



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN S. ROBERTS
DIRECTOR

September 25, 2015

The Honorable Dave Hildenbrand, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Al Pscholka, 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 August 31, 2015. 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 S. Roberts
State Budget Director

Attachment

c: Governor Rick Snyder
Arlan Meekoff, Sen. Maj. Leader
Jim Ananich, Senate Min. Leader
Kevin Cotter, Speaker of the House
Tim Greimel, House Min. Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency

House Fiscal Agency
Jack Brandenburg, Chair, Senate Finance Com.
Jeff Farrington, Chair, House Tax Policy Com.
Beth Clement, Deputy Chief of Staff
Dick Posthumus, Executive Office
Mike Moody, Office of Financial Management
Nancy Duncan, Deputy State Budget Director
Internal State Budget Office Distribution

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2015
Projected Revenues and Expenditures
August 31, 2015
(\$ in millions)

FISCAL
2015

Beginning Balance, October 1, 2014	see one-time revenue
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Current Year GF/GP Revenues, May 2015 Consensus Estimate	\$	9,724.9
Revenue Adjustments:		
Local Government Program Payments	\$	(459.2)
General Fund share of HMO use tax collections - PA 161 of 2014	\$	374.8
Subtotal Additional Revenue Adjustments	\$	(84.4)
Total FY Resources Available For Expenditure GF/GP - Ongoing		9,640.5

Expenditures, Current Law:		
FY 2015 Enacted with Vetoes	\$	9,599.3
Total Expenditures Projected - Ongoing	\$	9,599.3

Current Year Revenues minus Ongoing Costs	\$	41.2
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Beginning Balance (One-Time Revenue)	\$	306.4
Local Government Program Payments	\$	(8.8)
Total FY Resources Available For Expenditure GF/GP - One-Time	\$	297.6
One-Time Spending Items:		
PA 182, PA 252, PA 281, PA 282, PA 318, PA 356, and PA 414 of 2014; PA 5, PA 6, PA 84, and PA 86 of 2015	\$	281.7
Executive Order 2015-5	\$	(106.4)
Work project lapse directive (letter 2/11/2015)	\$	(6.6)
One-Time Revenue minus One-Time Spending	\$	128.9

Projected Ending Balance, September 30, 2015	\$	170.1
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School Aid Fund
Projected Revenues and Expenditures
August 31, 2015
(\$ in millions)

FISCAL 2015

Beginning Balance , October 1, 2014	see one-time revenue
Current Year School Aid Fund Revenues, May 2015 Consensus Estimate	\$ 11,883.2
Revenue Adjustments:	
Use Tax Revision (PA 161 of 2014)	\$ 187.4
Venture Michigan Fund	\$ -
MPSERS Reserve Fund	\$ 18.0
General Fund	\$ 114.9
General Fund Supplemental (PA 5 of 2015)	\$ (81.2)
Federal Revenue	\$ 1,808.2
Subtotal Additional Revenue Adjustments	\$ 2,047.3
Total FY Resources Available for Expenditure School Aid Fund	\$ 13,930.5
School Aid Ongoing Costs	
PA 196 of 2014	\$ 13,494.1
PA 5 of 2015	\$ (93.8)
PA 85 of 2015	\$ (13.0)
Community Colleges Ongoing Costs	
PA 196 of 2014	\$ 197.6
Universities Ongoing Costs	
PA 196 of 2014	\$ 200.5
PA 5 of 2015	\$ 2.0
Total School Aid Fund Ongoing Costs Projected	\$ 13,787.4
Current Year Revenues minus Ongoing Costs	\$ 143.0
Beginning Balance (One-Time Revenue)	\$ 455.1
One-Time Spending Items	
PA 196 of 2014 School Aid	\$ 376.2
PA 5 of 2015 School Aid	\$ (89.6)
PA 5 of 2015 Community Colleges	\$ 167.1
PA 196 of 2014 Higher Education	\$ 4.0
One-Time Revenue minus One-Time Spending	\$ (2.6)
Projected Ending Balance, September 30, 2015	\$ 140.4

SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

August 31, 2015

(\$ IN MILLIONS)

FISCAL YEAR 2014

FISCAL YEAR 2015

Exp & Enc August 2014	Exp & Enc Yr-to-date FY 2014	Fiscal Year End SEP 30, 2014	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc August 2015	Exp & Enc Yr-to-date FY 2015
5.1	59.8	70.9	Agriculture and Rural Development	84.5	11.0	5.6	62.7
6.0	71.1	81.4	Attorney General	92.6	3.7	6.2	72.0
26.9	251.1	314.6	Capital Outlay ¹	321.8	(22.1)	21.5	254.0
1.1	12.3	14.1	Civil Rights	16.6	0.0	1.2	13.1
119.4	1,360.2	1,356.4	Colleges & Universities	1,479.1	(163.1)	128.2	1,300.4
1,611.3	13,156.4	15,358.8	Community Health	18,147.0	1,181.0	1,554.1	15,326.0
135.4	1,696.0	1,984.9	Corrections	2,022.2	3.2	148.4	1,687.0
22.4	201.7	399.8	Education	368.3	(71.6)	17.4	205.9
11.2	225.5	254.8	Environmental Quality	473.9	52.2	12.7	134.1
(1.0)	4.6	5.1	Executive Office	5.9	0.0	0.7	4.9
442.0	4,881.9	5,488.4	Human Services	5,966.8	(52.4)	370.1	4,527.6
3.4	51.4	61.9	Insurance and Financial Services	65.2	0.0	5.2	41.7
19.4	198.9	249.7	Judiciary	287.8	0.0	21.3	203.2
0.0	1.8	1.8	Land Bank Fast Track Authority	4.0	0.0	0.9	4.0
1.7	17.9	20.2	Legislative Auditor General	22.2	0.0	1.6	18.1
7.1	101.2	115.0	Legislature	128.9	(0.1)	6.9	109.7
23.1	262.5	252.5	Licensing and Regulatory Affairs	326.4	54.0	23.8	328.7
9.1	111.2	128.3	Military Affairs	140.7	13.7	10.2	112.9
5.7	58.6	72.1	Natural Resources	126.6	15.0	6.0	74.9
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
15.3	166.7	198.5	State	224.0	10.9	16.6	173.0
45.9	468.2	577.5	State Police	638.8	31.8	51.0	489.1
34.1	307.1	1,013.8	Technology, Management & Budget ²	420.1	187.8	28.3	377.8
8.8	198.3	221.6	Transportation	282.6	0.0	(5.6)	132.5
224.0	1,633.4	2,712.3	Treasury ³	1,838.9	79.1	242.1	1,790.9
1.3	209.7	221.0	Michigan Strategic Fund	240.7	2.1	0.8	214.6
\$2,778.9	\$25,707.3	\$31,175.3		\$33,725.6	\$1,336.3	\$2,675.1	\$27,658.9

