



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

JOHN E. NIXON, CPA
DIRECTOR

March 26, 2013

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 February 28, 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 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 2013
Projected Revenues and Expenditures
February 28, 2013
(\$ in millions)

FISCAL
2013

Beginning Balance, October 1, 2012	see one-time revenue
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Current Year GF/GP Revenues, January 2013 Consensus Estimate	\$	8,969.2
Revenue Adjustments:		
Local Government Program Payments	\$	(350.6)
Other revenue adjustments	\$	3.2
Subtotal Additional Revenue Adjustments	\$	(347.4)
Total FY Resources Available For Expenditure GF/GP - Ongoing		8,621.8

Expenditures, Current Law:		
FY 2013 Enacted with Vetoes	\$	8,628.5
Proposed Supplemental Appropriations - Requests 2013-4 and 2013-5 (February 7, 2013)	\$	(44.9)
Total Expenditures Projected - Ongoing	\$	8,583.6

Current Year Revenues minus Ongoing Costs	\$	38.2
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Beginning Balance (One-Time Revenue)	\$	979.2
One-time revenue decreases (PA 200 of 2012)	\$	(22.0)
One-time impact of enacted tax law changes	\$	(177.0)
Total FY Resources Available For Expenditure GF/GP - One-Time	\$	780.2

One-Time Spending Items:		
PA 200, PA 201, PA 305, PA 348, PA 349, PA 436, and PA 518 of 2012	\$	533.7
Proposed Supplemental Appropriations - Request 2013-4 (February 7, 2013)	\$	17.0
Estimated lapses	\$	(17.4)
Total Expenditures Projected - One-Time	\$	533.3

One-Time Revenue minus One-Time Spending	\$	246.9
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Projected Ending Balance, September 30, 2012	\$	285.1
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¹ On February 28, 2013, the fiscal year 2012 Comprehensive Annual Financial Report was issued and indicated a final year-end balance for fiscal year 2012 of \$979.2 million.

SCHOOL AID FUND
Fiscal Year 2013
Projected Revenues and Expenditures
February 28, 2013
(\$ in millions)

FISCAL
2013

Beginning Balance , October 1, 2012	see one-time revenue
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Current Year School Aid Fund Revenues, January 2013 Consensus Estimate	\$	11,127.7
Revenue Adjustments:		
General Fund	\$	282.4
Federal Revenue	\$	1,701.0
Subtotal Additional Revenue Adjustments	\$	1,983.4
Total FY Resources Available for Expenditure School Aid Fund	\$	13,111.1

School Aid Ongoing Costs		
PA 201 of 2012	\$	12,750.2
Pending Supplemental	\$	(47.5)
Revised School Aid Ongoing Costs	\$	12,702.7
Community Colleges Ongoing Costs		
PA 201 of 2012	\$	197.6
Universities Ongoing Costs		
PA 201 of 2012	\$	200.5
Total School Aid Fund Ongoing Costs Projected	\$	13,100.8

Current Year Revenues minus Ongoing Costs	\$	10.3
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Beginning Balance (One-Time Revenue)	\$	254.1 ¹
One-Time Spending Items		
PA 201 of 2012	\$	194.3
PA 465 of 2012	\$	0.2
Pending Supplemental	\$	20.0
Revised One-Time Spending Items	\$	214.5
One-Time Revenue minus One-Time Spending	\$	39.7

Projected Ending Balance, September 30, 2013	\$	50.0
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¹The beginning balance reflects final revenue and expenditure data contained in the fiscal year 2012 Comprehensive Annual Financial Report issued on February 28, 2013.

SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

February 28, 2013

(\$ IN MILLIONS)

FISCAL YEAR 2012

FISCAL YEAR 2013

Exp & Enc February 2012	Exp & Enc Yr-to-date FY 2012	Fiscal Year End SEP 30, 2012	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc February 2013	Exp & Enc Yr-to-date FY 2013
4.6	20.8	63.1	Agriculture and Rural Development	76.5	0.0	5.3	27.1
6.5	25.0	70.8	Attorney General	83.9	3.7	5.9	31.3
19.5	117.2	240.8	Capital Outlay**	320.3	0.0	20.3	118.2
1.3	4.6	12.8	Civil Rights	14.8	2.8	1.2	5.4
114.5	576.3	1,175.8	Colleges & Universities	1,295.2	0.0	125.1	609.0
1,309.3	5,798.0	13,915.9	Community Health	14,944.9	282.9	1,283.3	5,956.5
155.6	765.6	1,936.4	Corrections	1,983.3	17.6	145.4	801.4
9.8	30.5	364.8	Education	328.9	9.0	15.8	90.5
12.3	57.5	181.6	Environmental Quality	402.2	32.4	10.3	56.7
0.5	2.5	4.5	Executive Office	4.9	0.0	(0.9)	1.8
467.1	2,336.6	5,786.7	Human Services	6,519.6	396.1	458.2	2,343.6
21.2	73.5	231.6	Judiciary	273.8	0.0	10.4	72.5
1.4	6.2	17.9	Legislative Auditor General	18.7	0.0	1.5	7.9
7.9	39.3	104.5	Legislature	110.9	0.0	8.6	43.3
35.4	158.0	444.0	Licensing and Regulatory Affairs	606.6	(127.7)	21.9	108.9
9.1	45.7	127.4	Military Affairs	133.6	12.2	9.4	50.1
3.1	20.2	65.9	Natural Resources	101.7	14.6	1.1	25.4
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
14.7	59.2	179.6	State	219.6	9.7	16.0	68.2
41.2	152.3	499.3	State Police	577.3	15.2	38.7	180.0
44.8	186.3	662.1	Technology, Management & Budget***	338.6	143.0	31.9	154.2
0.0	0.0	0.5	Transportation	23.0	0.0	0.0	0.0
192.2	767.0	3,149.6	Treasury	1,645.7	91.4	210.4	802.0
1.8	17.2	137.7	Michigan Strategic Fund	173.5	24.1	0.8	17.8
\$2,473.8	\$11,259.5	\$29,373.1		\$30,197.5	\$927.0	\$2,420.8	\$11,571.7

