



STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

RICK SNYDER  
GOVERNOR

JOHN S. ROBERTS  
DIRECTOR

January 30, 2015

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

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

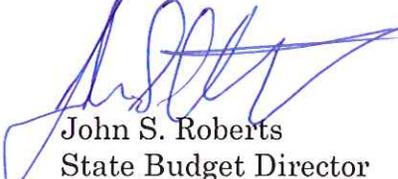
Dear Legislators:

Attached is the monthly financial report for the month ending December 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](http://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 2015**  
**Projected Revenues and Expenditures**  
**December 31, 2014**  
(\$ in millions)

		<b>FISCAL 2015</b>
<b>Beginning Balance, October 1, 2014</b>		<i>see one-time revenue</i>
<b>Current Year GF/GP Revenues, May 2014 Consensus Estimate</b>	<b>\$</b>	<b>9,826.0</b>
<b>Revenue Adjustments:</b>		
Local Government Program Payments	\$	(459.2)
General Fund share of HMO use tax collections - PA 161 of 2014	\$	392.9
Venture Michigan Fund	\$	(38.1)
Other revenue adjustments	\$	(15.2)
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$</b>	<b>(119.6)</b>
<b>Total FY Resources Available For Expenditure GF/GP - Ongoing</b>		<b>9,706.4</b>
<b>Expenditures, Current Law:</b>		
FY 2015 Enacted with Vetoes	\$	9,599.3
<b>Total Expenditures Projected - Ongoing</b>	<b>\$</b>	<b>9,599.3</b>
<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$</b>	<b>107.1</b>
<b>Beginning Balance (One-Time Revenue)</b>	<b>\$</b>	<b>306.4</b>
Local Government Program Payments	\$	(8.8)
<b>Total FY Resources Available For Expenditure GF/GP - One-Time</b>	<b>\$</b>	<b>297.6</b>
<b>One-Time Spending Items:</b>		
PA 182, PA 252, PA 282, PA 356, and PA 414 of 2014	\$	611.5
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$</b>	<b>(313.9)</b>
<b>Projected Ending Balance, September 30, 2015</b>	<b>\$</b>	<b>(206.8)</b>

<sup>1</sup> Subsequent to the date of this report, the Consensus Revenue Estimating Conference was held on January 16, 2015. Revenue adjustments will be reflected in the January monthly financial report.

<sup>2</sup> On December 29, 2014, the fiscal year 2014 Comprehensive Annual Financial Report was finalized with an unreserved fund balance for the fiscal year ending September 30, 2014, of \$306.4 million.

<sup>3</sup> The Governor is working with the Legislature on a corrective action plan to ensure a balanced budget for fiscal year 2015.

School Aid Fund  
Fiscal Year 2015  
Projected Revenues and Expenditures  
December 30, 2014  
(\$ in millions)

		FISCAL 2015
<b>Beginning Balance , October 1, 2014</b>		<i>see one-time revenue</i>
<b>Current Year School Aid Fund Revenues, May 2014 Consensus Estimate</b>	<b>\$</b>	<b>11,853.3</b> <sup>1</sup>
<b>Revenue Adjustments:</b>		
Personal Property Tax Reform Approval (PA 80 of 2014)	\$	(10.0)
Personal Property Tax Reform Holdharmless General Fund	\$	19.9
Use Tax Revision (PA 161 of 2014)	\$	196.4
Various Legislation (PA 240, 248 and 298 of 2014); Court Decision	\$	(5.3)
Michigan Venture Fund	\$	(11.9)
MPERS Reserve Fund	\$	18.0
General Fund	\$	95.0
Federal Revenue	\$	1,808.2
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$</b>	<b>2,110.3</b>
<b>Total FY Resources Available for Expenditure School Aid Fund</b>	<b>\$</b>	<b>13,963.6</b>
<b>School Aid Ongoing Costs</b>		
PA 196 of 2014	\$	13,494.1
<b>Community Colleges Ongoing Costs</b>		
PA 196 of 2014	\$	197.6
<b>Universities Ongoing Costs</b>		
PA 196 of 2014	\$	200.5
<b>Total School Aid Fund Ongoing Costs Projected</b>	<b>\$</b>	<b>13,892.2</b>
<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$</b>	<b>71.4</b>
<b>Beginning Balance (One-Time Revenue)</b>		
	<b>\$</b>	<b>455.1</b> <sup>2</sup>
<b>One-Time Spending Items</b>		
PA 196 of 2014 School Aid	\$	376.2
PA 196 of 2014 Higher Education	\$	4.0
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$</b>	<b>74.9</b>
<b>Projected Ending Balance, September 30, 2015</b>	<b>\$</b>	<b>146.3</b>

<sup>1</sup>Subsequent to this report, the January revenue consensus conference met. Both revenue and expenditure estimates were revised. Those changes will be reflected in the January monthly financial report.

<sup>2</sup>On December 29, 2014, the fiscal year 2014 Comprehensive Annual Financial Report was finalized.

