



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

ROBERT L. EMERSON
DIRECTOR

November 9, 2009

The Honorable Ron Jelinek, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48901

The Honorable George Cushingberry, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48901

Dear Legislators:

Attached is the monthly financial report for the month ending August 31, 2009. 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 under "Financial Reports."

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

Sincerely,

A handwritten signature in black ink that reads "Robert L. Emerson".

Robert L. Emerson
State Budget Director

Attachment

cc: List attached

cc: Governor Jennifer Granholm
Mike Bishop, Senate Majority Leader
Andy Dillon, Speaker of the House
Mike Prusi, Senate Minority Leader
Kevin Elsenheimer, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Nancy Cassis, Chair, Senate
Finance Committee

Kate Ebli, Chair, House Tax Policy Committee
Dan Krichbaum, Executive Office
Tim Hughes, Executive Office
Senate Fiscal Agency
House Fiscal Agency
Mike Moody, Financial Management
Nancy Duncan, Deputy Director
State Budget Office
Internal Office of the State Budget
Distribution

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2009
Projected Revenues and Expenditures
August 31, 2009
(\$ in millions)

	FISCAL 2009
Beginning Balance, October 1, 2008	\$ 457.9
Revenues, Current Law:	
Current Year GF/GP Revenues, May 2009 Consensus Estimate	\$ 7,435.3
Revenue Adjustments:	
Revenue Sharing Freeze (PA 127 of 2007 and May 2009 Consensus)	\$ 289.7
Suspend County Revenue Sharing (PA 356 and 357 of 2004)	\$ 207.2
Statutory Revenue Sharing - EO 2009-22 and PA 79 of 2009, sec. 601	\$ 41.4
Charge School Aid Fund for Short Term Borrowing Costs	\$ 45.0
Transportation Economic Development Fund Revenue to GF (PA 346 of 2008)	\$ 6.0
Delinquent tax collection to GF - EO 2009-22	\$ 0.3
Federal revenue received - medical assistance increase - ARRA (P.L. 111-5 of 2009)	\$ 863.6
Subtotal Additional Revenue Adjustments	\$ 1,453.2
Anticipated Revenue Adjustments:	
Use Tax on Medicaid managed care organizations - PA 440 of 2008 (Enrolled SB 480)	\$ 156.1
Transportation Economic Development Fund to GF - EO 2009-22 (HBs 5072/5073)	\$ 12.0
21st Century Jobs Trust Fund Revenue to GF (HB 4182)	\$ 20.0
21st Century Jobs Trust Fund Revenue to GF - EO 2009-22 (HB 4182)	\$ 22.0
Insurance Escheats	\$ 25.0
Secondary Collections	\$ 6.0
Federal revenue pending - State Fiscal Stabilization Fund - ARRA (P.L. 111-5 of 2009)	\$ 289.8
Federal revenue pending - accrual impact - ARRA (P.L. 111-5 of 2009)	\$ 30.0
Subtotal Anticipated Revenue Adjustments	\$ 560.9
Total FY Resources Available For Expenditure GF/GP	9,907.3
Expenditures, Current Law:	
FY 2009 Enacted with Vetoes	\$ 9,701.4
Executive Order 2008-21	\$ (134.0)
Executive Order 2009-22	\$ (221.8)
Enacted Supplemental (PA 24 of 2009)	\$ (6.9)
Enacted Supplemental (PA 64 of 2009)	\$ 0.0
Enacted Supplemental (PA 73 of 2009)	\$ 44.2
Enacted Supplemental (PA 79 of 2009)	\$ 327.1
Anticipated Expenditure Adjustments:	
Supplemental Requests	\$ 8.0
Estimated Lapses	\$ (20.0)
Total Expenditures Projected	\$ 9,698.0
Projected Ending Balance, September 30, 2009	\$ 209.3

OFFICIAL BALANCE SHEET

**SCHOOL AID FUND
Fiscal Year 2009
Projected Revenues and Expenditures
August 31, 2009
(\$ in millions)**

**FISCAL
2009**

Beginning Balance, October 1, 2008	\$ 247.1
Revenues, Current Law:	
Current Year School Aid Fund Revenues, May 2009 Consensus	\$ 10,943.7
Additional Revenue Adjustments:	
PA 268 of 2008 General Fund Subsidy	\$ 40.8
PA 73 of 2009 General Fund Supplemental	\$ 44.2
EO 2009-22 General Fund Revision	\$ (7.0)
Federal Aid	\$ 1,562.0
PA 73 of 2009 Federal (ARRA) Funding	\$ 600.0
Subtotal Additional Revenue Adjustments	\$ 2,240.0
Total FY Resources Available for Expenditure SAF	\$ 13,430.8
Expenditures, Current Law:	
PA 268 of 2008 as Enacted	\$ 13,378.9
PA 73 of 2009 Supplemental	\$ (112.1)
EO 2009-22 Revision	\$ (7.0)
Adjusted Appropriations	\$ 13,259.8
Projected School Aid Fund Ending Balance September 30, 2009	\$ 171.0

**SUMMARY OF EXPENDITURES AND ENCUMBRANCES
GENERAL FUND GROSS**

August 31, 2009

(\$ IN MILLIONS)

