



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN E. NIXON, CPA
DIRECTOR

July 1, 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 May 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 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
May 31, 2013
(\$ in millions)

FISCAL
2013

Beginning Balance, October 1, 2012	see one-time revenue
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Current Year GF/GP Revenues, May 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
Pending Supplemental Appropriations - House Bill 4112	\$	(46.8)
Total Expenditures Projected - Ongoing	\$	8,581.7

Current Year Revenues minus Ongoing Costs	\$	40.1
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Beginning Balance (One-Time Revenue)	\$	979.2
May 2013 Consensus Estimate above January 2013 estimate	\$	396.9
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	\$	1,177.1

One-Time Spending Items:		
PA 200, PA 201, PA 305, PA 348, PA 349, PA 436, and PA 518 of 2012; PA 9 of 2013	\$	548.2
Pending Supplemental Appropriations - House Bill 4112	\$	34.3
Estimated lapses	\$	(18.0)
Total Expenditures Projected - One-Time	\$	564.5

One-Time Revenue minus One-Time Spending	\$	612.6
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Projected Ending Balance, September 30, 2013	\$	652.7
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SCHOOL AID FUND
Fiscal Year 2013
Projected Revenues and Expenditures
May 31, 2013
(\$ in millions)

FISCAL
2013

Beginning Balance , October 1, 2012	see one-time revenue
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Current Year School Aid Fund Revenues, May 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 - Ongoing	\$	13,111.1

School Aid Ongoing Costs		
PA 201 of 2012	\$	12,750.2
PA 60 of 2013	\$	(52.6)
Revised School Aid Ongoing Costs	\$	12,697.6
Community Colleges Ongoing Costs		
PA 201 of 2012	\$	197.6
Universities Ongoing Costs		
PA 201 of 2012	\$	200.5
Total Expenditures Projected - Ongoing	\$	13,095.7

Current Year Revenues minus Ongoing Costs	\$	15.5
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Beginning Balance (One-Time Revenue)	\$	254.1
May 2013 Consensus Estimate above January 2013 estimate	\$	85.7
Total FY Resources Available for Expenditure School Aid Fund - One-Time	\$	339.8
One-Time Spending Items:		
PA 201 of 2012	\$	194.3
PA 465 of 2012	\$	0.2
PA 60 of 2013	\$	20.0
Revised One-Time Spending Items	\$	214.5
One-Time Revenue minus One-Time Spending	\$	125.4

Projected Ending Balance, September 30, 2013	\$	140.8
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SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

May 31, 2013

(\$ IN MILLIONS)

FISCAL YEAR 2012

FISCAL YEAR 2013

Exp & Enc May 2012	Exp & Enc Yr-to-date FY 2012	Fiscal Year End SEP 30, 2012	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc May 2013	Exp & Enc Yr-to-date FY 2013
4.4	35.8	63.1	Agriculture and Rural Development	76.5	11.2	5.0	41.8
5.6	43.8	70.8	Attorney General	83.9	3.7	5.8	48.5
19.6	177.1	240.8	Capital Outlay**	320.3	0.0	20.4	178.1
1.0	8.0	12.8	Civil Rights	14.8	2.8	1.1	8.6
111.3	920.7	1,175.8	Colleges & Universities	1,295.2	0.0	115.5	959.9
1,368.5	8,483.5	13,915.9	Community Health	14,944.9	282.9	1,367.6	8,686.6
149.0	1,261.3	1,936.4	Corrections	1,983.3	36.4	151.3	1,231.0
102.9	148.0	364.8	Education	328.9	9.0	19.3	153.0
24.7	109.5	181.6	Environmental Quality	402.2	32.4	11.5	91.1
-1.2	2.7	4.5	Executive Office	4.9	0.0	0.7	3.5
361.4	3,744.8	5,786.7	Human Services	6,519.6	436.1	491.8	3,780.3
12.3	124.7	231.6	Judiciary	273.8	0.0	11.4	128.0
1.4	11.0	17.9	Legislative Auditor General	18.7	0.0	1.5	12.4
7.4	69.2	104.5	Legislature	110.9	0.3	2.6	64.0
28.1	275.5	444.0	Licensing and Regulatory Affairs	606.6	(127.5)	31.1	200.8
9.3	77.5	127.4	Military Affairs	133.6	12.2	9.2	80.2
4.8	33.6	65.9	Natural Resources	101.7	14.5	4.2	40.4
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
13.1	105.5	179.6	State	219.6	9.7	14.8	110.8
37.9	274.3	499.3	State Police	577.3	15.2	43.7	302.0
59.7	343.1	662.1	Technology, Management & Budget***	338.6	143.0	32.9	256.5
0.0	0.0	0.5	Transportation	23.0	0.0	0.0	0.0
31.1	1,241.8	3,149.6	Treasury	1,645.7	97.1	35.6	1,325.7
16.8	40.5	137.7	Michigan Strategic Fund	173.5	24.1	0.7	59.7
\$2,369.1	\$17,531.9	\$29,373.1		\$30,197.5	\$1,003.0	\$2,377.7	\$17,762.9

