



STATE OF MICHIGAN
STATE BUDGET OFFICE

RICK SNYDER
GOVERNOR

LANSING

JOHN S. ROBERTS
DIRECTOR

October 29, 2015

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

The Honorable Al Pscholka, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

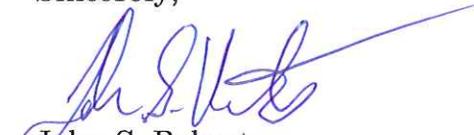
Dear Legislators:

Attached is the monthly financial report for the month ending September 30, 2015. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

www.michigan.gov/budget under "Financial Reports".

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

Sincerely,



John S. Roberts
State Budget Director

Attachment

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

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

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2015
Projected Revenues and Expenditures
September 30, 2015
(\$ in millions)

FISCAL
2015

Beginning Balance, October 1, 2014	see one-time revenue
---	----------------------

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

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

Current Year Revenues minus Ongoing Costs	\$	41.2
--	-----------	-------------

Beginning Balance (One-Time Revenue)	\$	306.4
Local Government Program Payments	\$	(8.8)
Total FY Resources Available For Expenditure GF/GP - One-Time	\$	297.6
One-Time Spending Items:		
PA 182, PA 252, PA 281, PA 282, PA 318, PA 356, and PA 414 of 2014;		
PA 5, PA 6, PA 84, and PA 86 of 2015	\$	281.7
Executive Order 2015-5	\$	(106.4)
Work project lapse directive (letter 2/11/2015)	\$	(6.6)
Supplemental Requests (2015-6 and 2015-7 revised)	\$	6.8
One-Time Revenue minus One-Time Spending	\$	122.1

Projected Ending Balance, September 30, 2015	\$	163.3
---	-----------	--------------

**School Aid Fund
Fiscal Year 2015
Projected Revenues and Expenditures
September 30, 2015
(\$ in millions)**

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

SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

September 30, 2015

(\$ IN MILLIONS)

FISCAL YEAR 2014

FISCAL YEAR 2015

Exp & Enc September 2014	Exp & Enc Yr-to-date FY 2014	Fiscal Year End SEP 30, 2014	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc September 2015	Exp & Enc Yr-to-date FY 2015
7.9	67.6	70.9	Agriculture and Rural Development	84.5	11.0	9.6	72.3
8.9	80.1	81.4	Attorney General	92.6	5.0	9.5	81.5
60.4	311.5	314.6	Capital Outlay ¹	321.8	(22.1)	2.9	257.0
1.5	13.7	14.1	Civil Rights	16.6	0.0	1.7	14.8
2.3	1,362.5	1,356.4	Colleges & Universities	1,479.1	(163.1)	0.0	1,300.4
1,378.5	14,534.9	15,358.8	Community Health	18,147.0	1,181.0	1,794.5	17,120.5
205.8	1,901.8	1,984.9	Corrections	2,022.2	3.2	200.4	1,887.4
21.5	223.1	399.8	Education	368.3	(71.6)	26.4	232.3
19.3	244.8	254.8	Environmental Quality	473.9	52.2	18.2	152.3
1.1	5.7	5.1	Executive Office	5.9	0.0	0.8	5.8
428.5	5,310.4	5,488.4	Human Services	5,966.8	(52.4)	541.2	5,068.8
8.1	59.5	61.9	Insurance and Financial Services	65.2	0.0	6.0	47.7
18.3	217.3	249.7	Judiciary	287.8	0.2	18.1	221.3
0.0	1.8	1.8	Land Bank Fast Track Authority	4.0	0.0	0.0	4.0
2.1	20.0	20.2	Legislative Auditor General	22.2	0.0	2.4	20.5
10.9	112.2	115.0	Legislature	128.9	(0.1)	9.7	119.4
24.7	287.1	252.5	Licensing and Regulatory Affairs	326.4	54.0	(10.8)	317.9
14.1	125.3	128.3	Military Affairs	140.7	18.7	13.5	126.4
9.1	67.8	72.1	Natural Resources	126.6	15.0	11.2	86.2
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
25.1	191.8	198.5	State	224.0	10.9	22.9	195.9
62.6	530.9	577.5	State Police	638.8	38.7	64.8	553.9
582.1	889.2	1,013.8	Technology, Management & Budget ²	420.1	187.8	67.1	444.9
(33.3)	165.0	221.6	Transportation	282.6	0.0	16.0	148.5
46.4	1,679.9	2,712.3	Treasury ³	1,838.9	85.1	59.3	1,850.2
2.9	212.6	221.0	Michigan Strategic Fund	240.7	2.1	1.6	216.2
\$2,908.8	\$28,616.1	\$31,175.3		\$33,725.6	\$1,355.6	\$2,887.2	\$30,546.1

*Includes boilerplate appropriations.

