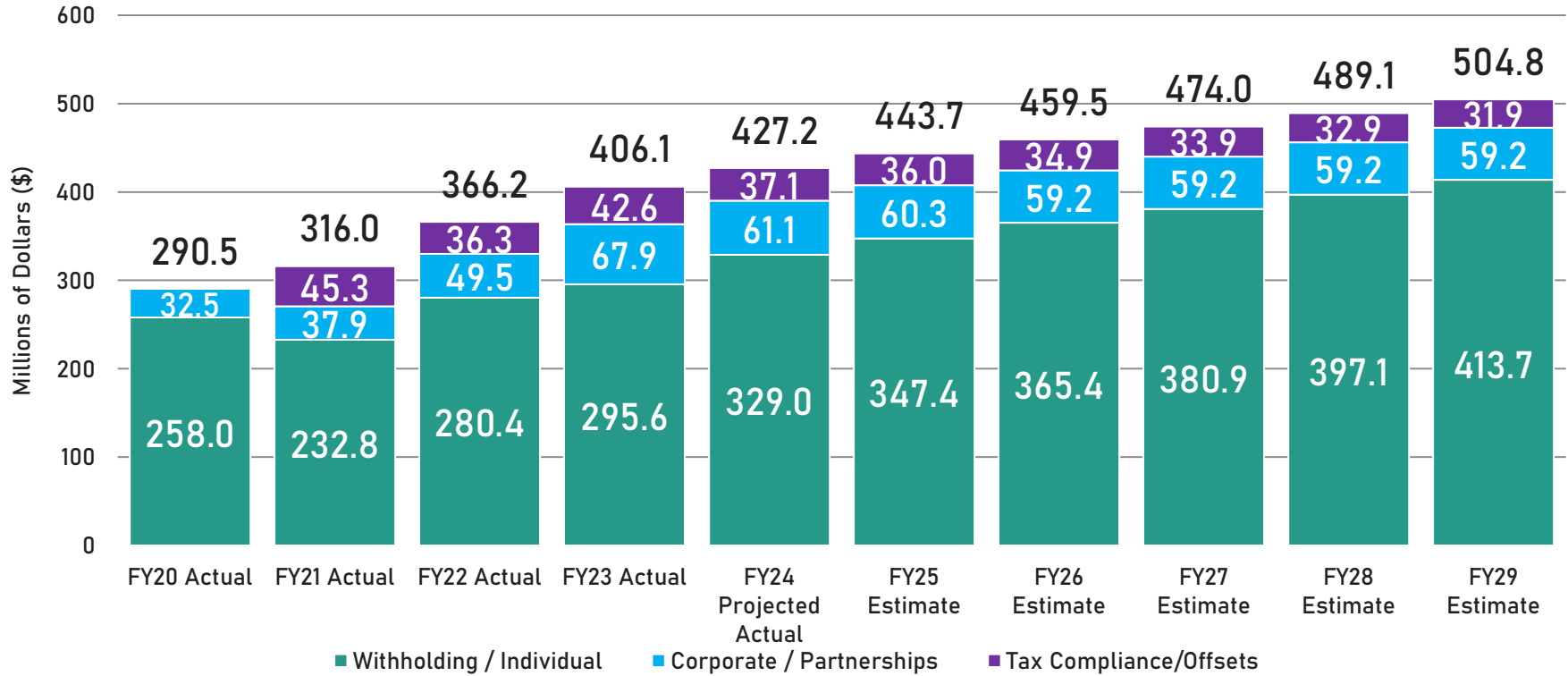
Distribution of Population 25+ by Household Income and Education, City of Detroit, 2022



