



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN S. ROBERTS
DIRECTOR

October 3, 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 August 31, 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
August 31, 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	\$	173.6
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		9,124.8

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

Current Year Revenues minus Ongoing Costs	\$	69.8
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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, and PA 196 of 2014	\$	689.1
Medicaid financing changes under PA 161 and 162 of 2014 (Request 2014-8)	\$	173.6
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	\$	437.3
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Fiscal Year 2014
Projected Revenues and Expenditures
August 31, 2014
(\$ in millions)

FISCAL
2014

Beginning Balance , October 1, 2013	see one-time revenue
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Current Year School Aid Fund Revenues, May 2014 Consensus Estimate	\$	11,496.3
Revenue Adjustments:		
Use Tax Revision (PA 161 of 2014)	\$	86.8
Sales Tax Revision (PA 248 of 2014)	\$	(0.1)
MPERS 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	\$	2,153.8
Total FY Resources Available for Expenditure School Aid Fund	\$	13,650.1

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	\$	158.8
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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	\$	294.7
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SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

August 31, 2014

(\$ IN MILLIONS)

FISCAL YEAR 2013

FISCAL YEAR 2014

Exp & Enc August 2013	Exp & Enc Yr-to-date FY 2013	Fiscal Year End SEP 30, 2013	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc August 2014	Exp & Enc Yr-to-date FY 2014
7.7	60.0	70.5	Agriculture and Rural Development	79.9	11.2	5.1	59.8
8.1	68.5	80.9	Attorney General	87.9	4.7	6.0	71.1
21.7	248.3	255.7	Capital Outlay**	318.1	14.0	26.9	251.1
1.4	12.1	13.7	Civil Rights	15.2	0.0	1.1	12.3
122.6	1,300.9	1,296.3	Colleges & Universities	1,368.5	0.0	119.4	1,360.2
1,286.5	12,100.6	14,056.7	Community Health	15,299.5	1,495.3	1,611.3	13,156.4
197.2	1,715.2	1,947.9	Corrections	2,032.6	11.5	135.4	1,696.0
28.4	220.4	562.5	Education	378.5	(65.9)	22.4	201.7
16.9	130.5	156.6	Environmental Quality	486.5	35.7	11.2	225.5
0.7	5.4	4.7	Executive Office	5.4	0.2	(1.0)	4.6
519.0	5,237.6	5,895.0	Human Services	5,985.0	275.4	442.0	4,881.9
0.0	0.0	0.0	Insurance and Financial Services	75.3	17.4	3.4	51.4
23.8	196.5	242.2	Judiciary	283.4	0.8	19.4	198.9
0.0	0.0	0.0	Land Bank Fast Track Authority	0.0	1.8	0.0	1.8
2.3	17.8	20.0	Legislative Auditor General	21.0	0.0	1.7	17.9
12.4	94.0	104.4	Legislature	123.8	0.4	7.1	101.2
36.2	280.9	319.0	Licensing and Regulatory Affairs	305.5	49.7	23.1	262.5
12.3	112.2	130.9	Military Affairs	138.1	14.2	9.1	111.2
5.8	61.3	69.7	Natural Resources	105.1	11.7	5.7	58.6
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
21.2	160.8	189.9	State	219.5	10.0	15.3	166.7
57.8	444.2	537.5	State Police	605.7	27.1	45.9	468.2
38.4	363.5	473.3	Technology, Management & Budget***	344.1	273.6	34.1	307.1
11.2	23.0	23.0	Transportation	121.3	150.7	8.8	198.3
224.9	1,785.2	2,663.0	Treasury	1,701.4	97.7	224.0	1,633.4
1.6	166.1	157.1	Michigan Strategic Fund	218.2	24.7	1.3	209.7
\$2,658.2	\$24,804.8	\$29,270.5		\$30,319.5	\$2,461.6	\$2,778.9	\$25,707.3

*Includes boilerplate appropriations.

**Includes all capital outlay activity regardless of agency

***Includes Civil Service Commission

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2014

August, 2014

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,900.2	79.8	15,980.0
Total state spending from state resources	29,133.1	109.4	29,242.5
Percentage of state spending from state resources paid to local units	54.58%		54.65%
Required payments to local units (48.97%)	14,266.5		14,320.1
Surplus/(deficit)	\$1,633.7		\$1,659.9

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 October 1, 2013 Through August 31, 2014
 (in thousands)

REVENUES

Miscellaneous	\$	304
Total Revenues		304

EXPENDITURES

Current:		
General government		-
Total Expenditures		-
Excess of Revenues over (under) Expenditures		304

OTHER FINANCING SOURCES (USES)

