HOUSE FISCAL AGENCY

Ben Gielczyk, Associate Director

January 2026 Revenue Update

Major Taxes

Cash collections from Michigan's major taxes, penalties and interest, and lottery transfers totaled $3,532.9 million in January 2026, $509.6 million more than in January 2025. For the fiscal year-to-date, collections in FY 2025-26 were $468.6 million (or 5.2%) higher than during FY 2024-25.

Net income tax revenue totaled $1,824.0 million in January 2026, and for FY 2025-26 collections through January were $390.9 million more than the same period during FY 2024-25. Year-to-date gross income tax collections in FY 2025-26 were $304.5 million higher than one year ago primarily due to strong withholding, flow through entity, and quarterly income tax collections.

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 $66.6 million lower through January 2026 than a year ago. MBT refunds through January 2026 are $32.5 million lower (more negative)[1]. CIT collections were $36.0 million (or 6.7%) lower and insurance taxes were $2.0 million (or 1.7%) higher than last year's amount over the same period.

Revenue from consumption taxes, which consist of the sales tax, the use tax, beer and wine taxes, liquor taxes, and tobacco taxes, totaled $1,236.9 million in January 2026, and were collectively $61.7 million higher than in FY 2024-25 on a year-to-date basis. Strong use tax collections have offset weaker sales tax and liquor excise tax collections.

Revenues from the state education tax (SET) and the real estate transfer tax (RET) in January 2026 were $21.9 million and $40.0 million, respectively. Recreational marijuana revenue and online gaming were $0.6 million (or 0.8%) and $33.4 million (or 27.4%), respectively, 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 $1,886.7 million in January 2026, about $66.2 million above the projection established at the January 2026 consensus revenue estimating conference (CREC). Lower than anticipated income tax refunds (less negative) and above forecast use tax revenue more than offset below forecast CIT revenue.

Because January 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 $66.2 million above the projected amount.

School Aid Fund (SAF) Revenue

School Aid Fund revenue from Michigan's major taxes was estimated[2] to be $1,490.5 million in January 2026, about $66.2 million above the amount established at the January 2026 CREC mainly driven by above forecast sales and use tax revenue and gaming collections.

For the same reason as with year-to-date GF/GP revenue, year-to-date SAF revenue for FY 2025-26 was also about $66.2 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 January Revenue Collections

Millions of Dollars

Major Taxes	FY 2025-26 January	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	$1,348.8	$3,545.6	$3,705.9	$160.2	4.5%	$13,815.1	2.2%
Flow Through Entity Tax	124.4	302.2	363.1	60.8	20.1%	1,020.0	2.0%
Quarterly Income Tax	369.8	381.0	456.4	75.4	19.8%	1,383.0	0.3%
Annual Income Tax	9.9	49.1	57.1	8.0	16.2%	1,460.4	(3.0%)
Gross Income Tax	**$1,852.9**	**$4,278.0**	**$4,582.4**	**$304.5**	**7.1%**	**$17,678.5**	**1.6%**
Less: Income Tax Refunds	29.0	168.9	82.4	(86.5)	(51.2%)	4,038.9	(0.3%)
Net Income Tax	**$1,824.0**	**$4,109.1**	**$4,500.0**	**$390.9**	**9.5%**	**$13,639.6**	**2.2%**
Business Taxes							
Single Business Tax	0.0	0.0	0.0	0.0		0.0	
Michigan Business Tax	(57.2)	(415.8)	(448.3)	(32.5)		(503.1)	
Corporate Income Tax	112.1	535.0	499.0	(36.0)	(6.7%)	2,078.0	12.2%
Insurance Company Taxes	111.1	118.5	120.5	2.0	1.7%	540.0	2.5%
Subtotal	**$166.0**	**$237.7**	**$171.1**	**($66.6)**	**(28.0%)**	**$2,114.9**	**8.5%**
Consumption Taxes							
Sales Tax	917.6	2,724.5	2,675.4	(49.1)	(1.8%)	10,360.0	(4.1%)
Use Tax (excluding LCSA levy)	255.2	542.9	684.3	141.4	26.0%	2,153.6	4.0%
Beer and Wine Taxes	8.5	11.2	10.8	(0.4)	(3.9%)	43.0	0.2%
Liquor Excise Tax	2.0	41.9	15.2	(26.7)	(63.7%)	145.4	2.6%
Tobacco Taxes	53.6	156.5	153.0	(3.5)	(2.2%)	611.0	(2.0%)
Subtotal	**$1,236.9**	**$3,477.0**	**$3,538.7**	**$61.7**	**1.8%**	**$13,313.0**	**(2.7%)**
Other Miscellaneous Taxes							
State Education Tax	21.9	499.1	512.3	13.2	2.6%	3,005.0	3.4%
Real Estate Transfer Tax	40.0	111.2	109.9	(1.3)	(1.2%)	460.0	4.5%
Essential Services Assessment	0.3	1.1	0.6	(0.5)	(42.4%)	163.0	4.3%
Industrial & Commercial Facilities Taxes	0.9	3.7	3.3	(0.4)	(11.8%)	52.0	(2.4%)
Casino Wagering Tax	16.8	25.9	25.5	(0.4)	(1.5%)	106.0	2.7%
iGaming, Sports Betting, Fantasy Sports	58.0	121.9	155.3	33.4	27.4%	590.0	11.3%
Recreational Marihuana Excise Tax	46.8	75.6	76.2	0.6	0.8%	311.4	(0.4%)
Gas and Oil Severance Tax	2.0	6.0	4.8	(1.2)	(20.1%)	20.0	3.1%
Telephone and Telegraph Tax	0.0	6.0	12.9	6.9	115.6%	46.0	(4.2%)
Penalties and Interest	22.4	22.6	60.1	37.5	166.2%	165.0	(14.2%)
Lottery Transfer to the School Aid Fund	97.0	319.2	313.9	(5.3)	(1.6%)	1,135.0	(2.9%)
Subtotal	**$306.1**	**$1,192.1**	**$1,274.7**	**$82.5**	**6.9%**	**$6,053.4**	**2.1%**
TOTAL	**$3,532.9**	**$9,016.0**	**$9,484.5**	**$468.6**	**5.2%**	**$35,120.9**	**0.6%**

Note: Numbers may not add due to rounding.