



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN S. ROBERTS
DIRECTOR

October 31, 2014

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

The Honorable Joseph Haveman, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

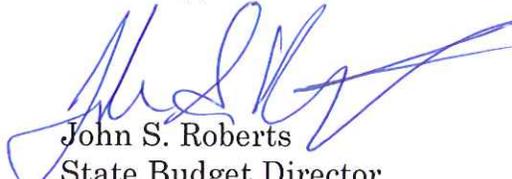
Dear Legislators:

Attached is the monthly financial report for the month ending September 30, 2014. 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	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	Beth Clement, Deputy Chief of Staff
Tim Greimel, House Min. Leader	Dick Posthumus, Executive Office
Senate Appropriations Committee	Mike Moody, Office of Financial Management
House Appropriations Committee	Nancy Duncan, Deputy State Budget Director
Senate Fiscal Agency	Internal State Budget Office Distribution

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2014
Projected Revenues and Expenditures
September 30, 2014
(\$ in millions)

FISCAL
2014

Beginning Balance, October 1, 2013	see one-time revenue
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Current Year GF/GP Revenues, May 2014 Consensus Estimate	\$	9,319.3
HMO use tax/health insurance claims assessment- Public Acts 161/162 of 2014	\$	171.8
Revenue Adjustments:		
Local Government Program Payments	\$	(370.6)
Other revenue adjustments	\$	2.5
Subtotal Additional Revenue Adjustments	\$	(368.1)
Total FY Resources Available For Expenditure GF/GP - Ongoing		9,123.0

Expenditures, Current Law:		
FY 2014 Enacted with Vetoes	\$	9,055.0
Total Expenditures Projected - Ongoing	\$	9,055.0

Current Year Revenues minus Ongoing Costs	\$	68.0
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Beginning Balance (One-Time Revenue)	\$	1,186.6
Local Government Program Payments	\$	(26.0)
Total FY Resources Available For Expenditure GF/GP - One-Time	\$	1,160.6

One-Time Spending Items:		
PA 59, PA 60, PA 97, PA 102, and PA 107 of 2013; PA 134, PA 181, PA 196, and PA 296 of 2014	\$	862.7
Consensus forecasts - Medicaid and Human Services caseloads	\$	(59.6)
Estimated lapses	\$	(10.0)
One-Time Revenue minus One-Time Spending	\$	367.5

Projected Ending Balance, September 30, 2014	\$	435.5
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Fiscal Year 2014
Projected Revenues and Expenditures
September 30, 2014
(\$ in millions)

FISCAL
2014

Beginning Balance , October 1, 2013		see one-time revenue
Current Year School Aid Fund Revenues, May 2014 Consensus Estimate		
	\$	11,496.3
Revenue Adjustments:		
Use Tax Revision (PA 161 of 2014)	\$	85.9
Sales Tax Revision (PA 248 of 2014)	\$	(0.1)
MPSERS Reserve Fund	\$	156.0
General Fund	\$	180.0
General Fund Revision (PA 196 of 2014)	\$	(85.0)
Federal Revenue	\$	1,764.4
Federal Revenue Supplemental (PA 116 of 2014)	\$	51.7
Subtotal Additional Revenue Adjustments	\$	2,153.0
Total FY Resources Available for Expenditure School Aid Fund		
	\$	13,649.3
School Aid Ongoing Costs		
PA 60 of 2013	\$	13,168.8
PA 116 of 2014	\$	(57.6)
Anticipated Lapses	\$	(18.0)
Community Colleges Ongoing Costs		
PA 60 of 2013	\$	197.6
Universities Ongoing Costs		
PA 60 of 2013	\$	200.5
Total School Aid Fund Ongoing Costs Projected		
	\$	13,491.3
Current Year Revenues minus Ongoing Costs		
	\$	157.9
Beginning Balance (One-Time Revenue)		
	\$	292.0
General Fund One-Time Transfer (as amended by PA 97 of 2013)	\$	54.9
Revised Beginning Balance	\$	346.9
One-Time Spending Items		
PA 60 of 2013	\$	193.0
PA 97 of 2013	\$	4.9
PA 116 of 2014	\$	13.2
One-Time Revenue minus One-Time Spending		
	\$	135.9
Projected Ending Balance, September 30, 2014		
	\$	293.8

SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

September 30, 2014

(\$ IN MILLIONS)