*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 2013

February, 2013

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,336.2	1.4	15,337.6
Total state spending from state resources	27,917.6	46.2	27,963.8
Percentage of state spending from state resources paid to local units	54.93%		54.85%
Required payments to local units (48.97%)	13,671.2		13,693.9
Surplus/(deficit)	\$1,665.0		\$1,643.7

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 OCTOBER 1, 2012 THROUGH February 28, 2013
 (in thousands)

REVENUES

Miscellaneous		\$ <u>137</u>
Total Revenues		<u>137</u>

EXPENDITURES

Current:		
General government		<u>-</u>
Total Expenditures		<u>-</u>
Excess of Revenues over (under) Expenditures		<u>137</u>

OTHER FINANCING SOURCES (USES)

Transfers from other funds		58,333
Transfers to other funds		<u>-</u>
Total Other Financing Sources (Uses)		<u>58,333</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		<u>\$ 58,470</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, 2012 through February 28, 2013
 (in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>2,451</u>
Total Revenues		<u>2,451</u>

EXPENDITURES

Current:		
General government		1,189
Conservation, environment, recreation, and agriculture		543
Capital outlay		<u>15,667</u>
Total Expenditures		<u>17,399</u>
Excess of Revenues over (under) Expenditures		<u>(14,949)</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues		-
Proceeds from sale of capital assets		9
Transfers from other funds		-
Transfers to other funds		<u>-</u>
Total Other Financing Sources (Uses)		<u>9</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		<u>\$ (14,940) ¹</u>

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

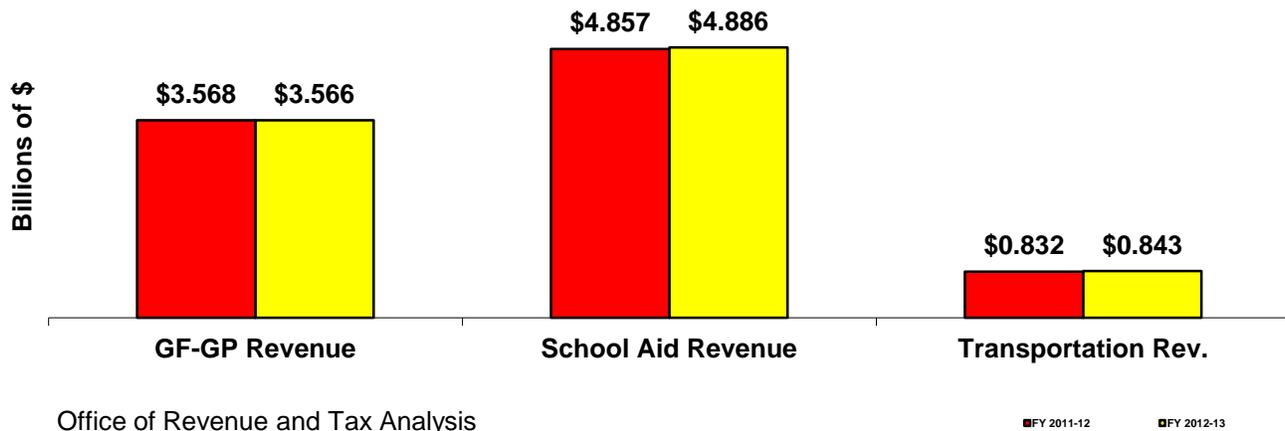
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

