MICHIGAN'S MAJOR TAXES: REVENUE ESTIMATES, TAX RATES, AND YIELDS FOR FY 2025-26 & FY 2026-27

(dollars in millions)

Tax	Revenue Estimates (a) FY 2025-26 Net Revenue	Revenue Estimates (a) FY 2026-27 Net Revenue	Current Tax Rate	Examples of Revenue Impact Due To Change in Rate (i) Rate Change	FY '26 Rev Change Eff. 1/1/26	FY '27 Rev Change Eff. 1/1/26	History of Tax Rate Changes:
Individual Income Tax:							1967: 2.6% 1971: 3.9% 2004:3.9% 7/1 1975: 4.6% 1982: 5.6% 4/1
Gross Collections	$18,155.1	$18,438.7	4.25%				1982: 4.6% 10/1 1983: 6.35% 2007: 4.35% 10/1
Refunds	-4,038.9	-4,185.0					1984: 5.35% 9/1 1986: 4.6% 2012: 4.25% 10/1
Net Income Tax	$14,116.2	$14,253.7		0.1%	$262.1	$389.1	1994: 4.4% 5/1 2000: 4.2% 2023: 4.05% 2002: 4.1% 2003: 4.0% 2024: 4.25%
Sales Tax (b)	$9,965.2	$9,917.2	6.0%	1% of: (b) first 4% of 6% last 2% of 6%	$1,268.3 1,200.4	$1,683.2 1,592.2	1933: 3.0% 1960: 4.0% 1994: 6.0% 5/1
Use Tax (c)	$2,870.0	$2,945.0	6.0%	1.0%	$358.8	$490.8	1937: 3.0% 1960: 4.0% 1994: 6.0% 5/1
Corporate Income Tax	$2,063.0	$2,076.0	6.0%	1.0%	$257.9	$346.0	Rate has not changed.
Tobacco Tax	$602.0	$584.0					1947: 3 cents/pk 1959: 4 cents/pk 1961: 5 cents/pk 1962: 7 cents/pk
Cigarettes	$500.0	$481.0	$2.00/pack	$0.10/pack	$18.4	$23.6	1970: 11 cents/pk 1982: 21 cents/pk
Other Tobacco Products	$102.0	$103.0	32% whole-sale price	2.0%	$4.7	$6.4	1987: 25 cents/pk 1993: 75 cents/pk 2002: $1.25/pk 8/1 2004: $2/pk 7/1
Liquor Tax (d)	$81.1	$82.4	4.0%	1.0%	$15.1	$20.5	1959: Liquor excise tax established - 4.0% 1962: Liquor specific tax established - 4.0% 1972: Liquor specific tax established - 1.85%, repealed 10/1/2012 1985: Liquor specific tax established - 4.0%
Beer Tax (e)	$33.6	$33.6	$6.30/barrel (e)	$1/barrel (e)	$4.0	$5.3	1933: $1.25/barrel 1959: $2.50/barrel 1962: $6.61/barrel 1966: $6.30/barrel
Wine Tax (f)	$8.4	$8.4	(f)	$0.01/liter	$0.5	$0.6	1937: $0.50/gallon 1981: w/ 16% alcohol 13.5 cents/liter 1981: w/ >16% alcohol 20 cents/liter 1989: mixed-spirit drinks 48 cents/liter 2021: mixed-spirit drinks 30 cents/liter
Casino Gaming Tax (g)	$103.0	$105.0	8.1%	1.0%	$9.5	$13.0	1999: 8.1% of adj. gross receipts 2004: 12.1% of adj. gross receipts 9/1 FY07: 8.1%-12.1% FY09: 8.1% 2/09
Real Estate Transfer Tax	$455.0	$470.0	0.75%	0.25%	$113.8	$156.7	Rate has not changed.
State Education Property Tax	$3,055.0	$3,197.0	6 mills	1 mill	$509.2	$532.8	1994: 6 mills 2003: 5 mills (one-year reduction only) 2004: 6 mills
Gasoline Tax (h)	$2,022.4	$2,283.6	$0.524/gal.	$0.01/gal.	$28.9	$42.2	1983: 13 cents/gal. 2023: 28.6 cents/gal. 1984: 15 cents/gal. 2024: 30.0 cents/gal. 1997: 19 cents/gal. 2025: 31.0 cents/gal. 2017: 26.3 cents/gal. 2025: 52.4 cents/gal. (j) 2022: 27.2 cents/gal.

(a) Consensus Revenue Estimates, May 15, 2026, except Gasoline Tax (February 11, 2026).
(b) The first 4 percentage points of the 6% sales tax rate are assessed on the entire sales tax base (including residential utilities), whereas the last 2 percentage points of the 6% sales tax rate are not assessed on residential utilities.
(c) Combined State and local revenue, and therefore includes portion of the Use Tax directed to the Local Community Stabilization Authority. The LCSA portion is set in statute and would not be affected by a rate change. Thus the estimated impact of a rate change only reflects the impact on State revenue.
(d) There are three taxes on liquor, each with a rate of 4.0% and they are earmarked to the General Fund, School Aid Fund, and the Convention Facility Fund. One tax, assessed at 1.85% on sales for off-site consumption and earmarked to the Liquor Purchase Revolving Fund, was repealed effective October 1, 2012.
(e) The beer tax of $6.30/barrel is equivalent to 1.9 cents per 12 ounce can of beer. Increasing the rate by $1/barrel would increase the tax/can to 2.2 cents.
(f) Tax on wine is as follows: Wine containing 16% or less of alcohol: 13.5 cents/liter; and wine containing more than 16% alcohol: 20 cents/liter.
(g) Includes only the regular casino gaming tax and excludes the taxes on internet wagering, sports betting and fantasy games.
(h) Tax rate is adjusted each year for inflation (maximum increase 5%). Estimates assume Consensus inflation rate to determine the adjustment to current tax rate.
(i) Senate Fiscal Agency estimate.
(j) Beginning 1/1/26, motor fuel was exempted from the sales tax and motor fuel taxes were increased, leaving the retail price approximately the same.

OTHER TAX ITEMS:	**FY 2025-26**	**FY 2026-27**
Income Tax Personal Ex.		
Level (Tax Year)	$6,100	$6,300
Cost per $100 change	$30.0	$30.0
Property Tax Credit		
Max. Credit (Tax Year)	$1,900	$2,000
Cost per $100 change	$11.8	$11.8