FISCAL YEAR 2013

FISCAL YEAR 2014

Exp & Enc September 2013	Exp & Enc Yr-to-date FY 2013	Fiscal Year End SEP 30, 2013	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc September 2014	Exp & Enc Yr-to-date FY 2014
7.9	67.8	70.5	Agriculture and Rural Development	79.9	11.2	7.9	67.6
8.8	77.3	80.9	Attorney General	87.9	5.0	8.9	80.1
6.5	254.8	255.7	Capital Outlay**	319.6	129.4	60.4	311.5
1.2	13.3	13.7	Civil Rights	15.2	0.0	1.5	13.7
2.4	1,303.2	1,296.3	Colleges & Universities	1,368.5	0.0	2.3	1,362.5
1,186.0	13,286.6	14,056.7	Community Health	15,299.5	1,755.7	1,378.5	14,534.9
175.6	1,890.8	1,947.9	Corrections	2,032.6	11.5	205.8	1,901.8
19.9	240.3	562.5	Education	378.5	(65.9)	21.5	223.1
17.8	148.3	156.6	Environmental Quality	486.5	35.7	19.3	244.8
0.5	5.9	4.7	Executive Office	5.4	0.2	1.1	5.7
502.8	5,740.5	5,895.0	Human Services	5,985.0	275.4	428.5	5,310.4
0.0	0.0	0.0	Insurance and Financial Services	75.3	17.4	8.1	59.5
16.4	212.9	242.2	Judiciary	283.4	1.5	18.3	217.3
0.0	0.0	0.0	Land Bank Fast Track Authority	0.0	1.8	0.0	1.8
2.2	19.9	20.0	Legislative Auditor General	21.0	0.0	2.1	20.0
9.1	103.1	104.4	Legislature	123.8	0.4	10.9	112.2
29.7	310.6	319.0	Licensing and Regulatory Affairs	305.5	44.7	24.7	287.1
13.2	125.4	130.9	Military Affairs	138.1	14.2	14.1	125.3
6.4	67.7	69.7	Natural Resources	105.1	6.5	9.1	67.8
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
20.8	181.7	189.9	State	219.5	10.2	25.1	191.8
59.2	503.4	537.5	State Police	605.7	27.1	62.6	530.9
43.7	407.2	473.3	Technology, Management & Budget***	342.6	618.1	582.1	889.2
-1.3	21.7	23.0	Transportation	121.3	100.3	(33.3)	165.0
38.9	1,824.1	2,663.0	Treasury	1,701.4	97.7	46.4	1,679.9
3.8	169.9	157.1	Michigan Strategic Fund	218.2	24.7	2.9	212.6
\$2,171.6	\$26,976.4	\$29,270.5		\$30,319.5	\$3,122.6	\$2,908.8	\$28,616.1

*Includes boilerplate appropriations.

**Includes all capital outlay activity regardless of agency

NOTE: Expenditures and appropriations restated in September due to section 248 reclassification of operating accounts to capital outlay accounts.

***Includes Civil Service Commission

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2014

September, 2014

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,900.2	103.3	16,003.5
Total state spending from state resources	29,133.1	181.7	29,314.8
Percentage of state spending from state resources paid to local units	54.58%		54.59%
Required payments to local units (48.97%)	14,266.5		14,355.5
Surplus/(deficit)	\$1,633.7		\$1,648.0

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 October 1, 2013 Through September 30, 2014
 (in thousands)

REVENUES

Miscellaneous	\$ <u>421</u>
Total Revenues	<u>421</u>

EXPENDITURES

Current:	
General government	<u>-</u>
Total Expenditures	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>421</u>

OTHER FINANCING SOURCES (USES)

Transfers from other funds	75,000
Transfers to other funds	<u>(194,800)</u>
Total Other Financing Sources (Uses)	<u>(119,800)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ (119,379) ¹</u>

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, 2013 Through September 30, 2014
 (in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>46,303</u>
Total Revenues		<u>46,303</u>

EXPENDITURES

Current:		
General government		1,812
Conservation, environment, recreation, and agriculture		2,043
Capital outlay		<u>35,049</u>
Total Expenditures		<u>38,904</u>
Excess of Revenues over (under) Expenditures		<u>7,399</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues		-
Proceeds from sale of capital assets		16
Transfers from other funds		-
Transfers to other funds		<u>(17)</u>
Total Other Financing Sources (Uses)		<u>(1)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	<u><u>7,398</u></u> ¹

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

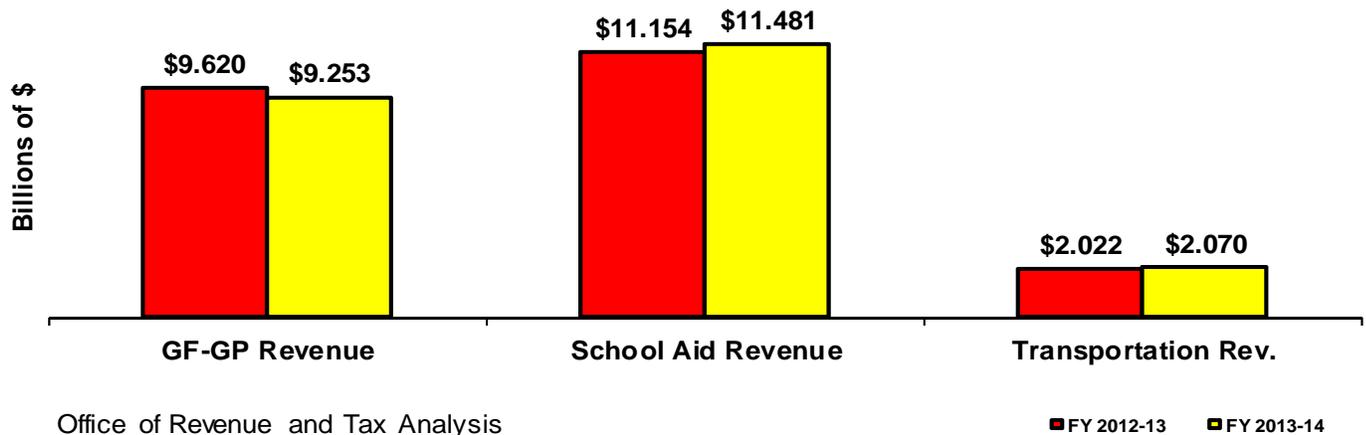
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for September 2014, representing some August 2014 and some September 2014 economic activity in Michigan.