Transfers from other funds		68,750
Transfers to other funds		-
Total Other Financing Sources (Uses)		68,750
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	69,054 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, 2013 Through August 31, 2014
 (in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>36,162</u>
Total Revenues		<u>36,162</u>

EXPENDITURES

Current:		
General government		1,711
Conservation, environment, recreation, and agriculture		1,974
Capital outlay		<u>29,542</u>
Total Expenditures		<u>33,227</u>
Excess of Revenues over (under) Expenditures		<u>2,934</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues		-
Proceeds from sale of capital assets		15
Transfers from other funds		-
Transfers to other funds		<u>(17)</u>
Total Other Financing Sources (Uses)		<u>(2)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	<u><u>2,932</u></u> ¹

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

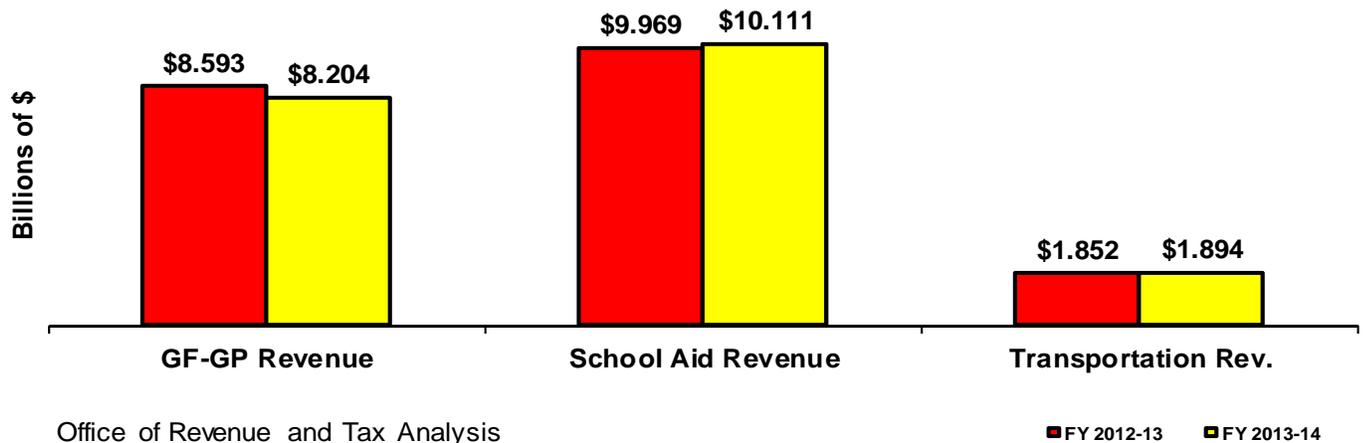
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

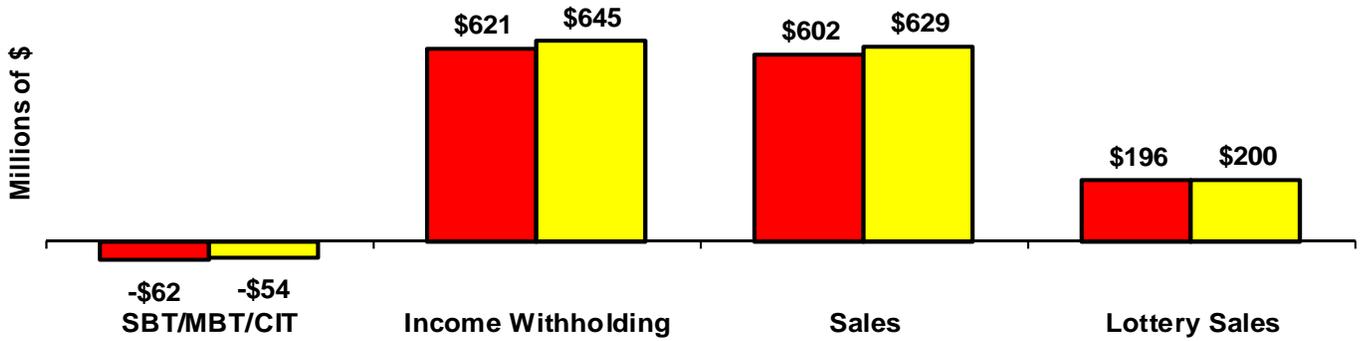
Total General Fund - General Purpose cash collections were \$48.9 million (8.0 percent) higher in August 2014 than in August 2013. The August 2014 School Aid Fund cash collections were \$48.9 million (5.3 percent) higher than in August 2013. August 2014 transportation collections were \$1.4 million (0.8 percent) lower than in August 2013 (see revenue table). August is the eleventh 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 \$388.7 million (4.5 percent) from a year ago. School Aid Fund cash collections are up \$141.8 million (1.4 percent) and transportation collections are up \$41.5 million (2.2 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 August Collections
FY 2012-13 and FY 2013-14**



