



STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

RICK SNYDER  
GOVERNOR

JOHN E. NIXON, CPA  
DIRECTOR

December 2, 2011

The Honorable Roger Kahn, Chair  
Senate Appropriations Committee  
Michigan State Senate  
State Capitol  
Lansing, Michigan 48909

The Honorable Chuck Moss, Chair  
House Appropriations Committee  
Michigan House of Representatives  
State Capitol  
Lansing, Michigan 48909

Dear Legislators:

Attached is the monthly financial report for the month ending October 31, 2011. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

[www.michigan.gov/budget](http://www.michigan.gov/budget) under "Financial Reports".

If you have questions concerning the information in this report, please contact this office.

Sincerely,



John E. Nixon, CPA  
State Budget Director

Attachment

c: Governor Rick Snyder	House Fiscal Agency
Randy Richardville, Sen. Maj. Leader	Jack Brandenburg, Chair, Senate Finance Com.
Gretchen Whitmer, Senate Min. Leader	Judson S. Gilbert II, Chair, House Tax Policy Com.
Jase Bolger, Speaker of the House	John Roberts, Deputy Chief of Staff
Richard Hammell, House Min. Leader	Dick Posthumus, Executive Office
Senate Appropriations Committee	Mike Moody, Office of Financial Management
House Appropriations Committee	Nancy Duncan, Deputy State Budget Director
Senate Fiscal Agency	Internal State Budget Office Distribution

GENERAL FUND, GENERAL PURPOSE  
 Fiscal Year 2012  
 Projected Revenues and Expenditures  
 October 31, 2011  
 (\$ in millions)

	FISCAL 2012
<b>Beginning Balance, October 1, 2011</b>	<b>\$ 242.1</b>
<b>Revenues, Current Law:</b>	
Current Year GF/GP Revenues, May 2011 Consensus Estimate	\$ 7,651.0
<b>Revenue Adjustments:</b>	
Revenue Sharing adjustments (May 2011 Consensus)	\$ 622.5
Other revenue adjustments	\$ 20.0
Tax Amnesty (PA 198 of 2010)	\$ (49.8)
Unclaimed Property Reforms (PA 197 of 2010)	\$ 35.0
Liquor Reforms (PA 175 of 2010)	\$ 9.1
Use Tax on Medicaid managed care (PA 141 of 2011)	\$ 201.1
Northville Sale - balloon payment 10/14/2011	\$ 6.5
Tax Reform Plan (PA 38, 39 and 40 of 2011)	\$ 154.7
Subtotal Additional Revenue Adjustments	\$ 999.1
<b>Total FY Resources Available For Expenditure GF/GP</b>	<b>8,892.2</b>
<b>Expenditures, Current Law:</b>	
FY 2012 Enacted with Vetoes	\$ 8,697.5
Supplemental Requests (letters 2012-1 through 2012-5)	\$ 168.9
<b>Total Expenditures Projected</b>	<b>\$ 8,866.4</b>
<b>Projected Ending Balance, September 30, 2012</b>	<b>\$ 25.8</b>

<sup>1</sup> This report does not reflect final revenue and expenditure data for the fiscal year ending September 30, 2011. Final year-end activity will be reflected in the fiscal year 2011 Comprehensive Annual Financial Report which, by law, must be issued on or before March 31, 2012.

# OFFICIAL BALANCE SHEET

**SCHOOL AID FUND**  
**Fiscal Year 2012**  
**Projected Revenues and Expenditures**  
**October 31, 2011**  
 (\$ in millions)

**FISCAL  
2012**

<b>Beginning Balance, October 1, 2011</b>	<b>\$</b>	<b>645.9</b>
<b>Revenues, Current Law:</b>		
Current Year School Aid Fund Revenues, May 2011 Consensus	\$	10,645.4
<b>Additional Revenue Adjustments:</b>		
Treasury Reforms	\$	2.3
Tax Amnesty (PA 198 of 2010)	\$	(11.2)
Enhanced Liquor Revenues	\$	0.9
General Fund Subsidy	\$	118.6
Federal Aid	\$	1,653.3
Subtotal Additional Revenue Adjustments	\$	1,763.9
<b>Total FY Resources Available for Expenditure SAF</b>	<b>\$</b>	<b>13,055.2</b>

<b>Expenditures, Current Law:</b>		
Public Act 62 of 2011 - School Aid	\$	12,659.1
Public Act 62 of 2011 - Community Colleges	\$	195.9
Public Act 62 of 2011 - Universities	\$	200.0
<b>Adjusted Appropriations</b>	<b>\$</b>	<b>13,055.0</b>

<b>Projected School Aid Fund Ending Balance September 30, 2012</b>	<b>\$</b>	<b>0.2</b>
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<sup>1</sup> This report does not reflect final revenue and expenditure data for the fiscal year ending September 30, 2011. Final year-end activity will be reflected in the fiscal year 2011 Comprehensive Annual Financial Report which, by law, must be issued on or before March 31, 2012.

# SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

October 31, 2011

(\$ IN MILLIONS)

FISCAL YEAR 2011

FISCAL YEAR 2012

Exp & Enc October 2010	Exp & Enc Yr-to-date FY 2010	Fiscal Year End SEP 30, 2011	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc October 2011	Exp & Enc Yr-to-date 2011
3.8	3.8	60.2	Agriculture and Rural Development	69.9	0.0	2.9	2.9
3.1	3.1	62.9	Attorney General	73.6	0.0	3.2	3.2
19.4	19.4	235.3	Capital Outlay**	279.1	4.0	39.1	39.1
0.6	0.6	11.5	Civil Rights	13.7	0.0	0.5	0.5
164.8	164.8	1,865.2	Colleges & Universities	1,250.3	0.0	104.9	104.9
1,048.9	1,048.9	14,302.1	Community Health	14,154.6	333.0	1,000.8	1,000.8
151.4	151.4	1,934.9	Corrections	1,915.2	0.0	150.1	150.1
5.1	5.1	105.2	Education	117.3	0.0	4.3	4.3
2.9	2.9	160.5	Environmental Quality	334.0	0.0	5.3	5.3
0.2	0.2	4.5	Executive Office	4.4	0.0	0.3	0.3
539.4	539.4	6,200.1	Human Services	6,793.4	0.0	502.1	502.1
6.5	6.5	231.2	Judiciary	257.0	0.1	6.3	6.3
0.8	0.8	16.7	Legislative Auditor General	15.6	0.0	0.8	0.8
8.5	8.5	96.4	Legislature	100.3	0.0	7.2	7.2
85.8	85.8	802.0	Licensing and Regulatory Affairs	568.2	84.6	16.0	16.0
11.4	11.4	120.9	Military Affairs	129.2	0.0	7.8	7.8
1.2	1.2	58.4	Natural Resources	93.3	0.0	2.8	2.8
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
12.4	12.4	172.3	State	210.9	0.0	7.8	7.8
20.5	20.5	474.7	State Police	523.6	14.7	18.1	18.1
17.1	17.1	305.2	Technology, Management & Budget***	522.9	0.0	29.2	29.2
0.0	0.0	0.0	Transportation	0.0	0.0	0.0	0.0
247.7	247.7	3,069.0	Treasury	1,476.8	100.1	249.2	249.2
5.4	5.4	32.1	Michigan Strategic Fund	59.0	86.7	6.2	6.2
<b>\$2,356.9</b>	<b>\$2,356.9</b>	<b>\$30,321.3</b>		<b>\$28,962.3</b>	<b>\$623.2</b>	<b>\$2,164.8</b>	<b>\$2,164.8</b>

\*Includes boilerplate appropriations.

\*\*Includes all capital outlay activity regardless of agency

\*\*\*Includes Civil Service Commission

**ESTIMATED BALANCE OF STATE PAYMENTS  
TO LOCAL UNITS OF GOVERNMENT**

Fiscal Year 2012  
October, 2011  
(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,105.5	0.0	15,105.5
Total state spending from state resources	27,173.6	0.0	27,173.6
Percentage of state spending from state resources paid to local units	55.59%		55.59%
Required payments to local units (48.97%)	13,306.9		13,306.9
<b>Surplus/(deficit)</b>	<b>\$1,798.6</b>		<b>\$1,798.6</b>

STATE OF MICHIGAN  
 YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES  
 COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND  
 OCTOBER 1, 2011 THROUGH OCTOBER 31, 2011  
 (in thousands)

**REVENUES**

Miscellaneous		\$ <u>          -</u>
Total Revenues		<u>          -</u>

**EXPENDITURES**

Current:		
General government		<u>          -</u>
Total Expenditures		<u>          -</u>
Excess of Revenues over (under) Expenditures		<u>          -</u>

**OTHER FINANCING SOURCES (USES)**

Transfers from other funds		21,317
Transfers to other funds		<u>          -</u>
Total Other Financing Sources (Uses)		<u>      21,317</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		<u>      \$ 21,317</u> <sup>1</sup>

<sup>1</sup> Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN  
 YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES  
 MICHIGAN NATURAL RESOURCES TRUST FUND  
 October 1, 2011 through October 31, 2011  
 (in thousands)

**REVENUES**

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		-
		<hr/>
Total Revenues		<hr/> -

**EXPENDITURES**

Current:		
General government		1,798
Conservation, environment, recreation, and agriculture		130
Capital outlay		<hr/> 2,931
		<hr/>
Total Expenditures		<hr/> 4,858
		<hr/>
Excess of Revenues over (under) Expenditures		<hr/> (4,858)

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues		-
Proceeds from sale of capital assets		13
Transfers from other funds		-
Transfers to other funds		<hr/> -
		<hr/>
Total Other Financing Sources (Uses)		<hr/> 13
		<hr/>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		<hr/> \$ (4,846) <sup>1</sup>

<sup>1</sup> Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

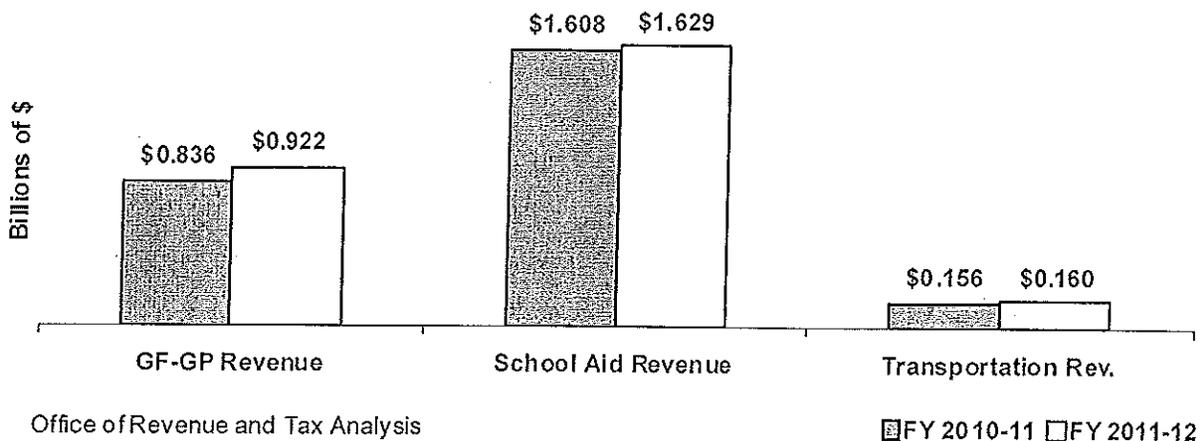
**REVENUE OVERVIEW**  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for October 2011, representing some September and some October economic activity in Michigan.