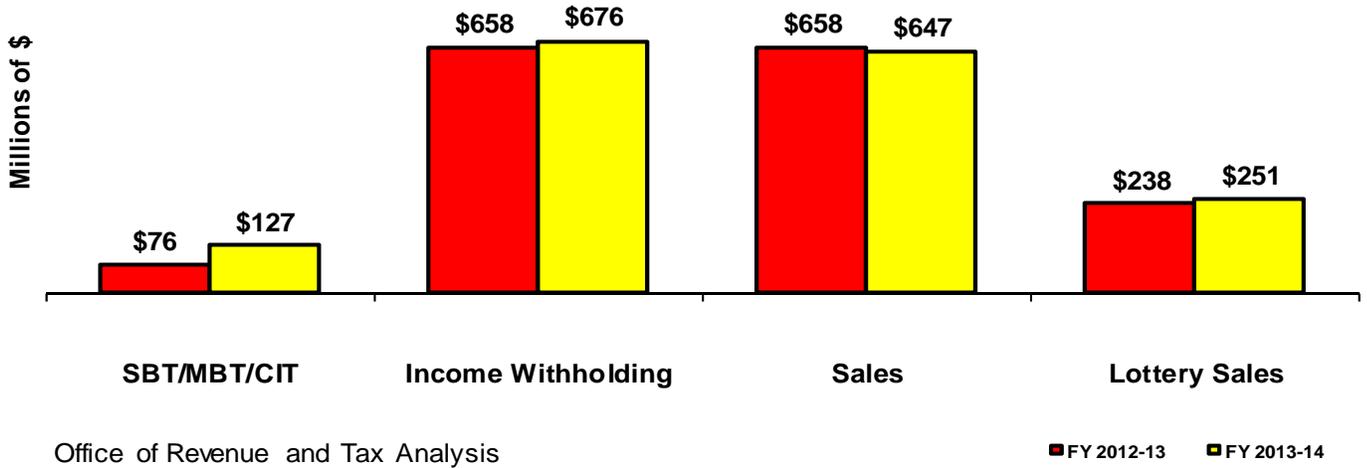
Total General Fund - General Purpose cash collections were \$21.3 million (2.1 percent) higher in September 2014 than in September 2013. The September 2014 School Aid Fund cash collections were \$185.1 million (15.6 percent) higher than in September 2013. September 2014 transportation collections were \$6.8 million (4.0 percent) higher than in September 2013 (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 down \$367.5 million (3.8 percent) from a year ago. School Aid Fund cash collections are up \$326.8 million (2.9 percent) and transportation collections are up \$48.3 million (2.4 percent).

The FY 2013-14 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 15, 2014. The revenue estimate for net General Fund – General Purpose revenue for FY 2013-14 is \$9,319.3 million and the net School Aid revenue forecast is \$11,496.3 million. The Transportation Funds revenue forecast is \$2,160.7 million. The next regularly scheduled Consensus Revenue Estimating Conference will be in January 2015.

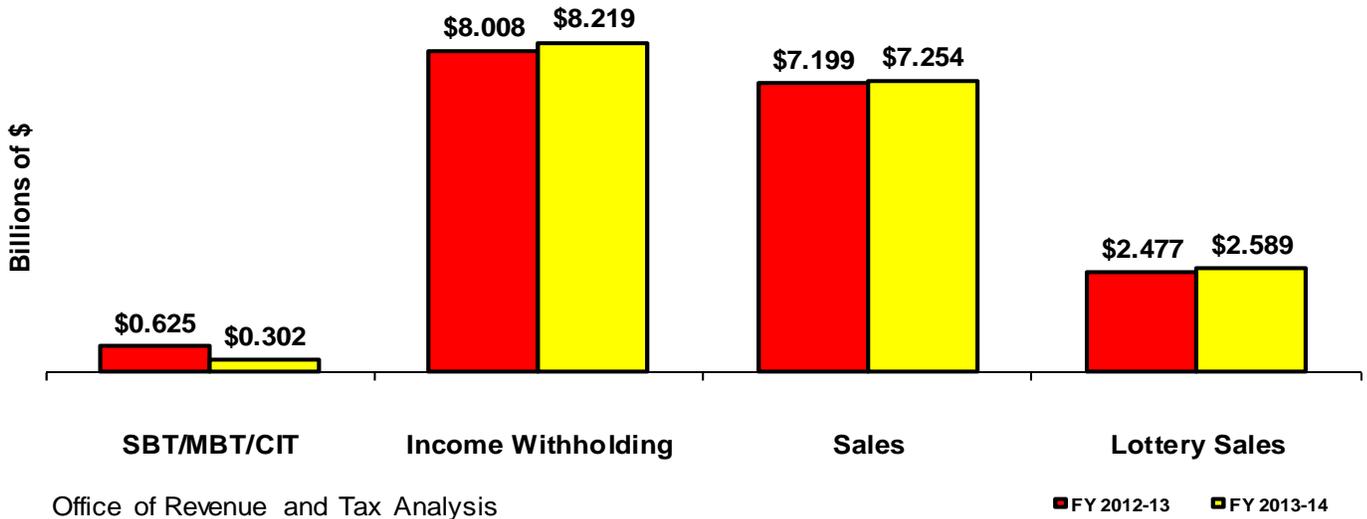
**October through September Collections
FY 2012-13 and FY 2013-14**