¹Includes all capital outlay activity regardless of agency

²Includes Civil Service Commission

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

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2015
September, 2015
(\$ IN MILLIONS)

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

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 October 1, 2014 Through September 30, 2015
 (in thousands)

REVENUES

Miscellaneous	\$ <u>18,031</u>
Total Revenues	<u>18,031</u>

EXPENDITURES

Current:	
General government	<u>-</u>
Total Expenditures	<u>113</u>
Excess of Revenues over (under) Expenditures	<u>17,918</u>

OTHER FINANCING SOURCES (USES)

Transfers from other funds	94,000
Transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>94,000</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 111,918</u> ¹

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

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
 October 1, 2014 through September 30, 2015
 (in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>13,128</u>
Total Revenues	<u>13,128</u>

EXPENDITURES

Current:	
General government	2,107
Conservation, environment, recreation, and agriculture	3,624
Capital outlay	<u>13,546</u>
Total Expenditures	<u>19,278</u>
Excess of Revenues over (under) Expenditures	<u>(6,150)</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Proceeds from sale of capital assets	-
Transfers from other funds	-
Transfers to other funds	<u>(18)</u>
Total Other Financing Sources (Uses)	<u>(18)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ (6,168) ¹</u>

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

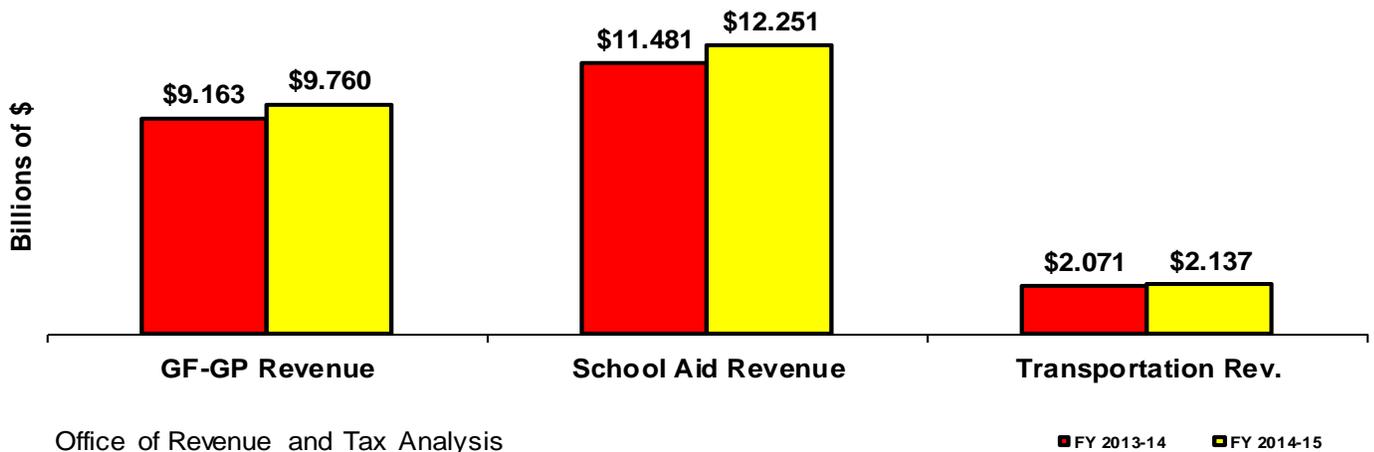
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

