Section II. Revenue

JANUARY TO APRIL CONSENSUS

The General Fund (GF) budget outlook for FY 27 improved from the original budget on net by $124.7 million and $59.3 million in the January 2026 and April 2026 consensus forecasts, respectively, for a total improvement of $184 million.

Projections of the withholding portion of **income tax** and **sales and use tax** both increased due to relatively strong collections seen in FY 26. Net positive gains from estimates & finals and the pass-through entity tax benefit the Budget Reserve Fund and ultimately pension funds as these gains are scheduled to be transferred via the volatility cap.

Corporation tax projections were revised downward reflecting the impact of several factors, including new federal and state policies enacted last year and underlying trends.

FY 27 REVENUE POLICIES

PA 26-68, the FY 27 Revised Budget, includes revenue-related policies which decrease total General Fund revenue by $855.6 million in FY 27.[1] The highlights are listed below and shown in **Table 1.2**. For further details on all revenue policies, see **Section IV. Major Policy Changes** and **Part III. Revenue**.

Table 1.2 Summary of GF Revenue Policy Changes
In Millions of Dollars

Major Policies	FY 27
Reduce Hospital Tax and Transfer Off-Budget	(1,195.0)
Federal Match on Hospital Payments	147.6
Inter-FY Transfer Revenues (Net)	103.7
All Other	88.1
TOTAL	**(855.6)**

Reduce Hospital Tax & Transfer Off-Budget

The FY 27 Revised Budget (1) decreases the hospital tax by $221 million and (2) transfers the total $974 million remaining of the tax due to the new Hospital Supplemental Payment account. This results in a total revenue loss of $1,195 million to the General Fund.

Federal Match on Hospital Payments

The FY 27 Revised Budget increases Medicaid supplemental payments to hospitals by $255 million from the original FY 27 appropriation, yielding an increase of $147.6 million in federal grants revenue for FY 27.

Inter-FY Transfers

PA 26-68 includes two transfers from FY 26 to FY 27 that result in a net revenue gain of $103.7 million for FY 27.

Additional Revenue Policies

The following policies were not reflected in the revenue estimates as adopted by the Finance, Revenue, and Bonding Committee on May 1st, but are nevertheless anticipated to have a revenue impact in FY 27. **Table 1.3** below provides the full list of those policies.

---

[1] Additional policies not included in the budget are anticipated to impact revenue estimates. See below for more details.

Table 1.3 Additional Revenue Policies Impacting FY 27
In Millions of Dollars

Description	FY 27 Impact
FRB Adoption	**(763.5)**
Other Policies Not Reflected in FRB Adoption	**(92.1)**
Reduce FY 26 to FY 27 Transfer	(100.0)
Minor/Technical Adjustments to the Hospital Tax	8.0
Personal Income Tax Exemption for the U.S. Public Health Service's Commissioned Corps	(0.1)
TOTAL FY 27 Revenue Policies	**(855.6)**