September Revenue Collections FY 2012-13 and FY 2013-14



October through September Collections FY 2012-13 and FY 2013-14



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

For The Month Ended: September 30, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH SEPTEMBER CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
September		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2012-13	FY 2013-14	FY 2013-14
2013	2014	Amount	Percent		FY 2012-13	FY 2013-14	Amount	Percent	CAFR Totals	Statutory Estimate	May 2014 Consensus
Income Taxes											
\$658,044	\$676,193	\$18,148	2.8%	Withholding	\$8,008,107	\$8,218,795	\$210,688	2.6%	\$7,963,000	\$8,128,300	\$8,281,100
193,469	209,761	16,292	8.4%	Quarterlies	865,393	878,563	13,170	1.5%	855,100	850,900	876,900
18,137	20,427	2,291	12.6%	Annuals	1,134,502	805,764	(328,738)	-29.0%	1,146,500	909,800	790,800
869,650	906,381	36,731	4.2%	Gross Collections	10,008,003	9,903,123	(104,879)	-1.0%	\$9,964,600	\$9,889,000	\$9,948,800
(10,924)	30,466	41,390	na	Less: Refunds	1,667,302	1,752,744	85,443	5.1%	1,694,200	1,620,100	1,743,200
0	0	0	na	State Campaign Fund	0	0	0	na	800	1,000	1,000
880,574	875,915	(4,659)	-0.5%	Net Personal Income	8,340,701	8,150,379	(190,322)	-2.3%	\$8,269,600	\$8,267,900	\$8,204,600
199,652	209,912	10,260	5.1%	Less: Disbursements to SAF	2,291,125	2,272,640	(18,485)	-0.8%	\$2,338,500	\$2,353,700	\$2,368,800
\$680,922	\$666,003	(\$14,919)	-2.2%	NET PERSONAL INCOME TO GF-GP	\$6,049,576	\$5,877,739	(\$171,836)	-2.8%	\$5,931,100	\$5,914,200	\$5,835,800
Consumption Taxes											
\$93,743	\$100,896	\$7,153	7.6%	Sales (a)	\$1,010,404	\$1,125,722	\$115,318	11.4%	\$1,003,500	\$1,153,000	\$1,134,200
78,583	76,886	(1,697)	-2.2%	Use (f)	832,980	904,835	71,855	8.6%	838,300	888,300	918,900
16,803	16,257	(546)	-3.2%	Tobacco	189,230	186,174	(3,056)	-1.6%	187,800	188,800	187,000
4,387	4,277	(110)	-2.5%	Beer, Wine & Mixed Spirits	50,506	51,225	719	1.4%	50,700	52,000	51,500
4,383	4,249	(134)	-3.1%	Liquor Specific	40,987	42,624	1,636	4.0%	44,400	43,500	45,000
\$197,898	\$202,564	\$4,665	2.4%	TOTAL CONSUMPTION TAXES	\$2,124,108	\$2,310,580	\$186,472	8.8%	\$2,124,700	\$2,325,600	\$2,336,600
Other Taxes											
(\$8,064)	(\$6,580)	\$1,484	18.4%	Single Business	(\$38,641)	(\$44,860)	(\$6,219)	-16.1%	(\$47,000)	\$0	(\$20,000)
3,523	28,193	24,670	na	Insurance Premiums Taxes	291,523	328,377	36,855	12.6%	301,400	348,200	346,500
(4,541)	21,613	26,154	na	Sub-total SBT & Insurance	252,881	283,517	30,636	12.1%	254,400	348,200	326,500
(12,193)	1,532	13,725	na	Michigan Business Tax	(182,290)	(618,039)	(435,749)	na	(75,800)	(550,000)	(552,000)
96,320	131,602	35,282	36.6%	Corporate Income Tax	846,400	964,884	118,483	14.0%	783,100	957,000	879,900
2	30	29	na	Inheritance / Estate	(4)	335	339	na	0	0	0
319	350	31	9.6%	Telephone & Telegraph	52,320	48,447	(3,872)	-7.4%	46,500	55,000	45,000
5,534	3,968	(1,566)	-28.3%	Oil & Gas Severance	58,543	63,320	4,777	8.2%	59,500	55,000	67,000
42,220	1,866	(40,354)	-95.6%	Penalties & Interest	161,796	95,451	(66,345)	-41.0%	165,200	138,000	150,000
11	3	(8)	-74.1%	Miscellaneous Other/Railroad	1,344	1,760	416	31.0%	1,100	1,000	1,000
(10,667)	(11,083)	(417)	-3.9%	Treasury Enforcement Programs (e)	(128,000)	(132,000)	(4,000)	-3.1%	(134,600)	(129,000)	(133,000)
\$117,005	\$149,881	\$32,876	28.1%	TOTAL OTHER TAXES	\$1,062,990	\$707,676	(\$355,314)	-33.4%	\$1,099,400	\$875,200	\$784,400
\$995,825	\$1,018,448	\$22,622	2.3%	SUBTOTAL GF-GP TAXES	\$9,236,673	\$8,895,995	(\$340,679)	-3.7%	\$9,155,200	\$9,115,000	\$8,956,800