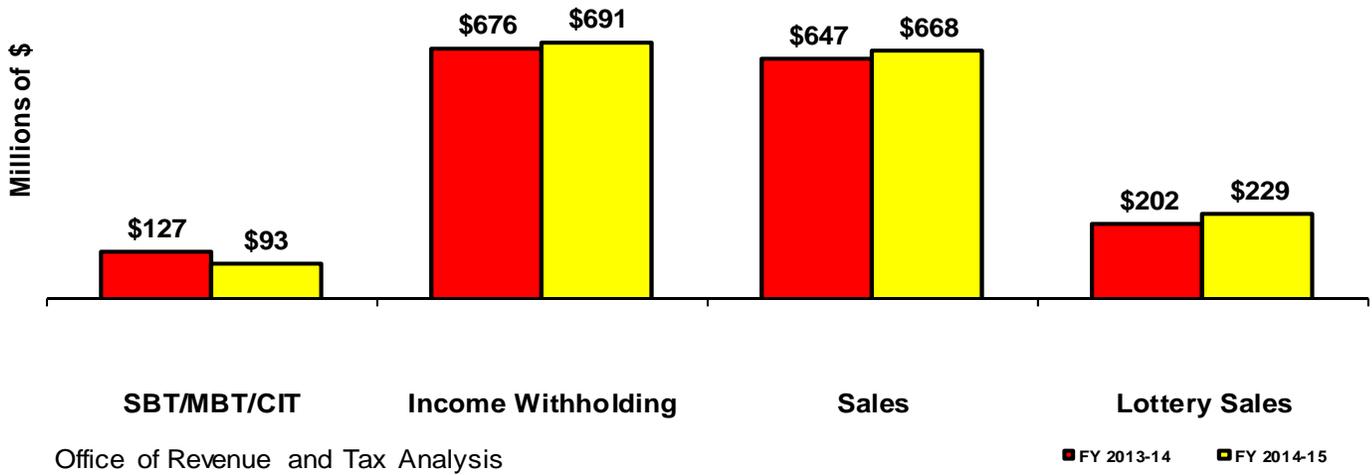
Total General Fund - General Purpose cash collections were \$24.8 million (2.4 percent) higher in September 2015 than in September 2014. The September 2015 School Aid Fund cash collections were \$29.8 million (2.2 percent) lower than in September 2014. September 2015 transportation collections were \$4.7 million (2.7 percent) higher than in September 2014 (see revenue table). September is the twelfth 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 \$597.4 million (6.5 percent) from a year ago. School Aid Fund cash collections are up \$770.3 million (6.7 percent) and transportation collections are up \$65.7 million (3.2 percent).

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

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



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



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



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

For The Month Ended: September 30, 2015

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH SEPTEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
September		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15
2014	2015	Amount	Percent		FY 2013-14	FY 2014-15	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2015 Consensus
Income Taxes											
\$676,193	\$691,442	\$15,250	2.3%	Withholding	\$8,218,795	\$8,664,787	\$445,992	5.4%	\$8,226,800	\$8,568,600	\$8,575,000
209,761	245,400	35,639	17.0%	Quarterlies	878,563	1,034,450	155,886	17.7%	878,000	908,500	960,400
20,427	23,628	3,201	15.7%	Annuals	805,764	938,456	132,691	16.5%	804,700	825,700	925,200
906,381	960,470	54,090	6.0%	Gross Collections	9,903,123	10,637,693	734,569	7.4%	\$9,909,500	\$10,302,800	\$10,460,600
30,466	(16,743)	(47,208)	na	Less: Refunds	1,752,744	1,744,558	(8,187)	-0.5%	1,895,600	1,797,000	1,770,100
0	0	0	na	State Campaign Fund	0	0	0	na	800	1,000	800
875,915	977,213	101,298	11.6%	Net Personal Income	8,150,379	8,893,135	742,756	9.1%	\$8,013,100	\$8,504,800	\$8,689,700
209,912	216,764	6,852	3.3%	Less: Disbursements to SAF	2,272,640	2,435,962	163,322	7.2%	\$2,357,600	\$2,453,100	\$2,490,700
\$666,003	\$760,449	\$94,446	14.2%	NET PERSONAL INCOME TO GF-GP	\$5,877,739	\$6,457,173	\$579,434	9.9%	\$5,655,500	\$6,051,700	\$6,199,000
Consumption Taxes											
\$91,729	\$105,656	\$13,927	15.2%	Sales (a)	\$1,015,097	\$1,143,967	\$128,870	12.7%	\$1,170,000	\$1,187,000	\$1,190,700
76,886	77,077	191	0.2%	Use (f)	904,835	933,666	28,832	3.2%	926,600	952,400	946,200
16,257	16,571	314	1.9%	Tobacco	186,174	187,735	1,561	0.8%	192,900	182,900	182,400
4,277	4,451	174	4.1%	Beer, Wine & Mixed Spirits	51,225	44,693	(6,532)	-12.8%	51,200	52,000	45,500
4,249	3,884	(365)	-8.6%	Liquor Specific	42,624	45,318	2,694	6.3%	46,400	46,000	47,000
\$193,397	\$207,639	\$14,242	7.4%	TOTAL CONSUMPTION TAXES	\$2,199,955	\$2,355,379	\$155,424	7.1%	\$2,387,100	\$2,420,300	\$2,411,800
Other Taxes											
(\$6,580)	(\$26,115)	(\$19,535)	na	Single Business	(\$44,860)	\$2,821	\$47,681	na	(\$45,500)	(\$10,000)	(\$20,000)
28,193	1,288	(26,905)	-95.4%	Insurance Premiums Taxes	328,377	359,905	31,527	9.6%	362,200	396,000	402,000
21,613	(24,827)	(46,440)	na	Sub-total SBT & Insurance	283,517	362,725	79,208	27.9%	316,700	386,000	382,000
1,532	7,016	5,484	na	Michigan Business Tax	(618,039)	(853,706)	(235,667)	-38.1%	(723,300)	(429,000)	(751,100)
131,602	112,270	(19,333)	-14.7%	Corporate Income Tax	964,884	1,012,471	47,588	4.9%	906,400	907,000	1,029,700
30	3	(28)	-91.6%	Inheritance / Estate	335	(136)	(472)	na	0	0	0
350	295	(54)	-15.5%	Telephone & Telegraph	48,447	44,811	(3,636)	-7.5%	48,000	45,000	47,000
3,968	2,044	(1,924)	-48.5%	Oil & Gas Severance	63,320	32,293	(31,027)	-49.0%	61,000	68,500	39,000
1,866	(18,566)	(20,433)	na	Penalties & Interest	95,451	117,741	22,290	23.4%	110,500	152,000	138,000
3	150	147	na	Miscellaneous Other/Railroad	1,760	2,520	760	43.2%	1,800	1,000	1,500
(11,083)	(11,583)	(500)	-4.5%	Treasury Enforcement Programs (e)	(133,000)	(137,750)	(4,750)	-3.6%	(138,700)	(134,000)	(139,000)
\$149,881	\$66,800	(\$83,081)	-55.4%	TOTAL OTHER TAXES	\$706,676	\$580,970	(\$125,706)	-17.8%	\$582,400	\$996,500	\$747,100
\$1,009,281	\$1,034,888	\$25,607	2.5%	SUBTOTAL GF-GP TAXES	\$8,784,370	\$9,393,522	\$609,152	6.9%	\$8,625,200	\$9,468,500	\$9,357,900