**SUMMARY OF EXPENDITURES AND ENCUMBRANCES  
GENERAL FUND GROSS**

December 31, 2014

(\$ IN MILLIONS)

FISCAL YEAR 2014

FISCAL YEAR 2015

Exp & Enc December 2013	Exp & Enc Yr-to-date FY 2014	Fiscal Year End SEP 30, 2014	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc December 2014	Exp & Enc Yr-to-date FY 2015
4.4	12.8	70.9	Agriculture and Rural Development	84.5	11.6	7.1	15.8
6.7	16.5	81.4	Attorney General	92.6	0.0	9.7	19.3
19.3	77.2	314.6	Capital Outlay**	321.8	0.0	20.8	79.3
1.2	2.8	14.1	Civil Rights	16.6	0.0	1.7	3.3
139.2	394.1	1,356.4	Colleges & Universities	1,479.1	0.0	149.2	422.7
1,246.9	3,633.3	15,368.8	Community Health	18,147.0	300.0	1,380.2	4,136.9
153.1	424.6	1,984.9	Corrections	2,022.2	0.0	200.0	458.9
15.1	46.5	399.8	Education	287.1	9.0	18.9	44.3
11.9	27.3	254.8	Environmental Quality	473.9	35.6	16.1	32.1
0.8	1.9	5.1	Executive Office	6.9	0.0	0.6	1.8
397.5	1,293.4	5,488.4	Human Services	5,966.8	0.0	422.9	1,228.7
3.5	7.3	61.9	Insurance and Financial Services	65.2	0.0	5.2	10.2
11.1	35.8	249.7	Judiciary	287.8	0.0	24.2	40.3
0.0	0.0	1.8	Land Bank Fast Track Authority	4.0	0.0	0.0	1.1
1.6	4.0	20.2	Legislative Auditor General	22.2	0.0	2.3	4.7
9.5	26.6	115.0	Legislature	128.9	0.4	15.3	31.9
39.8	63.7	252.5	Licensing and Regulatory Affairs	326.4	54.2	33.1	99.7
8.8	24.7	128.3	Military Affairs	140.7	12.2	12.7	28.7
3.3	9.8	72.1	Natural Resources	126.6	14.1	6.9	14.4
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
14.0	34.6	198.5	State	224.0	9.7	19.2	40.4
37.6	91.9	577.5	State Police	638.8	14.7	66.9	120.8
20.9	61.3	1,013.8	Technology, Management & Budget***	420.1	94.0	34.9	80.1
0.1	0.1	221.6	Transportation	282.6	0.0	0.0	22.0
223.6	589.1	2,712.3	Treasury	1,838.9	73.4	258.1	642.0
0.4	77.4	221.0	Michigan Strategic Fund	240.7	24.1	0.9	41.5
<b>\$2,370.2</b>	<b>\$6,846.5</b>	<b>\$31,175.3</b>		<b>\$33,644.4</b>	<b>\$652.9</b>	<b>\$2,705.9</b>	<b>\$7,619.9</b>

\*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 2015  
December, 2014  
(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,560.3	0.0	16,560.3
Total state spending from state resources	30,143.5	33.7	30,177.2
Percentage of state spending from state resources paid to local units	54.94%		54.88%
Required payments to local units (48.97%)	14,761.3		14,777.8
<b>Surplus/(deficit)</b>	<b>\$1,799.0</b>		<b>\$1,782.5</b>

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

**REVENUES**

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

**EXPENDITURES**

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

**OTHER FINANCING SOURCES (USES)**

Transfers from other funds	23,500
Transfers to other funds	<u>          -</u>
Total Other Financing Sources (Uses)	<u>23,500</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 23,500</u> <sup>1</sup>

<sup>1</sup> 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, 2014 through December 31, 2014  
 (in thousands)

**REVENUES**

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>10,621</u>
Total Revenues		<u>10,621</u>

**EXPENDITURES**

Current:		
General government		94
Conservation, environment, recreation, and agriculture		206
Capital outlay		<u>-</u>
Total Expenditures		<u>300</u>
Excess of Revenues over (under) Expenditures		<u>10,321</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>10,321</u> <sup>1</sup>

<sup>1</sup> Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

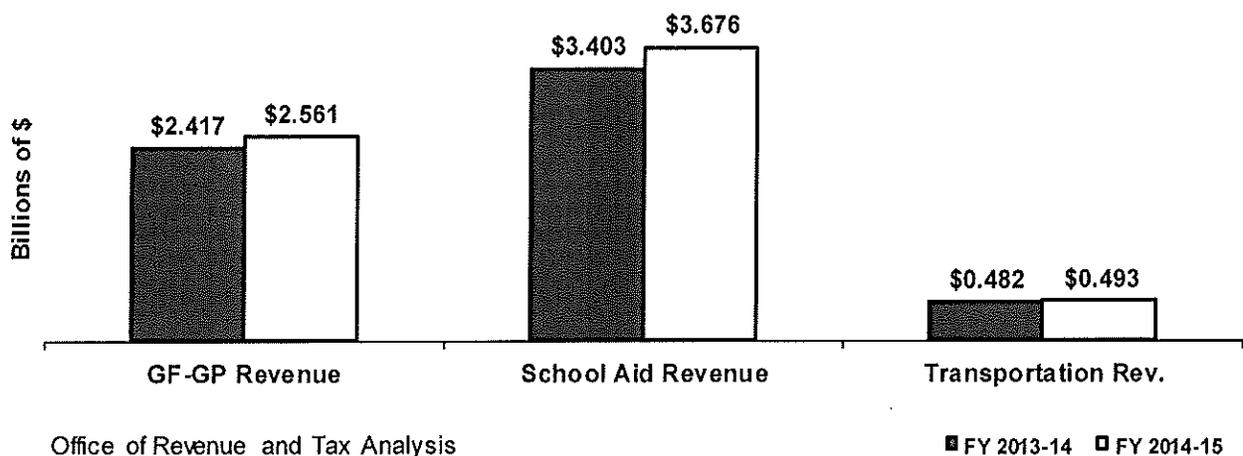
**REVENUE OVERVIEW**  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

