



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

ROBERT L. EMERSON
DIRECTOR

September 23, 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 July 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
July 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	\$ 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)	\$ 802.2
Subtotal Additional Revenue Adjustments	\$ 1,391.8
Anticipated Revenue Adjustments:	
Use tax on Medicaid managed care organizations - PA 440 of 2008 (Senate Bill 480)	\$ 156.1
Transportation Economic Development Fund to GF - EO 2009-22 (legislation needed)	\$ 12.0
21st Century Jobs Trust Fund Revenue to GF (House Bill 4182)	\$ 20.0
21st Century Jobs Trust Fund Revenue to GF - EO 2009-22 (legislation needed)	\$ 22.0
County revenue sharing inflation adjustment (legislation needed)	\$ 1.0
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 - medical assistance increase - ARRA (P.L. 111-5 of 2009)	\$ 61.4
Federal revenue pending - accrual impact - ARRA (P.L. 111-5 of 2009)	\$ 30.0
Subtotal Anticipated Revenue Adjustments	\$ 623.3
Total FY Resources Available For Expenditure GF/GP	9,908.3
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
Anticipated Expenditure Adjustments:	
Supplemental Request (8-18-2008, revised 3-23-2009)	\$ 0.6
Supplemental Requests (2-12-2009, revised through 5-29-09)	\$ 334.9
Supplemental Request (6-1-2009)	\$ 10.0
Supplemental Request (7-15-2009)	\$ 0.3
Supplemental Request (7-30-2009)	\$ 9.9
Contract savings/lapses	\$ (20.0)
Total Expenditures Projected	\$ 9,718.6
Projected Ending Balance, September 30, 2009	\$ 189.7

OFFICIAL BALANCE SHEET

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

**FISCAL
2009**

Beginning Balance, October 1, 2008	\$ 247.1
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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
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**SUMMARY OF EXPENDITURES AND ENCUMBRANCES
GENERAL FUND GROSS**

July 31, 2009

(\$ IN MILLIONS)

FISCAL YEAR 2007-08

FISCAL YEAR 2008-09

July 2008	Yr-to-date 2007-08	Fiscal Yr end SEP 30, 2008	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc July 2009	Exp & Enc Yr-to-date 2008-09
8.0	66.4	83.4	Agriculture	91.4	-1.8	5.5	58.0
6.0	54.3	67.1	Attorney General	75.4	1.0	4.9	54.4
1.4	13.2	16.5	Auditor General	15.9	-0.5	1.3	13.2
19.4	214.6	233.7	Capital Outlay**	481.8	88.8	20.2	230.6
1.0	10.9	13.4	Civil Rights	14.5	1.1	0.9	10.8
2.2	20.2	25.3	Civil Service Commission	70.2	-2.5	4.9	46.4
164.5	1,907.4	2,080.3	Colleges & Universities	1,952.7	0.0	166.4	1,767.8
858.7	9,153.4	11,192.8	Community Health	12,472.3	-15.9	869.4	9,861.4
159.6	1,609.5	1,952.6	Corrections	2,019.7	-35.1	143.5	1,600.3
7.7	48.9	58.2	Education	95.1	938.4	2.0	52.0
17.3	166.1	200.9	Environmental Quality	327.8	248.9	17.1	150.9
0.5	4.2	5.3	Executive Office	5.3	-0.3	0.4	4.2
9.8	40.3	46.3	History, Arts & Library	52.8	2.0	8.7	43.7
368.2	3,598.5	4,361.4	Human Services	4,571.4	1,051.9	442.9	4,081.0
0.0	0.0	0.0	Information Technology	0.0	0.0	0.0	0.0
35.7	185.3	209.0	Judiciary	261.9	-2.8	36.1	185.9
62.0	584.4	740.1	Labor & Economic Growth	990.5	446.6	103.9	705.1
10.7	100.0	120.8	Legislature	114.5	-3.5	9.3	97.2
14.0	137.9	169.8	Management & Budget	183.6	4.0	16.7	142.3
9.4	29.5	29.6	Michigan Strategic Fund	29.6	7.4	8.2	27.7
9.2	101.1	120.9	Military Affairs	123.9	12.2	10.0	101.0
2.4	39.8	60.2	Natural Resources	62.4	-0.3	1.4	36.4
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
20.4	178.2	214.7	State	214.8	6.3	16.4	171.3
37.7	349.8	437.8	State Police	530.3	-6.1	39.1	352.5
0.0	0.0	0.0	Transportation	0.0	0.0	0.0	0.0
91.9	1,253.1	2,876.0	Treasury	1,511.2	-44.6	41.3	1,268.5
\$1,917.7	\$19,867.0	\$25,316.1		\$26,268.9	\$2,695.1	\$1,970.5	\$21,062.6

*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

July 2009

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	17,164.7	-1.4	17,163.3
Total state spending from state resources	28,460.6	-402.5	28,058.1
Percentage of state spending from state resources paid to local units	60.31%		61.17%
Required payments to local units (48.97%)	13,937.2		13,740.1
Surplus/(deficit)	\$3,227.5		\$3,423.2

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 OCTOBER 1, 2008 THROUGH JULY 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 JUNE 30, 2009
(in thousands)

OPERATING REVENUES

Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Financing fees	2,502
Other	<u>4,274</u>
Total miscellaneous	<u>6,776</u>
Total Operating Revenues	<u>6,776</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	<u>6,696</u>
Total other operating expenses	<u>6,696</u>
Total Operating Expenses	<u>6,696</u>
Operating Income (Loss)	<u>80</u>

NONOPERATING REVENUES (EXPENSES)

Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	-
Other nonoperating revenue	<u>-</u>
Total other nonoperating revenues	-
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>
Income (Loss) Before Operating Transfers	<u>80</u>

OPERATING TRANSFERS

Operating transfers from primary government	-
Operating transfers to primary government	<u>-</u>
Total Operating Transfers In (Out)	<u>-</u>
Net Income (Loss)	<u>\$ 80</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 JULY 31, 2009
(in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>34,523</u>
Total Revenues		<u>34,523</u>

EXPENDITURES

Current:		
General government		500
Conservation, environment, recreation, and agriculture		2,215
Capital outlay		<u>17,614</u>
Total Expenditures		<u>20,328</u>
Excess of Revenues over (under) Expenditures		<u>14,194</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><u>4,186</u></u> ¹

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

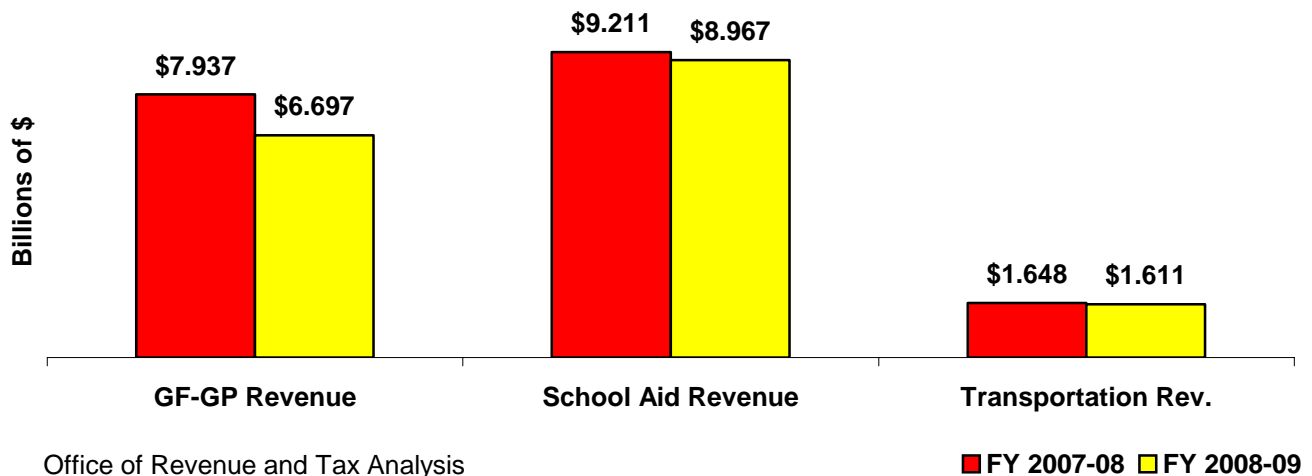
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

Total General Fund - General Purpose cash collections were \$127.3 million (12.2 percent) lower in July 2009 than in July 2008. July School Aid Fund cash collections were \$29.5 million (3.7 percent) lower than in July 2008. July transportation collections were \$3.9 million (2.5 percent) higher than in July 2008 (see revenue table). July is the tenth 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 \$1,239.4 million (15.6 percent) from a year ago. School Aid Fund cash collections are down \$243.7 million (2.6 percent) and transportation collections are down \$36.6 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.

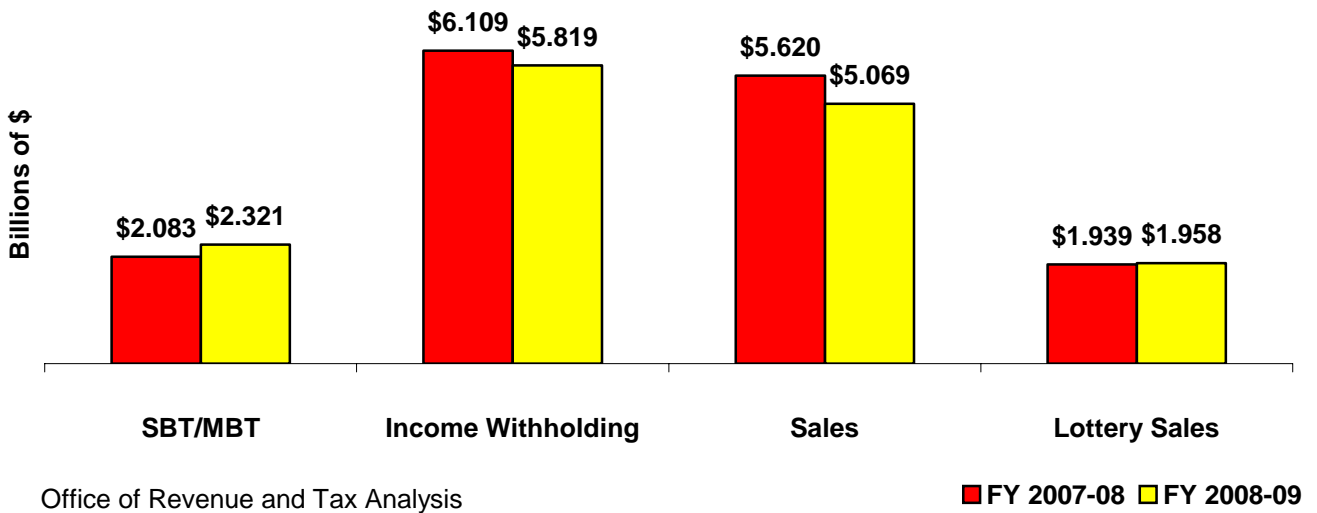
**October through July Collections
Fiscal Years 2007-08 and 2008-09**



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



October through July 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: July 31, 2009

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
July		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											
\$575,763	\$535,805	(\$39,958)	-6.9%	Withholding	\$6,108,643	\$5,819,110	(\$289,534)	-4.7%	\$7,282,000	\$7,327,900	\$6,894,900
11,722	7,957	(3,766)	-32.1%	Quarterlies	645,043	470,925	(174,117)	-27.0%	848,900	848,100	637,000
12,074	11,229	(844)	-7.0%	Annuals	841,834	624,852	(216,981)	-25.8%	884,900	879,700	637,000
599,559	554,991	(44,568)	-7.4%	Gross Collections	7,595,520	6,914,887	(680,633)	-9.0%	\$9,015,800	\$9,055,700	\$8,168,900
32,207	28,337	(3,870)	-12.0%	Less: Refunds	1,715,334	2,044,655	329,322	19.2%	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
567,352	526,654	(40,698)	-7.2%	Net Personal Income	5,880,186	4,870,232	(1,009,954)	-17.2%	\$7,224,300	\$7,008,100	\$6,056,100
139,457	129,202	(10,255)	-7.4%	Less: Disbursements to SAF	1,766,718	1,609,786	(156,932)	-8.9%	\$2,117,700	\$2,111,500	\$1,899,400
\$427,894	\$397,452	(\$30,442)	-7.1%	NET PERSONAL INCOME TO GF-GP	\$4,113,468	\$3,260,446	(\$853,022)	-20.7%	\$5,106,600	\$4,896,600	\$4,156,700
Consumption Taxes											
\$6,986	\$6,302	(\$685)	-9.8%	Sales (a)	\$61,568	\$60,791	(\$777)	-1.3%	\$76,500	\$89,600	\$32,300
80,786	86,889	6,103	7.6%	Use (i)	773,241	682,606	(90,635)	-11.7%	911,600	877,400	768,300
18,301	18,266	(35)	-0.2%	Tobacco	174,640	168,999	(5,641)	-3.2%	212,900	211,600	203,200
4,672	5,085	413	8.8%	Beer, Wine & Mixed Spirits	42,016	42,191	174	0.4%	50,900	51,500	51,500
3,165	3,198	34	1.1%	Liquor Specific	27,532	26,462	(1,070)	-3.9%	37,300	37,000	36,500
\$113,910	\$119,740	\$5,830	5.1%	TOTAL CONSUMPTION TAXES	\$1,078,998	\$981,049	(\$97,949)	-9.1%	\$1,289,200	\$1,267,100	\$1,091,800
Other Taxes											
(\$49,977)	\$20,454	\$70,431	na	Single Business	\$925,610	(\$87,134)	(\$1,012,744)	na	\$573,800	\$0	(\$158,200)
52,874	58,923	6,049	11.4%	Insurance Premiums Taxes	219,485	252,439	32,954	15.0%	223,200	260,000	243,800
2,897	79,377	76,480	na	Sub-total SBT & Insurance	1,145,095	165,305	(979,790)	-85.6%	797,000	260,000	85,600
414,267	246,676	(167,591)	-40.5%	Michigan Business Tax (h)	1,053,635	1,800,232	746,596	70.9%	1,551,600	1,931,600	1,589,000
46	8	(38)	-82.0%	Inheritance / Estate	290	41	(249)	-86.0%	200	0	0
40,746	34,857	(5,889)	-14.5%	Telephone & Telegraph	82,057	69,884	(12,173)	-14.8%	80,800	75,000	74,000
11,674	3,883	(7,791)	-66.7%	Oil & Gas Severance	78,102	46,505	(31,596)	-40.5%	97,100	83,000	61,000
1,245	934	(311)	-25.0%	Casino Wagering	13,328	9,499	(3,828)	-28.7%	15,400	0	3,400
10,107	8,767	(1,340)	-13.3%	Penalties & Interest	127,615	122,603	(5,013)	-3.9%	160,600	151,000	147,000
863	1,043	181	na	Miscellaneous Other/Railroad	910	1,389	479	na	1,700	1,000	1,000
(9,517)	(9,667)	(150)	1.6%	Treasury Enforcement Programs (f)	(95,167)	(96,667)	(1,500)	1.6%	(114,200)	(113,000)	(116,000)
\$472,327	\$365,878	(\$106,449)	-22.5%	TOTAL OTHER TAXES	\$2,405,865	\$2,118,791	(\$287,074)	-11.9%	\$2,590,200	\$2,388,600	\$1,845,000
\$1,014,131	\$883,071	(\$131,061)	-12.9%	SUBTOTAL GF-GP TAXES	\$7,598,331	\$6,360,286	(\$1,238,045)	-16.3%	\$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: July 31, 2009

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
July		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	\$12,333	\$14,167	\$1,833	14.9%	\$14,800	\$20,000	\$17,000
8	42	33	400.0%	Local Agencies	83	417	333	400.0%	100	700	500
1,533	108	(1,425)	-92.9%	Services	15,333	1,083	(14,250)	-92.9%	18,400	8,100	13,000
1,858	2,000	142	7.6%	Licenses & Permits	18,583	20,000	1,417	7.6%	22,300	23,000	24,000
(9,441)	(4,139)	5,302	-56.2%	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	126,750	124,750	(2,000)	-1.6%	152,100	148,500	144,000
13,267	13,267	0	0.0%	Liquor Purchase Revolving Fund	132,667	132,667	0	0.0%	159,200	155,000	159,200
5,100	4,833	(267)	-5.2%	From Other Funds-Lottery & Escheats	51,000	48,333	(2,667)	-5.2%	61,200	58,000	58,000
\$26,234	\$30,003	\$3,769	14.4%	TOTAL NON-TAX REVENUE	\$338,418	\$337,016	(\$1,402)	-0.4%	\$373,700	\$332,300	\$341,700
\$1,040,365	\$913,073	(\$127,292)	-12.2%	TOTAL GF-GP REVENUE	\$7,936,749	\$6,697,302	(\$1,239,447)	-15.6%	\$9,359,700	\$8,884,600	\$7,435,300
School Aid Fund											
\$243,157	\$211,648	(\$31,508)	-13.0%	Sales Tax 4%	\$2,297,048	\$2,080,391	(\$216,657)	-9.4%	2,767,700	2,715,300	2,541,400
190,609	163,120	(27,489)	-14.4%	Sales Tax 2%	1,791,103	1,601,258	(189,845)	-10.6%	2,160,400	2,117,700	1,973,200
40,393	43,444	3,051	7.6%	Use Tax 2% (i)	386,621	341,303	(45,318)	-11.7%	459,300	438,600	384,200
40,971	60,750	19,779	48.3%	Michigan Business Tax (h)	104,206	607,500	503,294	483.0%	341,000	729,000	729,000
10,901	35,622	24,722	227.0%	State Education Property Tax	1,549,138	1,587,641	38,503	2.5%	2,079,700	2,015,500	2,006,000
14,895	17,482	2,587	17.4%	Real Estate Transfer Tax	150,370	100,719	(49,651)	-33.0%	169,800	177,000	100,000
60,000	50,000	(10,000)	-16.7%	Lottery Transfer (b)	570,901	526,735	(44,165)	-7.7%	740,700	747,600	688,100
8,923	8,406	(517)	-5.8%	Casino Wagering Tax	95,515	85,493	(10,022)	-10.5%	112,100	118,600	109,600
3,105	3,129	24	0.8%	Liquor Excise Tax	27,240	26,147	(1,093)	-4.0%	36,900	37,000	36,500
37,154	37,083	(71)	-0.2%	Cigarette/Tobacco Tax	354,545	343,094	(11,451)	-3.2%	424,700	421,500	403,000
4,340	721	(3,619)	-83.4%	Indus. & Comm. Facilities Taxes	109,325	44,840	(64,485)	-59.0%	86,100	60,900	56,000
388	4,146	3,758	969.0%	Specific Other	7,916	12,086	4,169	52.7%	17,100	17,100	17,100
139,457	129,202	(10,255)	-7.4%	Income Tax Earmarking	1,766,718	1,609,786	(156,932)	-8.9%	\$2,117,700	\$2,111,500	\$1,899,400
\$794,293	\$764,754	(\$29,539)	-3.7%	TOTAL SCHOOL AID FUND	\$9,210,647	\$8,966,994	(\$243,653)	-2.6%	\$11,513,200	\$11,707,400	\$10,943,700
\$595,870	\$515,868	(\$80,002)	-13.4%	SALES TAX 6%	\$5,619,516	\$5,068,576	(\$550,940)	-9.8%	\$6,773,300	\$6,645,000	\$6,211,700
405,261	352,747	(52,514)	-13.0%	SALES TAX 4%(d)	3,828,413	3,467,318	(361,095)	-9.4%	4,612,900	4,527,300	4,238,500
190,609	163,120	(27,489)	-14.4%	SALES TAX 2%	1,791,103	1,601,258	(189,845)	-10.6%	2,160,400	2,117,700	1,973,200
121,179	130,333	9,154	7.6%	USE TAX 6% (i)	1,159,862	1,023,910	(135,953)	-11.7%	1,377,000	1,316,000	1,152,500
455,238	307,426	(147,812)	-32.5%	MICHIGAN BUSINESS TAX	1,157,841	2,407,732	1,249,891	108.0%	1,892,600	2,660,700	2,318,000
10,376	9,340	(1,036)	-10.0%	CASINO WAGERING TAX	111,064	94,993	(16,071)	-14.5%	129,700	118,600	113,500
91,966	91,791	(176)	-0.2%	TOBACCO TAXES	877,588	849,242	(28,345)	-3.2%	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: July 31, 2009

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
July		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											
\$11,071	\$9,981	(\$1,090)	-9.8%	Diesel Fuel / Motor Carrier Fuel Tax (e)	\$115,389	\$98,493	(\$16,897)	-14.6%	\$140,057	\$143,000	\$137,000
65,947	73,195	7,247	11.0%	Gasoline	697,469	691,627	(5,841)	-0.8%	848,864	830,100	832,000
69,473	67,456	(2,017)	-2.9%	Motor Vehicle Registration	721,168	710,139	(11,029)	-1.5%	855,036	870,000	835,000
4,800	4,409	(391)	-8.1%	Other Taxes, Fees & Misc.	41,018	36,864	(4,154)	-10.1%	140,730	178,879	162,705
7,277	7,413	136	1.9%	Comprehensive Transportation (c)	72,766	74,125	1,359	1.9%	83,795	88,950	83,843
<u>\$158,568</u>	<u>\$162,453</u>	<u>\$3,885</u>	<u>2.5%</u>	TOTAL MAJOR TRANS. REVENUES	<u>\$1,647,810</u>	<u>\$1,611,248</u>	<u>(\$36,562)</u>	<u>-2.2%</u>	<u>\$2,068,482</u>	<u>\$2,110,929</u>	<u>\$2,050,548</u>
Lottery Sales By Games											
57,795	51,607	(6,188)	-10.7%	Instant Games	606,100	627,235	21,134	3.5%	na	na	na
49,523	53,622	4,099	8.3%	Daily Games	559,450	564,976	5,526	1.0%	na	na	na
22,062	22,288	226	1.0%	Lotto and Big Game	250,874	261,417	10,543	4.2%	na	na	na
1,061	1,057	(4)	-0.4%	Keno Game	11,470	11,583	113	1.0%	na	na	na
0	0	0	na	Changeplay Game	0	0	0	na	na	na	na
(0)	3,279	3,279	na	Millionaires Raffle	38,991	35,036	(3,956)	-10.1%	na	na	na
40,423	40,188	(235)	-0.6%	Club Games	471,826	457,575	(14,250)	-3.0%	na	na	na
<u>\$170,864</u>	<u>\$172,040</u>	<u>\$1,176</u>	<u>0.7%</u>	TOTAL LOTTERY SALES	<u>\$1,938,711</u>	<u>\$1,957,822</u>	<u>\$19,111</u>	<u>1.0%</u>	<u>na</u>	<u>na</u>	<u>na</u>

-12-

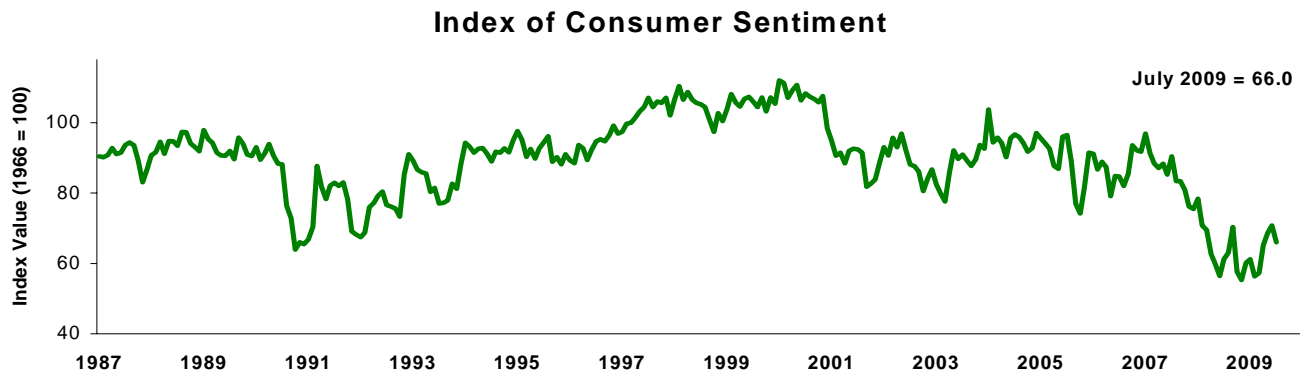
- a GF-GP Sales has been estimated based on CTF and Health Initiative shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated (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.

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 66.0 in July, down 4.8 index-points from the June value but 4.8 index-points above July 2008. On the loss in confidence, Survey Director Richard Curtin noted, “Although the loss in confidence narrowed by the end of July, consumers still expected the economic downturn to last longer and their personal finances to improve more slowly than they had anticipated in the prior three months. Spending plans have declined and saving plans have increased as consumers react to lower income and less favorable job prospects in the year ahead as well as the need to restore their depleted retirement accounts over the longer term.” Curtin also observed, “Recent income gains were reported by the fewest consumers in the more than sixty-year history of the survey in each of the past three months. Reported declines in income, from lost jobs, shorter work hours, cuts in pay or bonuses were also at record levels. When asked about future job prospects, just 14 percent of all consumers expected employment conditions to improve during the year ahead.” On spending plans for durables, Curtin observed, “Buying plans for homes, vehicles, and large household durables declined in July. Less favorable perceptions of market prices were reported by consumers, although anticipated price discounts still remained near their all-time peaks. Uncertainty about job and income prospects also rose in July and will make consumers somewhat more reluctant to spend in the months ahead.” In July, consumers in three of the four of the regions reported a decrease in confidence. Western consumers reported the only increase in confidence of 0.2 index-points. Northeastern consumers reported the largest decrease in confidence of 8.3 index-points followed by Southern consumers at 5.7 index-points. The gap across regions increased from last month to 6.1 index-points, with Southern consumers on top and Western consumers on the bottom.

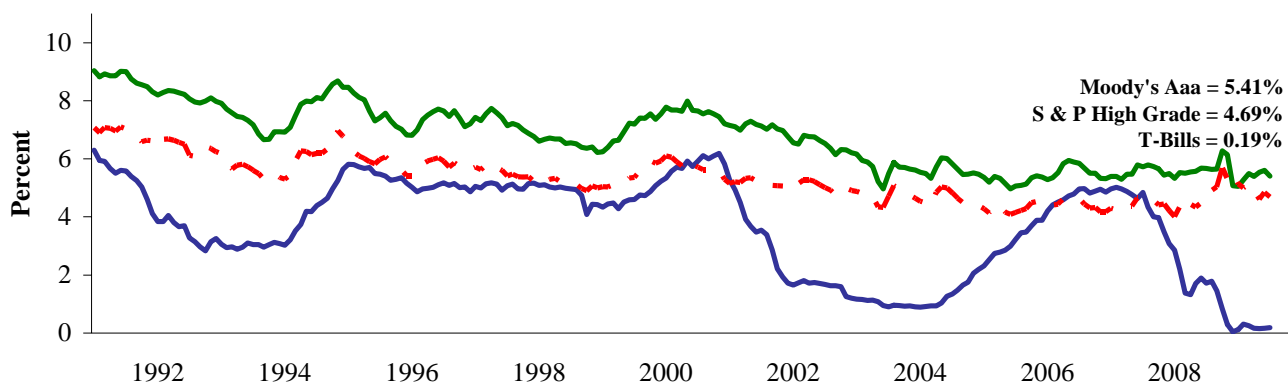
The advanced estimate of real **Gross Domestic Product** for the second quarter of 2009 is \$11,360.5 billion (chained 2000 dollars), a decrease of 1.0 percent at an annual rate. In the first quarter of 2008, real gross domestic product decreased 6.4 percent. The decrease in real GDP was mainly reflected by nonresidential fixed investment, personal consumption expenditures, residential fixed investment, exports and private inventory investment. 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 1.2 percent in the second quarter, compared to a 0.6 percent increase in the first quarter. Real residential fixed investment decreased 29.3 percent in the second quarter compared to a decrease of 38.2 percent in the first quarter. Real nonresidential fixed investment decreased 8.9 percent in the second quarter with

a decrease in equipment and software of 9.0 percent. Real federal government expenditures increased 10.9 percent in the second quarter, compared to a decrease of 4.3 percent in the first quarter. Real state and local government spending increased 2.4 percent in the second quarter, compared to a decrease of 1.5 percent in the first quarter. Exports of goods and services decreased 7.0 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 \$141.1 billion in the second quarter, following a \$113.9 billion decrease in the first quarter. Real final sales decreased 0.2 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** increased at a 0.2 percent annual rate 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), remained unchanged in July, down from a 0.7 percent increase in June. Energy decreased 0.4 percent in July, compared to an increase of 7.4 percent in June, while the all-items less food and energy component increased 0.1 percent. For the six months since January, the all-items index increased 2.2 percent.

Compared to July 2008, the all-items index decreased 2.1 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 1.1 percent; medical care, 3.2 percent; apparel, 1.1 percent; education and communication, 2.8 percent; other goods and services, 7.5 percent; recreation, 1.2 percent; unadjusted decreases from one year ago were: housing, 0.7 percent; transportation, 14.1 percent, with gasoline prices down 37.3 percent.

Selected Key Interest Rates



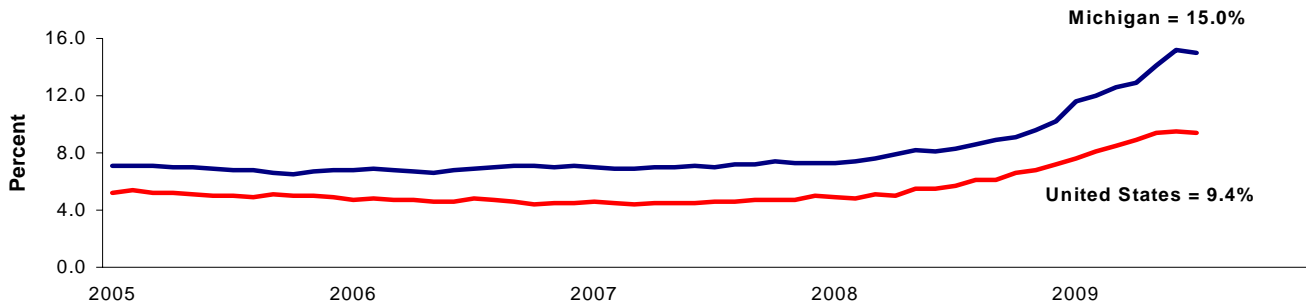
Source: Economic Indicators

Short-term **interest rates** increased 0.02 percentage points in July as the 3-month Treasury bill (T-bill) rate averaged 0.19 percent. Compared to one year ago, the T-bill rate is down 1.53 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, decreased 0.20 percentage points to an interest yield of 5.41 percent in July. Compared to one year ago, the Aaa bond yield is down 0.26 percentage points. The interest rate on High-grade municipal bonds decreased 0.15 percentage points to 4.69 percent in July, and is down 0.19 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 August 12th meeting. The FOMC stated that, “The Federal Reserve will employ all available 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 July, the **U. S. unemployment rate** decreased 0.1 percentage points from a month ago to 9.4 percent and was 3.6 percentage points above one year ago. Civilian employment totaled 140.0 million persons in July, a decrease of 0.2 million from June. The number of unemployed was 14.5 million nationwide.

Unemployment Rates 2005 - 2009

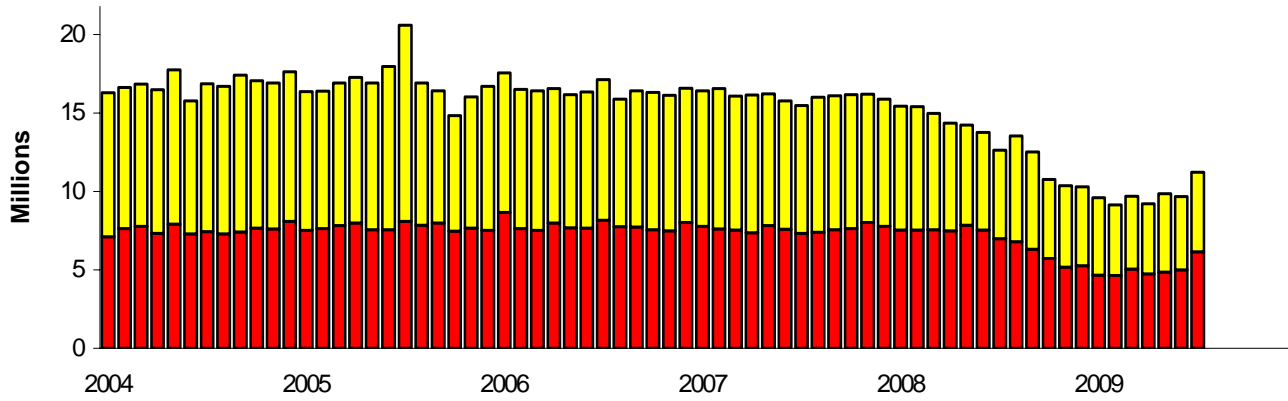


Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In July, the **Michigan jobless rate** decreased 0.2 percentage points to 15.0 percent. Compared to a year ago, Michigan's jobless rate was 6.7 percentage points higher. From June, the labor force decreased by 5,000 to 4,864,000, while the number of people employed increased by 5,000 to 4,134,000. In July, there were 731,000 unemployed people. Monthly unemployment rates fluctuate due to statistical sampling errors.

Motor Vehicle Sector

U. S. Light Vehicle Sales



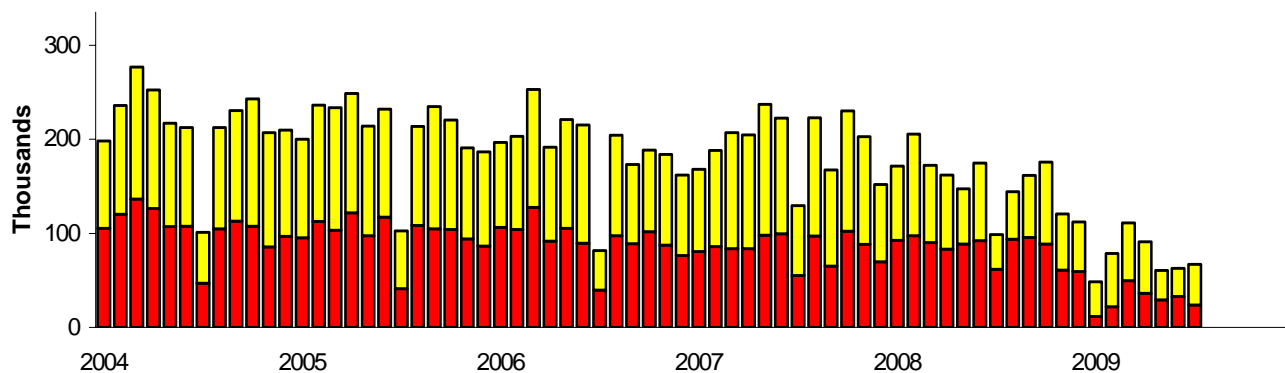
Source: Bureau of Economic Analysis

■ Cars ■ Lt Trucks

U. S. light vehicle sales (cars + light trucks) increased 1.5 million units in July compared to last month, selling at a 11.2 million unit seasonally adjusted annual rate. Domestic car sales increased 25.6 percent while domestic light truck sales increased 7.3 percent. Import car sales increased 18.2 percent while import light truck sales increased 8.4 percent. Compared to last year, light vehicle sales decreased 11.3 percent. Domestic car sales were down 7.8 percent while domestic light truck sales decreased 10.7 percent. Import car sales were down 11.7 percent while import truck sales decreased 10.6 percent from last year. As a result, the domestic share increased 1.6 percentage points from a year ago. For fiscal year 2009 year-to-date, domestic light vehicles have recorded a 73.5 percent share of a 10.0 million-unit market.

Michigan motor vehicle production increased to 66,928 units in July. From a year ago, motor vehicle production decreased 32 percent in Michigan and fell 34 percent nationally. In July, Michigan's car production was 23,997 units while the state's truck production was 42,931 units. Compared with a year ago, car production decreased 61 percent in Michigan and fell 45 percent nationwide. The state's truck production increased 16 percent while national truck production decreased 23 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



Source: Office of Revenue and Tax Analysis

■ Cars ■ Trucks

**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 Section 26 Base Ratio Revenue Limit	\$331,304 9.49% \$31,440.7	\$341,075 9.49% \$32,368.0	\$345,885 9.49% \$32,824.5
Revenue Limit	\$31,440.7	\$32,368.0	\$32,824.5
State Revenue Subject to Limit	\$26,118.4	\$27,716.3	\$25,295.2
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