continued

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

For The Month Ended: September 30, 2015

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH SEPTEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
September		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15
2014	2015	Amount	Percent		FY 2013-14	FY 2014-15	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2015 Consensus
Non-Tax Revenue (e)											
\$1,667	\$2,500	\$833	50.0%	Federal Aid	\$20,000	\$27,500	\$7,500	37.5%	\$30,900	\$20,000	\$30,000
83	83	0	0.0%	Local Agencies	1,000	1,000	0	0.0%	100	1,000	100
833	667	(167)	-20.0%	Services	10,000	8,500	(1,500)	-15.0%	7,200	10,000	8,000
833	1,083	250	30.0%	Licenses & Permits	10,000	12,250	2,250	22.5%	14,400	10,000	13,000
(257)	(224)	33	-12.8%	Investments/Interest Costs	(353)	(396)	(43)	-12.1%	300	(4,000)	0
10,250	6,783	(3,467)	-33.8%	Misc. Non-tax Revenue	122,500	86,300	(36,200)	-29.6%	85,000	101,000	81,400
13,600	14,875	1,275	9.4%	Liquor Purchase Revolving Fund	164,400	176,875	12,475	7.6%	176,800	173,500	178,500
4,250	4,667	417	9.8%	From Other Funds-Lottery & Escheats	51,000	54,750	3,750	7.4%	78,600	46,000	56,000
\$31,260	\$30,434	(\$826)	-2.6%	TOTAL NON-TAX REVENUE	\$378,547	\$366,779	(\$11,768)	-3.1%	\$393,300	\$357,500	\$367,000
\$1,040,541	\$1,065,323	\$24,782	2.4%	TOTAL GF-GP REVENUE	\$9,162,916	\$9,760,301	\$597,384	6.5%	\$9,018,500	\$9,826,000	\$9,724,900
School Aid Fund											
\$264,149	\$274,675	\$10,526	4.0%	Sales Tax 4%	\$2,964,233	\$3,001,720	\$37,487	1.3%	3,002,700	3,083,600	3,067,500
207,013	210,694	3,680	1.8%	Sales Tax 2%	2,313,839	2,310,243	(3,595)	-0.2%	2,347,200	2,409,700	2,391,300
193,191	95,693	(97,499)	-50.5%	Use Tax 2% (f)	654,556	1,074,491	419,935	64.2%	463,800	476,200	473,000
354,534	400,680	46,146	13.0%	State Education Property Tax	1,796,389	1,840,063	43,674	2.4%	1,804,200	1,841,300	1,850,300
22,664	23,375	711	3.1%	Real Estate Transfer Tax	219,647	264,752	45,105	20.5%	233,400	245,300	256,800
65,000	65,000	0	0.0%	Lottery Transfer (b)	673,000	731,759	58,759	8.7%	734,100	776,000	780,000
7,949	8,052	103	1.3%	Casino Wagering Tax	106,981	110,528	3,547	3.3%	106,900	112,000	111,000
4,217	3,824	(393)	-9.3%	Liquor Excise Tax	42,151	44,822	2,671	6.3%	46,000	45,500	46,600
33,004	33,641	637	1.9%	Cigarette/Tobacco Tax	377,962	381,131	3,169	0.8%	359,400	350,400	347,600
6,835	6,280	(554)	-8.1%	Indus. & Comm. Facilities Taxes	33,474	35,133	1,659	5.0%	33,500	36,100	36,500
1,332	1,372	39	3.0%	Specific Other	25,656	20,254	(5,402)	-21.1%	31,700	24,100	31,900
209,912	216,764	6,852	3.3%	Income Tax Earmarking	2,272,640	2,435,962	163,322	7.2%	\$2,357,600	\$2,453,100	\$2,490,700
\$1,369,801	\$1,340,049	(\$29,753)	-2.2%	TOTAL SCHOOL AID FUND	\$11,480,528	\$12,250,859	\$770,331	6.7%	\$11,520,500	\$11,853,300	\$11,883,200
\$647,262	\$668,485	\$21,223	3.3%	SALES TAX 6%	\$7,254,227	\$7,313,110	\$58,883	0.8%	\$7,354,900	\$7,549,100	\$7,503,800
440,249	457,792	17,543	4.0%	SALES TAX 4%(d)	4,940,388	5,002,867	62,479	1.3%	5,007,700	5,139,400	5,112,500
207,013	210,694	3,680	1.8%	SALES TAX 2%	2,313,839	2,310,243	(3,595)	-0.2%	2,347,200	2,409,700	2,391,300
270,077	172,769	(97,307)	-36.0%	USE TAX 6% (f)	1,559,391	2,008,158	448,766	28.8%	1,390,700	1,428,600	1,419,200
81,693	83,270	1,577	1.9%	TOBACCO TAXES	935,550	943,394	7,844	0.8%	940,500	917,900	924,400
0	0	0	na	TOBACCO SETTLEMENT	192,800	190,989	(1,811)	-0.9%	na	na	na

