THE MICHIGAN TAX SYSTEM AND BUDGET: State-Level Revenue/Appropriations Only (Excludes Federal Funds)

Amounts based on January 2026 consensus estimates and Fiscal Year (FY) 2025-26 enacted budget; figures do not sum in some cases due to smaller funding amounts not shown

All dollar amounts in millions unless otherwise indicated

House Fiscal Agency

TAXES AND OTHER REVENUE

Statutory allocation

Constitutional allocation

Corp Income Tax +$2,078
6%

($503) MBT/ SBT

Insurance Company Tax +$540
1.25% rate (of gross premiums)

Michigan and Single Business Tax (MBT/SBT) losses due to refundable tax credits

CIT Earmarks
- Neighborhood Roads Fund (NRF): $688 (FY 26)
- MI Housing and Community Development Fund: $50

Net Business Taxes: $2,115

Other GF/GP Revenue: $1,120
Liquor Revolving Fund, etc.

Individual Income Tax
4.25% rate
$13,640

Redirection of income tax revenue from GF/GP to Renew Michigan Fund at $69

Use Tax levied by Local Community Stabilization Authority (LCSA) for Personal Property Tax reimbursement to locals (portion of 6% rate, but not considered state revenue): $571

Liquor/Beer/Wine Taxes: $205

Use Tax*
6.0% rate less LCSA portion
$2,229

Sales Tax
6.0% rate
$10,360

CVTs: 15%
Counties: 15%
MTF: 35%
SAF: 35%

State Education Tax
Statewide property tax at 6 mill rate (0.6% of taxable value, which is equal to 50% or less of true cash value)
$3,005

Lottery Transfer: $1,135
Net proceeds after prizes/administration

Gaming/Other SAF Taxes: $696

Real Estate Transfer Tax: $460

Excise Tax on Marihuana: $311

Tobacco Taxes: $611
Rates: $2.00/pack, 32% for Other Tobacco Products (OTP)

IPA and QAAP*: $3,114

Tobacco Settlement Rev (TSR)*: $172

Fuel taxes:
CY 2025
31.0 cents/gallon
CY 2026
52.4 cents/gallon

Fuel Taxes
$2,449

Motor Vehicle Registration Taxes
$1,619

Wholesale Tax on Marijuana: $313

Other State Revenue
User fees and other assessments
$4,952

TOTAL STATE REVENUE: $48.5 BILLION

$1,377 (revenue not allocated to other funds)

$688 (NRF)

$9,209 (revenue not allocated to other funds; est. 64% of net collections)

$4,361 (est. 25% of gross collections; est. 30.6% of net collections)

$111 (33% of liquor, 100% of beer/wine)

$77 (33% of liquor)
(33% of liquor to CFDF*)

$1,210 (remaining rev)

$943 (35% of full 6% rate)

$1,114 (15% remaining revenue)

$8,060 (73%: 60% of 4% rate + 100% of additional 2% rate)

$1,070 (10%: 15% of 4% rate)

$95 (1%: from auto-related sales tax)

$121 (20% of cigarette/25% of OTP)

$210 (34% of cigarette)

$268 (44% of cigarette/75% of OTP)
(2% of cigarette to other health purposes)

MAJOR STATE FUNDS

GENERAL FUND/ GENERAL PURPOSE (GF/GP)
Unrestricted funds available to fund basic state programs and other purposes determined by Legislature
$14,742

$0 GF/GP deposit for FY 2025-26

Budget Stabilization Fund
(FY 2025-26 est. year-end balance: $2,228 million)

↓ RESTRICTED FUNDS ↓

School Aid Fund (SAF)
Constitutionally restricted for school districts, higher education, and school employees retirement system
$20,152

Sales tax revenue appropriated for statutory revenue sharing becomes restricted

Statutory Revenue Sharing: $627

Constitutional Revenue Sharing
$1,070

Health Care-Related Funds (MBTF/IPA/TSR*)
$3,529

Michigan and Comprehensive Transportation Funds (MTF/CTF/NRF)
$5,448

Other Funds
Includes some smaller revenue amounts from individual taxes listed at left
$1,878

TOTAL APPROPRIATIONS FROM STATE SOURCES: $46.8 BILLION

Includes beginning balances and unrealized revenues (all major funds are balanced)

APPROPRIATIONS BY AREA

Proportional to revenue/fund boxes vertically, but not horizontally

Health & Human Services
Medicaid (Managed Care Organizations, Hospitals, Nursing Homes, etc.), Behavioral Health, Public Health, Public Assistance, Child Welfare, etc.
$7,132 GF/GP
$3,451 MBTF/ IPA/ MATF/QAAP*
$786 Other — Health care provider assessments, etc.
$4.2 billion GF/GP + $3.8 billion in restricted funds utilized as match for $20.3 billion in federal funds for Medicaid/Healthy Michigan Plan

Corrections
Prison Operations, Prisoner Health Care, Parole/Probation, etc.
$2,128 GF/GP
$30 Other

Labor & Economic Opportunity
$216 GF/GP
$75 MBTF/IPA/ Tob. Settle.
$237 Other

State Police $638 GF/GP
$190 Other

Debt Service (Including SBA Rent*): $352 GF/GP

Higher Education
Public University Operations, Student Financial Aid, etc.
$1,483 GF/GP
$851 SAF

Community Colleges $493 SAF
College Operations, Retirement Cost Reimbursement

$73 GF/GP

School Aid
Foundation Allowances to Local Districts and Public School Academies, Retirement Cost Reimbursement, At-Risk Programs, Early Childhood Programs, etc.
$18,808 SAF

Revenue Sharing
Constitutional to Cities/Villages/Townships (CVTs)
Statutory to CVTs + Counties
$1,687

Transportation
Local Road Agencies, State Trunkline Construction/ Maintenance, Public Transportation, etc.
$5,448 MTF/CTF/NRF

12 departments: Ag & Rural Dev, Attorney General, Civil Rights, Education, Environment, Great Lakes, & Energy, Insurance & Fin Services, Licensing & Reg Affairs, Military & Vet Affairs, Natural Resources, State, Tech Mgmt & Budget, Treasury + Judiciary, Legislature, Exec Office

Other Budget Areas
$2,092 GF/GP
$2 Tobacco Settlement (primarily 21st Century Jobs Fund)
$646 Other

*(1) CFDF = Convention Facility Development Fund, (2) IPA and QAAP = Insurance Provider Assessment and Quality Assurance Assessment Program, (3) Tobacco Settlement Revenue excludes securitization-related debt service payments; remaining revenue flows through multiple funds (21st Century Jobs Fund and Merit Award Trust Fund [MATF]), (4) MBTF = Medicaid Benefits Trust Fund, (5) SBA = State Building Authority; rent payments cover debt obligations for state-supported state agency and university/college capital outlay projects.

More tax/budget details at house.mi.gov/hfa

APRIL 2026