*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

May, 2013

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,336.2	38.2	15,374.4
Total state spending from state resources	27,917.6	93.5	28,011.1
Percentage of state spending from state resources paid to local units	54.93%		54.89%
Required payments to local units (48.97%)	13,671.2		13,717.0
Surplus/(deficit)	\$1,665.0		\$1,657.4

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
OCTOBER 1, 2012 Through May 31, 2013
(in thousands)

REVENUES

Miscellaneous	\$	258
Total Revenues		258

EXPENDITURES

Current:		
General government		-
Total Expenditures		-
Excess of Revenues over (under) Expenditures		258

OTHER FINANCING SOURCES (USES)

Transfers from other funds		93,333
Transfers to other funds		-
Total Other Financing Sources (Uses)		93,333
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	93,591 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 May 31, 2013
 (in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>17,772</u>
Total Revenues		<u>17,772</u>

EXPENDITURES

Current:		
General government		1,285
Conservation, environment, recreation, and agriculture		1,245
Capital outlay		<u>19,877</u>
Total Expenditures		<u>22,407</u>
Excess of Revenues over (under) Expenditures		<u>(4,635)</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>(16)</u>
Total Other Financing Sources (Uses)		<u>(7)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	<u><u>(4,642)</u></u> ¹

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

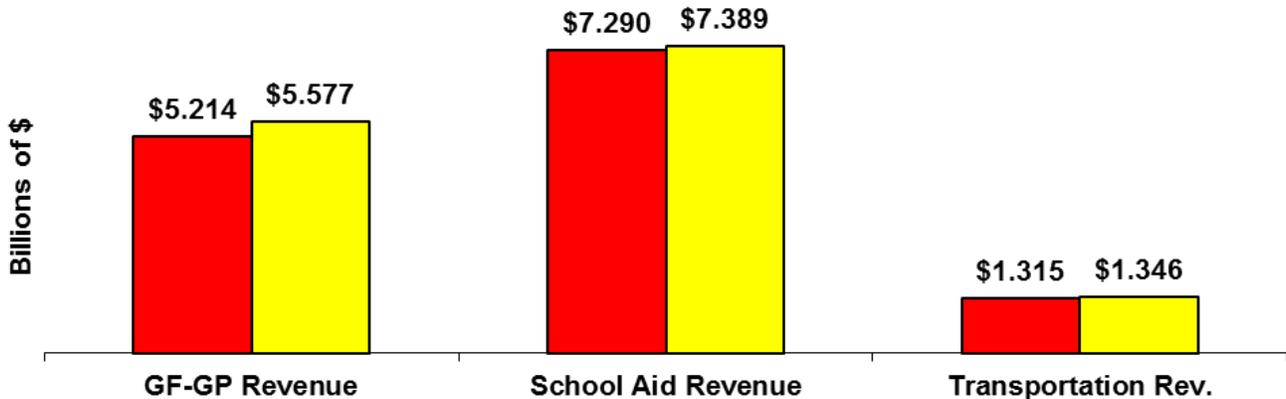
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

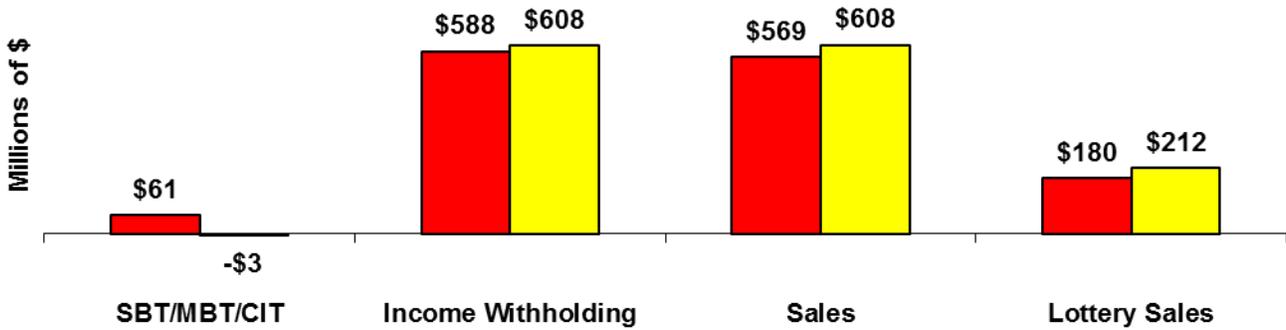
Total General Fund - General Purpose cash collections were \$7.5 million (1.3 percent) lower in May 2013 than in May 2012. The May 2013 School Aid Fund cash collections were \$52.0 million (7.1 percent) higher than in May 2012. May 2013 transportation collections were \$2.6 million (1.5 percent) higher than in May 2012 (see revenue table). May is the eighth 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 \$363.0 million (7.0 percent) from a year ago. School Aid Fund cash collections are up \$98.2 million (1.3 percent) and transportation collections are up \$31.3 million (2.4 percent).