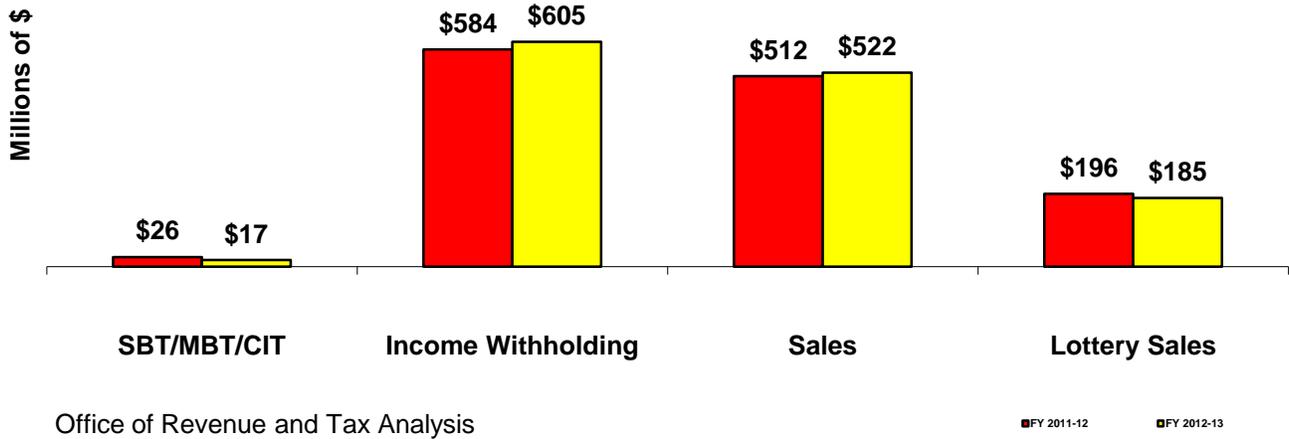
Total General Fund - General Purpose cash collections were \$243.2 million higher in February 2013 than in February 2012. The February 2013 School Aid Fund cash collections were \$18.1 million lower than in February 2012. February 2013 transportation collections were \$7.0 million higher than in February 2012 (see revenue table). February is the fifth 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 \$1.9 million from a year ago. School Aid Fund cash collections are up \$28.8 million and transportation collections are up \$11.2 million.

The FY 2012-13 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on January 11, 2013. The revenue estimate for net General Fund – General Purpose revenue for FY 2012-13 is \$8,792.3 million and the net School Aid revenue forecast is \$11,127.7 million. The Transportation Funds revenue forecast is \$2,109.5 million. The next regularly scheduled Consensus Revenue Estimating Conference will be held in May 2013.

**October through February Collections
FY 2011-12 and FY 2012-13**



February Revenue Collections FY 2011-12 and FY 2012-13



October through February Collections FY 2011-12 and FY 2012-13



Revenue Summary FY 2012-13
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: February 28, 2013

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH FEBRUARY CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
February		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2011-12	FY 2012-13	FY 2012-13	
2012	2013	Amount	Percent		FY 2011-12	FY 2012-13	Amount	Percent	Preliminary Totals (g)	Statutory Estimate	January 2013 Consensus	
Income Taxes												
\$584,282	\$604,632	\$20,350	3.5%	Withholding	\$3,199,160	\$3,392,320	\$193,160	6.0%	\$7,604,200	\$7,826,900	\$7,661,800	
4,815	5,482	667	13.9%	Quarterlies	236,369	312,056	75,687	32.0%	766,200	744,600	816,800	
22,459	21,142	(1,317)	-5.9%	Annuals	87,047	89,244	2,197	2.5%	682,500	888,000	844,200	
611,556	631,256	19,700	3.2%	Gross Collections	3,522,577	3,793,621	271,044	7.7%	\$9,052,900	\$9,459,500	\$9,322,800	
630,809	416,272	(214,538)	-34.0%	Less: Refunds	805,564	520,065	(285,499)	-35.4%	2,134,600	1,552,000	1,585,300	
0	0	0	na	State Campaign Fund	0	0	0	na	900	1,000	1,000	
(19,253)	214,984	234,237	na	Net Personal Income	2,717,013	3,273,556	556,543	20.5%	\$6,917,400	\$7,906,500	\$7,736,500	
142,368	146,610	4,242	3.0%	Less: Disbursements to SAF	820,053	874,382	54,329	6.6%	\$2,100,200	\$2,239,100	\$2,216,300	
(\$161,621)	\$68,374	\$229,995	na	NET PERSONAL INCOME TO GF-GP	\$1,896,959	\$2,399,174	\$502,215	26.5%	\$4,817,200	\$5,667,400	\$5,520,200	
Consumption Taxes												
\$4,540	\$4,280	(\$260)	-5.7%	Sales (a)	\$29,779	\$30,352	\$573	1.9%	\$1,081,200	\$1,134,700	\$1,014,600	
42,791	66,027	23,236	54.3%	Use (f)	257,483	317,692	60,210	23.4%	794,000	834,700	847,600	
14,493	14,683	191	1.3%	Tobacco	77,717	77,131	(586)	-0.8%	192,600	189,500	190,200	
3,279	3,540	261	8.0%	Beer, Wine & Mixed Spirits	18,988	19,294	307	1.6%	50,800	50,800	52,500	
2,428	3,362	934	38.5%	Liquor Specific	13,906	15,586	1,680	12.1%	41,800	41,200	42,400	
\$67,530	\$91,892	\$24,362	36.1%	TOTAL CONSUMPTION TAXES	\$397,872	\$460,056	\$62,184	15.6%	\$2,160,400	\$2,250,900	\$2,147,300	
Other Taxes												
(\$15,032)	\$2,217	\$17,249	na	Single Business	\$9,144	\$26,147	\$17,004	186.0%	(\$66,200)	\$0	\$0	
8,805	8,394	(411)	-4.7%	Insurance Premiums Taxes	144,040	137,519	(6,521)	-4.5%	290,200	311,400	307,000	
(6,228)	10,610	16,838	na	Sub-total SBT & Insurance	153,184	163,666	10,483	6.8%	224,000	311,400	307,000	
36,870	(1,967)	(38,837)	na	Michigan Business Tax	917,920	7,589	(910,331)	-99.2%	798,300	(552,400)	(623,400)	
3,715	17,000	13,285	na	Corporate Income Tax	3,797	328,599	324,802	na	547,100	838,900	945,000	
23	0	(23)	-99.9%	Inheritance / Estate	53	29	(25)	-46.2%	200	0	0	
0	0	0	na	Telephone & Telegraph	25,970	23,453	(2,518)	-9.7%	59,200	57,300	59,000	
3,981	5,055	1,073	27.0%	Oil & Gas Severance	22,777	22,969	193	0.8%	53,600	61,000	53,000	
11,152	8,441	(2,712)	-24.3%	Penalties & Interest	39,649	51,224	11,574	29.2%	167,200	127,500	133,000	
0	3	3	na	Miscellaneous Other/Railroad	218	245	27	12.3%	1,700	1,000	1,000	
(10,583)	(10,667)	(83)	-0.8%	Treasury Enforcement Programs (e)	(52,917)	(53,333)	(417)	-0.8%	(130,200)	(128,000)	(128,000)	
\$38,931	\$28,475	(\$10,456)	-26.9%	TOTAL OTHER TAXES	\$1,110,652	\$544,441	(\$566,212)	-51.0%	\$1,721,100	\$716,700	\$746,600	
(\$55,160)	\$188,741	\$243,901	na	SUBTOTAL GF-GP TAXES	\$3,405,484	\$3,403,671	(\$1,813)	-0.1%	\$8,698,800	\$8,634,900	\$8,414,100	