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

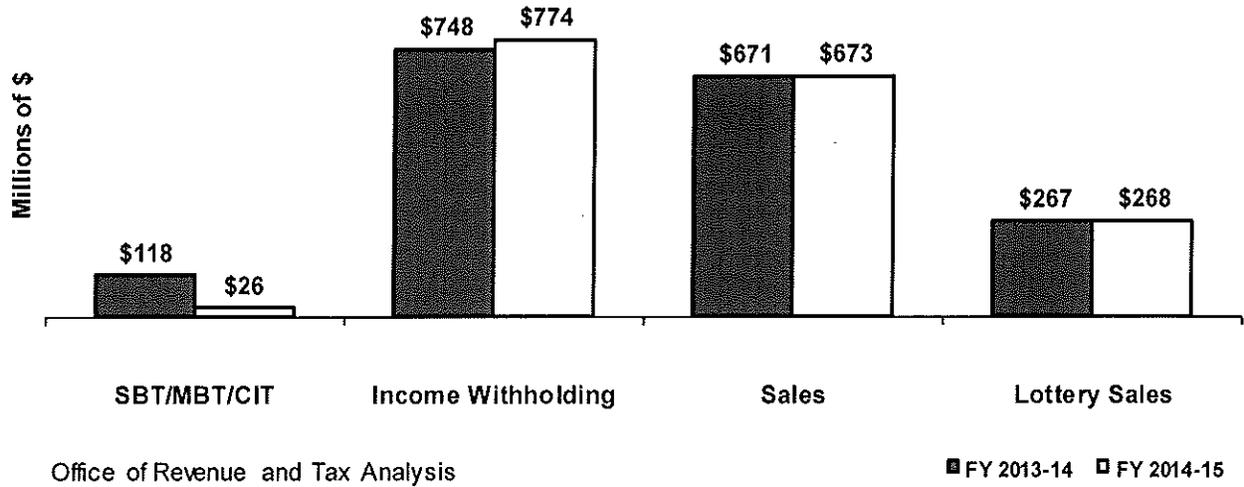
Total General Fund - General Purpose cash collections were \$38.2 million (4.0 percent) lower in December 2014 than in December 2013. The December 2014 School Aid Fund cash collections were \$72.5 million (8.3 percent) higher than in December 2013. December 2014 transportation collections were \$13.0 million (8.3 percent) higher than in December 2013 (see revenue table). December is the third 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 \$144.2 million (6.0 percent) from a year ago. School Aid Fund cash collections are up \$273.0 million (8.0 percent) and transportation collections are up \$11.2 million (2.3 percent).

The FY 2014-15 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 15, 2014. The revenue estimate for net General Fund – General Purpose revenue for FY 2014-15 is \$9,826.0 million and the net School Aid revenue forecast is \$11,853.3 million. The Transportation Funds revenue forecast is \$2,178.6 million. The next regularly scheduled Consensus Revenue Estimating Conference will be on January 16, 2015.

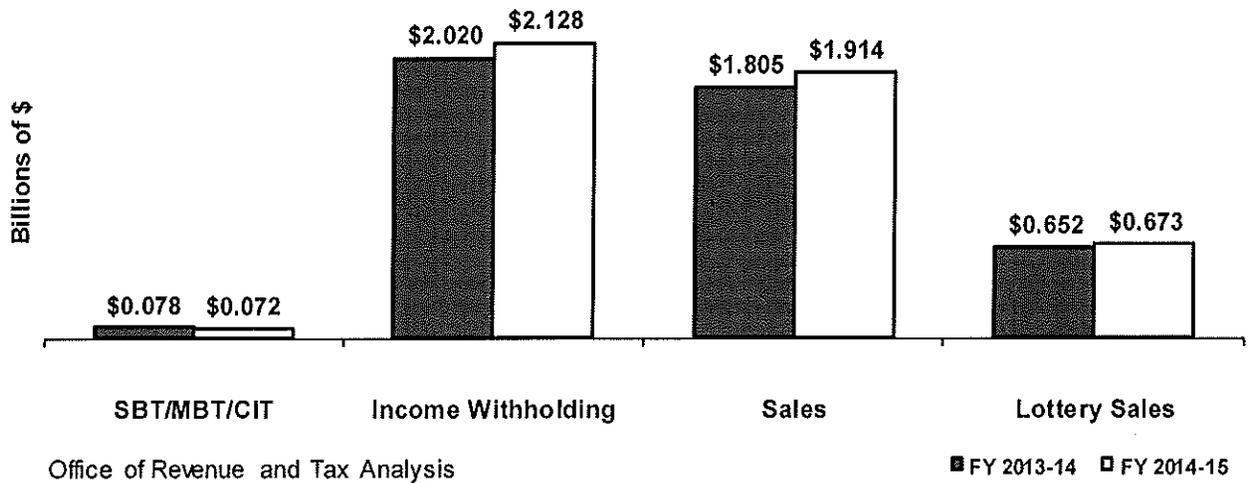
**October through December Collections  
FY 2013-14 and FY 2014-15**



