HOUSE FISCAL AGENCY

Ben Gielczyk, Associate Director

May 2026 Revenue Update

Major Taxes

Cash collections from Michigan's major taxes, penalties and interest, and lottery transfers totaled $2,723.3 million in May 2026, $119.8 million more than in May 2025. For the fiscal year-to-date, collections in FY 2025-26 were $535.8 million (or 3.0%) higher than during FY 2024-25.

Net income tax revenue totaled $1,153.5 million in May 2026, and for FY 2025-26 collections through May were $555.9 million more than the same period during FY 2024-25. Year-to-date gross income tax collections in FY 2024-25 were $573.2 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 $20.0 million higher through May 2026 than a year ago. MBT refunds through May 2026 were $35.4 million more negative[1] than last year while CIT collections over the same period were $52.8 million (or 4.6%) higher than last year's amount. Year-to-date insurance taxes were also higher than a year ago by $2.9 million (or 1.1%).

Revenue from consumption taxes, which consist of the sales tax, the use tax, beer and wine taxes, liquor taxes, and tobacco taxes, totaled $1,128.2 million in May 2026, and were collectively $225.6 million lower than in FY 2024-25 on a year-to-date basis. Sales tax collections were $323.9 million (or 5.4%) 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 $125.2 million (or 10.5%) higher than a year ago.

Revenue from online gaming totaled $56.8 million in May 2026 and collections through May were $77.7 million (or 26.2%) higher than the same period during FY 2024-25. Year-to-date revenue from recreational marihuana sales through May 2026 was $5.2 million (or 3.1%) lower than one year ago. The transfer from the lottery to the School Aid Fund was $93.3 million in May 2026, and year-to-date transfers were $31.0 million lower than FY 2024-25. Year-to-date revenue from the real estate transfer tax was $19.1 million (or 8.1%) 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 $1,281.5 million in May 2026, about $270.4 million above the projection established at the May 2026 consensus revenue estimating conference (CREC). This was primarily due to corporate income tax and gross IIT collections that were above what was forecasted coupled with IIT refunds that were lower (less negative) than what was forecasted.

Because May collections are the only monthly revenues since the most recent CREC, year-to-date GF/GP tax revenue for FY 2025-26 was also about $270.4 million above the projected amount.

School Aid Fund (SAF) Revenue

School Aid Fund revenue from Michigan's major taxes was estimated[2] to be $1,321.5 million in May 2026, about $95.4 million above the amount established at the May 2026 CREC, led by higher than anticipated collections from the sales tax, liquor excise tax, real estate transfer tax, and gross IIT collections.

For the same reason as year-to-date GF/GP revenue, year-to-date SAF revenue for FY 2025-26 was also about $95.4 million above the 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.

HOUSE FISCAL AGENCY

FY 2025-26 May Revenue Collections

Millions of Dollars

Major Taxes	FY 2025-26 May	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	$1,066.4	$8,008.4	$8,417.7	$409.3	5.1%	$14,135.1	4.6%
Flow Through Entity Tax	(10.9)	626.5	738.6	112.0	17.9%	1,110.0	11.0%
Quarterly Income Tax	52.7	651.5	741.9	90.5	13.9%	1,464.6	6.2%
Annual Income Tax	228.4	1,297.2	1,258.6	(38.6)	(3.0%)	1,445.4	(4.0%)
Gross Income Tax	**$1,336.8**	**$10,583.6**	**$11,156.8**	**$573.2**	**5.4%**	**$18,155.1**	**4.3%**
Less: Income Tax Refunds	183.3	3,349.7	3,366.9	17.3	0.5%	4,038.9	(0.3%)
Net Income Tax	**$1,153.5**	**$7,233.9**	**$7,789.9**	**$555.9**	**7.7%**	**$14,116.2**	**5.7%**
Business Taxes							
Single Business Tax	0.0	0.2	0.0	(0.2)		0.0	
Michigan Business Tax	(0.7)	(429.2)	(464.6)	(35.4)		(503.1)	
Corporate Income Tax	147.2	1,156.7	1,209.5	52.8	4.6%	2,063.0	11.4%
Insurance Company Taxes	(5.3)	263.3	266.2	2.9	1.1%	555.0	5.4%
Subtotal	**$141.3**	**$991.1**	**$1,011.1**	**$20.0**	**2.0%**	**$2,114.9**	**8.5%**
Consumption Taxes							
Sales Tax	832.7	6,052.6	5,728.6	(323.9)	(5.4%)	9,965.2	(7.8%)
Use Tax (excluding LCSA levy)	189.6	1,193.8	1,319.0	125.2	10.5%	2,223.6	7.4%
Beer and Wine Taxes	1.0	21.1	20.2	(1.0)	(4.7%)	42.0	(2.1%)
Liquor Excise Tax	55.4	88.8	72.6	(16.2)	(18.3%)	139.4	(1.6%)
Tobacco Taxes	49.5	345.8	336.2	(9.6)	(2.8%)	602.0	(3.4%)
Subtotal	**$1,128.2**	**$7,702.1**	**$7,476.5**	**($225.6)**	**(2.9%)**	**$12,972.2**	**(5.2%)**
Other Miscellaneous Taxes							
State Education Tax	41.3	594.5	627.3	32.8	5.5%	3,055.0	5.1%
Real Estate Transfer Tax	42.2	235.4	254.4	19.1	8.1%	455.0	3.4%
Essential Services Assessment	4.9	7.6	6.7	(0.9)	(11.9%)	163.0	4.3%
Industrial & Commercial Facilities Taxes	13.3	21.4	37.2	15.8	74.0%	59.0	10.7%
Casino Wagering Tax	9.2	61.4	61.5	0.1	0.2%	103.0	(0.2%)
iGaming, Sports Betting, Fantasy Sports	56.8	296.1	373.9	77.7	26.2%	640.0	20.7%
Recreational Marihuana Excise Tax	12.9	166.1	160.8	(5.2)	(3.1%)	306.3	(2.0%)
Gas and Oil Severance Tax	1.8	12.2	13.5	1.3	10.6%	23.0	18.6%
Telephone and Telegraph Tax	0.0	6.3	13.5	7.2	115.0%	50.0	4.2%
Penalties and Interest	24.6	101.3	169.8	68.5	67.7%	205.0	6.7%
Lottery Transfer to School Aid Fund	93.3	685.4	654.4	(31.0)	(4.5%)	1,127.0	(3.6%)
Subtotal	**$300.3**	**$2,187.7**	**$2,373.1**	**$185.4**	**8.5%**	**$6,186.3**	**4.3%**
TOTAL	**$2,723.3**	**$18,114.8**	**$18,650.7**	**$535.8**	**3.0%**	**$35,389.6**	**1.4%**

Note: Numbers may not add due to rounding.