continued

Revenue Summary FY 2012-13
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: February 28, 2013

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH FEBRUARY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
February		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2011-12	FY 2012-13	FY 2012-13
2012	2013	Amount	Percent		FY 2011-12	FY 2012-13	Amount	Percent	Preliminary Totals (g)	Statutory Estimate	January 2013 Consensus
Non-Tax Revenue (e)											
\$1,667	\$1,667	\$0	0.0%	Federal Aid	\$8,333	\$8,333	\$0	0.0%	\$54,800	\$20,000	\$20,000
83	83	0	0.0%	Local Agencies	417	417	0	0.0%	3,200	1,000	1,000
917	917	0	0.0%	Services	4,583	4,583	0	0.0%	10,500	11,000	11,000
1,667	1,667	0	0.0%	Licenses & Permits	8,333	8,333	0	0.0%	16,300	20,000	20,000
0	0	0	na	Investments/Interest Costs	(260)	(151)	108	41.8%	(1,900)	(3,200)	(3,200)
10,667	10,250	(417)	-3.9%	Misc. Non-tax Revenue	53,333	53,250	(83)	-0.2%	157,000	118,000	123,000
13,583	13,600	17	0.1%	Liquor Purchase Revolving Fund	67,917	68,700	783	1.2%	174,400	157,200	163,200
3,925	3,600	(325)	-8.3%	From Other Funds-Lottery & Escheats	19,625	18,700	(925)	-4.7%	152,100	11,000	43,200
\$32,508	\$31,783	(\$725)	-2.2%	TOTAL NON-TAX REVENUE	\$162,282	\$162,166	(\$117)	-0.1%	\$566,400	\$335,000	\$378,200
(\$22,652)	\$220,525	\$243,176	na	TOTAL GF-GP REVENUE	\$3,567,766	\$3,565,836	(\$1,930)	-0.1%	\$9,265,200	\$8,969,900	\$8,792,300
School Aid Fund											
\$210,110	\$214,006	\$3,896	1.9%	Sales Tax 4%	\$1,165,343	\$1,194,899	\$29,556	2.5%	2,841,000	2,943,200	2,918,100
161,639	165,087	3,448	2.1%	Sales Tax 2%	903,745	929,596	25,850	2.9%	2,216,000	2,288,700	2,271,600
54,208	33,017	(21,191)	-39.1%	Use Tax 2% (f)	282,311	157,504	(124,807)	-44.2%	412,600	417,300	423,900
15,442	14,526	(916)	-5.9%	State Education Property Tax	1,151,181	1,157,041	5,860	0.5%	1,789,500	1,829,400	1,801,600
10,124	15,619	5,495	54.3%	Real Estate Transfer Tax	52,846	77,830	24,984	47.3%	150,100	133,600	169,600
75,000	65,000	(10,000)	-13.3%	Lottery Transfer (b)	240,000	255,000	15,000	6.3%	778,400	744,700	750,000
10,443	9,015	(1,428)	-13.7%	Casino Wagering Tax	49,106	46,765	(2,341)	-4.8%	115,800	106,300	108,300
2,404	3,335	931	38.7%	Liquor Excise Tax	13,781	15,468	1,687	12.2%	41,300	41,200	42,400
29,422	29,809	387	1.3%	Cigarette/Tobacco Tax	157,777	156,587	(1,190)	-0.8%	374,100	364,800	364,900
4,740	1,481	(3,259)	-68.7%	Indus. & Comm. Facilities Taxes	17,890	14,615	(3,275)	-18.3%	35,700	43,900	37,900
491	749	259	52.7%	Specific Other	3,023	6,126	3,102	103.0%	24,000	17,100	23,100
142,368	146,610	4,242	3.0%	Income Tax Earmarking	820,053	874,382	54,329	6.6%	\$2,100,200	\$2,239,100	\$2,216,300
\$716,391	\$698,254	(\$18,136)	-2.5%	TOTAL SCHOOL AID FUND	\$4,857,056	\$4,885,812	\$28,756	0.6%	\$10,878,700	\$11,169,500	\$11,127,700
\$511,823	\$521,764	\$9,941	1.9%	SALES TAX 6%	\$2,845,983	\$2,921,094	\$75,111	2.6%	\$6,952,800	\$7,194,100	\$7,134,700
350,184	356,677	6,494	1.9%	SALES TAX 4%(d)	1,942,238	1,991,498	49,260	2.5%	4,736,800	4,905,400	4,863,100
161,639	165,087	3,448	2.1%	SALES TAX 2%	903,745	929,596	25,850	2.9%	2,216,000	2,288,700	2,271,600
96,999	99,044	2,046	2.1%	USE TAX 6% (f)	539,794	475,196	(64,597)	-12.0%	1,206,600	1,252,000	1,271,500
72,827	73,785	958	1.3%	TOBACCO TAXES	390,537	387,593	(2,944)	-0.8%	963,200	941,600	944,100
0	12	12	na	TOBACCO SETTLEMENT	0	199	199	na	na	na	na