The FY 2012-13 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 2012-13 is \$9,189.2 million and the net School Aid revenue forecast is \$11,213.4 million. The Transportation Funds revenue forecast is \$2,109.5 million. The next regularly scheduled Consensus Revenue Estimating Conference will be held in January 2014.

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



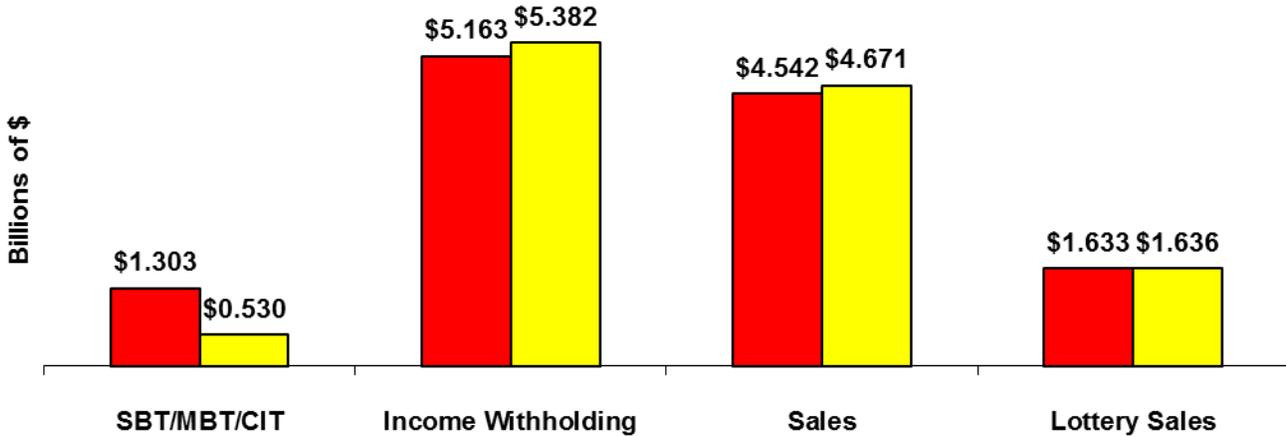
May Revenue Collections FY 2011-12 and FY 2012-13



