

February 2021 Revenue Estimating Conference Report



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**CFO MEMORANDUM
NO. 2021-103-001**

TO: City of Detroit Revenue Estimating Conference Principals

FROM: Steven Watson, Deputy CFO / Budget Director, City of Detroit

SUBJECT: Proposed FY 2021 – FY 2025 Revenue Estimates Pursuant to State of Michigan Public Act 279 of 1909, Section 4t(1)(d)

DATE: February 16, 2021

1. AUTHORITY

1.1. State of Michigan Public Act 279 of 1909 (PA 279), Section 4t(1)(d), as amended by Public Act 182 of 2014, states the City shall hold a revenue estimating conference in the second week of September and in the third week of February of each year, subject to the following:

1.1.1. A conference shall establish an official economic forecast of major variables of the national, state, and local economies. A conference also shall establish a forecast of anticipated revenues of the city as the conference determines.

1.1.2. The principals of a conference shall be the chief financial officer of the city, the state treasurer or his or her designee from within the department of treasury, 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 chief financial officer of the city and the state treasurer.

1.1.3. The official forecast of economic and revenue variables of the conference shall be determined by consensus among the conference principals and shall be for the fiscal year in which the conference is being held and the succeeding 2 fiscal years. The conference also shall forecast general fund revenue trendline projections for the city for an additional 2 fiscal years. Conference forecasts of revenues and expenditures shall be based upon the assumption that current law and administrative procedures will remain in effect for the forecast period.

1.1.4. The conference may request and shall receive from officers, departments, agencies, and authorities of the city the assistance and data needed to enable the conference to fulfill its duties.

2. OBJECTIVES

2.1. To provide the City of Detroit Revenue Estimating Conference principals the assistance and data needed to fulfill their duties in establishing the City's official economic and revenue forecast.

2.2. To satisfy the Office of Budget's ongoing revenue estimation and economic forecasting responsibilities in accordance with CFO Directive No. 2018-101-002 Comprehensive Financial Planning.

3. PURPOSE

- 3.1. To submit proposed revenue estimates to the Revenue Estimating Conference principals for their consideration.

4. SCOPE

- 4.1. This Memorandum and the attached report are intended solely to assist the Revenue Estimating Conference principals fulfill their duties pursuant to Section 4t(1)(d) of PA 279.

5. STATEMENT

- 5.1. In accordance with Section 4t(1)(d) of PA 279 and CFO Directive No. 2018-101-002, the Office of Budget prepared the attached revenue estimates for FY 2021 through FY 2025 for consideration by the principals of the City of Detroit February 2021 Revenue Estimating Conference.
- 5.2. Revenue estimates were prepared on a conservative basis to minimize the possibility that economic fluctuations could jeopardize ongoing service delivery during the fiscal year.
- 5.3. Revenue estimates were prepared in consultation with the other OCFO divisions responsible for administering their respective revenues, as well as the City Council's Legislative Policy Division and the Auditor General's Office.

City of Detroit
February 2021 Revenue Estimating Conference Report

February 16, 2021

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 2021 Revenue Estimating Conference are:

- Jay B. Rising, Acting 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 Budget, 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 Budget consulted with the OCFO's Offices of the Assessor, Departmental Financial Services, and the Treasury, as well as the City Council's Legislative Policy Division and the Office of the Auditor General. The Office of Budget thanks its colleagues for their continued support and assistance throughout the revenue estimation process.

The estimates that follow include the current fiscal year (FY 2021) and the four succeeding fiscal years (FY 2022-25). While there is a greater focus on the General Fund, the estimates also cover the City's grant, enterprise, and special revenue funds. The forecast assumes that current law and administrative procedures will remain in effect for the forecast period.

Summary of Revenue Estimates:

February 2021 Revenue Estimates, General Fund									
<i>\$ in millions</i>									
	February 2021 Estimates								
	FY21	FY22	Change	FY23	Change	FY24	Change	FY25	Change
Major Taxes									
Income Tax	\$ 223.0	\$ 295.6	32.6%	\$ 318.6	7.8%	\$ 327.8	2.9%	\$ 335.9	2.5%
State Revenue Sharing	204.1	202.5	-0.8%	203.7	0.6%	204.9	0.6%	206.1	0.6%
Wagering Tax	103.0	169.8	64.9%	186.7	10.0%	188.6	1.0%	190.5	1.0%
Property Tax	129.4	128.7	-0.5%	131.1	1.9%	133.1	1.5%	135.7	2.0%
Tax Increment Financing Capture	(15.7)	(15.3)	-2.5%	(15.6)	2.0%	(15.9)	1.9%	(16.2)	1.9%
Net Property Tax	113.7	113.4	-0.3%	115.5	1.9%	117.2	1.5%	119.5	2.0%
Utility Users Tax	40.8	41.0	0.5%	41.2	0.5%	41.4	0.5%	41.6	0.5%
To Public Lighting Authority	(12.5)	(12.5)	0.0%	(12.5)	0.0%	(12.5)	0.0%	(12.5)	0.0%
Net Utility Users Tax	28.3	28.5	0.7%	28.7	0.7%	28.9	0.7%	29.1	0.7%
Subtotal, Major Taxes	\$ 672.1	\$ 809.8	20.5%	\$ 853.2	5.4%	\$ 867.4	1.7%	\$ 881.1	1.6%
Other Revenues	\$ 175.5	\$ 185.8	5.9%	\$ 193.1	3.9%	\$ 194.2	0.6%	\$ 197.5	1.7%
Recurring	171.0	185.8	8.7%	193.1	3.9%	194.2	0.6%	197.5	1.7%
Non-recurring	4.5	-	-100.0%	-	-	-	-	-	-
Grand Total, General Fund	\$ 847.6	\$ 995.6	17.5%	\$ 1,046.3	5.1%	\$ 1,061.6	1.5%	\$ 1,078.6	1.6%
General Fund, Recurring Only	\$ 843.1	\$ 995.6	18.1%	\$ 1,046.3	5.1%	\$ 1,061.6	1.5%	\$ 1,078.6	1.6%

The estimates include updates for FY 2021–25. Recurring General Fund revenues from FY 2021 to FY 2022 increase by 18.1%, largely due to gains in wagering tax based on a projected return to pre-COVID-19 baseline revenue for casinos, as well as stabilized income tax collections. The General Fund revenue forecast for FY 2023 increases 5.1% over FY 2022 as peak pandemic effects on nonresident remote work and casinos wear off. Revenues such as income tax, wagering tax, and parking enforcement are anticipated to stabilize from COVID-19 impacts by FY 2023. The conservative forecasts for FY 2024 and FY 2025 show modest annual revenue growth around 1.5%.

Economic Conditions and Outlook:

Economic conditions remain poor as the pandemic continues. From November 2020 to early January 2021, new COVID-19 cases spiked across the nation marking a “second wave” of the current pandemic. The second wave prompted the reapplication of governmental restrictions on indoor services across the country; these lockdowns have been less strict than those imposed last spring. While the second round of restrictions did not materially worsen economic conditions, the recovery in economic activity in the service sector that began in the third quarter halted. From the peak unemployment rate of 14.4% in April¹, the United States unemployment rate improved to 7.7% in September. However, the unemployment rate in January was 6.3%, an anemic change of -1.4 percentage points from September.¹ Employment levels in the leisure and hospitality sector remain depressed. Compared to the service sector, which has been slow to recover, consumer spending has grown. Through a combination of economic relief funds in the form of direct payments and increased unemployment benefits along with wage stability from remote work, consumer spending has not fallen and instead shifted from expenditures on services to expenditures on goods, especially durable goods. In the third quarter of 2020, consumer spending on goods rose 10.1% from the previous quarter, exceeding pre-pandemic levels.² The level of goods consumption was also sustained in the fourth quarter of 2020, suggesting that the activity is driven more by wage stability rather than stimulus funds.

Michigan has had a similar challenges to the nation overall. During the second wave of COVID-19, restrictions were reapplied on most indoor services and activities in November, which stifled the recovery of the leisure and hospitality sector. Michigan’s employment growth slowed from mid-2020 with the unemployment rate decreasing by 0.9 percentage points between September and January versus decreasing by 15.4 percentage points between April and September.³ Detroit’s employment growth also remained stagnant in the last half of 2020, with the unemployment rate staying near 20% as opposed to the improvement from May to September where the unemployment rate fell by 18.8 percentage points³. The second round of restrictions in Michigan imposed in November were gradually removed through February 1 and replaced with capacity limits on the same indoor services. The capacity restrictions will likely mean little improvement in employment levels until vaccinations are more widespread in the State.

In December, two vaccines received emergency approval from the FDA and began distribution in late December and early January. Vaccine development and distribution marks the beginning of the return to normal. According to experts, 70% of the population must be vaccinated in order to achieve a level of herd immunity which would stop the spread of the virus and effectively mark the end of the pandemic. Unfortunately, there are multiple obstacles that compound the difficulty of reaching that goal. The primary, and controllable, challenge is vaccine distribution. Once the distribution has improved to where anyone who wants a vaccine can get one, economic activity should begin to return to pre-pandemic levels.

