HOUSE FISCAL AGENCY

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July 2026 Revenue Update

Major Taxes

Cash collections from Michigan's major taxes, penalties and interest, and lottery transfers totaled $3,078.3 million in July 2026, $165.8 million more than in July 2025. For the fiscal year-to-date, collections in FY 2025-26 were $793.9 million (or 3.3%) higher than during FY 2024-25.

Net income tax revenue totaled $1,204.9 million in July 2026, and for FY 2025-26 collections through July were $668.6 million more than the same period during FY 2024-25. Year-to-date gross income tax collections in FY 2025-26 were $705.1 million higher than one year ago due primarily to higher individual income tax (IIT) withholding, quarterly, and flow-through entity payments.

Net business taxes are composed of the single business tax (SBT), the Michigan business tax (MBT), the corporate income tax (CIT), and insurance company taxes. Because of their inherent volatility, monthly collections of business taxes often display significant fluctuations that diverge from historical trends. On a fiscal year-to-date basis, net business taxes were $77.9 million higher through July 2026 than a year ago. MBT refunds through July 2026 were $38.0 million more negative[1] than last year while CIT collections over the same period were $110.3 million (or 7.0%) higher than last year's amount. Year-to-date insurance taxes were also higher than a year ago by $5.7 million (or 1.5%).

Revenue from consumption taxes, which consist of the sales tax, the use tax, beer and wine taxes, liquor taxes, and tobacco taxes, totaled $1,267.6 million in July 2026, and were collectively $198.6 million lower than in FY 2024-25 on a year-to-date basis. Sales tax collections were $370.6 million (or 4.6%) below last year's amount on a year-to-date basis (primarily due to the new sales tax exemption on motor fuels), while use tax collections were $212.2 million (or 13.5%) higher than a year ago.

Revenue from online gaming totaled $56.7 million in July 2026 and collections through July were $101.3 million (or 26.2%) higher than the same period during FY 2024-25. Year-to-date revenue from recreational marihuana sales through July 2026 was $4.8 million (or 2.1%) lower than one year ago. The transfer from the lottery to the School Aid Fund was $88.9 million in July 2026, and year-to-date transfers were $5.6 million lower than FY 2024-25. Year-to-date revenue from the real estate transfer tax was $22.5 million (or 7.2%) above last year.

General Fund/General Purpose (GF/GP) Tax Revenue

General Fund/General Purpose revenue from Michigan's major taxes was estimated[2] to be $1,557.8 million in July 2026, about $116.5 million above the projection established at the May 2026 consensus revenue estimating conference (CREC). This was primarily due to strong income tax withholding and sales and use tax revenues and income tax refunds that were lower (less negative) than expected.

Through July 2026, year-to-date GF/GP tax revenue for FY 2025-26 was about $455.7 million above the projected amount at the May 2026 CREC.

School Aid Fund (SAF) Revenue

School Aid Fund revenue from Michigan's major taxes was estimated[2] to be $1,358.8 million in July 2026, about $74.0 million above the amount established at the May 2026 CREC, led by higher than anticipated collections from the sales and use tax, net income tax, real estate transfer tax, and iGaming.

Through July 2026, year-to-date SAF revenue for FY 2025-26 was about $220.7 million above the May 2026 consensus revenue projections.

[1] MBT refund totals mainly comprise a few large refunds, therefore the timing can significantly impact monthly revenue comparisons.
[2] Because of accruals and undistributed revenue, monthly fund splits are estimated.