FISCAL YEAR 2007-08

FISCAL YEAR 2008-09

August 2008	Yr-to-date 2007-08	Fiscal Yr end SEP 30, 2008	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc August 2009	Exp & Enc Yr-to-date 2008-09
6.5	72.9	83.4	Agriculture	91.4	-1.8	5.5	63.6
5.1	59.4	67.1	Attorney General	75.4	1.0	4.6	59.0
1.3	14.5	16.5	Auditor General	15.9	-0.5	1.5	14.7
18.5	233.1	233.7	Capital Outlay**	481.8	88.9	19.6	250.1
1.1	12.0	13.4	Civil Rights	14.5	1.4	0.8	11.6
1.9	22.1	25.3	Civil Service Commission	70.2	-2.5	4.9	51.3
172.8	2,080.2	2,080.3	Colleges & Universities	1,952.7	0.0	175.0	1,942.8
1,153.7	10,307.1	11,192.8	Community Health	12,472.3	373.0	1,405.0	11,266.5
156.7	1,766.2	1,952.6	Corrections	2,019.7	-15.1	143.8	1,744.1
4.1	53.0	58.2	Education	95.1	938.4	4.0	56.2
14.7	180.8	200.9	Environmental Quality	327.8	248.9	12.2	163.1
0.4	4.7	5.3	Executive Office	5.3	-0.3	0.4	4.6
2.3	42.5	46.3	History, Arts & Library	52.8	2.7	2.4	46.1
365.6	3,964.2	4,361.4	Human Services	4,571.4	1,078.4	445.9	4,527.0
0.0	0.0	0.0	Information Technology	0.0	0.0	0.0	0.0
11.1	196.3	209.0	Judiciary	261.9	-2.8	8.0	193.8
78.6	663.1	740.1	Labor & Economic Growth	990.5	446.6	82.4	787.6
9.7	109.7	120.8	Legislature	114.5	-3.5	9.2	106.3
14.0	151.9	169.8	Management & Budget	183.6	4.0	11.7	154.0
0.0	29.6	29.6	Michigan Strategic Fund	29.6	7.4	0.0	27.7
8.4	109.6	120.9	Military Affairs	123.9	12.2	7.9	108.8
11.4	51.1	60.2	Natural Resources	62.4	-0.3	5.4	41.8
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
13.9	192.1	214.7	State	214.8	6.3	17.0	188.3
39.2	389.0	437.8	State Police	530.3	8.4	37.2	389.7
0.0	0.0	0.0	Transportation	0.0	0.0	0.0	0.0
202.0	1,455.1	2,876.0	Treasury	1,511.2	-39.2	182.2	1,450.6
\$2,293.0	\$22,160.2	\$25,316.1		\$26,268.9	\$3,151.6	\$2,586.6	\$23,649.3

*Includes boilerplate appropriations.

**Includes State Building Authority appropriated in Management and Budget.

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

Fiscal Year 2009

August 2009

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	17,164.7	-0.7	17,164.0
Total state spending from state resources	28,460.6	-186.3	28,274.3
Percentage of state spending from state resources paid to local units	60.31%		60.71%
Required payments to local units (48.97%)	13,937.2		13,845.9
Surplus/(deficit)	\$3,227.5		\$3,318.1

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 OCTOBER 1, 2008 THROUGH AUGUST 31, 2009
 (in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
Miscellaneous		<u>20</u>
Total Revenues		<u>20</u>

EXPENDITURES

Current:		
General government		-
Education		-
Family Independence services		-
Public safety and corrections		<u>-</u>
Total Expenditures		<u>-</u>
Excess of Revenues over (under) Expenditures		<u>20</u>

OTHER FINANCING SOURCES (USES)

Proceeds from Bond Issues		-
Operating transfers from:		
State Lottery Fund		-
Other funds		<u>-</u>
Total operating transfers from other funds		-
Operating transfers to other funds		<u>-</u>
Total Other Financing Sources (Uses)		<u>-</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	<u><u>20</u></u> ¹

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES
MICHIGAN STRATEGIC FUND
OCTOBER 1, 2008 THROUGH AUGUST 31, 2009
(in thousands)

OPERATING REVENUES	
Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Financing fees	2,685
Other	4,274
Total miscellaneous	<u>6,959</u>
Total Operating Revenues	<u>6,959</u>
OPERATING EXPENSES	
Salaries, wages, and other administrative	-
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	6,766
Total other operating expenses	<u>6,766</u>
Total Operating Expenses	<u>6,766</u>
Operating Income (Loss)	<u>193</u>
NONOPERATING REVENUES (EXPENSES)	
Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	-
Other nonoperating revenue	-
Total other nonoperating revenues	<u>-</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	-
Total Nonoperating Revenues (Expenses)	<u>-</u>
Income (Loss) Before Operating Transfers	<u>193</u>
OPERATING TRANSFERS	
Operating transfers from primary government	-
Operating transfers to primary government	-
Total Operating Transfers In (Out)	<u>-</u>
Net Income (Loss)	<u>\$ 193</u> ¹

¹ 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, 2008 THROUGH AUGUST 31, 2009
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>77,223</u>
Total Revenues	<u>77,223</u>

EXPENDITURES

Current:	
General government	500
Conservation, environment, recreation, and agriculture	2,408
Capital outlay	<u>20,214</u>
Total Expenditures	<u>23,122</u>
Excess of Revenues over (under) Expenditures	<u>54,101</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Proceeds from sale of capital assets	17
Operating transfers from other funds	-
Operating transfers to other funds	<u>(10,025)</u>
Total Other Financing Sources (Uses)	<u>(10,008)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 44,093</u> ¹

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

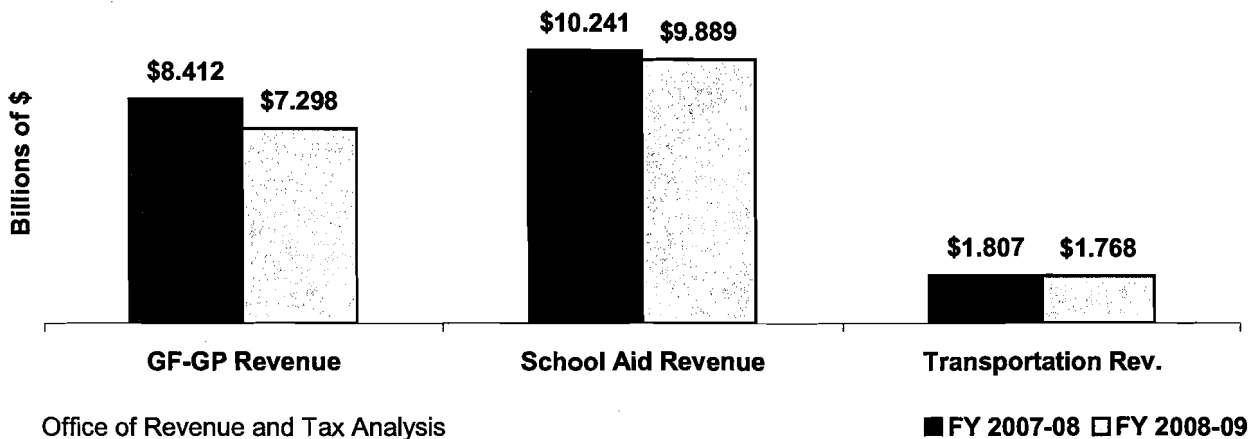
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for August 2009, representing some July and some August economic activity in Michigan.

