



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN J. WALSH
DIRECTOR

May 30, 2018

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

The Honorable Laura Cox, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

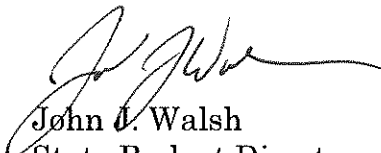
Dear Legislators:

Attached is the monthly financial report for the month ending April 30, 2018. 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 J. Walsh
State Budget Director

Attachment

cc: Governor Rick Snyder	House Fiscal Agency
Arlan Meekhof, Sen. Maj. Leader	Jack Brandenburg, Chair, Senate Finance Com.
Jim Ananich, Senate Min. Leader	Jim Tedder, Chair, House Tax Policy Com.
Tom Leonard, Speaker of the House	Beth Emmitt, Deputy Chief of Staff
Sam Singh, House Min. Leader	Darin Ackerman, Executive Office
Senate Appropriations Committee	Mike Moody, Office of Financial Management
House Appropriations Committee	Kyle Jen, Deputy State Budget Director
Senate Fiscal Agency	Internal State Budget Office Distribution

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2018
Projected Revenues and Expenditures
April 30, 2018
(\$ in millions)

FISCAL
2018

Beginning Balance, October 1, 2017		see one-time revenue
Current General Fund General Purpose Revenues, January 2018 Consensus Estimate	\$	10,307.7
Revenue Adjustments:		
Net Federal Tax Reform Impact		7.2
Michigan Personal Exemption Increase (PA 38 of 2018)	\$	(6.1)
Local Government Program Payments	\$	(465.9)
Subtotal Additional Revenue Adjustments	\$	(464.8)
Total Fiscal Year Resources Available For Expenditure GF/GP - Ongoing	\$	9,842.9
Expenditures, Current Law:		
PA 107 and PA 108 of 2017	\$	9,746.2
Total Expenditures Projected - Ongoing	\$	9,746.2
Current Year Revenues minus Ongoing Costs	\$	96.7
One-Time Revenue		
Beginning Balance	\$	622.5
Accelerate Elimination of Driver Responsibility Fees (PA 43 of 2018)	\$	(28.5)
Local Government Program Payments	\$	(5.8)
Lawsuit Settlement Proceeds (AG, DEQ)	\$	(6.4)
Total Fiscal Year Resources Available For Expenditure GF/GP - One-Time	\$	581.8
One-Time Expenditures		
PA 107, PA 108, PA 158, and PA 201 of 2017; PA 82 of 2018	\$	663.7
Pending Supplemental 2018-3, 2018-5	\$	(89.9)
Total Expenditures Projected - One-Time	\$	573.8
One-Time Revenue minus One-Time Spending	\$	8.0
Projected Ending Balance, September 30, 2018	\$	104.7

¹ Fiscal year 2017 ending balance as published in the State of Michigan Comprehensive Annual Financial Report, January 2018.

SCHOOL AID FUND
Fiscal Year 2018
Projected Revenues and Expenditures
April 30, 2018
(\$ in millions)

FISCAL
2018

Beginning Balance, October 1, 2017		see one-time revenue
Current Year School Aid Fund Revenues, January 2018 Consensus Estimate	\$	13,084.5
Revenue Adjustments:		
Sales Tax on Difference (PA 1 / PA 2 of 2018)	\$	(0.2)
Increase Personal Exemption (PA 38 of 2018)	\$	(1.9)
Net Federal Tax Reform	\$	0.8
MPSERS Retirement Obligation Reform Reserve Fund Deposit	\$	(55.0)
General Fund	\$	215.0
General Fund Adjustment (Pending Supplemental 2018-5)	\$	(137.0)
Community District Trust Fund	\$	72.0
MPSERS Retirement Obligation Reform Reserve Fund	\$	23.1
Federal Revenue	\$	1,726.9
Subtotal Additional Revenue Adjustments	\$	1,843.8
Total FY Resources Available for Expenditure School Aid Fund	\$	14,928.3
School Aid Ongoing Costs		
PA 143 of 2017	\$	14,266.4
Pending Supplemental (2018-5)	\$	(11.2)
Community Colleges Ongoing Costs		
PA 108 of 2017	\$	394.7
Universities Ongoing Costs		
PA 108 of 2017	\$	237.9
Total School Aid Fund Ongoing Costs Projected	\$	14,887.9
Current Year Revenues minus Ongoing Costs	\$	40.4
Beginning Balance (One-Time Revenue)		
	\$	377.4
One-Time Spending Items		
PA 143 of 2017 - School Aid	\$	317.9
PA 108 of 2017 - Community Colleges	\$	3.6
PA 108 of 2017 - Universities	\$	0.4
One-Time Revenue minus One-Time Spending	\$	55.5
Projected Ending Balance, September 30, 2018	\$	96.0

¹ Fiscal year 2017 ending balance as published in the State of Michigan Comprehensive Annual Financial Report, January 2018.

**SUMMARY OF EXPENDITURES AND ENCUMBRANCES
GENERAL FUND - ALL PURPOSE**

April 30, 2018
(\$ in millions)

Fiscal Year 2017 (1)