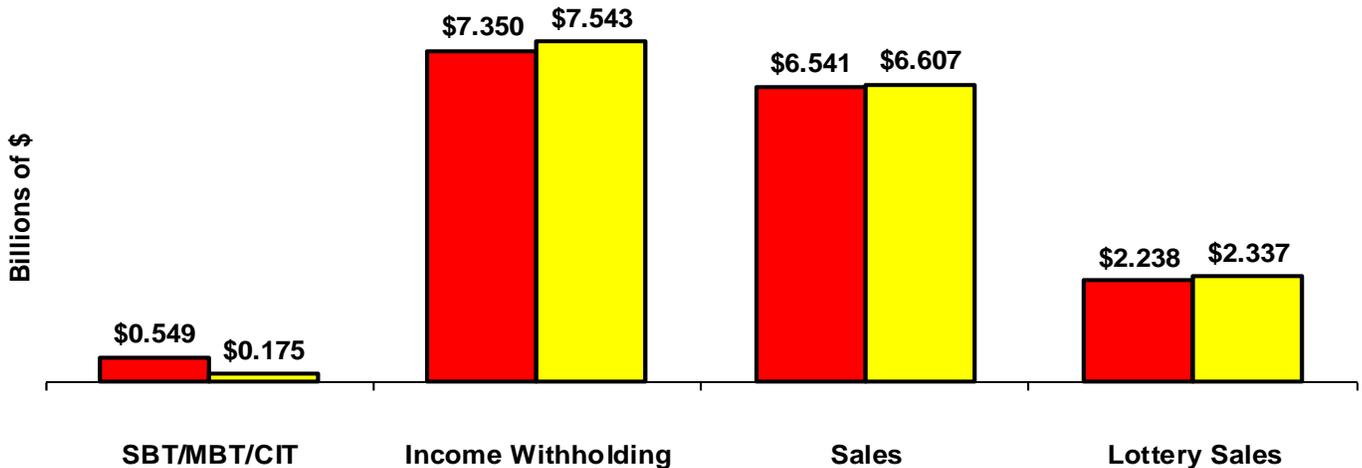
August Revenue Collections FY 2012-13 and FY 2013-14



