



STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

RICK SNYDER  
GOVERNOR

JOHN S. ROBERTS  
DIRECTOR

March 31, 2014

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

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

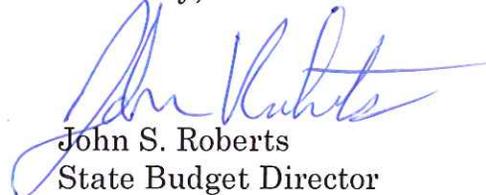
Dear Legislators:

Attached is the monthly financial report for the month ending February 28, 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 2014**  
**Projected Revenues and Expenditures**  
**February 28, 2014**  
(\$ in millions)

**FISCAL**  
**2014**

|   |                             |
|---|-----------------------------|
| <b>Beginning Balance, October 1, 2013</b> | <i>see one-time revenue</i> |
|---|-----------------------------|

|   |                   |
|---|-------------------|
| <b>Current Year GF/GP Revenues, January 2014 Consensus Estimate</b> | <b>\$ 9,572.5</b> |
| <b>Revenue Adjustments:</b>   |                   |
| Local Government Program Payments                                   | \$ (370.6)        |
| Corporate Officer Liability - PA 3 of 2014                          | \$ (39.6)         |
| Other revenue adjustments   | \$ 2.5            |
| <b>Subtotal Additional Revenue Adjustments</b>                      | <b>\$ (407.7)</b> |
| <b>Total FY Resources Available For Expenditure GF/GP - Ongoing</b> | <b>9,164.8</b>    |

|   |                   |
|---|-------------------|
| <b>Expenditures, Current Law:</b>             |                   |
| FY 2014 Enacted with Vetoes                   | \$ 9,055.1        |
| <b>Total Expenditures Projected - Ongoing</b> | <b>\$ 9,055.1</b> |

|  |                 |
|--|-----------------|
| <b>Current Year Revenues minus Ongoing Costs</b> | <b>\$ 109.7</b> |
|--|-----------------|

|  |                   |
|--|-------------------|
| <b>Beginning Balance (One-Time Revenue)</b>                                | <b>\$ 1,186.6</b> |
| Local Government Program Payments  | \$ (26.0)         |
| <b>Total FY Resources Available For Expenditure GF/GP - One-Time</b>       | <b>\$ 1,160.6</b> |
| <b>One-Time Spending Items:</b>  |                   |
| PA 59, PA 60, PA 97, and PA 102 of 2013                                    | \$ 636.4          |
| PA 107 of 2013   | \$ (192.8)        |
| Proposed Supplemental Appropriations - Requests 2014-1, 2014-4, and 2014-5 | \$ 96.9           |
| <b>One-Time Revenue minus One-Time Spending</b>                            | <b>\$ 620.1</b>   |

|   |                 |
|---|-----------------|
| <b>Projected Ending Balance, September 30, 2014</b> | <b>\$ 729.8</b> |
|---|-----------------|

<sup>1</sup> Appropriations contained in Public Act 107 of 2013, creating the Healthy Michigan Plan, are not available until March 14, 2014.

<sup>2</sup> On February 5, 2014, the Fiscal Year 2015 Executive Budget was presented to the legislature, including proposed property tax relief through changes to the Homestead Property Tax Credit. Under the proposal, tax relief would be effective for tax year 2013. Enactment of this proposal will reduce the projected balance for the fiscal year ending September 30, 2014, from \$729.8 million to \$627.1 million.

**SCHOOL AID FUND**  
**Fiscal Year 2014**  
**Projected Revenues and Expenditures**  
**February 28, 2014**  
(\$ in millions)

**FISCAL**  
**2014**

|  |                      |
|--|----------------------|
| <b>Beginning Balance , October 1, 2013</b> | see one-time revenue |
|--|----------------------|

|   |           |                 |
|---|-----------|-----------------|
| <b>Current Year School Aid Fund Revenues, January 2014 Consensus Estimate</b> | <b>\$</b> | <b>11,560.0</b> |
| <b>Revenue Adjustments:</b>   |           |                 |
| MPSERS Reserve Fund   | \$        | 156.0           |
| General Fund  | \$        | 180.0           |
| Federal Revenue   | \$        | 1,764.4         |
| Pending Federal Supplemental (2014-3)   | \$        | 51.7            |
| <b>Subtotal Additional Revenue Adjustments</b>                                | <b>\$</b> | <b>2,152.2</b>  |
| <b>Total FY Resources Available for Expenditure School Aid Fund</b>           | <b>\$</b> | <b>13,712.2</b> |

|  |           |                 |
|--|-----------|-----------------|
| <b>School Aid Ongoing Costs</b>                      |           |                 |
| PA 60 of 2013  | \$        | 13,168.8        |
| Pending Supplemental (2014-3)                        | \$        | (57.6)          |
| <b>Community Colleges Ongoing Costs</b>              |           |                 |
| PA 60 of 2013  | \$        | 197.6           |
| <b>Universities Ongoing Costs</b>                    |           |                 |
| PA 60 of 2013  | \$        | 200.5           |
| <b>Total School Aid Fund Ongoing Costs Projected</b> | <b>\$</b> | <b>13,509.3</b> |