continued

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

For The Month Ended: September 30, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH SEPTEMBER CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
September		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2012-13	FY 2013-14	FY 2013-14
2013	2014	Amount	Percent		FY 2012-13	FY 2013-14	Amount	Percent	CAFR Totals	Statutory Estimate	May 2014 Consensus
Non-Tax Revenue (e)											
\$1,667	\$1,667	\$0	0.0%	Federal Aid	\$20,000	\$20,000	\$0	0.0%	\$22,500	\$20,000	\$20,000
83	83	0	0.0%	Local Agencies	1,000	1,000	0	0.0%	100	1,000	1,000
917	833	(83)	-9.1%	Services	11,000	10,250	(750)	-6.8%	9,000	11,000	10,000
1,667	833	(833)	-50.0%	Licenses & Permits	20,000	12,500	(7,500)	-37.5%	4,800	20,000	10,000
(337)	(337)	0	0.0%	Investments/Interest Costs	(1,057)	(614)	443	41.9%	(1,200)	(4,000)	(2,500)
10,250	8,417	(1,833)	-17.9%	Misc. Non-tax Revenue	125,000	104,250	(20,750)	-16.6%	106,800	114,000	101,000
13,600	14,333	733	5.4%	Liquor Purchase Revolving Fund	163,900	170,000	6,100	3.7%	170,600	164,000	172,000
3,600	4,250	650	18.1%	From Other Funds-Lottery & Escheats	43,900	39,550	(4,350)	-9.9%	94,800	5,200	51,000
\$31,446	\$30,080	(\$1,367)	-4.3%	TOTAL NON-TAX REVENUE	\$383,743	\$356,936	(\$26,807)	-7.0%	\$407,400	\$331,200	\$362,500
\$1,027,271	\$1,048,527	\$21,256	2.1%	TOTAL GF-GP REVENUE	\$9,620,417	\$9,252,931	(\$367,486)	-3.8%	\$9,562,800	\$9,446,200	\$9,319,300
School Aid Fund											
\$268,383	\$264,149	(\$4,234)	-1.6%	Sales Tax 4%	\$2,942,771	\$2,964,233	\$21,462	0.7%	2,925,500	3,107,200	2,976,600
210,429	207,013	(3,416)	-1.6%	Sales Tax 2%	2,294,153	2,313,839	19,686	0.9%	2,280,700	2,224,900	2,323,900
39,291	193,191	153,900	392.0%	Use Tax 2% (f)	415,148	654,556	239,409	57.7%	432,400	444,200	459,500
328,101	354,534	26,433	8.1%	State Education Property Tax	1,743,459	1,796,389	52,930	3.0%	1,770,900	1,818,000	1,788,000
19,930	22,664	2,734	13.7%	Real Estate Transfer Tax	191,881	219,647	27,766	14.5%	202,300	202,100	233,400
60,000	65,000	5,000	8.3%	Lottery Transfer (b)	680,000	673,000	(7,000)	-1.0%	734,300	742,500	775,000
8,132	7,949	(183)	-2.3%	Casino Wagering Tax	111,629	106,981	(4,648)	-4.2%	110,700	112,000	108,000
4,359	4,217	(142)	-3.3%	Liquor Excise Tax	40,486	42,151	1,665	4.1%	43,800	43,500	44,500
34,112	33,004	(1,108)	-3.2%	Cigarette/Tobacco Tax	384,166	377,962	(6,204)	-1.6%	371,900	359,800	359,500
9,895	6,835	(3,060)	-30.9%	Indus. & Comm. Facilities Taxes	37,701	33,474	(4,228)	-11.2%	33,900	39,000	35,000
2,439	1,332	(1,107)	-45.4%	Specific Other	21,167	25,656	4,489	21.2%	24,600	23,100	24,100
199,652	209,912	10,260	5.1%	Income Tax Earmarking	2,291,125	2,272,640	(18,485)	-0.8%	\$2,338,500	\$2,353,700	\$2,368,800
\$1,184,724	\$1,369,801	\$185,078	15.6%	TOTAL SCHOOL AID FUND	\$11,153,686	\$11,480,528	\$326,842	2.9%	\$11,269,500	\$11,470,100	\$11,496,300
\$657,734	\$647,262	(\$10,472)	-1.6%	SALES TAX 6%	\$7,198,771	\$7,254,227	\$55,456	0.8%	\$7,153,800	\$7,330,700	\$7,285,000
447,305	440,249	(7,056)	-1.6%	SALES TAX 4%(d)	4,904,618	4,940,388	35,770	0.7%	4,873,100	5,105,800	4,961,100
210,429	207,013	(3,416)	-1.6%	SALES TAX 2%	2,294,153	2,313,839	19,686	0.9%	2,280,700	2,224,900	2,323,900
117,874	270,077	152,203	129.0%	USE TAX 6% (f)	1,248,128	1,559,391	311,263	24.9%	1,270,700	1,332,500	1,378,400
84,436	81,693	(2,743)	-3.2%	TOBACCO TAXES	950,906	935,550	(15,356)	-1.6%	957,400	936,400	938,000
0	0	0	na	TOBACCO SETTLEMENT	301,315	192,800	(108,515)	-36.0%	na	na	na