continued

Revenue Summary FY 2012-13
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: February 28, 2013

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH FEBRUARY CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
February		Difference		Year-to-Date		Difference		FY 2011-12	FY 2012-13	FY 2012-13		
2012	2013	Amount	Percent	SOURCE OF REVENUE		FY 2011-12	FY 2012-13	Amount	Percent	Preliminary	Statutory	January 2013
								Totals (g)		Totals (g)	Estimate	Consensus
Major Transportation Revenues												
\$10,875	\$11,700	\$825	7.6%	Diesel Fuel / Motor Carrier Fuel Tax		\$55,782	\$55,248	(\$533)	-1.0%	\$126,782	\$128,500	\$128,500
70,261	78,415	8,153	11.6%	Gasoline		342,158	345,220	3,062	0.9%	818,798	825,500	815,000
107,711	104,143	(3,568)	-3.3%	Motor Vehicle Registration		376,152	381,085	4,934	1.3%	876,064	877,000	890,000
3,591	4,341	750	20.9%	Other Taxes, Fees & Misc.		16,821	16,811	(10)	-0.1%	121,038	164,524	166,564
8,277	9,122	845	10.2%	Comprehensive Transportation (c)		40,626	44,324	3,698	9.1%	98,742	104,322	109,463
<u>\$200,715</u>	<u>\$207,720</u>	<u>\$7,005</u>	<u>3.5%</u>	TOTAL MAJOR TRANS. REVENUES		<u>\$831,538</u>	<u>\$842,690</u>	<u>\$11,151</u>	<u>1.3%</u>	<u>\$2,041,425</u>	<u>\$2,099,845</u>	<u>\$2,109,527</u>
Lottery Sales By Games												
59,749	60,863	1,114	1.9%	Instant Games		303,182	322,362	19,180	6.3%	na	na	na
55,736	52,155	(3,580)	-6.4%	Daily Games		280,999	263,717	(17,283)	-6.2%	na	na	na
32,017	23,878	(8,139)	-25.4%	Lotto and Big Game		145,137	146,919	1,782	1.2%	na	na	na
988	905	(83)	-8.4%	Keno Game		5,140	4,673	(468)	-9.1%	na	na	na
(0)	0	0	-100.0%	Lucky Lines Game		1,625	0	(1,625)	-100.0%	na	na	na
480	1,109	629	131.0%	Millionaires Raffle		6,788	1,109	(5,679)	-83.7%	na	na	na
46,624	45,682	(942)	-2.0%	Club Games		225,991	231,374	5,382	2.4%	na	na	na
<u>\$195,593</u>	<u>\$184,592</u>	<u>(\$11,001)</u>	<u>-5.6%</u>	TOTAL LOTTERY SALES		<u>\$968,863</u>	<u>\$970,154</u>	<u>\$1,291</u>	<u>0.1%</u>	<u>na</u>	<u>na</u>	<u>na</u>

