



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

JOHN S. ROBERTS
DIRECTOR

October 28, 2016

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

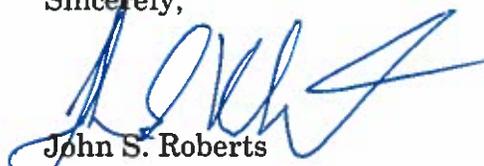
Dear Legislators:

Attached is the monthly financial report for the month ending September 30, 2016. 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

cc: 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 Emmitt, 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 2016
Projected Revenues and Expenditures
September 30, 2016
(\$ in millions)

FISCAL
2016

Beginning Balance, October 1, 2015	see one-time revenue
Current Year GF/GP Revenues, May 2016 Consensus Estimate	\$ 9,734.1
Revenue Adjustments:	
Local Government Program Payments	\$ (462.7)
General Fund share of HMO use tax collections - PA 161 of 2014	\$ 421.0
Other revenue adjustments	\$ 1.0
Subtotal Additional Revenue Adjustments	\$ (40.7)
Total FY Resources Available For Expenditure GF/GP - Ongoing	\$ 9,693.4
Expenditures, Current Law:	
FY 2016 Enacted with Vetoes	\$ 9,517.8
Total Expenditures Projected - Ongoing	\$ 9,517.8
Current Year Revenues minus Ongoing Costs	\$ 175.6
Beginning Balance (One-Time Revenue)	
Local Government Program Payments	\$ (5.8)
PA 268 of 2016	\$ (1.3)
IT Innovation Fund lapse to general fund	\$ 3.9
Total FY Resources Available For Expenditure GF/GP - One-Time	\$ 691.5
One-Time Spending Items:	
PA 79, PA 84, PA 143, PA 241, and PA 268 of 2015 PA 3, PA 24, PA 192, PA 249, and PA 268 of 2016	\$ 732.1
One-Time Revenue minus One-Time Spending	\$ (40.6)
Projected Ending Balance, September 30, 2016	\$ 135.0

**School Aid Fund
Fiscal Year 2016
Projected Revenues and Expenditures
September 30, 2016
(\$ in millions)**

**FISCAL
2016**

Beginning Balance , October 1, 2015		see one-time revenue
Current Year School Aid Fund Revenues, May 2016 Consensus Estimate	\$	12,067.4
Revenue Adjustments:		
Use Tax Revision (PA 161 of 2014)	\$	210.5
General Fund (PA 85 of 2015)	\$	45.9
General Fund Increase (PA 249 of 2016)	\$	9.2
Federal Revenue	\$	1,775.8
Subtotal Additional Revenue Adjustments	\$	2,041.4
Total FY Resources Available for Expenditure School Aid Fund	\$	14,108.8
School Aid Ongoing Costs		
PA 85 of 2015	\$	13,846.6
PA 249 of 2016	\$	(158.6)
Community Colleges Ongoing Costs		
PA 85 of 2015	\$	256.7
Universities Ongoing Costs		
PA 85 of 2015	\$	205.2
Total School Aid Fund Ongoing Costs Projected	\$	14,149.9
Current Year Revenues minus Ongoing Costs	\$	(41.1)
Beginning Balance (One-Time Revenue)		
	\$	190.2
One-Time Spending Items		
PA 85 of 2015 School Aid	\$	49.8
PA 139 of 2015 School Aid	\$	4.3
PA 249 of 2016 School Aid	\$	(9.2)
One-Time Revenue minus One-Time Spending	\$	145.3
Projected Ending Balance, September 30, 2016	\$	104.2

SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

September 30, 2016

(\$ IN MILLIONS)

FISCAL YEAR 2015

FISCAL YEAR 2016

Exp & Enc September 2015	Exp & Enc Yr-to-date FY 2015	Fiscal Year End***** SEP 30, 2015	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc September 2016	Exp & Enc Yr-to-date FY 2016
9.6	72.3	75.7	Agriculture and Rural Development	86.6	11.2	8.4	70.5
9.5	81.5	82.7	Attorney General	90.9	6.0	9.8	82.1
2.9	257.0	476.5	Capital Outlay**	324.0	(20.8)	2.8	247.4
1.7	14.8	15.2	Civil Rights	16.1	0.0	1.6	14.1
0.0	1,300.4	1,299.1	Colleges & Universities	1,460.7	10.5	2.3	1,451.6
200.4	1,887.4	1,971.9	Corrections	1,952.2	37.4	197.5	1,846.0
26.4	232.3	281.9	Education	305.9	42.9	34.0	256.8
18.2	152.3	163.5	Environmental Quality	463.7	82.5	22.3	276.2
0.8	5.8	5.7	Executive Office	5.5	0.0	0.6	5.1
2,335.7	22,189.3	23,498.2	Health and Human Services	24,967.9	303.2	2,112.2	22,206.5
6.0	47.7	50.6	Insurance and Financial Services	65.1	10.5	5.1	48.0
18.1	221.3	253.0	Judiciary	284.7	0.7	27.9	222.6
0.0	4.0	4.0	Land Bank Fast Track Authority	4.0	0.0	0.9	4.0
2.4	20.5	20.8	Legislative Auditor General	22.8	0.0	2.6	21.8
9.7	119.4	120.1	Legislature	133.4	4.4	11.9	121.4
(10.8)	317.9	261.0	Licensing and Regulatory Affairs	359.0	60.6	30.7	321.0
13.5	126.4	130.8	Military Affairs	140.7	19.3	20.7	137.1
11.2	86.2	91.3	Natural Resources	122.4	17.1	11.6	86.2
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
22.9	195.9	204.7	State	225.3	18.5	23.3	197.5
64.8	553.9	607.4	State Police	620.0	43.8	66.9	554.8
0.0	0.0	0.0	Talent and Economic Development	435.3	44.0	20.9	228.9
67.1	444.9	627.1	Technology, Management & Budget***	420.2	138.6	64.6	456.0
16.0	148.5	1.5	Transportation	398.5	0.0	20.7	327.2
59.3	1,850.2	3,168.1	Treasury****	1,879.3	238.7	50.1	2,087.6
1.6	216.2	221.1	Michigan Strategic Fund	171.3	0.0	0.0	170.8
\$2,887.2	\$30,546.1	\$33,631.8		\$34,955.4	\$1,069.0	\$2,749.3	\$31,441.1