*Includes boilerplate appropriations.

¹Includes all capital outlay activity regardless of agency

²Includes Civil Service Commission

³Boilerplate appropriations, which are not included in the initial or supplemental appropriations, account for the majority of the difference between Treasury's total appropriations and total expenditure/encumbrances for the fiscal year.

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2015

August, 2015

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,560.3	(153.5)	16,406.8
Total state spending from state resources	30,143.5	(188.3)	29,955.2
Percentage of state spending from state resources paid to local units	54.94%		54.77%
Required payments to local units (48.97%)	14,761.3		14,669.1
Surplus/(deficit)	\$1,799.0		\$1,737.7

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 October 1, 2014 Through August 31, 2015
 (in thousands)

REVENUES

Miscellaneous	\$ <u>17,887</u>
Total Revenues	<u>17,887</u>

EXPENDITURES

Current:	
General government	<u>-</u>
Total Expenditures	<u>113</u>
Excess of Revenues over (under) Expenditures	<u>17,774</u>

OTHER FINANCING SOURCES (USES)

Transfers from other funds	86,167
Transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>86,167</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 103,940</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, 2014 through August 31, 2015
 (in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>20,083</u>
Total Revenues	<u>20,083</u>

EXPENDITURES

Current:	
General government	2,106
Conservation, environment, recreation, and agriculture	2,657
Capital outlay	<u>11,488</u>
Total Expenditures	<u>16,251</u>
Excess of Revenues over (under) Expenditures	<u>3,831</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Proceeds from sale of capital assets	-
Transfers from other funds	-
Transfers to other funds	<u>(18)</u>
Total Other Financing Sources (Uses)	<u>(18)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 3,813</u> ¹

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

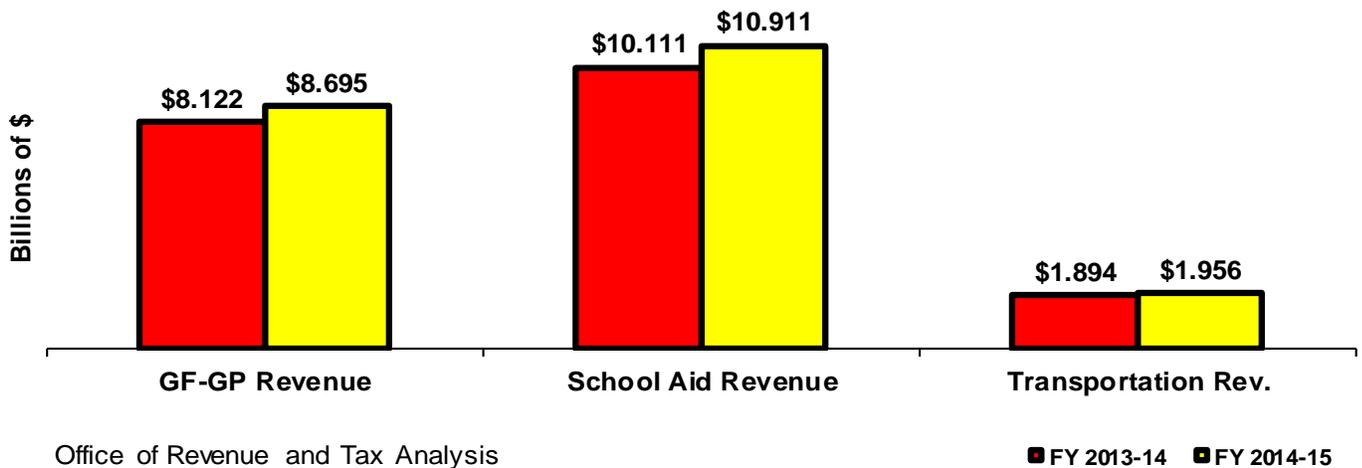
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for August 2015, representing some July and some August economic activity in Michigan.