### December Revenue Collections FY 2013-14 and FY 2014-15



### October through December Collections FY 2013-14 and FY 2014-15



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

For The Month Ended: December 31, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH DECEMBER CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
December		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15
2013	2014	Amount	Percent		FY 2013-14	FY 2014-15	Amount	Percent	May 2014 Consensus	Statutory Estimate	May 2014 Consensus
<b>Income Taxes</b>											
\$748,238	\$774,308	\$26,070	3.5%	Withholding	\$2,020,249	\$2,128,013	\$107,764	5.3%	\$8,281,100	\$8,568,600	\$8,568,600
58,797	101,967	43,170	73.4%	Quarterlies	85,074	127,635	42,561	50.0%	876,900	908,500	908,500
13,337	14,391	1,054	7.9%	Annals	76,825	69,315	(7,510)	-9.8%	790,800	825,700	825,700
820,372	890,666	70,294	8.6%	Gross Collections	2,182,147	2,324,962	142,815	6.5%	\$9,948,800	\$10,302,800	\$10,302,800
19,053	22,100	3,047	16.0%	Less: Refunds	81,618	100,136	18,518	22.7%	1,743,200	1,797,000	1,797,000
0	0	0	na	State Campaign Fund	0	0	0	na	1,000	1,000	1,000
801,319	868,566	67,247	8.4%	Net Personal Income	2,100,529	2,224,826	124,297	5.9%	\$9,204,600	\$9,504,800	\$9,504,800
189,379	205,685	16,307	8.6%	Less: Disbursements to SAF	503,318	537,016	33,698	6.7%	\$2,368,800	\$2,453,100	\$2,453,100
\$511,940	\$662,880	\$50,940	8.3%	<b>NET PERSONAL INCOME TO OF-GP</b>	<b>\$1,597,212</b>	<b>\$1,687,811</b>	<b>\$90,599</b>	<b>5.7%</b>	<b>\$5,835,800</b>	<b>\$6,051,700</b>	<b>\$6,051,700</b>
<b>Consumption Taxes</b>											
\$95,742	\$105,533	\$9,791	10.2%	Sales (a)	\$252,357	\$299,019	\$46,662	18.5%	\$1,134,200	\$1,187,000	\$1,187,000
70,106	70,492	(5,614)	-7.4%	Use (f)	223,717	225,627	1,910	0.9%	918,900	952,400	952,400
14,164	15,477	1,313	9.3%	Tobacco	48,095	46,917	(1,177)	-2.4%	187,000	182,900	182,900
4,033	3,864	(168)	-4.2%	Beer, Wine & Mixed Spirits	12,879	12,694	(185)	-1.4%	51,500	52,000	52,000
3,722	3,873	151	4.1%	Liquor Specific	7,633	8,354	721	9.5%	45,000	46,000	46,000
\$193,766	\$199,239	\$5,473	2.8%	<b>TOTAL CONSUMPTION TAXES</b>	<b>\$544,681</b>	<b>\$592,612</b>	<b>\$47,931</b>	<b>8.8%</b>	<b>\$2,336,600</b>	<b>\$2,420,300</b>	<b>\$2,420,300</b>
<b>Other Taxes</b>											
\$2,876	\$3,839	\$963	-33.5%	Single Business	(\$14,556)	(\$7,012)	\$7,545	51.8%	(\$20,000)	(\$10,000)	(\$10,000)
3,693	5,435	1,743	47.2%	Insurance Premiums Taxes	73,418	93,233	19,815	27.0%	346,500	396,000	396,000
6,569	9,275	2,706	-41.2%	Sub-total SBT & Insurance	58,862	66,221	27,360	46.5%	326,500	366,000	366,000
3,284	(136,306)	(139,590)	na	Michigan Business Tax	(157,922)	(182,649)	(24,727)	-15.7%	(552,000)	(429,000)	(429,000)
111,430	157,991	46,562	41.8%	Corporate Income Tax	250,791	261,810	11,019	4.4%	879,900	907,000	907,000
0	1	1	133.0%	Inheritance / Estate	1	(149)	(150)	na	0	0	0
371	418	47	12.7%	Telephone & Telegraph	19,488	18,922	(567)	-2.9%	45,000	45,000	45,000
7,752	4,218	(3,534)	-45.6%	Oil & Gas Severance	15,189	10,926	(4,263)	-28.1%	67,000	68,500	68,500
7,380	9,046	1,666	22.6%	Penalties & Interest	26,542	28,151	1,609	6.1%	150,000	162,000	152,000
0	(358)	(358)	na	Miscellaneous Other/Railroad	11	(353)	(363)	na	1,000	1,000	1,000
(11,083)	(11,167)	(83)	-0.8%	Treasury Enforcement Programs (e)	(33,250)	(33,500)	(250)	-0.8%	(133,000)	(134,000)	(134,000)
\$125,702	\$33,118	(\$92,584)	-73.7%	<b>TOTAL OTHER TAXES</b>	<b>\$179,712</b>	<b>\$189,380</b>	<b>\$9,668</b>	<b>na</b>	<b>\$784,400</b>	<b>\$996,500</b>	<b>\$996,500</b>
\$931,409	\$895,237	(\$36,171)	-3.9%	<b>SUBTOTAL OF-GP TAXES</b>	<b>\$2,321,605</b>	<b>\$2,469,803</b>	<b>\$148,198</b>	<b>6.4%</b>	<b>\$8,956,800</b>	<b>\$9,468,500</b>	<b>\$9,468,500</b>