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

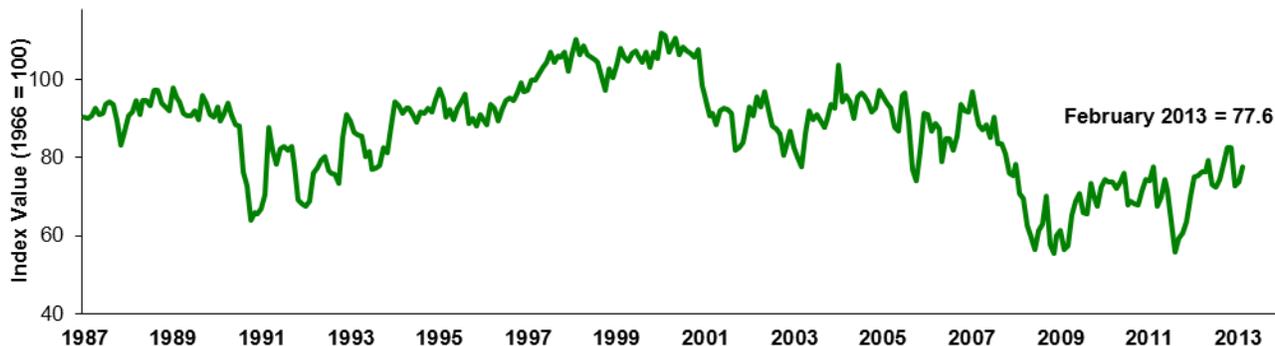
Source: Michigan Department of Treasury, Office of Revenue & Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of Technology, Management and Budget, and other reports from the Michigan Department of Treasury.

Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

U. S. Economy

Index of Consumer Sentiment



Source: University of Michigan, Survey Research Center

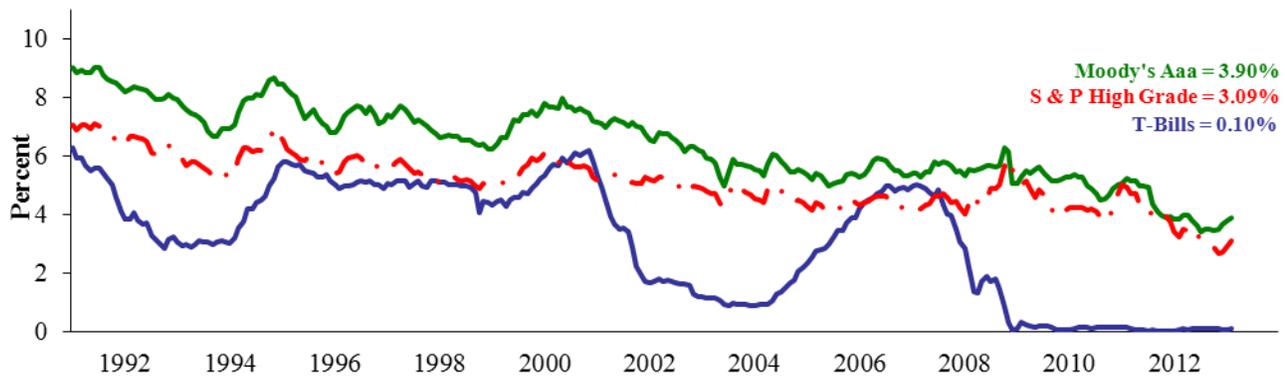
The **Index of Consumer Sentiment** rose in February to 77.6 index-points, 3.8 index-points above the January value and 2.3 index-points above February 2012. On the increase in confidence, Survey Director Richard Curtin observed, “Consumer confidence continued to improve in late February due to expected gains in employment. While expected job gains have partially offset concerns about higher payroll taxes and the impending reduction in federal spending, to maintain the upward momentum in confidence requires that robust job gains materialize. Unfortunately, those gains will be harder to accomplish with higher payroll taxes and declines in federal spending.” Curtin reported, “When consumers were asked to describe in their own words what economic developments they had recently heard, net job gains were much more commonly reported in February than anytime since last May.” On home and vehicle purchases, Curtin noted, “Sales of interest sensitive goods such as homes and vehicles will continue to rise during the year ahead, especially among households with incomes above \$75,000.” In February, consumers in three of the four regions reported an increase in confidence. Western consumers reported the largest increase in confidence of 9.4 index-points while Northeastern consumers reported an increase in confidence of 5.6 index-points. The gap across regions increased from last month to 12.2 index-points, with Western consumers on top and Southern consumers on the bottom.

