HOUSE FISCAL AGENCY

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August 2026 Revenue Update

Major Taxes

Cash collections from Michigan's major taxes, penalties and interest, and lottery transfers totaled $3,019.3 million in August 2026, $39.5 million more than in August 2025. For the fiscal year-to-date, collections in FY 2025-26 were $833.5 million (or 3.1%) higher than during FY 2024-25.

Net income tax revenue totaled $1,127.5 million in August 2026, and for FY 2025-26 collections through August were $763.8 million more than the same period during FY 2024-25. Year-to-date gross income tax collections in FY 2025-26 were $816.3 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 $88.1 million higher through August 2026 than a year ago. MBT refunds through August 2026 were $37.9 million more negative[1] than last year while CIT collections over the same period were $121.3 million (or 7.6%) higher than last year's amount. Year-to-date insurance taxes were also higher than a year ago by $4.8 million (or 1.2%).

Revenue from consumption taxes, which consist of the sales tax, the use tax, beer and wine taxes, liquor taxes, and tobacco taxes, totaled $1,193.6 million in August 2026, and were collectively $268.7 million lower than in FY 2024-25 on a year-to-date basis. Sales tax collections were $433.4 million (or 4.8%) 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 $206.0 million (or 11.5%) higher than a year ago.

Revenue from online gaming totaled $57.0 million in August 2026 and collections through August were $112.2 million (or 25.9%) higher than the same period during FY 2024-25. Year-to-date revenue from recreational marihuana sales through August 2026 was $4.3 million (or 1.8%) lower than one year ago. Year-to-date revenue from the state education tax and real estate transfer tax was $20.3 million (or 2.2%) and $28.7 million (or 8.0%) above last year, respectively.

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

General Fund/General Purpose revenue from Michigan's major taxes was estimated[2] to be $1,319.1 million in August 2026, about $40.1 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 MBT refunds that were lower (less negative) than expected.

On a year-to-date basis, GF/GP tax revenue for FY 2025-26 was about $495.8 million above the projected amount at May CREC. It should be noted that GF/GP revenue is overstated to some extent because the monthly revenues do not account for the SAF hold harmless requirement from the sales tax exemption on motor fuels.[3]

School Aid Fund (SAF) Revenue

School Aid Fund revenue from Michigan's major taxes was estimated[2] to be $1,567.1 million in August 2026, about $76.6 million above the amount established at the May 2026 CREC, led by higher than anticipated collections from the sales and use tax, state education tax, real estate transfer tax, and iGaming.

Year-to-date SAF revenue for FY 2025-26 was about $297.3 million above the consensus revenue projections. For the same reason as noted above, SAF revenues are understated because the monthly revenues do not currently account for the SAF hold harmless requirement from the sales tax exemption on motor fuels.[3]

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[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.

[3] 2025 PA 17 requires revenue to be deposited into the SAF to offset revenue lost from the exemption of the sales tax on motor fuels.

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FY 2025-26 August Revenue Collections

Millions of Dollars

Major Taxes	FY 2025-26 August	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	$1,178.2	$11,310.2	$11,928.4	$618.1	5.5%	$14,135.1	4.6%
Flow Through Entity Tax	6.9	817.2	959.1	141.9	17.4%	1,110.0	11.0%
Quarterly Income Tax	27.3	994.0	1,090.2	96.2	9.7%	1,464.6	6.2%
Annual Income Tax	14.9	1,384.5	1,344.6	(39.9)	(2.9%)	1,445.4	(4.0%)
Gross Income Tax	**$1,227.3**	**$14,505.9**	**$15,322.2**	**$816.3**	**5.6%**	**$18,155.1**	**4.3%**
Less: Income Tax Refunds	99.7	3,614.5	3,667.0	52.5	1.5%	4,038.9	(0.3%)
Net Income Tax	**$1,127.5**	**$10,891.4**	**$11,655.2**	**$763.8**	**7.0%**	**$14,116.2**	**5.7%**
Business Taxes							
Single Business Tax	0.0	0.2	0.1	(0.1)		0.0	
Michigan Business Tax	0.2	(421.1)	(458.9)	(37.9)		(503.1)	
Corporate Income Tax	39.5	1,595.1	1,716.4	121.3	7.6%	2,063.0	11.4%
Insurance Company Taxes	14.3	402.1	406.9	4.8	1.2%	555.0	5.4%
Subtotal	**$53.9**	**$1,576.3**	**$1,664.4**	**$88.1**	**5.6%**	**$2,114.9**	**8.5%**
Consumption Taxes							
Sales Tax	902.6	8,941.3	8,507.8	(433.4)	(4.8%)	9,965.2	(7.8%)
Use Tax (excluding LCSA levy)	219.3	1,796.0	2,002.0	206.0	11.5%	2,223.6	7.4%
Beer and Wine Taxes	1.3	32.9	31.4	(1.4)	(4.4%)	42.0	(2.1%)
Liquor Excise Tax	12.1	130.7	99.9	(30.8)	(23.6%)	139.4	(1.6%)
Tobacco Taxes	58.4	510.8	501.6	(9.1)	(1.8%)	602.0	(3.4%)
Subtotal	**$1,193.6**	**$11,411.5**	**$11,142.8**	**($268.7)**	**(2.4%)**	**$12,972.2**	**(5.2%)**
Other Miscellaneous Taxes							
State Education Tax	256.3	917.3	937.6	20.3	2.2%	3,055.0	5.1%
Real Estate Transfer Tax	53.8	360.3	389.0	28.7	8.0%	455.0	3.4%
Essential Services Assessment	118.2	153.1	161.4	8.3	5.4%	163.0	4.3%
Industrial & Commercial Facilities Taxes	4.8	42.0	52.5	10.5	25.0%	59.0	10.7%
Casino Wagering Tax	8.9	86.8	87.7	0.9	1.1%	103.0	(0.2%)
iGaming, Sports Betting, Fantasy Sports	57.0	432.8	545.0	112.2	25.9%	640.0	20.7%
Recreational Marihuana Excise Tax	15.1	242.6	238.3	(4.3)	(1.8%)	306.3	(2.0%)
Gas and Oil Severance Tax	1.8	16.9	20.2	3.2	19.2%	23.0	18.6%
Telephone and Telegraph Tax	6.0	38.2	51.3	13.1	34.1%	50.0	4.2%
Penalties and Interest	18.2	131.2	216.5	85.3	65.0%	205.0	6.7%
Lottery Transfer to School Aid Fund	104.0	966.7	938.7	(28.0)	(2.9%)	1,127.0	(3.6%)
Subtotal	**$644.1**	**$3,388.0**	**$3,638.2**	**$250.2**	**7.4%**	**$6,186.3**	**4.3%**
TOTAL	**$3,019.3**	**$27,267.2**	**$28,100.7**	**$833.5**	**3.1%**	**$35,389.6**	**1.4%**

Note: Numbers may not add due to rounding.