



STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

RICK SNYDER  
GOVERNOR

JOHN E. NIXON, CPA  
DIRECTOR

January 30, 2014

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

The Honorable Joseph Haveman, 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 December 31, 2013. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

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

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

Sincerely,

John E. Nixon, CPA  
State Budget Director

Attachment

c: Governor Rick Snyder	House Fiscal Agency
Randy Richardville, Sen. Maj. Leader	Jack Brandenburg, Chair, Senate Finance Com.
Gretchen Whitmer, Senate Min. Leader	Jeff Farrington, Chair, House Tax Policy Com.
Jase Bolger, Speaker of the House	John Roberts, Deputy Chief of Staff
Tim Greimel, 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 2014**  
**Projected Revenues and Expenditures**  
**December 31, 2013**  
(\$ in millions)

	<b>FISCAL 2014</b>
<b>Beginning Balance, October 1, 2013</b>	see one-time revenue
<b>Current Year GF/GP Revenues, May 2013 Consensus Estimate</b>	<b>\$ 9,446.2</b>
<b>Enacted tax law changes (PA 206, 211 and 233 of 2013)</b>	<b>\$ (5.1)</b>
<b>Revenue Adjustments:</b>	
Local Government Program Payments	\$ (370.6)
Other revenue adjustments	\$ 1.3
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$ (369.3)</b>
<b>Total FY Resources Available For Expenditure GF/GP - Ongoing</b>	<b>9,071.8</b>
<b>Expenditures, Current Law:</b>	
FY 2014 Enacted with Vetoes	\$ 9,055.0
<b>Total Expenditures Projected - Ongoing</b>	<b>\$ 9,055.0</b>
<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$ 16.8</b>
<b>Beginning Balance (One-Time Revenue)</b>	<b>\$ 1,186.6</b>
Local Government Program Payments	\$ (26.0)
<b>Total FY Resources Available For Expenditure GF/GP - One-Time</b>	<b>\$ 1,160.6</b>
<b>One-Time Spending Items:</b>	
PA 59, PA 60, PA 97, and PA 102 of 2013	\$ 636.3
PA 107 of 2013	\$ (192.8)
Proposed Supplemental Appropriations - Request 2014-1 (October 15, 2013)	\$ 78.7
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$ 638.4</b>
<b>Projected Ending Balance, September 30, 2014</b>	<b>\$ 655.2</b>

<sup>1</sup> Subsequent to the date of this report, on January 10, 2014, the Consensus Revenue Estimating Conference increased revenue estimates for the fiscal year ending September 30, 2014, by \$126.3 million to \$9,572.5 million.

<sup>2</sup> On December 21, 2013, the fiscal year 2013 Comprehensive Annual Financial Report was finalized with an unreserved fund balance for the fiscal year ending September 30, 2013, of \$1,186.6 million.

<sup>3</sup> Appropriations contained in Public Act 107 of 2013, creating the Healthy Michigan Plan, are not available until March 14, 2014.

**SCHOOL AID FUND**  
**Fiscal Year 2014**  
**Projected Revenues and Expenditures**  
**December 31, 2013**  
(\$ in millions)

**FISCAL**  
**2014**

<b>Beginning Balance , October 1, 2013</b>		see one-time revenue
<b>Current Year School Aid Fund Revenues, May 2013 Consensus Estimate</b>	<b>\$</b>	<b>11,470.1</b>
<b>Revenue Adjustments:</b>		
MPSERS Reserve Fund	\$	156.0
General Fund	\$	180.0
Federal Revenue	\$	1,764.4
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$</b>	<b>2,100.4</b>
<b>Total FY Resources Available for Expenditure School Aid Fund</b>	<b>\$</b>	<b>13,570.5</b>
<b>School Aid Ongoing Costs</b>		
PA 60 of 2013	\$	13,168.8
<b>Community Colleges Ongoing Costs</b>		
PA 60 of 2013	\$	197.6
<b>Universities Ongoing Costs</b>		
PA 60 of 2013	\$	200.5
<b>Total School Aid Fund Ongoing Costs Projected</b>	<b>\$</b>	<b>13,566.9</b>
<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$</b>	<b>3.6</b>
<b>Beginning Balance (One-Time Revenue)</b>		
General Fund One-Time Transfer (as amended by PA 97 of 2013)	\$	292.0
<b>Revised Beginning Balance</b>	<b>\$</b>	<b>346.9</b>
<b>One-Time Spending Items</b>		
PA 60 of 2013	\$	193.0
PA 97 of 2013	\$	4.9
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$</b>	<b>149.0</b>
<b>Projected Ending Balance, September 30, 2014</b>	<b>\$</b>	<b>152.7</b>

<sup>1</sup>On December 21, 2013, the fiscal year 2013 Comprehensive Annual Financial Report was finalized.

## SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

December 31, 2013

(\$ IN MILLIONS)

### FISCAL YEAR 2013

### FISCAL YEAR 2014

Exp & Enc December 2012	Exp & Enc Yr-to-date FY 2013	Fiscal Year End SEP 30, 2013	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc December 2013	Exp & Enc Yr-to-date FY 2014
5.6	13.8	70.5	Agriculture and Rural Development	79.9	11.2	4.4	12.8
6.4	16.7	80.9	Attorney General	87.9	3.7	6.7	16.5
19.6	78.2	255.7	Capital Outlay**	318.1	0.0	19.3	77.2
1.1	2.8	13.7	Civil Rights	15.2	0.0	1.2	2.8
115.4	372.5	1,296.3	Colleges & Universities	1,368.5	0.0	139.2	394.1
1,200.7	3,479.0	14,056.7	Community Health	15,299.5	300.0	1,246.9	3,533.3
143.6	449.5	1,947.9	Corrections	2,032.6	2.0	153.1	424.6
18.2	51.9	562.5	Education	293.5	13.9	15.1	46.5
11.3	32.5	156.6	Environmental Quality	486.5	35.6	11.9	27.3
0.6	1.7	4.7	Executive Office	5.4	0.0	0.8	1.9
487.3	1,385.9	5,895.0	Human Services	5,985.0	245.0	397.5	1,293.4
0.0	0.0	0.0	Insurance and Financial Services	75.3	0.0	3.5	7.3
19.7	36.4	242.2	Judiciary	283.4	0.0	11.1	35.8
1.5	4.2	20.0	Legislative Auditor General	21.0	0.0	1.6	4.0
8.6	24.1	104.4	Legislature	123.8	0.4	9.5	26.6
25.0	57.3	319.0	Licensing and Regulatory Affairs	305.5	52.2	39.8	53.7
9.4	26.5	130.9	Military Affairs	138.1	0.0	8.8	24.7
7.2	14.4	69.7	Natural Resources	105.1	14.3	3.3	9.8
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
13.2	34.2	189.9	State	219.5	0.0	14.0	34.6
36.3	87.5	537.5	State Police	605.7	15.5	37.6	91.9
29.3	83.5	473.3	Technology, Management & Budget***	344.1	78.1	20.9	61.3
0.0	0.0	23.0	Transportation	121.3	0.0	0.1	0.1
225.2	553.3	2,663.0	Treasury	1,701.4	73.2	223.6	589.1
(1.2)	9.6	157.1	Michigan Strategic Fund	218.2	24.1	0.4	77.4
<b>\$2,384.0</b>	<b>\$6,815.4</b>	<b>\$29,270.5</b>		<b>\$30,234.5</b>	<b>\$869.2</b>	<b>\$2,370.2</b>	<b>\$6,846.5</b>

\*Includes boilerplate appropriations.

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

\*\*\*Includes Civil Service Commission

# ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2014

December, 2013

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,917.4	6.9	15,924.3
Total state spending from state resources	29,133.1	(172.5)	28,960.6
Percentage of state spending from state resources paid to local units	54.64%		54.99%
Required payments to local units (48.97%)	14,266.5		14,182.0
<b>Surplus/(deficit)</b>	<b>\$1,650.9</b>		<b>\$1,742.3</b>

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND**  
 October 1, 2013 Through December 31, 2013  
 (in thousands)

**REVENUES**

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

**EXPENDITURES**

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

**OTHER FINANCING SOURCES (USES)**

Transfers from other funds		25,000
Transfers to other funds		<u>          -</u>
Total Other Financing Sources (Uses)		<u>          25,000</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		<u><u>          \$ 25,000</u></u> <sup>1</sup>

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

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**MICHIGAN NATURAL RESOURCES TRUST FUND**  
 October 1, 2013 through December 31, 2013  
 (in thousands)

**REVENUES**

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>13,253</u>
Total Revenues		<u>13,253</u>

**EXPENDITURES**

Current:		
General government		23
Conservation, environment, recreation, and agriculture		275
Capital outlay		<u>1,902</u>
Total Expenditures		<u>2,200</u>
Excess of Revenues over (under) Expenditures		<u>11,053</u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues		-
Proceeds from sale of capital assets		-
Transfers from other funds		-
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>11,053</u></u> <sup>1</sup>

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

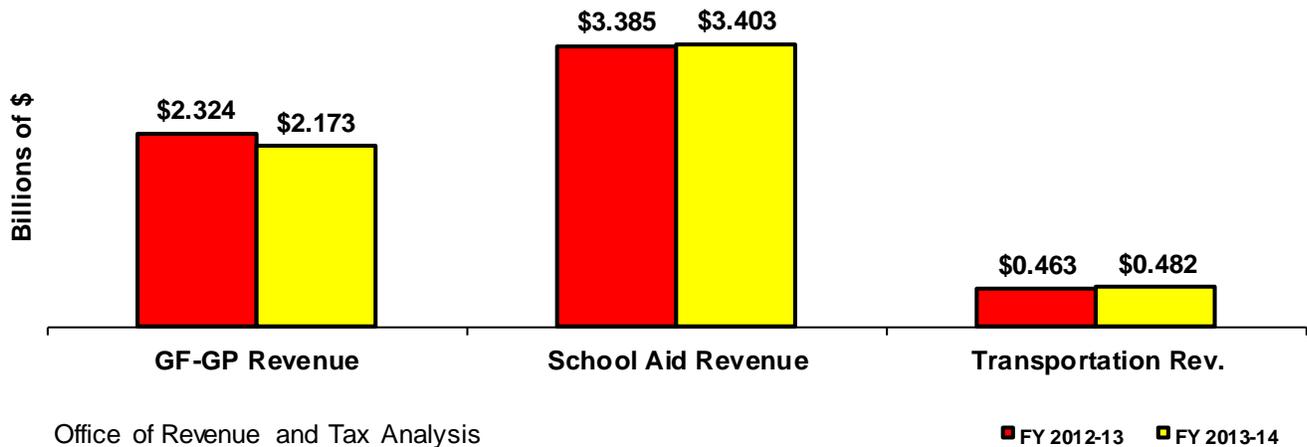
**REVENUE OVERVIEW**  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for December 2013, representing some November and some December economic activity in Michigan.

Total General Fund - General Purpose cash collections were \$9.7 million (1.1 percent) higher in December 2013 than in December 2012. The December 2013 School Aid Fund cash collections were \$8.9 million (1.0 percent) higher than in December 2012. December 2013 transportation collections were \$9.4 million (6.4 percent) higher than in December 2012 (see revenue table). December is the third 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 down \$151.3 million (6.5 percent) from a year ago. School Aid Fund cash collections are up \$18.2 million (0.5 percent) and transportation collections are up \$18.3 million (4.0 percent).

The FY 2013-14 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 15, 2013. The revenue estimate for net General Fund – General Purpose revenue for FY 2013-14 is \$9,446.2 million and the net School Aid revenue forecast is \$11,470.1 million. The Transportation Funds revenue forecast is \$2,122.3 million. The next regularly scheduled Consensus Revenue Estimating Conference will be held on January 10, 2014.

**October through December Collections  
FY 2012-13 and FY 2013-14**



## December Revenue Collections FY 2012-13 and FY 2013-14



## October through December Collections FY 2012-13 and FY 2013-14



**Revenue Summary FY 2013-14**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: December 31, 2013**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH DECEMBER CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
December		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2012-13	FY 2013-14	FY 2013-14	
2012	2013	Amount	Percent		FY 2012-13	FY 2013-14	Amount	Percent	May 2013 Consensus	Statutory Estimate	May 2013 Consensus	
<b>Income Taxes</b>												
\$708,145	\$748,238	\$40,093	5.7%	Withholding	\$1,968,512	\$2,020,249	\$51,737	2.6%	\$7,861,800	\$8,128,300	\$8,128,300	
68,782	58,797	(9,985)	-14.5%	Quarterlies	89,644	85,074	(4,570)	-5.1%	824,800	850,900	850,900	
8,657	13,337	4,680	54.1%	Annuals	57,547	76,825	19,278	33.5%	1,110,200	909,800	909,800	
785,583	820,372	34,788	4.4%	Gross Collections	2,115,703	2,182,147	66,445	3.1%	\$9,796,800	\$9,889,000	\$9,889,000	
17,637	19,053	1,415	8.0%	Less: Refunds	80,096	81,618	1,522	1.9%	1,625,300	1,620,100	1,620,100	
0	0	0	na	State Campaign Fund	0	0	0	na	1,000	1,000	1,000	
767,946	801,319	33,373	4.3%	Net Personal Income	2,035,607	2,100,529	64,923	3.2%	\$8,170,500	\$8,267,900	\$8,267,900	
181,656	189,379	7,722	4.3%	Less: Disbursements to SAF	487,949	503,318	15,368	3.1%	\$2,326,600	\$2,353,700	\$2,353,700	
\$586,289	\$611,940	\$25,651	4.4%	<b>NET PERSONAL INCOME TO GF-GP</b>	\$1,547,658	\$1,597,212	\$49,554	3.2%	\$5,843,900	\$5,914,200	\$5,914,200	
<b>Consumption Taxes</b>												
\$7,820	\$7,925	\$104	1.3%	Sales (a)	\$20,767	\$18,614	(\$2,153)	-10.4%	\$1,002,200	\$1,153,000	\$1,153,000	
72,054	76,106	4,052	5.6%	Use (f)	211,136	223,717	12,581	6.0%	829,600	888,300	888,300	
15,760	14,164	(1,596)	-10.1%	Tobacco	48,318	48,095	(223)	-0.5%	191,400	188,800	188,800	
4,118	4,033	(86)	-2.1%	Beer, Wine & Mixed Spirits	12,319	12,879	561	4.6%	51,500	52,000	52,000	
4,542	3,722	(820)	-18.0%	Liquor Specific	7,957	7,633	(324)	-4.1%	42,400	43,500	43,500	
\$104,295	\$105,949	\$1,655	1.6%	<b>TOTAL CONSUMPTION TAXES</b>	\$300,496	\$310,938	\$10,442	3.5%	\$2,117,100	\$2,325,600	\$2,325,600	
<b>Other Taxes</b>												
(\$1,259)	\$2,876	\$4,136	na	Single Business	\$14,477	(\$14,556)	(\$29,033)	na	\$8,000	\$0	\$0	
3,355	3,693	337	10.0%	Insurance Premiums Taxes	68,548	73,418	4,870	7.1%	297,000	348,200	348,200	
2,096	6,569	4,473	213.0%	Sub-total SBT & Insurance	83,025	58,862	(24,163)	-29.1%	305,000	348,200	348,200	
40,962	3,284	(37,679)	-92.0%	Michigan Business Tax	38,952	(157,922)	(196,874)	na	(490,000)	(550,000)	(550,000)	
95,287	111,430	16,143	16.9%	Corporate Income Tax	216,557	250,791	34,234	15.8%	920,000	957,000	957,000	
(9)	0	10	na	Inheritance / Estate	(2)	1	3	na	0	0	0	
174	371	197	113.0%	Telephone & Telegraph	24,239	19,488	(4,751)	-19.6%	56,000	55,000	55,000	
3,592	7,752	4,160	116.0%	Oil & Gas Severance	12,461	15,189	2,728	21.9%	53,000	55,000	55,000	
7,249	7,380	131	1.8%	Penalties & Interest	33,568	26,542	(7,027)	-20.9%	133,000	138,000	138,000	
1	0	(1)	-79.8%	Miscellaneous Other/Railroad	240	11	(230)	-95.5%	1,000	1,000	1,000	
(10,667)	(10,750)	(83)	-0.8%	Treasury Enforcement Programs (e)	(32,000)	(32,250)	(250)	-0.8%	(128,000)	(129,000)	(129,000)	
\$138,685	\$126,035	(\$12,649)	-9.1%	<b>TOTAL OTHER TAXES</b>	\$377,041	\$180,712	(\$196,329)	-52.1%	\$850,000	\$875,200	\$875,200	
\$829,269	\$843,925	\$14,656	1.8%	<b>SUBTOTAL GF-GP TAXES</b>	\$2,225,194	\$2,088,861	(\$136,333)	-6.1%	\$8,811,000	\$9,115,000	\$9,115,000	

continued

**Revenue Summary FY 2013-14**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: December 31, 2013**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH DECEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
December		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2012-13	FY 2013-14	FY 2013-14
2012	2013	Amount	Percent		FY 2012-13	FY 2013-14	Amount	Percent	May 2013 Consensus	Statutory Estimate	May 2013 Consensus
<b>Non-Tax Revenue (e)</b>											
\$1,667	\$1,667	\$0	0.0%	Federal Aid	\$5,000	\$5,000	\$0	0.0%	\$20,000	\$20,000	\$20,000
83	83	0	0.0%	Local Agencies	250	250	0	0.0%	1,000	1,000	1,000
917	917	0	0.0%	Services	2,750	2,750	0	0.0%	11,000	11,000	11,000
1,667	1,667	0	0.0%	Licenses & Permits	5,000	5,000	0	0.0%	20,000	20,000	20,000
0	0	0	na	Investments/Interest Costs	0	0	0	na	(3,200)	(4,000)	(4,000)
10,917	9,500	(1,417)	-13.0%	Misc. Non-tax Revenue	32,750	28,500	(4,250)	-13.0%	123,000	114,000	114,000
13,833	13,667	(167)	-1.2%	Liquor Purchase Revolving Fund	41,500	41,000	(500)	-1.2%	163,200	164,000	164,000
3,833	433	(3,400)	-88.7%	From Other Funds-Lottery & Escheats	11,500	1,300	(10,200)	-88.7%	43,200	5,200	5,200
<b>\$32,917</b>	<b>\$27,933</b>	<b>(\$4,983)</b>	<b>-15.1%</b>	<b>TOTAL NON-TAX REVENUE</b>	<b>\$98,750</b>	<b>\$83,800</b>	<b>(\$14,950)</b>	<b>-15.1%</b>	<b>\$378,200</b>	<b>\$331,200</b>	<b>\$331,200</b>
<b>\$862,186</b>	<b>\$871,858</b>	<b>\$9,673</b>	<b>1.1%</b>	<b>TOTAL GF-GP REVENUE</b>	<b>\$2,323,944</b>	<b>\$2,172,661</b>	<b>(\$151,283)</b>	<b>-6.5%</b>	<b>\$9,189,200</b>	<b>\$9,446,200</b>	<b>\$9,446,200</b>
<b>School Aid Fund</b>											
\$264,657	\$273,780	\$9,123	3.4%	Sales Tax 4%	\$750,275	\$737,658	(\$12,617)	-1.7%	3,010,900	3,107,200	3,107,200
207,317	215,075	7,757	3.7%	Sales Tax 2%	585,528	575,478	(10,050)	-1.7%	2,153,600	2,224,900	2,224,900
36,027	38,053	2,026	5.6%	Use Tax 2% (f)	105,666	111,859	6,193	5.9%	414,900	444,200	444,200
42,962	38,364	(4,597)	-10.7%	State Education Property Tax	1,128,319	1,150,991	22,672	2.0%	1,792,000	1,818,000	1,818,000
11,625	14,935	3,309	28.5%	Real Estate Transfer Tax	45,101	58,893	13,792	30.6%	190,500	202,100	202,100
70,000	60,000	(10,000)	-14.3%	Lottery Transfer (b)	130,000	120,000	(10,000)	-7.7%	745,000	742,500	742,500
9,577	8,677	(900)	-9.4%	Casino Wagering Tax	29,150	26,830	(2,319)	-8.0%	109,700	112,000	112,000
4,516	3,718	(797)	-17.7%	Liquor Excise Tax	7,883	7,583	(300)	-3.8%	42,400	43,500	43,500
31,994	28,755	(3,240)	-10.1%	Cigarette/Tobacco Tax	98,092	97,639	(452)	-0.5%	366,500	359,800	359,800
1,822	732	(1,090)	-59.8%	Indus. & Comm. Facilities Taxes	12,120	9,928	(2,192)	-18.1%	37,900	39,000	39,000
896	459	(437)	-48.8%	Specific Other	4,826	2,883	(1,943)	-40.3%	23,100	23,100	23,100
181,656	189,379	7,722	4.3%	Income Tax Earmarking	487,949	503,318	15,368	3.1%	\$2,326,600	\$2,353,700	\$2,353,700
<b>\$863,050</b>	<b>\$871,927</b>	<b>\$8,877</b>	<b>1.0%</b>	<b>TOTAL SCHOOL AID FUND</b>	<b>\$3,384,909</b>	<b>\$3,403,060</b>	<b>\$18,151</b>	<b>0.5%</b>	<b>\$11,213,400</b>	<b>\$11,470,100</b>	<b>\$11,470,100</b>
\$648,412	\$671,375	\$22,963	3.5%	SALES TAX 6%	\$1,835,986	\$1,804,907	(\$31,079)	-1.7%	\$7,100,700	\$7,330,700	\$7,330,700
441,094	456,300	15,206	3.4%	SALES TAX 4%(d)	1,250,458	1,229,429	(21,029)	-1.7%	4,947,100	5,105,800	5,105,800
207,317	215,075	7,757	3.7%	SALES TAX 2%	585,528	575,478	(10,050)	-1.7%	2,153,600	2,224,900	2,224,900
108,082	114,159	6,077	5.6%	USE TAX 6% (f)	316,802	335,576	18,774	5.9%	1,244,500	1,332,500	1,332,500
79,194	71,175	(8,019)	-10.1%	TOBACCO TAXES	242,802	241,682	(1,120)	-0.5%	950,000	936,400	936,400
186	0	(186)	-100.0%	TOBACCO SETTLEMENT	186	608	422	na	na	na	na

continued

**Revenue Summary FY 2013-14**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: December 31, 2013**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH DECEMBER CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
December		Difference		Year-to-Date		Difference		FY 2012-13	FY 2013-14	FY 2013-14		
2012	2013	Amount	Percent	SOURCE OF REVENUE		FY 2012-13	FY 2013-14	Amount	Percent	May 2013	Statutory	May 2013
										Consensus	Estimate	Consensus
<b>Major Transportation Revenues</b>												
\$9,471	\$11,713	\$2,242	23.7%	Diesel Fuel / Motor Carrier Fuel Tax		\$33,080	\$36,734	\$3,654	11.0%	\$128,500	\$130,000	\$130,000
63,455	64,335	880	1.4%	Gasoline		203,219	212,116	8,897	4.4%	815,000	812,500	812,500
62,032	67,865	5,832	9.4%	Motor Vehicle Registration		191,869	196,890	5,021	2.6%	890,000	905,000	905,000
2,513	2,702	189	7.5%	Other Taxes, Fees & Misc.		9,099	9,215	116	1.3%	166,564	167,961	167,961
8,694	8,900	206	2.4%	Comprehensive Transportation (c)		26,081	26,699	618	2.4%	109,463	106,794	106,794
<u>\$146,165</u>	<u>\$155,514</u>	<u>\$9,350</u>	<u>6.4%</u>	<b>TOTAL MAJOR TRANS. REVENUES</b>		<u>\$463,348</u>	<u>\$481,653</u>	<u>\$18,305</u>	<u>4.0%</u>	<u>\$2,109,527</u>	<u>\$2,122,255</u>	<u>\$2,122,255</u>
<b>Lottery Sales By Games</b>												
84,237	87,462	3,224	3.8%	Instant Games		205,109	217,326	12,217	6.0%	na	na	na
63,771	66,354	2,583	4.0%	Daily Games		164,332	170,773	6,441	3.9%	na	na	na
42,489	52,779	10,289	24.2%	Lotto and Big Game		100,707	100,699	(8)	0.0%	na	na	na
1,113	989	(124)	-11.1%	Keno Game		2,885	2,627	(258)	-9.0%	na	na	na
0	5,985	5,985	na	Other		0	17,724	17,724	na	na	na	na
55,460	53,794	(1,666)	-3.0%	Club Games		142,697	143,253	556	0.4%	na	na	na
<u>\$247,072</u>	<u>\$267,362</u>	<u>\$20,290</u>	<u>8.2%</u>	<b>TOTAL LOTTERY SALES</b>		<u>\$615,731</u>	<u>\$652,402</u>	<u>\$36,671</u>	<u>6.0%</u>	<u>na</u>	<u>na</u>	<u>na</u>

-11-

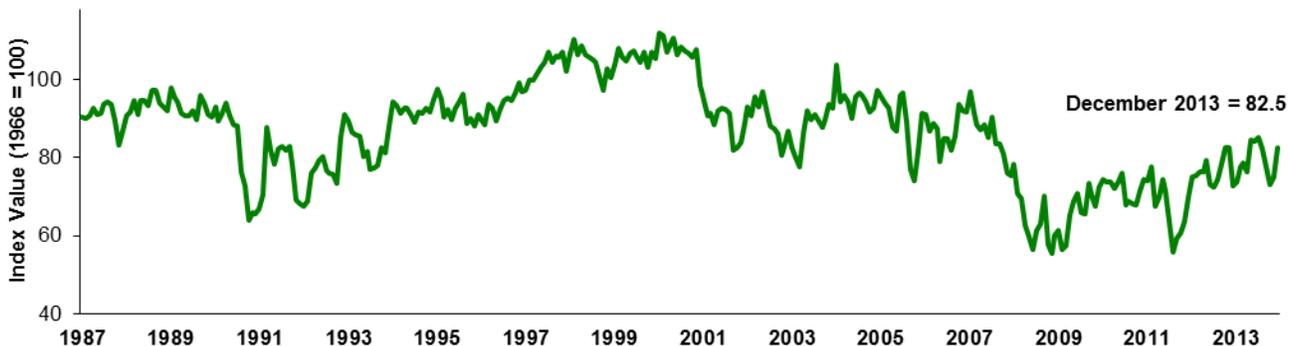
- a GF-GP Sales has been estimated based on CTF and Health Initiative shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated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

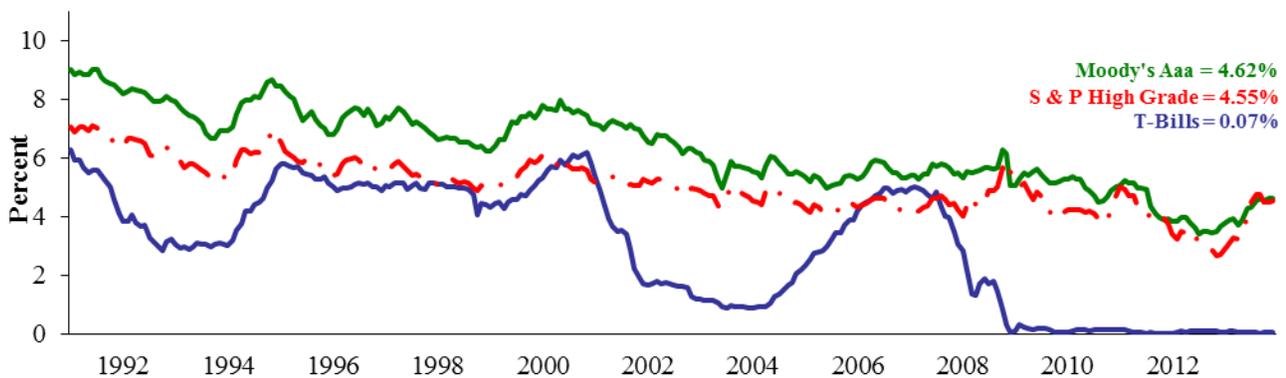
The **Index of Consumer Sentiment** rose in December to 82.5 index-points, 7.4 index-points above the November value and 9.6 index-points above December 2012. On the increase in confidence, Survey Director Richard Curtin observed, “Consumer confidence remained unchanged in the last half of December at the same improved level recorded at mid-month. While the end of the government shutdown did ease concerns about the economy, it did not generate any more confidence in the government’s economic policies. Most of the gain was due to more favorable buying plans due to renewed discounting as well as more favorable short-term prospects for the economy.” Curtin noted, “When asked to identify recent economic trends, news of net job gains dominated reports. When specifically asked about expected changes in the jobless rate, consumers more frequently expected declines. The improved outlook for jobs was due to a strengthening economy in the year ahead.” On buying attitudes, Curtin reported, “Buying attitudes toward homes, vehicle, and household durable goods all increased in December. Buying plans for large household durables improved to the highest level in more than six years. When asked to explain their views, consumers more frequently mentioned the availability of discounts and less frequently mentioned economic uncertainty as a cause for postponement.” In December, consumers in all four regions reported an increase in confidence. Southern consumers reported the largest increase in confidence of 10.0 index-points followed by Western consumers at 8.2 index points. The gap across regions decreased from last month to 4.1 index-points, with Western consumers on top and Midwestern consumers on the bottom.

The revised estimate of real **Gross Domestic Product** for the third quarter of 2013 is \$15,839.3 billion (chained 2005 dollars), an increase of 4.1 percent at an annual rate. In the second quarter of 2013, real gross domestic product increased 2.5 percent. The increase in third quarter real GDP was mainly due to private inventory investment, personal consumption expenditures, exports, nonresidential fixed investment, residential investment, and state and local government spending. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 2.0 percent in the third quarter, compared to a 1.8 percent increase in the second quarter. Real residential fixed investment increased 10.3 percent in the third quarter compared to an increase of 14.2 percent in the second quarter. Real nonresidential fixed investment increased 4.8 percent in the third quarter while equipment increased 0.2 percent. Real federal government expenditures decreased 1.5 percent in the third quarter, compared to a 1.6 percent decrease in the second quarter. Real state and local

government spending increased 1.7 percent in the third quarter, compared to an increase of 0.4 percent in the second quarter. Exports of goods and services increased 3.9 percent in the third quarter, compared to an 8.0 percent increase in the second quarter. Imports increased 2.4 percent in the third quarter compared to an increase of 6.9 percent in the second quarter. Private inventory investment increased \$115.7 billion in the third quarter, following a \$56.6 billion increase in the second quarter. Real final sales increased 2.5 percent in the third quarter compared to an increase of 2.1 percent in the second quarter. On the inflation front, the **implicit price deflator** increased 2.0 percent in the third quarter compared to a 0.6 percent increase observed in the second quarter.

**U. S. retail prices**, as measured by the Consumer Price Index (CPI-U), increased 0.3 percent in December, up from no change in November. Energy prices increased 2.1 percent in December, up from a 1.0 percent decrease in November, while the all-items less food and energy component increased 0.1 percent in December. Compared to December 2012, the all-items index increased 1.5 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 1.1 percent; medical care, 2.0 percent; apparel, 0.7 percent; education and communication, 1.6 percent; other goods and services, 1.8 percent; housing, 2.2 percent; recreation, 0.4 percent; and transportation, 0.5 percent, with gasoline prices down 1.0 percent.

### Selected Key Interest Rates

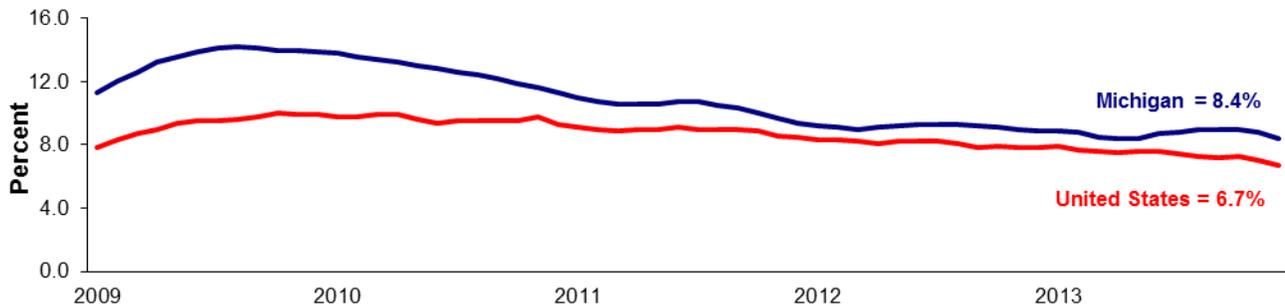


Source: Economic Indicators

Short-term **interest rates** remained unchanged in December as the 3-month Treasury bill (T-bill) rate was 0.07 percent. Compared to one year ago, the T-bill rate was down 0.01 percentage point. The Aaa corporate bond rate, a long-term interest rate, increased 0.01 percentage point to an interest yield of 4.62 percent in December. The Aaa bond yield was up 0.97 percentage point from its year-ago level. The interest rate on High-grade municipal bonds increased 0.04 percentage point from the November level to 4.55 percent in December and was up 1.82 percentage points 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 December 30th meeting. The FOMC stated “the Committee decided to keep the target range for the federal funds rate at 0 to ¼ percent and currently anticipates that this exceptionally low range for the federal funds rate will be appropriate at least as long as the unemployment rate remains above 6-1/2 percent, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee’s 2 percent longer-run goal, and longer-term inflation expectations continue to be well anchored.” The Committee “seeks to foster maximum employment and price stability.”

In December, the **U. S. unemployment rate** decreased 0.3 percentage point from a month ago to 6.7 percent and was 1.2 percentage points lower than a year ago. Civilian employment totaled 144.6 million persons in December. The number unemployed was 10.4 million nationwide.

## Unemployment Rates 2009 - 2013



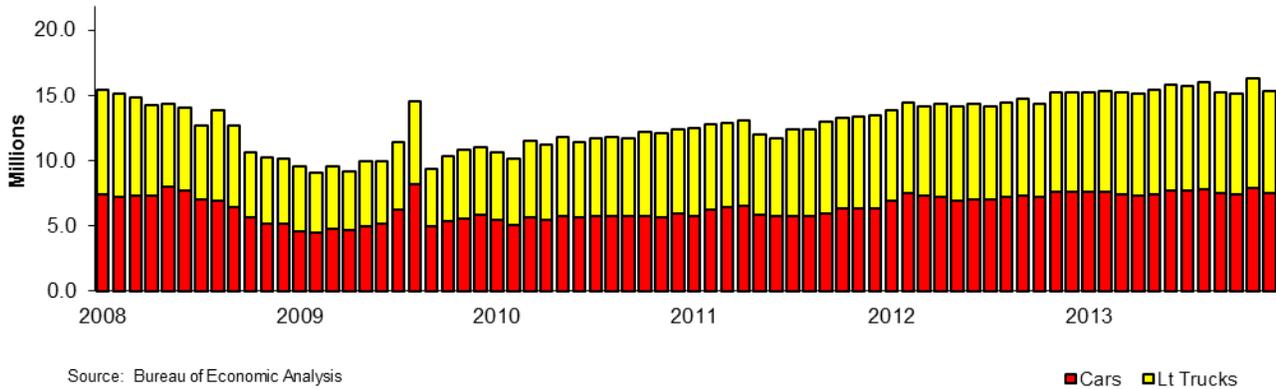
Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In December, the **Michigan jobless rate** decreased 0.4 of a percentage point to 8.4 percent from 8.8 percent in November. The December unemployment rate is 0.5 of a percentage point below the year ago level. In December, the labor force decreased by 13,000 to 4,694,000, while the number of people employed increased by 7,000 to 4,300,000. In December, there were 394,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

**Detroit retail prices**, as measured by the Detroit Consumer Price Index (CPI-U), decreased 0.7 percent from October to December compared to a 0.1 percent decrease from August to October. The all-items less food and energy index decreased 0.6 percent from October to December. The food index increased 1.1 percent from October to December while the energy index decreased 3.0 percent. Compared to December 2012, the all-items index increased 0.8 percent. For individual component items, the changes from one year ago were: food and beverages, 2.1 percent; apparel, -6.0 percent; education and communication, 3.0 percent; transportation, -2.1 percent; recreation, -1.6 percent; medical care, 4.5 percent; housing, 1.7 percent; and other goods and services, 1.4 percent.

## Motor Vehicle Sector

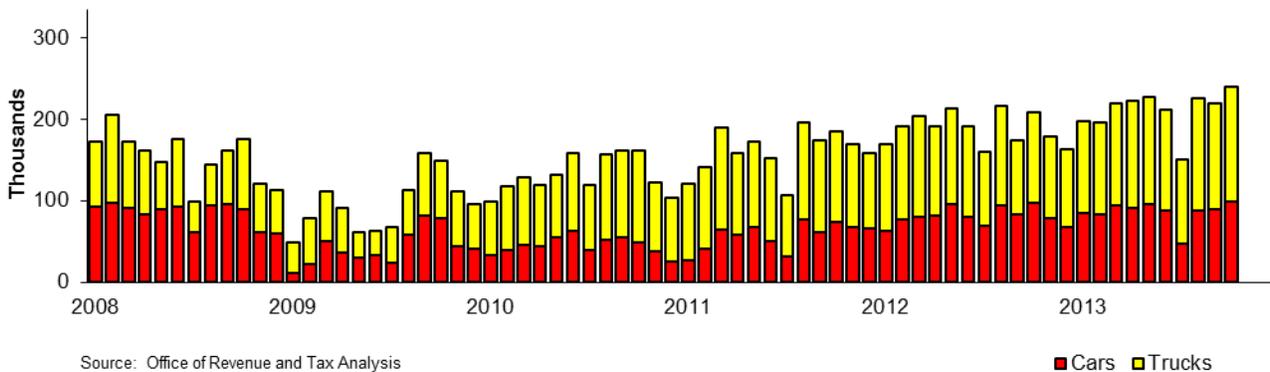
### U. S. Light Vehicle Sales



**U.S. light vehicle sales** (cars + light trucks) decreased by 6.2 percent in December compared to November, selling at a 15.3 million unit seasonally adjusted annual rate. Domestic car sales decreased 7.7 percent while domestic light truck sales also decreased 7.7 percent. Import car sales increased 0.3 percent while import light truck sales decreased 3.4 percent. Compared to last year, light vehicle sales increased 0.8 percent. Domestic car sales were down 5.1 percent while domestic light truck sales increased 0.4 percent. Import car sales were up 9.0 percent from last year while import truck sales increased 15.6 percent. As a result, the domestic share of U.S. light vehicle sales decreased 2.3 percentage points from a year ago. For fiscal year 2014 year-to-date, domestic light vehicles recorded a 77.0 percent share of a 15.6 million-unit market.

**Michigan motor vehicle production** decreased to 207,156 units in November from 238,918 units in October. From a year ago, motor vehicle production increased 16 percent in Michigan and rose 4 percent nationally. In November, Michigan's car production was 81,954 units while the state's truck production was 125,202 units. Compared with a year ago, car production increased 4 percent in Michigan and decreased 7 percent nationwide. The state's truck production increased 26 percent while national truck production increased 13 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, 2013 Consensus Revenue Agreement  
(Article IX, Section 26)  
(in millions)**

	<b>Fiscal Year 2011-12 Actual</b>	<b>Fiscal Year 2012-13 Estimate</b>	<b>Fiscal Year 2013-14 Estimate</b>
Applicable Calendar Year Personal Income	\$342,663	\$358,152	\$370,599
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$32,518.7</u>	<u>\$33,988.6</u>	<u>\$35,169.8</u>
Revenue Limit	\$32,518.7	\$33,988.6	\$35,169.8
State Revenue Subject to Limit	<u>\$27,288.3</u>	<u>\$27,580.8</u>	<u>\$28,130.5</u>
<b>Amount Under (Over) Limit</b>	<b>\$5,230.4</b>	<b>\$6,407.8</b>	<b>\$7,039.4</b>

Sources:

Personal Income Estimate

The FY 2011-12 calculation uses the official personal income estimate for calendar year 2010 (Survey of Current Business, October 2011).

The FY 2012-13 calculation uses the May 15, 2013 Consensus Revenue Agreement.

The FY 2013-14 calculation uses the May 15, 2013 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2011-12 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2012.

The FY 2012-13 calculation uses the May 15, 2013 Consensus Revenue Agreement.

The FY 2013-14 calculation uses the May 15, 2013 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