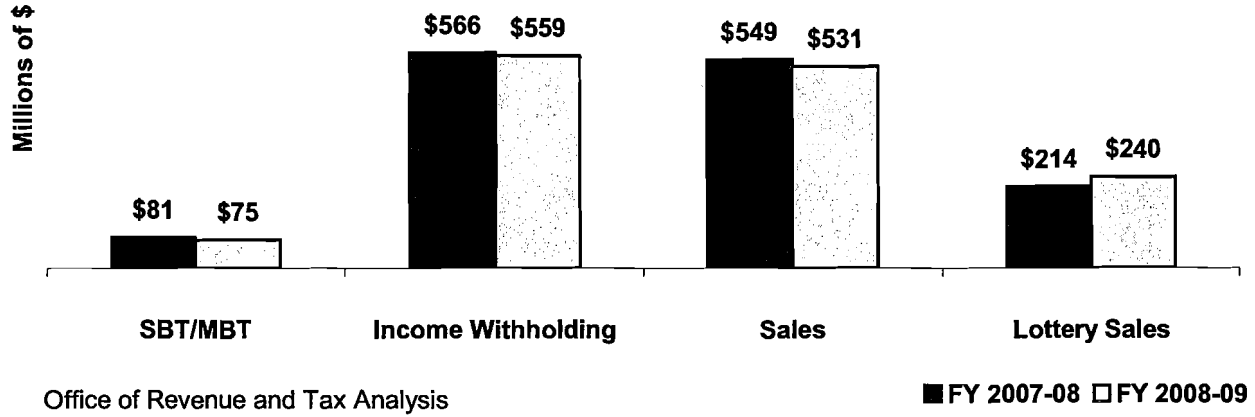
Total General Fund - General Purpose cash collections were \$14.6 million (2.4 percent) lower in August 2009 than in August 2008. August School Aid Fund cash collections were \$30.2 million (3.4 percent) higher than in August 2008. August transportation collections were \$2.3 million (1.5 percent) lower than in August 2008 (see revenue table). August is the eleventh month of the state's fiscal year. Year-to-date collection totals generally provide a more accurate view of collections, since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are down \$1,114.7 million (13.3 percent) from a year ago. School Aid Fund cash collections are down \$352.8 million (3.4 percent) and transportation collections are down \$38.9 million (2.2 percent).

The FY 2008-2009 revenue projections presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on May 15, 2009. The revenue estimate for net General Fund – General Purpose revenue for FY 2008-2009 is \$7,435.3 million and the net School Aid revenue forecast is \$10,943.7 million. The Transportation Funds revenue forecast is \$2,050.5 million. The next regularly scheduled revenue conference will be held in January 2010.

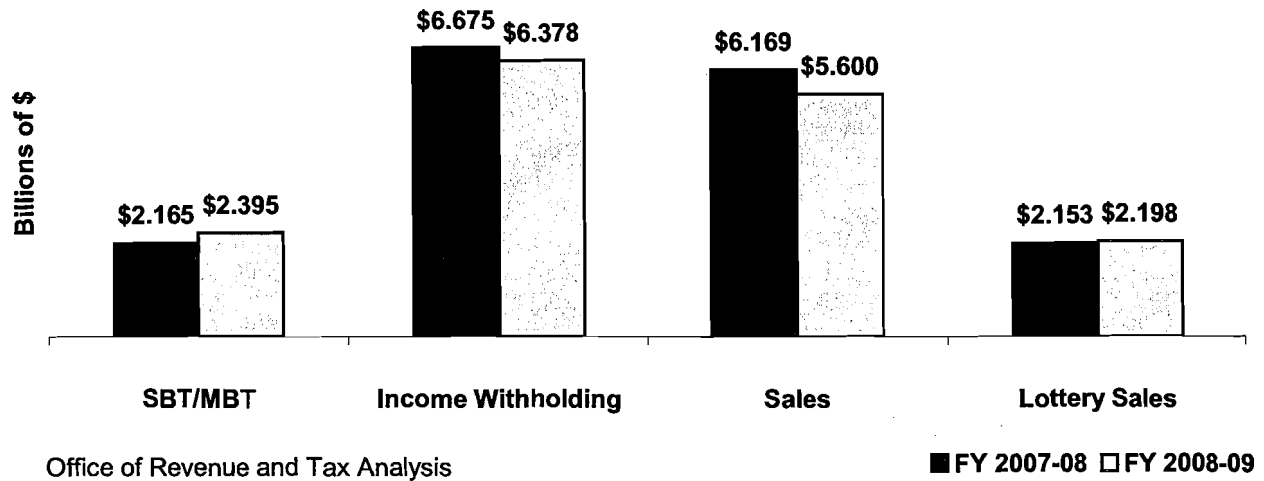
**October through August Collections
Fiscal Years 2007-08 and 2008-09**



August Revenue Collections Fiscal Years 2007-08 and 2008-09



October through August Collections Fiscal Years 2007-08 and 2008-09



Revenue Summary 2008-09
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: August 31, 2009

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH AUGUST CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
August		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2007-2008	2008-2009	2008-2009
2008	2009	Amount	Percent		2007-08	2008-09	Amount	Percent	CAFR Totals(g)	Statutory Estimate	May 2009 Consensus
Income Taxes											
\$566,027	\$558,695	(\$7,331)	-1.3%	Withholding	\$6,674,670	\$6,377,805	(\$296,865)	-4.4%	\$7,282,000	\$7,327,900	\$6,894,900
9,638	7,146	(2,492)	-25.9%	Quarterlies	654,680	478,071	(176,609)	-27.0%	848,900	848,100	637,000
13,576	12,535	(1,042)	-7.7%	Annuals	855,410	637,387	(218,023)	-25.5%	884,900	879,700	637,000
589,241	578,376	(10,865)	-1.8%	Gross Collections	8,184,761	7,493,263	(691,498)	-8.4%	\$9,015,800	\$9,055,700	\$8,168,900
26,876	27,958	1,082	4.0%	Less: Refunds	1,742,210	2,072,613	330,404	19.0%	1,790,300	2,046,100	2,111,300
0	0	0	na	State Campaign Fund	0	0	0	na	1,200	1,500	1,500
562,365	550,418	(11,947)	-2.1%	Net Personal Income	6,442,551	5,420,650	(1,021,901)	-15.9%	\$7,224,300	\$7,008,100	\$6,056,100
137,057	134,646	(2,412)	-1.8%	Less: Disbursements to SAF	1,903,775	1,744,432	(159,344)	-8.4%	\$2,117,700	\$2,111,500	\$1,899,400
\$425,307	\$415,772	(\$9,536)	-2.2%	NET PERSONAL INCOME TO GF-GP	\$4,538,776	\$3,676,218	(\$862,558)	-19.0%	\$5,106,600	\$4,896,600	\$4,156,700
Consumption Taxes											
\$5,857	\$6,685	\$828	14.1%	Sales (a)	\$67,425	\$67,476	\$51	0.1%	\$76,500	\$89,600	\$32,300
67,676	85,015	17,339	25.6%	Use (i)	840,917	767,621	(73,296)	-8.7%	911,600	877,400	768,300
20,496	19,613	(883)	-4.3%	Tobacco	195,136	188,612	(6,524)	-3.3%	212,900	211,600	203,200
4,799	4,701	(98)	-2.0%	Beer, Wine & Mixed Spirits	46,815	46,891	76	0.2%	50,900	51,500	51,500
3,958	3,803	(156)	-3.9%	Liquor Specific	31,490	30,264	(1,226)	-3.9%	37,300	37,000	36,500
\$102,786	\$119,816	\$17,030	16.6%	TOTAL CONSUMPTION TAXES	\$1,181,784	\$1,100,864	(\$80,919)	-6.8%	\$1,289,200	\$1,267,100	\$1,091,800
Other Taxes											
\$5,647	(\$5,233)	(\$10,880)	na	Single Business	\$931,257	(\$92,367)	(\$1,023,624)	na	\$573,800	\$0	(\$158,200)
4,217	4,606	389	9.2%	Insurance Premiums Taxes	223,702	257,045	33,344	14.9%	223,200	260,000	243,800
9,863	(628)	(10,491)	na	Sub-total SBT & Insurance	1,154,959	164,678	(990,281)	-85.7%	797,000	260,000	85,600
26,947	19,125	(7,822)	-29.0%	Michigan Business Tax (h) (j)	941,217	1,819,357	878,140	93.3%	1,551,600	1,931,600	1,589,000
76	8	(67)	-88.9%	Inheritance / Estate	366	49	(317)	-86.6%	200	0	0
1,927	2,022	95	4.9%	Telephone & Telegraph	83,984	71,932	(12,052)	-14.3%	80,800	75,000	74,000
10,914	4,326	(6,588)	-60.4%	Oil & Gas Severance	89,016	50,832	(38,184)	-42.9%	97,100	83,000	61,000
1,275	905	(370)	-29.0%	Casino Wagering	14,603	10,404	(4,199)	-28.8%	15,400	0	3,400
9,338	14,385	5,047	54.0%	Penalties & Interest	136,954	136,988	34	0.0%	160,600	151,000	147,000
411	186	(226)	-54.9%	Miscellaneous Other/Railroad	1,321	1,574	253	19.2%	1,700	1,000	1,000
(9,517)	(9,667)	(150)	1.6%	Treasury Enforcement Programs (f)	(104,683)	(106,333)	(1,650)	1.6%	(114,200)	(113,000)	(116,000)
\$51,236	\$30,663	(\$20,573)	-40.2%	TOTAL OTHER TAXES	\$2,317,735	\$2,149,480	(\$168,255)	-7.3%	\$2,590,200	\$2,388,600	\$1,845,000
\$579,330	\$566,250	(\$13,079)	-2.3%	SUBTOTAL GF-GP TAXES	\$8,038,295	\$6,926,563	(\$1,111,732)	-13.8%	\$8,986,000	\$8,552,300	\$7,093,500

continued

Revenue Summary 2008-09
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: August 31, 2009

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH AUGUST CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
August		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2007-2008	2008-2009	2008-2009
2008	2009	Amount	Percent		2007-08	2008-09	Amount	Percent	CAFR Totals(g)	Statutory Estimate	May 2009 Consensus
Non-Tax Revenue (f)											
\$1,233	\$1,417	\$183	14.9%	Federal Aid	\$13,567	\$15,583	\$2,017	14.9%	\$14,800	\$20,000	\$17,000
8	42	33	400.0%	Local Agencies	92	458	367	400.0%	100	700	500
1,533	108	(1,425)	-92.9%	Services	16,867	1,192	(15,675)	-92.9%	18,400	8,100	13,000
1,858	2,000	142	7.6%	Licenses & Permits	20,442	22,000	1,558	7.6%	22,300	23,000	24,000
0	0	0	na	Investments/Interest Costs	(18,332)	(4,400)	13,931	-76.0%	(54,400)	(81,000)	(74,000)
12,675	12,475	(200)	-1.6%	Misc. Non-tax Revenue	139,425	137,225	(2,200)	-1.6%	152,100	148,500	144,000
13,267	13,267	0	0.0%	Liquor Purchase Revolving Fund	145,933	145,933	0	0.0%	159,200	155,000	159,200
5,100	4,833	(267)	-5.2%	From Other Funds-Lottery & Escheats	56,100	53,167	(2,933)	-5.2%	61,200	58,000	58,000
\$35,675	\$34,142	(\$1,533)	-4.3%	TOTAL NON-TAX REVENUE	\$374,093	\$371,158	(\$2,935)	-0.8%	\$373,700	\$332,300	\$341,700
\$615,005	\$600,392	(\$14,613)	-2.4%	TOTAL GF-GP REVENUE	\$8,412,388	\$7,297,721	(\$1,114,668)	-13.3%	\$9,359,700	\$8,884,600	\$7,435,300
School Aid Fund											
\$224,843	\$217,861	(\$6,982)	-3.1%	Sales Tax 4%	\$2,521,891	\$2,298,252	(\$223,639)	-8.9%	2,767,700	2,715,300	2,541,400
174,429	168,299	(6,130)	-3.5%	Sales Tax 2%	1,965,532	1,769,557	(195,975)	-10.0%	2,160,400	2,117,700	1,973,200
33,838	42,507	8,670	25.6%	Use Tax 2% (i)	420,459	383,811	(36,648)	-8.7%	459,300	438,600	384,200
48,714	60,750	12,036	24.7%	Michigan Business Tax (h) (j)	292,286	668,250	375,964	129.0%	341,000	729,000	729,000
128,400	144,321	15,921	12.4%	State Education Property Tax	1,677,538	1,731,961	54,424	3.2%	2,079,700	2,015,500	2,006,000
15,697	13,401	(2,296)	-14.6%	Real Estate Transfer Tax	166,067	114,120	(51,947)	-31.3%	169,800	177,000	100,000
65,000	80,000	15,000	23.1%	Lottery Transfer (b)	635,901	606,735	(29,165)	-4.6%	740,700	747,600	688,100
9,140	8,144	(996)	-10.9%	Casino Wagering Tax	104,655	93,637	(11,018)	-10.5%	112,100	118,600	109,600
3,921	3,773	(149)	-3.8%	Liquor Excise Tax	31,162	29,920	(1,242)	-4.0%	36,900	37,000	36,500
41,610	39,817	(1,793)	-4.3%	Cigarette/Tobacco Tax	396,155	382,911	(13,244)	-3.3%	424,700	421,500	403,000
3,859	3,776	(83)	-2.2%	Indus. & Comm. Facilities Taxes	113,185	48,616	(64,568)	-57.0%	86,100	60,900	56,000
4,907	4,353	(554)	-11.3%	Specific Other	12,824	16,439	3,615	28.2%	17,100	17,100	17,100
137,057	134,646	(2,412)	-1.8%	Income Tax Earmarking	1,903,775	1,744,432	(159,344)	-8.4%	\$2,117,700	\$2,111,500	\$1,899,400
\$891,415	\$921,647	\$30,232	3.4%	TOTAL SCHOOL AID FUND	\$10,241,428	\$9,888,640	(\$352,787)	-3.4%	\$11,513,200	\$11,707,400	\$10,943,700
\$549,167	\$631,400	(\$17,767)	-3.2%	SALES TAX 6%	\$6,168,683	\$5,599,976	(\$568,707)	-9.2%	\$6,773,300	\$6,645,000	\$6,211,700
374,738	363,102	(11,637)	-3.1%	SALES TAX 4%(d)	4,203,151	3,830,420	(372,732)	-8.9%	4,612,900	4,527,300	4,238,500
174,429	168,299	(6,130)	-3.5%	SALES TAX 2%	1,965,532	1,769,557	(195,975)	-10.0%	2,160,400	2,117,700	1,973,200
101,513	127,522	26,009	25.6%	USE TAX 6% (i)	1,261,376	1,151,432	(109,944)	-8.7%	1,377,000	1,316,000	1,152,500
75,662	79,875	4,213	5.6%	MICHIGAN BUSINESS TAX	1,233,503	2,487,607	1,254,104	102.0%	1,892,600	2,660,700	2,318,000
10,628	9,049	(1,579)	-14.9%	CASINO WAGERING TAX	121,692	104,041	(17,651)	-14.5%	129,700	118,600	113,500
102,995	98,557	(4,438)	-4.3%	TOBACCO TAXES	980,583	947,800	(32,783)	-3.3%	1,073,600	1,058,700	1,015,600
0	0	0	na	TOBACCO SETTLEMENT	251,452	279,044	27,592	11.0%	na	na	na
0	0	0	na	CIGARETTE INVENTORY TAX	0	0	0	na	na	na	na

continued

Revenue Summary 2008-09
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: August 31, 2009

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH AUGUST CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
August		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2007-2008	2008-2009	2008-2009
2008	2009	Amount	Percent		2007-08	2008-09	Amount	Percent	CAFR Totals(g)	Statutory Estimate	May 2009 Consensus
Major Transportation Revenues											
\$10,602	\$7,977	(\$2,625)	-24.8%	Diesel Fuel / Motor Carrier Fuel Tax (e)	\$125,992	\$106,470	(\$19,522)	-15.5%	\$140,057	\$143,000	\$137,000
74,504	74,643	139	0.2%	Gasoline	771,973	766,270	(5,703)	-0.7%	848,864	830,100	832,000
62,199	62,383	184	0.3%	Motor Vehicle Registration	783,367	772,522	(10,845)	-1.4%	855,036	870,000	835,000
4,435	4,260	(175)	-3.9%	Other Taxes, Fees & Misc.	45,453	41,124	(4,329)	-9.5%	140,730	178,879	162,705
7,277	7,413	136	1.9%	Comprehensive Transportation (c)	80,042	81,538	1,495	1.9%	83,795	88,950	83,843
<u>\$159,017</u>	<u>\$156,675</u>	<u>(\$2,342)</u>	<u>-1.5%</u>	TOTAL MAJOR TRANS. REVENUES	<u>\$1,806,828</u>	<u>\$1,767,923</u>	<u>(\$38,904)</u>	<u>-2.2%</u>	<u>\$2,068,482</u>	<u>\$2,110,929</u>	<u>\$2,050,548</u>
Lottery Sales By Games											
68,222	67,156	(1,067)	-1.6%	Instant Games	674,323	694,390	20,068	3.0%	na	na	na
61,833	65,427	3,595	5.8%	Daily Games	621,283	630,404	9,121	1.5%	na	na	na
29,550	53,962	24,413	82.6%	Lotto and Big Game	280,424	315,379	34,956	12.5%	na	na	na
1,295	1,295	0	0.0%	Keno Game	12,765	12,878	114	0.9%	na	na	na
0	0	0	na	Changeplay Game	0	0	0	na	na	na	na
3,791	3,135	(656)	-17.3%	Millionaires Raffle	42,782	38,171	(4,611)	-10.8%	na	na	na
49,522	48,837	(684)	-1.4%	Club Games	521,347	506,413	(14,935)	-2.9%	na	na	na
<u>\$214,213</u>	<u>\$239,813</u>	<u>\$25,601</u>	<u>12.0%</u>	TOTAL LOTTERY SALES	<u>\$2,152,924</u>	<u>\$2,197,635</u>	<u>\$44,712</u>	<u>2.1%</u>	<u>na</u>	<u>na</u>	<u>na</u>