continued

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

For The Month Ended: September 30, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH SEPTEMBER CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
September		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2012-13	FY 2013-14	FY 2013-14	
2013	2014	Amount	Percent		FY 2012-13	FY 2013-14	Amount	Percent	CAFR Totals	Statutory Estimate	May 2014 Consensus	
Major Transportation Revenues												
\$10,634	\$12,387	\$1,753	16.5%	Diesel Fuel / Motor Carrier Fuel Tax	\$129,767	\$138,804	\$9,037	7.0%	\$128,910	\$130,000	\$130,600	
74,657	71,420	(3,237)	-4.3%	Gasoline	829,678	833,540	3,862	0.5%	821,632	812,500	818,000	
71,289	79,188	7,899	11.1%	Motor Vehicle Registration	906,279	940,693	34,415	3.8%	906,530	905,000	927,500	
4,147	4,493	346	8.3%	Other Taxes, Fees & Misc.	48,273	48,648	376	0.8%	127,998	167,961	175,215	
9,122	9,117	(5)	-0.1%	Comprehensive Transportation (c)	108,178	108,752	574	0.5%	114,629	106,794	109,404	
<u>\$169,849</u>	<u>\$176,606</u>	<u>\$6,756</u>	<u>4.0%</u>	TOTAL MAJOR TRANS. REVENUES	<u>\$2,022,174</u>	<u>\$2,070,437</u>	<u>\$48,263</u>	<u>2.4%</u>	<u>\$2,099,699</u>	<u>\$2,122,255</u>	<u>\$2,160,718</u>	
Lottery Sales By Games												
76,521	88,346	11,825	15.5%	Instant Games	827,139	911,113	83,974	10.2%	na	na	na	
64,946	69,229	4,283	6.6%	Daily Games	672,167	691,486	19,318	2.9%	na	na	na	
41,514	32,712	(8,802)	-21.2%	Lotto and Big Game	394,020	349,476	(44,544)	-11.3%	na	na	na	
1,041	950	(91)	-8.7%	Keno Game	11,394	10,287	(1,107)	-9.7%	na	na	na	
0	1,845	1,845	na	Other	5,100	44,821	39,721	na	na	na	na	
53,528	58,399	4,871	9.1%	Club Games	565,837	581,643	15,806	2.8%	na	na	na	
<u>\$238,405</u>	<u>\$251,482</u>	<u>\$13,077</u>	<u>5.5%</u>	TOTAL LOTTERY SALES	<u>\$2,476,511</u>	<u>\$2,588,825</u>	<u>\$112,314</u>	<u>4.5%</u>	<u>na</u>	<u>na</u>	<u>na</u>	

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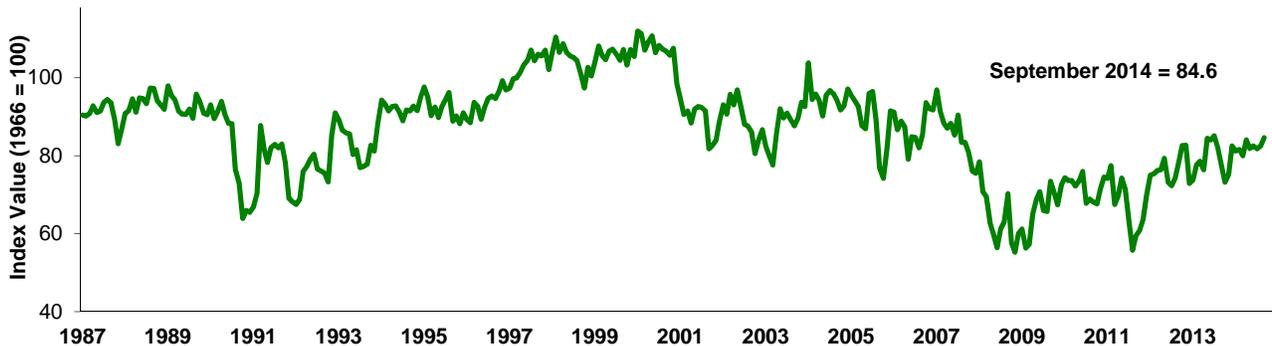
- a GF-GP Sales has been adjusted based on CTF, Health Initiative, and Constitutional Revenue shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions 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 In June, 2014 Public Act 161 retroactively (back to April 2014) expanded the use tax to include Health Maintenance Organizations. The May 2014 Consensus projections do not include this legislative change.

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

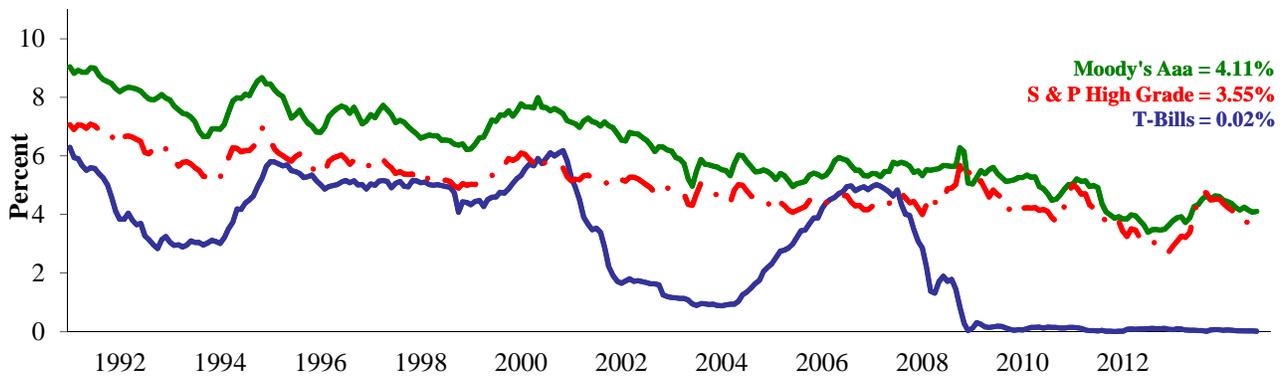
The **Index of Consumer Sentiment** increased in September to 84.6 index-points, 2.1 index-points above the August value and 7.1 index-points above September 2013. On the increase in confidence, Survey Director Richard Curtin noted, “The September reading, the second highest in the last seven years, points toward renewed strength in consumer spending over the next four quarters, which can be expected to grow at 2.7%. The more important news is that entire September gain was in the Expectations Index, which rose to 75.4 from 71.3 in August and last September’s 67.8. Indeed, the basic difference between the current and past recoveries has been the failure to reestablish optimistic expectations about future economic prospects.” Curtin observed, “When asked about recent changes in their current financial situation, 40% of all consumers said it had improved in the September 2014 survey, twice the 20% recorded at the November 2008 low; similarly, the percent that reported worsening conditions fell to 32% from a peak of 61%.” On buying attitudes, Curtin reported, “Home buying conditions were viewed favorably by three-in-four consumers in every survey during the past six months, but home selling conditions were viewed favorably by just under half of all consumers. The gap between the two series remains unusually large due to the differential impact of prevailing home prices.” In September, consumers in two of the four regions reported an increase in confidence. Southern consumers reported the largest increase in confidence at 5.7 index-points, followed by Northeastern consumers with an increase of 5.2 index-points. Western consumers reported the largest decrease in confidence of 3.5 index points. The gap across regions decreased from last month to 6.7 index-points, with Northeastern consumers on top and Midwestern consumers on the bottom.

The revised estimate of real **Gross Domestic Product** for the second quarter of 2014 is \$16,010.4 billion (chained 2005 dollars), an increase of 4.6 percent at an annual rate. In the first quarter of 2014, real gross domestic product decreased 2.1 percent. The increase in second quarter real GDP was mainly due to private inventory investment, exports, personal consumption expenditures, nonresidential fixed investment and residential fixed investment. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 2.5 percent in the second quarter, compared to a 1.2 percent increase in the first quarter. Real residential fixed investment increased 8.8 percent in the second quarter compared to a decrease of 5.3 percent in the first quarter. Real nonresidential fixed investment increased 9.7 percent in the second quarter while real equipment expenditures increased 11.2 percent. Real federal government expenditures decreased 0.9 percent in

the second quarter, compared to a 0.1 percent decrease in the first quarter. Real state and local government spending increased 3.4 percent in the second quarter, compared to a 1.3 percent decrease in the first quarter. Exports of goods and services increased 11.1 percent in the second quarter, compared to a 9.2 percent decrease in the first quarter. Imports increased 11.3 percent in the second quarter compared to an increase of 2.2 percent in the first quarter. Private inventory investment increased \$84.8 billion in the second quarter, following a \$35.2 billion increase in the first quarter. Real final sales increased 3.2 percent in the second quarter compared to a decrease of 1.0 percent in the first quarter. On the inflation front, the **implicit price deflator** increased 2.1 percent in the second quarter compared to a 1.3 percent increase observed in the first quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.1 percent in September, up from the 0.2 percent decrease in August. Energy prices decreased 0.7 percent in September, up from a 2.6 percent decrease in August, while the all-items less food and energy component increased 0.1 percent in September. Compared to September 2013, the all-items index increased 1.7 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 2.9 percent; medical care, 2.0 percent; apparel, 0.5 percent; education and communication, 1.3 percent; other goods and services, 1.6 percent; housing, 2.6 percent; recreation, 0.1 percent; and transportation, -0.8 percent, with gasoline prices down -3.6 percent.

Selected Key Interest Rates

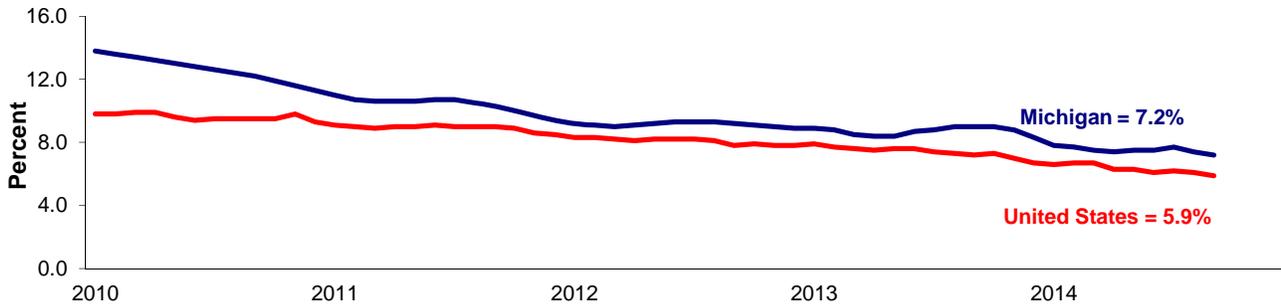


Source: Economic Indicators

Short-term **interest rates** decreased 0.01 percentage point in September as the 3-month Treasury bill (T-bill) rate was 0.02 percent. Compared to one year ago, the T-bill rate remained unchanged. The Aaa corporate bond rate, a long-term interest rate, increased 0.03 percentage point to an interest yield of 4.11 percent in September. The Aaa bond yield was down 0.53 percentage point from its year-ago level. The interest rate on High-grade municipal bonds increased 0.02 percentage point from the August level to 3.55 percent in September and was down 1.19 percentage points from its year-ago level. The Federal Open Market Committee kept the target range for the federal funds rate between 0 and 0.25 percent at the September 17th meeting. The FOMC stated “the Committee today reaffirmed its view that a highly accommodative stance of monetary policy remains appropriate. In determining how long to maintain the current 0 to ¼ percent target range for the federal funds rate, 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** decreased 0.2 percentage point from a month ago to 5.9 percent and was 1.3 percentage points lower than a year ago. Civilian employment totaled 146.6 million persons in September. The number unemployed was 9.3 million nationwide.