|  |           |              |
|--|-----------|--------------|
| <b>Current Year Revenues minus Ongoing Costs</b> | <b>\$</b> | <b>202.8</b> |
|--|-----------|--------------|

|  |           |              |
|--|-----------|--------------|
| <b>Beginning Balance (One-Time Revenue)</b>                  | <b>\$</b> | <b>292.0</b> |
| General Fund One-Time Transfer (as amended by PA 97 of 2013) | \$        | 54.9         |
| <b>Revised Beginning Balance</b>                             | <b>\$</b> | <b>346.9</b> |
| <b>One-Time Spending Items</b>                               |           |              |
| PA 60 of 2013  | \$        | 193.0        |
| PA 97 of 2013  | \$        | 4.9          |
| Pending Supplemental (2014-3)                                | \$        | 0.3          |
| <b>One-Time Revenue minus One-Time Spending</b>              | <b>\$</b> | <b>148.8</b> |

|   |           |              |
|---|-----------|--------------|
| <b>Projected Ending Balance, September 30, 2014</b> | <b>\$</b> | <b>351.6</b> |
|---|-----------|--------------|

## SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

February 28, 2014

(\$ IN MILLIONS)

### FISCAL YEAR 2013

### FISCAL YEAR 2014

| Exp & Enc<br>February<br>2013 | Exp & Enc<br>Yr-to-date<br>FY 2013 | Fiscal Year<br>End<br>SEP 30, 2013 | DEPARTMENT                         | Initial<br>Approp | Exec. Orders<br>and Supplem.<br>Approp.* | Exp & Enc<br>February<br>2014 | Exp & Enc<br>Yr-to-date<br>FY 2014 |
|-------------------------------|------------------------------------|------------------------------------|------------------------------------|-------------------|--|-------------------------------|------------------------------------|
| 5.3                           | 27.1                               | 70.5                               | Agriculture and Rural Development  | 79.9              | 11.2                                     | 4.8                           | 24.5                               |
| 5.9                           | 31.3                               | 80.9                               | Attorney General                   | 87.9              | 3.7                                      | 6.5                           | 31.9                               |
| 20.3                          | 118.2                              | 255.7                              | Capital Outlay**                   | 318.1             | 0.0                                      | 19.5                          | 116.1                              |
| 1.2                           | 5.4                                | 13.7                               | Civil Rights                       | 15.2              | 0.0                                      | 1.1                           | 5.5                                |
| 125.1                         | 609.0                              | 1,296.3                            | Colleges & Universities            | 1,368.5           | 0.0                                      | 133.0                         | 641.6                              |
| 1,283.3                       | 5,956.5                            | 14,056.7                           | Community Health                   | 15,299.5          | 311.4                                    | 1,295.3                       | 5,435.2                            |
| 145.4                         | 801.4                              | 1,947.9                            | Corrections                        | 2,032.6           | 2.0                                      | 139.8                         | 768.1                              |
| 15.8                          | 90.5                               | 562.5                              | Education                          | 293.5             | 13.9                                     | 14.0                          | 83.8                               |
| 10.3                          | 56.7                               | 156.6                              | Environmental Quality              | 486.5             | 35.6                                     | 14.4                          | 56.7                               |
| (0.9)                         | 1.8                                | 4.7                                | Executive Office                   | 5.4               | 0.0                                      | (1.1)                         | 2.0                                |
| 458.2                         | 2,343.6                            | 5,895.0                            | Human Services                     | 5,985.0           | 245.0                                    | 402.4                         | 2,183.2                            |
| 0.0                           | 0.0                                | 0.0                                | Insurance and Financial Services   | 75.3              | 0.0                                      | 4.0                           | 17.2                               |
| 10.4                          | 72.5                               | 242.2                              | Judiciary                          | 283.4             | 0.1                                      | 20.6                          | 79.7                               |
| 1.5                           | 7.9                                | 20.0                               | Legislative Auditor General        | 21.0              | 0.0                                      | 1.5                           | 7.7                                |
| 8.6                           | 43.3                               | 104.4                              | Legislature                        | 123.8             | 0.4                                      | 8.8                           | 48.5                               |
| 21.9                          | 108.9                              | 319.0                              | Licensing and Regulatory Affairs   | 305.5             | 51.2                                     | 18.7                          | 95.6                               |
| 9.4                           | 50.1                               | 130.9                              | Military Affairs                   | 138.1             | 12.2                                     | 9.9                           | 47.5                               |
| 1.1                           | 25.4                               | 69.7                               | Natural Resources                  | 105.1             | 14.3                                     | 3.7                           | 18.6                               |
| 0.0                           | 0.0                                | 0.0                                | School Aid                         | 0.0               | 0.0                                      | 0.0                           | 0.0                                |
| 16.0                          | 68.2                               | 189.9                              | State                              | 219.5             | 9.7                                      | 13.4                          | 67.2                               |
| 38.7                          | 180.0                              | 537.5                              | State Police                       | 605.7             | 20.4                                     | 42.7                          | 190.7                              |
| 31.9                          | 154.2                              | 473.3                              | Technology, Management & Budget*** | 344.1             | 78.1                                     | 23.9                          | 122.5                              |
| 0.0                           | 0.0                                | 23.0                               | Transportation                     | 121.3             | 0.0                                      | 0.2                           | 0.3                                |
| 210.4                         | 802.0                              | 2,663.0                            | Treasury                           | 1,701.4           | 73.2                                     | 209.6                         | 841.0                              |
| 0.8                           | 17.8                               | 157.1                              | Michigan Strategic Fund            | 218.2             | 24.1                                     | 0.5                           | 109.5                              |
| <b>\$2,420.8</b>              | <b>\$11,571.7</b>                  | <b>\$29,270.5</b>                  |                                    | <b>\$30,234.5</b> | <b>\$906.4</b>                           | <b>\$2,387.2</b>              | <b>\$10,994.7</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 2014