Office of Revenue and Tax Analysis

■ FY 2012-13 ■ FY 2013-14

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



Office of Revenue and Tax Analysis

■ FY 2012-13 ■ FY 2013-14

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

For The Month Ended: August 31, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH AUGUST CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
August		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											
\$620,980	\$645,495	\$24,515	3.9%	Withholding	\$7,350,063	\$7,542,603	\$192,540	2.6%	\$7,963,000	\$8,128,300	\$8,281,100
10,758	9,922	(835)	-7.8%	Quarterlies	671,925	668,802	(3,122)	-0.5%	855,100	850,900	876,900
17,843	13,325	(4,517)	-25.3%	Annals	1,116,365	785,337	(331,028)	-29.7%	1,146,500	909,800	790,800
649,580	668,743	19,162	2.9%	Gross Collections	9,138,353	8,996,742	(141,610)	-1.5%	\$9,964,600	\$9,889,000	\$9,948,800
33,969	33,938	(30)	-0.1%	Less: Refunds	1,678,226	1,722,279	44,053	2.6%	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
615,612	634,804	19,193	3.1%	Net Personal Income	7,460,127	7,274,464	(185,663)	-2.5%	\$8,269,600	\$8,267,900	\$8,204,600
149,768	155,311	5,543	3.7%	Less: Disbursements to SAF	2,091,473	2,062,728	(28,745)	-1.4%	\$2,338,500	\$2,353,700	\$2,368,800
\$465,844	\$479,494	\$13,650	2.9%	NET PERSONAL INCOME TO GF-GP	\$5,368,654	\$5,211,736	(\$156,918)	-2.9%	\$5,931,100	\$5,914,200	\$5,835,800
Consumption Taxes											
\$84,457	\$97,879	\$13,422	15.9%	Sales (a)	\$916,662	\$1,024,827	\$108,165	11.8%	\$1,003,500	\$1,153,000	\$1,134,200
65,190	81,971	16,781	25.7%	Use (f)	754,397	827,949	73,552	9.7%	838,300	888,300	918,900
17,883	17,581	(303)	-1.7%	Tobacco	172,427	169,917	(2,510)	-1.5%	187,800	188,800	187,000
4,786	4,848	62	1.3%	Beer, Wine & Mixed Spirits	46,119	46,948	829	1.8%	50,700	52,000	51,500
3,792	4,170	378	10.0%	Liquor Specific	36,604	38,375	1,771	4.8%	44,400	43,500	45,000
\$176,108	\$206,449	\$30,341	17.2%	TOTAL CONSUMPTION TAXES	\$1,926,210	\$2,108,016	\$181,807	9.4%	\$2,124,700	\$2,325,600	\$2,336,600
Other Taxes											
(\$11,346)	(\$12,468)	(\$1,122)	-9.9%	Single Business	(\$30,577)	(\$38,280)	(\$7,703)	-25.2%	(\$47,000)	\$0	(\$20,000)
2,845	(2,051)	(4,896)	na	Insurance Premiums Taxes	287,999	300,184	12,185	4.2%	301,400	348,200	346,500
(8,501)	(14,519)	(6,018)	-70.8%	Sub-total SBT & Insurance	257,422	261,904	4,482	1.7%	254,400	348,200	326,500
(54,017)	(57,876)	(3,858)	-7.1%	Michigan Business Tax	(170,097)	(619,571)	(449,474)	na	(75,800)	(550,000)	(552,000)
3,785	16,118	12,333	na	Corporate Income Tax	750,080	833,281	83,202	11.1%	783,100	957,000	879,900
9	9	(0)	-4.8%	Inheritance / Estate	(6)	305	311	na	0	0	0
352	609	257	72.9%	Telephone & Telegraph	52,001	48,098	(3,903)	-7.5%	46,500	55,000	45,000
5,355	3,883	(1,472)	-27.5%	Oil & Gas Severance	53,009	59,352	6,343	12.0%	59,500	55,000	67,000
5,077	10,721	5,644	111.0%	Penalties & Interest	119,576	93,585	(25,991)	-21.7%	165,200	138,000	150,000
375	232	(143)	-38.2%	Miscellaneous Other/Railroad	1,333	1,757	424	31.8%	1,100	1,000	1,000
(10,667)	(11,083)	(417)	-3.9%	Treasury Enforcement Programs (e)	(117,333)	(120,917)	(3,583)	-3.1%	(134,600)	(129,000)	(133,000)
(\$58,231)	(\$51,906)	\$6,326	10.9%	TOTAL OTHER TAXES	\$945,985	\$557,795	(\$388,190)	-41.0%	\$1,099,400	\$875,200	\$784,400
\$583,721	\$634,037	\$50,316	8.6%	SUBTOTAL GF-GP TAXES	\$8,240,848	\$7,877,547	(\$363,301)	-4.4%	\$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: August 31, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH AUGUST CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
August		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	\$18,333	\$18,333	\$0	0.0%	\$22,500	\$20,000	\$20,000
83	83	0	0.0%	Local Agencies	917	917	0	0.0%	100	1,000	1,000
917	833	(83)	-9.1%	Services	10,083	9,417	(667)	-6.6%	9,000	11,000	10,000
1,667	833	(833)	-50.0%	Licenses & Permits	18,333	11,667	(6,667)	-36.4%	4,800	20,000	10,000
0	0	0	na	Investments/Interest Costs	(719)	(276)	443	61.6%	(1,200)	(4,000)	(2,500)
10,250	8,417	(1,833)	-17.9%	Misc. Non-tax Revenue	114,750	95,833	(18,917)	-16.5%	106,800	114,000	101,000
13,600	14,333	733	5.4%	Liquor Purchase Revolving Fund	150,300	155,667	5,367	3.6%	170,600	164,000	172,000
3,600	4,250	650	18.1%	From Other Funds-Lottery & Escheats	40,300	35,300	(5,000)	-12.4%	94,800	5,200	51,000
\$31,783	\$30,417	(\$1,367)	-4.3%	TOTAL NON-TAX REVENUE	\$352,297	\$326,857	(\$25,440)	-7.2%	\$407,400	\$331,200	\$362,500
\$615,504	\$664,453	\$48,949	8.0%	TOTAL GF-GP REVENUE	\$8,593,145	\$8,204,404	(\$388,741)	-4.5%	\$9,562,800	\$9,446,200	\$9,319,300
School Aid Fund											
\$246,097	\$256,910	\$10,814	4.4%	Sales Tax 4%	\$2,674,388	\$2,700,084	\$25,696	1.0%	2,925,500	3,107,200	2,976,600
191,790	201,018	9,229	4.8%	Sales Tax 2%	2,083,724	2,106,825	23,101	1.1%	2,280,700	2,224,900	2,323,900
32,595	82,551	49,956	153.0%	Use Tax 2% (f)	375,857	461,365	85,509	22.8%	432,400	444,200	459,500
167,211	160,767	(6,444)	-3.9%	State Education Property Tax	1,415,358	1,441,855	26,497	1.9%	1,770,900	1,818,000	1,788,000
22,967	20,503	(2,464)	-10.7%	Real Estate Transfer Tax	171,951	196,983	25,033	14.6%	202,300	202,100	233,400
60,000	40,000	(20,000)	-33.3%	Lottery Transfer (b)	620,000	608,000	(12,000)	-1.9%	734,300	742,500	775,000
9,145	9,126	(19)	-0.2%	Casino Wagering Tax	103,498	99,032	(4,465)	-4.3%	110,700	112,000	108,000
3,710	4,103	393	10.6%	Liquor Excise Tax	36,127	37,934	1,807	5.0%	43,800	43,500	44,500
36,305	35,691	(614)	-1.7%	Cigarette/Tobacco Tax	350,054	344,958	(5,096)	-1.5%	371,900	359,800	359,500
1,488	1,845	357	24.0%	Indus. & Comm. Facilities Taxes	27,806	26,639	(1,167)	-4.2%	33,900	39,000	35,000
3,241	5,397	2,157	66.6%	Specific Other	18,728	24,324	5,596	29.9%	24,600	23,100	24,100
149,768	155,311	5,543	3.7%	Income Tax Earmarking	2,091,473	2,062,728	(28,745)	-1.4%	\$2,338,500	\$2,353,700	\$2,368,800
\$924,317	\$973,223	\$48,906	5.3%	TOTAL SCHOOL AID FUND	\$9,968,963	\$10,110,727	\$141,764	1.4%	\$11,269,500	\$11,470,100	\$11,496,300
\$601,951	\$629,202	\$27,252	4.5%	SALES TAX 6%	\$6,541,037	\$6,606,965	\$65,928	1.0%	\$7,153,800	\$7,330,700	\$7,285,000
410,161	428,184	18,023	4.4%	SALES TAX 4%(d)	4,457,313	4,500,140	42,826	1.0%	4,873,100	5,105,800	4,961,100
191,790	201,018	9,229	4.8%	SALES TAX 2%	2,083,724	2,106,825	23,101	1.1%	2,280,700	2,224,900	2,323,900
97,785	164,522	66,737	68.2%	USE TAX 6% (f)	1,130,254	1,289,314	159,060	14.1%	1,270,700	1,332,500	1,378,400
89,865	88,345	(1,520)	-1.7%	TOBACCO TAXES	866,470	853,857	(12,613)	-1.5%	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: August 31, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH AUGUST CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
August		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												
\$11,190	\$13,000	\$1,810	16.2%	Diesel Fuel / Motor Carrier Fuel Tax	\$119,132	\$126,417	\$7,284	6.1%	\$128,910	\$130,000	\$130,600	
74,161	73,761	(401)	-0.5%	Gasoline	755,021	762,120	7,098	0.9%	821,632	812,500	818,000	
73,746	71,024	(2,722)	-3.7%	Motor Vehicle Registration	834,989	861,505	26,516	3.2%	906,530	905,000	927,500	
4,546	4,460	(85)	-1.9%	Other Taxes, Fees & Misc.	44,126	44,155	30	0.1%	127,998	167,961	175,215	
9,122	9,117	(5)	-0.1%	Comprehensive Transportation (c)	99,056	99,635	579	0.6%	114,629	106,794	109,404	
<u>\$172,764</u>	<u>\$171,362</u>	<u>(\$1,403)</u>	<u>-0.8%</u>	TOTAL MAJOR TRANS. REVENUES	<u>\$1,852,325</u>	<u>\$1,893,831</u>	<u>\$41,507</u>	<u>2.2%</u>	<u>\$2,099,699</u>	<u>\$2,122,255</u>	<u>\$2,160,718</u>	
Lottery Sales By Games												
66,372	71,737	5,365	8.1%	Instant Games	750,618	822,767	72,148	9.6%	na	na	na	
51,635	57,526	5,891	11.4%	Daily Games	607,221	622,256	15,035	2.5%	na	na	na	
35,329	25,194	(10,135)	-28.7%	Lotto and Big Game	352,506	316,764	(35,742)	-10.1%	na	na	na	
829	776	(53)	-6.4%	Keno Game	10,353	9,337	(1,016)	-9.8%	na	na	na	
0	1,652	1,652	na	Other	5,100	42,976	37,876	na	na	na	na	
41,780	43,249	1,470	3.5%	Club Games	512,309	523,244	10,935	2.1%	na	na	na	
<u>\$195,945</u>	<u>\$200,135</u>	<u>\$4,190</u>	<u>2.1%</u>	TOTAL LOTTERY SALES	<u>\$2,238,107</u>	<u>\$2,337,344</u>	<u>\$99,237</u>	<u>4.4%</u>	<u>na</u>	<u>na</u>	<u>na</u>	