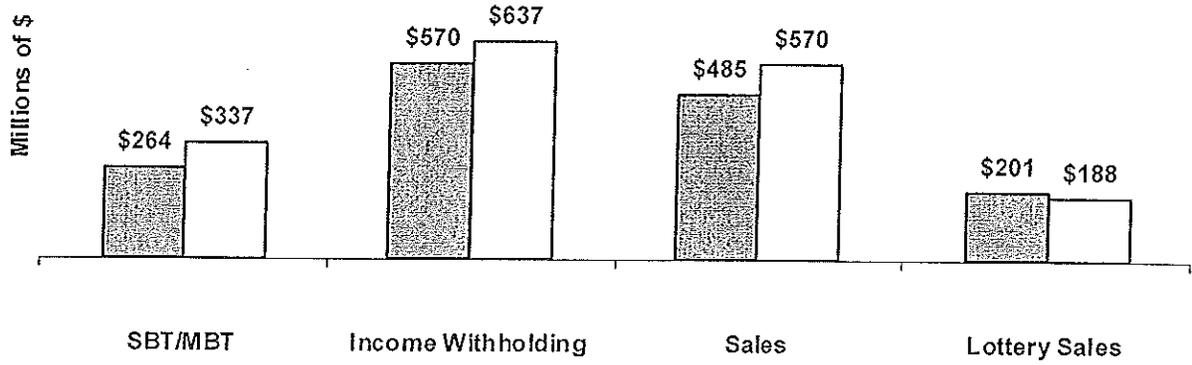
Total General Fund-General Purpose revenues were \$86.4 million (10.3 percent) higher in October 2011 than in October 2010. The October 2011 School Aid Fund revenues were \$21.2 million (1.3 percent) higher than in October 2010. October 2011 Transportation revenues were \$3.9 million (2.5 percent) higher than in October 2010 (see revenue table). October is the first month of the State's fiscal year (FY). Tax revenue received in October relating to economic activity prior to October will be accrued back to FY 2010-11. Likewise, any refunds paid out in October relating to FY 2010-11 liabilities will also be accrued back. Final FY 2010-11 revenue totals should be available in late December or early January.

FY 2011-12 revenue forecasts presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 16, 2011. The Statutory estimate revenue totals are also the May 2011 Consensus estimates. The net General Fund-General Purpose revenue forecast for FY 2011-12 is \$7,805.7 million. The net School Aid Fund revenue forecast is \$10,645.4 million, and the major Transportation Funds revenue forecast is \$2,134.4 million. The next revenue conference will be held on January 13, 2012.

**October Collections  
FY 2010-11 and FY 2011-12**



### October Revenue Collections FY 2010-11 and FY 2011-12



Office of Revenue and Tax Analysis

■ FY 2010-11 □ FY 2011-12

Revenue Summary FY 2011-12  
General Fund-General Purpose, School Aid, and Transportation Funds  
(in thousands)