February, 2014

(\$ IN MILLIONS)

|   | INITIAL<br>APPROPRIATIONS | EXEC. ORDER<br>and<br>SUPPLEMENTALS | TOTAL<br>APPROPRIATIONS<br>YEAR-TO-DATE |
|---|---------------------------|-------------------------------------|---|
| Payments to local units of government                                 | 15,917.4                  | 6.9                                 | 15,924.3                                |
| Total state spending from state resources                             | 29,133.1                  | (172.5)                             | 28,960.6                                |
| Percentage of state spending from state resources paid to local units | 54.64%                    |                                     | 54.99%                                  |
| Required payments to local units (48.97%)                             | 14,266.5                  |                                     | 14,182.0                                |
| <b>Surplus/(deficit)</b>  | <b>\$1,650.9</b>          |                                     | <b>\$1,742.3</b>                        |

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND**  
 October 1, 2013 Through February 28, 2014  
 (in thousands)

**REVENUES**

|                |  |              |
|----------------|--|--------------|
| Miscellaneous  |  | \$ <u>79</u> |
| Total Revenues |  | <u>79</u>    |

**EXPENDITURES**

|   |  |           |
|---|--|-----------|
| Current:  |  |           |
| General government                              |  | <u>-</u>  |
| Total Expenditures                              |  | <u>-</u>  |
| Excess of Revenues over (under)<br>Expenditures |  | <u>79</u> |

**OTHER FINANCING SOURCES (USES)**

|   |  |                               |
|---|--|-------------------------------|
| Transfers from other funds  |  | 31,250                        |
| Transfers to other funds  |  | <u>-</u>                      |
| Total Other Financing Sources (Uses)  |  | <u>31,250</u>                 |
| Excess of Revenues and Other Sources<br>over (under) Expenditures and<br>Other Uses |  | <u>\$ 31,329</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, 2013 through February 28, 2014  
(in thousands)

**REVENUES**

|                           |    |               |
|---------------------------|----|---------------|
| Taxes                     | \$ | -             |
| From federal agencies     |    | -             |
| From licenses and permits |    | -             |
| Miscellaneous             |    | <u>13,520</u> |
| Total Revenues            |    | <u>13,520</u> |

**EXPENDITURES**

|   |  |               |
|---|--|---------------|
| Current:  |  |               |
| General government  |  | 1,517         |
| Conservation, environment,<br>recreation, and agriculture |  | 933           |
| Capital outlay  |  | <u>7,929</u>  |
| Total Expenditures  |  | <u>10,379</u> |
| Excess of Revenues over (under)<br>Expenditures           |  | <u>3,141</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<br>over (under) Expenditures and<br>Other Uses | \$ | <u><u>3,141</u></u> <sup>1</sup> |

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

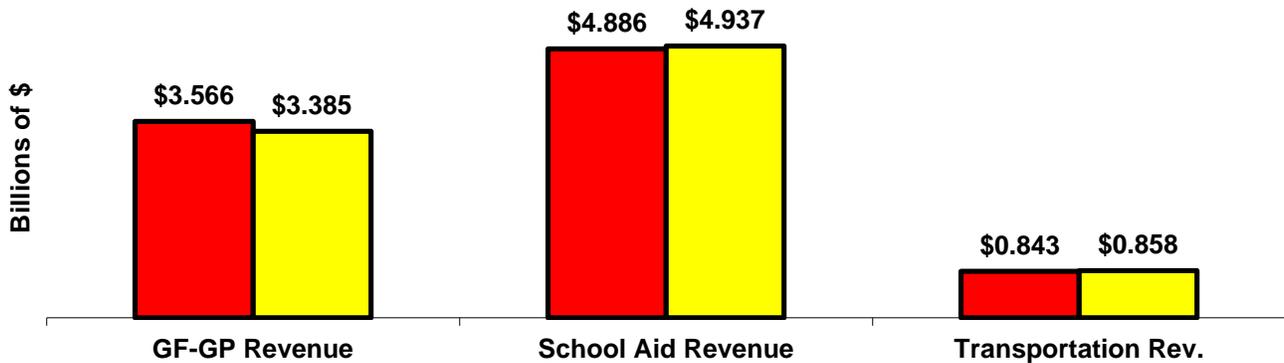
**REVENUE OVERVIEW**  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