*Includes boilerplate appropriations.

**Includes all capital outlay activity regardless of agency

***Includes Civil Service Commission

****Boilerplate 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.

*****FY15 Transportation and other agency expenditure totals within the September report are different as a result of changes in capital outlay appropriations.

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2016

September, 2016

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,794.5	104.7	16,899.2
Total state spending from state resources	30,216.6	214.8	30,431.4
Percentage of state spending from state resources paid to local units	55.58%		55.53%
Required payments to local units (48.97%)	14,797.1		14,902.3
Surplus/(deficit)	\$1,997.4		\$1,996.9

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 October 1, 2015 Through September 30, 2016
 (in thousands)

REVENUES

Miscellaneous	\$ <u>19,346</u>
Total Revenues	<u>19,346</u>

EXPENDITURES

Current:	
General government	<u>136</u>
Total Expenditures	<u>136</u>
Excess of Revenues over (under) Expenditures	<u>19,210</u>

OTHER FINANCING SOURCES (USES)

Transfers from other funds	95,000
Transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>95,000</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 114,210</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, 2015 through September 30, 2016
 (in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>56,405</u>
Total Revenues		<u>56,405</u>

EXPENDITURES

Current:		
General government		2,755
Conservation, environment, recreation, and agriculture		7,779
Capital outlay		<u>6,952</u>
Total Expenditures		<u>17,487</u>
Excess of Revenues over (under) Expenditures		<u>38,918</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues		-
Proceeds from sale of capital assets		67
Transfers from other funds		-
Transfers to other funds		<u>(19)</u>
Total Other Financing Sources (Uses)		<u>48</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		<u>\$ 38,967</u> ¹

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

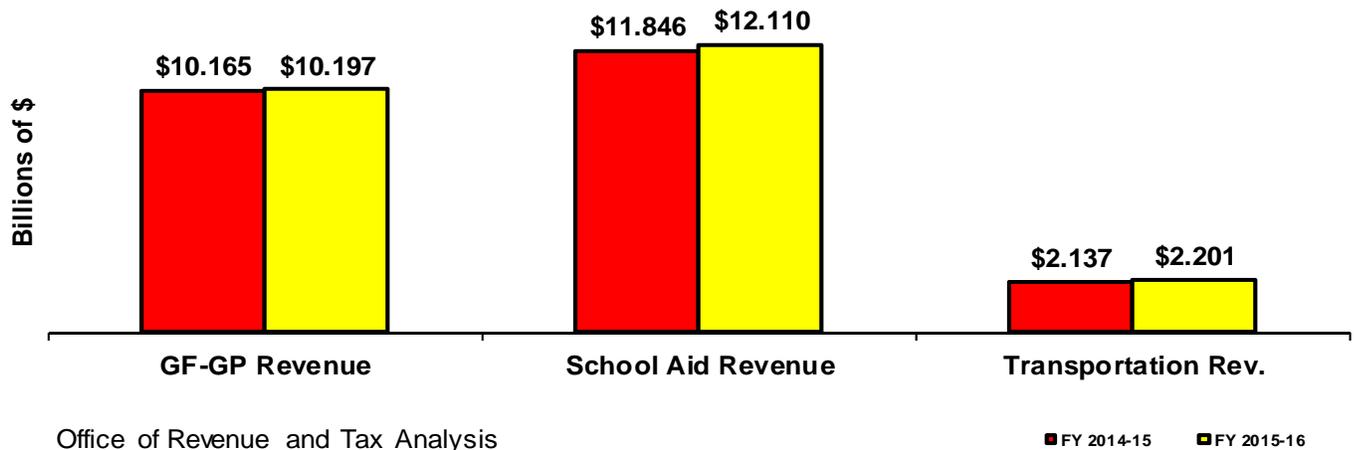
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for September 2016, representing some August 2016 and some September 2016 economic activity in Michigan.