continued

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

For The Month Ended: December 31, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH DECEMBER CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
December		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15
2013	2014	Amount	Percent		FY 2013-14	FY 2014-15	Amount	Percent	May 2014 Consensus	Stabutory Estimate	May 2014 Consensus
<b>Non-Tax Revenue (e)</b>											
\$1,667	\$1,667	\$0	0.0%	Federal Aid	\$5,000	\$5,000	\$0	0.0%	\$20,000	\$20,000	\$20,000
83	83	0	0.0%	Local Agencies	250	250	0	0.0%	1,000	1,000	1,000
833	833	0	0.0%	Services	2,500	2,500	0	0.0%	10,000	10,000	10,000
833	833	0	0.0%	Licenses & Permits	2,500	2,500	0	0.0%	10,000	10,000	10,000
0	0	0	na	Investments/Interest Costs	0	0	0	na	(2,500)	(4,000)	(4,000)
10,917	8,417	(2,500)	-22.9%	Misc. Non-tax Revenue	30,250	25,250	(5,000)	-16.5%	101,000	101,000	101,000
13,833	14,333	500	3.6%	Liquor Purchase Revolving Fund	42,000	43,000	1,000	2.4%	172,000	173,500	173,500
4,250	4,250	0	0.0%	From Other Funds-Lottery & Escheats	12,750	12,750	0	0.0%	51,000	46,000	46,000
<b>\$32,417</b>	<b>\$30,417</b>	<b>(\$2,000)</b>	<b>-6.2%</b>	<b>TOTAL NON-TAX REVENUE</b>	<b>\$95,250</b>	<b>\$91,250</b>	<b>(\$4,000)</b>	<b>-4.2%</b>	<b>\$362,500</b>	<b>\$357,500</b>	<b>\$357,500</b>
<b>\$963,825</b>	<b>\$925,654</b>	<b>(\$38,171)</b>	<b>-4.0%</b>	<b>TOTAL GF-GP REVENUE</b>	<b>\$2,416,855</b>	<b>\$2,561,053</b>	<b>\$144,198</b>	<b>6.0%</b>	<b>\$9,319,300</b>	<b>\$9,826,000</b>	<b>\$9,826,000</b>
<b>School Aid Fund</b>											
\$273,780	\$275,378	\$1,598	0.6%	Sales Tax 4%	\$737,658	\$783,946	\$46,288	6.3%	2,976,600	3,083,600	3,083,600
215,075	214,219	(856)	-0.4%	Sales Tax 2%	575,478	607,626	32,149	5.6%	2,323,900	2,409,700	2,409,700
38,053	79,203	41,150	108.0%	Use Tax 2% (f)	111,859	242,998	131,140	117.0%	459,500	476,200	476,200
38,364	52,942	14,578	38.0%	State Education Property Tax	1,150,991	1,159,243	8,251	0.7%	1,788,000	1,841,300	1,841,300
14,935	15,845	911	6.1%	Real Estate Transfer Tax	58,893	73,663	14,770	25.1%	233,400	245,300	245,300
60,000	55,000	(5,000)	-8.3%	Lottery Transfer (b)	120,000	128,769	8,769	7.3%	775,000	776,000	776,000
8,677	9,569	892	10.3%	Casino Wagering Tax	26,830	27,805	974	3.6%	108,000	112,000	112,000
3,718	3,852	134	3.6%	Liquor Excise Tax	7,583	8,290	707	9.3%	44,500	45,500	45,500
28,765	31,420	2,665	9.3%	Cigarette/Tobacco Tax	97,639	95,250	(2,390)	-2.4%	359,500	350,400	350,400
732	889	156	21.4%	Indus. & Comm. Facilities Taxes	9,928	10,059	131	1.3%	35,000	36,100	36,100
459	435	(24)	-5.3%	Specific Other	2,883	1,448	(1,435)	-49.8%	24,100	24,100	24,100
189,379	205,685	16,307	8.6%	Income Tax Earmarking	503,318	537,016	33,698	6.7%	\$2,368,800	\$2,453,100	\$2,453,100
<b>\$871,927</b>	<b>\$944,437</b>	<b>\$72,510</b>	<b>8.3%</b>	<b>TOTAL SCHOOL AID FUND</b>	<b>\$3,403,060</b>	<b>\$3,676,103</b>	<b>\$273,043</b>	<b>8.0%</b>	<b>\$11,496,300</b>	<b>\$11,853,300</b>	<b>\$11,853,300</b>
\$671,375	\$673,183	\$1,807	0.3%	SALES TAX 6%	\$1,804,907	\$1,914,203	\$109,296	6.1%	\$7,285,000	\$7,549,100	\$7,549,100
456,300	458,964	2,663	0.6%	SALES TAX 4% (d)	1,229,429	1,306,577	77,147	6.3%	4,961,100	5,139,400	5,139,400
215,075	214,219	(856)	-0.4%	SALES TAX 2%	575,478	607,626	32,149	5.6%	2,323,900	2,409,700	2,409,700
114,159	149,695	35,536	31.1%	USE TAX 6% (f)	335,576	468,625	133,050	39.6%	1,378,400	1,428,600	1,428,600
71,175	77,772	6,597	9.3%	TOBACCO TAXES	241,682	235,766	(5,916)	-2.4%	938,000	917,900	917,900
0	0	0	na	TOBACCO SETTLEMENT	608	0	(608)	-100.0%	na	na	na