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

Total General Fund - General Purpose cash collections were \$24.1 million (10.9 percent) lower in February 2014 than in February 2013. The February 2014 School Aid Fund cash collections were \$7.2 million (1.0 percent) higher than in February 2013. February 2014 transportation collections were \$8.1 million (3.9 percent) lower than in February 2013 (see revenue table). February is the fifth 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 \$180.7 million (5.1 percent) from a year ago. School Aid Fund cash collections are up \$51.0 million (1.0 percent) and transportation collections are up \$15.0 million (1.8 percent).

The FY 2013-14 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on January 10, 2014. The revenue estimate for net General Fund – General Purpose revenue for FY 2013-14 is \$9,572.5 million and the net School Aid revenue forecast is \$11,560.0 million. The Transportation Funds revenue forecast is \$2,160.7 million. The next regularly scheduled Consensus Revenue Estimating Conference will be held in May 2014.

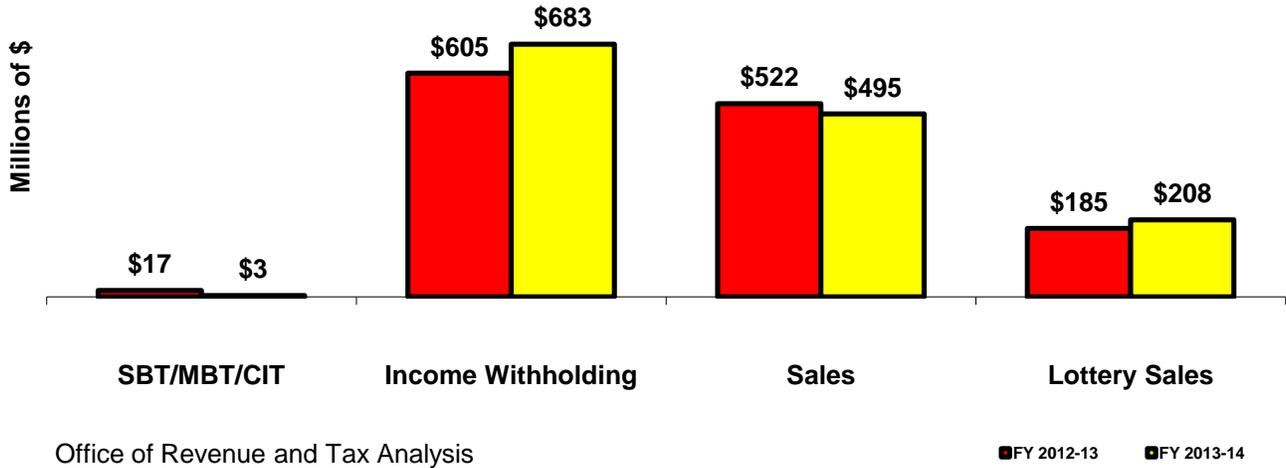
**October through February Collections  
FY 2012-13 and FY 2013-14**