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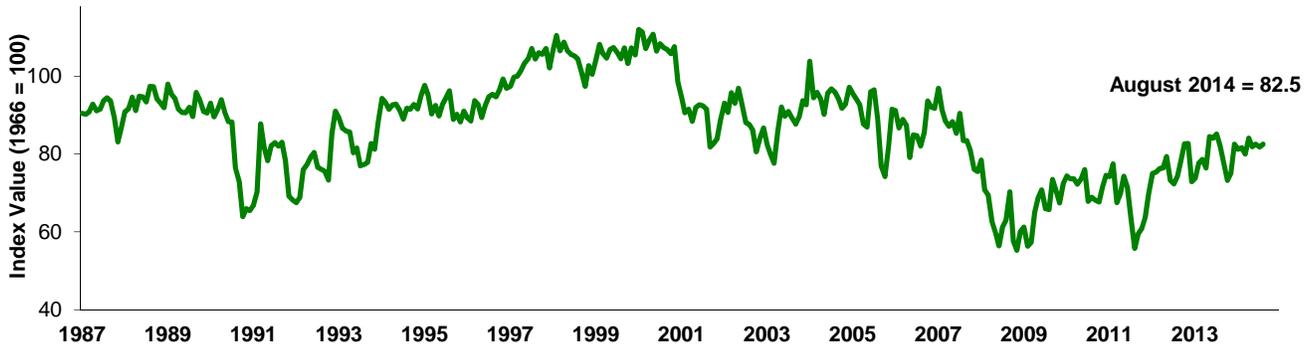
- a GF-GP Sales has been adjusted based on CTF, Health Initiative, and Constitutional Revenue shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions 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 Starting in April 2009, per P.A. 440 of 2008, totals include revenue from expanded use tax collections.