Office of Revenue and Tax Analysis

■ FY 2011-12 ■ FY 2012-13

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



Office of Revenue and Tax Analysis

■ FY 2011-12 ■ FY 2012-13

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

For The Month Ended: May 31, 2013

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MAY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
May		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	CAFR Totals	Statutory Estimate	May 2013 Consensus
Income Taxes											
\$588,391	\$607,510	\$19,119	3.2%	Withholding	\$5,162,556	\$5,381,952	\$219,396	4.2%	\$7,604,200	\$7,826,900	\$7,861,800
10,628	20,181	9,553	89.9%	Quarterlies	353,548	454,299	100,751	28.5%	766,200	744,600	824,800
53,901	89,475	35,575	66.0%	Annuals	637,523	1,064,661	427,138	67.0%	682,500	888,000	1,110,200
652,921	717,167	64,247	9.8%	Gross Collections	6,153,627	6,900,912	747,285	12.1%	\$9,052,900	\$9,459,500	\$9,796,800
125,833	116,919	(8,914)	-7.1%	Less: Refunds	2,021,320	1,549,894	(471,426)	-23.3%	2,134,600	1,552,000	1,625,300
0	0	0	na	State Campaign Fund	0	0	0	na	900	1,000	1,000
527,088	600,248	73,160	13.9%	Net Personal Income	4,132,307	5,351,017	1,218,711	29.5%	\$6,917,400	\$7,906,500	\$8,170,500
151,882	165,881	13,999	9.2%	Less: Disbursements to SAF	1,428,876	1,588,896	160,020	11.2%	\$2,100,200	\$2,239,100	\$2,326,600
\$375,205	\$434,367	\$59,161	15.8%	NET PERSONAL INCOME TO GF-GP	\$2,703,430	\$3,762,121	\$1,058,691	39.2%	\$4,817,200	\$5,667,400	\$5,843,900
Consumption Taxes											
\$5,948	\$6,417	\$469	7.9%	Sales (a)	\$47,356	\$47,746	\$390	0.8%	\$1,081,200	\$1,134,700	\$1,002,200
66,055	70,335	4,280	6.5%	Use (f)	456,618	529,815	73,197	16.0%	794,000	834,700	829,600
14,856	15,009	153	1.0%	Tobacco	122,946	121,148	(1,797)	-1.5%	192,600	189,500	191,400
4,478	4,149	(330)	-7.4%	Beer, Wine & Mixed Spirits	31,678	31,487	(191)	-0.6%	50,800	50,800	51,500
3,118	3,158	40	1.3%	Liquor Specific	23,491	24,807	1,316	5.6%	41,800	41,200	42,400
\$94,456	\$99,068	\$4,612	4.9%	TOTAL CONSUMPTION TAXES	\$682,088	\$755,003	\$72,915	10.7%	\$2,160,400	\$2,250,900	\$2,117,100
Other Taxes											
(\$15,360)	(\$38,638)	(\$23,278)	-152.0%	Single Business	(\$10,733)	(\$7,152)	\$3,581	33.4%	(\$66,200)	\$0	\$8,000
3,239	(2,949)	(6,188)	na	Insurance Premiums Taxes	216,824	209,810	(7,014)	-3.2%	290,200	311,400	297,000
(12,121)	(41,587)	(29,466)	-243.0%	Sub-total SBT & Insurance	206,091	202,657	(3,433)	-1.7%	224,000	311,400	305,000
47,915	(38,313)	(86,228)	na	Michigan Business Tax	1,178,325	(51,103)	(1,229,428)	na	798,300	(552,400)	(490,000)
28,918	74,288	45,370	157.0%	Corporate Income Tax	135,122	587,817	452,695	na	547,100	838,900	920,000
59	(63)	(121)	na	Inheritance / Estate	222	52	(171)	-76.7%	200	0	0
30	0	(30)	-100.0%	Telephone & Telegraph	26,000	23,453	(2,548)	-9.8%	59,200	57,300	56,000
4,681	5,268	586	12.5%	Oil & Gas Severance	37,266	37,091	(176)	-0.5%	53,600	61,000	53,000
10,485	9,941	(544)	-5.2%	Penalties & Interest	70,869	88,074	17,205	24.3%	167,200	127,500	133,000
0	0	0	na	Miscellaneous Other/Railroad	218	247	29	13.4%	1,700	1,000	1,000
(10,583)	(10,667)	(83)	-0.8%	Treasury Enforcement Programs (e)	(84,667)	(85,333)	(667)	-0.8%	(130,200)	(128,000)	(128,000)
\$69,383	(\$1,133)	(\$70,516)	na	TOTAL OTHER TAXES	\$1,569,448	\$802,955	(\$766,493)	-48.8%	\$1,721,100	\$716,700	\$850,000
\$539,044	\$532,301	(\$6,743)	-1.3%	SUBTOTAL GF-GP TAXES	\$4,954,966	\$5,320,079	\$365,113	7.4%	\$8,698,800	\$8,634,900	\$8,811,000