Office of Revenue and Tax Analysis

■ FY 2012-13    ■ FY 2013-14

## February Revenue Collections FY 2012-13 and FY 2013-14



## October through February Collections FY 2012-13 and FY 2013-14



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

**For The Month Ended: February 28, 2014**

| MONTH-END CASH COLLECTIONS DATA |           |            |         | OCTOBER THROUGH FEBRUARY CASH COLLECTIONS DATA |                    |                    |                    | REVENUE PROJECTIONS |                        |                    |                        |
|---------------------------------|-----------|------------|---------|--|--------------------|--------------------|--------------------|---------------------|------------------------|--------------------|------------------------|
| February                        |           | 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             | Preliminary Totals (g) | Statutory Estimate | January 2014 Consensus |
| <b>Income Taxes</b>             |           |            |         |  |                    |                    |                    |                     |                        |                    |                        |
| \$604,632                       | \$683,229 | \$78,597   | 13.0%   | Withholding                                    | \$3,392,320        | \$3,518,465        | \$126,144          | 3.7%                | \$7,963,000            | \$8,128,300        | \$8,294,900            |
| 5,482                           | 6,393     | 911        | 16.6%   | Quarterlies                                    | 312,056            | 328,205            | 16,148             | 5.2%                | 855,100                | 850,900            | 887,900                |
| 21,142                          | 20,530    | (612)      | -2.9%   | Annuals  | 89,244             | 108,213            | 18,969             | 21.3%               | 1,146,500              | 909,800            | 952,800                |
| 631,256                         | 710,151   | 78,895     | 12.5%   | Gross Collections                              | 3,793,621          | 3,954,883          | 161,262            | 4.3%                | \$9,964,600            | \$9,889,000        | \$10,135,600           |
| 416,272                         | 483,965   | 67,693     | 16.3%   | Less: Refunds                                  | 520,065            | 581,498            | 61,433             | 11.8%               | 1,694,200              | 1,620,100          | 1,694,200              |
| 0                               | 0         | 0          | na      | State Campaign Fund                            | 0                  | 0                  | 0                  | na                  | 800                    | 1,000              | 1,000                  |
| 214,984                         | 226,186   | 11,202     | 5.2%    | Net Personal Income                            | 3,273,556          | 3,373,385          | 99,829             | 3.0%                | \$8,269,600            | \$8,267,900        | \$8,440,400            |
| 146,610                         | 164,811   | 18,201     | 12.4%   | Less: Disbursements to SAF                     | 874,382            | 908,772            | 34,390             | 3.9%                | \$2,338,500            | \$2,353,700        | \$2,413,300            |
| \$68,374                        | \$61,375  | (\$6,999)  | -10.2%  | <b>NET PERSONAL INCOME TO GF-GP</b>            | <b>\$2,399,174</b> | <b>\$2,464,613</b> | <b>\$65,439</b>    | <b>2.7%</b>         | <b>\$5,931,100</b>     | <b>\$5,914,200</b> | <b>\$6,027,100</b>     |
| <b>Consumption Taxes</b>        |           |            |         |  |                    |                    |                    |                     |                        |                    |                        |
| \$4,280                         | \$3,356   | (\$925)    | -21.6%  | Sales (a)                                      | \$30,352           | \$26,767           | (\$3,585)          | -11.8%              | \$1,003,500            | \$1,153,000        | \$1,146,100            |
| 65,867                          | 69,412    | 3,545      | 5.4%    | Use (f)  | 317,532            | 364,537            | 47,005             | 14.8%               | 838,300                | 888,300            | 919,700                |
| 14,683                          | 14,360    | (323)      | -2.2%   | Tobacco  | 77,131             | 77,686             | 555                | 0.7%                | 187,800                | 188,800            | 188,100                |
| 3,540                           | 3,644     | 105        | 3.0%    | Beer, Wine & Mixed Spirits                     | 19,294             | 20,064             | 770                | 4.0%                | 50,700                 | 52,000             | 51,000                 |
| 3,362                           | 3,645     | 283        | 8.4%    | Liquor Specific                                | 15,586             | 16,159             | 573                | 3.7%                | 44,400                 | 43,500             | 45,000                 |
| \$91,732                        | \$94,417  | \$2,685    | 2.9%    | <b>TOTAL CONSUMPTION TAXES</b>                 | <b>\$459,896</b>   | <b>\$505,214</b>   | <b>\$45,318</b>    | <b>9.9%</b>         | <b>\$2,124,700</b>     | <b>\$2,325,600</b> | <b>\$2,349,900</b>     |
| <b>Other Taxes</b>              |           |            |         |  |                    |                    |                    |                     |                        |                    |                        |
| \$2,217                         | (\$9,744) | (\$11,961) | na      | Single Business                                | \$26,147           | (\$28,863)         | (\$55,010)         | na                  | (\$47,000)             | \$0                | (\$10,000)             |
| 8,394                           | 4,668     | (3,725)    | -44.4%  | Insurance Premiums Taxes                       | 137,519            | 144,836            | 7,317              | 5.3%                | 301,400                | 348,200            | 358,000                |
| 10,610                          | (5,076)   | (15,686)   | na      | Sub-total SBT & Insurance                      | 163,666            | 115,973            | (47,693)           | -29.1%              | 254,400                | 348,200            | 348,000                |
| (1,967)                         | (15,437)  | (13,470)   | na      | Michigan Business Tax                          | 7,589              | (264,070)          | (271,659)          | na                  | (75,800)               | (550,000)          | (490,000)              |
| 17,000                          | 28,331    | 11,331     | 66.7%   | Corporate Income Tax                           | 328,599            | 384,251            | 55,652             | 16.9%               | 783,100                | 957,000            | 850,000                |
| 0                               | 3         | 3          | na      | Inheritance / Estate                           | 29                 | 4                  | (25)               | -87.2%              | 0                      | 0                  | 0                      |
| 0                               | 0         | 0          | na      | Telephone & Telegraph                          | 23,453             | 19,488             | (3,964)            | -16.9%              | 46,500                 | 55,000             | 45,000                 |
| 5,055                           | 4,373     | (682)      | -13.5%  | Oil & Gas Severance                            | 22,969             | 24,932             | 1,962              | 8.5%                | 59,500                 | 55,000             | 62,000                 |
| 8,441                           | 8,971     | 530        | 6.3%    | Penalties & Interest                           | 51,224             | 43,999             | (7,224)            | -14.1%              | 165,200                | 138,000            | 150,000                |
| 3                               | 1         | (2)        | -79.5%  | Miscellaneous Other/Railroad                   | 245                | 13                 | (231)              | -94.5%              | 1,100                  | 1,000              | 1,000                  |
| (10,667)                        | (11,083)  | (417)      | -3.9%   | Treasury Enforcement Programs (e)              | (53,333)           | (54,417)           | (1,083)            | -2.0%               | (134,600)              | (129,000)          | (133,000)              |
| \$28,475                        | \$10,082  | (\$18,393) | -64.6%  | <b>TOTAL OTHER TAXES</b>                       | <b>\$544,441</b>   | <b>\$270,175</b>   | <b>(\$274,266)</b> | <b>-50.4%</b>       | <b>\$1,099,400</b>     | <b>\$875,200</b>   | <b>\$833,000</b>       |
| \$188,581                       | \$165,873 | (\$22,708) | -12.0%  | <b>SUBTOTAL GF-GP TAXES</b>                    | <b>\$3,403,511</b> | <b>\$3,240,001</b> | <b>(\$163,510)</b> | <b>-4.8%</b>        | <b>\$9,155,200</b>     | <b>\$9,115,000</b> | <b>\$9,210,000</b>     |