For The Month Ended: October 31, 2011

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH OCTOBER CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
October		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2010-11	FY 2011-12	FY 2011-12
2010	2011	Amount	Percent		FY 2010-11	FY 2011-12	Amount	Percent	May 2011 Consensus	Statutory Estimate (h)	May 2011 Consensus (h)
<b>Income Taxes</b>											
\$570,044	\$636,892	\$66,848	11.7%	Withholding	\$570,044	\$636,892	\$66,848	11.7%	\$7,182,000	\$7,664,100	\$7,664,100
8,896	10,788	1,892	21.3%	Quarterlies	8,896	10,788	1,892	21.3%	607,500	665,900	665,900
30,522	33,110	2,489	8.1%	Annuals	30,522	33,110	2,489	8.1%	670,700	693,300	693,300
609,561	680,790	71,229	11.7%	Gross Collections	609,561	680,790	71,229	11.7%	\$8,460,200	\$9,023,300	\$9,023,300
49,681	48,234	(1,447)	-2.9%	Less: Refunds	49,681	48,234	(1,447)	-2.9%	2,238,700	2,225,700	2,225,700
0	0	0	na	State Campaign Fund	0	0	0	na	1,000	1,000	1,000
559,880	632,556	72,676	13.0%	Net Personal Income	559,880	632,556	72,676	13.0%	\$6,220,500	\$6,796,600	\$6,796,600
141,906	158,488	16,582	11.7%	Less: Disbursements to SAF	141,906	158,488	16,582	11.7%	\$1,968,300	\$2,098,600	\$2,098,600
\$417,974	\$474,068	\$56,094	13.4%	<b>NET PERSONAL INCOME TO GF-GP</b>	\$417,974	\$474,068	\$56,094	13.4%	\$4,252,400	\$4,698,000	\$4,698,000
<b>Consumption Taxes</b>											
\$5,017	\$6,563	\$1,546	30.8%	Sales (a)	\$5,017	\$6,563	\$1,546	30.8%	\$102,800	\$97,000	\$97,000
61,483	16,740	(44,743)	-72.8%	Use (f) (g)	61,483	16,740	(44,743)	-72.8%	766,000	846,600	846,600
16,901	16,723	(178)	-1.1%	Tobacco	16,901	16,723	(178)	-1.1%	193,400	189,200	189,200
4,487	2,994	(1,493)	-33.3%	Beer, Wine & Mixed Spirits	4,487	2,994	(1,493)	-33.3%	52,000	53,000	53,000
11	46	36	330.0%	Liquor Specific	11	46	36	330.0%	38,800	39,800	39,800
\$87,899	\$43,067	(\$44,832)	-51.0%	<b>TOTAL CONSUMPTION TAXES</b>	\$87,899	\$43,067	(\$44,832)	-51.0%	\$1,153,000	\$1,225,600	\$1,225,600
<b>Other Taxes</b>											
\$19,660	\$19,960	\$300	-1.5%	Single Business	\$19,660	\$19,960	\$300	-1.5%	\$0	\$0	\$0
61,211	64,631	3,420	5.6%	Insurance Premiums Taxes	61,211	64,631	3,420	5.6%	265,500	277,500	277,500
80,871	84,591	3,720	4.6%	Sub-total SBT & Insurance	80,871	84,591	3,720	4.6%	265,500	277,500	277,500
211,396	285,797	74,400	35.2%	Michigan Business Tax/CIT (f)	211,396	285,797	74,400	35.2%	1,320,800	1,064,700	1,064,700
7	0	(7)	-100.0%	Inheritance / Estate	7	0	(7)	-100.0%	0	0	0
19	669	650	na	Telephone & Telegraph	19	669	650	na	61,000	61,000	61,000
4,635	3,556	(1,079)	-23.3%	Oil & Gas Severance	4,635	3,556	(1,079)	-23.3%	67,000	71,600	71,600
7,366	7,455	89	1.2%	Penalties & Interest	7,366	7,455	89	1.2%	141,000	145,000	145,000
0	26	26	na	Miscellaneous Other/Railroad	0	26	26	na	1,000	1,000	1,000
(9,583)	(10,583)	(1,000)	-10.4%	Treasury Enforcement Programs (e)	(9,583)	(10,583)	(1,000)	-10.4%	(125,000)	(127,000)	(127,000)
\$294,711	\$371,510	\$76,799	26.1%	<b>TOTAL OTHER TAXES</b>	\$294,711	\$371,510	\$76,799	26.1%	\$1,791,300	\$1,493,800	\$1,493,800
\$800,584	\$888,646	\$88,061	11.0%	<b>SUBTOTAL GF-GP TAXES</b>	\$800,584	\$888,646	\$88,061	11.0%	\$7,136,800	\$7,417,400	\$7,417,400

continued

Revenue Summary FY 2011-12  
General Fund-General Purpose, School Aid, and Transportation Funds  
(in thousands)