¹ U.S. Bureau of Labor Statistics, Current Population Survey

² U.S. Bureau of Economic Analysis

³ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

Monthly Unemployment Rates, April – December 2020

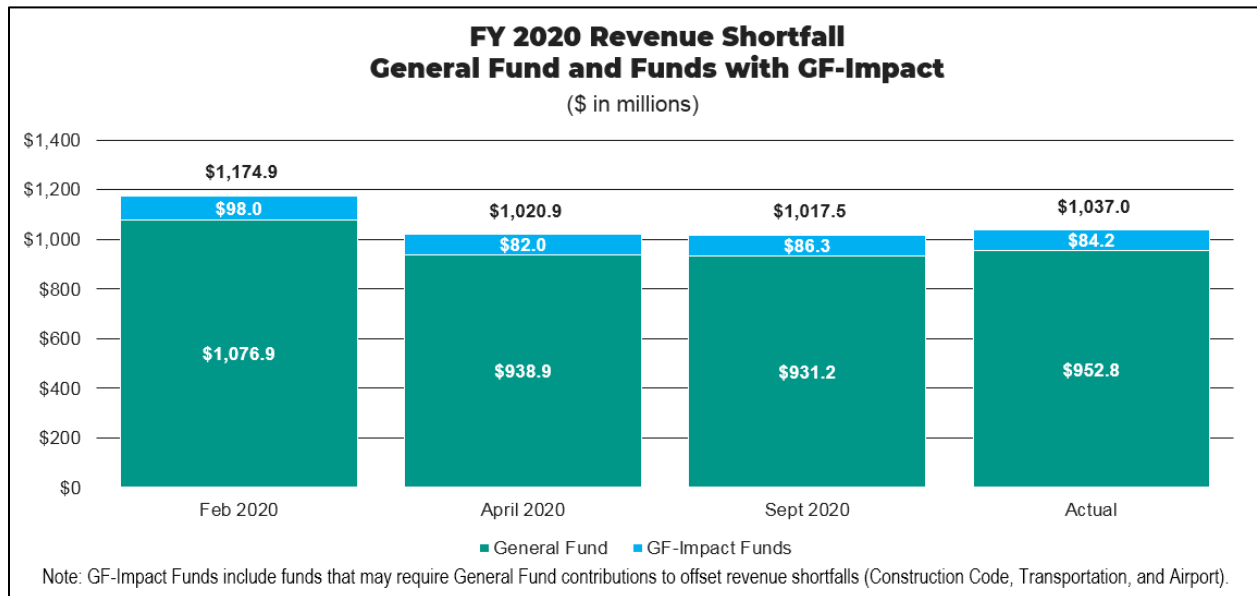
Month	United States	Michigan	Detroit
April	14.4%	23.6%	38.4%
May	13.0%	20.8%	39.4%
June	11.2%	15.0%	32.0%
July	10.5%	9.5%	20.4%
August	8.5%	8.9%	20.9%
September	7.7%	8.2%	20.6%
October	6.6%	5.7%	15.4%
November	6.4%	6.3%	18.6%
December	6.5%	7.3%	20.3%

Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

Risks to the Economic Outlook:

The risks to the economic outlook and revenue forecasts are still grounded in uncertainty of additional COVID-19 spread and vaccine distribution. In January, new variants of COVID-19 were found in the United Kingdom and South Africa. Both variants have since been found in the U.S., and recently the U.K. variant has been detected in Michigan. Both variants have been found to be more contagious than the original virus and it is unclear how effective the available vaccines are against the new variants. The presence of these coronavirus variants increase the potential for another spike in new cases and another round of governmental restrictions which will further stall the return to pre-pandemic economic activity.

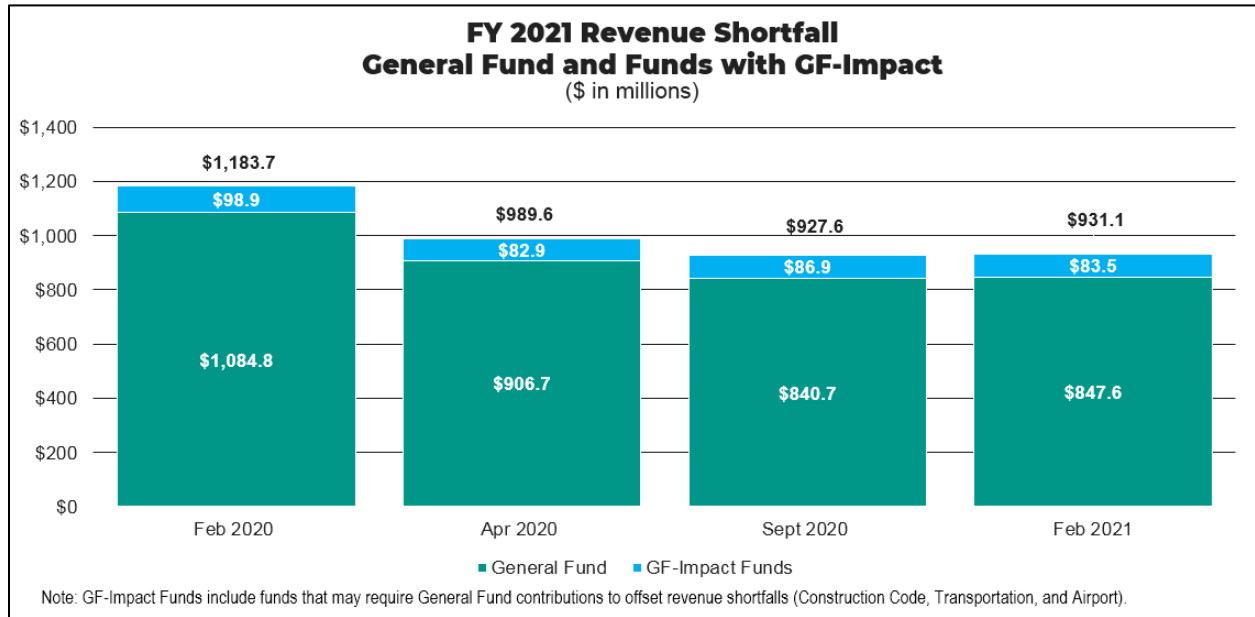
COVID-19 Revenue Shortfall Summary, FY 2020:



In April 2020, a \$154.0 million FY 2020 revenue shortfall was projected compared to the pre-COVID-19 projections from the February 2020 revenue estimating conference. This shortfall included a \$138.0 million General Fund shortfall, and \$16.0 million shortfall from General Fund-impacted funds such as Construction Code Fund, Transportation Fund, and Airport Operations Fund. For the September 2020 Revenue Estimating Conference, the preliminary year-end results showed a shortfall of \$157.3 million, which was only 2% off from our original shortfall estimate projected in April 2020.

FY 2020 actuals ended at \$1,037.0 million, or a roughly \$19.4 million improvement from the preliminary September 2020 results. This increase was largely driven by stronger income tax than expected after final accruals from last year's tax filing extension, and various one-time General Fund revenues. The FY20 actuals reflect a \$137.9 million (11.7%) shortfall compared to the pre-COVID-19 estimate at the time of the February 2020 Revenue Estimating Conference. The shortfall was largely driven by \$53.6 million in Wagering Tax losses due to closures, \$39.8 million in Income Tax losses, a \$24.1 million one-time cut to State Revenue Sharing statutory payments, and \$7.1 million in Transportation Fund revenue losses due to farebox suspension. The statutory revenue sharing payment cut was offset by \$37 million in State aid funded from the federal CARES Act that is counted in FY 2021 as non-General Fund revenue.

COVID-19 Revenue Shortfall Summary, FY 2021:

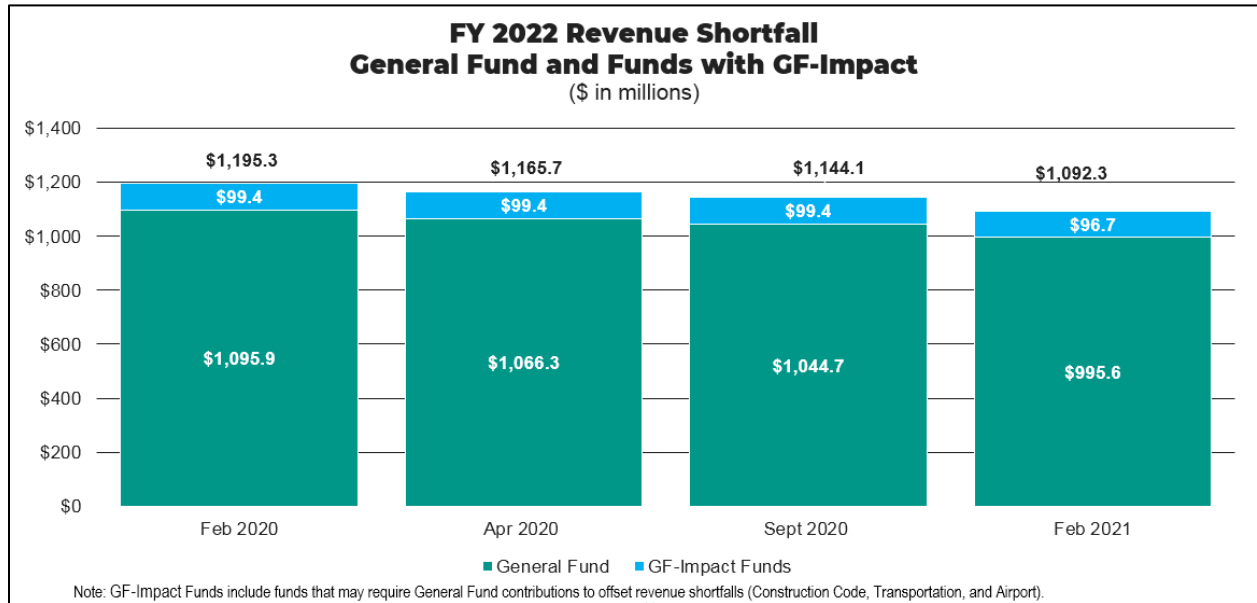


In April 2020, the Office of Budget projected a \$194.1 million revenue shortfall for FY 2021 due to the COVID-19 pandemic and its mandatory business closures and impact on the economy. This included a \$178.1 million reduction in the General Fund and \$16.0 million reduction in other funds compared to the February 2020 Revenue Estimating Conference results. In light of this projected shortfall, the City used the lower revenue estimates for its FY 2021 Budget that was adopted in May 2020.