Fiscal Year 2018

Expenditures & Encumbrances Year to Date FY 2017	Fiscal Year End SEP 30, 2017	Department	Initial Appropriations (2)	Executive Orders & Supplemental Appropriations (2)	Encumbrance, Work Project & Capital Outlay Carry Forwards	Total Authorization	Expenditures & Encumbrances Year to Date FY 2018
41.4	82.1	Agriculture and Rural Development	114.4	11.5	13.2	139.1	69.4
46.6	88.2	Attorney General	99.7	5.8	11.3	116.8	43.4
153.3	253.3	Capital Outlay (3)	312.3	69.2	241.6	623.1	216.8
7.2	14.3	Civil Rights	16.2	2.7	0.9	19.8	7.8
955.9	1,472.9	Colleges and Universities	1,391.9	6.0	4.8	1,402.7	907.1
1,038.9	1,960.2	Corrections	1,992.0	24.0	134.4	2,150.5	1,172.0
127.6	291.4	Education	351.2	33.6	45.6	430.5	174.6
94.3	253.5	Environmental Quality	485.1	76.1	395.2	956.4	212.2
4.1	5.2	Executive Office	6.8	0.0	0.0	6.9	4.3
12,490.2	23,184.1	Health and Human Services	25,391.4	601.9	270.6	26,263.9	13,350.7
24.6	50.5	Insurance and Financial Service	66.7	6.0	0.0	72.7	25.5
121.2	264.1	Judiciary	300.0	0.4	4.8	305.3	126.6
3.1	4.0	Land Bank Fast Track Authority	4.0	0.0	0.0	4.0	3.1
12.3	22.8	Legislative Auditor General	24.3	0.0	0.8	25.0	12.4
73.8	129.9	Legislature	152.2	0.0	23.6	175.8	82.0
231.7	311.2	Licensing and Regulatory Affairs	386.2	124.9	42.5	553.6	272.4
116.7	156.4	Michigan Strategic Fund	181.7	0.0	0.0	181.8	76.1
78.9	143.0	Military and Veterans Affairs	152.7	17.6	14.7	185.1	105.9
44.6	97.0	Natural Resources	127.9	9.1	36.1	173.1	62.2
103.4	225.8	State	248.3	19.7	43.1	311.1	143.1
292.8	615.1	State Police	693.9	32.3	19.4	745.7	335.2
127.3	255.7	Talent and Economic Development	425.8	44.0	16.7	486.5	121.9
294.2	620.3	Technology, Management and Budget (4)	543.2	163.1	94.8	801.2	269.1
8.3	5.0	Transportation	0.0	148.6	0.9	149.5	0.8
1,213.1	3,206.1	Treasury	1,829.1	83.2	93.6	2,005.9	1,241.2
\$17,705.4	\$33,712.0		\$35,297.2	\$1,479.7	\$1,508.7	\$38,285.6	\$19,035.8

(1) FY2017 expenditure and encumbrance amounts are obtained from MAIN and do not include prior appropriation year activity.

(2) Includes boilerplate appropriations.

(3) Includes all capital outlay activity regardless of agency.

(4) Includes Civil Service Commission.

**ESTIMATED BALANCE OF STATE PAYMENTS
TO LOCAL UNITS OF GOVERNMENT
Fiscal Year 2018
April, 2018
(\$ in millions)**

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	17,966.0	7.5	17,973.5
Total state spending from state resources	32,281.1	72.7	32,353.8
Percentage of state spending from state resources paid to local units	55.65%		55.55%
Required payments to local units (48.97%)	15,808.1		15,843.7
Surplus/(deficit)	\$2,157.9		\$2,129.8

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
October 1, 2017 Through April 30, 2018
(in thousands)

REVENUES

Miscellaneous	\$	17,500
		17,500
Total Revenues		17,500

EXPENDITURES

Current:		
General government		-
		-
Total Expenditures		-
Excess of Revenues over (under)		
Expenditures		17,500

OTHER FINANCING SOURCES (USES)

Transfers from other funds		87,500
Transfers to other funds		-
Total Other Financing Sources (Uses)		87,500
Excess of Revenues and Other Sources		
over (under) Expenditures and		
Other Uses	\$	105,000 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, 2017 through April 30, 2018
(in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>16,311</u>
Total Revenues		<u>16,311</u>

EXPENDITURES

Current:		
General government		1,925
Conservation, environment, recreation, and agriculture		4,369
Capital outlay		<u>23</u>
Total Expenditures		<u>6,317</u>
Excess of Revenues over (under) Expenditures		<u>9,995</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues		-
Proceeds from sale of capital assets		-
Transfers from other funds		-
Transfers to other funds		<u>-</u>
Total Other Financing Sources (Uses)		<u>-</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	<u><u>9,995</u></u> ¹

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

REVENUE OVERVIEW

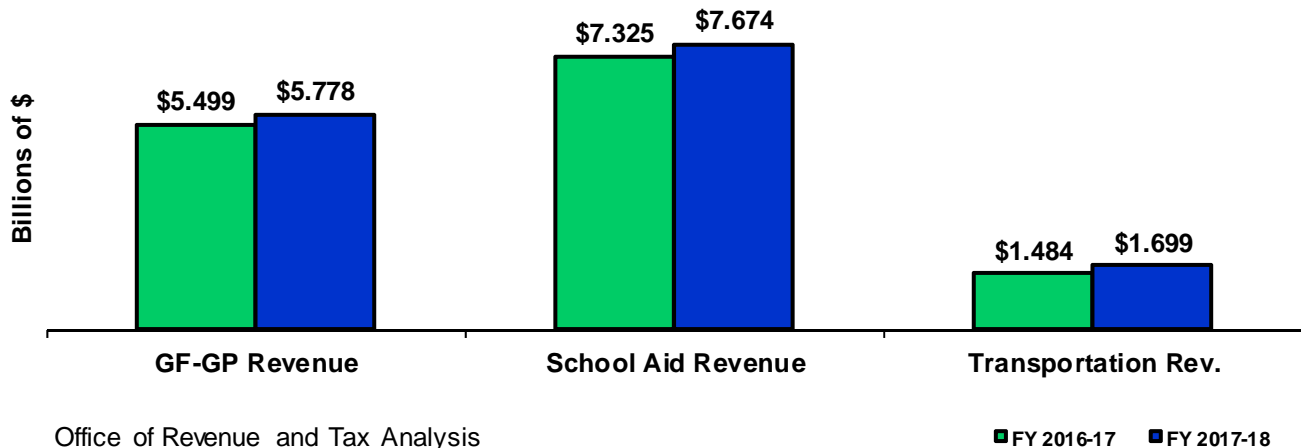
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for April 2018, representing some March 2018 and some April 2018 economic activity in Michigan.