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

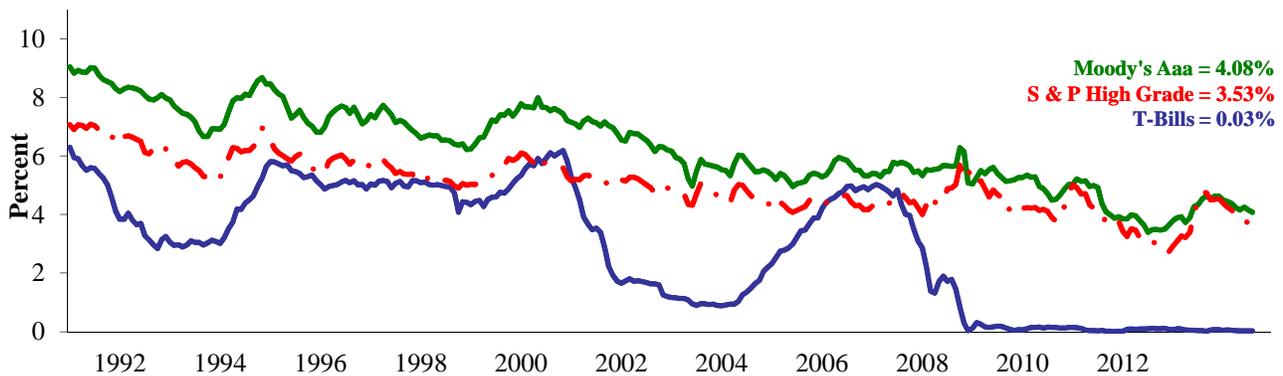
The **Index of Consumer Sentiment** increased in August to 82.5 index-points, 0.7 index-points above the July value and 0.4 index-points above August 2013. On the increase in confidence, Survey Director Richard Curtin noted, “Consumer Confidence rebounded in late August due to a positive reassessment of prospects for the national economy. The level of the Sentiment Index has remained in the narrow range between 80.0 and 82.0 for the past nine months, with gains among higher income households offsetting losses among households with incomes below \$75,000. High income households reported much more favorable past and prospective trends in their incomes as well as in their wealth holdings. A weakened trend in equity and home prices in the absence of resurgence wages would threaten the modest pace of consumer spending that is now expected.” Curtin observed, “When asked about recent changes in their finances, 42% of all consumers reported that their finances had improved in August, the highest proportion since 2007. Net income gains were reported by more households than anytime since 2007.” On buying attitudes, Curtin reported, “Buying plans for durables, vehicles, and homes were all unchanged in the August survey from last year; only home selling conditions were viewed more favorable than last August. Although favorable views toward selling homes were at their highest level since 2006, they were still significantly less positive than home buying conditions (49% versus 76%).” In August, consumers in two of the four regions reported an increase in confidence. Midwestern consumers reported the largest increase in confidence at 3.8 index-points, followed by Western consumers with an increase of 2.8 index-points. Southern consumers reported the largest decrease in confidence of 1.9 index points. The gap across regions increased from last month to 9.3 index-points, with Western consumers on top and Southern consumers on the bottom.

The preliminary estimate of real **Gross Domestic Product** for the second quarter of 2014 is \$15,994.3 billion (chained 2005 dollars), an increase of 4.2 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 7.2 percent in the second quarter compared to decrease of 5.3 percent in the first quarter. Real

nonresidential fixed investment increased 8.4 percent in the second quarter while real equipment expenditures increased 10.7 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 2.9 percent in the second quarter, compared to a 1.3 percent decrease in the first quarter. Exports of goods and services increased 10.1 percent in the second quarter, compared to a 9.2 percent decrease in the first quarter. Imports increased 11.0 percent in the second quarter compared to an increase of 2.2 percent in the first quarter. Private inventory investment increased \$83.9 billion in the second quarter, following a \$35.2 billion increase in the first quarter. Real final sales increased 2.8 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 2.2 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), decreased 0.2 percent in August, down from the 0.1 percent increase in to July. Energy prices decreased 2.6 percent in August, down from a 0.3 percent decrease in July, while the all-items less food and energy component remained unchanged in August. Compared to August 2013, the all-items index increased 1.7 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 2.6 percent; medical care, 2.1 percent; apparel, 0.1 percent; education and communication, 1.5 percent; other goods and services, 1.6 percent; housing, 2.6 percent; recreation, 0.0 percent; and transportation, -0.4 percent, with gasoline prices down -2.8 percent.

Selected Key Interest Rates

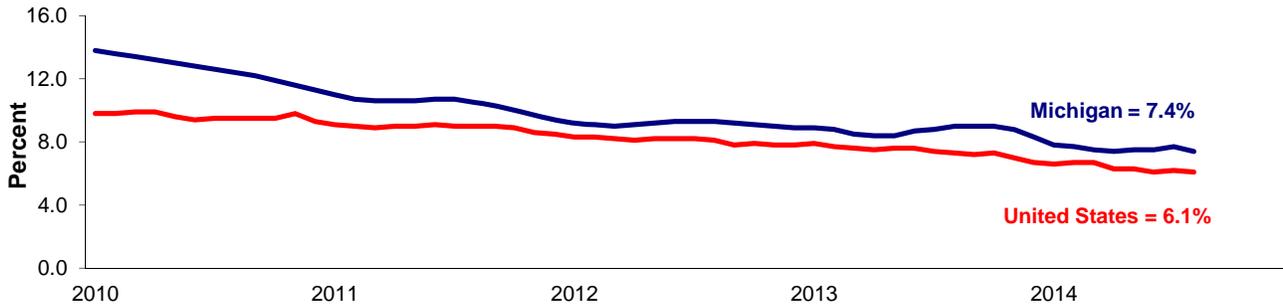


Source: Economic Indicators

Short-term **interest rates** remained unchanged in August as the 3-month Treasury bill (T-bill) rate was 0.03 percent. Compared to one year ago, the T-bill rate was down 0.01 percentage point. The Aaa corporate bond rate, a long-term interest rate, decreased 0.08 percentage point to an interest yield of 4.08 percent in August. The Aaa bond yield was down 0.46 percentage point from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.22 percentage point from the July level to 3.53 percent in August and was down 1.24 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 August, the **U. S. unemployment rate** decreased 0.1 percentage point from a month ago to 6.1 percent and was 1.1 percentage points lower than a year ago. Civilian employment totaled 146.4 million persons in August. The number unemployed was 9.6 million nationwide.

Unemployment Rates 2010 - 2014



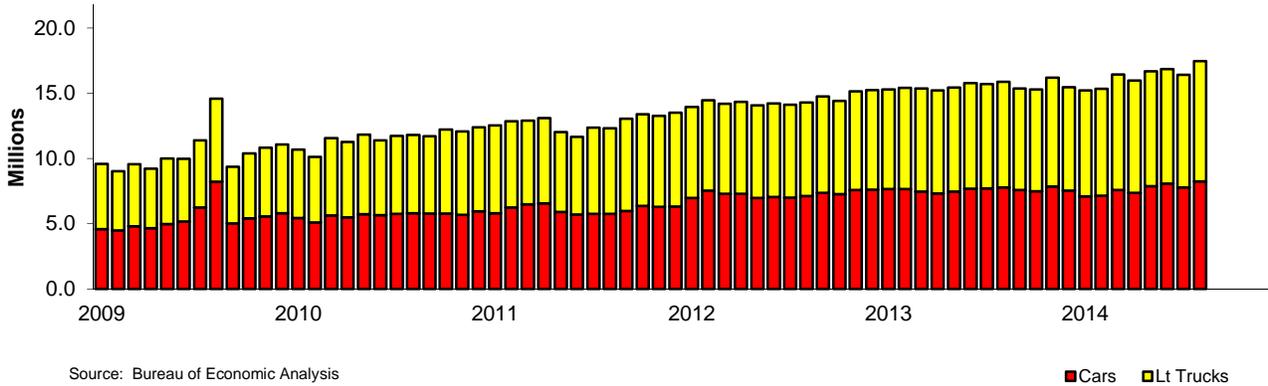
Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In August, the **Michigan jobless rate** decreased 0.3 percentage point to 7.4 percent from July. The August unemployment rate is 1.6 percentage points below the year ago level. In August, the labor force declined 11,000 to 4,731,000, while the number of people employed increased by 4,000 to 4,382,000. In August, there were 348,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Detroit retail prices, as measured by the Detroit Consumer Price Index (CPI-U), decreased 1.0 percent from June to August compared to a 0.5 percent increase from April to June. The all-items less food and energy index decreased 0.4 percent from June to August. The food index increased 0.1 percent from June to August while the energy index decreased 6.1 percent. Compared to August 2013, the all-items index increased 1.0 percent. For individual component items, the changes from one year ago were: food and beverages, 2.0 percent; apparel, 0.7 percent; education and communication, 4.4 percent; transportation, -1.2 percent; recreation, -5.0 percent; medical care, 0.9 percent; housing, 2.8 percent; and other goods and services, -1.8 percent.

Motor Vehicle Sector

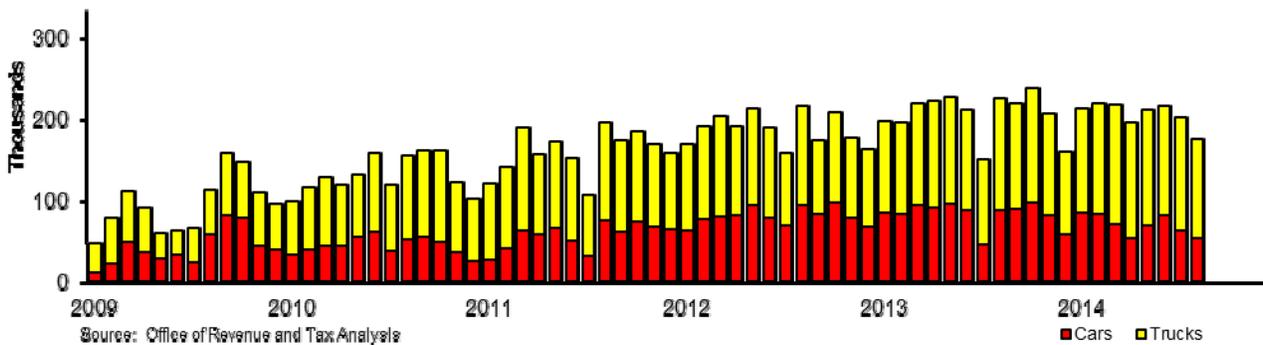
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) increased 6.4 percent in August compared to July, selling at a 17.4 million unit seasonally adjusted annual rate. Domestic car sales increased 7.8 percent from July while domestic light truck sales increased 6.7 percent. Import car sales increased 0.4 percent while import light truck sales increased 8.4 percent. Compared to last year, light vehicle sales increased 9.9 percent. Domestic car sales were up 11.0 percent from the year ago level while domestic light truck sales increased 13.1 percent. Import car sales were down 5.9 percent from last year while import truck sales increased 16.1 percent. As a result, the domestic share of U.S. light vehicle sales increased 1.6 percentage points from a year ago. For fiscal year 2014 year-to-date, domestic light vehicles recorded a 78.3 percent share of a 16.1 million-unit market.

Michigan motor vehicle production decreased to 175,056 units in August from 203,102 units in July. From a year ago, motor vehicle production decreased 22 percent in Michigan and decreased 2 percent nationally. In August, Michigan's car production was 53,956 units while the state's truck production was 121,100 units. Compared with a year ago, car production decreased 38 percent in Michigan and decreased 9 percent nationwide. The state's truck production decreased 12 percent while national truck production increased 3 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