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 Starting in January 2005, totals include revenue from the Motor Carrier Fuel Tax. Prior year totals have been adjusted to also include the Motor Carrier Fuel Tax.

f Non-tax revenue items other than interest are estimates.

g Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

h October 2008 through February 2009 SAF/GF distribution percentages were incorrect. Distribution percentages were corrected in March for this error.

i Starting in April 2009, per P.A. 440 of 2008, totals include revenue from expanded use tax collections.

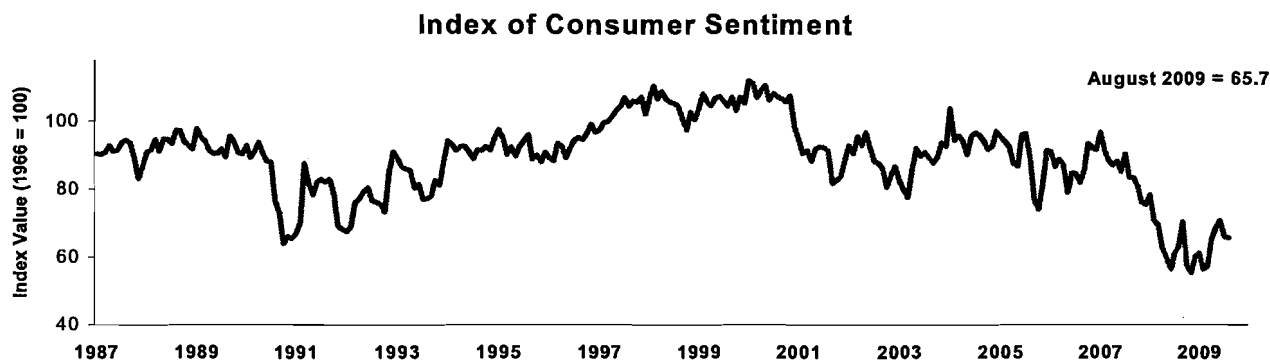
j October 2007 through September 2008 MBT SAF/GF distributions were adjusted to reflect SAF/GF split.

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

Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

U. S. Economy



Source: University of Michigan, Survey Research Center

The **Index of Consumer Sentiment** was 65.7 in August, down 0.3 index-points from the July value but 2.7 index-points above August 2008. On the slight gain in confidence, Survey Director Richard Curtin noted, "Confidence rebounded in late August as consumers increasingly expected improved conditions in the national economy even as they reported the worst assessments of their finances since the surveys began in 1946. Consumers reported hearing more news of positive economic changes and fewer negative economic developments than anytime in the past two years. The largest changes were in reports of job losses, with the August survey tallying less than half the reports of net job losses recorded just six months ago." Curtin also observed, "Despite these hopeful signs in the macro economy, consumers still provided a grim assessment of their finances. Just 16% of all consumers reported that their finances had improved, the smallest proportion recorded since this question was first asked in 1946." On spending plans for durables, Curtin observed, "At this stage in past recoveries, households have typically sensed that renewed gains in incomes and jobs were on the horizon, and were eager to take advantage of discounted prices and available credit, particularly for purchases of homes, vehicles, and other household durables. Rather than pursuing discounts, the rebound in spending will be constrained by uncertainty about future jobs and incomes as well as the reduced availability and higher cost of credit." In August, consumers in two of the four regions reported an increase in confidence. Northeastern consumers reported an increase in confidence of 11.8 index-points followed by Midwestern consumers at 1.0 index-points. Southern consumers reported the largest decrease in confidence of 6.1 index-points. The gap across regions increased from last month to 16.7 index-points, with Northeastern consumers on top and Southern consumers on the bottom.

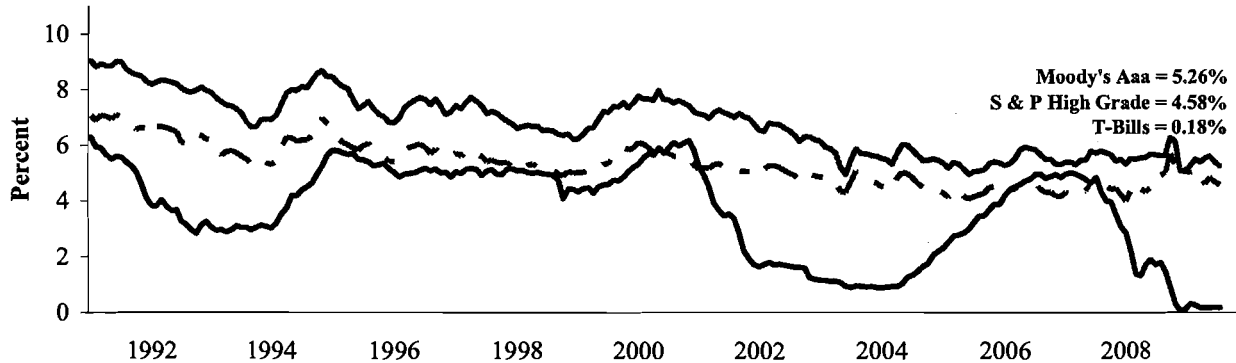
The preliminary estimate of real **Gross Domestic Product** for the second quarter of 2009 is \$12,892.5 billion (chained 2005 dollars), a decrease of 1.0 percent at an annual rate. In the first quarter of 2009, real gross domestic product decreased 6.4 percent. The decrease in real GDP was mainly reflected by private inventory investment, nonresidential fixed investment, personal consumption expenditures, residential fixed investment, and exports. Federal government spending and state and local government spending provided a positive contribution to GDP growth. Imports, which are a subtraction in calculating GDP, decreased. Real personal consumption expenditures decreased 1.0 percent in the second quarter, compared to a 0.6 percent increase in the first quarter. Real residential fixed investment decreased 22.8 percent in the second quarter compared to a decrease of 38.2 percent in