Unemployment Rates 2010 - 2014

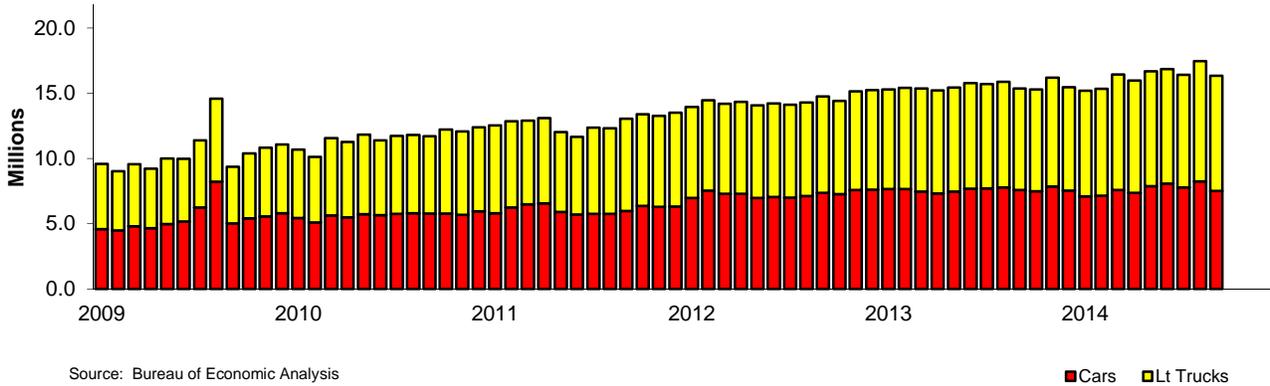


Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In September, the **Michigan jobless rate** decreased 0.2 percentage point to 7.2 percent from August. The September unemployment rate is 1.6 percentage points below the year ago level. In September, the labor force rose 3,000 to 4,733,000, while the number of people employed increased by 9,000 to 4,391,000. In September, there were 342,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Motor Vehicle Sector

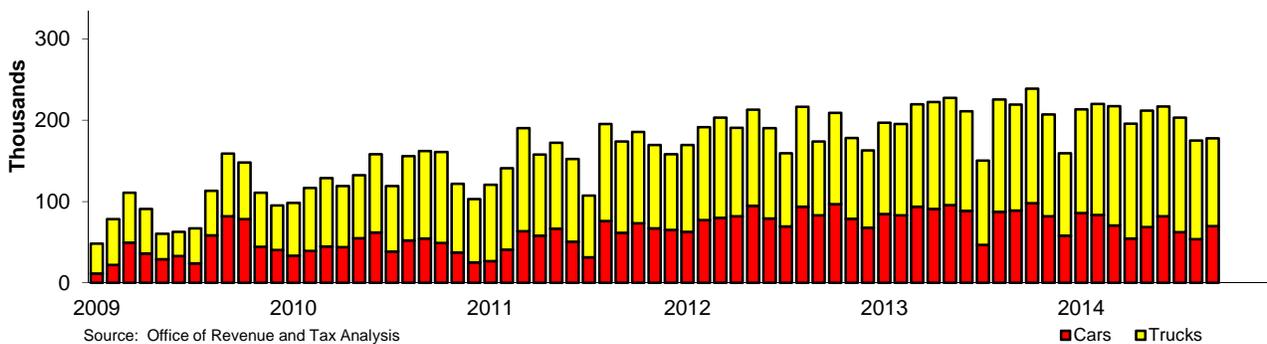
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) decreased 6.3 percent in September compared to August, selling at a 16.3 million unit seasonally adjusted annual rate. Domestic car sales decreased 10.1 percent from August while domestic light truck sales decreased 8.7 percent. Import car sales decreased 4.7 percent while import light truck sales decreased 2.2 percent. Compared to last year, light vehicle sales increased 6.5 percent. Domestic car sales were up 3.1 percent from the year ago level while domestic light truck sales increased 13.7 percent. Import car sales were down 10.2 percent from last year while import truck sales increased 13.3 percent. As a result, the domestic share of U.S. light vehicle sales increased 1.8 percentage points from a year ago. For fiscal year 2014, domestic light vehicles recorded a 78.3 percent share of a 16.1 million-unit market.

Michigan motor vehicle production increased to 177,056 units in September from 175,056 units in August. From a year ago, motor vehicle production decreased 19 percent in Michigan and increased 5 percent nationally. In September, Michigan's car production was 69,659 units while the state's truck production was 107,958 units. Compared with a year ago, car production decreased 22 percent in Michigan and decreased 1 percent nationwide. The state's truck production decreased 17 percent while national truck production increased 10 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, 2014 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2011-12 Actual	Fiscal Year 2012-13 Actual	Fiscal Year 2013-14 Estimate
Applicable Calendar Year Personal Income	\$342,663	\$358,152	\$378,443
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$32,518.7</u>	<u>\$33,988.6</u>	<u>\$35,914.2</u>
Revenue Limit	\$32,518.7	\$33,988.6	\$35,914.2
State Revenue Subject to Limit	<u>\$27,288.3</u>	<u>\$27,441.1</u>	<u>\$28,171.5</u>
Amount Under (Over) Limit	\$5,230.4	\$6,547.6	\$7,742.8

Sources:

Personal Income Estimate

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

The FY 2012-13 calculation uses the 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).

Revenue Subject to the Limit

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

The FY 2012-13 calculation uses the 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 May 15, 2014 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