continued

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

For The Month Ended: May 31, 2013

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MAY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
May		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	CAFR Totals	Statutory Estimate	May 2013 Consensus
Non-Tax Revenue (e)											
\$1,667	\$1,667	\$0	0.0%	Federal Aid	\$13,333	\$13,333	\$0	0.0%	\$54,800	\$20,000	\$20,000
83	83	0	0.0%	Local Agencies	667	667	0	0.0%	3,200	1,000	1,000
917	917	0	0.0%	Services	7,333	7,333	0	0.0%	10,500	11,000	11,000
1,667	1,667	0	0.0%	Licenses & Permits	13,333	13,333	0	0.0%	16,300	20,000	20,000
0	0	0	na	Investments/Interest Costs	(589)	(304)	285	48.4%	(1,900)	(3,200)	(3,200)
10,667	10,250	(417)	-3.9%	Misc. Non-tax Revenue	85,333	84,000	(1,333)	-1.6%	157,000	118,000	123,000
13,583	13,600	17	0.1%	Liquor Purchase Revolving Fund	108,667	109,500	833	0.8%	174,400	157,200	163,200
3,925	3,600	(325)	-8.3%	From Other Funds-Lottery & Escheats	31,400	29,500	(1,900)	-6.1%	152,100	11,000	43,200
\$32,508	\$31,783	(\$725)	-2.2%	TOTAL NON-TAX REVENUE	\$259,477	\$257,363	(\$2,115)	-0.8%	\$566,400	\$335,000	\$378,200
\$571,552	\$564,084	(\$7,468)	-1.3%	TOTAL GF-GP REVENUE	\$5,214,443	\$5,577,442	\$362,998	7.0%	\$9,265,200	\$8,969,900	\$9,189,200
School Aid Fund											
\$232,938	\$248,654	\$15,716	6.7%	Sales Tax 4%	\$1,859,829	\$1,910,750	\$50,921	2.7%	2,841,000	2,943,200	3,010,900
180,674	193,940	13,266	7.3%	Sales Tax 2%	1,442,661	1,486,310	43,648	3.0%	2,216,000	2,288,700	2,153,600
32,244	35,167	2,923	9.1%	Use Tax 2% (f)	420,074	263,565	(156,509)	-37.3%	412,600	417,300	414,900
19,684	17,230	(2,454)	-12.5%	State Education Property Tax	1,215,821	1,209,127	(6,693)	-0.6%	1,789,500	1,829,400	1,792,000
11,590	14,715	3,125	27.0%	Real Estate Transfer Tax	83,807	119,980	36,173	43.2%	150,100	133,600	190,500
60,000	65,000	5,000	8.3%	Lottery Transfer (b)	455,000	430,000	(25,000)	-5.5%	778,400	744,700	745,000
9,591	9,438	(153)	-1.6%	Casino Wagering Tax	79,649	76,842	(2,807)	-3.5%	115,800	106,300	109,700
3,071	3,099	28	0.9%	Liquor Excise Tax	23,254	24,554	1,299	5.6%	41,300	41,200	42,400
30,160	30,470	310	1.0%	Cigarette/Tobacco Tax	249,598	245,949	(3,649)	-1.5%	374,100	364,800	366,500
4,445	3,564	(881)	-19.8%	Indus. & Comm. Facilities Taxes	26,970	23,723	(3,248)	-12.0%	35,700	43,900	37,900
468	1,542	1,073	na	Specific Other	4,840	8,839	3,999	82.6%	24,000	17,100	23,100
151,882	165,881	13,999	9.2%	Income Tax Earmarking	1,428,876	1,588,896	160,020	11.2%	\$2,100,200	\$2,239,100	\$2,326,600
\$736,749	\$788,702	\$51,954	7.1%	TOTAL SCHOOL AID FUND	\$7,290,381	\$7,388,536	\$98,155	1.3%	\$10,878,700	\$11,169,500	\$11,213,400
\$568,904	\$608,364	\$39,460	6.9%	SALES TAX 6%	\$4,542,376	\$4,670,893	\$128,517	2.8%	\$6,952,800	\$7,194,100	\$7,100,700
388,230	414,424	26,193	6.7%	SALES TAX 4%(d)	3,099,715	3,184,583	84,869	2.7%	4,736,800	4,905,400	4,947,100
180,674	193,940	13,266	7.3%	SALES TAX 2%	1,442,661	1,486,310	43,648	3.0%	2,216,000	2,288,700	2,153,600
98,299	105,502	7,203	7.3%	USE TAX 6% (f)	876,692	793,380	(83,312)	-9.5%	1,206,600	1,252,000	1,244,500
74,655	75,422	767	1.0%	TOBACCO TAXES	617,818	608,786	(9,032)	-1.5%	963,200	941,600	950,000
0	0	0	na	TOBACCO SETTLEMENT	194,430	292,220	97,790	50.3%	na	na	na

continued

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

For The Month Ended: May 31, 2013

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MAY CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
May		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	CAFR Totals	Statutory Estimate	May 2013 Consensus	
Major Transportation Revenues												
\$9,441	\$10,358	\$917	9.7%	Diesel Fuel / Motor Carrier Fuel Tax	\$83,741	\$86,392	\$2,652	3.2%	\$126,782	\$128,500	\$128,500	
70,975	64,844	(6,131)	-8.6%	Gasoline	534,934	535,927	993	0.2%	818,798	825,500	815,000	
79,523	86,798	7,275	9.1%	Motor Vehicle Registration	599,862	621,253	21,391	3.6%	876,064	877,000	890,000	
4,602	4,679	77	1.7%	Other Taxes, Fees & Misc.	30,318	30,665	347	1.1%	121,038	164,524	166,564	
8,610	9,122	512	5.9%	Comprehensive Transportation (c)	65,789	71,690	5,901	9.0%	98,742	104,322	109,463	
<u>\$173,151</u>	<u>\$175,801</u>	<u>\$2,649</u>	<u>1.5%</u>	TOTAL MAJOR TRANS. REVENUES	<u>\$1,314,643</u>	<u>\$1,345,928</u>	<u>\$31,284</u>	<u>2.4%</u>	<u>\$2,041,425</u>	<u>\$2,099,845</u>	<u>\$2,109,527</u>	
Lottery Sales By Games												
60,855	65,654	4,798	7.9%	Instant Games	521,060	542,445	21,385	4.1%	na	na	na	
52,352	52,561	209	0.4%	Daily Games	455,171	440,532	(14,639)	-3.2%	na	na	na	
23,760	50,443	26,684	112.0%	Lotto and Big Game	269,058	261,421	(7,636)	-2.8%	na	na	na	
961	868	(92)	-9.6%	Keno Game	8,348	7,636	(711)	-8.5%	na	na	na	
0	0	0	na	Lucky Lines Game	1,625	0	(1,625)	-100.0%	na	na	na	
0	(0)	(0)	na	Millionaires Raffle	6,788	5,100	(1,688)	-24.9%	na	na	na	
41,835	42,018	182	0.4%	Club Games	370,516	379,047	8,532	2.3%	na	na	na	
<u>\$179,763</u>	<u>\$211,544</u>	<u>\$31,781</u>	<u>17.7%</u>	TOTAL LOTTERY SALES	<u>\$1,632,565</u>	<u>\$1,636,181</u>	<u>\$3,617</u>	<u>0.2%</u>	<u>na</u>	<u>na</u>	<u>na</u>	