continued

-10-

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

For The Month Ended: December 31, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH DECEMBER CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
December		Difference		Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15	
2013	2014	Amount	Percent	SOURCE OF REVENUE		FY 2013-14	FY 2014-15	May 2014	Statutory	May 2014	
								Consensus	Estimate	Consensus	
<b>Major Transportation Revenues</b>											
\$11,713	\$10,891	(\$822)	-7.0%	Diesel Fuel / Motor Carrier Fuel Tax	\$36,734	\$36,231	(\$503)	-1.4%	\$130,600	\$131,500	\$131,500
64,335	67,570	3,235	5.0%	Gasoline	212,116	214,263	2,148	1.0%	818,000	815,000	815,000
67,865	77,855	9,990	14.7%	Motor Vehicle Registration	196,890	205,559	8,669	4.4%	927,500	948,500	946,500
2,702	3,214	512	18.9%	Other Taxes, Fees & Misc.	9,215	9,951	736	8.0%	175,215	175,628	175,628
9,117	9,161	44	0.5%	Comprehensive Transportation (c)	27,351	27,482	131	0.5%	109,404	109,926	109,926
<b>\$155,732</b>	<b>\$163,691</b>	<b>\$12,959</b>	<b>8.3%</b>	<b>TOTAL MAJOR TRANS. REVENUES</b>	<b>\$482,305</b>	<b>\$493,486</b>	<b>\$11,181</b>	<b>2.3%</b>	<b>\$2,160,718</b>	<b>\$2,178,554</b>	<b>\$2,178,554</b>
<b>Lottery Sales By Games</b>											
87,462	107,017	19,555	22.4%	Instant Games (g)	217,326	248,641	31,315	14.4%	na	na	na
66,354	70,912	4,558	6.9%	Daily Games	170,773	183,401	12,628	7.4%	na	na	na
52,779	29,218	(23,560)	-44.6%	Lotto and Big Game	100,699	86,361	(14,338)	-14.2%	na	na	na
989	949	(40)	-4.0%	Keno Game	2,627	2,455	(162)	-6.2%	na	na	na
5,985	1,848	(4,136)	-72.5%	Other	17,724	4,486	(13,238)	-74.7%	na	na	na
53,794	58,013	4,219	7.8%	Club Games	143,253	147,655	4,402	3.1%	na	na	na
<b>\$267,362</b>	<b>\$267,757</b>	<b>\$396</b>	<b>0.1%</b>	<b>TOTAL LOTTERY SALES</b>	<b>\$652,402</b>	<b>\$673,009</b>	<b>\$20,607</b>	<b>3.2%</b>	<b>na</b>	<b>na</b>	<b>na</b>

- 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.
- g Beginning in October 2014, Instant Games includes iLottery net win amounts.

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

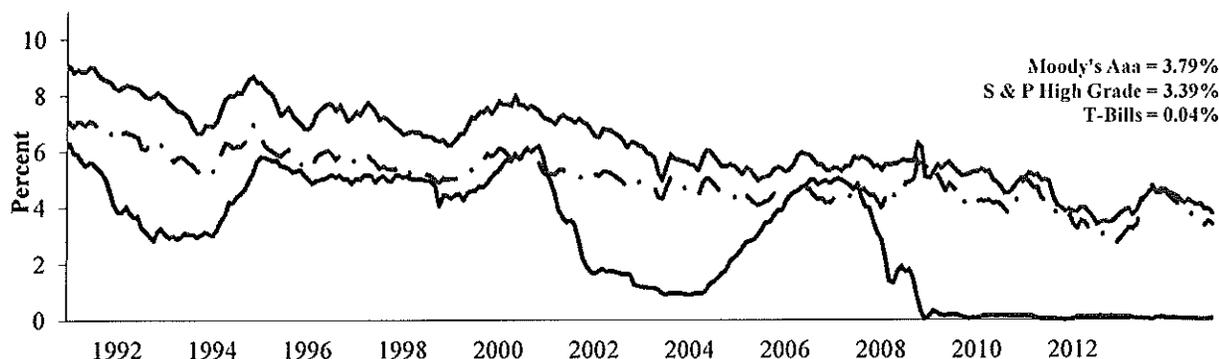
The *Index of Consumer Sentiment* increased in December to 93.6 index-points, 4.8 index-points above the November value and 11.1 index-points above December 2013. On the increase in confidence, Survey Director Richard Curtin noted, "Consumer confidence remained at the highest level recorded since the last cyclical peak in January 2007. The gains over the past several months have been primarily due to improving job and wage prospects, and more recently, to falling gasoline prices. Consumers held the most favorable long-term prospects for the national economy in the past decade. Importantly, the 2014 gains in jobs and wages were widespread across all population subgroups and regions." Curtin observed, "Consumers reported hearing more net positive economic developments than any other time in the last thirty years. Most of the news was dominated by net job gains, reported twice as frequently as gas price declines. Nearly two-thirds of all consumers thought the economy had recently improved, and most impressively, half expected the economy to avoid a recessionary downturn during the next five years, the most favorable reading in ten years." On buying attitudes, Curtin reported, "Attitudes toward purchases of household durables were at improved levels in December, mostly due to more favorable perceptions of prices. While vehicle buying attitudes remained favorable, they eased back from last month mainly due to fewer references to discounted prices, especially among middle and higher income households." In December, consumers in three of the four regions reported an increase in confidence. Western consumers reported the largest increase in confidence at 8.2 index-points, followed by Southern consumers with an increase of 7.0 index-points. Northeastern consumers reported a decrease in confidence of 6.5 index points. The gap across regions decreased from last month to 2.5 index-points, with Western consumers on top and Midwestern consumers on the bottom.