The FY 2021 Adopted Budget General Fund estimate of \$906.7 million included the \$178.1 million in downward revisions referenced above. For the September 2020 Revenue Estimating Conference, the shortfall was projected to increase by \$62.0 million to a total of \$256.1 million. These reductions were driven by slower casino reopenings and capacity restrictions.

The FY 2021 shortfall is now projected to improve \$3.5 million since the September 2020 Revenue Estimating Conference, for a total shortfall of \$252.6 million (21.3%) since the pre-COVID-19 February 2020 estimates. The \$3.5 million increase from September 2020 is largely driven by gains from stronger than expected YTD casino performance when open under restrictions, net of income tax losses from a longer period of nonresident remote work (see Appendix, “Exhibit 4 – FY 2021 General Fund Changes from February 2020 Revenue Estimating Conference, FY 2021 Adopted Budget, September 2020 Revenue Estimating Conference, and February 2021 Revenue Estimating Conference” for a breakout by major revenue category).

COVID-19 Revenue Shortfall Summary, FY 2022:



FY 2022 General Fund and General Fund-impacted funds revenue is forecasted at \$1.092 billion, which represents a \$103.0 million (8.6%) reduction compared to the pre-COVID-19 estimates at the February 2020 Revenue Estimating Conference. The February 2021 forecast assumes nonresidents who work in the City will gradually begin returning to City workplaces, and casino operations begin normalizing through the summer and fall of calendar year 2021.

Current Year General Fund Revenue Estimates:

FY 2021 Revenue Estimates, General Fund							
<i>\$ in millions</i>							
	FY 2020	FY 2021		Change Since FY 2020		Change Since Adopted Budget	
	Actual	Adopted Budget	Feb 2021 Estimate	\$	%	\$	%
Major Taxes							
Income Tax	<u>\$ 290.0</u>	<u>\$ 239.4</u>	<u>\$ 223.0</u>	\$ (67.0)	-23.1%	\$ (16.4)	-6.9%
Recurring	293.5	239.4	223.0	(70.5)	-24.0%	(16.4)	-6.9%
Non-recurring	(3.5)	-	-	3.5	-100.0%	-	
State Revenue Sharing	181.7	190.5	204.1	22.4	12.3%	13.6	7.1%
Wagering Tax	132.4	135.3	103.0	(29.4)	-22.2%	(32.3)	-23.9%
Property Tax	130.9	126.4	129.4	(1.5)	-1.1%	3.0	2.4%
Tax Increment Financing Capture	(14.3)	(14.5)	(15.7)	(1.4)	9.8%	(1.2)	8.3%
Net Property Tax	116.6	111.9	113.7	(2.9)	-2.5%	1.8	1.6%
Utility Users Tax	39.4	41.0	40.8	1.4	3.6%	(0.2)	-0.5%
To Public Lighting Authority	(12.5)	(12.5)	(12.5)	-	0.0%	-	0.0%
Net Utility Users Tax	26.9	28.5	28.3	1.4	5.2%	(0.2)	-0.7%
Subtotal, Major Taxes	<u>\$ 747.6</u>	<u>\$ 705.6</u>	<u>\$ 672.1</u>	\$ (75.5)	-10.1%	\$ (33.5)	-4.7%
Major Taxes (Recurring Only)	<u>\$ 751.1</u>	<u>\$ 705.6</u>	<u>\$ 672.1</u>	\$ (79.0)	-10.5%	\$ (33.5)	-4.7%
Other Revenues	<u>\$ 205.2</u>	<u>\$ 201.1</u>	<u>\$ 175.5</u>	\$ (29.7)	-14.5%	\$ (25.6)	-12.7%
Recurring	176.4	201.1	171.0	(5.4)	-3.1%	(30.1)	-15.0%
Non-recurring	28.8	-	4.5	(24.3)	-84.4%	4.5	
Grand Total, General Fund	<u>\$ 952.8</u>	<u>\$ 906.7</u>	<u>\$ 847.6</u>	\$ (105.2)	-11.0%	\$ (59.1)	-6.5%
General Fund, Recurring Only	<u>\$ 927.5</u>	<u>\$ 906.7</u>	<u>\$ 843.1</u>	\$ (84.4)	-9.1%	\$ (63.6)	-7.0%

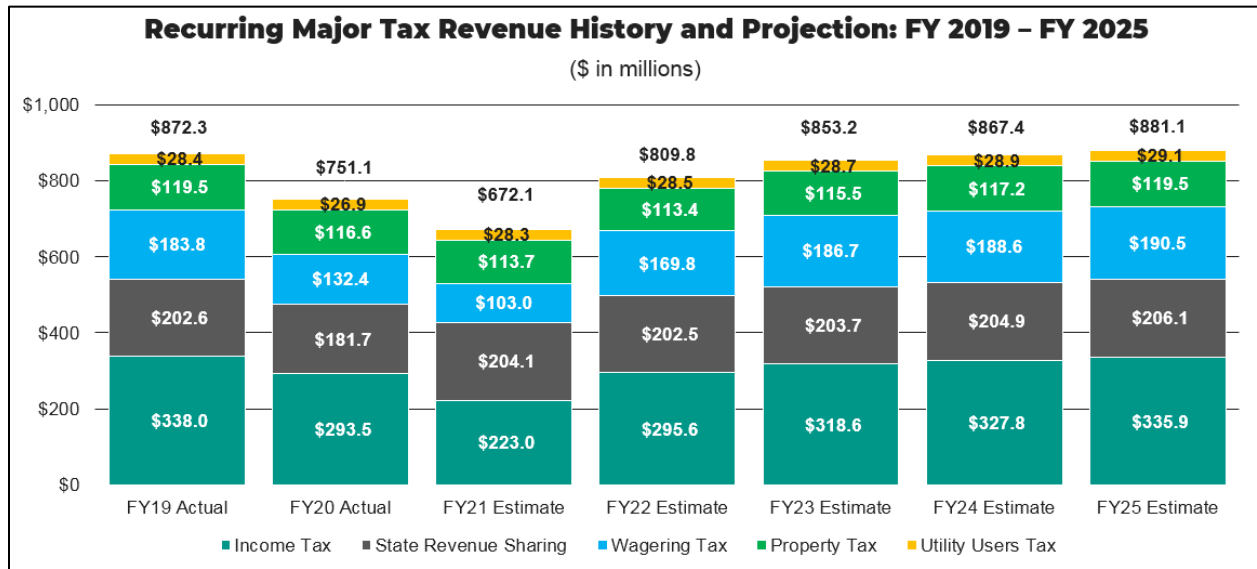
Recurring General Fund revenue is projected at \$843.1 million in FY 2021. The updated FY 2021 recurring General Fund revenue estimates have been decreased by \$63.6 million, representing a 7.0% reduction from the FY 2021 Adopted Budget. The \$63.6 million decrease is primarily driven by \$32.3 million Wagering Tax losses due to delayed casino openings, a \$30.1 million reduction in Other Recurring Revenue, and a \$16.4 million decrease in Income Tax, net of a \$13.6 million increase in State Revenue Sharing. For Other Revenue, the decrease is mostly attributable to a \$12.3 million reduction in Municipal Parking revenue due to delayed economic activity, a \$3 million reduction in investment earnings due to near-zero interest rates, as well as no longer assuming \$9.1 million in delayed FY 2020 36th District Court and EMS collections posting in FY 2021. At the time of the FY 2021 Adopted Budget, it was anticipated that delayed FY 2020 court and EMS revenue would carry into FY 2021; however, this assumption is reversed based on FY 2020 actual collections that were not available at the time of the Adopted Budget.

FY 2021 Income Tax projections have been reduced downward by \$16.4 million since the Adopted Budget in large part due to a net effect of a higher than expected withholding offset by an additional

\$49.1 million in estimated nonresident tax refunds from remote work activity. State Revenue Sharing constitutional estimates have been increased upward by \$13.6 million since the Adopted Budget mainly due to projected improvements in sales tax collections based on the January 2021 State Consensus Revenue Estimating Conference. Baseline Property Taxes have been adjusted upward by \$1.8 million due to updated tax year 2020 taxable values.

Compared to FY 2020 actuals, recurring FY 2021 revenues are expected to decrease overall by 9.1%. This decline is mainly attributable to continued COVID-19 economic impacts to Income Tax, Wagering Tax, and Municipal Parking revenues. Non-recurring Other Revenues of \$4.5 million are projected in the FY 2021 February 2021 forecast. These revenues are mostly comprised of sales of City real property year-to-date through December 2020 (see Appendix, "Exhibit 5 - FY 2020 Actuals Reconciliation" for a breakout of FY 2020 non-recurring revenue).