continued

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

For The Month Ended: September 30, 2015

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH SEPTEMBER CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
September		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15	
2014	2015	Amount	Percent		FY 2013-14	FY 2014-15	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2015 Consensus	
Major Transportation Revenues												
\$12,387	\$10,767	(\$1,620)	-13.1%	Diesel Fuel / Motor Carrier Fuel Tax	\$138,804	\$135,961	(\$2,843)	-2.0%	\$137,816	\$131,500	\$135,500	
71,420	76,620	5,200	7.3%	Gasoline	833,540	865,007	31,467	3.8%	820,626	815,000	820,000	
79,188	80,500	1,312	1.7%	Motor Vehicle Registration	940,693	977,938	37,245	4.0%	940,556	946,500	965,000	
4,493	4,665	172	3.8%	Other Taxes, Fees & Misc.	48,648	51,718	3,070	6.3%	119,953	175,628	178,816	
9,117	8,746	(371)	-4.1%	Comprehensive Transportation (c)	109,404	106,198	(3,206)	-2.9%	102,721	109,926	104,955	
<u>\$176,606</u>	<u>\$181,298</u>	<u>\$4,692</u>	<u>2.7%</u>	TOTAL MAJOR TRANS. REVENUES	<u>\$2,071,090</u>	<u>\$2,136,822</u>	<u>\$65,732</u>	<u>3.2%</u>	<u>\$2,121,673</u>	<u>\$2,178,554</u>	<u>\$2,204,271</u>	
Lottery Sales By Games												
70,923	81,229	10,306	14.5%	Instant Games (g)	907,851	1,021,512	113,660	12.5%	na	na	na	
55,182	55,660	478	0.9%	Daily Games	691,486	739,210	47,724	6.9%	na	na	na	
26,423	24,885	(1,538)	-5.8%	Lotto and Big Game	349,476	338,258	(11,218)	-3.2%	na	na	na	
761	751	(10)	-1.3%	Keno Game	10,287	9,759	(529)	-5.1%	na	na	na	
1,465	1,152	(313)	-21.4%	Other	95,191	16,021	(79,171)	-83.2%	na	na	na	
47,733	49,352	1,618	3.4%	Club Games	581,671	610,467	28,796	5.0%	na	na	na	
<u>\$202,488</u>	<u>\$228,556</u>	<u>\$26,067</u>	<u>12.9%</u>	TOTAL LOTTERY SALES	<u>\$2,635,963</u>	<u>\$2,764,822</u>	<u>\$128,859</u>	<u>4.9%</u>	<u>na</u>	<u>na</u>	<u>na</u>	