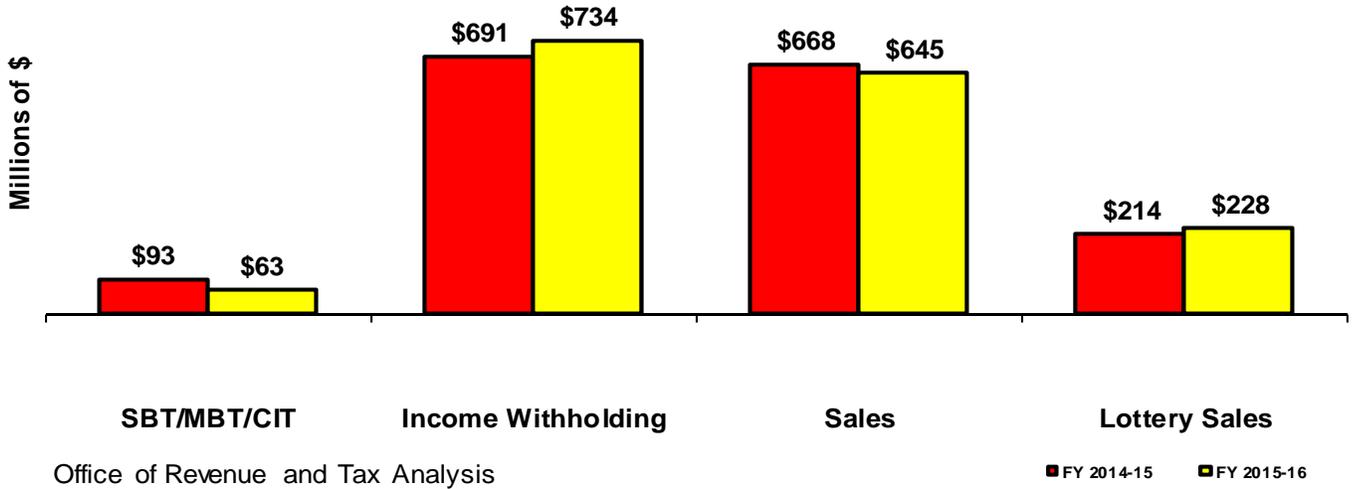
Total General Fund - General Purpose cash collections were \$22.2 million (2.0 percent) lower in September 2016 than in September 2015. The September 2016 School Aid Fund cash collections were \$10.4 million (0.8 percent) higher than in September 2015. September 2016 transportation collections were \$0.7 million (0.4 percent) lower than in September 2015 (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 \$31.5 million (0.3 percent) from a year ago. School Aid Fund cash collections are up \$264.1 million (2.2 percent) and transportation collections are up \$64.3 million (3.0 percent).

The FY 2015-16 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 17, 2016. The revenue estimate for net General Fund – General Purpose revenue for FY 2015-16 is \$9,734.1 million and the net School Aid revenue forecast is \$12,067.4 million. The Transportation Funds revenue forecast is \$2,286.2 million. The next regularly scheduled Consensus Revenue Estimating Conference will be in January 2017.

**October through September Collections
FY 2014-15 and FY 2015-16**



September Revenue Collections FY 2014-15 and FY 2015-16



October through September Collections FY 2014-15 and FY 2015-16



Revenue Summary FY 2015-16
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: September 30, 2016