For The Month Ended: October 31, 2011

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH OCTOBER CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
October		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2010-11	FY 2011-12	FY 2011-12
2010	2011	Amount	Percent		FY 2010-11	FY 2011-12	Amount	Percent	May 2011 Consensus	Statutory Estimate (h)	May 2011 Consensus (h)
<b>Non-Tax Revenue (e)</b>											
\$2,417	\$1,917	(\$500)	-20.7%	Federal Aid	\$2,417	\$1,917	(\$500)	-20.7%	\$22,000	\$23,000	\$23,000
42	33	(8)	-20.0%	Local Agencies	42	33	(8)	-20.0%	400	400	400
833	792	(42)	-5.0%	Services	833	792	(42)	-5.0%	9,500	9,500	9,500
2,417	1,833	(583)	-24.1%	Licenses & Permits	2,417	1,833	(583)	-24.1%	20,000	22,000	22,000
0	0	0	na	Investments/Interest Costs	0	0	0	na	(12,000)	(15,000)	(15,000)
11,833	11,500	(333)	-2.8%	Misc. Non-tax Revenue	11,833	11,500	(333)	-2.8%	136,000	138,000	138,000
13,583	13,583	0	0.0%	Liquor Purchase Revolving Fund	13,583	13,583	0	0.0%	160,000	163,000	163,000
4,150	3,958	(192)	-4.6%	From Other Funds-Lottery & Escheats	4,150	3,958	(192)	-4.6%	51,500	47,500	47,500
\$35,275	\$33,617	(\$1,658)	-4.7%	<b>TOTAL NON-TAX REVENUE</b>	<b>\$35,275</b>	<b>\$33,617</b>	<b>(\$1,658)</b>	<b>-4.7%</b>	<b>\$387,400</b>	<b>\$388,400</b>	<b>\$388,400</b>
\$835,859	\$922,262	\$86,403	10.3%	<b>TOTAL GF-GP REVENUE</b>	<b>\$835,859</b>	<b>\$922,262</b>	<b>\$86,403</b>	<b>10.3%</b>	<b>\$7,524,100</b>	<b>\$7,805,800</b>	<b>\$7,805,800</b>
<b>School Aid Fund</b>											
\$198,926	\$233,458	\$34,532	17.4%	Sales Tax 4%	\$198,926	\$233,458	\$34,532	17.4%	2,661,400	2,721,400	2,721,400
152,995	181,081	28,086	18.4%	Sales Tax 2%	152,995	181,081	28,086	18.4%	2,062,900	2,110,400	2,110,400
58,262	38,872	(19,390)	-33.3%	Use Tax 2% (f) (g)	58,262	38,872	(19,390)	-33.3%	383,000	423,300	423,300
33,047	31,095	(1,952)	-5.9%	Michigan Business Tax (f)	33,047	31,095	(1,952)	-5.9%	739,200	0	0
956,389	914,613	(41,776)	-4.4%	State Education Property Tax	956,389	914,613	(41,776)	-4.4%	1,852,000	1,829,000	1,829,000
11,797	17,228	5,432	46.0%	Real Estate Transfer Tax	11,797	17,228	5,432	46.0%	125,000	138,000	138,000
0	0	0	na	Lottery Transfer (b)	0	0	0	na	733,600	739,400	739,400
9,671	10,069	398	4.1%	Casino Wagering Tax	9,671	10,069	398	4.1%	114,000	119,500	119,500
0	0	0	na	Liquor Excise Tax	0	0	0	na	38,800	39,800	39,800
34,312	33,950	(361)	-1.1%	Cigarette/Tobacco Tax	34,312	33,950	(361)	-1.1%	373,200	365,100	365,100
9,255	9,641	386	4.2%	Indus. & Comm. Facilities Taxes	9,255	9,641	386	4.2%	43,000	43,900	43,900
1,479	705	(774)	-52.3%	Specific Other	1,479	705	(774)	-52.3%	17,100	17,100	17,100
141,906	158,488	16,582	11.7%	Income Tax Earmarking	141,906	158,488	16,582	11.7%	\$1,968,300	\$2,098,600	\$2,098,600
\$1,608,039	\$1,629,201	\$21,163	1.3%	<b>TOTAL SCHOOL AID FUND</b>	<b>\$1,608,039</b>	<b>\$1,629,201</b>	<b>\$21,163</b>	<b>1.3%</b>	<b>\$11,111,500</b>	<b>\$10,645,400</b>	<b>\$10,645,400</b>
\$484,539	\$570,178	\$85,640	17.7%	SALES TAX 6%	\$484,539	\$570,178	\$85,640	17.7%	\$6,498,600	\$6,646,100	\$6,646,100
331,543	389,097	57,554	17.4%	SALES TAX 4%(d)	331,543	389,097	57,554	17.4%	4,435,700	4,535,700	4,535,700
152,995	181,081	28,086	18.4%	SALES TAX 2%	152,995	181,081	28,086	18.4%	2,062,900	2,110,400	2,110,400
119,745	55,612	(64,132)	-53.6%	USE TAX 6% (g)	119,745	55,612	(64,132)	-53.6%	1,149,000	1,269,900	1,269,900
244,444	316,892	72,449	29.6%	MICHIGAN BUSINESS TAX/CIT	244,444	316,892	72,449	29.6%	2,060,000	1,064,700	1,064,700
84,930	84,036	(894)	-1.1%	TOBACCO TAXES	84,930	84,036	(894)	-1.1%	961,000	940,800	940,800
0	0	0	na	TOBACCO SETTLEMENT	0	0	0	na	na	na	na
0	0	0	na	CIGARETTE INVENTORY TAX	0	0	0	na	na	na	na

continued

Revenue Summary FY 2011-12  
General Fund-General Purpose, School Aid, and Transportation Funds  
(in thousands)

For The Month Ended: October 31, 2011

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH OCTOBER CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
October		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2010-11	FY 2011-12	FY 2011-12
2010	2011	Amount	Percent		FY 2010-11	FY 2011-12	Amount	Percent	May 2011	Statutory	May 2011
									Consensus	Estimate (h)	Consensus (h)
<b>Major Transportation Revenues</b>											
\$10,627	\$12,513	\$1,886	17.7%	Diesel Fuel / Motor Carrier Fuel Tax	\$10,627	\$12,513	\$1,886	17.7%	\$122,000	\$124,000	\$124,000
71,552	71,862	310	0.4%	Gasoline	71,552	71,862	310	0.4%	839,000	841,000	841,000
63,448	63,402	(46)	-0.1%	Motor Vehicle Registration	63,448	63,402	(46)	-0.1%	838,000	844,000	844,000
3,012	4,102	1,090	36.2%	Other Taxes, Fees & Misc.	3,012	4,102	1,090	36.2%	167,011	229,122	229,122
7,373	8,024	651	8.8%	Comprehensive Transportation (c)	7,373	8,024	651	8.8%	94,469	96,291	96,291
<u>\$156,013</u>	<u>\$159,904</u>	<u>\$3,891</u>	<u>2.5%</u>	<b>TOTAL MAJOR TRANS. REVENUES</b>	<u>\$156,013</u>	<u>\$159,904</u>	<u>\$3,891</u>	<u>2.5%</u>	<u>\$2,060,479</u>	<u>\$2,134,413</u>	<u>\$2,134,413</u>
<b>Lottery Sales By Games</b>											
66,421	59,046	(7,375)	-11.1%	Instant Games	66,421	59,046	(7,375)	-11.1%	na	na	na
59,917	55,727	(4,190)	-7.0%	Daily Games	59,917	55,727	(4,190)	-7.0%	na	na	na
27,509	26,670	(840)	-3.1%	Lotto and Big Game	27,509	26,670	(840)	-3.1%	na	na	na
1,082	1,050	(32)	-3.0%	Keno Game	1,082	1,050	(32)	-3.0%	na	na	na
980	519	(461)	-47.1%	Lucky Lines Game	980	519	(461)	-47.1%	na	na	na
(0)	(0)	0	-27.4%	Millionaires Raffle	(0)	(0)	0	-27.4%	na	na	na
44,902	44,673	(229)	-0.5%	Club Games	44,902	44,673	(229)	-0.5%	na	na	na
<u>\$200,811</u>	<u>\$187,685</u>	<u>(\$13,127)</u>	<u>-6.5%</u>	<b>TOTAL LOTTERY SALES</b>	<u>\$200,811</u>	<u>\$187,685</u>	<u>(\$13,127)</u>	<u>-6.5%</u>	<u>na</u>	<u>na</u>	<u>na</u>