Summary of Major Taxes:



The major tax projections assume continued COVID-19 economic impacts to Income and Wagering Taxes in FY 2021 and FY 2022. The forecast anticipates a 10.5% FY 2021 decrease in major tax revenue compared to FY 2020 actuals. This decline is largely attributable to an estimated increase in income tax refunds from continued nonresident remote work, and continued casino restrictions. The forecast anticipates a return to baseline in FY 2023 and a consistent annual growth trend throughout the FY 2023 – FY 2025 forecast period. The forecast also does not include potential upsides from new development projects or recent implementation of internet gaming and sports betting.

General Fund Major Revenue Estimates - Detail, FY 2021 - FY 2025

\$ in millions

	February 2021 Estimates								
	FY21 Est	FY22 Est	% Change	FY23 Est	% Change	FY24 Est	% Change	FY25 Est	% Change
Major Taxes									
Income Tax	\$ 223.0	\$ 295.6	32.6%	\$ 318.6	7.8%	\$ 327.8	2.9%	\$ 335.9	2.5%
Withholding	281.3	293.2	4.2%	303.7	3.6%	313.8	3.3%	322.5	2.8%
Individual	31.4	32.7	4.1%	33.9	3.7%	35.1	3.5%	36.0	2.6%
Corporate	25.0	26.0	4.0%	28.0	7.7%	28.0	0.0%	28.0	0.0%
Partnership	5.8	5.9	1.7%	6.1	3.4%	6.1	0.0%	6.1	0.0%
Assessments	1.0	-	-100.0%	-		-		-	
Recurring Refunds	(36.6)	(36.1)	-1.4%	(37.5)	3.9%	(39.0)	4.0%	(40.1)	2.8%
Nonresident Remote Work Refunds	(84.9)	(26.1)	-69.3%	(15.6)	-40.2%	(16.2)	3.8%	(16.6)	2.5%
State Revenue Sharing	204.1	202.5	-0.8%	203.7	0.6%	204.9	0.6%	206.1	0.6%
Statutory	144.3	144.3	0.0%	144.3	0.0%	144.3	0.0%	144.3	0.0%
Constitutional	59.8	58.2	-2.7%	59.4	2.1%	60.6	2.0%	61.8	2.0%
Wagering Tax	103.0	169.8	64.9%	186.7	10.0%	188.6	1.0%	190.5	1.0%
Property Tax	129.4	128.7	-0.5%	131.1	1.9%	133.1	1.5%	135.7	2.0%
Tax Increment Financing Capture	(15.7)	(15.3)	-2.5%	(15.6)	2.0%	(15.9)	1.9%	(16.2)	1.9%
Net Property Tax	113.7	113.4	-0.3%	115.5	1.9%	117.2	1.5%	119.5	2.0%
Current	89.4	89.2	-0.2%	89.4	0.2%	90.6	1.3%	92.5	2.1%
Delinquent	21.5	21.3	-0.9%	23.2	8.9%	23.6	1.7%	24.0	1.7%
Special Acts	2.8	2.9	3.6%	2.9	0.0%	3.0	3.4%	3.0	0.0%
Utility Users Tax	40.8	41.0	0.5%	41.2	0.5%	41.4	0.5%	41.6	0.5%
To Public Lighting Authority	(12.5)	(12.5)	0.0%	(12.5)	0.0%	(12.5)	0.0%	(12.5)	0.0%
Net Utility Users Tax	28.3	28.5	0.7%	28.7	0.7%	28.9	0.7%	29.1	0.7%
Total, Major Taxes	\$ 672.1	\$ 809.8	20.5%	\$ 853.2	5.4%	\$ 867.4	1.7%	\$ 881.1	1.6%

Summary of Economic Drivers:

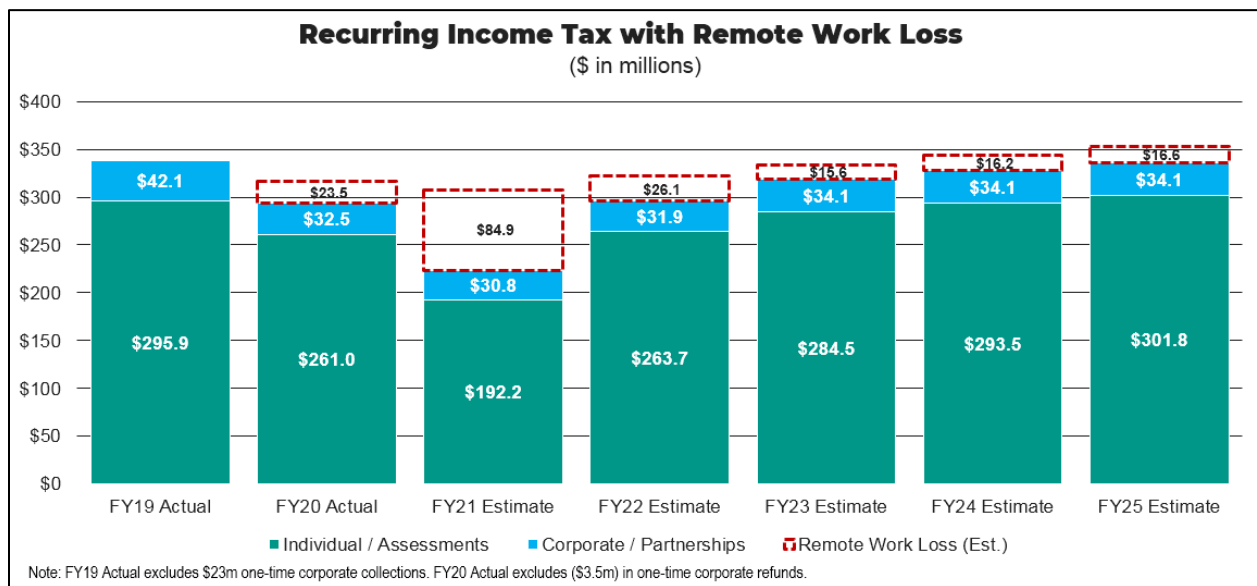
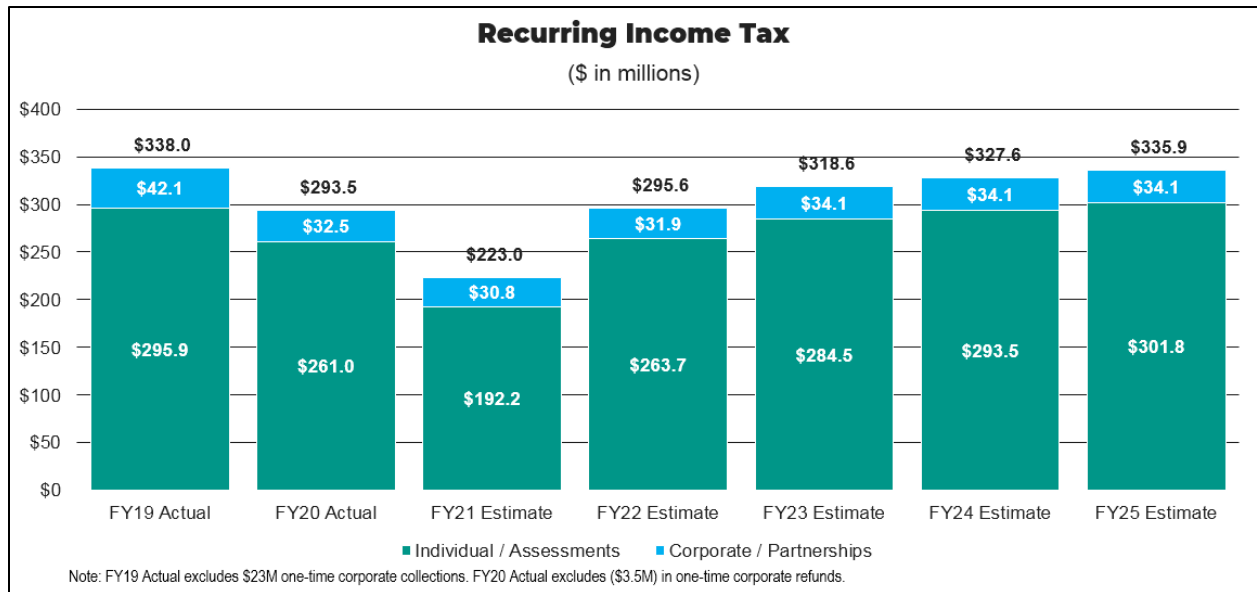
Forecasted Economic Inputs by Fiscal Year

Major Revenue	Economic Input	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Municipal Income Tax	Resident Employment Growth ¹	-2.5%	3.4%	2.3%	1.8%	1.4%
	Non-Resident Employment Growth ¹	-3.0%	3.9%	2.0%	1.3%	1.0%
	Resident Wage Growth ²	2.0%	-0.3%	0.7%	1.2%	1.3%
	Non-Resident Wage Growth ²	2.6%	1.7%	2.2%	2.4%	2.0%
	Corporate Income Growth ⁴	-2.8%	4.0%	7.4%	0.0%	0.0%
	Partnership Income Growth	-12.7%	2.0%	3.7%	0.0%	0.0%
Property Tax	U.S. Consumer Price Index for All Urban Consumers (U.S. CPI-U) ³	1.9%	1.4%	1.8%	2.0%	1.9%
State Revenue Sharing	Sales Tax Forecast ⁴	4.9%	-2.8%	2.1%	2.0%	2.0%
	City/State Population Ratio ⁵	6.7%	6.7%	6.7%	6.7%	6.7%
Wagering Tax	Average Rate of Change 2010-2019 ⁶	-22.2%	64.9%	10.0%	1.0%	1.0%
Utility Users Tax	Average Household Unit Growth 2010-2019 ⁷	3.6% ⁸	0.5%	0.5%	0.5%	0.5%