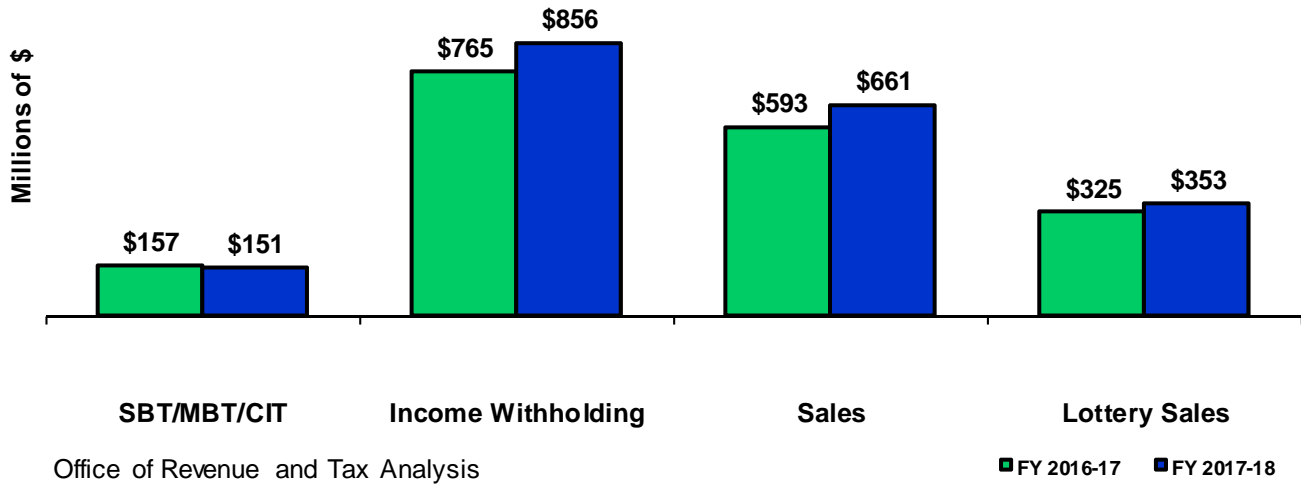
Total General Fund - General Purpose cash collections were \$179.6 million (17.2 percent) higher in April 2018 than in April 2017. The April 2018 School Aid Fund cash collections were \$129.1 million (13.5 percent) higher than in April 2017. April 2018 transportation collections were \$4.4 million (1.9 percent) higher than in April 2017 (see revenue table). April is the seventh 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 \$278.5 million (5.1 percent) from a year ago. School Aid Fund cash collections are up \$349.4 million (4.8 percent) and transportation collections are up \$215.6 million (14.5 percent). The majority of the transportation revenue increase is the result of tax changes.

The FY 2017-18 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on January 11, 2018. The revenue estimate for net General Fund – General Purpose revenue for FY 2017-18 is \$10,307.7 million and the net School Aid revenue forecast is \$13,084.5 million. The Transportation Funds revenue forecast is \$3,039.3 million. Legally, the Consensus Revenue Estimating Conference is held in the third week of May.

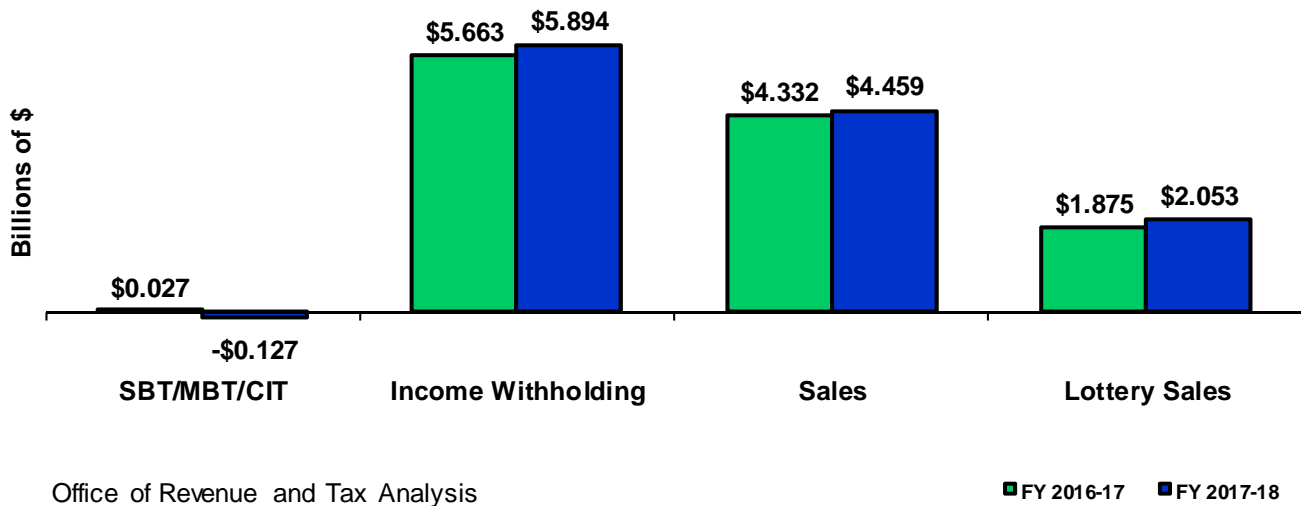
October through April Collections FY 2016-17 and FY 2017-18



April Revenue Collections FY 2016-17 and FY 2017-18



October through April Collections FY 2016-17 and FY 2017-18



Revenue Summary FY 2017-18
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: April 30, 2018