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH SEPTEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
September		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2014-15	FY 2015-16	FY 2015-16
2015	2016	Amount	Percent		FY 2014-15	FY 2015-16	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2016 Consensus
Income Taxes											
\$691,442	\$733,984	\$42,541	6.2%	Withholding	\$8,664,787	\$9,200,361	\$535,574	6.2%	\$8,678,300	\$8,898,300	\$9,216,800
245,400	246,098	698	0.3%	Quarterlies	1,034,450	1,063,465	29,015	2.8%	1,037,900	982,400	1,058,400
23,628	20,594	(3,035)	-12.8%	Annuals	938,456	926,986	(11,470)	-1.2%	956,600	879,000	900,000
960,470	1,000,675	40,204	4.2%	Gross Collections	10,637,693	11,190,812	553,119	5.2%	\$10,672,800	\$10,759,700	\$11,175,200
(16,743)	32,487	49,230	na	Less: Refunds	1,744,558	1,858,295	113,738	6.5%	1,693,300	1,820,000	1,774,000
0	0	0	na	State Campaign Fund	0	0	0	na	0	800	800
977,213	968,188	(9,025)	-0.9%	Net Personal Income	8,893,135	9,332,517	439,382	4.9%	\$8,979,500	\$8,938,900	\$9,400,400
216,764	225,032	8,268	3.8%	Less: Disbursements to SAF	2,435,962	2,560,497	124,535	5.1%	\$2,519,300	\$2,561,900	\$2,660,800
\$760,449	\$743,156	(\$17,294)	-2.3%	NET PERSONAL INCOME TO GF-GP	\$6,457,173	\$6,772,019	\$314,846	4.9%	\$6,460,200	\$6,377,000	\$6,739,600
Consumption Taxes											
\$105,656	\$102,760	(\$2,896)	-2.7%	Sales (a)	\$1,143,967	\$1,149,351	\$5,384	0.5%	\$1,118,800	\$1,247,100	\$1,153,900
115,180	121,878	6,699	5.8%	Use (f)	1,338,772	1,336,660	(2,112)	-0.2%	958,200	898,900	863,600
16,571	18,077	1,506	9.1%	Tobacco	187,735	190,595	2,860	1.5%	188,100	180,500	188,800
4,451	5,065	614	13.8%	Beer, Wine & Mixed Spirits	44,693	51,842	7,149	16.0%	46,700	52,500	52,000
3,884	5,223	1,339	34.5%	Liquor Specific	45,318	48,732	3,415	7.5%	49,600	48,000	51,500
\$245,742	\$253,004	\$7,262	3.0%	TOTAL CONSUMPTION TAXES	\$2,760,484	\$2,777,179	\$16,695	0.6%	\$2,361,400	\$2,427,000	\$2,309,800
Other Taxes											
(\$26,115)	\$3,595	\$29,710	na	Single Business	\$2,821	(\$5,876)	(\$8,696)	na	\$3,900	(\$10,000)	(\$10,000)
1,288	(8,961)	(10,249)	na	Insurance Premiums Taxes	359,905	303,348	(56,556)	-15.7%	322,400	412,500	316,000
(24,827)	(5,366)	19,462	78.4%	Sub-total SBT & Insurance	362,725	297,473	(65,253)	-18.0%	326,300	402,500	306,000
7,016	(35,108)	(42,125)	na	Michigan Business Tax	(853,706)	(1,034,381)	(180,675)	-21.2%	(639,400)	(889,400)	(1,031,000)
112,270	94,792	(17,478)	-15.6%	Corporate Income Tax	1,012,471	921,429	(91,042)	-9.0%	1,077,700	1,060,200	932,000
3	0	(3)	-100.0%	Inheritance / Estate	(136)	20	157	na	0	0	0
295	1	(295)	-99.7%	Telephone & Telegraph	44,811	36,911	(7,900)	-17.6%	41,800	46,000	42,000
2,044	2,213	169	8.3%	Oil & Gas Severance	32,293	19,909	(12,385)	-38.4%	30,400	41,300	20,400
(18,566)	7,275	25,842	na	Penalties & Interest	117,741	99,873	(17,869)	-15.2%	124,600	139,500	115,000
0	3,068	3,068	na	Essential Services Assessment	0	66,459	66,459	na	0	55,000	55,000
150	(2,003)	(2,153)	na	Miscellaneous Other/Railroad	2,520	8	(2,513)	-99.7%	2,600	1,500	1,500
(11,583)	(12,250)	(667)	-5.8%	Treasury Enforcement Programs (e)	(137,750)	(143,750)	(6,000)	-4.4%	(149,300)	(140,000)	(147,000)
\$66,800	\$52,621	(\$14,179)	-21.2%	TOTAL OTHER TAXES	\$580,970	\$263,950	(\$317,020)	-54.6%	\$814,700	\$716,600	\$293,900
\$1,072,991	\$1,048,781	(\$24,210)	-2.3%	SUBTOTAL GF-GP TAXES	\$9,798,627	\$9,813,149	\$14,522	0.1%	\$9,636,400	\$9,520,600	\$9,343,300

continued

Revenue Summary FY 2015-16
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: September 30, 2016