The preliminary estimate of real **Gross Domestic Product** for the fourth quarter of 2012 is \$13,656.8 billion (chained 2005 dollars), an increase of 0.1 percent at an annual rate. In the third quarter of 2012, real gross domestic product increased 3.1 percent. The increase in fourth quarter real GDP was mainly due to personal consumption expenditures, nonresidential fixed investment, and residential fixed investment. Imports, which are a subtraction in calculating GDP, decreased. Real personal consumption expenditures increased 2.1 percent in the fourth quarter, compared to a 1.6 percent increase in the third quarter. Real residential fixed investment increased 17.5 percent in the fourth quarter compared to an increase of 13.5 percent in the third quarter. Real nonresidential fixed investment increased 9.7 percent in the fourth quarter while equipment and software increased 11.3 percent. Real federal government expenditures decreased 14.8 percent in the fourth quarter, compared to a 9.5 percent increase in the third quarter. Real state and local government spending decreased 1.3 percent in the fourth quarter, compared to an increase of 0.3 percent in the third quarter. Exports of goods and services decreased 3.9 percent in the fourth quarter, compared to a 1.9 percent

increase in the third quarter. Imports decreased 4.5 percent in the fourth quarter compared to a decrease of 0.6 percent in the third quarter. Private inventory investment increased \$12.0 billion in the fourth quarter, following a \$60.3 billion increase in the third quarter. Real final sales increased 1.7 percent in the fourth quarter compared to an increase of 2.4 percent in the third quarter. On the inflation front, the **implicit price deflator** increased 0.9 percent in the fourth quarter compared to a 2.7 percent increase observed in the third quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.7 percent in February, up from no change during January. Energy prices increased by 5.4 percent in February, up from a 1.7 percent decrease in January, while the all-items less food and energy component increased 0.2 percent in February. Compared to February 2012, the all-items index increased 2.0 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 1.6 percent; medical care, 3.1 percent; apparel, 2.4 percent; education and communication, 1.7 percent; other goods and services, 1.8 percent; housing, 1.9 percent; recreation, 0.9 percent; and transportation, 2.4 percent, with gasoline prices up 3.3 percent.

Selected Key Interest Rates

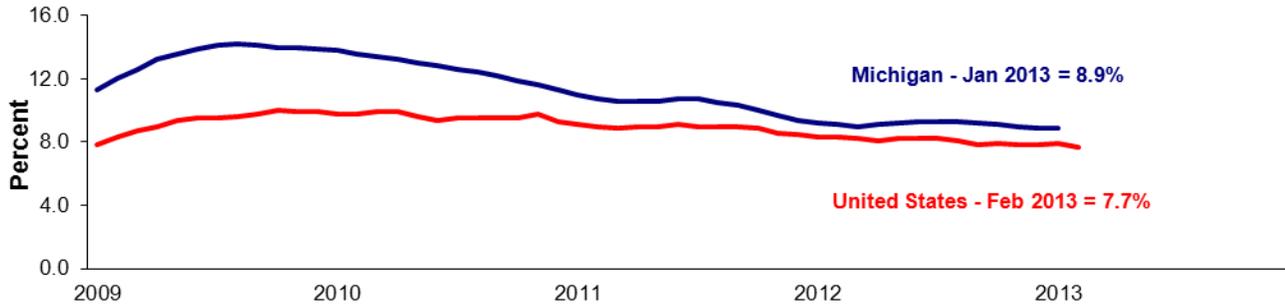


Source: Economic Indicators

Short-term **interest rates** increased 0.03 percentage point in February as the 3-month Treasury bill (T-bill) rate was 0.10 percent. Compared to one year ago, the T-bill rate was up 0.02 percentage point. The Aaa corporate bond rate, a long-term interest rate, increased 0.10 percentage point to an interest yield of 3.90 percent in January. The Aaa bond yield was up 0.05 percentage point from its year-ago level. The interest rate on High-grade municipal bonds increased 0.05 percentage point from the January level to 3.09 percent in February, and was down 0.16 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 January 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 “will closely monitor incoming information on economic and financial developments in coming months.”

In February, the **U. S. unemployment rate** decreased 0.2 percentage point from a month ago to 7.7 percent and was 0.6 of a percentage point lower than a year ago. Civilian employment totaled 143.5 million persons in February. The number unemployed was 12.0 million nationwide.