Month-End Cash Collections Data				October Through April Cash Collections Data						Revenue Projections		
April		Difference		Source of Revenue	Year-to-Date		Difference		FY 2016-17	FY 2017-18	FY 2017-18	
2017	2018	Amount	Percent		FY 2016-17	FY 2017-18	Amount	Percent	CAFR Totals (k)	Statutory Estimate	January 2018 Forecast	
Income Taxes												
\$765,210	\$855,638	\$90,428	11.8%	Withholding	\$5,662,508	\$5,893,870	\$231,363	4.1%	\$9,335,200	\$9,841,100	\$9,698,400	
131,271	161,768	30,496	23.2%	Quarterlies	615,279	884,388	269,108	43.7%	1,194,500	1,191,400	1,241,100	
465,946	582,530	116,584	25.0%	Annuals	658,016	790,092	132,077	20.1%	880,200	937,500	950,600	
1,362,427	1,599,936	237,508	17.4%	Gross Collections	6,935,803	7,568,350	632,548	9.1%	\$11,409,900	\$11,970,000	\$11,890,100	
477,004	467,066	(9,939)	-2.1%	Less: Refunds	1,602,478	1,608,049	5,571	0.3%	1,956,800	1,927,500	1,990,100	
0	0	0	na	State Campaign Fund	0	0	0	na	1,200	800	800	
885,423	1,132,870	247,447	27.9%	Net Personal Income	5,333,325	5,960,302	626,977	11.8%	\$9,451,900	\$10,041,700	\$9,899,200	
316,023	372,446	56,423	17.9%	Less: Disbursements to SAF	1,600,978	1,762,394	161,416	10.1%	\$2,720,400	\$2,850,000	\$2,831,000	
\$569,400	\$760,423	\$191,023	33.5%	Net Personal Income To GF-GP	\$3,732,347	\$4,197,908	\$465,561	12.5%	\$6,731,500	\$7,191,700	\$7,068,200	
Consumption Taxes												
\$93,244	\$99,864	\$6,620	7.1%	Sales (a)	\$697,294	\$694,615	(\$2,679)	-0.4%	\$1,223,700	\$1,253,900	\$1,271,600	
92,191	93,708	1,517	1.6%	Use (a) (f) (i)	407,948	342,388	(65,560)	-16.1%	591,600	579,700	558,700	
15,699	14,700	(999)	-6.4%	Tobacco	106,172	102,629	(3,543)	-3.3%	186,500	184,400	185,000	
3,850	4,004	154	4.0%	Beer, Wine & Mixed Spirits	27,499	27,445	(54)	-0.2%	51,100	53,000	52,500	
4,793	42	(4,751)	-99.1%	Liquor Specific	26,509	18,109	(8,400)	-31.7%	54,700	54,200	56,000	
\$209,777	\$212,318	\$2,540	1.2%	Total Consumption Taxes	\$1,265,422	\$1,185,187	(\$80,236)	-6.3%	\$2,107,600	\$2,125,200	\$2,123,800	
Other Taxes												
\$3,137	\$334	(\$2,803)	-89.3%	Single Business	\$6,849	\$12,432	\$5,583	81.5%	\$18,700	\$0	\$5,000	
80,108	69,596	(10,512)	-13.1%	Insurance Premiums Taxes	253,265	280,394	27,128	10.7%	370,700	408,900	412,100	
83,245	69,930	(13,314)	-16.0%	Sub-total SBT & Insurance	260,114	292,825	32,711	12.6%	389,400	408,900	417,100	
(78,666)	10,066	88,732	na	Michigan Business Tax	(687,911)	(642,598)	45,314	6.6%	(704,600)	(755,600)	(757,900)	
232,946	140,944	(92,002)	-39.5%	Corporate Income Tax	707,951	503,252	(204,700)	-28.9%	1,105,600	950,200	955,200	
2	1	(2)	-65.7%	Inheritance / Estate	26	9	(17)	-64.8%	0	0	0	
0	0	0	na	Telephone & Telegraph	13,869	14,590	721	5.2%	35,600	36,000	35,000	
1,353	1,894	541	40.0%	Oil & Gas Severance	13,603	14,737	1,134	8.3%	23,500	27,000	25,000	
7,925	9,977	2,053	25.9%	Penalties & Interest	55,260	76,219	20,959	37.9%	112,800	116,000	112,000	
482	122	(360)	-74.7%	Essential Services Assessment	2,213	517	(1,696)	-76.6%	84,000	82,100	91,100	
0	0	0	na	Miscellaneous Other/Railroad	43	71	28	64.8%	2,500	2,000	2,000	
(12,333)	(12,500)	(167)	-1.4%	Treasury Enforcement Programs (e)	(86,083)	(87,000)	(917)	-1.1%	(148,100)	(148,000)	(150,000)	
\$234,953	\$220,435	(\$14,518)	-6.2%	Total Other Taxes	\$279,086	\$172,624	(\$106,462)	-38.1%	\$900,700	\$718,600	\$729,500	
\$1,014,131	\$1,193,176	\$179,046	17.7%	Subtotal GF-GP Taxes	\$5,276,855	\$5,555,719	\$278,863	5.3%	\$9,739,800	\$10,035,500	\$9,921,500	

continued

Revenue Summary FY 2017-18
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: April 30, 2018

Month-End Cash Collections Data				October Through April Cash Collections Data					Revenue Projections		
April		Difference		Source of Revenue	Year-to-Date		Difference		FY 2016-17	FY 2017-18	FY 2017-18
2017	2018	Amount	Percent		FY 2016-17	FY 2017-18	Amount	Percent	CAFR Totals (k)	Statutory Estimate	January 2018 Forecast
Non-Tax Revenue (e)											
\$2,083	\$1,108	(\$975)	-46.8%	Federal Aid	\$17,083	\$10,683	(\$6,400)	-37.5%	\$8,600	\$25,000	\$13,300
8	8	0	0.0%	Local Agencies	58	58	0	0.0%	100	100	100
583	583	0	0.0%	Services	4,208	4,083	(125)	-3.0%	5,300	7,000	7,000
1,042	1,167	125	12.0%	Licenses & Permits	7,042	7,792	750	10.7%	20,400	12,500	14,000
(712)	0	712	-100.0%	Investments/Interest Costs	(253)	0	253	-100.0%	3,100	(6,500)	4,000
5,042	4,567	(475)	-9.4%	Misc. Non-tax Revenue	35,292	31,142	(4,150)	-11.8%	90,000	51,500	54,800
17,917	19,000	1,083	6.0%	Liquor Purchase Revolving Fund	121,917	131,000	9,083	7.5%	221,400	220,000	228,000
5,292	5,417	125	2.4%	From Other Funds-Lottery & Escheats	37,292	37,542	250	0.7%	103,600	63,500	65,000
\$31,255	\$31,850	\$595	1.9%	Total Non-Tax Revenue	\$222,639	\$222,300	(\$339)	-0.2%	\$452,500	\$373,100	\$386,200
\$1,045,386	\$1,225,026	\$179,640	17.2%	Total GF-GP Revenue	\$5,499,494	\$5,778,019	\$278,525	5.1%	\$10,192,300	\$10,408,600	\$10,307,700
School Aid Fund											
\$248,075	\$264,102	\$16,027	6.5%	Sales Tax 4%	\$1,823,710	\$1,815,051	(\$8,659)	-0.5%	3,187,300	3,239,000	3,278,100
179,113	220,932	41,819	23.3%	Sales Tax 2%	1,292,043	1,433,444	141,401	10.9%	2,489,700	2,531,000	2,563,500
46,108	46,860	752	1.6%	Use Tax 2% (f)	352,863	332,742	(20,121)	-5.7%	495,100	558,800	548,300
19,432	20,763	1,330	6.8%	State Education Property Tax	1,268,477	1,315,064	46,587	3.7%	1,963,700	2,002,600	2,027,100
23,157	22,402	(755)	-3.3%	Real Estate Transfer Tax	171,195	174,659	3,465	2.0%	317,200	315,700	322,600
76,000	90,000	14,000	18.4%	Lottery Transfer (b)	483,017	508,575	25,558	5.3%	924,100	887,700	926,000
9,801	10,046	245	2.5%	Casino Wagering Tax	67,145	68,065	920	1.4%	113,200	115,000	113,000
4,753	5,119	366	7.7%	Liquor Excise Tax	26,218	27,400	1,182	4.5%	54,000	53,800	55,600
31,871	29,842	(2,029)	-6.4%	Cigarette/Tobacco Tax	215,545	208,352	(7,193)	-3.3%	356,700	352,600	353,000
2,381	2,515	134	5.6%	Indus. & Comm. Facilities Taxes	18,908	20,570	1,662	8.8%	36,000	36,000	38,000
893	1,728	835	93.5%	Specific Other	4,520	7,685	3,165	70.0%	27,700	28,300	28,300
316,023	372,446	56,423	17.9%	Income Tax Earmarking	1,600,978	1,762,394	161,416	10.1%	\$2,720,400	\$2,850,000	\$2,831,000
\$957,607	\$1,086,756	\$129,149	13.5%	Total School Aid Fund	\$7,324,618	\$7,674,000	\$349,382	4.8%	\$12,685,100	\$12,970,500	\$13,084,500
\$592,570	\$661,102	\$68,531	11.6%	Sales Tax 6%	\$4,331,560	\$4,458,529	\$126,969	2.9%	\$7,798,000	\$7,929,300	\$8,026,900
413,458	440,170	26,712	6.5%	Sales Tax 4%(d)	3,039,517	3,025,085	(14,432)	-0.5%	5,308,300	5,398,300	5,463,400
179,113	220,932	41,819	23.3%	Sales Tax 2%	1,292,043	1,433,444	141,401	10.9%	2,489,700	2,531,000	2,563,500
138,325	140,581	2,256	1.6%	Use Tax 6% (f) (h)	1,058,589	998,225	(60,364)	-5.7%	1,467,600	1,549,300	1,517,800
78,889	73,867	(5,022)	-6.4%	Tobacco Taxes	533,528	515,723	(17,805)	-3.3%	946,000	935,800	938,500
194,360	155,395	(38,965)	-20.0%	Tobacco Settlement	194,360	155,395	(38,965)	-20.0%	na	na	na