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH SEPTEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
September		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2014-15	FY 2015-16	FY 2015-16
2015	2016	Amount	Percent		FY 2014-15	FY 2015-16	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2016 Consensus
Non-Tax Revenue (e)											
\$2,500	\$2,917	\$417	16.7%	Federal Aid	\$27,500	\$31,250	\$3,750	13.6%	\$38,500	\$30,000	\$35,000
83	8	(75)	-90.0%	Local Agencies	1,000	325	(675)	-67.5%	0	100	100
667	625	(42)	-6.2%	Services	8,500	8,125	(375)	-4.4%	7,200	8,000	7,500
1,083	958	(125)	-11.5%	Licenses & Permits	12,250	11,125	(1,125)	-9.2%	11,500	13,000	11,500
(224)	(224)	0	0.0%	Investments/Interest Costs	(396)	(1,302)	(906)	na	400	(2,000)	(1,000)
6,783	6,433	(350)	-5.2%	Misc. Non-tax Revenue	86,300	83,150	(3,150)	-3.7%	75,100	78,700	77,200
14,875	16,333	1,458	9.8%	Liquor Purchase Revolving Fund	176,875	190,000	13,125	7.4%	194,700	182,500	196,000
4,667	5,375	708	15.2%	From Other Funds-Lottery & Escheats	54,750	61,125	6,375	11.6%	70,600	51,000	64,500
\$30,434	\$32,426	\$1,992	6.5%	TOTAL NON-TAX REVENUE	\$366,779	\$383,798	\$17,019	4.6%	\$398,000	\$361,300	\$390,800
\$1,103,426	\$1,081,207	(\$22,219)	-2.0%	TOTAL GF-GP REVENUE	\$10,165,406	\$10,196,947	\$31,541	0.3%	\$10,034,400	\$9,881,900	\$9,734,100
School Aid Fund											
\$274,675	\$265,345	(\$9,330)	-3.4%	Sales Tax 4%	\$3,001,720	\$2,999,222	(\$2,498)	-0.1%	2,960,100	3,196,200	2,990,000
210,694	203,184	(7,510)	-3.6%	Sales Tax 2%	2,310,243	2,284,266	(25,977)	-1.1%	2,305,500	2,494,600	2,326,700
57,590	60,939	3,349	5.8%	Use Tax 2% (f)	669,386	668,330	(1,056)	-0.2%	476,400	497,500	480,000
400,680	408,656	7,976	2.0%	State Education Property Tax	1,840,063	1,882,011	41,948	2.3%	1,857,600	1,861,900	1,894,100
23,375	27,899	4,524	19.4%	Real Estate Transfer Tax	264,752	275,553	10,801	4.1%	258,400	268,400	276,000
65,000	63,000	(2,000)	-3.1%	Lottery Transfer (b)	731,759	839,118	107,358	14.7%	784,100	791,000	850,000
8,052	8,409	357	4.4%	Casino Wagering Tax	110,528	112,852	2,324	2.1%	110,800	112,700	112,000
3,824	5,151	1,327	34.7%	Liquor Excise Tax	44,822	48,078	3,256	7.3%	49,100	47,600	51,100
33,641	36,699	3,058	9.1%	Cigarette/Tobacco Tax	381,131	386,937	5,805	1.5%	363,900	341,600	361,400
6,280	6,537	257	4.1%	Indus. & Comm. Facilities Taxes	35,133	34,724	(409)	-1.2%	34,700	37,600	36,000
1,372	1,523	152	11.1%	Specific Other	20,254	18,316	(1,939)	-9.6%	27,300	31,900	29,300
216,764	225,032	8,268	3.8%	Income Tax Earmarking	2,435,962	2,560,497	124,535	5.1%	\$2,519,300	\$2,561,900	\$2,660,800
\$1,301,946	\$1,312,375	\$10,429	0.8%	TOTAL SCHOOL AID FUND	\$11,845,754	\$12,109,903	\$264,149	2.2%	\$11,747,100	\$12,242,900	\$12,067,400
\$668,485	\$645,426	(\$23,060)	-3.4%	SALES TAX 6%	\$7,313,110	\$7,282,970	(\$30,140)	-0.4%	\$7,246,400	\$7,821,700	\$7,310,000
457,792	442,242	(15,550)	-3.4%	SALES TAX 4%(d)	5,002,867	4,998,704	(4,163)	-0.1%	4,940,900	5,327,100	4,983,300
210,694	203,184	(7,510)	-3.6%	SALES TAX 2%	2,310,243	2,284,266	(25,977)	-1.1%	2,305,500	2,494,600	2,326,700
172,769	190,851	18,081	10.5%	USE TAX 6% (f) (i)	2,008,158	2,101,389	93,232	4.6%	1,434,600	1,396,400	1,440,000
83,270	90,840	7,570	9.1%	TOBACCO TAXES	943,394	957,764	14,370	1.5%	953,600	913,800	957,100
0	0	0	na	TOBACCO SETTLEMENT	190,989	189,031	(1,957)	-1.0%	na	na	na

continued

Revenue Summary FY 2015-16
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: September 30, 2016

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH SEPTEMBER CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
September		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2014-15	FY 2015-16	FY 2015-16	
2015	2016	Amount	Percent		FY 2014-15	FY 2015-16	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2016 Consensus	
Major Transportation Revenues												
\$10,767	\$10,522	(\$245)	-2.3%	Diesel Fuel / Motor Carrier Fuel Tax	\$135,961	\$140,510	\$4,549	3.3%	\$136,714	\$132,500	\$139,500	
76,620	77,799	1,179	1.5%	Gasoline	865,007	889,879	24,873	2.9%	866,609	811,500	856,000	
80,500	80,059	(441)	-0.5%	Motor Vehicle Registration	977,938	1,017,929	39,990	4.1%	978,146	966,000	1,015,000	
4,665	4,454	(211)	-4.5%	Other Taxes, Fees & Misc.	51,718	52,766	1,048	2.0%	132,672	178,263	182,305	
8,746	7,784	(963)	-11.0%	Comprehensive Transportation (c)	106,198	100,035	(6,163)	-5.8%	91,516	110,719	93,405	
<u>\$181,298</u>	<u>\$180,617</u>	<u>(\$681)</u>	<u>-0.4%</u>	TOTAL MAJOR TRANS. REVENUES	<u>\$2,136,822</u>	<u>\$2,201,120</u>	<u>\$64,298</u>	<u>3.0%</u>	<u>\$2,205,657</u>	<u>\$2,198,982</u>	<u>\$2,286,210</u>	
Lottery Sales By Games												
81,230	92,115	10,885	13.4%	Instant Games (g)	1,021,512	1,170,170	148,659	14.6%	na	na	na	
55,660	58,611	2,951	5.3%	Daily Games	739,210	773,963	34,753	4.7%	na	na	na	
24,884	24,868	(16)	-0.1%	Lotto and Big Game (g)	338,444	435,266	96,822	28.6%	na	na	na	
751	693	(58)	-7.8%	Keno Game	9,573	9,319	(254)	-2.7%	na	na	na	
1,152	933	(219)	-19.0%	Other	16,021	16,294	273	1.7%	na	na	na	
49,352	50,048	696	1.4%	Club Games	610,467	650,457	39,990	6.6%	na	na	na	
<u>\$214,485</u>	<u>\$228,413</u>	<u>\$13,928</u>	<u>6.5%</u>	TOTAL LOTTERY SALES	<u>\$2,750,752</u>	<u>\$3,072,058</u>	<u>\$321,307</u>	<u>11.7%</u>	<u>na</u>	<u>na</u>	<u>na</u>	