the first quarter. Real nonresidential fixed investment decreased 10.9 percent in the second quarter with a decrease in equipment and software of 8.4 percent. Real federal government expenditures increased 11.0 percent in the second quarter, compared to a decrease of 4.3 percent in the first quarter. Real state and local government spending increased 3.6 percent in the second quarter, compared to a decrease of 1.5 percent in the first quarter. Exports of goods and services decreased 5.0 percent in the second quarter, compared to a 29.9 percent decrease in the first quarter. Imports decreased 15.1 percent in the second quarter compared to a decrease of 36.4 percent in the first quarter. Private inventory investment decreased \$159.2 billion in the second quarter, following a \$113.9 billion decrease in the first quarter. Real final sales increased 0.4 percent in the second quarter compared to a decrease of 4.1 percent in the first quarter. On the inflation front, the **implicit price deflator** remained unchanged in the second quarter, compared to a 1.9 percent increase observed in the first quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.4 percent in August, up from no change in July. Energy increased 4.6 percent in August, compared to a decrease of 0.4 percent in July, while the all-items less food and energy component increased 0.1 percent. For the six months since February, the all-items index increased 2.3 percent.

Compared to August 2008, the all-items index decreased 1.5 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 0.6 percent; medical care, 3.3 percent; apparel, 0.6 percent; education and communication, 2.8 percent; other goods and services, 7.4 percent; recreation, 0.9 percent; unadjusted decreases from one year ago were: housing, 0.6 percent; transportation, 10.8 percent, with gasoline prices down 30.0 percent.

Selected Key Interest Rates



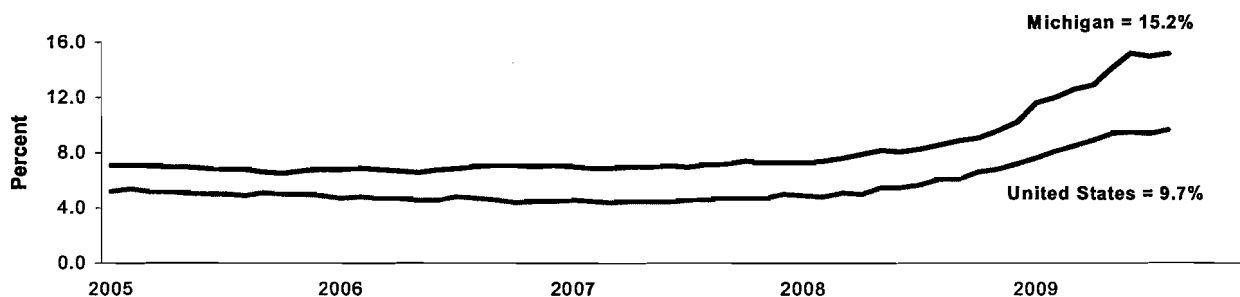
Source: Economic Indicators

Short-term **interest rates** decreased 0.01 percentage points in August as the 3-month Treasury bill (T-bill) rate averaged 0.18 percent. Compared to one year ago, the T-bill rate is down 1.61 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, decreased 0.15 percentage points to an interest yield of 5.26 percent in August. Compared to one year ago, the Aaa bond yield is down 0.38 percentage points. The interest rate on High-grade municipal bonds decreased 0.11 percentage points to 4.58 percent in August, and is down 0.32 percentage points 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 September 23rd meeting. The FOMC stated that, "The Federal Reserve will employ a wide range of tools to promote economic recovery and to preserve price stability. The Committee will maintain the target range and anticipates that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period." The Federal Reserve

is “monitoring the size and composition of its balance sheet and will make adjustments to its credit and liquidity programs as warranted.”

In August, the **U. S. unemployment rate** increased 0.3 percentage points from a month ago to 9.7 percent and was 3.5 percentage points above one year ago. Civilian employment totaled 139.6 million persons in August, a decrease of 0.4 million from July. The number of unemployed was 14.9 million nationwide.