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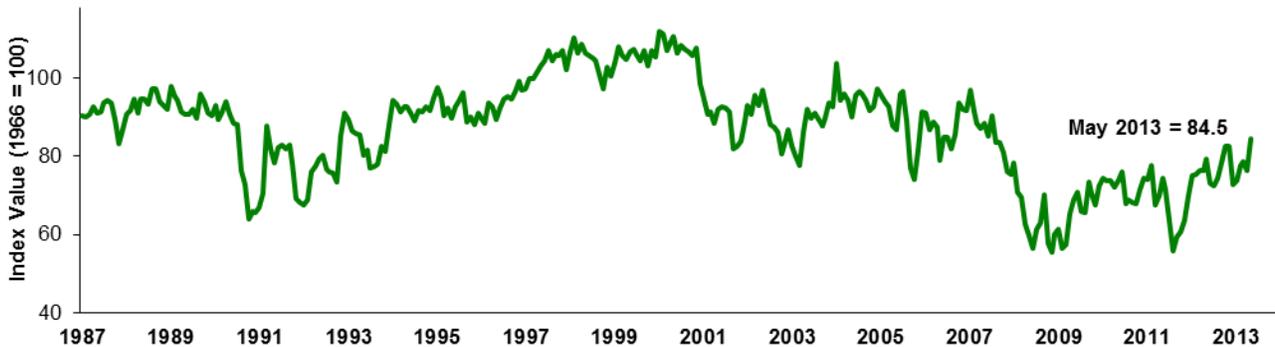
- a GF-GP Sales has been estimated based on CTF and Health Initiative shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated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

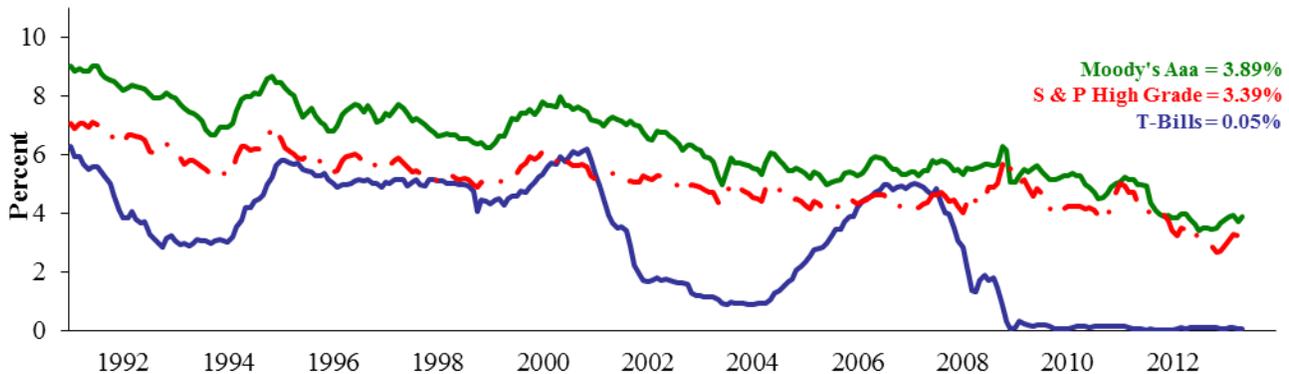
The **Index of Consumer Sentiment** rose in May to 84.5 index-points, 8.1 index-points above the April value and 5.2 index-points above May 2012. On the increase in confidence, Survey Director Richard Curtin observed, “Consumer confidence inched upward from the preliminary reading to end the month at its highest level since July 2007. While the overall May gain continued to be paced by upper income households, confidence among middle and lower income households also began to improve in late May. A rising stock market as well as higher home prices prompted consumers to report their most improved financial situation in more than five years as well as the most improved economic outlook since 2007.” Curtin noted, “Consumers reported a more favorable assessment of their personal financial situations in May than anytime since 2007. For the first time in five years, more consumers reported that their finances had recently improved rather than worsened. When asked to explain how their finances had improved, income gains was the most common response.” On buying attitudes, Curtin reported, “Buying attitudes toward household durables improved to the highest levels since mid 2007 and vehicle buying attitudes were at the highest level since mid 2005.” In May, consumers in all four regions reported an increase in confidence. Northeastern and Western consumers reported the largest increases in confidence at 13.5 index-points and 7.5 index-points, respectively. The gap across regions increased from last month to 9.3 index-points, with Northeastern consumers on top and Southern consumers on the bottom.