-11-

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

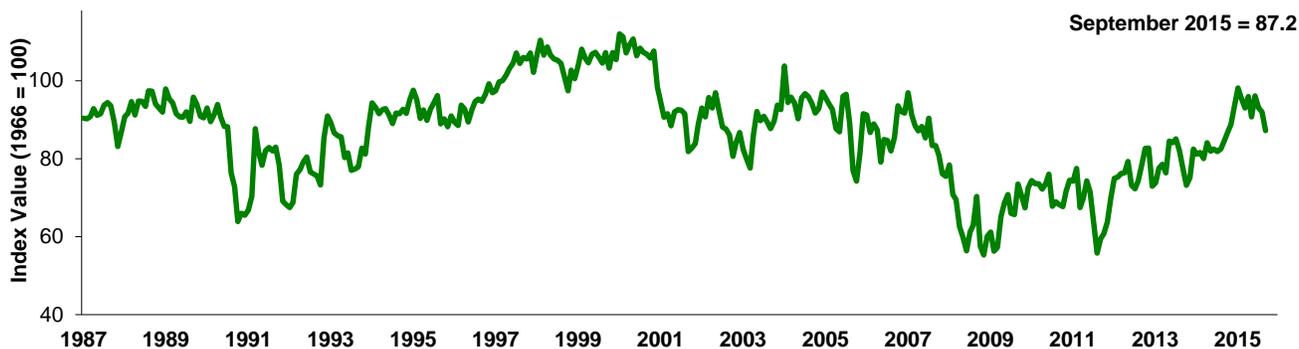
Source: Michigan Department of Treasury, Office of Revenue & Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of Technology, Management and Budget, and other reports from the Michigan Department of Treasury.

Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

U. S. Economy

Index of Consumer Sentiment



Source: University of Michigan, Survey Research Center

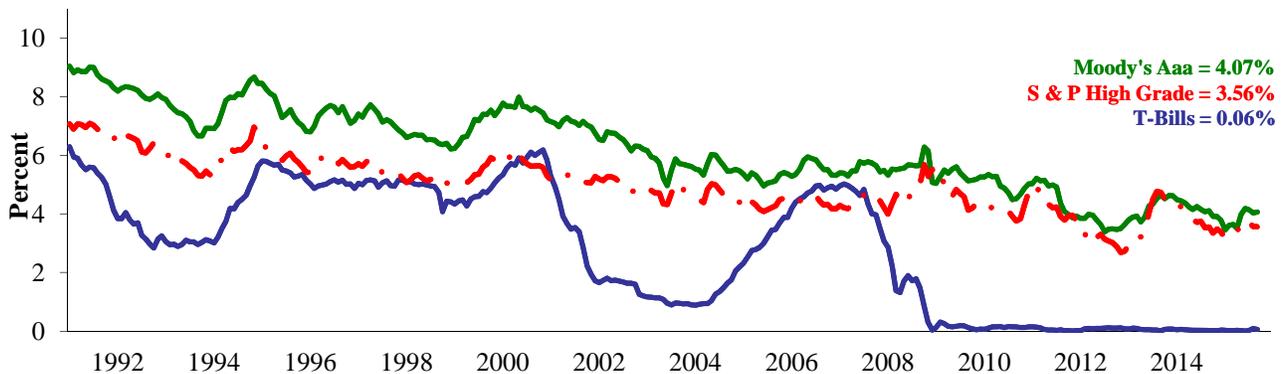
The **Index of Consumer Sentiment** decreased in September to 87.2 index-points, 4.7 index-points below the August value but 2.6 index-points above September 2014. For the September survey, Survey Director Richard Curtin noted, “The decline in optimism continued to narrow in late September as consumers increasingly concluded that the stock market declines had more to do with international conditions than the domestic economy. While the September Sentiment Index was at the lowest level in eleven months, it was still higher than in any prior month since May 2007. Moreover, while upper income households recorded the largest initial declines, they also recorded the largest rebound.” Curtin observed, “News of negative economic developments were reported by 68% of all consumers in September, up by ten percentage points from a month and one year ago. News heard about jobs turned slightly negative for the first time since last September, as 18% reported news of job gains compared with 20% who heard of job losses. What was distinctive about the current mix of economic news was the high proportion who cited negative reports about the interrelated issues of stock prices or international and trade concerns: these two issues were cited in September by one-in-four households.” Curtin reported, “Buying plans remained at favorable levels in the September survey. Although still positive, conditions for home buying eased in September, especially among households with incomes in the top third.” In September, consumers in all four regions reported a decrease in confidence. Midwestern consumers reported the largest decrease in confidence of 6.1 index-points, followed by the Northeastern region and Western region with a decrease in confidence of 5.6 index-points. The gap across regions decreased from last month to 2.8 index-points, with Northeastern consumers on top and Midwestern and Southern consumers on the bottom.