General Fund Revenue Comparison to February 2024 Conference



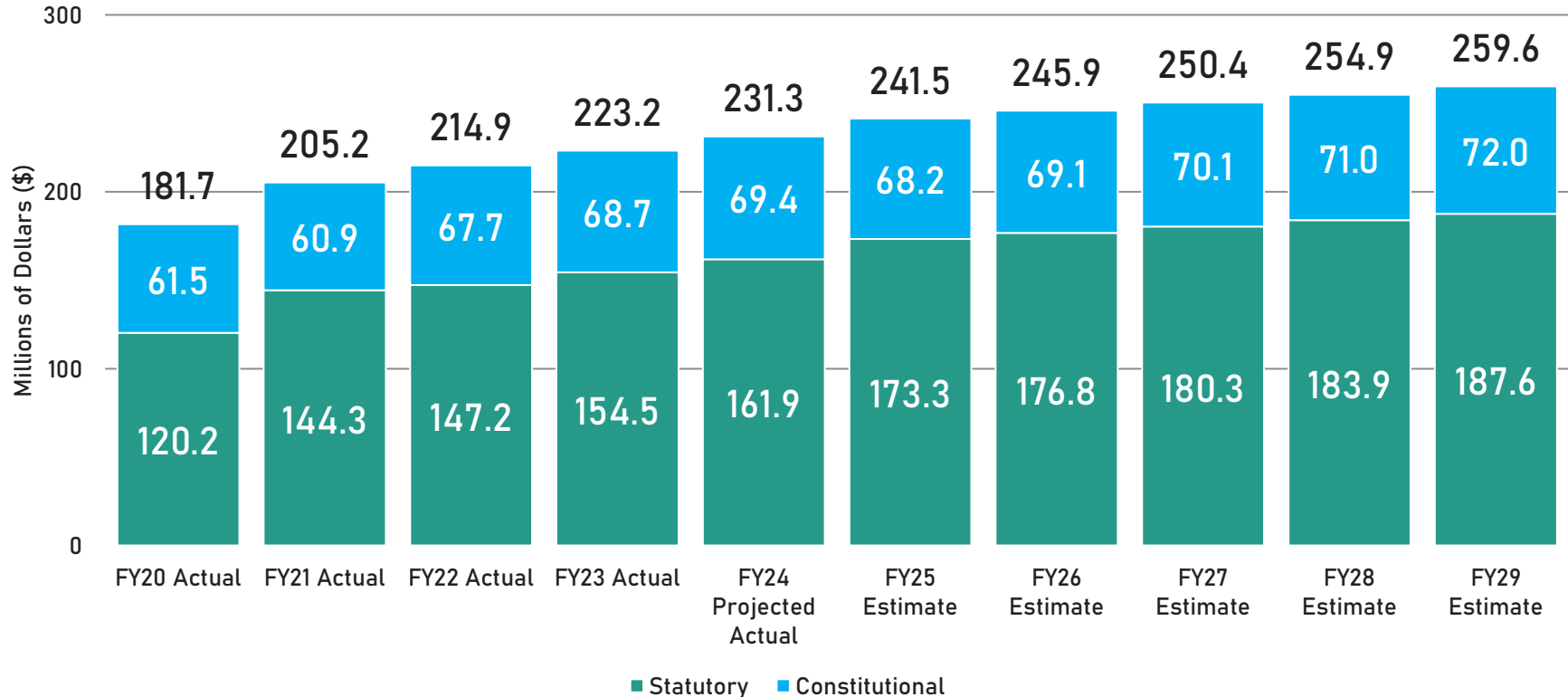
Recurring Income Tax



Note: Excludes estimated one-time activity totaling \$36 million in FY22 and \$2 million in FY23.