The preliminary estimate of real **Gross Domestic Product** for the first quarter of 2013 is \$13,746.2 billion (chained 2005 dollars), an increase of 2.4 percent at an annual rate. In the fourth quarter of 2012, real gross domestic product increased 0.4 percent. The increase in first quarter real GDP was mainly due to personal consumption expenditures, private inventory investment, and exports. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 3.4 percent in the first quarter, compared to a 1.8 percent increase in the fourth quarter. Real residential fixed investment increased 12.1 percent in the first quarter compared to an increase of 17.6 percent in the fourth quarter. Real nonresidential fixed investment increased 2.2 percent in the first quarter while equipment and software increased 4.6 percent. Real federal government expenditures decreased 8.7 percent in the first quarter, compared to a 14.8 percent increase in the fourth quarter. Real state and local government spending decreased 2.4 percent in the first quarter, compared to a decrease of 1.5 percent in the fourth quarter. Exports of goods and services increased 0.8 percent in the first quarter, compared to a 2.8 percent decrease in the fourth quarter. Imports

increased 1.9 percent in the first quarter compared to a decrease of 4.2 percent in the fourth quarter. Private inventory investment increased \$38.3 billion in the first quarter, following a \$13.3 billion increase in the fourth quarter. Real final sales increased 1.8 percent in the first quarter compared to an increase of 1.9 percent in the fourth quarter. On the inflation front, the **implicit price deflator** increased 1.2 percent in the first quarter compared to a 1.0 percent increase observed in the fourth quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.1 percent in May, up from a decrease of 0.4 percent in April. Energy prices decreased by 4.3 percent in May, down from a 2.6 percent decrease in April, while the all-items less food and energy component increased 0.2 percent in May. Compared to May 2012, the all-items index increased 1.4 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 1.4 percent; medical care, 2.2 percent; apparel, 0.2 percent; education and communication, 1.3 percent; other goods and services, 1.8 percent; housing, 2.2 percent; recreation, 0.8 percent; and transportation, -0.5 percent, with gasoline prices down 4.1 percent.

Selected Key Interest Rates

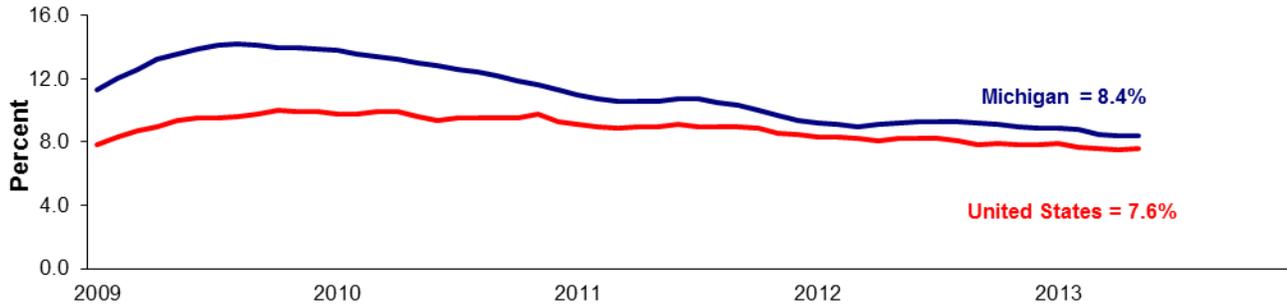


Source: Economic Indicators

Short-term **interest rates** decreased 0.01 percentage point in May as the 3-month Treasury bill (T-bill) rate was 0.05 percent. Compared to one year ago, the T-bill rate was down 0.04 percentage point from a year-ago. The Aaa corporate bond rate, a long-term interest rate, increased 0.16 percentage point to an interest yield of 3.89 percent in May. The Aaa bond yield was up 0.09 percentage point from its year-ago level. The interest rate on High-grade municipal bonds increased 0.17 percentage point from the April level to 3.39 percent in May, and was up 0.18 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 June 19th 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 May, the **U. S. unemployment rate** increased 0.1 percentage point from a month ago to 7.6 percent and was 0.6 of a percentage point lower than a year ago. Civilian employment totaled 143.9 million persons in May. The number unemployed was 11.8 million nationwide.