The revised estimate of real **Gross Domestic Product** for the second quarter of 2015 is \$16,333.6 billion (chained 2005 dollars), an increase of 3.9 percent at an annual rate. In the first quarter of 2015, real gross domestic product increased 0.6 percent. The increase in second quarter real GDP was mainly due to personal consumption expenditures, residential fixed investment, state and local government spending, and private inventory investment. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 3.6 percent in the second quarter, compared to a 1.8 percent increase in the first quarter. Real residential fixed investment increased 9.3 percent in the second quarter compared to an increase of 10.1 percent in the first quarter. Real nonresidential fixed investment increased 4.1 percent in the second quarter while real

equipment expenditures increased 0.3 percent. Real federal government expenditures remained unchanged in the second quarter, compared to a 1.1 percent increase in the first quarter. Real state and local government spending increased 4.3 percent in the second quarter, compared to a 0.8 percent decrease in the first quarter. Exports of goods and services increased 5.1 percent in the second quarter, compared to a 6.0 percent decrease in the first quarter. Imports increased 3.0 percent in the second quarter compared to an increase of 7.1 percent in the first quarter. Private inventory investment increased \$113.5 billion in the second quarter, following a \$112.8 billion increase in the first quarter. Real final sales increased 3.9 percent in the second quarter compared to a decrease of 0.2 percent in the first quarter. On the inflation front, the **implicit price deflator** increased 2.1 percent in the second quarter compared to a 0.1 percent increase observed in the first quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), decreased 0.2 percent in September, down from a 0.1 percent decrease in August. Energy prices decreased 4.7 percent in September, down from a 2.0 percent decrease in August, while the all-items less food and energy component increased 0.2 percent in September. Compared to September 2014, the all-items index remained unchanged. For major component groups, the unadjusted changes from one year ago were: food and beverages, 1.6 percent; medical care, 2.5 percent; apparel, -1.4 percent; education and communication, 0.4 percent; other goods and services, 1.8 percent; recreation, 0.6 percent; housing, 2.1 percent; and transportation, -8.6 percent, with gasoline prices down -29.6 percent.

Selected Key Interest Rates

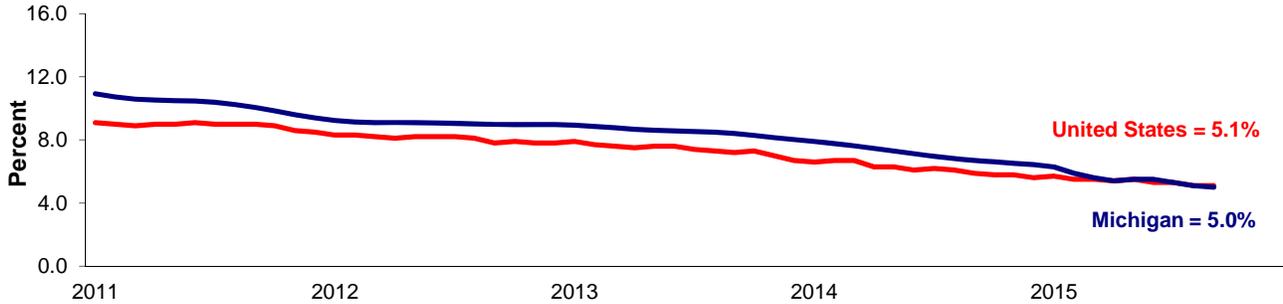


Source: Economic Indicators

Short-term **interest rates** decreased 0.03 percentage point in September as the 3-month Treasury bill (T-bill) rate was 0.06 percent. Compared to one year ago, the T-bill rate increased 0.04 percentage point. The Aaa corporate bond rate, a long-term interest rate, increased 0.03 percentage point to an interest yield of 4.07 percent in September. The Aaa bond yield was down 0.04 percentage point from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.01 percentage point from the August level to 3.56 percent in September and was up 0.01 percentage point from its year-ago level. The Federal Open Market Committee kept the target range for the federal funds rate between 0 and 0.25 percent at the September 17th meeting. The FOMC stated “the Committee today reaffirmed its view that the current 0 to ¼ percent target range for the federal funds rate remains appropriate. In determining how long to maintain this target range, the Committee will assess progress – both realized and expected – toward its objectives of maximum employment and 2 percent inflation.” The Committee “seeks to foster maximum employment and price stability.”

In September, the **U. S. unemployment rate** remained unchanged from a month ago at 5.1 percent and was 0.8 percentage point lower than a year ago. Civilian employment totaled 148.8 million persons in September. The number unemployed was 7.9 million nationwide.