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FY 2025-26 July Revenue Collections

Millions of Dollars

Major Taxes	FY 2025-26 July	Year-to-Date Collections FY 2024-25	Year-to-Date Collections FY 2025-26	Change from FY 2024-25 Year-to-Date Dollar	Change from FY 2024-25 Year-to-Date % Change	FY 2025-26 Estimates (May 2026 CREC) Dollar	FY 2025-26 Estimates (May 2026 CREC) % Change
Individual Income Tax							
Withholding	$1,208.2	$10,253.4	$10,750.1	$496.7	4.8%	$14,135.1	4.6%
Flow Through Entity Tax	(4.4)	812.5	952.2	139.8	17.2%	1,110.0	11.0%
Quarterly Income Tax	37.3	967.6	1,062.9	95.3	9.9%	1,464.6	6.2%
Annual Income Tax	34.1	1,356.4	1,329.7	(26.7)	(2.0%)	1,445.4	(4.0%)
Gross Income Tax	**$1,275.4**	**$13,389.9**	**$14,094.9**	**$705.1**	**5.3%**	**$18,155.1**	**4.3%**
Less: Income Tax Refunds	70.5	3,530.8	3,567.3	36.5	1.0%	4,038.9	(0.3%)
Net Income Tax	**$1,204.9**	**$9,859.1**	**$10,527.7**	**$668.6**	**6.8%**	**$14,116.2**	**5.7%**
Business Taxes							
Single Business Tax	0.0	0.2	0.1	(0.1)		0.0	
Michigan Business Tax	(0.3)	(421.2)	(459.1)	(38.0)		(503.1)	
Corporate Income Tax	140.2	1,566.5	1,676.9	110.3	7.0%	2,063.0	11.4%
Insurance Company Taxes	125.9	386.9	392.6	5.7	1.5%	555.0	5.4%
Subtotal	**$265.9**	**$1,532.5**	**$1,610.5**	**$77.9**	**5.1%**	**$2,114.9**	**8.5%**
Consumption Taxes							
Sales Tax	954.6	7,975.8	7,605.2	(370.6)	(4.6%)	9,965.2	(7.8%)
Use Tax (excluding LCSA levy)	244.1	1,570.5	1,782.7	212.2	13.5%	2,223.6	7.4%
Beer and Wine Taxes	8.8	31.5	30.1	(1.4)	(4.4%)	42.0	(2.1%)
Liquor Excise Tax	3.5	115.9	87.8	(28.0)	(24.2%)	139.4	(1.6%)
Tobacco Taxes	56.5	454.0	443.3	(10.8)	(2.4%)	602.0	(3.4%)
Subtotal	**$1,267.6**	**$10,147.7**	**$9,949.2**	**($198.6)**	**(2.0%)**	**$12,972.2**	**(5.2%)**
Other Miscellaneous Taxes							
State Education Tax	14.3	653.1	681.3	28.2	4.3%	3,055.0	5.1%
Real Estate Transfer Tax	40.9	312.7	335.2	22.5	7.2%	455.0	3.4%
Essential Services Assessment	30.4	46.6	43.2	(3.5)	(7.4%)	163.0	4.3%
Industrial & Commercial Facilities Taxes	3.6	36.9	47.7	10.8	29.2%	59.0	10.7%
Casino Wagering Tax	9.1	78.2	78.9	0.7	0.9%	103.0	(0.2%)
iGaming, Sports Betting, Fantasy Sports	56.7	386.7	488.0	101.3	26.2%	640.0	20.7%
Recreational Marihuana Excise Tax	48.0	228.0	223.2	(4.8)	(2.1%)	306.3	(2.0%)
Gas and Oil Severance Tax	2.1	15.3	18.4	3.1	20.1%	23.0	18.6%
Telephone and Telegraph Tax	31.0	28.6	45.3	16.7	58.4%	50.0	4.2%
Penalties and Interest	14.9	121.8	198.3	76.5	62.8%	205.0	6.7%
Lottery Transfer to School Aid Fund	88.9	840.3	834.7	(5.6)	(0.7%)	1,127.0	(3.6%)
Subtotal	**$339.9**	**$2,748.1**	**$2,994.1**	**$246.0**	**8.9%**	**$6,186.3**	**4.3%**
TOTAL	**$3,078.3**	**$24,287.5**	**$25,081.4**	**$793.9**	**3.3%**	**$35,389.6**	**1.4%**

Note: Numbers may not add due to rounding.