HOUSE FISCAL AGENCY

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March 2026 Revenue Update

Major Taxes

Cash collections from Michigan's major taxes, penalties and interest, and lottery transfers totaled $1,764.8 million in March 2026, $228.3 million less than in March 2025. For the fiscal year-to-date, collections in FY 2025-26 were $533.4 million (or 4.3%) higher than during FY 2024-25.

Net income tax revenue totaled $503.9 million in March 2026, and for FY 2025-26 collections through March were $566.9 million more than the same period during FY 2024-25. Year-to-date gross income tax collections in FY 2025-26 were $506.2 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 $58.5 million lower through March 2026 than a year ago. MBT refunds through March 2026 were $40.3 million lower (more negative)[1], while CIT collections over the same period were $37.3 million (or 5.3%) lower. Insurance taxes were $19.0 million (or 12.3%) higher.

Revenue from consumption taxes, which consist of the sales tax, the use tax, beer and wine taxes, liquor taxes, and tobacco taxes, totaled $914.2 million in March 2026, and were collectively $84.2 million lower than in FY 2024-25 on a year-to-date basis. Strong use tax collections were more than offset by weaker sales, liquor excise, and tobacco taxes. Weaker sales tax collections have been driven primarily by the new sales tax exemption for motor fuels.

Revenues from the state education tax (SET) and the real estate transfer tax (RET) in March 2026 were $20.7 million and $36.7 million, respectively. Recreational marijuana revenue was $3.5 million (or 3.3%) lower than last year and online gaming revenue was $53.8 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 $456.3 million in March 2026, about $18.2 million above the projection established at the January 2026 consensus revenue estimating conference (CREC). Strong withholding and flow-through entity income tax collections slightly more than offset higher (more negative) IIT refunds and lower annual payments.

On a year-to-date basis, GF/GP tax revenue for FY 2025-26 was about $404.9 million above the projected amount. 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[1] to be $1,206.4 million in March 2026, about $66.9 million below the amount established at the January 2026 CREC. This was mainly driven by below forecast sales tax and lottery revenues.

Year-to-date SAF revenue for FY 2025-26 was about $8.2 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 of those refunds 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 March Revenue Collections

Millions of Dollars

Major Taxes	FY 2025-26 March	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	$1,311.5	$5,874.1	$6,179.1	$305.0	5.2%	$13,815.1	2.2%
Flow Through Entity Tax	231.4	475.6	606.3	130.7	27.5%	1,020.0	2.0%
Quarterly Income Tax	25.8	414.0	500.4	86.4	20.9%	1,383.0	0.3%
Annual Income Tax	89.4	195.6	179.7	(15.9)	(8.1%)	1,460.4	(3.0%)
Gross Income Tax	**$1,658.2**	**$6,959.4**	**$7,465.6**	**$506.2**	**7.3%**	**$17,678.5**	**1.6%**
Less: Income Tax Refunds	1,154.3	2,139.5	2,078.7	(60.8)	(2.8%)	4,038.9	(0.3%)
Net Income Tax	**$503.9**	**$4,819.9**	**$5,386.8**	**$566.9**	**11.8%**	**$13,639.6**	**2.2%**
Business Taxes							
Single Business Tax	0.0	0.0	0.0	0.0		0.0	
Michigan Business Tax	(3.9)	(430.5)	(470.7)	(40.3)		(503.1)	
Corporate Income Tax	110.2	703.7	666.4	(37.3)	(5.3%)	2,078.0	12.2%
Insurance Company Taxes	9.5	154.7	173.7	19.0	12.3%	540.0	2.5%
Subtotal	**$115.8**	**$427.9**	**$369.4**	**($58.5)**	**(13.7%)**	**$2,114.9**	**8.5%**
Consumption Taxes							
Sales Tax	697.6	4,272.2	4,075.6	(196.6)	(4.6%)	10,360.0	(4.1%)
Use Tax (excluding LCSA levy)	174.3	821.3	990.6	169.3	20.6%	2,153.6	4.0%
Beer and Wine Taxes	0.8	13.0	12.5	(0.6)	(4.2%)	43.0	0.2%
Liquor Excise Tax	0.2	63.2	15.6	(47.7)	(75.4%)	145.4	2.6%
Tobacco Taxes	41.3	246.8	238.2	(8.6)	(3.5%)	611.0	(2.0%)
Subtotal	**$914.2**	**$5,416.6**	**$5,332.4**	**($84.2)**	**(1.6%)**	**$13,313.0**	**(2.7%)**
Other Miscellaneous Taxes							
State Education Tax	20.7	541.3	559.0	17.7	3.3%	3,005.0	3.4%
Real Estate Transfer Tax	36.7	170.8	171.7	0.9	0.5%	460.0	4.5%
Essential Services Assessment	0.2	1.5	1.4	(0.1)	(9.1%)	163.0	4.3%
Industrial & Commercial Facilities Taxes	7.9	11.6	15.6	4.0	34.6%	52.0	(2.4%)
Casino Wagering Tax	0.0	43.3	33.6	(9.7)	(22.4%)	106.0	2.7%
iGaming, Sports Betting, Fantasy Sports	50.5	203.2	257.0	53.8	26.5%	590.0	11.3%
Recreational Marihuana Excise Tax	12.9	105.2	101.8	(3.5)	(3.3%)	311.4	(0.4%)
Gas and Oil Severance Tax	2.5	8.5	9.3	0.8	9.7%	20.0	3.1%
Telephone and Telegraph Tax	0.1	6.0	13.1	7.1	119.5%	46.0	(4.2%)
Penalties and Interest	17.4	40.5	87.2	46.7	115.2%	165.0	(14.2%)
Lottery Transfer to the School Aid Fund	82.0	489.5	481.1	(8.5)	(1.7%)	1,135.0	(2.9%)
Subtotal	**$230.9**	**$1,621.5**	**$1,730.7**	**$109.2**	**6.7%**	**$6,053.4**	**2.1%**
TOTAL	**$1,764.8**	**$12,285.9**	**$12,819.3**	**$533.4**	**4.3%**	**$35,120.9**	**0.6%**

Note: Numbers may not add due to rounding.