continued

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

**For The Month Ended: February 28, 2014**

| MONTH-END CASH COLLECTIONS DATA |                  |                   |               | OCTOBER THROUGH FEBRUARY CASH COLLECTIONS DATA |                    |                    |                    | REVENUE PROJECTIONS |                        |                     |                        |
|---------------------------------|------------------|-------------------|---------------|--|--------------------|--------------------|--------------------|---------------------|------------------------|---------------------|------------------------|
| February                        |                  | 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             | Preliminary Totals (g) | Statutory Estimate  | January 2014 Consensus |
| <b>Non-Tax Revenue (e)</b>      |                  |                   |               |  |                    |                    |                    |                     |                        |                     |                        |
| \$1,667                         | \$1,667          | \$0               | 0.0%          | Federal Aid                                    | \$8,333            | \$8,333            | \$0                | 0.0%                | \$22,500               | \$20,000            | \$20,000               |
| 83                              | 83               | 0                 | 0.0%          | Local Agencies                                 | 417                | 417                | 0                  | 0.0%                | 100                    | 1,000               | 1,000                  |
| 917                             | 833              | (83)              | -9.1%         | Services                                       | 4,583              | 4,417              | (167)              | -3.6%               | 9,000                  | 11,000              | 10,000                 |
| 1,667                           | 833              | (833)             | -50.0%        | Licenses & Permits                             | 8,333              | 6,667              | (1,667)            | -20.0%              | 4,800                  | 20,000              | 10,000                 |
| 0                               | 0                | 0                 | na            | Investments/Interest Costs                     | (151)              | 337                | 488                | na                  | (1,200)                | (4,000)             | (2,500)                |
| 10,250                          | 8,417            | (1,833)           | -17.9%        | Misc. Non-tax Revenue                          | 53,250             | 45,333             | (7,917)            | -14.9%              | 106,800                | 114,000             | 101,000                |
| 13,600                          | 14,333           | 733               | 5.4%          | Liquor Purchase Revolving Fund                 | 68,700             | 69,667             | 967                | 1.4%                | 170,600                | 164,000             | 172,000                |
| 3,600                           | 4,250            | 650               | 18.1%         | From Other Funds-Lottery & Escheats            | 18,700             | 9,800              | (8,900)            | -47.6%              | 94,800                 | 5,200               | 51,000                 |
| <b>\$31,783</b>                 | <b>\$30,417</b>  | <b>(\$1,367)</b>  | <b>-4.3%</b>  | <b>TOTAL NON-TAX REVENUE</b>                   | <b>\$162,166</b>   | <b>\$144,970</b>   | <b>(\$17,195)</b>  | <b>-10.6%</b>       | <b>\$407,400</b>       | <b>\$331,200</b>    | <b>\$362,500</b>       |
| <b>\$220,365</b>                | <b>\$196,290</b> | <b>(\$24,075)</b> | <b>-10.9%</b> | <b>TOTAL GF-GP REVENUE</b>                     | <b>\$3,565,676</b> | <b>\$3,384,972</b> | <b>(\$180,705)</b> | <b>-5.1%</b>        | <b>\$9,562,800</b>     | <b>\$9,446,200</b>  | <b>\$9,572,500</b>     |
| <b>School Aid Fund</b>          |                  |                   |               |  |                    |                    |                    |                     |                        |                     |                        |
| \$214,006                       | \$203,064        | (\$10,943)        | -5.1%         | Sales Tax 4%                                   | \$1,194,899        | \$1,167,163        | (\$27,736)         | -2.3%               | 2,925,500              | 3,107,200           | 3,002,500              |
| 165,087                         | 156,144          | (8,942)           | -5.4%         | Sales Tax 2%                                   | 929,596            | 907,191            | (22,405)           | -2.4%               | 2,280,700              | 2,224,900           | 2,345,300              |