The revised estimate of real *Gross Domestic Product* for the third quarter of 2014 is \$16,205.6 billion (chained 2005 dollars), an increase of 5.0 percent at an annual rate. In the second quarter of 2014, real gross domestic product increased 4.6 percent. The increase in third quarter real GDP was mainly due to personal consumption expenditures, nonresidential fixed investment, exports, federal government spending and state and local government spending. Imports, which are a subtraction in calculating GDP, decreased. Real personal consumption expenditures increased 3.2 percent in the third quarter, compared to a 2.5 percent increase in the second quarter. Real residential fixed

investment increased 3.2 percent in the third quarter compared to an increase of 8.8 percent in the second quarter. Real nonresidential fixed investment increased 8.9 percent in the third quarter while real equipment expenditures increased 11.0 percent. Real federal government expenditures increased 9.9 percent in the third quarter, compared to a 0.9 percent decrease in the second quarter. Real state and local government spending increased 1.1 percent in the third quarter, compared to a 3.4 percent increase in the second quarter. Exports of goods and services increased 4.5 percent in the third quarter, compared to an 11.1 percent increase in the second quarter. Imports decreased 0.9 percent in the third quarter compared to an increase of 11.3 percent in the second quarter. Private inventory investment increased \$82.2 billion in the third quarter, following a \$84.8 billion increase in the second quarter. Real final sales increased 5.0 percent in the third quarter compared to an increase of 3.2 percent in the second quarter. On the inflation front, the **implicit price deflator** increased 1.4 percent in the third quarter compared to a 2.1 percent increase observed in the second quarter.

**U. S. retail prices**, as measured by the Consumer Price Index (CPI-U), decreased 0.4 percent in December, down from a 0.3 percent decrease in November. Energy prices decreased 4.7 percent in December, down from a 3.8 percent decrease in November, while the all-items less food and energy component increased 0.1 percent in December. Compared to December 2013, the all-items index increased 0.7 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 3.1 percent; medical care, 2.5 percent; apparel, -0.4 percent; education and communication, 0.6 percent; other goods and services, 1.7 percent; recreation, -0.3 percent; housing, 2.6 percent; and transportation, -3.0 percent, with gasoline prices down -10.5 percent.

### Selected Key Interest Rates

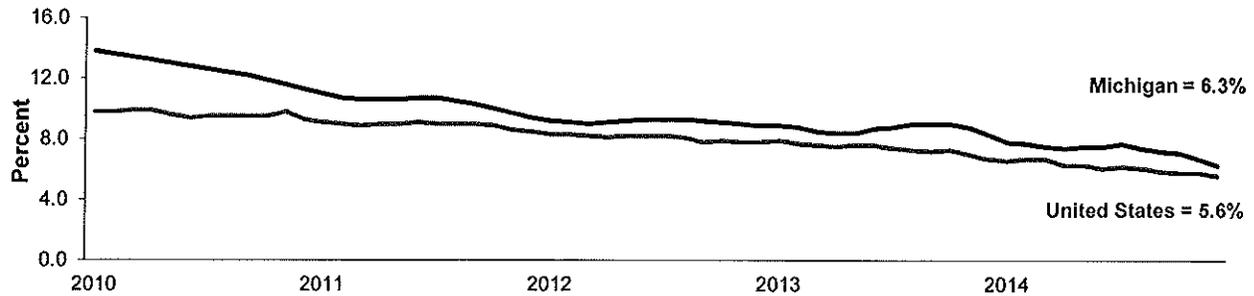


Source: Economic Indicators

Short-term interest rates increased 0.02 percentage point in December as the 3-month Treasury bill (T-bill) rate was 0.02 percent. Compared to one year ago, the T-bill rate was down 0.03 percentage point. The Aaa corporate bond rate, a long-term interest rate, decreased 0.13 percentage point to an interest yield of 3.79 percent in December. The Aaa bond yield was down 0.83 percentage point from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.10 percentage point from the November level to 3.39 percent in December and was down 1.16 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 December 17th meeting. The FOMC stated "the Committee today reaffirmed its view that the current 0 to ¼ percent target range for the federal funds rate remains appropriate. In determining how long to maintain 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 December, the U. S. unemployment rate decreased 0.2 percentage point from a month ago to 5.6 percent and was 1.1 percentage points lower than a year ago. Civilian employment totaled 147.4 million persons in December. The number unemployed was 8.7 million nationwide.