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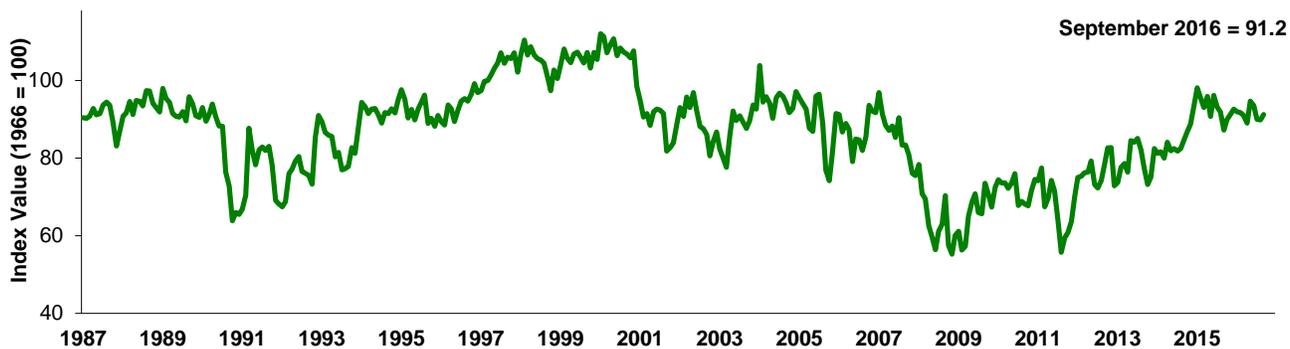
- a GF-GP Sales has been adjusted based on Comprehensive Transportation Fund, Health Initiative, and Constitutional Revenue shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the School Aid Fund transfer. The transfers shown are actual transfers 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 Lottery Sales include iLottery net win amounts for Instant Games and Lotto and Big Game, beginning in October 2014 and January 2016, respectively.
- h Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.
- i Use tax collections include the Local Community Stabilization Share. Per 2014 Public Act 80, the fiscal year 2016 Local Community Stabilization Share is \$96.4M.

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

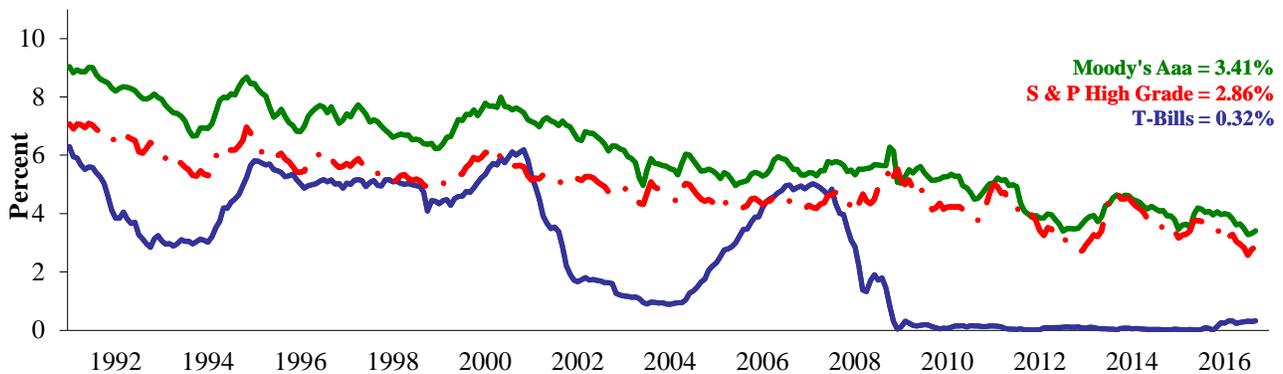
The **Index of Consumer Sentiment** increased in September to 91.2 index-points, 1.4 index-points above the August value and 4.0 index-points above September 2015. For the September survey, Survey Director Richard Curtin reported, “Confidence edged upward in late September due to gains among higher income households, while the Sentiment Index among households with incomes under \$75,000 has remained at exactly the same level for the third consecutive month. All of the September gains were concentrated in the Expectations Index, while assessments of current economic conditions were slightly less favorable. Fewer reports of recent income gains were counterbalanced by an uptick in income gains expected during the year ahead. The larger recent gains among upper income households was partly due to continued declines in their inflation expectations.” Curtin noted, “The slightly improved outlook for the economy came despite unchanged job prospects and the expectation of rising interest rates. Buying plans edged downward mainly due to the declining availability of price discounts. Interestingly, although rising interest rates were widely expected, there was no increase in the borrowing-in-advance rationales.” On purchasing plans, Curtin observed, “Buying plans have increasingly depended on low interest rates as perceptions of attractive prices have reached record lows. Just 20% cited attractively low vehicle prices in September; the last time that same low was recorded was sixteen years ago, and the last time a smaller proportion was recorded was over thirty years ago.” In September, consumers in two regions reported an increase in confidence. Western consumers reported the largest increase in confidence of 10.6 index-points, followed by Midwestern consumers with an increase of 2.4 index-points. The gap across regions increased from last month to 12.6 index-points, with Northeastern consumers on top and Southern consumers on the bottom.

