HOUSE FISCAL AGENCY

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February 2026 Revenue Update

Major Taxes

Cash collections from Michigan's major taxes, penalties and interest, and lottery transfers totaled $1,570.0 million in February 2026, $293.2 million more than in February 2025. For the fiscal year-to-date, collections in FY 2025-26 were $761.7 million (or 7.4%) higher than during FY 2024-25.

Net income tax revenue totaled $383.0 million in February 2026, and for FY 2025-26 collections through February were $760.4 million more than the same period during FY 2024-25. Year-to-date gross income tax collections in FY 2025-26 were $396.6 million higher than one year ago primarily due to strong withholding collections, but flow-through entity and quarterly collections have also been strong.

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 $67.4 million lower through February 2026 than a year ago. MBT refunds through February 2026 were $48.2 million lower (more negative)[1], while CIT collections over the same period were $32.5 million (or 5.5%) lower. Insurance taxes were $13.2 million (or 8.8%) higher.

Revenue from consumption taxes, which consist of the sales tax, the use tax, beer and wine taxes, liquor taxes, and tobacco taxes, totaled $879.6 million in February 2026, and were collectively $32.1 million lower than in FY 2024-25 on a year-to-date basis. Strong use tax collections were more than offset by weaker sales, beer and wine, liquor excise, and tobacco taxes.

Revenues from the state education tax (SET) and the real estate transfer tax (RET) in February 2026 were $26.0 million and $25.1 million, respectively. Recreational marijuana revenue was $2.6 million (or 2.8%) lower than last year and online gaming revenue was $43.3 million (or 26.5%) higher than last year on a year-to-date basis.

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

General Fund/General Purpose revenue from Michigan's major taxes was estimated[2] to be $372.5 million in February 2026, about $320.4 million above the projection established at the January 2026 consensus revenue estimating conference (CREC). Lower than anticipated individual income tax (IIT) refunds and above target IIT withholding effectively account for almost all the above-forecast collections.

On a year-to-date basis, GF/GP tax revenue for FY 2025-26 was about $386.6 million above the projected amount.

School Aid Fund (SAF) Revenue

School Aid Fund revenue from Michigan's major taxes was estimated[1] to be $1,093.8 million in February 2026, about $8.9 million above the amount established at the January 2026 CREC. This was mainly driven by online gaming taxes and gross IIT collections that were above forecast offsetting weaker than anticipated sales and use tax collections.

Year-to-date SAF revenue for FY 2025-26 was about $75.1 million above the consensus revenue projections.

[1] MBT refund totals mainly comprise a few large refunds, therefore the timing of those refunds 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 February Revenue Collections

Millions of Dollars

Major Taxes	FY 2025-26 February	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 (January 2026 CREC) Dollar	FY 2025-26 Estimates (January 2026 CREC) % Change
Individual Income Tax							
Withholding	$1,161.7	$4,613.2	$4,867.6	$254.4	5.5%	$13,815.1	2.2%
Flow Through Entity Tax	11.8	316.7	374.9	58.2	18.4%	1,020.0	2.0%
Quarterly Income Tax	18.1	392.0	474.6	82.6	21.1%	1,383.0	0.3%
Annual Income Tax	33.3	88.9	90.4	1.5	1.7%	1,460.4	(3.0%)
Gross Income Tax	**$1,225.0**	**$5,410.8**	**$5,807.4**	**$396.6**	**7.3%**	**$17,678.5**	**1.6%**
Less: Income Tax Refunds	842.0	1,288.2	924.4	(363.8)	(28.2%)	4,038.9	(0.3%)
Net Income Tax	**$383.0**	**$4,122.6**	**$4,883.0**	**$760.4**	**18.4%**	**$13,639.6**	**2.2%**
Business Taxes							
Single Business Tax	0.0	0.0	0.0	0.0		0.0	
Michigan Business Tax	(18.5)	(418.7)	(466.8)	(48.2)		(503.1)	
Corporate Income Tax	57.2	588.6	556.1	(32.5)	(5.5%)	2,078.0	12.2%
Insurance Company Taxes	43.8	151.0	164.2	13.2	8.8%	540.0	2.5%
Subtotal	**$82.4**	**$320.9**	**$253.6**	**($67.4)**	**(21.0%)**	**$2,114.9**	**8.5%**
Consumption Taxes							
Sales Tax	702.6	3,498.7	3,378.0	(120.7)	(3.5%)	10,360.0	(4.1%)
Use Tax (excluding LCSA levy)	132.1	680.9	816.3	135.4	19.9%	2,153.6	4.0%
Beer and Wine Taxes	0.9	12.1	11.7	(0.5)	(4.0%)	43.0	0.2%
Liquor Excise Tax	0.2	53.5	15.4	(38.1)	(71.3%)	145.4	2.6%
Tobacco Taxes	43.9	205.0	196.9	(8.1)	(4.0%)	611.0	(2.0%)
Subtotal	**$879.6**	**$4,450.3**	**$4,418.3**	**($32.1)**	**(0.7%)**	**$13,313.0**	**(2.7%)**
Other Miscellaneous Taxes							
State Education Tax	26.0	515.9	538.3	22.4	4.3%	3,005.0	3.4%
Real Estate Transfer Tax	25.1	139.3	135.0	(4.4)	(3.1%)	460.0	4.5%
Essential Services Assessment	0.5	1.2	1.2	(0.1)	(5.8%)	163.0	4.3%
Industrial & Commercial Facilities Taxes	4.5	6.2	7.7	1.6	25.5%	52.0	(2.4%)
Casino Wagering Tax	8.1	33.8	33.6	(0.2)	(0.6%)	106.0	2.7%
iGaming, Sports Betting, Fantasy Sports	51.2	163.2	206.5	43.3	26.5%	590.0	11.3%
Recreational Marihuana Excise Tax	12.7	91.4	88.9	(2.6)	(2.8%)	311.4	(0.4%)
Gas and Oil Severance Tax	2.0	7.4	6.8	(0.6)	(8.3%)	20.0	3.1%
Telephone and Telegraph Tax	0.1	6.0	13.0	7.0	117.8%	46.0	(4.2%)
Penalties and Interest	9.7	30.5	69.7	39.2	128.4%	165.0	(14.2%)
Lottery Transfer to the School Aid Fund	85.1	403.9	399.0	(4.9)	(1.2%)	1,135.0	(2.9%)
Subtotal	**$225.1**	**$1,399.0**	**$1,499.7**	**$100.8**	**7.2%**	**$6,053.4**	**2.1%**
TOTAL	**$1,570.0**	**$10,292.8**	**$11,054.5**	**$761.7**	**7.4%**	**$35,120.9**	**0.6%**

Note: Numbers may not add due to rounding.