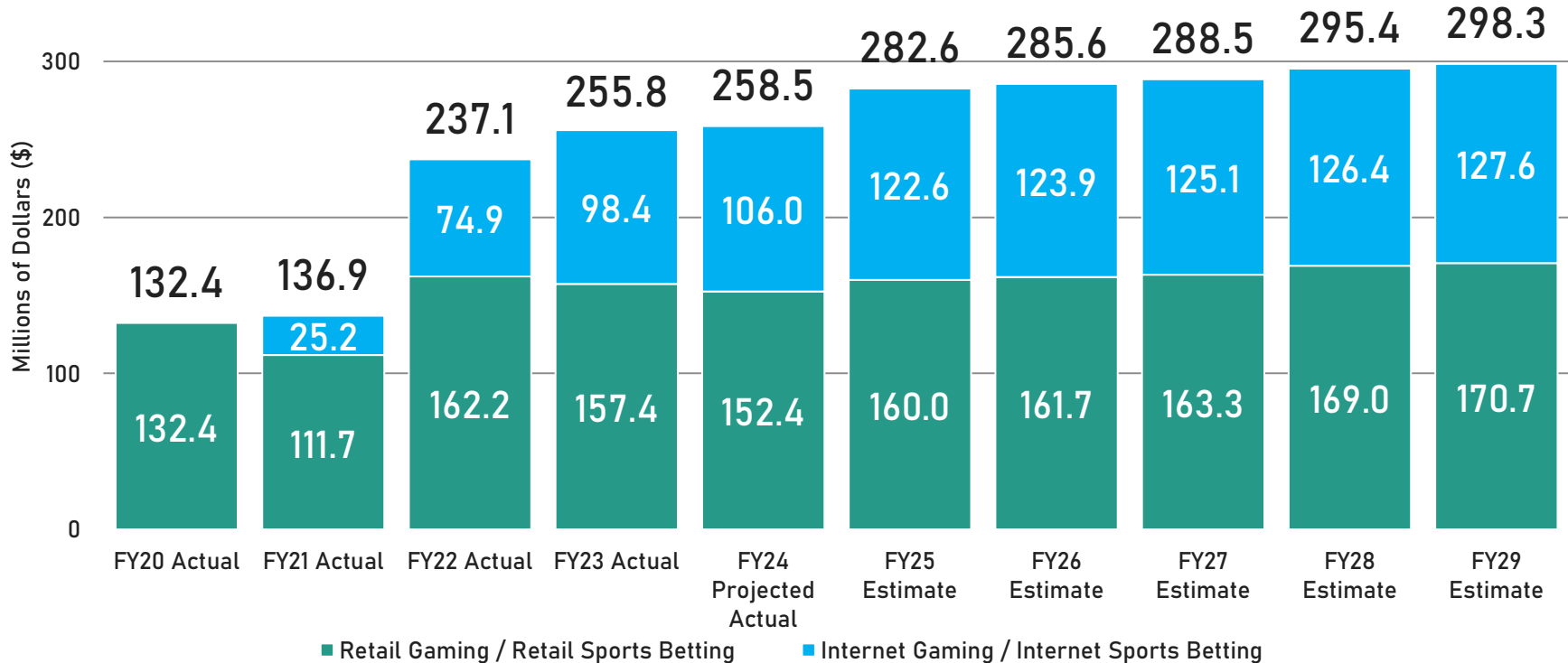
Recurring State Revenue Sharing



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



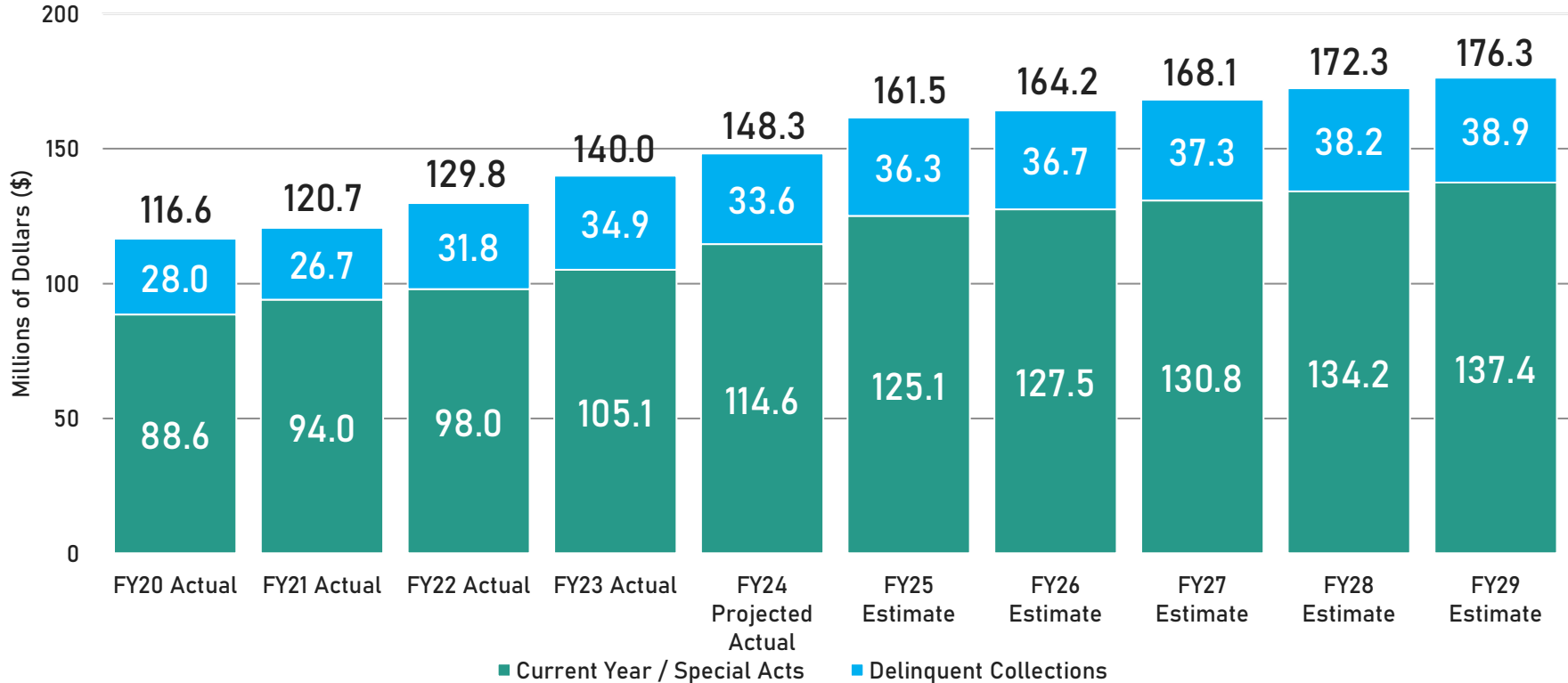
Recurring Wagering Tax



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



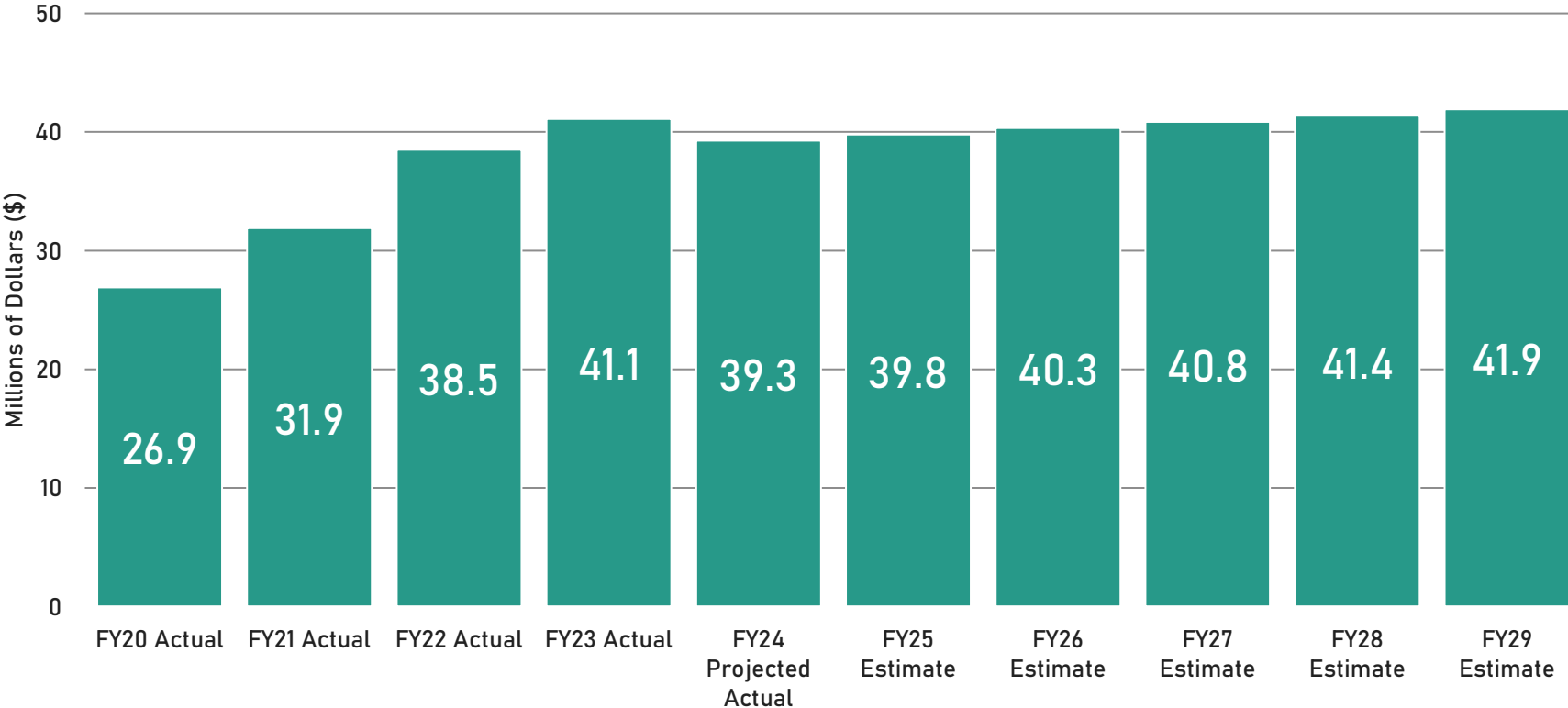
Recurring Property Tax



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