Sources:

- (1) U.S. Census Bureau and Local Area Unemployment Statistics
- (2) Quarterly Census of Employment and Wages
- (3) FY 2022 uses the 2020 US CPI-U state by the State Tax Commission, FY 2022-2025 uses the 2020-2022 US CPI-U consensus forecast from the Survey of Professional Forecasters
- (4) State of Michigan January 2021 Consensus Revenue Estimating Conference
- (5) U.S. Census Bureau, 2019 Population Estimates
- (6) Michigan Gaming Control Board, FY21 and FY22 is author's calculations from expectations on capacity restrictions
- (7) U.S. Census Bureau, American Community Survey 1-year Estimates
- (8) Calculations based on reopening expectations

Municipal Income Tax:

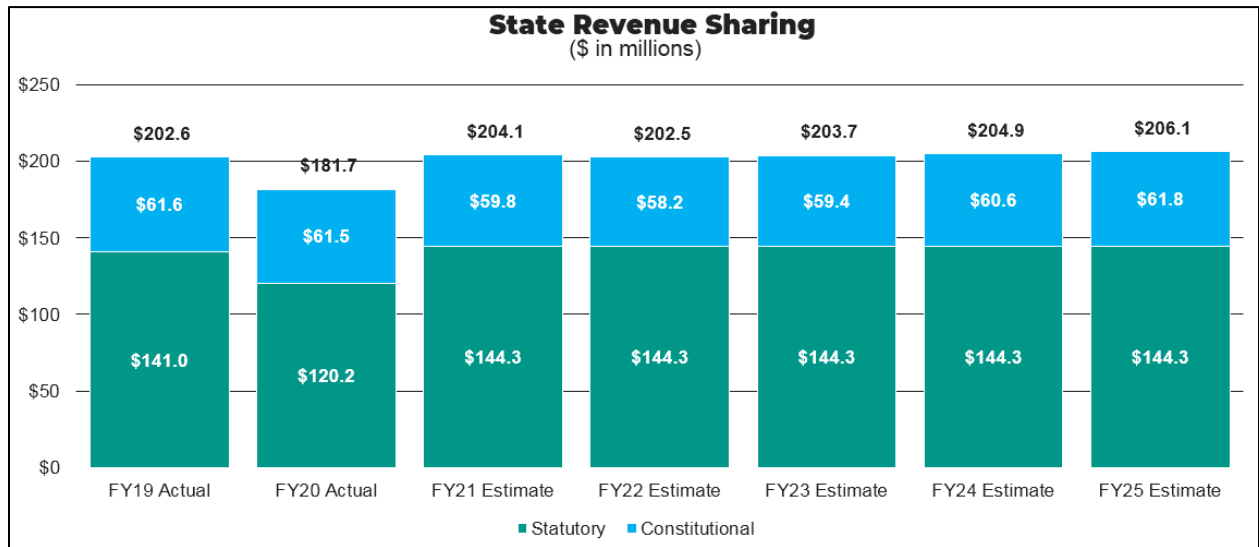


In accordance with the City Income Tax Act (Public Act 284 of 1964, as amended), the City levies a municipal income tax, with certain exemptions such as unemployment benefits.. The current tax rates are 2.4% for residents, 1.2% for non-residents, and 2.0% for corporations, which are the maximum allowed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

The FY 2021 estimate represents a 24.0% decrease compared to FY 2020 actuals. The FY 2021 forecast incorporates an anticipated \$84.9 million refund liability due to nonresidents working from home during the COVID-19 pandemic. The forecast assumes 60% of nonresidents will work from home

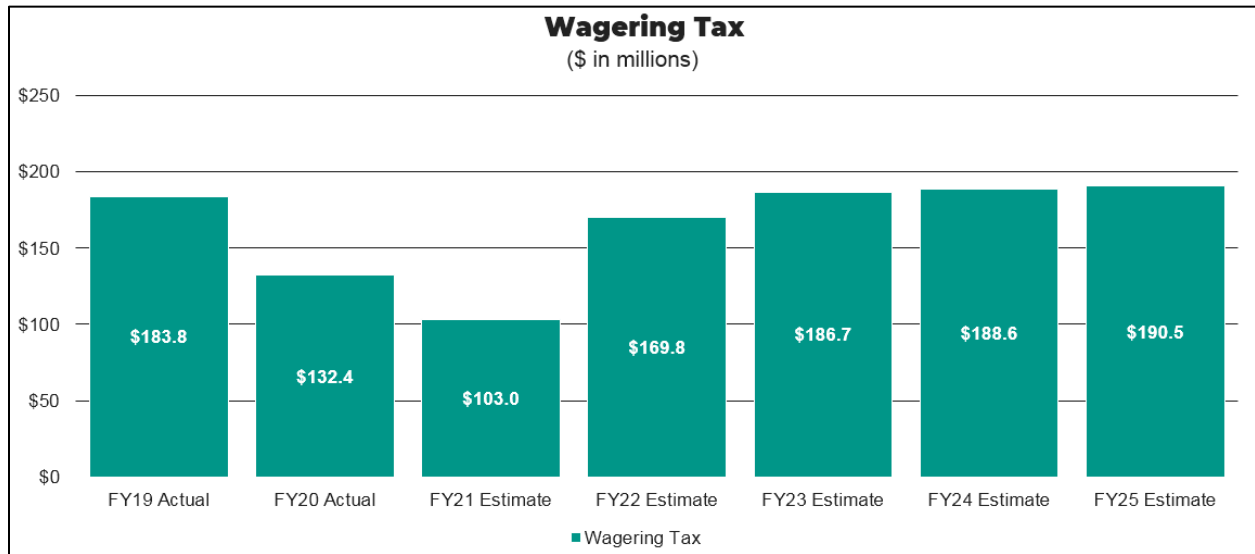
through June 2021, 30% from July through September 2022, and 20% from October through December 2022. The FY 2023-25 forecast assumes 10% nonresident withholding will continue moving forward, resulting in a recurring annual revenue loss of roughly \$16 million. Corporate tax collections have also been impacted by the pandemic. Corporate income tax revenue is expected to fall by 2.8% in FY 2021 and recover by 4.0% in FY 2022. To hedge against volatility, the forecast assumes that corporate tax revenue will remain flat from FY 2023-25. The forecast does not include potential upside from new development projects or improved compliance efforts. Income tax activity that has been identified as non-recurring is not included in the forecasted base.

State Revenue Sharing:



Revenue sharing payments from the State come from two components: constitutional (30%) and statutory (70%). The State Constitution of 1963, Article IX, Section 10, as amended, requires constitutional revenue sharing payments to municipalities based on 15% of the 4% portion of Michigan’s sales tax collections. The State allocates amounts to municipalities based on population as of the last decennial Census. Statutory revenue sharing payments have an underlying formula distribution. However, they are effectively set annually in the State budget and are held flat in the forecast period. The FY 2020 actuals reflect a \$24.1 million one-time cut to statutory payments that was offset by \$37 million in State aid funded from the federal CARES Act that is counted in FY 2021 as non-General Fund revenue. The forecast assumes growth in the constitutional share based on amounts approved by the State’s January 2021 Consensus Revenue Estimating Conference. Beginning in FY 2021, the forecast assumes a reduced 6.7% constitutional share compared to the 7.1% share reflected in the State forecast due to anticipated population declines measured in the upcoming 2020 Census results. The forecast does not assume changes to the annual statutory allocation of \$144.3 million.

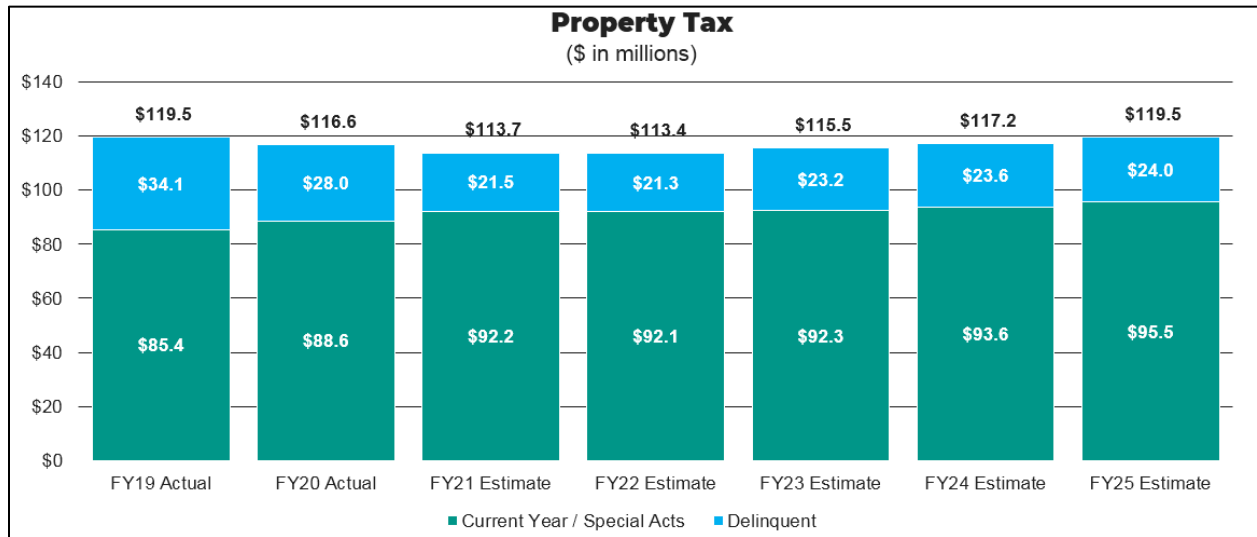
Wagering Taxes:



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 is applied to the three casinos operating in Detroit. The current City wagering tax rate is 11.9% (10.9% in State law, plus 1% pursuant to the casinos’ development agreements with the City). The casinos also pay the City a supplemental 1% tax if their gross receipts exceed \$400 million in a calendar year. The City also assesses a municipal service fee from each casino of 1.25% of adjusted gross receipts or \$4 million, whichever is greater (included separately in the “Other Revenues” category). FY 2020 actuals are 28.0% lower than FY 2019 due to casino closures in March. FY 2021 wagering tax revenues are expected to be 22.2% lower than FY 2020 actuals based on the delayed reopening, second round of closure, and continued capacity restrictions.

The casinos reopened on August 5, 2020 with a 15% capacity restriction. From August through October 2020, the Detroit casinos were able to generate 72% of pre-COVID-19 revenue with the 15% capacity limit. On November 18, 2020, the casinos were again temporarily closed as a result of the State’s economic pause. On December 23, 2020, MotorCity Casino and MGM Grand reopened, and Greektown Casino reopened on December 24, 2020. The forecast assumes casinos will continue to generate 72% of pre-COVID-19 revenue throughout the remainder of the fiscal year, with a gradual return to full pre-COVID-19 baseline by January 2022. Wagering Taxes are anticipated to return to baseline in FY 2023, and the FY 2024–25 forecast assumes the annual growth for adjusted gross receipts to be constant at 1%. The forecast does not reflect any future revenues associated with the January 22, 2021 launch of internet gaming and sports betting.

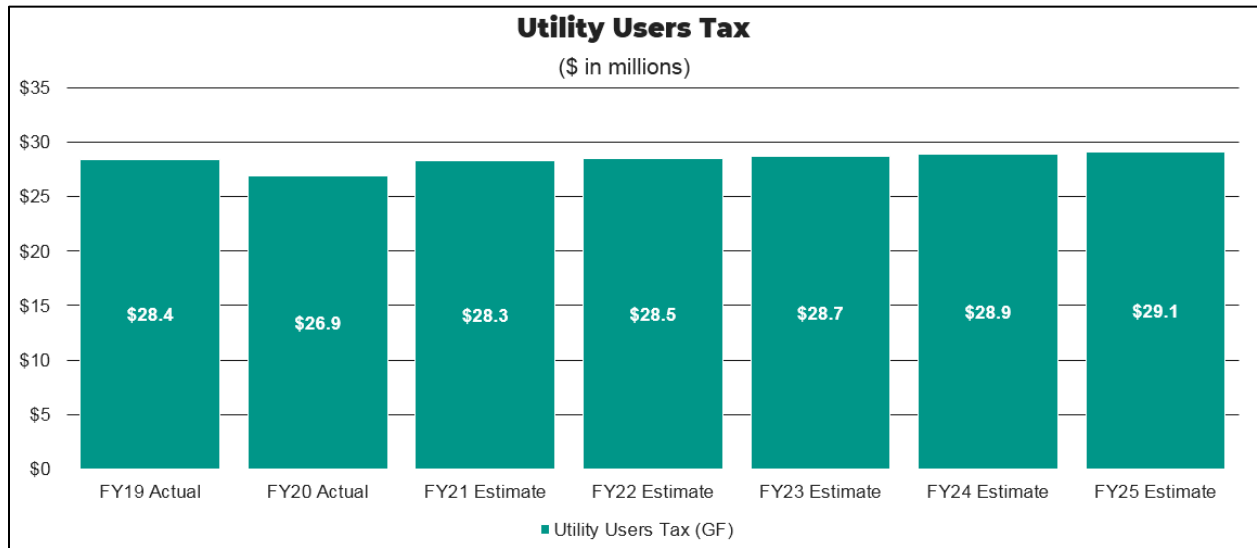
Property Tax:



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 19.952 mills for general operating purposes. However, the millage rate and taxable values are subject to various abatements and exemptions. The actual General Fund collections and revenue estimates are net of captured tax increment financing distributions. The amounts include ad valorem property tax revenue and Special Act property tax revenues from Neighborhood Enterprise Zones, Industrial Facilities Tax, and Obsolete Property Rehabilitation Act parcels.

Declines in revenue from FY 2021–23 are primarily due to reductions in the tax roll from the State-mandated phase-out of industrial personal property, changes in tax increment financing (TIF) capture distributions, and loss of revenue from auction proceeds due to the COVID-19 pandemic. 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 2020 base, which is defined as the cap for growth in taxable value under the State constitution (i.e., Proposal A). The FY 2020 collection rate of 84.0% is held constant throughout the forecast period. Other components, such as payments from Wayne County for delinquent real property tax collections and revenue capture by TIF authorities, are also factored into the forecast based on current and historical observations. The forecast does not include delinquent monthly settlement payments, prospective gains from additions to the tax base or the “uncapping” of taxable value.

Utility Users Tax:



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. Annual changes in the revenue forecast are largely based on the average growth rate in household units that is consistent with prior-year trends. The actual General Fund collections and revenue estimates are net of \$12.5 million that are designated to the Public Lighting Authority (PLA).

Other Departmental General Fund Revenue:

February 2021 Revenue Estimates, Recurring Other Departmental Revenue, General Fund										
<i>\$ in millions</i>										
	February 2021 Estimates									
	FY 2021	FY 2022	Change	FY 2023	Change	FY 2024	Change	FY 2025	Change	
Recurring Revenue										
Departmental Fees and Assessments										
Municipal Service Fee - Casinos	\$ 12.0	\$ 15.2	26.7%	\$ 18.7	23.0%	\$ 18.9	1.1%	\$ 19.1	1.1%	
36th District Court Fines and Fees	16.5	16.5	0.0%	16.5	0.0%	16.5	0.0%	16.5	0.0%	
Fire Department EMS Service Fees	15.4	16.3	5.8%	16.6	1.8%	16.8	1.2%	17.0	1.2%	
Municipal Parking Fines	4.8	9.9	106.3%	12.0	21.2%	12.0	0.0%	12.0	0.0%	
Municipal Parking Fees	4.4	7.1	61.4%	7.7	8.5%	7.7	0.0%	7.7	0.0%	
Licenses, Permits and Inspection Charges ¹	12.3	13.7	11.4%	13.9	1.5%	14.0	0.7%	14.1	0.7%	
Subtotal, Departmental Fees and Assessments	\$ 65.4	\$ 78.7	20.3%	\$ 85.4	8.5%	\$ 85.9	0.6%	\$ 86.4	0.6%	
Other Recurring Revenue										
Reimbursements and Central Staff	\$ 40.7	\$ 41.1	1.0%	\$ 41.6	1.2%	\$ 42.2	1.4%	\$ 42.9	1.7%	
Other Departmental Fees ²	18.7	19.4	3.7%	19.5	0.5%	19.5	0.0%	19.6	0.5%	
DIA / Foundation Grand Bargain Contributions	18.7	18.7	0.0%	18.7	0.0%	18.7	0.0%	18.7	0.0%	
Earnings on Investments	1.8	1.8	0.0%	1.8	0.0%	1.8	0.0%	1.8	0.0%	
Other ³	25.7	26.1	1.6%	26.1	0.0%	26.1	0.0%	28.1	7.7%	
Subtotal, Other Recurring Revenue	\$ 105.6	\$ 107.1	1.4%	\$ 107.7	0.6%	\$ 108.3	0.6%	\$ 111.1	2.6%	
Total, Other Departmental Revenue	\$ 171.0	\$ 185.8	8.7%	\$ 193.1	3.9%	\$ 194.2	0.6%	\$ 197.5	1.7%	

Notes:

(1) Comprises of various business and regulatory licenses, street use permits, and construction inspection and fire permit charges.

(2) Comprises mostly of departmental service charges, such as various Health, Admin Hearing (late blight ticket fees), Cable Franchise, and Recreation fees.

(3) Comprises of miscellaneous revenues and assessments.

The Other Departmental Revenue category includes various revenues administered by individual departments related to their activities. The table above breaks out Other Departmental Revenues into two categories: departmental fees and assessments and other recurring revenue.

Departmental fees and assessments make up roughly 40% of all recurring Other Departmental Revenue. The 20.3% increase from FY 2021 to FY 2022 is largely attributable to departmental revenues impacted by COVID-19 returning back to baseline figures. Increased Casino Municipal Service Fees are driven by casinos returning to full capacity through FY 2022, and Municipal Parking fees and fines are anticipated to gradually return to 90% capacity in FY 2022. Parking fees and fines are projected to return to only 90% of pre-COVID-19 capacity in FY 2023 – FY 2025 due to potential work culture changes moving forward. The estimates above are based off current activity, and do not include potential upside from initiatives recently underway or in development, such as new parking initiatives and other revenue optimization efforts.