continued

Revenue Summary FY 2017-18
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: April 30, 2018

Month-End Cash Collections Data				October Through April Cash Collections Data					Revenue Projections		
April		Difference		Source of Revenue	Year-to-Date		Difference		FY 2016-17	FY 2017-18	FY 2017-18
2017	2018	Amount	Percent		FY 2016-17	FY 2017-18	Amount	Percent	CAFR Totals (k)	Statutory Estimate	January 2018 Forecast
Major Transportation Revenues											
\$21,875	\$20,794	(\$1,081)	-4.9%	Diesel Fuel / Motor Carrier Fuel Tax	\$108,419	\$140,549	\$32,130	29.6%	\$215,179	\$236,400	\$233,500
101,580	99,471	(2,109)	-2.1%	Gasoline	594,687	705,183	110,497	18.6%	1,142,611	1,202,328	1,216,100
98,274	104,973	6,699	6.8%	Motor Vehicle Registration	696,855	765,001	68,146	9.8%	1,209,983	1,281,800	1,288,000
4,223	4,808	585	13.8%	Other Taxes, Fees & Misc.	27,139	31,604	4,465	16.5%	140,234	195,357	203,562
7,919	8,177	258	3.3%	Comprehensive Transportation (c)	56,710	57,031	321	0.6%	98,570	97,290	98,125
<u>\$233,871</u>	<u>\$238,223</u>	<u>\$4,352</u>	<u>1.9%</u>	Total Major Trans. Revenues	<u>\$1,483,809</u>	<u>\$1,699,368</u>	<u>\$215,559</u>	<u>14.5%</u>	<u>\$2,806,576</u>	<u>\$3,013,176</u>	<u>\$3,039,286</u>
Lottery Sales By Games											
141,802	157,887	16,085	11.3%	Instant Games (g)	790,501	892,657	102,156	12.9%	na	na	na
80,558	82,748	2,191	2.7%	Daily Games	463,984	475,615	11,631	2.5%	na	na	na
27,320	36,371	9,051	33.1%	Lotto and Big Game (g)	206,105	229,530	23,425	11.4%	na	na	na
887	907	20	2.2%	Keno Game	5,228	5,240	12	0.2%	na	na	na
1,226	7,376	6,150	502.0%	Other (j)	7,015	49,437	42,423	605.0%	na	na	na
71,401	66,523	(4,878)	-6.8%	Club Games	393,468	392,425	(1,042)	-0.3%	na	na	na
<u>\$324,629</u>	<u>\$353,353</u>	<u>\$28,724</u>	<u>8.8%</u>	Total Lottery Sales	<u>\$1,874,774</u>	<u>\$2,053,371</u>	<u>\$178,597</u>	<u>9.5%</u>	<u>na</u>	<u>na</u>	<u>na</u>