Unemployment Rates 2005 - 2009



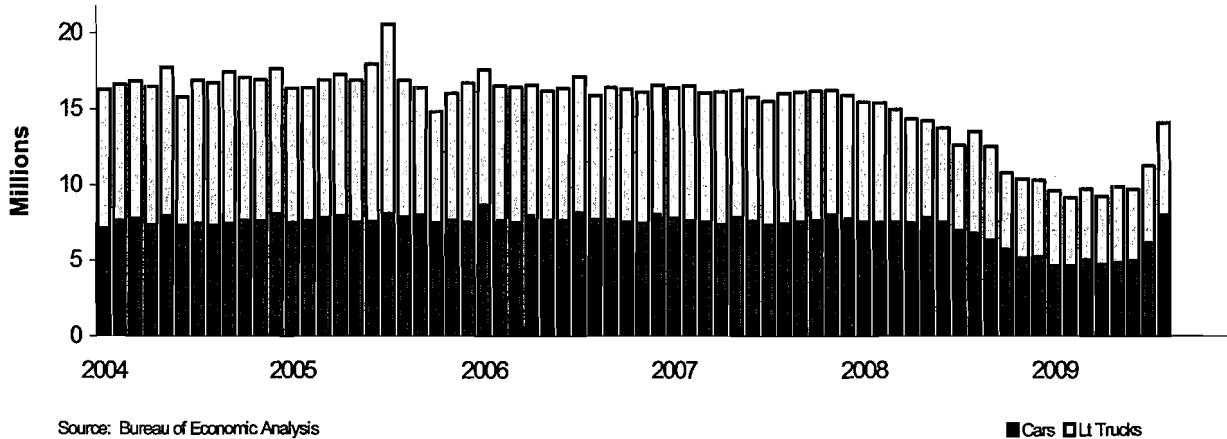
Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In August, the **Michigan jobless rate** increased 0.2 percentage points to 15.2 percent. Compared to a year ago, Michigan’s jobless rate was 6.6 percentage points higher. From July, the labor force decreased by 29,000 to 4,835,000, while the number of people employed decreased by 35,000 to 4,099,000. In August, there were 736,000 unemployed people. Monthly unemployment rates fluctuate due to statistical sampling errors.

Detroit retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.1 percent from June to August, down from a 1.1 percent increase from April to June. The all-items less food and energy index increased 0.1 percent from June to August. The food index increased 0.2 percent from June to August while the energy index decreased 2.4 percent. Compared to August 2008, the all-items index decreased 2.3 percent. For individual component items, the increases from one year ago were: food and beverages, 1.6 percent; other goods and services, 7.6 percent; medical care, 0.1 percent; education and communication, 1.3 percent; unadjusted decreases from one year ago were: housing, 1.3 percent; apparel, 9.8 percent; transportation, 9.3 percent.

Motor Vehicle Sector

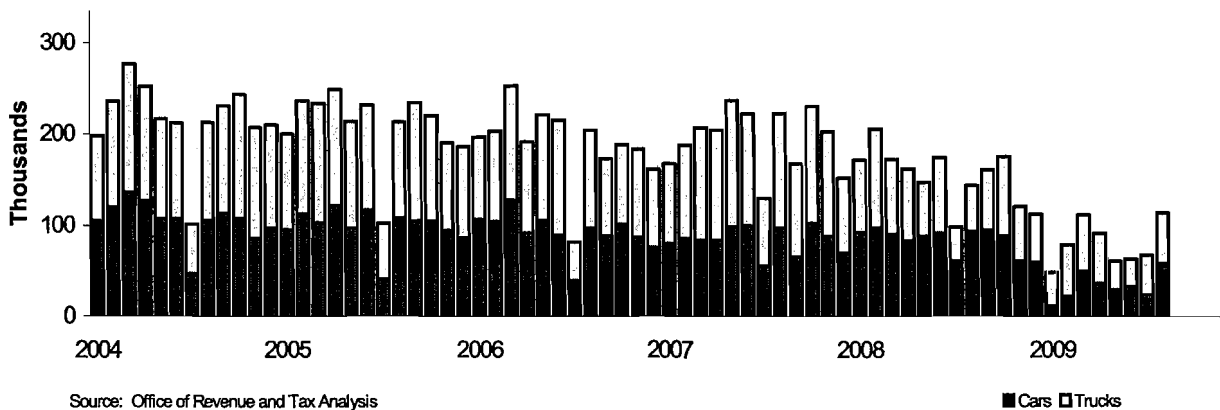
U. S. Light Vehicle Sales



U. S. light vehicle sales (cars + light trucks) increased 2.8 million units in August compared to last month, selling at a 14.1 million unit seasonally adjusted annual rate. Domestic car sales increased 26.6 percent while domestic light truck sales increased 16.0 percent. Import car sales increased 36.0 percent while import light truck sales increased 38.4 percent. Compared to last year, light vehicle sales increased 3.9 percent. Domestic car sales were up 16.7 percent while domestic light truck sales decreased 15.5 percent. Import car sales were up 18.9 percent while import truck sales increased 22.5 percent from last year. As a result, the domestic share decreased 3.8 percentage points from a year ago. For fiscal year 2009 year-to-date, domestic light vehicles have recorded a 73.3 percent share of a 10.4 million-unit market.

Michigan motor vehicle production increased to 113,432 units in August. From a year ago, motor vehicle production decreased 21 percent in Michigan and fell 20 percent nationally. In August, Michigan's car production was 58,392 units while the state's truck production was 55,040 units. Compared with a year ago, car production decreased 38 percent in Michigan and fell 31 percent nationwide. The state's truck production increased 9 percent while national truck production decreased 8 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



**Summary Estimates of the Constitutional Revenue Limit
Based on the May 15, 2009 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2006-2007 Actual	Fiscal Year 2007-2008 Actual	Fiscal Year 2008-2009 Estimate
Applicable Calendar Year Personal Income	\$331,304	\$341,075	\$345,885
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$31,440.7</u>	<u>\$32,368.0</u>	<u>\$32,824.5</u>
Revenue Limit	\$31,440.7	\$32,368.0	\$32,824.5
State Revenue Subject to Limit	<u>\$26,118.4</u>	<u>\$27,716.3</u>	<u>\$25,295.2</u>
Amount Under (Over) Limit	\$5,322.4	\$4,651.7	\$7,529.3

Sources:

Personal Income Estimate

The FY 2006-07 calculation uses the official personal income estimate for calendar year 2005 (Survey of Current Business, October 2006).

The FY 2007-08 calculation uses the official personal income estimate for calendar year 2006 (Survey of Current Business, October 2007).

The FY 2008-09 calculation uses the official personal income estimate for calendar year 2007 (Survey of Current Business, October 2008).

Revenue Subject to the Limit

The FY 2006-07 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2007.

The FY 2007-08 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2008.

The FY 2008-09 calculation uses the May 15, 2009 Consensus Revenue Agreement.

Column detail may not add to totals because of rounding

Prepared By: Office of Revenue and Forecasting, Michigan Department of Treasury