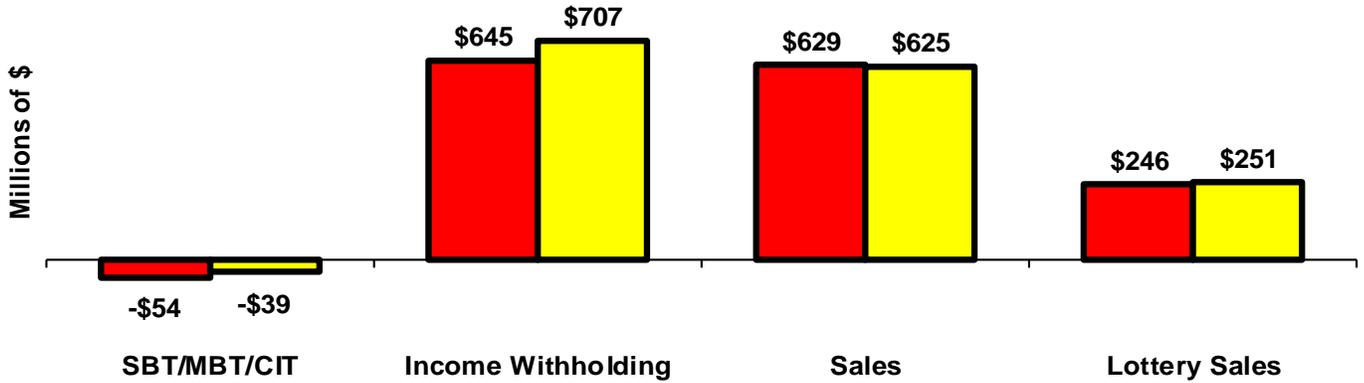
Total General Fund - General Purpose cash collections were \$89.2 million (13.6 percent) higher in August 2015 than in August 2014. The August 2015 School Aid Fund cash collections were \$42.8 million (4.4 percent) higher than in August 2014. August 2015 transportation collections were \$12.7 million (7.4 percent) higher than in August 2014 (see revenue table). August is the eleventh 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 \$572.6 million (7.0 percent) from a year ago. School Aid Fund cash collections are up \$800.1 million (7.9 percent) and transportation collections are up \$61.0 million (3.2 percent).

The FY 2014-15 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 15, 2015. The revenue estimate for net General Fund – General Purpose revenue for FY 2014-15 is \$9,724.9 million and the net School Aid revenue forecast is \$11,883.2 million. The Transportation Funds revenue forecast is \$2,204.3 million. The next regularly scheduled Consensus Revenue Estimating Conference will be in January 2016.

**October through August Collections
FY 2013-14 and FY 2014-15**



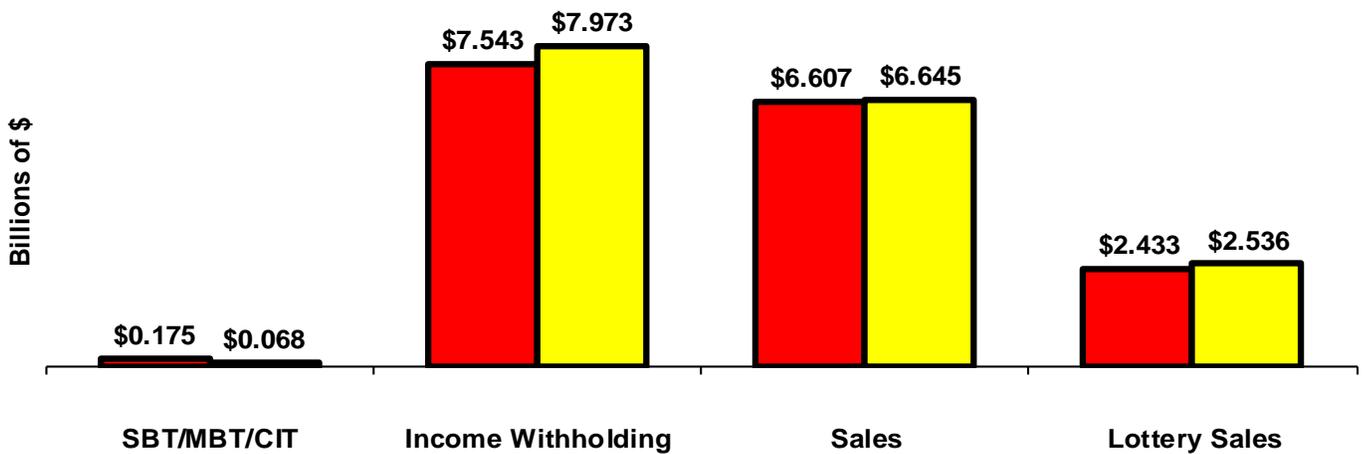
August Revenue Collections FY 2013-14 and FY 2014-15



Office of Revenue and Tax Analysis

■ FY 2013-14 ■ FY 2014-15

October through August Collections FY 2013-14 and FY 2014-15



Office of Revenue and Tax Analysis

■ FY 2013-14 ■ FY 2014-15

Revenue Summary FY 2014-15
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: August 31, 2015

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH AUGUST CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
August		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15
2014	2015	Amount	Percent		FY 2013-14	FY 2014-15	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2015 Consensus
Income Taxes											
\$645,495	\$707,029	\$61,534	9.5%	Withholding	\$7,542,603	\$7,973,345	\$430,742	5.7%	\$8,226,800	\$8,568,600	\$8,575,000
9,922	14,311	4,389	44.2%	Quarterlies	668,802	789,050	120,247	18.0%	878,000	908,500	960,400
13,325	17,714	4,388	32.9%	Annuals	785,337	914,828	129,490	16.5%	804,700	825,700	925,200
668,743	739,054	70,312	10.5%	Gross Collections	8,996,742	9,677,222	680,480	7.6%	\$9,909,500	\$10,302,800	\$10,460,600
33,938	30,814	(3,124)	-9.2%	Less: Refunds	1,722,279	1,761,300	39,021	2.3%	1,895,600	1,797,000	1,770,100
0	0	0	na	State Campaign Fund	0	0	0	na	800	1,000	800
634,804	708,240	73,435	11.6%	Net Personal Income	7,274,464	7,915,922	641,458	8.8%	\$8,013,100	\$8,504,800	\$8,689,700
155,311	171,291	15,980	10.3%	Less: Disbursements to SAF	2,062,728	2,219,198	156,471	7.6%	\$2,357,600	\$2,453,100	\$2,490,700
\$479,494	\$536,949	\$57,455	12.0%	NET PERSONAL INCOME TO GF-GP	\$5,211,736	\$5,696,724	\$484,988	9.3%	\$5,655,500	\$6,051,700	\$6,199,000
Consumption Taxes											
\$88,713	\$97,876	\$9,163	10.3%	Sales (a)	\$923,368	\$1,038,310	\$114,942	12.4%	\$1,170,000	\$1,187,000	\$1,190,700
81,971	89,745	7,774	9.5%	Use (f)	827,949	856,590	28,641	3.5%	926,600	952,400	946,200
17,581	17,578	(3)	0.0%	Tobacco	169,917	171,165	1,247	0.7%	192,900	182,900	182,400
4,848	5,228	379	7.8%	Beer, Wine & Mixed Spirits	46,948	40,241	(6,707)	-14.3%	51,200	52,000	45,500
4,170	5,195	1,025	24.6%	Liquor Specific	38,375	41,434	3,059	8.0%	46,400	46,000	47,000
\$197,282	\$215,620	\$18,338	9.3%	TOTAL CONSUMPTION TAXES	\$2,006,558	\$2,147,740	\$141,182	7.0%	\$2,387,100	\$2,420,300	\$2,411,800
Other Taxes											
(\$12,468)	(\$2,224)	\$10,244	82.2%	Single Business	(\$38,280)	\$28,936	\$67,216	na	(\$45,500)	(\$10,000)	(\$20,000)
(2,051)	2,918	4,969	na	Insurance Premiums Taxes	300,184	358,617	58,432	19.5%	362,200	396,000	402,000
(14,519)	694	15,213	na	Sub-total SBT & Insurance	261,904	387,553	125,649	48.0%	316,700	386,000	382,000
(57,876)	(38,602)	19,274	33.3%	Michigan Business Tax	(619,571)	(860,723)	(241,152)	-38.9%	(723,300)	(429,000)	(751,100)
16,118	2,044	(14,074)	-87.3%	Corporate Income Tax	833,281	900,202	66,920	8.0%	906,400	907,000	1,029,700
9	(3)	(12)	na	Inheritance / Estate	305	(139)	(444)	na	0	0	0
609	963	354	na	Telephone & Telegraph	48,098	44,515	(3,582)	-7.4%	48,000	45,000	47,000
3,883	1,983	(1,900)	-48.9%	Oil & Gas Severance	59,352	30,249	(29,103)	-49.0%	61,000	68,500	39,000
10,721	6,491	(4,230)	-39.5%	Penalties & Interest	93,585	136,308	42,723	45.7%	110,500	152,000	138,000
232	375	144	62.1%	Miscellaneous Other/Railroad	1,757	2,371	613	34.9%	1,800	1,000	1,500
(11,083)	(11,583)	(500)	-4.5%	Treasury Enforcement Programs (e)	(121,917)	(126,167)	(4,250)	-3.5%	(138,700)	(134,000)	(139,000)
(\$51,906)	(\$37,637)	\$14,269	27.5%	TOTAL OTHER TAXES	\$556,795	\$514,170	(\$42,625)	-7.7%	\$582,400	\$996,500	\$747,100
\$624,870	\$714,932	\$90,062	14.4%	SUBTOTAL GF-GP TAXES	\$7,775,089	\$8,358,633	\$583,545	7.5%	\$8,625,200	\$9,468,500	\$9,357,900

continued

Revenue Summary FY 2014-15
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: August 31, 2015

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH AUGUST CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
August		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15
2014	2015	Amount	Percent		FY 2013-14	FY 2014-15	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2015 Consensus
Non-Tax Revenue (e)											
\$1,667	\$2,500	\$833	50.0%	Federal Aid	\$18,333	\$25,000	\$6,667	36.4%	\$30,900	\$20,000	\$30,000
83	83	0	0.0%	Local Agencies	917	917	0	0.0%	100	1,000	100
833	667	(167)	-20.0%	Services	9,167	7,833	(1,333)	-14.5%	7,200	10,000	8,000
833	1,083	250	30.0%	Licenses & Permits	9,167	11,167	2,000	21.8%	14,400	10,000	13,000
0	0	0	na	Investments/Interest Costs	(97)	(172)	(75)	-78.2%	300	(4,000)	0
10,250	6,783	(3,467)	-33.8%	Misc. Non-tax Revenue	112,250	79,517	(32,733)	-29.2%	85,000	101,000	81,400
13,600	14,875	1,275	9.4%	Liquor Purchase Revolving Fund	150,800	162,000	11,200	7.4%	176,800	173,500	178,500
4,250	4,667	417	9.8%	From Other Funds-Lottery & Escheats	46,750	50,083	3,333	7.1%	78,600	46,000	56,000
\$31,517	\$30,658	(\$858)	-2.7%	TOTAL NON-TAX REVENUE	\$347,287	\$336,345	(\$10,942)	-3.2%	\$393,300	\$357,500	\$367,000
\$656,387	\$745,590	\$89,203	13.6%	TOTAL GF-GP REVENUE	\$8,122,376	\$8,694,978	\$572,602	7.0%	\$9,018,500	\$9,826,000	\$9,724,900
School Aid Fund											
\$256,910	\$256,002	(\$908)	-0.4%	Sales Tax 4%	\$2,700,084	\$2,727,045	\$26,961	1.0%	3,002,700	3,083,600	3,067,500
201,018	197,868	(3,150)	-1.6%	Sales Tax 2%	2,106,825	2,099,549	(7,276)	-0.3%	2,347,200	2,409,700	2,391,300
82,551	96,339	13,789	16.7%	Use Tax 2% (f)	461,365	978,798	517,433	112.0%	463,800	476,200	473,000
160,767	142,838	(17,929)	-11.2%	State Education Property Tax	1,441,855	1,439,383	(2,472)	-0.2%	1,804,200	1,841,300	1,850,300
20,503	27,338	6,834	33.3%	Real Estate Transfer Tax	196,983	241,377	44,394	22.5%	233,400	245,300	256,800
40,000	68,000	28,000	70.0%	Lottery Transfer (b)	608,000	666,759	58,759	9.7%	734,100	776,000	780,000
9,126	8,704	(422)	-4.6%	Casino Wagering Tax	99,032	102,476	3,444	3.5%	106,900	112,000	111,000
4,103	5,110	1,007	24.5%	Liquor Excise Tax	37,934	40,998	3,064	8.1%	46,000	45,500	46,600
35,691	35,685	(6)	0.0%	Cigarette/Tobacco Tax	344,958	347,490	2,532	0.7%	359,400	350,400	347,600
1,845	1,692	(153)	-8.3%	Indus. & Comm. Facilities Taxes	26,639	28,852	2,213	8.3%	33,500	36,100	36,500
5,397	5,191	(206)	-3.8%	Specific Other	24,324	18,883	(5,441)	-22.4%	31,700	24,100	31,900
155,311	171,291	15,980	10.3%	Income Tax Earmarking	2,062,728	2,219,198	156,471	7.6%	\$2,357,600	\$2,453,100	\$2,490,700
\$973,223	\$1,016,058	\$42,835	4.4%	TOTAL SCHOOL AID FUND	\$10,110,727	\$10,910,811	\$800,084	7.9%	\$11,520,500	\$11,853,300	\$11,883,200
\$629,202	\$624,538	(\$4,664)	-0.7%	SALES TAX 6%	\$6,606,965	\$6,644,625	\$37,660	0.6%	\$7,354,900	\$7,549,100	\$7,503,800
428,184	426,670	(1,514)	-0.4%	SALES TAX 4%(d)	4,500,140	4,545,075	44,936	1.0%	5,007,700	5,139,400	5,112,500
201,018	197,868	(3,150)	-1.6%	SALES TAX 2%	2,106,825	2,099,549	(7,276)	-0.3%	2,347,200	2,409,700	2,391,300
164,522	186,084	21,562	13.1%	USE TAX 6% (f)	1,289,314	1,835,388	546,074	42.4%	1,390,700	1,428,600	1,419,200
88,345	88,329	(15)	0.0%	TOBACCO TAXES	853,857	860,124	6,267	0.7%	940,500	917,900	924,400
0	0	0	na	TOBACCO SETTLEMENT	192,800	190,989	(1,811)	-0.9%	na	na	na

continued

Revenue Summary FY 2014-15
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: August 31, 2015

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH AUGUST CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
August		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15
2014	2015	Amount	Percent		FY 2013-14	FY 2014-15	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2015 Consensus
Major Transportation Revenues											
\$13,000	\$11,893	(\$1,106)	-8.5%	Diesel Fuel / Motor Carrier Fuel Tax	\$126,417	\$125,194	(\$1,223)	-1.0%	\$137,816	\$131,500	\$135,500
73,761	86,062	12,301	16.7%	Gasoline	762,120	788,387	26,267	3.4%	820,626	815,000	820,000
71,024	72,710	1,687	2.4%	Motor Vehicle Registration	861,505	897,438	35,934	4.2%	940,556	946,500	965,000
4,460	4,658	198	4.4%	Other Taxes, Fees & Misc.	44,155	47,053	2,898	6.6%	119,953	175,628	178,816
9,117	8,746	(371)	-4.1%	Comprehensive Transportation (c)	100,287	97,452	(2,836)	-2.8%	102,721	109,926	104,955
<u>\$171,362</u>	<u>\$184,070</u>	<u>\$12,709</u>	<u>7.4%</u>	TOTAL MAJOR TRANS. REVENUES	<u>\$1,894,484</u>	<u>\$1,955,524</u>	<u>\$61,040</u>	<u>3.2%</u>	<u>\$2,121,673</u>	<u>\$2,178,554</u>	<u>\$2,204,271</u>
Lottery Sales By Games											
85,898	96,762	10,864	12.6%	Instant Games (g)	836,928	940,282	103,354	12.3%	na	na	na
71,573	69,914	(1,659)	-2.3%	Daily Games	636,304	683,550	47,246	7.4%	na	na	na
31,483	24,122	(7,361)	-23.4%	Lotto and Big Game	323,053	313,374	(9,680)	-3.0%	na	na	na
965	931	(34)	-3.5%	Keno Game	9,526	9,007	(519)	-5.4%	na	na	na
2,003	1,371	(633)	-31.6%	Other	93,726	14,868	(78,858)	-84.1%	na	na	na
53,943	55,586	1,643	3.0%	Club Games	533,938	561,115	27,177	5.1%	na	na	na
<u>\$245,867</u>	<u>\$250,678</u>	<u>\$4,811</u>	<u>2.0%</u>	TOTAL LOTTERY SALES	<u>\$2,433,475</u>	<u>\$2,536,267</u>	<u>\$102,792</u>	<u>4.2%</u>	<u>na</u>	<u>na</u>	<u>na</u>

- 1 -

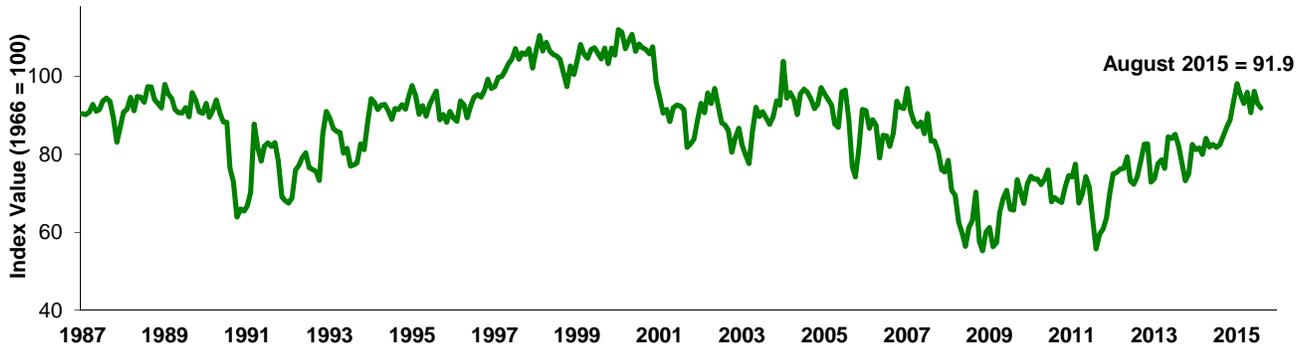
- a GF-GP Sales has been adjusted based on Comprehensive Transportation Fund, Health Initiative, and Constitutional Revenue shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the School Aid Fund transfer. The transfers shown are actual transfers from Lottery to School Aid Fund.
- c The Comprehensive Transportation Fund distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the Comprehensive Transportation Fund).
- d 2% collections adjusted to reflect exemption on residential utilities.
- e Non-tax revenue items other than interest are estimates.
- f In June, 2014 Public Act 161 retroactively (back to April 2014) expanded the use tax to include Health Maintenance Organizations.
- g Beginning in October 2014, Instant Games includes iLottery net win amounts.
- 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

Index of Consumer Sentiment



Source: University of Michigan, Survey Research Center

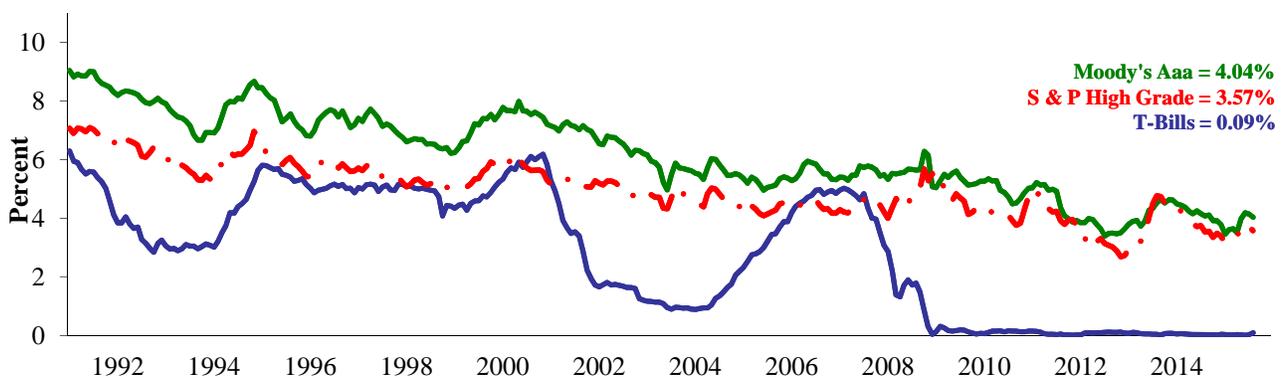
The **Index of Consumer Sentiment** decreased in August to 91.9 index-points, 1.2 index-points below the July value but 9.4 index-points above August 2014. For the August survey, Survey Director Richard Curtin asked various questions about the current state of the economy such as, “How will consumers react to volatile stock prices? Will it cause consumers to lose confidence and delay discretionary spending? Although consumers anticipated a slowing pace of economic growth before the volatility in stock prices, they nonetheless expected the expansion to continue in the year ahead. Overall, the data suggest that real personal consumption expenditures will expand by a still healthy 2.9% in 2015, with the pace of growth rising to 3.0% in 2016.” Curtin asked, “How will decreased household wealth influence spending? The values of stock market holdings are not evenly distributed across the population, although stock ownership is widespread among those in the upper half of the income distribution. The largest stock portfolios (including mutual funds and retirement accounts) are held by upper income and older households (the super-wealthy, however, are unlikely to participate in the survey). It is known that people are naturally more sensitive to declines than increases, since declines are typically associated with increased uncertainty. Overall, however, the impact of stock wealth on consumption is rather small, smaller than the impact of housing wealth on consumption. Whatever small losses in spending that do occur would be concentrated among upper incomes and older consumers.” Curtin reported, “It is unlikely that in the next few weeks the domestic economic uncertainty raised by the volatility in stock prices as well as falling commodity prices and weakness in the Chinese economy will recede, and it could diminish just enough for the Fed to hike rates.” In August, consumers in one of the four regions reported an increase in confidence. Western consumers reported an increase in confidence of 4.7 index-points. The Northeastern region reported the largest decrease in confidence of 4.0 index-points. The gap across regions decreased from last month to 5.4 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 2015 is \$16,324.3 billion (chained 2005 dollars), an increase of 3.7 percent at an annual rate. In the first quarter of 2015, real gross domestic product increased 0.6 percent. The increase in second quarter real GDP was mainly due to personal consumption expenditures, exports, residential fixed investment, state and local government spending, and private inventory investment. Imports, which are a subtraction in calculating

GDP, increased. Real personal consumption expenditures increased 3.1 percent in the second quarter, compared to a 1.8 percent increase in the first quarter. Real residential fixed investment increased 7.8 percent in the second quarter compared to an increase of 10.1 percent in the first quarter. Real nonresidential fixed investment increased 3.2 percent in the second quarter while real equipment expenditures decreased 0.4 percent. Real federal government expenditures remained unchanged in the second quarter, compared to a 1.1 percent increase in the first quarter. Real state and local government spending increased 4.3 percent in the second quarter, compared to a 0.8 percent decrease in the first quarter. Exports of goods and services increased 5.2 percent in the second quarter, compared to a 6.0 percent decrease in the first quarter. Imports increased 2.8 percent in the second quarter compared to an increase of 7.1 percent in the first quarter. Private inventory investment increased \$121.8 billion in the second quarter, following a \$112.8 billion increase in the first quarter. Real final sales increased 3.5 percent in the second quarter compared to a decrease of 0.2 percent in the first quarter. On the inflation front, the **implicit price deflator** increased 2.1 percent in the second quarter compared to a 0.1 percent increase observed in the first quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), decreased 0.1 percent in August, down from a 0.1 percent increase in July. Energy prices decreased 0.2 percent in August, down from a 0.1 percent increase in July, while the all-items less food and energy component increased 0.1 percent in August. Compared to August 2014, the all-items index increased 0.2 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 1.5 percent; medical care, 2.5 percent; apparel, -0.9 percent; education and communication, 1.6 percent; other goods and services, 1.7 percent; recreation, 0.7 percent; housing, 2.0 percent; and transportation, -6.7 percent, with gasoline prices down -23.3 percent.

Selected Key Interest Rates



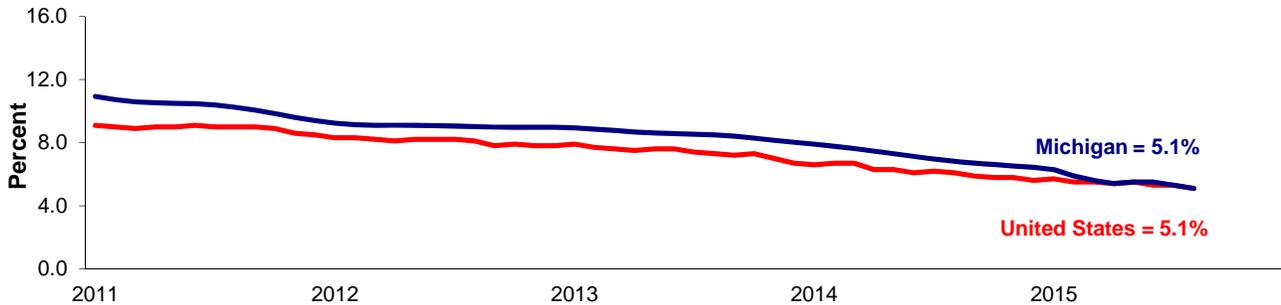
Source: Economic Indicators

Short-term **interest rates** increased 0.06 percentage point in August as the 3-month Treasury bill (T-bill) rate was 0.09 percent. Compared to one year ago, the T-bill rate increased 0.06 percentage point. The Aaa corporate bond rate, a long-term interest rate, decreased 0.11 percentage point to an interest yield of 4.04 percent in August. The Aaa bond yield was down 0.04 percentage point from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.16 percentage point from the June level to 3.57 percent in August and was up 0.04 percentage point from its year-ago level. The Federal Open Market Committee kept the target range for the federal funds rate between 0 and 0.25 percent at the September 17th meeting. The FOMC stated “the Committee today reaffirmed its view that the current 0 to ¼ percent target range for the federal funds rate remains appropriate. In determining how long to maintain this target range, the Committee will assess progress – both realized

and expected – toward its objectives of maximum employment and 2 percent inflation.” The Committee “seeks to foster maximum employment and price stability.”

In August, the **U. S. unemployment rate** decreased 0.2 percentage point from a month ago to 5.1 percent and was 1.0 percentage point lower than a year ago. Civilian employment totaled 149.0 million persons in August. The number unemployed was 8.0 million nationwide.

Unemployment Rates 2011 - 2015



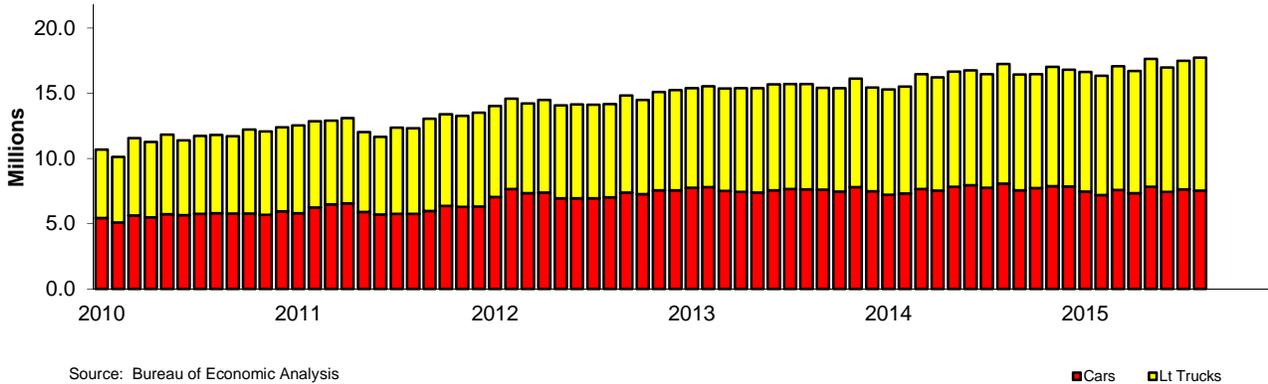
Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In August, the **Michigan jobless rate** decreased 0.2 percentage point to 5.1 percent from July. The August unemployment rate is 1.7 percentage points below the year ago level. In August, the labor force grew 1,000 to 4,729,000, while the number of people employed increased 8,000 to 4,487,000. In August, there were 242,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Detroit retail prices, as measured by the Detroit Consumer Price Index (CPI-U), increased 0.6 percent from June to August compared to no change from April to June. The all-items less food and energy index increased 0.6 percent from June to August. The food index increased 0.3 percent from June to August while the energy index increased 1.0 percent. Compared to August 2014, the all-items index decreased 0.9 percent. For individual component items, the changes from one year ago were: food and beverages, 1.0 percent; apparel, -4.8 percent; education and communication, -2.0 percent; transportation, -5.6 percent; recreation, 1.8 percent; medical care, 0.2 percent; housing, 0.1 percent; and other goods and services, 1.9 percent.

Motor Vehicle Sector

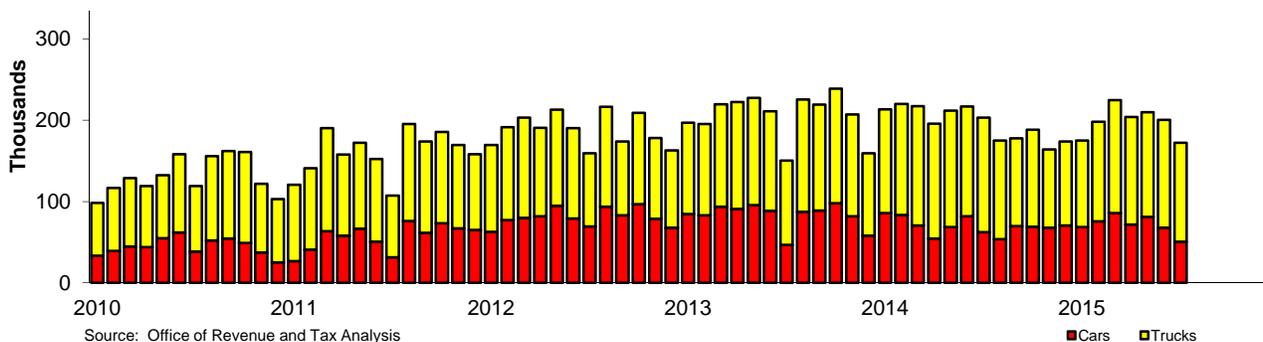
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) increased 1.4 percent in August compared to July, selling at a 17.7 million unit seasonally adjusted annual rate. Domestic car sales decreased 3.3 percent from July while domestic light truck sales increased 1.6 percent. Import car sales increased 5.8 percent while import light truck sales increased 11.2 percent. Compared to last year, light vehicle sales increased 2.9 percent. Domestic car sales decreased 6.6 percent from the year ago level while domestic light truck sales increased 6.9 percent. Import car sales were down 6.7 percent from last year while import truck sales increased 34.2 percent. As a result, the domestic share of U.S. light vehicle sales decreased 1.4 percentage points from a year ago. For fiscal year 2015 year-to-date, domestic light vehicles recorded a 79.1 percent share of a 17.0 million-unit market.

Michigan motor vehicle production decreased to 172,245 units in July from 200,586 units in June. From a year ago, motor vehicle production decreased 15 percent in Michigan but increased 7 percent nationally. In July, Michigan's car production was 50,761 units while the state's truck production was 121,484 units. Compared with a year ago, car production decreased 19 percent in Michigan but rose 7 percent nationwide. The state's truck production decreased 14 percent while national truck production increased 7 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, 2015 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2012-13 Actual	Fiscal Year 2013-14 Actual	Fiscal Year 2014-15 Estimate
Applicable Calendar Year Personal Income	\$358,152	\$378,443	\$386,471
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$33,988.6</u>	<u>\$35,914.2</u>	<u>\$36,676.1</u>
Revenue Limit	\$33,988.6	\$35,914.2	\$36,676.1
State Revenue Subject to Limit	<u>\$27,441.1</u>	<u>\$27,432.5</u>	<u>\$28,486.3</u>
Amount Under (Over) Limit	\$6,547.6	\$8,481.7	\$8,189.8

Sources:

Personal Income Estimate

The FY 2012-13 calculation uses the official personal income estimate for calendar year 2011 (Survey of Current Business, October 2012).

The FY 2013-14 calculation uses the official personal income estimate for calendar year 2012 (Survey of Current Business, October 2013).

The FY 2014-15 calculation uses the official personal income estimate for calendar year 2013 (Survey of Current Business, October 2014).

Revenue Subject to the Limit

The FY 2012-13 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2013.

The FY 2013-14 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2014.

The FY 2014-15 calculation uses the May 15, 2015 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