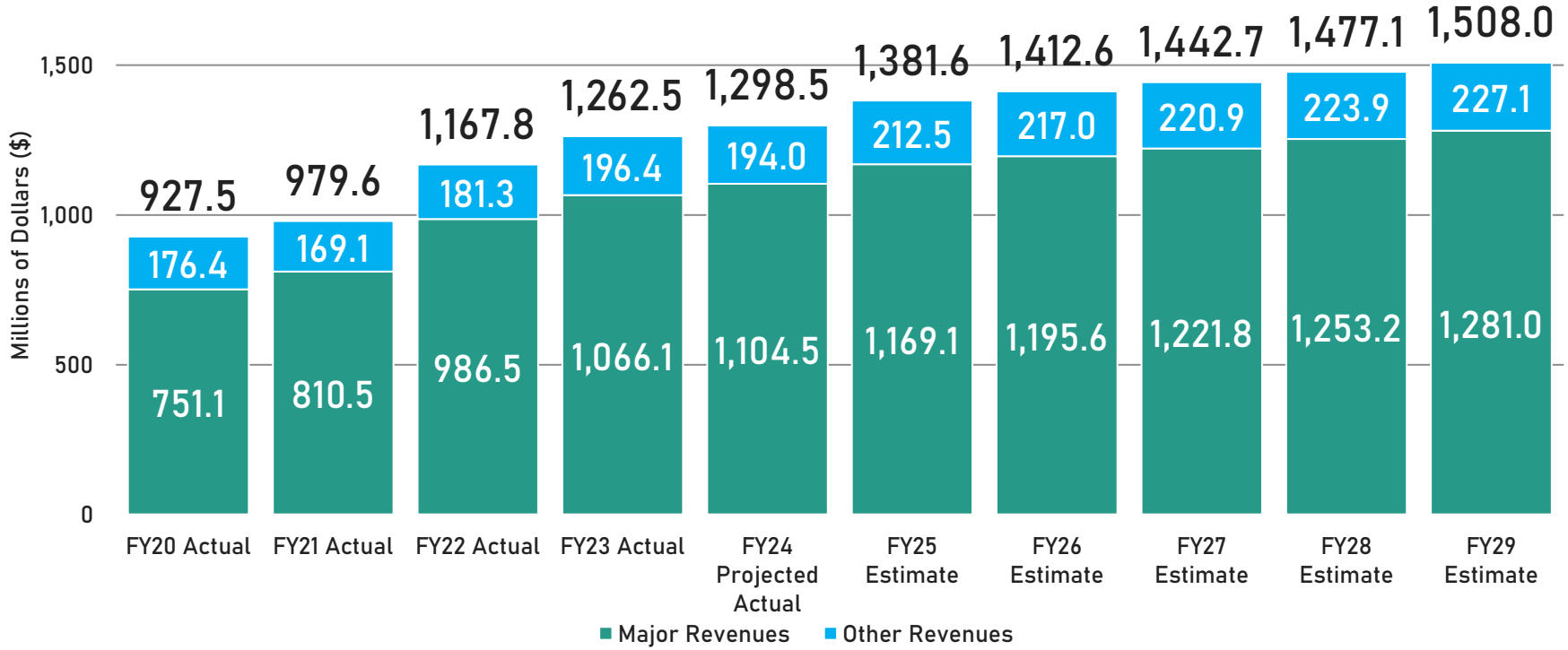
Recurring Utility Users Tax



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



Recurring General Fund Revenue



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



Forecast Risks

Downside Risks

- Internet gaming growth trends not meeting expectations
- State budget constraints for revenue sharing in forecast years
- Slower growth in key employment sectors
- ARPA activity slowing down

Upside Risks

- Above trend residential, commercial, and industrial development
- Above trend resident wage growth
- Passing of HB-4605 & HB-4606
- Higher taxable property values (uncapping and additions to the base)
- Higher utility consumption than expected

Website

<https://detroitmi.gov/budget>