| 32,937                          | 34,706           | 1,769             | 5.4%          | Use Tax 2% (f)                                 | 157,424            | 182,269            | 24,845             | 15.8%               | 432,400                | 444,200             | 459,800                |
| 14,526                          | 14,055           | (471)             | -3.2%         | State Education Property Tax                   | 1,157,041          | 1,181,526          | 24,484             | 2.1%                | 1,770,900              | 1,818,000           | 1,798,000              |
| 15,619                          | 15,497           | (122)             | -0.8%         | Real Estate Transfer Tax                       | 77,830             | 95,208             | 17,378             | 22.3%               | 202,300                | 202,100             | 217,400                |
| 65,000                          | 70,000           | 5,000             | 7.7%          | Lottery Transfer (b)                           | 255,000            | 255,000            | 0                  | 0.0%                | 734,300                | 742,500             | 745,000                |
| 9,015                           | 8,959            | (56)              | -0.6%         | Casino Wagering Tax                            | 46,765             | 43,570             | (3,195)            | -6.8%               | 110,700                | 112,000             | 114,000                |
| 3,335                           | 3,608            | 274               | 8.2%          | Liquor Excise Tax                              | 15,468             | 16,064             | 597                | 3.9%                | 43,800                 | 43,500              | 44,500                 |
| 29,809                          | 29,153           | (656)             | -2.2%         | Cigarette/Tobacco Tax                          | 156,587            | 157,714            | 1,126              | 0.7%                | 371,900                | 359,800             | 361,100                |
| 1,481                           | 2,264            | 782               | 52.8%         | Indus. & Comm. Facilities Taxes                | 14,615             | 13,682             | (933)              | -6.4%               | 33,900                 | 39,000              | 35,000                 |
| 749                             | 3,069            | 2,319             | na            | Specific Other                                 | 6,126              | 8,540              | 2,414              | 39.4%               | 24,600                 | 23,100              | 24,100                 |
| 146,610                         | 164,811          | 18,201            | 12.4%         | Income Tax Earmarking                          | 874,382            | 908,772            | 34,390             | 3.9%                | \$2,338,500            | \$2,353,700         | \$2,413,300            |
| <b>\$698,174</b>                | <b>\$705,330</b> | <b>\$7,155</b>    | <b>1.0%</b>   | <b>TOTAL SCHOOL AID FUND</b>                   | <b>\$4,885,732</b> | <b>\$4,936,698</b> | <b>\$50,965</b>    | <b>1.0%</b>         | <b>\$11,269,500</b>    | <b>\$11,470,100</b> | <b>\$11,560,000</b>    |
| \$521,764                       | \$494,584        | (\$27,180)        | -5.2%         | SALES TAX 6%                                   | \$2,921,094        | \$2,852,462        | (\$68,632)         | -2.3%               | \$7,153,800            | \$7,330,700         | \$7,349,400            |
| 356,677                         | 338,439          | (18,238)          | -5.1%         | SALES TAX 4%(d)                                | 1,991,498          | 1,945,272          | (46,227)           | -2.3%               | 4,873,100              | 5,105,800           | 5,004,100              |
| 165,087                         | 156,144          | (8,942)           | -5.4%         | SALES TAX 2%                                   | 929,596            | 907,191            | (22,405)           | -2.4%               | 2,280,700              | 2,224,900           | 2,345,300              |
| 98,804                          | 104,118          | 5,314             | 5.4%          | USE TAX 6% (f)                                 | 474,956            | 546,806            | 71,850             | 15.1%               | 1,270,700              | 1,332,500           | 1,379,500              |
| 73,785                          | 72,161           | (1,624)           | -2.2%         | TOBACCO TAXES                                  | 387,593            | 390,380            | 2,788              | 0.7%                | 957,400                | 936,400             | 942,000                |
| 12                              | 0                | (12)              | -100.0%       | TOBACCO SETTLEMENT                             | 199                | 608                | 410                | na                  | na                     | na                  | na                     |