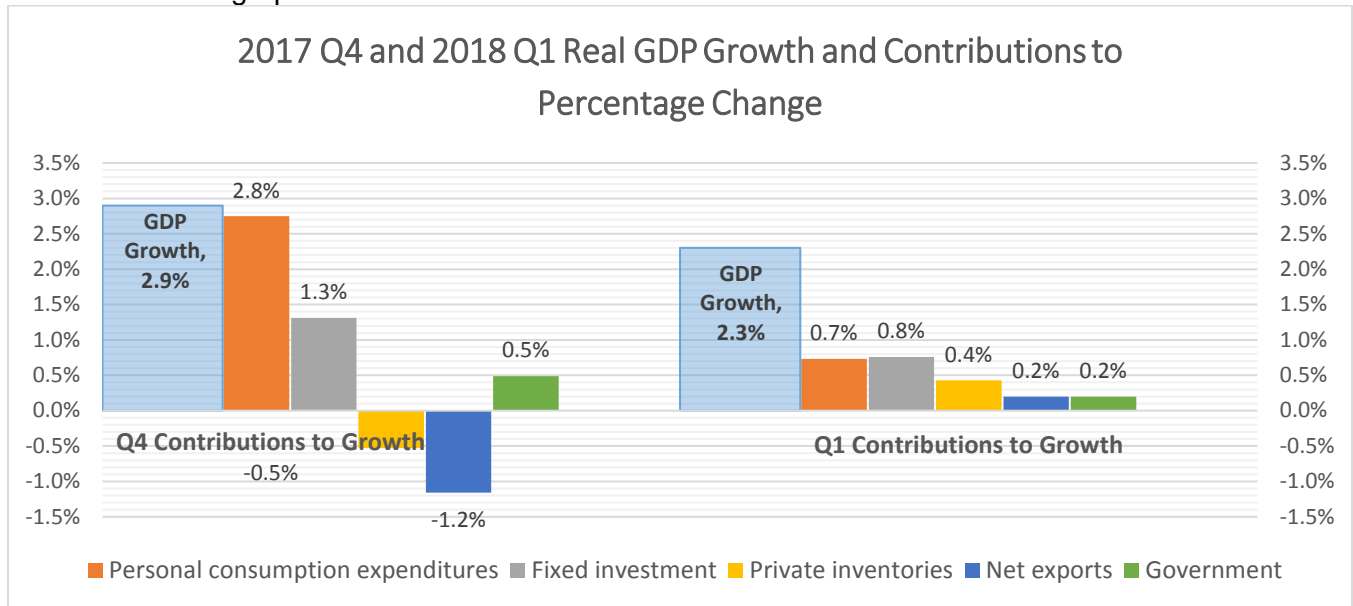
- a GF-GP Sales has been adjusted based on Comprehensive Transportation Fund, Health Initiative, Constitutional Revenue Sharing, and Aviation Fund. GF-GP Use has been adjusted based on Aviation Fund.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate 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 2.0 percent collections adjusted to reflect exemption on residential utilities.
- e Non-tax revenue items other than interest are estimates.
- f Use tax was expanded to include Health Maintenance Organizations (HMO) for June 2014 - December 2016. The fiscal year-to-date 2017 and 2018 HMO use tax revenues were \$182.4M and \$8.6M, respectively.
- 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 Gross Use tax collections includes the transferred amounts to the Local Community Stabilization Authority, which are front-loaded at the beginning of the fiscal year. The year-to-date 2017 and 2018 LCSS revenues were \$297.7M and \$323.1M respectively. Per 2014 Public Act 80, the fiscal year 2017 and 2018 LCSS is \$380.9M and \$410.8M, respectively.
- i General Fund Use tax collections are net of Local Community Stabilization Share (LCSS) revenue. The year-to-date 2017 and 2018 LCSS revenues were \$297.7M and \$323.1M respectively.
- j Other lottery games includes the new Fast Cash games, which began in July 2017.
- k 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

U.S. **Gross Domestic Product** slowed slightly in the first quarter of 2018 but is expected to improve throughout 2018. The advance estimate of real GDP for the first quarter of 2018 is \$17,385.8 billion (chained 2009 dollars), an increase of 2.3 percent at an annual rate. In the fourth quarter of 2017, real gross domestic product increased 2.9 percent. The increase in first quarter real GDP was mainly due to growth in non-residential fixed investment, personal consumption expenditures, and government spending. The first quarter of 2018 and fourth quarter of 2017 contributions to the percent change in GDP are shown in the graph below.



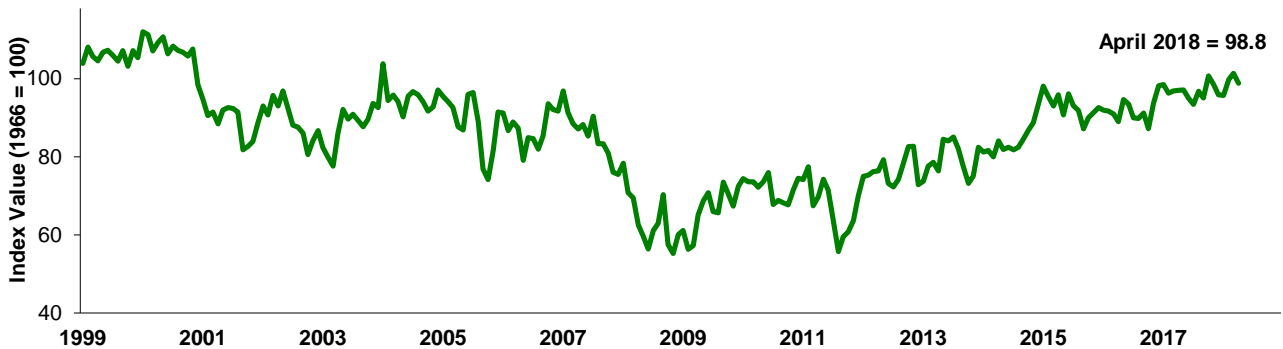
Growth is expected to improve over the year due to the recently enacted tax cuts and increased federal spending. While private inventory investment provided a boost this quarter, it is expected to be a negative in the second quarter outlook. Real final sales increased 1.9 percent in the first quarter while on the inflation front, the implicit price deflator increased 2.0 percent.

U.S. payroll employment continues to show solid increases in 2018. Wage and salary employment increased by 164,000 jobs in April 2018, up from the 135,000 jobs from March’s revised total. The three-month moving average shows an increase of 208,000 jobs. Professional and business services employment gained 54,000 jobs while the retail trade and education and health services grew by 31,000 jobs in April. Average hourly earnings totaled \$26.84 in March and increased 2.6 percent from a year ago as wage pressures build with the economy moving towards full-employment. In April, the **U. S. unemployment rate** decreased 0.2 percentage points from a month ago to 3.9 percent, the lowest rate since April 2000 and was 0.5 percentage points lower than a year ago. Civilian employment totaled 155.2 million persons in April, while the number unemployed was 6.3 million.

The **Index of Consumer Sentiment** decreased in April to 98.8 index-points, 2.6 index-points below the March value but 1.8 index-points above April 2017. Survey Director Richard Curtin noted, “The final April figure was nearly identical to its 2018 average (98.9)—which was higher than any other yearly average since 107.6 was recorded in 2000 (which was the highest yearly average in more than a half century). Tax reform and trade policies continue to spark spontaneous comments, with a positive balance of

opinion on the tax reform legislation (16.0 percent favorable versus 5.0 percent unfavorable) and a negative balance of opinion for the trade tariffs (1.0 percent positive versus 24.0 percent negative).”