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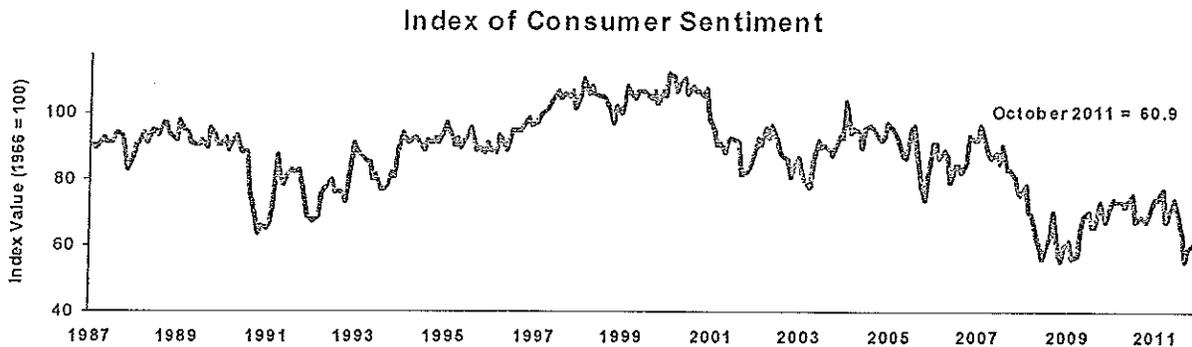
- a GF-GP Sales has been estimated based on CTF and Health Initiative shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).
- d 2% collections adjusted to reflect exemption on residential utilities.
- e Non-tax revenue items other than interest are estimates.
- f MBT and Use tax GF/SAF distributions adjusted for P.A. 106 of 2009.
- g Starting in April 2009, per P.A. 440 of 2008, totals include revenue from expanded use tax collections.
- h Income taxes, Withholding tax, Michigan Business tax, and Corporate Income tax estimates have been adjusted to reflect tax changes since May 2011 Consensus.

Source: Michigan Department of Treasury, Office of Revenue & Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of Technology, Management and Budget, and other reports from the Michigan Department of Treasury.

## Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

### U. S. Economy



The *Index of Consumer Sentiment* rose in October to 60.9 index-points, 1.5 index-points above the September value but 6.8 index-points below October 2010. On the slight increase in confidence, Survey Director Richard Curtin observed, "While the 5.2 point gain in the October Sentiment Index from the August 2011 low is encouraging, the gain still leaves confidence lower than any other time since early 2009. Moreover, the gains were concentrated in more favorable prospects for the overall economy while the personal financial expectations remained largely unchanged at quite negative levels. This repeats a familiar pattern in recent years: improved prospects for the national economy support gains in overall confidence, but when those gains were not translated into an improved personal financial outlook, a subsequent retreat in confidence occurred." Curtin noted, "Overall, it is still likely that real consumer expenditures will not be strong enough during the year ahead to enable the more robust economic growth that is needed to offset the negative grip of income and job stagnation on consumers' spending behavior. A renewed downturn in the economy still has a 50-50 chance of occurring around the start of 2012." On spending plans for vehicles, Curtin reported, "Vehicle buying plans have remained unchanged at diminished levels for the past four months. Among consumers with incomes over \$75,000, favorable perceptions of vehicle buying conditions fell to 59% in October, down from 73% a year ago". In October, consumers in two of the four regions reported an increase in confidence. Western consumers reported the largest increase in confidence at 7.6 index-points, followed by Southern consumers with an increase in confidence of 2.2 index-points. The gap across regions decreased from last month to 8.3 index-points, with Western consumers on top and Midwestern consumers on the bottom.