Unemployment Rates 2009 - 2013



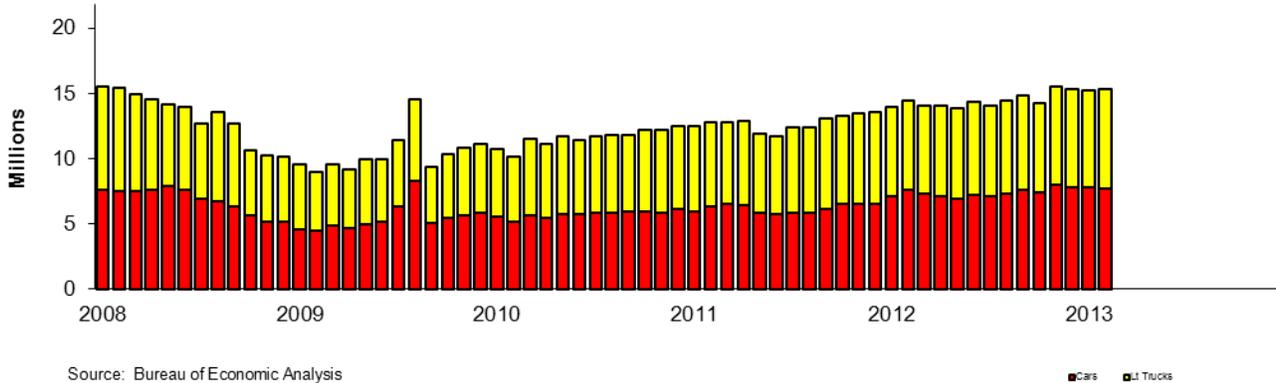
Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In January, the latest data available, the **Michigan jobless rate** remained unchanged at 8.9 percent from December. The January unemployment rate is 0.3 of a percentage point below the year ago level. In January, the labor force increased by 4,000 to 4,644,000, while the number of people employed increased by 4,000 to 4,231,000. In January, there were 414,000 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 1.1 percent from December to February compared to a 0.7 percent decrease from October to December. The all-items less food and energy index increased 0.8 percent from December to February. The food index increased 0.3 percent from December to February while the energy index increased 3.9 percent. Compared to February 2012, the all-items index increased 1.9 percent. For individual component items, the changes from one year ago were: food and beverages, 0.3 percent; apparel, 3.6 percent; education and communication, 1.3 percent; transportation, 4.7 percent; recreation, -1.9 percent; medical care, 4.3 percent; housing, 1.6 percent; and other goods and services, -0.9 percent.

Motor Vehicle Sector

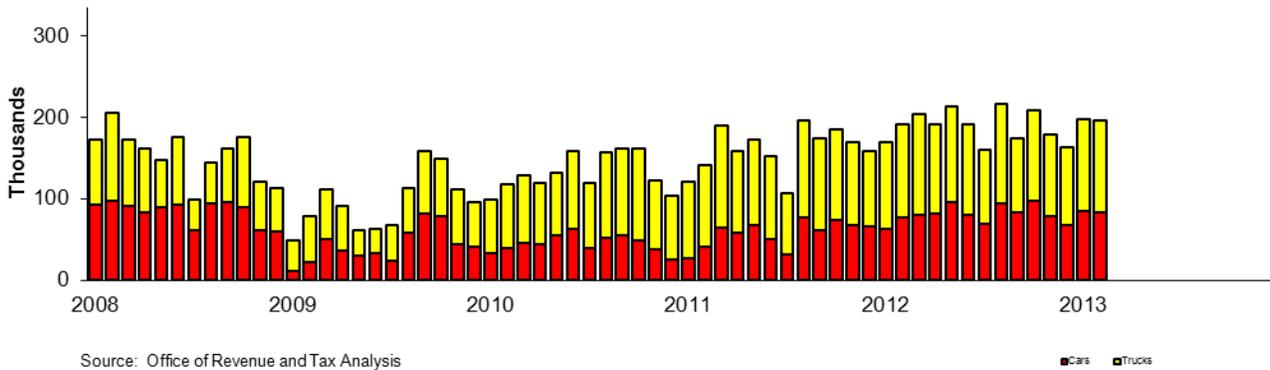
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) increased 0.7 percent in February compared to January, selling at a 15.3 million unit seasonally adjusted annual rate. Domestic car sales decreased 2.3 percent while domestic light truck sales increased 1.4 percent. Import car sales increased 3.4 percent while import light truck sales increased 7.0 percent. Compared to last year, light vehicle sales increased 6.2 percent. Domestic car sales were up 4.4 percent while domestic light truck sales increased 11.9 percent. Import car sales were down 5.5 percent from last year while import truck sales increased 9.4 percent. As a result, the domestic share of U.S. light vehicle sales increased 1.5 percentage points from a year ago. For fiscal year 2013 year-to-date, domestic light vehicles recorded a 78.3 percent share of a 15.1 million-unit market.

Michigan motor vehicle production decreased slightly to 195,519 units in February from 197,150 units in January. From a year ago, motor vehicle production increased 2 percent in Michigan and fell 3 percent nationally. In February, Michigan's car production was 83,063 units while the state's truck production was 112,456 units. Compared with a year ago, car production increased 7 percent in Michigan and fell 3 percent nationwide. The state's truck production decreased 1 percent while national truck production decreased 2 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 January 11, 2013 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2010-11 Actual	Fiscal Year 2011-12 Estimate	Fiscal Year 2012-13 Estimate
Applicable Calendar Year Personal Income	\$345,933	\$342,663	\$358,152
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$32,829.0</u>	<u>\$32,518.7</u>	<u>\$33,988.6</u>
Revenue Limit	\$32,829.0	\$32,518.7	\$33,988.6
State Revenue Subject to Limit	<u>\$27,248.2</u>	<u>\$27,228.6</u>	<u>\$27,088.5</u>
Amount Under (Over) Limit	\$5,580.8	\$5,290.1	\$6,900.1

Sources:

Personal Income Estimate

The FY 2010-11 calculation uses the official personal income estimate for calendar year 2009 (Survey of Current Business, October 2010).

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 January 11, 2013 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2010-11 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2011.

The FY 2011-12 calculation uses the January 11, 2013 Consensus Revenue Agreement.

The FY 2012-13 calculation uses the January 11, 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