The other recurring revenue category represents the remaining 60% of Other Departmental Revenue. The forecast assumes a 1.4% increase from FY 2021 to FY 2022. Modest growth in other recurring revenue is anticipated throughout the remainder of the forecast period.

Non-General Fund Revenues:

February 2021 Revenue Estimates, Non-General Fund									
<i>\$ in thousands</i>									
	FY21	FY22		FY23		FY24		FY25	
	Est	Est	% Change	Est	% Change	Est	% Change	Est	% Change
Non-General Fund¹									
City of Detroit Captial Projects	\$ 14,000	\$ -	-100.0%	\$ -		\$ -		\$ -	
Civil Rights, Inclusion and Opportunity Fund	3,000	3,000	0.0%	3,060	2.0%	3,121	2.0%	3,184	2.0%
Community Development Block Grant	34,886	35,583	2.0%	36,295	2.0%	37,021	2.0%	37,761	2.0%
Construction Code Fund	25,042	25,042	0.0%	25,543	2.0%	26,054	2.0%	26,575	2.0%
COVID-19 Revenue Fund	-	-		-		-		-	
Dedicated Fees and Donations Fund	9,805	9,083	-7.4%	9,265	2.0%	9,450	2.0%	9,639	2.0%
Drug Law Enforcement Fund	1,229	1,254	2.0%	1,279	2.0%	1,304	2.0%	1,330	2.0%
Elections Voter's Education Donations	3	3	0.0%	3	0.0%	3	0.0%	3	0.0%
Fire Grants Fund	2,504	2,554	2.0%	2,605	2.0%	2,657	2.0%	2,710	2.0%
Health Grants Fund	29,737	30,332	2.0%	30,938	2.0%	31,557	2.0%	32,188	2.0%
Homeland Security Grants Fund	725	740	2.1%	755	2.0%	770	2.0%	785	1.9%
Library	27,806	27,835	0.1%	28,312	1.7%	28,757	1.6%	29,309	1.9%
Major Street	100,353	105,066	4.7%	107,216	2.0%	109,416	2.1%	111,629	2.0%
Mayor's Office Grants Fund	244	249	2.0%	254	2.0%	259	2.0%	265	2.3%
Police Grants Fund	6,061	6,182	2.0%	6,306	2.0%	6,432	2.0%	6,561	2.0%
Public Act 48 of 2002 Fund	3,000	3,060	2.0%	3,121	2.0%	3,184	2.0%	3,247	2.0%
Public Lighting Decommissioning Reserve Fund	312	318	1.9%	325	2.2%	331	1.8%	338	2.1%
Recreation/General Services Grants Fund	1,373	1,400	2.0%	1,428	2.0%	1,457	2.0%	1,486	2.0%
Sinking Interest & Redemption ²	61,343	69,997	14.1%	59,749	-14.6%	55,006	-7.9%	46,684	-15.1%
Solid Waste Management	45,396	47,096	3.7%	47,396	0.6%	47,596	0.4%	47,896	0.6%
Special Housing Rehab Programs	10,152	10,355	2.0%	10,562	2.0%	10,773	2.0%	10,988	2.0%
Urban Development Action and Discretionary Grants	2,825	2,881	2.0%	2,939	2.0%	2,998	2.0%	3,058	2.0%
Enterprise Fund									
Airport Operation and Maintenance ³	371	512	38.0%	647	26.4%	660	2.0%	673	2.0%
Detroit Water and Sewerage Department	624,769	649,652	4.0%	662,645	2.0%	675,898	2.0%	689,416	2.0%
Transportation ³	62,116	75,091	20.9%	77,980	3.8%	78,412	0.6%	78,853	0.6%
Total, Non-General Fund Revenue	\$ 1,067,052	\$ 1,107,285	3.8%	\$ 1,118,623	1.0%	\$ 1,133,116	1.3%	\$ 1,144,578	1.0%

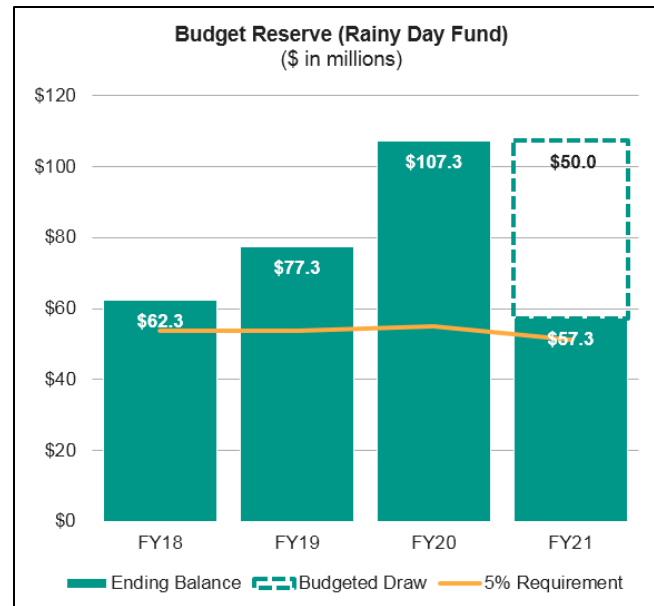
Notes:
(1) Non-General Fund grouping represents all funds excluding Enterprise and fund 1000.
(2) Forecast based on current debt service schedule.
(3) Actuals and forecast adjusted to exclude annual General Fund contributions and transfers.

Non-General Fund revenues include enterprise, grant and special revenue funds. Major examples include water and sewer bills, bus fares, solid waste fees, intergovernmental aid for roads and transit, library taxes, and other dedicated revenues. The Solid Waste Management Fund forecast includes an updated customer count and elimination of monthly payment plans. The Pay as you Stay (PAYS) plan forgives delinquent solid waste fees moving forward, and the forecast has been modified for this policy change. The Major Street Fund forecast is based on the State's projected fuel tax losses, with an anticipated return to baseline by FY 2022. The FY 2021 Transportation Fund forecast anticipates that DDOT bus fares will remain suspended through February 2021, with gradual return to baseline capacity in FY 2022. The FY 2023-25 forecast assumes a return to baseline fare activity.

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, 2020, the City's Budget Reserve (or "Rainy Day fund") totaled \$107.3 million, which exceeded the minimum requirement of 5% of the projected expenditures for FY 2020. The FY 2021 Adopted Budget assumes the City will draw down \$50 million to help address COVID-19 revenue shortfalls, while keeping the balance above 5%. The FY 2021 Adopted Budget provides for an ending budget reserve balance of \$57.3 million, or 5.6% of projected expenditures. Should FY 2021 end favorably, the City may be able to reduce the planned \$50 million draw and maintain a larger ending balance.

Revenue Risk and Potential Upside:

Downside risks:

- New rounds of casino closure to respond to COVID-19
- Double-dip COVID-19 economic recession or slower than anticipated recovery
- Larger than anticipated nonresident remote work impact
- Longer lasting changes in economic activity due to workplace and behavior changes
- Future state and federal budget pressures causing reductions in local funding

Potential Upside (not counted in current revenue estimates):

- Additional federal fiscal relief and economic stimulus
- Residential, commercial, and industrial development activity throughout the City
- Workforce development and labor force participation gains
- Internet gaming and sports betting taxes (launched Jan 2021)
- State-shared excise tax from adult-use marijuana (City authorized in Nov 2020, implementation underway)

Appendix:

Exhibit 1 - Changes from the September 2020 Revenue Estimating Conference, FY 2021 – FY 2022:

February 2021 Revenue Estimates vs. September 2020 Revenue Estimates						
<i>(in millions)</i>						
Major Taxes	FY21			FY22		
	Sept	Feb	% Change	Sept	Feb	% Change
Income Tax	\$ 227.4	\$ 223.0	-1.9%	\$ 319.7	\$ 295.6	-7.5%
State Revenue Sharing	201.4	204.1	1.3%	201.3	202.5	0.6%
Wagering Tax	86.6	103.0	18.9%	182.9	169.8	-7.2%
Property Tax	132.1	129.4	-2.0%	133.7	128.7	-3.7%
Tax Increment Financing Capture	(15.8)	(15.7)	-0.6%	(15.1)	(15.3)	1.3%
Net Property Tax	116.3	113.7	-2.2%	118.6	113.4	-4.4%
Utility Users Tax	40.8	40.8	0.0%	41.0	41.0	0.0%
To Public Lighting Authority	(12.5)	(12.5)	0.0%	(12.5)	(12.5)	0.0%
Net Utility Users Tax	28.3	28.3	0.0%	28.5	28.5	0.0%
Subtotal, Major Taxes	\$ 660.0	\$ 672.1	1.8%	\$ 851.0	\$ 809.8	-4.8%
Other Revenues	\$ 180.7	\$ 175.5	-2.9%	\$ 193.7	\$ 185.8	-4.1%
Grand Total, General Fund	\$ 840.7	\$ 847.6	0.8%	\$ 1,044.7	\$ 995.6	-4.7%

Exhibit 2 - General Fund Revenues by Major Use:

February 2021 Revenue Estimates, General Fund										
(in millions)										
	FY21	FY22		FY23		FY24		FY25		
	Est	Est	% Change	Est	% Change	Est	% Change	Est	% Change	
Major Taxes										
Income Tax	\$ 223.0	\$ 295.6	32.6%	\$ 318.6	7.8%	\$ 327.8	2.9%	\$ 335.9	2.5%	
State Revenue Sharing	204.1	202.5	-0.8%	203.7	0.6%	204.9	0.6%	206.1	0.6%	
Wagering Tax	103.0	169.8	64.9%	186.7	10.0%	188.6	1.0%	190.5	1.0%	
Property Tax	129.4	128.7	-0.5%	131.1	1.9%	133.1	1.5%	135.7	2.0%	
Tax Increment Financing Capture	(15.7)	(15.3)	-2.5%	(15.6)	2.0%	(15.9)	1.9%	(16.2)	1.9%	
Net Property Tax	113.7	113.4	-0.3%	115.5	1.9%	117.2	1.5%	119.5	2.0%	
Utility Users Tax	40.8	41.0	0.5%	41.2	0.5%	41.4	0.5%	41.6	0.5%	
To Public Lighting Authority	(12.5)	(12.5)	0.0%	(12.5)	0.0%	(12.5)	0.0%	(12.5)	0.0%	
Net Utility Users Tax	28.3	28.5	0.7%	28.7	0.7%	28.9	0.7%	29.1	0.7%	
Subtotal, Major Taxes	\$ 672.1	\$ 809.8	20.5%	\$ 853.2	5.4%	\$ 867.4	1.7%	\$ 881.1	1.6%	
Other Revenue										
Fines, Forfeits and Penalties	15.7	20.8	32.5%	22.9	10.1%	22.9	0.0%	22.9	0.0%	
Grants and Other Revenues	2.2	2.8	27.3%	2.8	0.0%	2.8	0.0%	2.8	0.0%	
Licenses, Permits, and Inspection Charges	12.3	13.7	11.4%	13.9	1.5%	14.0	0.7%	14.1	0.7%	
Miscellaneous	0.1	0.1	0.0%	0.1	0.0%	0.1	0.0%	0.1	0.0%	
Other Taxes, Assessments, and Interest	6.3	6.4	1.6%	6.4	0.0%	6.5	1.6%	6.6	1.5%	
Revenues from Use of Assets	25.1	27.2	8.4%	27.1	-0.4%	26.3	-3.0%	25.6	-2.7%	
Sales and Charges for Services	103.1	106.7	3.5%	111.3	4.3%	112.4	1.0%	115.6	2.8%	
Sales of Assets and Compensation for Losses	10.7	8.1	-24.3%	8.6	6.2%	9.2	7.0%	9.8	6.5%	
Subtotal, Other Revenue	\$ 175.5	\$ 185.8	5.9%	\$ 193.1	3.9%	\$ 194.2	0.6%	\$ 197.5	1.7%	
Grand Total, General Fund	\$ 847.6	\$ 995.6	17.5%	\$ 1,046.3	5.1%	\$ 1,061.6	1.5%	\$ 1,078.6	1.6%	

Exhibit 3 – February Other General Fund Revenue by Department:

February 2021 Revenue Estimates, Recurring Other Revenue - General Fund									
(in thousands)									
Department	FY21	FY22	% Change	FY23	% Change	FY24	% Change	FY25	% Change
	Est	Est		Est		Est		Est	
Buildings, Safety Engineering and Environmental	1,828	2,188	19.7%	2,188	0.0%	2,188	0.0%	2,188	0.0%
Public Works	4,416	4,629	4.8%	4,663	0.7%	4,663	0.0%	4,663	0.0%
Office of the Chief Financial Officer	4,831	4,938	2.2%	5,048	2.2%	5,160	2.2%	5,274	2.2%
Fire	19,533	21,066	7.8%	21,397	1.6%	21,735	1.6%	22,080	1.6%
Health	2,713	2,828	4.2%	2,860	1.1%	2,891	1.1%	2,924	1.1%
Human Resources	1,331	1,186	-10.9%	1,209	2.0%	1,233	2.0%	1,258	2.0%
Civil Rights, Inclusion and Opportunity	402	402	0.0%	402	0.0%	402	0.0%	402	0.0%
Law	2,039	2,079	2.0%	2,120	2.0%	2,161	1.9%	2,203	1.9%
Mayor's Office	50	50	0.0%	50	0.0%	50	0.0%	50	0.0%
Municipal Parking	9,222	16,950	83.8%	19,605	15.7%	19,605	0.0%	19,605	0.0%
Non-Departmental	84,144	89,278	6.1%	93,352	4.6%	94,051	0.7%	94,758	0.8%
Housing & Revitalization	3,475	3,582	3.1%	3,582	0.0%	3,582	0.0%	3,582	0.0%
Police	3,518	5,335	51.6%	5,588	4.7%	5,588	0.0%	5,588	0.0%
Public Lighting	1,600	1,400	-12.5%	1,200	-14.3%	1,000	-16.7%	800	-20.0%
Appeals and Hearings	3,033	3,148	3.8%	3,148	0.0%	3,148	0.0%	3,148	0.0%
General Services	8,291	8,298	0.1%	8,305	0.1%	8,312	0.1%	8,319	0.1%
Board of Zoning Appeals	110	110	0.0%	110	0.0%	110	0.0%	110	0.0%
City Council	19	19	0.0%	19	0.0%	19	0.0%	19	0.0%
36th District Court	18,205	18,287	0.5%	18,287	0.0%	18,287	0.0%	18,287	0.0%
City Clerk	8	8	0.0%	8	0.0%	8	0.0%	8	0.0%
Elections	2,266	5	-99.8%	5	0.0%	5	0.0%	2,266	45220.0%
Total, Other Revenue - General Fund	\$171,034	\$ 185,785	8.6%	\$193,147	4.0%	\$194,198	0.5%	\$ 197,533	1.7%

Exhibit 4 – FY 2021 General Fund Changes from February 2020 Revenue Estimating Conference, FY 2021 Adopted Budget, September 2020 Revenue Estimating Conference, and February 2021 Revenue Estimating Conference

General Fund Revenue Estimates - FY 2021 Summary							
(\$ in millions)							
	FY 2021				% Change (February)	% Change (April)	% Change (Sept)
	February 2020 Estimate	April 2020 Estimate	September 2020 Estimate	February 2021 Estimate			
Major Taxes							
Income Tax	\$ 340.4	\$ 239.4	\$ 227.4	\$ 223.0	-34.5%	-6.9%	-1.9%
State Revenue Sharing	205.0	190.5	201.4	204.1	-0.4%	7.1%	1.3%
Wagering Tax	187.8	135.3	86.6	103.0	-45.2%	-23.9%	18.9%
Property Tax	118.9	111.9	116.3	113.7	-4.4%	1.6%	-2.2%
Utility Users Tax	28.5	28.5	28.3	28.3	-0.7%	-0.7%	0.0%
Subtotal, Major Taxes	\$ 880.6	\$ 705.6	\$ 660.0	\$ 672.1	-23.7%	-4.7%	1.8%
Other Revenues	\$ 204.2	\$ 201.1	\$ 180.7	\$ 175.5	-14.1%	-12.7%	-2.9%
Recurring	204.2	201.1	180.7	171.0	-16.3%	-15.0%	-5.4%
Non-recurring	-	-	-	4.5			
Grand Total, General Fund	\$ 1,084.8	\$ 906.7	\$ 840.7	\$ 847.6	-21.9%	-6.5%	0.8%
General Fund, Recurring Only	\$ 1,084.8	\$ 906.7	\$ 840.7	\$ 843.1	-22.3%	-7.0%	0.3%

Exhibit 5 – FY 2020 Actuals Reconciliation

2020 Revenue Actuals - CAFR to Budget Display Reconciliation	
<i>\$ in thousands</i>	
General Fund	FY 2020
CAFR Revenue	\$ 960,438
Other Financing Sources - Face amount of bonds and notes issued	4,159
Other Financing Sources - Transfers In	32,366
Other Financing Sources - Sale of Capital Assets	<u>24,768</u>
Grand Total, CAFR Resources	\$ 1,021,731
Reclassifying of revenues coded as expenditures in CAFR	107,602
Remove non-fund 1000 CAFR General Fund revenues	(105,557)
Other Financing Sources/Uses (Excluded from Revenue Conference)	(49,171)
Reimbursement adjustment ¹	<u>(21,805)</u>
Total, FY 2020 Revenue Actuals	\$ 952,800
Non-Recurring Items	
Major Taxes	
Income Tax - One-Time Corporate Refunds	<u>(3,500)</u>
Subtotal, Major Taxes	\$ (3,500)
Other Revenue	
Municipal Parking Cobo Deferred Lease Earnings	13,979
Sale of Assets and City Real Property	6,680
Local Community Stabilization Authority	3,930
Millennium Garage Sale	3,099
JLA Sale	2,000
Investment Earnings Unrealized Gains	625
Detroit Pistons Basketball Court Improvement Donation	417
Adjustment period expenses reclassified as revenue	<u>(1,954)</u>
Subtotal, Other Revenue	\$ 28,776
Total, FY 2020 Non-Recurring Items	\$ 25,276
Total, FY 2020 Recurring Revenue	<u>\$ 927,524</u>
Major Taxes	751,149
Other Revenue	176,375
Notes:	
(1) Revenues have been adjusted to exclude certain interfund reimbursements and pass-through contributions that will no longer be categorized as revenue in FY21 and moving forward.	