### Unemployment Rates 2010 - 2014



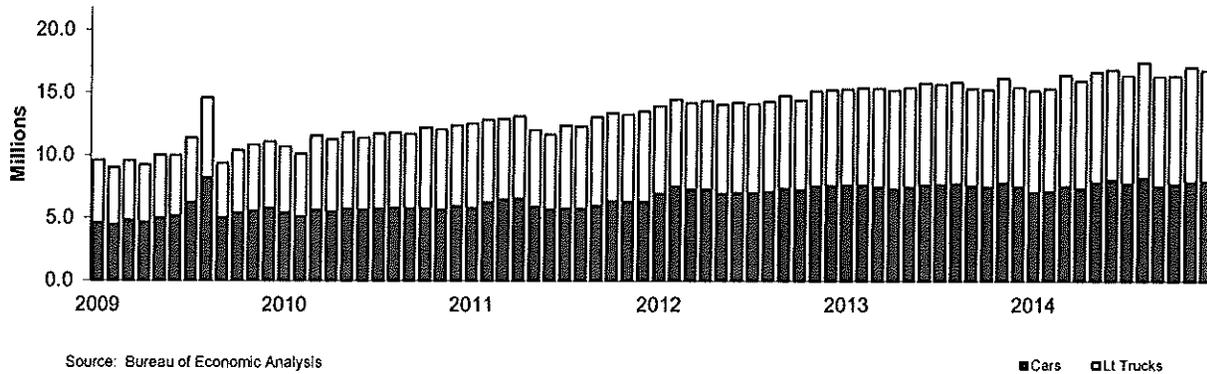
Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In December, the **Michigan jobless rate** decreased 0.4 percentage point to 6.3 percent from November. The December unemployment rate is 2.0 percentage points below the year ago level. In December, the labor force fell 2,000 to 4,734,000, while the number of people employed increased by 21,000 to 4,437,000. In December, there were 298,000 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 1.8 percent from October to December compared to a 0.1 percent decrease from August to October. The all-items less food and energy index decreased 1.0 percent from October to December. The food index increased 0.8 percent from October to December while the energy index decreased 11.2 percent. Compared to December 2013, the all-items index decreased 0.1 percent. For individual component items, the changes from one year ago were: food and beverages, 3.1 percent; apparel, -5.6 percent; education and communication, 0.3 percent; transportation, -4.3 percent; recreation, -2.6 percent; medical care, -0.1 percent; housing, 1.6 percent; and other goods and services, -2.7 percent.

## Motor Vehicle Sector

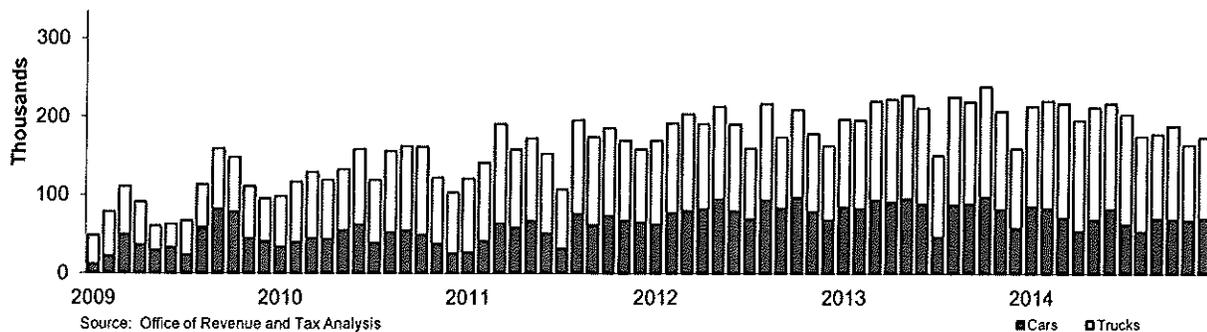
### U. S. Light Vehicle Sales



**U.S. light vehicle sales** (cars + light trucks) decreased 1.7 percent in December compared to November, selling at a 16.8 million unit seasonally adjusted annual rate. Domestic car sales decreased 2.4 percent from November while domestic light truck sales decreased 2.5 percent. Import car sales increased 7.5 percent while import light truck sales decreased 7.3 percent. Compared to last year, light vehicle sales increased 8.8 percent. Domestic car sales were up 10.2 percent from the year ago level while domestic light truck sales increased 15.2 percent. Import car sales were down 6.8 percent from last year while import truck sales decreased 2.3 percent. As a result, the domestic share of U.S. light vehicle sales increased 2.9 percentage points from a year ago. For fiscal year 2015 year-to-date, domestic light vehicles recorded an 80.3 percent share of a 16.7 million-unit market.

**Michigan motor vehicle production** increased to 173,898 units in December from 163,939 units in November. From a year ago, motor vehicle production increased 6 percent in Michigan and decreased 17 percent nationally. In December, Michigan's car production was 70,668 units while the state's truck production was 103,230 units. Compared with a year ago, car production increased 4 percent in Michigan and decreased 15 percent nationwide. The state's truck production increased 7 percent while national truck production decreased 19 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)**

	<u>Fiscal Year 2012-13 Actual</u>	<u>Fiscal Year 2013-14 Estimate</u>	<u>Fiscal Year 2014-15 Estimate</u>
Applicable Calendar Year Personal Income	\$358,152	\$378,443	\$388,053
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$33,988.6</u>	<u>\$35,914.2</u>	<u>\$36,826.2</u>
Revenue Limit	\$33,988.6	\$35,914.2	\$36,826.2
State Revenue Subject to Limit	<u>\$27,441.1</u>	<u>\$28,171.5</u>	<u>\$29,195.7</u>
Amount Under (Over) Limit	\$6,547.6	\$7,742.8	\$7,630.5

Sources:

Personal Income Estimate

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

The FY 2013-14 calculation uses the May 15, 2014 Consensus Revenue Agreement.

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

Revenue Subject to the Limit

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

The FY 2013-14 calculation uses the May 15, 2014 Consensus Revenue Agreement.

The FY 2014-15 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