The revised estimate of real **Gross Domestic Product** for the second quarter of 2016 is \$16,583.1 billion (chained 2009 dollars), an increase of 1.4 percent at an annual rate. In the first quarter of 2016, real gross domestic product increased 0.8 percent. The increase in second quarter real GDP was mainly due to personal consumption expenditures and exports. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 4.3 percent in the second quarter, compared to a 1.6 percent increase in the first quarter. Real residential fixed investment decreased 7.7 percent in the second quarter compared to an increase of 7.8 percent in the first quarter. Real nonresidential fixed investment decreased 1.1 percent in the second quarter while real equipment expenditures decreased 2.9 percent. Real federal government spending decreased 0.4

percent in the second quarter, compared to a 1.5 percent decrease in the first quarter. Real state and local government spending decreased 2.5 percent in the second quarter, compared to a 3.5 percent increase in the first quarter. Exports of goods and services increased 1.8 percent in the second quarter, compared to a 0.7 percent decrease in the first quarter. Imports increased 0.2 percent in the second quarter, compared to a decrease of 0.6 percent in the first quarter. Private inventory investment decreased \$50.2 billion in the second quarter, following a \$16.2 billion decrease in the first quarter. Real final sales increased 2.4 percent in the second quarter compared to an increase of 1.2 percent in the first quarter. On the inflation front, the **implicit price deflator** increased 2.3 percent in the second quarter compared to a 0.5 percent increase observed in the first quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.3 percent in September, up from a 0.2 percent increase in August. Energy prices increased 2.9 in September, after no change in August, while the all-items less food and energy component increased 0.1 percent in September. Compared to September 2015, the all-items index increased 1.5 percent. For major component groups, the changes from one year ago were: food and beverages, -0.2 percent; medical care, 4.9 percent; apparel, 0.2 percent; education and communication, 0.1 percent; other goods and services, 2.2 percent; recreation, 0.8 percent; housing, 2.7 percent; and transportation, -1.1 percent, with gasoline prices down -6.5 percent.

Selected Key Interest Rates

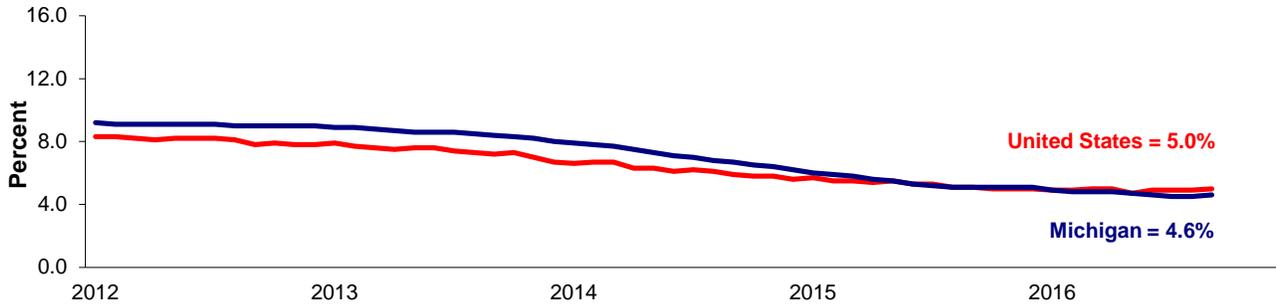


Source: Economic Indicators

Short-term **interest rates** increased 0.02 percentage point in September as the 3-month Treasury bill (T-bill) rate was 0.32 percent. Compared to one year ago, the T-bill rate increased 0.26 percentage point. The Aaa corporate bond rate, a long-term interest rate, increased 0.09 percentage point to an interest yield of 3.41 percent in September. The Aaa bond yield was down 0.66 percentage point from its year-ago level. The interest rate on High-grade municipal bonds increased 0.09 percentage point from the August level to 2.86 percent in September and was down 0.70 percentage point from its year-ago level. The Federal Open Market Committee (FOMC), given the economic outlook, decided to maintain the target range for the federal funds rate at 0.25-0.50 percent for the September 21st meeting. The FOMC stated "In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to 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** increased 0.1 percentage point from a month ago to 5.0 percent and was 0.1 percentage point lower than a year ago. Civilian employment totaled 152.0 million persons in September. The number unemployed was 7.9 million nationwide.

Unemployment Rates 2012 - 2016

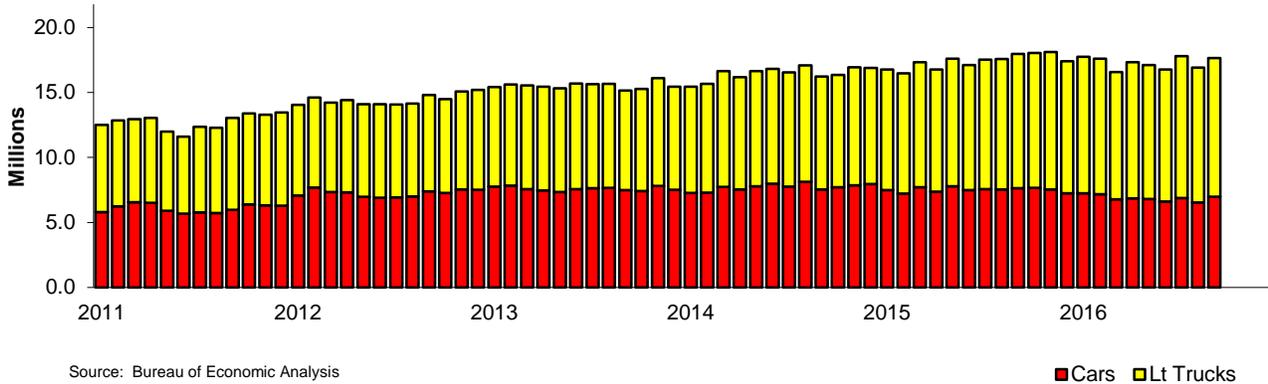


Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In September, the **Michigan jobless rate** increased 0.1 percentage point to 4.6 percent. The September unemployment rate is 0.5 percentage point below the year ago level. In September, the labor force rose 14,000 to 4,819,000, while the number of people employed increased 11,000 to 4,599,000. In September, there were 220,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Motor Vehicle Sector

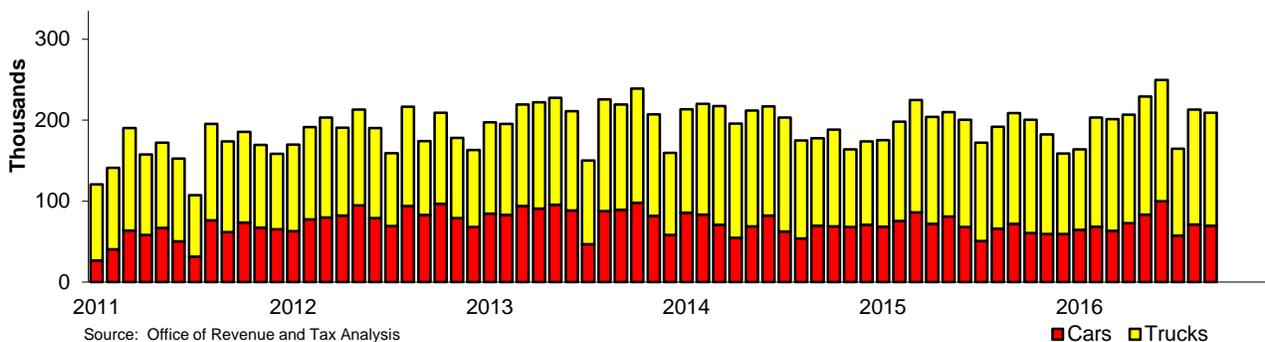
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) increased 4.4 percent in September compared to August, selling at a 17.7 million unit seasonally adjusted annual rate. Domestic car sales increased 8.5 percent from August while domestic light truck sales increased 4.4 percent. Import car sales increased 2.4 percent while import light truck sales decreased 3.5 percent. Compared to last year, light vehicle sales decreased 1.8 percent. Domestic car sales decreased 7.6 percent from the year ago level while domestic light truck sales increased 0.5 percent. Import car sales were down 11.1 percent from last year while import truck sales increased 15.1 percent. As a result, the domestic share of U.S. light vehicle sales decreased 0.7 percentage point from a year ago. For fiscal year 2016 year-to-date, domestic light vehicles recorded a 78.0 percent share of a 17.4 million-unit market.

Michigan motor vehicle production decreased to 208,976 units in September from 213,188 units in August. From a year ago, motor vehicle production remained unchanged in Michigan and increased 4 percent nationally. In September, Michigan's car production was 69,529 units while the state's truck production was 139,447 units. Compared with a year ago, car production decreased 4 percent in Michigan and rose 1 percent nationwide. The state's truck production increased 2 percent while national truck production increased 6 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 17, 2016 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2013-14 Actual	Fiscal Year 2014-15 Actual	Fiscal Year 2015-16 Estimate
Applicable Calendar Year Personal Income	\$378,443	\$386,471	\$403,726
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$35,914.2</u>	<u>\$36,676.1</u>	<u>\$38,313.6</u>
Revenue Limit	\$35,914.2	\$36,676.1	\$38,313.6
State Revenue Subject to Limit	<u>\$27,432.5</u>	<u>\$29,277.6</u>	<u>\$29,010.0</u>
Amount Under (Over) Limit	\$8,481.7	\$7,398.5	\$9,303.6

Sources:

Personal Income Estimate

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).

The FY 2015-16 calculation uses the official personal income estimate for calendar year 2014 (Survey of Current Business, October 2015).

Revenue Subject to the Limit

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 State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2015.

The FY 2015-16 calculation uses the May 17, 2016 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