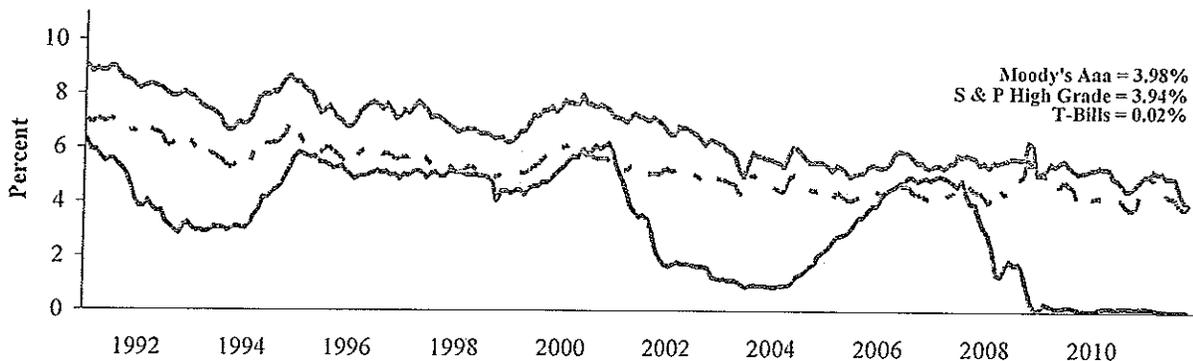
The advanced estimate of real *Gross Domestic Product* for the third quarter of 2011 is \$13,352.8 billion (chained 2005 dollars), an increase of 2.5 percent at an annual rate. In the second quarter of 2011, real gross domestic product increased 1.3 percent. The increase in third quarter real GDP was mainly due to personal consumption expenditures, nonresidential fixed investment, exports, and federal government spending. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 2.4 percent in the third quarter, compared to a 0.7 percent increase in the second quarter. Real residential fixed investment increased 2.4 percent in the third quarter compared to an increase of 4.2 percent in the second quarter. Real nonresidential fixed investment increased 16.3 percent in the third quarter with an increase in equipment and software of

17.4 percent. Real federal government expenditures increased 2.0 percent in the third quarter, compared to an increase of 1.9 percent in the second quarter. Real state and local government spending decreased 1.3 percent in the third quarter, compared to a decrease of 2.8 percent in the second quarter. Exports of goods and services increased 4.0 percent in the third quarter, compared to a 3.6 percent increase in the second quarter. Imports increased 1.9 percent in the third quarter compared to an increase of 1.4 percent in the second quarter. Private inventory investment increased \$5.4 billion in the third quarter, following a \$39.1 billion increase in the second quarter. Real final sales increased 3.6 percent in the third quarter compared to an increase of 1.6 percent in the second quarter. On the inflation front, the implicit price deflator increased 2.5 percent in the third quarter compared to a 2.6 percent increase observed in the second quarter.

*U. S. retail prices*, as measured by the Consumer Price Index (CPI-U), decreased 0.1 percent in October, down from the 0.3 percent increase in September. Energy decreased 2.0 percent in October, down from a 2.0 percent increase in September, while the all-items less food and energy component increased 0.1 percent in October. For the six months since April, the all-items index increased 2.1 percent.

Compared to October 2010, the all-items index increased 3.5 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 4.5 percent; medical care, 3.1 percent; apparel, 4.2 percent; education and communication, 1.4 percent; other goods and services, 1.7 percent; housing, 1.8 percent; transportation, 9.2 percent, with gasoline prices up 23.5 percent; and recreation, 0.3 percent.

### Selected Key Interest Rates



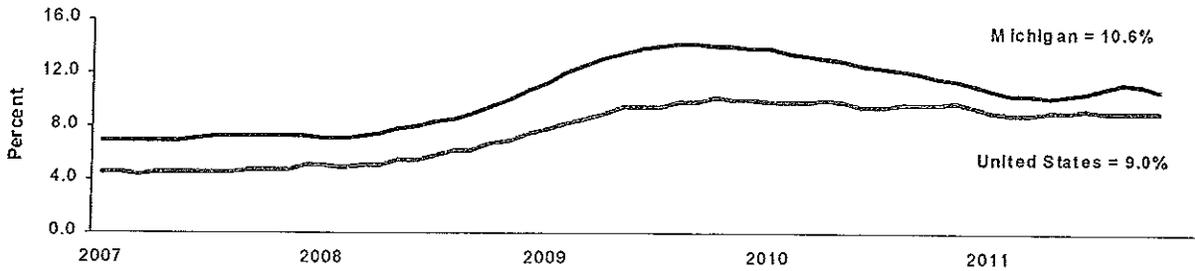
Source: Economic Indicators

Short-term interest rates remained unchanged in October as the 3-month Treasury bill (T-bill) rate was 0.02 percent. Compared to one year ago, the T-bill rate was down 0.11 percentage point. Long-term interest rates, such as the Aaa corporate bond rate, decreased 0.11 percentage point to an interest yield of 3.98 percent in October. Compared to one year ago, the Aaa bond yield was down 0.70 percentage point from its year ago level. The interest rate on High-grade municipal bonds increased 0.15 percentage point from the August level to 3.94 percent in October, but was up 0.11 percentage point from its year ago level. The Federal Open Market Committee (FOMC) kept the target range for the federal funds rate between 0 and 0.25 percent at the November 2<sup>nd</sup> meeting. The FOMC stated that, "the Committee also decided today to keep the target range for the federal funds rate at 0 to ¼ percent and currently anticipates that economic conditions -- including low rates of resource utilization and a subdued outlook for inflation over the medium run -- are likely to warrant exceptionally low levels for the federal funds rate at least through mid-2013." The Committee "will continue to assess the

economic outlook in light of incoming information and is prepared to employ its tools to promote a stronger economic recovery in a context of price stability.”

In October, the *U. S. unemployment rate* decreased 0.1 percentage point from a month ago to 9.0 percent and was 0.7 percentage point lower than a year ago. Civilian employment totaled 140.3 million persons in October, up 0.3 million from September. The number unemployed was 13.9 million nationwide.