Unemployment Rates 2009 - 2013

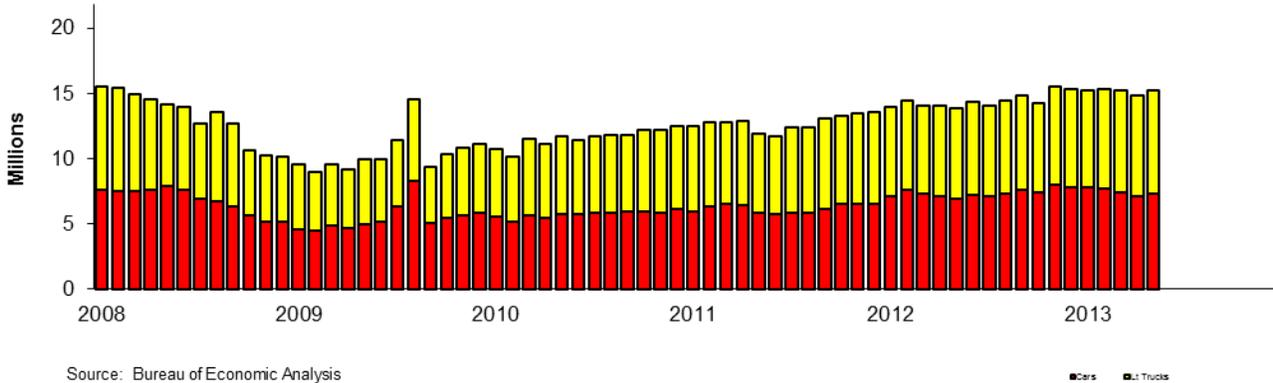


Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In May, the **Michigan jobless rate** remained unchanged at 8.4 percent from April. The May unemployment rate is 0.8 of a percentage point below the year ago level. In May, the labor force increased by 28,000 to 4,698,000, while the number of people employed increased by 24,000 to 4,303,000. In May, there were 395,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Motor Vehicle Sector

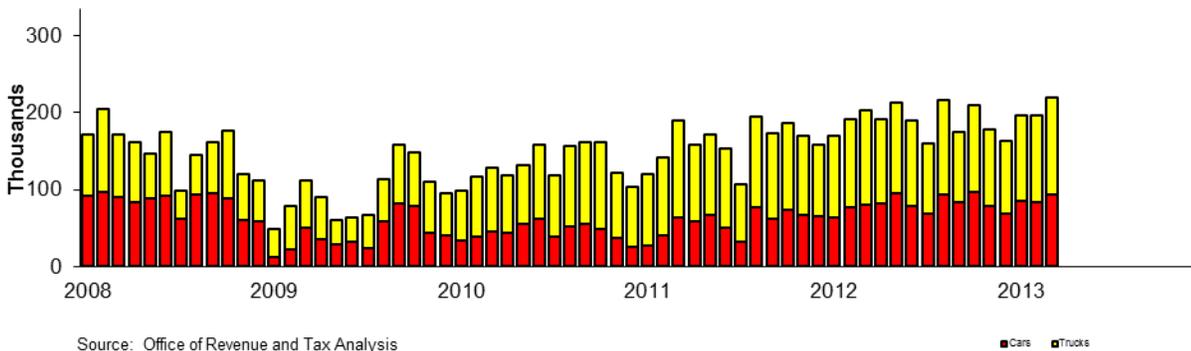
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) increased 2.5 percent in May compared to April, selling at a 15.2 million unit seasonally adjusted annual rate. Domestic car sales increased 3.2 percent while domestic light truck sales increased 0.7 percent. Import car sales increased 3.3 percent while import light truck sales increased 8.6 percent. Compared to last year, light vehicle sales increased 9.6 percent. Domestic car sales were up 7.3 percent while domestic light truck sales increased 12.4 percent. Import car sales were up 4.9 percent from last year while import truck sales increased 13.1 percent. As a result, the domestic share of U.S. light vehicle sales increased 0.3 percentage points from a year ago. For fiscal year 2013 year-to-date, domestic light vehicles recorded a 78.5 percent share of a 15.1 million-unit market.

Michigan motor vehicle production increased slightly to 222,254 units in April from 219,499 units in March. From a year ago, motor vehicle production increased 17 percent in Michigan and nationally. In April, Michigan's car production was 90,763 units while the state's truck production was 131,491 units. Compared with a year ago, car production increased 11 percent in Michigan and rose 17 percent nationwide. The state's truck production increased 21 percent while national truck production increased 17 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