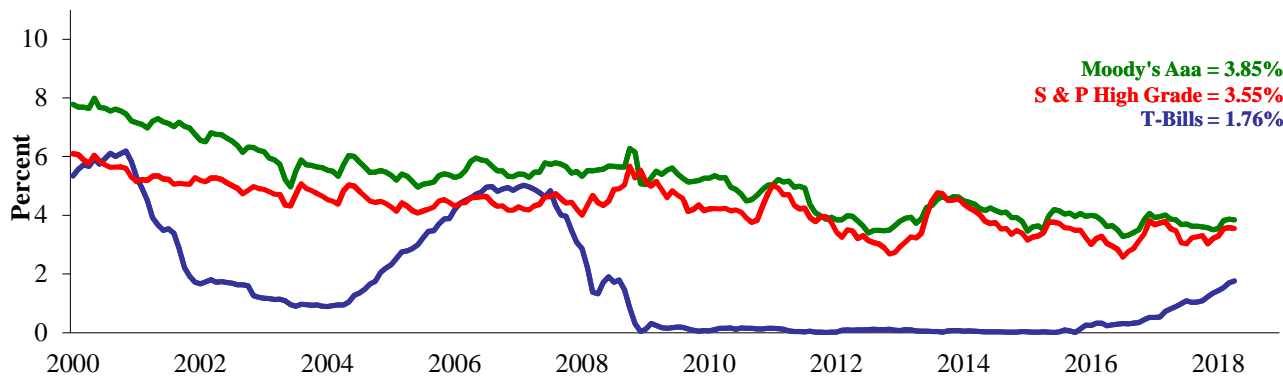
Index of Consumer Sentiment



Source: University of Michigan, Survey Research Center

Overall short term **interest rates** are up, with the T-bill rate increasing as the Federal Reserve raises the federal funds rate from recent lows. Short-term interest rates increased 0.06 percentage points in April as the 3-month Treasury bill (T-bill) rate was 1.70 percent. Compared to one year ago, the T-bill rate increased 0.95 percentage points. The Aaa corporate bond rate, a long-term interest rate, decreased 0.02 percentage points to an interest yield of 3.85 percent in April. The Aaa bond yield was down 0.02 percentage point from its year-ago level. The interest rate on high-grade municipal bonds decreased 0.03 percentage points from the March level to 3.55 percent in April and was up 0.01 percent points from a year ago. The Federal Open Market Committee (FOMC) maintained the target range for the federal funds rate at 1.50-1.75 percent for the May 2nd meeting.

Selected Key Interest Rates



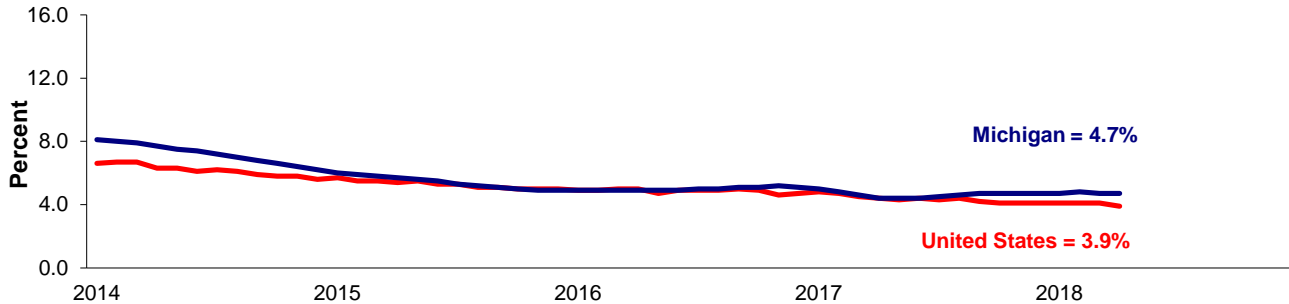
Source: Economic Indicators

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.2 in April, up from a 0.1 percent decrease in March. Energy prices increased 1.4 percent in April, after a 2.8 percent decrease in March, while the all-items less food and energy component increased 0.1 percent in April. Compared to April 2017, the all-items index increased 2.4 percent. For major component groups, the changes from one year ago were: food and beverages, 1.4 percent; medical care, 2.0 percent; apparel, 0.8 percent; education and communication, -0.2 percent; other goods and services, 2.6 percent; recreation, 0.6 percent; housing, 3.0 percent; and transportation, 4.1 percent, with gasoline prices up 13.4 percent. Oil prices per barrel of \$66.25 in April are the highest since November 2014 and account for the recent spike in gasoline prices.

Michigan Economy

In April, the **Michigan jobless rate** was unchanged at 4.7 percent. The April unemployment rate is 0.3 percentage points above the year ago level. In April, the labor force rose 4,000 to 4,902,000, while the number of people employed was increased 6,000 to 4,674,000. In April, the number of unemployed people fell by 2,000 to 228,000 unemployed people.

Unemployment Rates 2014 - 2018



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

Michigan wage and salary employment decreased by 10,000 jobs in April compared with the February level, and was up 46,000 jobs (1.1 percent) from April 2017. Leisure and hospitality services lost 4,000 jobs from last month while the professional and business services sector decreased by 3,000 jobs. Over the past 12 months, construction has grown 6.2 percent while professional and business services increased 1.7 percent.

Michigan's real GDP grew 2.3 percent in 2017 which was above the national average growth of 2.1 percent. Michigan's growth rate ranked 15th nationally and was first among the Great Lakes States. For the past two years, Michigan's growth rate of real GDP has been above the national average.

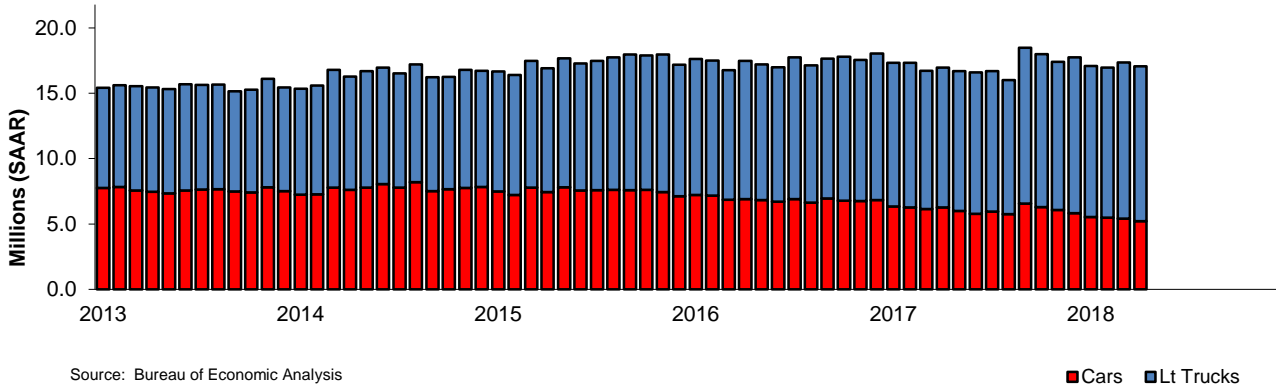
Michigan's total real GDP as a percent of the U.S. total is 2.62 percent. The amount has stabilized compared to recent history and has begun to slowly climb from the 2009 low of 2.54 percent.

Michigan real per capita GDP in 2017 was \$44,201 which was below the U.S. average of \$51,337. Michigan's 2017 real GDP per capita is 86.1 percent of the national total which is up from the 2016 average of 85.5 percent. Michigan's real GDP per capita grew 2.0 percent in 2017 which was well above the national average of 1.3 percent growth. Michigan real GDP per capita growth ranked 7th nationally.

Detroit retail prices, as measured by the Detroit Consumer Price Index (CPI-U), increased 0.9 percent from February to April compared to an increase of 0.3 percent from December to February. The all-items less food and energy index increased 0.8 percent from February. The food index increased 0.3 percent from February to April while the energy index increased 2.8 percent. Compared to April 2017, the all-items index increased 2.3 percent. For individual component items, the changes from one year ago were: food and beverages, 0.8 percent; apparel, -1.0 percent; education and communication, 2.0 percent; transportation, 2.4 percent; recreation, -0.4 percent; medical care, 1.8 percent; housing, 3.3 percent; and other goods and services, 7.2 percent.

Motor Vehicle Sector

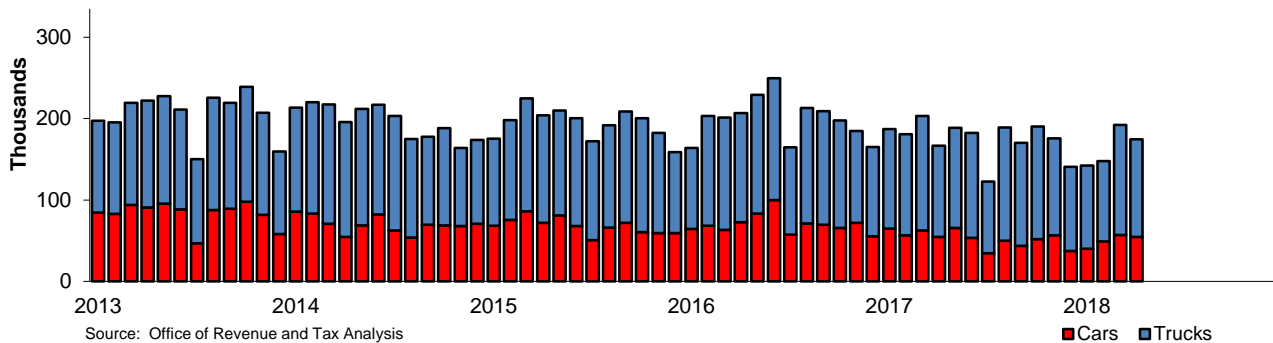
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) fell slightly in April but remain at historically high levels. Sales decreased 1.7 percent in April compared to March, selling at a 17.1 million unit seasonally adjusted annual rate. Domestic car sales decreased 4.7 percent from March while domestic light truck sales decreased 1.4 percent. Import car sales increased 0.7 percent while import light truck sales increased 0.8 percent. Compared to last year, light vehicle sales increased 0.6 percent. Domestic car sales decreased 17.5 percent from the year ago level while domestic light truck sales increased 8.5 percent. Import car sales were down 13.6 percent from last year while import truck sales increased 18.2 percent. As a result, the domestic share of U.S. light vehicle sales decreased 1.1 percentage points from a year ago. For fiscal year 2018 year-to-date, domestic light vehicles recorded a 76.8 percent share of a 17.4 million-unit market.

Michigan motor vehicle production decreased to 174,508 units in April from 192,077 units in March. From a year ago, motor vehicle production decreased 9.0 percent in Michigan and 10.0 percent nationally. In April, Michigan's car production was 54,628 units while the state's truck production was 119,880 units. Compared with a year ago, car production remained unchanged in Michigan and decreased 5.0 percent nationwide. The state's truck production increased 7.0 percent while national truck production increased 10.0 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



**Summary Estimates of the Constitutional Revenue Limit
Based on the January 11, 2018 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2016-17 Estimate	Fiscal Year 2017-18 Estimate	Fiscal Year 2018-19 Estimate
Applicable Calendar Year Personal Income	\$424,807	\$439,361	\$452,542
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$40,314.2</u>	<u>\$41,695.4</u>	<u>\$42,946.2</u>
Revenue Limit	\$40,314.2	\$41,695.4	\$42,946.2
State Revenue Subject to Limit	<u>\$31,689.6</u>	<u>\$32,682.8</u>	<u>\$33,581.6</u>
Amount Under (Over) Limit	\$8,624.6	\$9,012.6	\$9,364.6

Sources:

Personal Income Estimate

The FY 2016-17 calculation uses the official personal income estimate for calendar year 2015 (Survey of Current Business, October 2016).

The FY 2017-18 calculation uses the official personal income estimate for calendar year 2016 (Survey of Current Business, October 2017).

The FY 2018-19 calculation uses the January 11, 2018 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2016-17 calculation uses the January 11, 2018 Consensus Revenue Agreement.

The FY 2017-18 calculation uses the January 11, 2018 Consensus Revenue Agreement.

The FY 2018-19 calculation uses the January 11, 2018 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