### Unemployment Rates 2007 - 2011



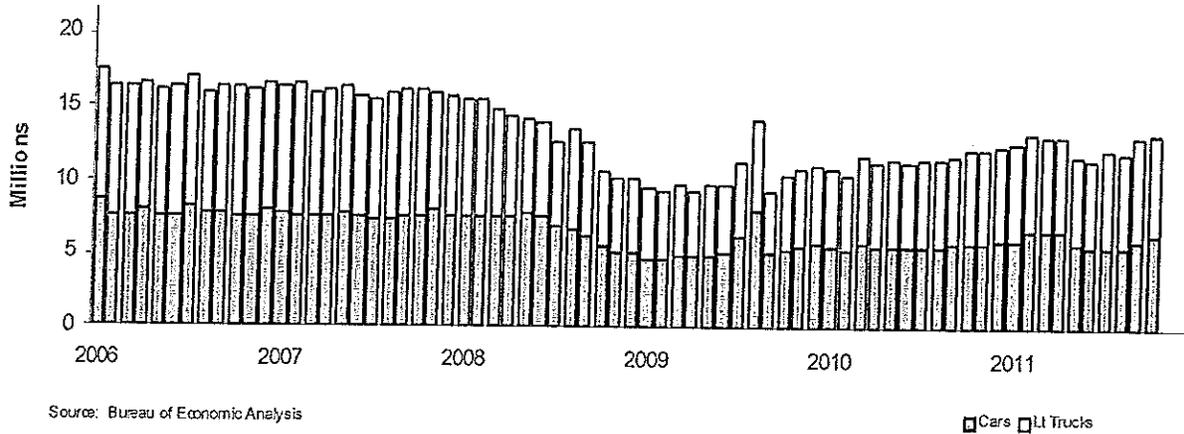
Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In October, the *Michigan jobless rate* decreased 0.6 percentage point from 11.2 percent in September to 10.6 percent. The October unemployment rate is 1.0 percentage point below the year ago level. In October, the labor force decreased by 17,000 to 4,675,000, while the number of people employed increased by 8,000 to 4,179,000. In October, there were 496,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

*Detroit retail prices*, as measured by the Detroit Consumer Price Index (CPI-U), decreased 0.5 percent from August to October, down from a 0.2 percent increase from June to August. The all-items less food and energy index increased 0.7 percent from August to October. The food index increased 0.3 percent from August to October while the energy index decreased 6.2 percent. Compared to October 2010, the all-items index increased 3.5 percent. For individual component items, the increases from one year ago were: food and beverages, 3.9 percent; apparel, 11.8 percent; education and communication, 1.7 percent; transportation, 7.7 percent; medical care, 3.0 percent; housing, 1.4 percent; and other goods and services, 2.9 percent. A component item with an unadjusted decrease from one year ago was: recreation, -2.1 percent.

## Motor Vehicle Sector

### U. S. Light Vehicle Sales



*U.S. light vehicle sales* (cars + light trucks) increased 1.2 percent in October compared to September, selling at a 13.2 million unit seasonally adjusted annual rate. Domestic car sales increased 5.7 percent while domestic light truck sales increased 2.2 percent. Import car sales increased 7.0 percent while import light truck sales decreased 7.4 percent. Compared to last year, light vehicle sales increased 8.8 percent. Domestic car sales were up 16.4 percent while domestic light truck sales increased 9.4 percent. Import car sales were down 4.1 percent while import truck sales increased 2.8 percent from last year. As a result, the domestic share increased 2.9 percentage points from a year ago. For fiscal year 2012 year-to-date, domestic light vehicles recorded a 77.9 percent share of a 13.2 million-unit market.

*Michigan motor vehicle production* increased to 185,564 units in October from 173,784 units last month. From a year ago, motor vehicle production increased 15 percent in Michigan and rose 17 percent nationally. In October, Michigan's car production was 73,535 units while the state's truck production was 112,029 units. Compared with a year ago, car production increased 50 percent in Michigan and rose 30 percent nationwide. The state's truck production remained unchanged while national truck production increased 10 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Summary Estimates of the Constitutional Revenue Limit  
Based on the May 16, 2011 Consensus Revenue Agreement  
(Article IX, Section 26)  
(in millions)

	Fiscal Year 2009-10 Actual	Fiscal Year 2010-11 Estimate	Fiscal Year 2011-12 Estimate
Applicable Calendar Year Personal Income	\$349,612	\$342,302	\$351,830
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$33,178.2</u>	<u>\$32,484.5</u>	<u>\$33,388.7</u>
Revenue Limit	\$33,178.2	\$32,484.5	\$33,388.7
State Revenue Subject to Limit	<u>\$25,572.6</u>	<u>\$25,581.2</u>	<u>\$26,218.9</u>
Amount Under (Over) Limit	\$7,605.6	\$6,903.3	\$7,169.8

Sources:

Personal Income Estimate

The FY 2009-10 calculation uses the official personal income estimate for calendar year 2008 (Survey of Current Business, October 2009).  
The FY 2010-11 calculation uses the official personal income estimate for calendar year 2009 (Survey of Current Business, October 2010).  
The FY 2011-12 calculation uses the May 16, 2011 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2009-10 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2010.  
The FY 2010-11 calculation uses the May 16, 2011 Consensus Revenue Agreement.  
The FY 2011-12 calculation uses the May 16, 2011 Consensus Revenue Agreement.

Column detail may not add to totals because of rounding

Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury