



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN E. NIXON, CPA
DIRECTOR

August 25, 2011

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

The Honorable Charles 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 July 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 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 2011
 Projected Revenues and Expenditures
 July 31, 2011
 (\$ in millions)

	FISCAL 2011
Beginning Balance, October 1, 2010	\$ 187.2
Revenues, Current Law:	
Current Year GF/GP Revenues, May 2011 Consensus Estimate	\$ 7,524.1
Revenue Adjustments:	
Revenue Sharing Freeze (May 2011 Consensus)	\$ 388.6
County Revenue Sharing payments	\$ 101.5
Use Tax on Medicaid Managed Care Organizations (PA 106 of 2009)	\$ 380.6
Other Revenue Adjustments	\$ 33.3
Tax Amnesty (PA 198 of 2010)	\$ 62.0
Unclaimed Property Reforms (PA 197 of 2010)	\$ 166.0
Liquor Reforms (PA 175 of 2010)	\$ 5.1
Department of State work project cancellation notice (12/22/10)	\$ 6.0
GlaxoSmithKline settlement (6/23/2011)	\$ 1.3
Subtotal Additional Revenue Adjustments	\$ 1,144.4
Total FY Resources Available For Expenditure GF/GP	8,855.7
Expenditures, Current Law:	
FY 2011 Enacted with Vetoes	\$ 8,311.8
Enacted Supplemental (PA 49 of 2011)	\$ (57.4)
Enacted Supplemental (PA 83 of 2011)	\$ 131.8
Employee Health Contribution (PA 185 of 2010)	tbd
Total Expenditures Projected	\$ 8,386.2
Projected Ending Balance, September 30, 2011	\$ 469.5

¹ The employee health contribution is currently in escrow pending the outcome of litigation.

OFFICIAL BALANCE SHEET

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

**FISCAL
2011**

Beginning Balance, October 1, 2010	\$ 255.9
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Revenues, Current Law:	
Current Year School Aid Fund Revenues, May 2011 Consensus	\$ 11,111.5
Additional Revenue Adjustments:	
Treasury Reforms	\$ 2.3
Tax Amnesty (PA 198 of 2010)	\$ 26.1
Enhanced Liquor Revenues	\$ 0.9
General Fund Subsidy	\$ 18.6
Federal Aid	\$ 1,677.8
Federal - American Recovery and Reinvestment Act	\$ 184.3
Federal - Education Jobs Fund	\$ 316.3
Subtotal Additional Revenue Adjustments	\$ 2,226.3
Total FY Resources Available for Expenditure SAF	\$ 13,593.7

Expenditures, Current Law:	
Public Act 205 of 2010	\$ 12,888.2
Public Act 217 of 2010	\$ 246.0
Public Act 62 of 2011	\$ (180.0)
Additional Anticipated Lapse	\$ (6.5)
Adjusted Appropriations	\$ 12,947.7

Projected School Aid Fund Ending Balance September 30, 2011	\$ 646.0
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**SUMMARY OF EXPENDITURES AND ENCUMBRANCES
GENERAL FUND GROSS**

July 31, 2011
(\$ IN MILLIONS)

FISCAL YEAR 2009-10

FISCAL YEAR 2010-11

July 2010	Yr-to-date 2009-10	Fiscal Yr end SEP 30, 2010	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc July 2011	Exp & Enc Yr-to-date 2010-11
4.0	49.9	63.9	Agriculture and Rural Development	73.1	9.9	4.7	47.5
4.8	51.4	65.1	Attorney General	72.4	2.0	4.8	48.9
19.5	212.7	234.4	Capital Outlay**	270.1	0.0	19.8	214.3
1.0	9.2	12.2	Civil Rights	12.8	2.0	0.8	8.8
159.2	1,703.9	1,904.7	Colleges & Universities	1,844.1	30.1	191.5	1,706.0
1,077.0	10,428.2	13,441.6	Community Health	14,037.6	438.5	595.8	10,581.2
151.0	1,540.7	1,958.2	Corrections	1,986.7	1.2	143.4	1,534.6
6.9	64.4	81.3	Education	127.0	(0.5)	3.4	73.6
0.4	3.8	4.7	Executive Office	4.6	0.0	0.4	4.0
512.8	4,760.4	6,003.7	Human Services	6,944.1	209.5	535.1	5,068.6
25.0	173.0	239.4	Judiciary	260.4	(1.2)	30.0	165.6
1.2	13.3	17.2	Legislative Auditor General	14.5	0.0	1.2	13.2
9.3	94.1	115.8	Legislature	102.1	0.0	8.6	93.0
81.2	821.7	1,059.2	Licensing and Regulatory Affairs	1,039.8	84.0	67.8	683.9
9.5 #	114.7	148.5	Military Affairs	128.0	11.7	10.1	103.2
18.3	180.0	247.0	Natural Resources & Environment	458.4	44.2	13.4	157.5
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
19.5	170.6	224.5	State	212.6	8.8	14.3	137.1
35.5	356.0	510.2	State Police	528.6	20.0	38.3	353.6
22.0	194.1	273.6	Technology, Management & Budget***	251.2	13.9	16.5	185.5
0.0	0.0	0.0	Transportation	0.0	0.0	0.0	0.0
47.1	1,212.1	4,103.3	Treasury	1,471.2	143.1	43.3	1,259.3
8.2	27.1	27.0	Michigan Strategic Fund	22.8	21.7	7.0	32.8
\$2,213.4	\$22,181.3	\$30,735.7		\$29,861.9	\$1,038.9	\$1,750.0	\$22,472.1

*Includes boilerplate appropriations.

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

***Includes Civil Service Commission, Information Technology, Management and Budget

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

Fiscal Year 2011

July 2011

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,130.1	(39.5)	15,090.6
Total state spending from state resources	26,114.4	57.6	26,172.0
Percentage of state spending from state resources paid to local units	57.94%		57.66%
Required payments to local units (48.97%)	12,788.2		12,816.4
Surplus/(deficit)	\$2,341.9		\$2,274.2

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 OCTOBER 1, 2010 THROUGH JULY 31, 2011
 (in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
Miscellaneous		<u>3</u>
Total Revenues		<u>3</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>3</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>3</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, 2010 THROUGH JULY 31, 2011
(in thousands)

REVENUES

Taxes	\$	-
From federal agencies		4
From licenses and permits		-
Miscellaneous		<u>64,066</u>
Total Revenues		<u>64,071</u>

EXPENDITURES

Current:		
General government		517
Conservation, environment, recreation, and agriculture		2,619
Capital outlay		<u>23,539</u>
Total Expenditures		<u>26,675</u>
Excess of Revenues over (under)		
Expenditures		<u>37,395</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues		-
Proceeds from sale of capital assets		2
Operating transfers from other funds		-
Operating transfers to other funds		<u>(10,034)</u>
Total Other Financing Sources (Uses)		<u>(10,032)</u>
Excess of Revenues and Other Sources		
over (under) Expenditures and		
Other Uses	\$	<u>27,363</u> ¹

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

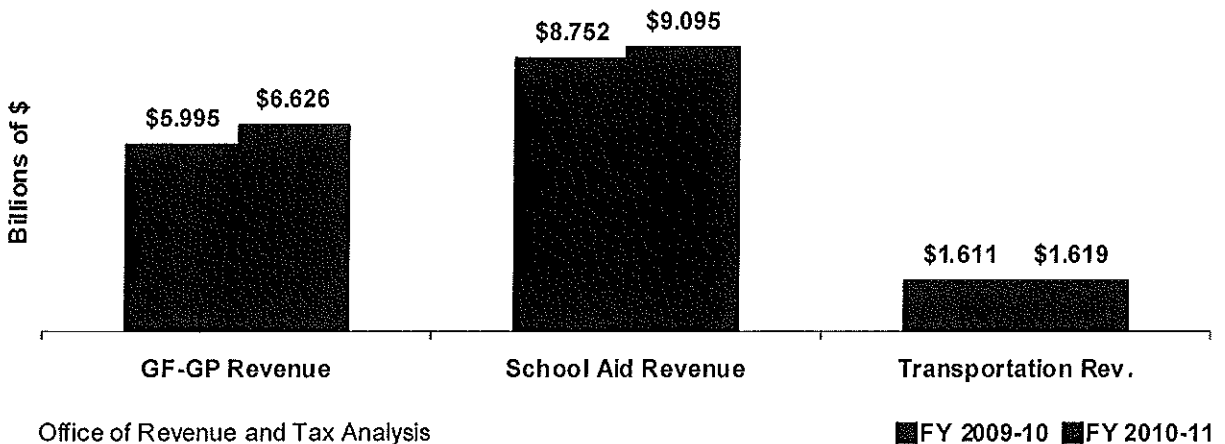
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

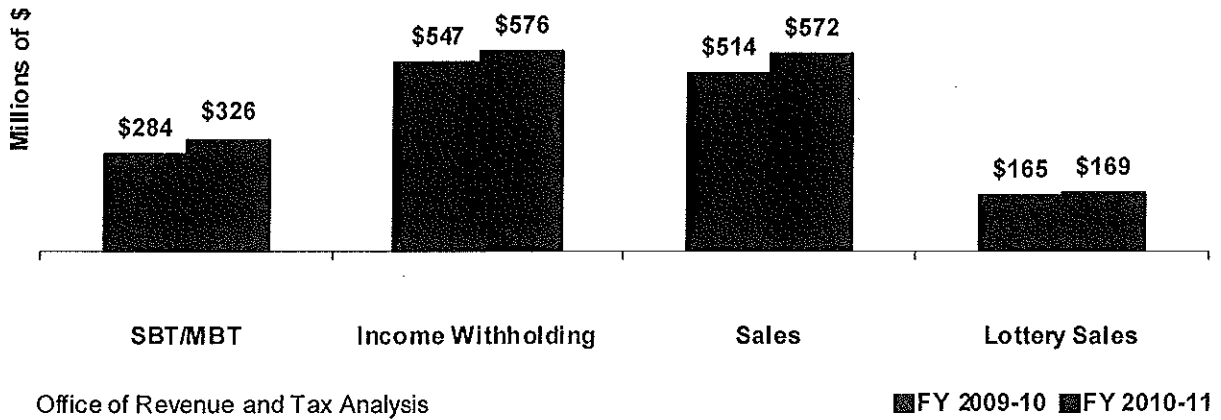
Total General Fund - General Purpose cash collections were \$75.6 million (8.6 percent) higher in July 2011 than in July 2010. The July 2011 School Aid Fund cash collections were \$62.3 million (8.5 percent) higher than in July 2010. July 2011 transportation collections were \$9.6 million (5.7 percent) lower than in July 2010 (see revenue table). July is the tenth month of the state's fiscal year (FY). 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 up \$631.8 million (10.5 percent) from a year ago. School Aid Fund cash collections are up \$342.8 million (3.9 percent) and transportation collections are up \$8.0 million (0.5 percent).

The FY 2010-11 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 16, 2011. The revenue estimate for net General Fund – General Purpose revenue for FY 2010-11 is \$7,524.1 million and the net School Aid revenue forecast is \$11,111.5 million. The Transportation Funds revenue forecast is \$2,060.5 million. The next regularly scheduled revenue conference will be held in January 2012.

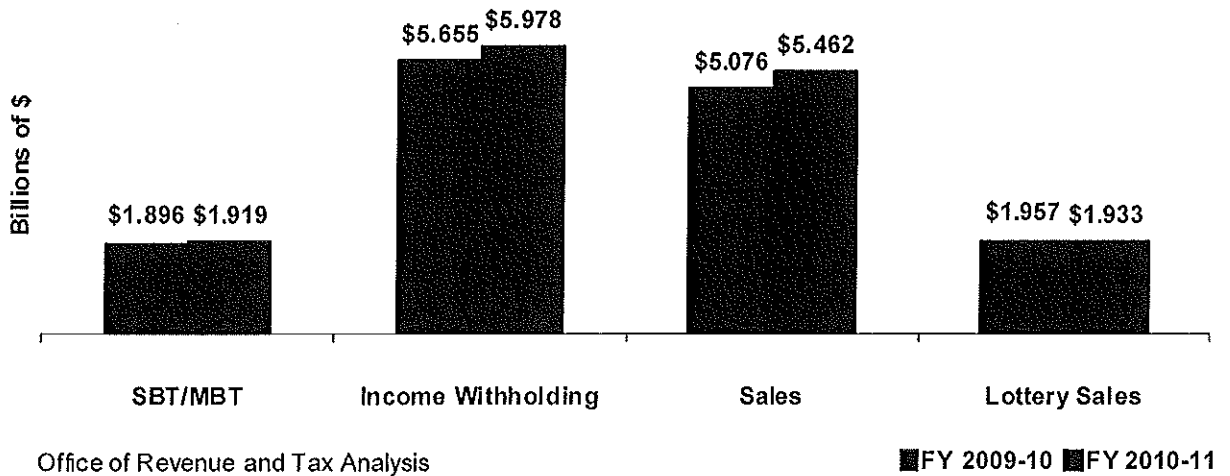
**October through July Collections
FY 2009-10 and FY 2010-11**



July Revenue Collections FY 2009-10 and FY 2010-11



October through July Collections FY 2009-10 and FY 2010-11



Revenue Summary FY 2010-11
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: July 31, 2011

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
July		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2009-10	FY 2010-11	FY 2010-11
2010	2011	Amount	Percent		FY 2009-10	FY 2010-11	Amount	Percent	Actual Totals (h)	Statutory Estimate	May 2011 Consensus
Income Taxes											
\$548,819	\$575,599	\$28,780	5.3%	Withholding	\$5,654,564	\$5,977,815	\$323,251	5.7%	\$6,813,800	\$6,832,900	\$7,182,000
8,465	8,671	207	2.4%	Quarterlies	412,899	471,890	58,992	14.3%	553,800	584,800	607,500
10,273	20,906	10,632	103.0%	Annuals	531,785	683,123	151,337	28.5%	564,800	602,900	670,700
565,557	605,176	39,619	7.0%	Gross Collections	6,599,248	7,132,828	533,580	8.1%	\$7,932,400	\$8,020,800	\$8,460,200
41,247	39,877	(1,370)	-3.3%	Less: Refunds	2,303,045	2,116,461	(186,584)	-8.1%	2,400,800	2,482,600	2,238,700
0	0	0	na	State Campaign Fund	0	0	0	na	1,000	1,500	1,000
524,310	565,299	40,989	7.8%	Net Personal Income	4,296,203	5,016,367	720,164	16.8%	\$5,530,600	\$5,536,500	\$6,220,500
131,682	140,885	9,223	7.0%	Less: Disbursements to SAF	1,536,305	1,660,522	124,217	8.1%	\$1,836,100	\$1,857,300	\$1,968,300
\$392,648	\$424,414	\$31,766	8.1%	NET PERSONAL INCOME TO GF-GP	\$2,759,898	\$3,355,844	\$595,947	21.6%	\$3,694,500	\$3,679,200	\$4,252,400
Consumption Taxes											
\$5,726	\$6,593	\$867	15.1%	Sales (a)	\$55,798	\$61,780	\$5,982	10.7%	\$73,000	\$88,500	\$102,800
66,722	64,083	(2,639)	-4.0%	Use (f) (g)	627,961	638,672	10,711	1.7%	818,200	780,000	766,000
17,871	18,147	276	1.5%	Tobacco	165,698	157,540	(8,158)	-4.9%	200,800	192,200	193,400
4,832	4,915	83	1.7%	Beer, Wine & Mixed Spirits	40,761	40,713	(48)	-0.1%	51,000	53,000	52,000
3,084	4,136	1,052	34.1%	Liquor Specific	27,701	29,396	1,695	6.1%	38,000	38,500	38,800
\$98,235	\$97,874	(\$361)	-0.4%	TOTAL CONSUMPTION TAXES	\$917,919	\$928,102	\$10,182	1.1%	\$1,181,000	\$1,152,200	\$1,153,000
Other Taxes											
(\$11,232)	\$28,782	\$40,015	na	Single Business	\$47,233	\$43,585	(\$3,648)	-7.7%	\$2,300	\$0	\$0
61,767	64,429	2,662	4.3%	Insurance Premiums Taxes	261,411	264,721	3,310	1.3%	257,400	286,600	265,500
50,534	93,211	42,677	84.5%	Sub-total SBT & Insurance	308,644	308,306	(338)	-0.1%	259,700	286,600	265,500
284,815	269,101	4,286	1.6%	Michigan Business Tax (f)	1,546,985	1,590,400	43,414	2.8%	1,134,500	1,449,400	1,320,800
17	2	(15)	-89.7%	Inheritance / Estate	(3)	66	69	na	0	0	0
32,448	30,096	(2,351)	-7.2%	Telephone & Telegraph	58,924	55,560	(3,365)	-5.7%	60,800	63,000	61,000
4,756	6,099	1,343	28.2%	Oil & Gas Severance	48,093	52,105	4,012	8.3%	58,500	64,000	67,000
11,312	12,491	1,180	10.4%	Penalties & Interest	98,789	103,082	4,293	4.3%	140,800	139,000	141,000
1,068	904	(164)	-15.4%	Miscellaneous Other/Railroad	1,398	1,161	(237)	-17.0%	6,400	1,000	1,000
(9,583)	(10,417)	(833)	-8.7%	Treasury Enforcement Programs (e)	(95,833)	(102,917)	(7,083)	-7.4%	(123,100)	(120,000)	(125,000)
\$355,366	\$401,488	\$46,121	13.0%	TOTAL OTHER TAXES	\$1,966,997	\$2,007,763	\$40,765	2.1%	\$1,537,600	\$1,883,000	\$1,731,300
\$846,249	\$923,775	\$77,526	9.2%	SUBTOTAL GF-GP TAXES	\$5,644,815	\$6,291,709	\$646,895	11.5%	\$6,413,200	\$6,714,400	\$7,136,800

continued

Revenue Summary FY 2010-11
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: July 31, 2011

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
July		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2009-10	FY 2010-11	FY 2010-11
2010	2011	Amount	Percent		FY 2009-10	FY 2010-11	Amount	Percent	Actual Totals (h)	Statutory Estimate	May 2011 Consensus
Non-Tax Revenue (e)											
\$2,417	\$1,833	(\$583)	-24.1%	Federal Aid	\$24,167	\$20,083	(\$4,083)	-16.9%	\$20,800	\$29,000	\$22,000
42	33	(8)	-20.0%	Local Agencies	417	358	(58)	-14.0%	400	500	400
833	792	(42)	-5.0%	Services	8,333	8,042	(292)	-3.5%	9,500	10,000	9,500
2,417	1,667	(750)	-31.0%	Licenses & Permits	24,167	18,917	(5,250)	-21.7%	16,100	29,000	20,000
(1,592)	(557)	1,035	65.0%	Investments/Interest Costs	(2,917)	(1,120)	1,797	-61.6%	(11,200)	(45,000)	(12,000)
11,833	11,333	(500)	-4.2%	Misc. Non-tax Revenue	118,333	115,167	(3,167)	-2.7%	129,200	142,000	136,000
13,583	13,333	(250)	-1.8%	Liquor Purchase Revolving Fund	135,833	134,583	(1,250)	-0.9%	157,100	165,000	160,000
4,150	3,292	(858)	-20.7%	From Other Funds-Lottery & Escheats	41,500	38,658	(2,842)	-6.8%	50,200	51,800	51,500
\$33,683	\$31,726	(\$1,957)	-5.8%	TOTAL NON-TAX REVENUE	\$349,833	\$334,688	(\$15,145)	-4.3%	\$372,100	\$382,300	\$387,400
\$879,932	\$955,501	\$75,569	8.6%	TOTAL GF-GP REVENUE	\$5,994,648	\$6,626,397	\$631,750	10.5%	\$6,785,200	\$7,096,700	\$7,524,100
School Aid Fund											
\$210,420	\$233,945	\$23,524	11.2%	Sales Tax 4%	\$2,080,506	\$2,235,625	\$155,119	7.5%	2,531,900	2,565,700	2,661,400
162,869	182,343	19,474	12.0%	Sales Tax 2%	1,608,963	1,735,680	126,717	7.9%	1,957,000	1,984,600	2,062,900
64,005	64,049	44	0.1%	Use Tax 2% (f) (g)	619,633	640,219	20,586	3.3%	397,700	390,000	383,000
30,106	28,560	(1,546)	-5.1%	Michigan Business Tax (f)	301,847	284,795	(17,053)	-5.6%	726,800	742,000	739,200
12,742	23,664	10,923	85.7%	State Education Property Tax	1,466,494	1,409,698	(56,795)	-3.9%	1,930,500	1,833,000	1,852,000
10,976	8,632	(2,344)	-21.4%	Real Estate Transfer Tax	104,946	93,720	(11,226)	-10.7%	121,600	140,000	125,000
55,000	55,000	0	0.0%	Lottery Transfer (b)	530,000	545,000	15,000	2.8%	701,300	740,000	733,600
7,142	9,729	2,587	36.2%	Casino Wagering Tax	86,156	95,940	9,784	11.4%	111,100	112,000	114,000
3,031	4,064	1,034	34.1%	Liquor Excise Tax	27,371	29,059	1,688	6.2%	37,600	38,500	38,800
36,281	36,840	560	1.5%	Cigarette/Tobacco Tax	336,393	319,830	(16,563)	-4.9%	392,900	370,800	373,200
2,018	1,175	(844)	-41.8%	Indus. & Comm. Facilities Taxes	41,362	31,632	(9,729)	-23.5%	55,200	42,800	43,000
4,960	4,596	(364)	-7.3%	Specific Other	12,247	13,278	1,032	8.4%	17,100	16,300	17,100
131,662	140,885	9,223	7.0%	Income Tax Earmarking	1,536,305	1,660,522	124,217	8.1%	\$1,836,100	\$1,857,300	\$1,968,300
\$731,212	\$793,482	\$62,270	8.5%	TOTAL SCHOOL AID FUND	\$8,752,223	\$9,094,999	\$342,776	3.9%	\$10,816,900	\$10,832,900	\$11,111,500
\$513,569	\$572,251	\$58,681	11.4%	SALES TAX 6%	\$5,076,473	\$5,461,722	\$385,249	7.6%	\$6,176,900	\$6,260,800	\$6,498,600
350,701	389,908	39,207	11.2%	SALES TAX 4%(d)	3,467,510	3,726,042	258,532	7.5%	4,219,900	4,276,200	4,435,700
162,869	182,343	19,474	12.0%	SALES TAX 2%	1,608,963	1,735,680	126,717	7.9%	1,957,000	1,984,600	2,062,900
130,727	128,132	(2,595)	-2.0%	USE TAX 6% (g)	1,247,594	1,278,891	31,297	2.5%	1,215,900	1,170,000	1,149,000
294,922	297,662	2,740	0.9%	MICHIGAN BUSINESS TAX	1,848,833	1,875,194	26,362	1.4%	1,861,300	2,191,400	2,060,000
89,804	91,189	1,385	1.5%	TOBACCO TAXES	832,655	791,658	(40,997)	-4.9%	1,006,500	955,000	961,000
0	0	0	na	TOBACCO SETTLEMENT	201,645	187,849	(13,796)	-6.8%	na	na	na
0	0	0	na	CIGARETTE INVENTORY TAX	0	0	0	na	na	na	na

continued

Revenue Summary FY 2010-11
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: July 31, 2011

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
July		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2009-10	FY 2010-11	FY 2010-11
2010	2011	Amount	Percent		FY 2009-10	FY 2010-11	Amount	Percent	Actual Totals (h)	Statutory Estimate	May 2011 Consensus
Major Transportation Revenues											
\$12,088	\$10,546	(\$1,542)	-12.8%	Diesel Fuel / Motor Carrier Fuel Tax	\$101,409	\$100,215	(\$1,194)	-1.2%	\$120,069	\$115,000	\$122,000
73,677	69,422	(4,255)	-5.8%	Gasoline	690,180	682,883	(7,297)	-1.1%	841,659	826,000	839,000
69,781	65,608	(4,173)	-6.0%	Motor Vehicle Registration	709,138	720,571	11,434	1.6%	842,106	831,000	838,000
4,203	4,113	(90)	-2.1%	Other Taxes, Fees & Misc.	36,131	37,822	1,691	4.7%	116,840	153,020	167,011
7,373	7,872	499	6.8%	Comprehensive Transportation (c)	73,730	77,084	3,354	4.5%	78,981	90,574	94,469
<u>\$167,122</u>	<u>\$157,561</u>	<u>(\$9,561)</u>	<u>-5.7%</u>	TOTAL MAJOR TRANS. REVENUES	<u>\$1,610,587</u>	<u>\$1,618,575</u>	<u>\$7,988</u>	<u>0.5%</u>	<u>\$1,999,655</u>	<u>\$2,015,594</u>	<u>\$2,060,479</u>
Lottery Sales By Games											
53,527	54,441	914	1.7%	Instant Games	619,159	615,491	(3,668)	-0.6%	na	na	na
51,897	51,595	(302)	-0.6%	Daily Games	579,419	583,411	(16,009)	-2.8%	na	na	na
22,131	23,919	1,788	8.1%	Lotto and Big Game	280,771	292,751	11,980	4.3%	na	na	na
893	941	49	5.5%	Keno Game	13,682	10,244	(3,438)	-25.1%	na	na	na
1,887	479	(1,408)	-74.6%	Lucky Lines Game	12,438	6,910	(5,527)	-44.4%	na	na	na
1,425	0	(1,425)	-100.0%	Millionaires Raffle	14,580	10,181	(4,399)	-30.2%	na	na	na
33,176	37,290	4,114	12.4%	Club Games	437,309	434,472	(2,837)	-0.6%	na	na	na
<u>\$164,936</u>	<u>\$168,666</u>	<u>\$3,729</u>	<u>2.3%</u>	TOTAL LOTTERY SALES	<u>\$1,957,357</u>	<u>\$1,933,459</u>	<u>(\$23,898)</u>	<u>-1.2%</u>	<u>na</u>	<u>na</u>	<u>na</u>

-11-

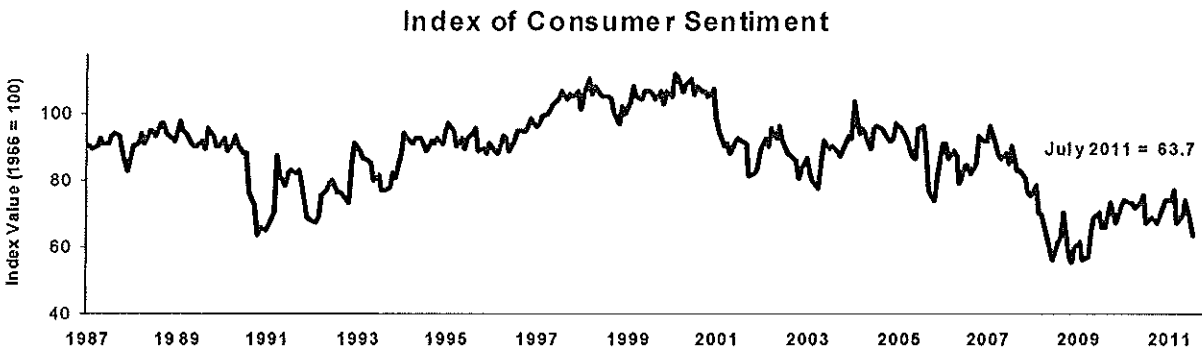
- a GF-GP Sales has been estimated based on CTF and Health Initiative shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated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

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



Source: University of Michigan, Survey Research Center

The *Index of Consumer Sentiment* fell sharply in July to 63.7 index-points, 7.8 index-points below the June value and 4.8 index-points below July 2010. On the sizeable decrease in confidence, Survey Director Richard Curtin observed, "Prospects for growth in the economy tumbled. Rising unemployment was expected twice as frequently as declines. Personal financial expectations slipped as the majority of consumers anticipated inflation-adjusted income gains during the year ahead." Curtin noted, "Consumers reported much less favorable news about jobs. Twice as many consumers reported hearing about new job losses compared with job gains in July, erasing all the gains recorded during the past year. Half of all consumers thought that the economy had recently worsened and just 23 percent expected any improvement in the year ahead." On spending plans for vehicles, Curtin reported, "Vehicle buying plans continued to decline in July from June and May, falling to the same unfavorable levels recorded at the height of the last recession at the close of 2008." In July, consumers in all of the four regions reported a decrease in confidence. Northeastern consumers reported the largest decrease in confidence at 9.9 index-points, followed by Southern consumers with a decrease in confidence of 8.9 index-points. The gap across regions increased from last month to 4.2 index-points, with Midwestern consumers on top and Southern consumers on the bottom.

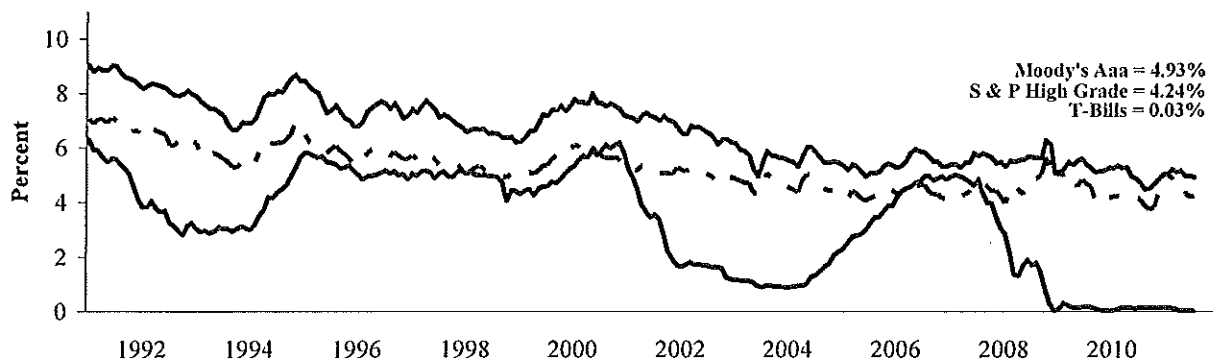
The advanced estimate of real *Gross Domestic Product* for the second quarter of 2011 is \$13,270.1 billion (chained 2005 dollars), an increase of 1.3 percent at an annual rate. In the first quarter of 2010, real gross domestic product increased 0.4 percent. The increase in second quarter real GDP was mainly due to exports, nonresidential fixed investment and private inventory investment. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 0.1 percent in the second quarter, compared to a 2.1 percent increase in the first quarter. Real residential fixed investment increased 3.8 percent in the second quarter compared to a decrease of 2.4 percent in the first quarter. Real nonresidential fixed investment increased 6.3 percent in the second quarter with an increase in equipment and software of 5.7 percent. Real federal government expenditures increased 2.2 percent in the second quarter, compared to a decrease of 9.4 percent in the first quarter. Real state and local government spending decreased 3.4 percent in the second quarter, the same as in the first quarter. Exports of goods and services increased 6.0 percent in the second quarter, compared to a 7.9 percent increase in the first quarter. Imports increased 1.3 percent in the second quarter compared to an increase of 8.3 percent in the first quarter. Private inventory investment increased \$49.6 billion in the second quarter, following a \$49.1 billion increase in the first quarter. Real

final sales increased 1.1 percent in the second quarter compared to an increase of 0.1 percent in the first quarter. On the inflation front, the **implicit price deflator** increased 2.7 percent in the second quarter compared to a 1.8 percent increase observed in the first quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.5 percent in July, up from the 0.2 percent decrease in June. Energy increased 2.8 percent in July, up from a 4.4 percent increase in June, while the all-items less food and energy component increased 0.2 percent in July. For the six months since January, the all-items index increased 3.2 percent.

Compared to July 2010, the all-items index increased 3.6 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 4.0 percent; medical care, 3.2 percent; apparel, 3.1 percent; education and communication, 1.0 percent; other goods and services, 0.8 percent; housing, 1.5 percent; transportation, 12.0 percent, with gasoline prices up 33.6 percent; the unadjusted decreases from one year ago were: recreation, -0.2 percent.

Selected Key Interest Rates



Source: Economic Indicators

Short-term interest rates decreased 0.01 percentage point in July as the 3-month Treasury bill (T-bill) rate was 0.03 percent. Compared to one year ago, the T-bill rate was down 0.13 percentage point. Long-term interest rates, such as the Aaa corporate bond rate, decreased 0.06 percentage point to an interest yield of 4.93 percent in July. Compared to one year ago, the Aaa bond yield was up 0.21 percentage point from its year ago level. The interest rate on High-grade municipal bonds decreased 0.10 percentage point from the May level to 4.24 percent in July, but was up 0.13 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 August 9th meeting. The FOMC stated that, "the Committee decided today to keep the target range for the federal funds rate at 0 to ¼ percent. The Committee 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 "discussed the range of policy tools available to promote a stronger economic recovery in a context of price stability. It will continue to assess the economic outlook in light of incoming information and is prepared to employ these tools as appropriate."

In July, the **U. S. unemployment rate** decreased 0.1 percentage point from a month ago to 9.1 percent and was 0.4 percentage point lower than a year ago. Civilian employment totaled 139.3 million persons in July, no change from June. The number unemployed was 13.9 million nationwide.

Unemployment Rates 2007 - 2011

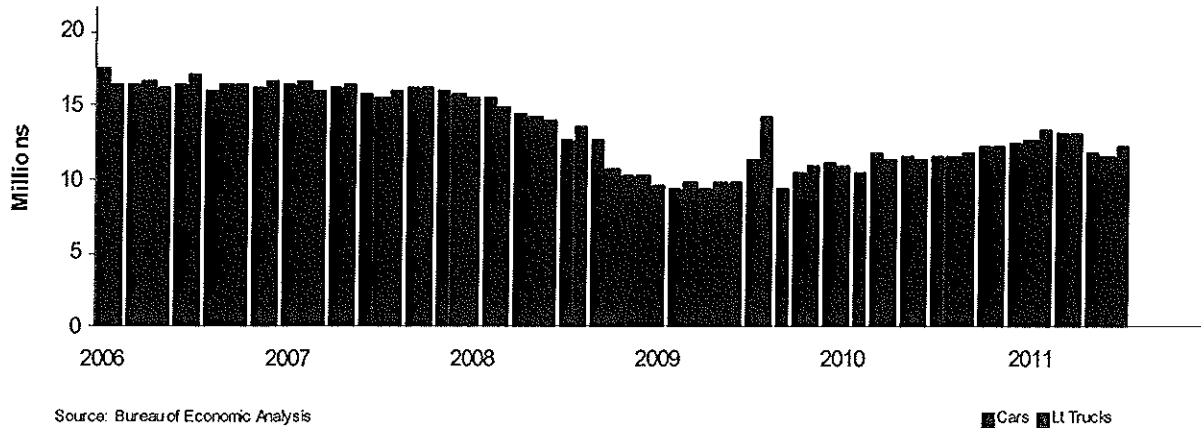


Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In July, the *Michigan jobless rate* increased 0.4 percentage point from 10.5 percent in June to 10.9 percent. The July unemployment rate is 1.5 percentage points below the year ago level. In July, the labor force decreased by 17,000 to 4,701,000, while the number of people employed decreased by 33,000 to 4,189,000. In July, there were 511,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Motor Vehicle Sector

U. S. Light Vehicle Sales

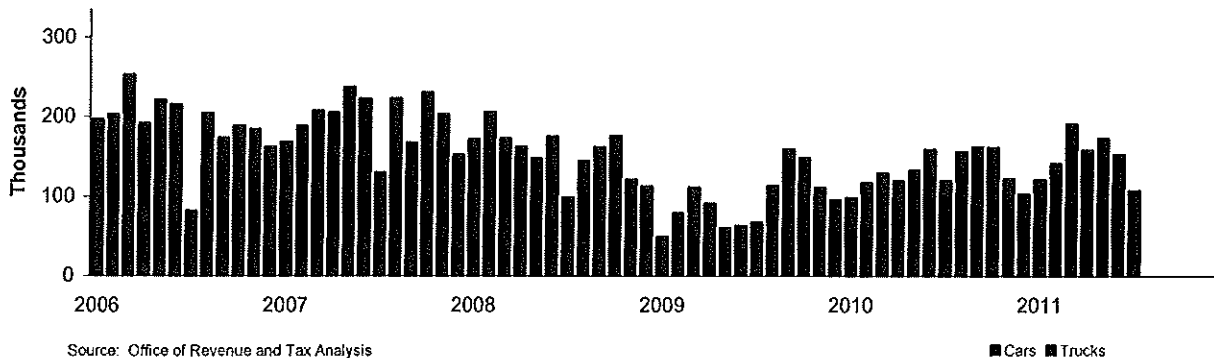


Source: Bureau of Economic Analysis

U.S. light vehicle sales (cars + light trucks) increased 6.0 percent in July compared to June, selling at a 12.2 million unit seasonally adjusted annual rate. Domestic car sales increased 1.7 percent while domestic light truck sales increased 11.3 percent. Import car sales increased 1.0 percent while import light truck sales increased 4.0 percent. Compared to last year, light vehicle sales increased 5.8 percent. Domestic car sales were up 5.0 percent while domestic light truck sales increased 12.3 percent. Import car sales were down 8.8 percent while import truck sales increased 2.3 percent from last year. As a result, the domestic share increased 2.4 percentage points from a year ago. For fiscal year 2011 year-to-date, domestic light vehicles recorded a 76.8 percent share of a 12.4 million-unit market.

Michigan motor vehicle production decreased to 106,616 units in July from 152,393 units from last month. The traditional vacation period in July led to a decrease in output. From a year ago, motor vehicle production decreased 11 percent in Michigan and fell 1 percent nationally. In July, Michigan's car production was 31,085 units while the state's truck production was 75,531 units. Compared with a year ago, car production decreased 19 percent in Michigan and fell 7 percent nationwide. The state's truck production decreased 6 percent but national truck production increased 3 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

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

	<u>Fiscal Year 2008-09 Actual</u>	<u>Fiscal Year 2009-10 Actual</u>	<u>Fiscal Year 2010-11 Estimate</u>
Applicable Calendar Year Personal Income	\$345,885	\$349,612	\$342,302
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$32,824.5</u>	<u>\$33,178.2</u>	<u>\$32,484.5</u>
Revenue Limit	\$32,824.5	\$33,178.2	\$32,484.5
State Revenue Subject to Limit	<u>\$24,838.5</u>	<u>\$25,572.6</u>	<u>\$25,581.2</u>
Amount Under (Over) Limit	\$7,985.9	\$7,605.6	\$6,903.3

Sources:

Personal Income Estimate

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

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).

Revenue Subject to the Limit

The FY 2008-09 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2009.

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.

Column detail may not add to totals because of rounding

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