Unemployment Rates 2011 - 2015

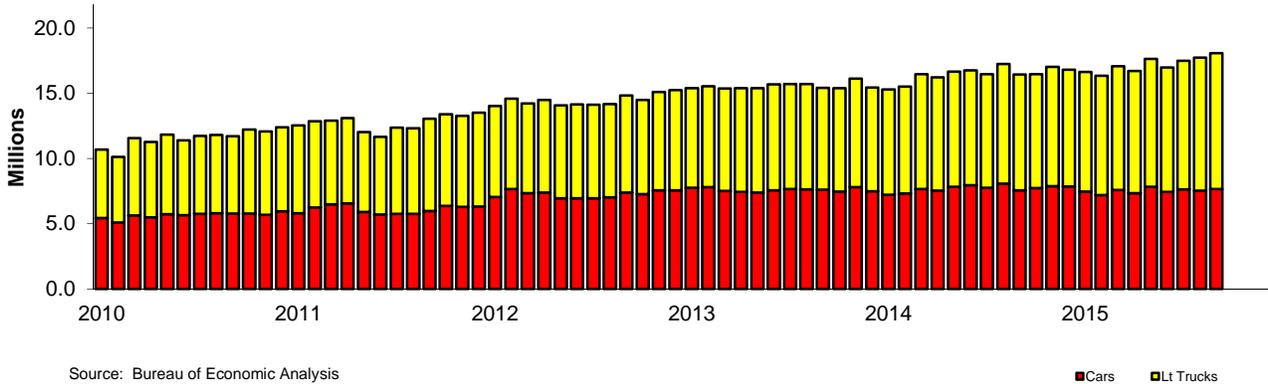


Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In September, the **Michigan jobless rate** decreased 0.1 percentage point to 5.0 percent from August. The September unemployment rate is 1.7 percentage points below the year ago level. This is the first month since August 2000 that the Michigan unemployment rate has been below the national average. In September, the labor force grew 3,000 to 4,732,000, while the number of people employed increased 10,000 to 4,497,000. In September, there were 235,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Motor Vehicle Sector

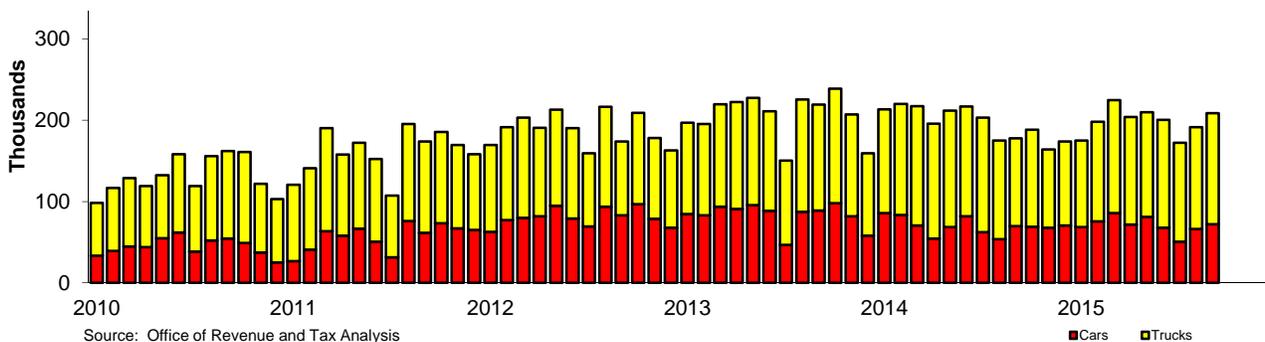
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) increased 1.9 percent in September compared to August, selling at an 18.1 million unit seasonally adjusted annual rate. Domestic car sales increased 2.6 percent from August while domestic light truck sales increased 5.1 percent. Import car sales decreased 1.5 percent while import light truck sales decreased 9.6 percent. Compared to last year, light vehicle sales increased 10.0 percent. Domestic car sales increased 3.1 percent from the year ago level while domestic light truck sales increased 16.2 percent. Import car sales were down 4.0 percent from last year while import truck sales increased 24.5 percent. As a result, the domestic share of U.S. light vehicle sales increased 0.4 percentage points from a year ago. For fiscal year 2015 year-to-date, domestic light vehicles recorded a 79.1 percent share of a 17.1 million-unit market.

Michigan motor vehicle production increased to 208,895 units in September from 191,675 units in August. From a year ago, motor vehicle production increased 18 percent in Michigan and increased 3 percent nationally. In September, Michigan's car production was 72,069 units while the state's truck production was 136,826 units. Compared with a year ago, car production increased 4 percent in Michigan but fell 7 percent nationwide. The state's truck production increased 27 percent while national truck production increased 8 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



**Summary Estimates of the Constitutional Revenue Limit
Based on the May 15, 2015 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

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

Sources:

Personal Income Estimate

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

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

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

Revenue Subject to the Limit

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

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

The FY 2014-15 calculation uses the May 15, 2015 Consensus Revenue Agreement.

Column detail may not add to totals due to rounding

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