continued

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

**For The Month Ended: February 28, 2014**

| MONTH-END CASH COLLECTIONS DATA      |                  |                  |              | OCTOBER THROUGH FEBRUARY CASH COLLECTIONS DATA |                  |                    |                 |             |                        | REVENUE PROJECTIONS |                        |  |
|--------------------------------------|------------------|------------------|--------------|--|------------------|--------------------|-----------------|-------------|------------------------|---------------------|------------------------|--|
| February                             |                  | 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     | Preliminary Totals (g) | Statutory Estimate  | January 2014 Consensus |  |
| <b>Major Transportation Revenues</b> |                  |                  |              |  |                  |                    |                 |             |                        |                     |                        |  |
| \$11,700                             | \$11,792         | \$92             | 0.8%         | Diesel Fuel / Motor Carrier Fuel Tax           | \$55,248         | \$59,416           | \$4,167         | 7.5%        | \$128,910              | \$130,000           | \$130,600              |  |
| 78,415                               | 69,748           | (8,667)          | -11.1%       | Gasoline                                       | 345,220          | 346,907            | 1,686           | 0.5%        | 821,632                | 812,500             | 818,000                |  |
| 104,143                              | 104,964          | 821              | 0.8%         | Motor Vehicle Registration                     | 381,085          | 390,146            | 9,061           | 2.4%        | 906,530                | 905,000             | 927,500                |  |
| 4,341                                | 3,974            | (367)            | -8.4%        | Other Taxes, Fees & Misc.                      | 16,811           | 16,259             | (552)           | -3.3%       | 127,998                | 167,961             | 175,215                |  |
| 9,122                                | 9,117            | (5)              | -0.1%        | Comprehensive Transportation (c)               | 44,324           | 44,933             | 608             | 1.4%        | 114,629                | 106,794             | 109,404                |  |
| <u>\$207,720</u>                     | <u>\$199,595</u> | <u>(\$8,125)</u> | <u>-3.9%</u> | <b>TOTAL MAJOR TRANS. REVENUES</b>             | <u>\$842,690</u> | <u>\$857,660</u>   | <u>\$14,970</u> | <u>1.8%</u> | <u>\$2,099,699</u>     | <u>\$2,122,255</u>  | <u>\$2,160,718</u>     |  |
| <b>Lottery Sales By Games</b>        |                  |                  |              |  |                  |                    |                 |             |                        |                     |                        |  |
| 60,863                               | 72,711           | 11,848           | 19.5%        | Instant Games                                  | 322,362          | 348,376            | 26,014          | 8.1%        | na                     | na                  | na                     |  |
| 52,155                               | 50,581           | (1,574)          | -3.0%        | Daily Games                                    | 263,717          | 270,140            | 6,423           | 2.4%        | na                     | na                  | na                     |  |
| 23,878                               | 33,911           | 10,034           | 42.0%        | Lotto and Big Game                             | 146,919          | 155,491            | 8,572           | 5.8%        | na                     | na                  | na                     |  |
| 905                                  | 802              | (104)            | -11.5%       | Keno Game                                      | 4,673            | 4,202              | (470)           | -10.1%      | na                     | na                  | na                     |  |
| 1,109                                | 3,769            | 2,660            | na           | Other  | 1,109            | 24,852             | 23,743          | na          | na                     | na                  | na                     |  |
| 45,682                               | 46,196           | 514              | 1.1%         | Club Games                                     | 231,374          | 231,871            | 498             | 0.2%        | na                     | na                  | na                     |  |
| <u>\$184,592</u>                     | <u>\$207,970</u> | <u>\$23,378</u>  | <u>12.7%</u> | <b>TOTAL LOTTERY SALES</b>                     | <u>\$970,154</u> | <u>\$1,034,932</u> | <u>\$64,778</u> | <u>6.7%</u> | <u>na</u>              | <u>na</u>           | <u>na</u>              |  |

-11-

- a GF-GP Sales has been estimated based on CTF and Health Initiative 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.
- g Preliminary CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

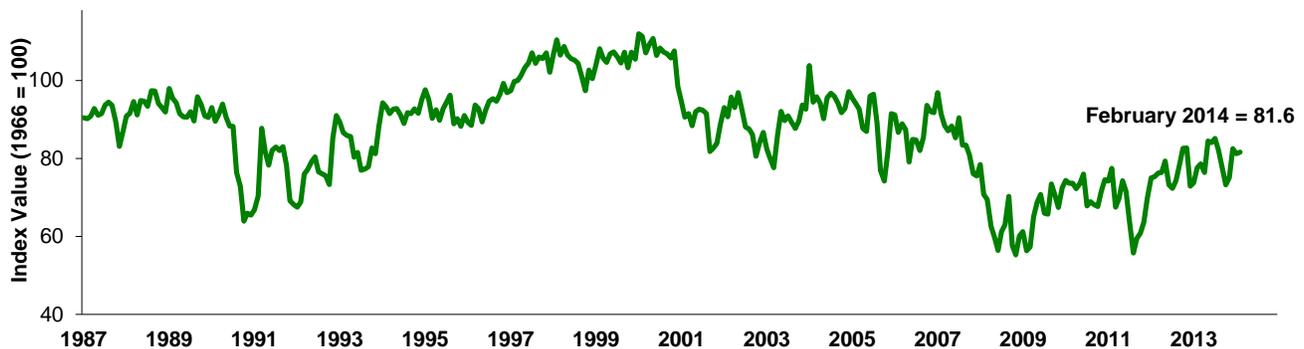
Source: Michigan Department of Treasury, Office of Revenue & Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of Technology, Management and Budget, and other reports from the Michigan Department of Treasury.

## Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

### U. S. Economy

#### Index of Consumer Sentiment



Source: University of Michigan, Survey Research Center

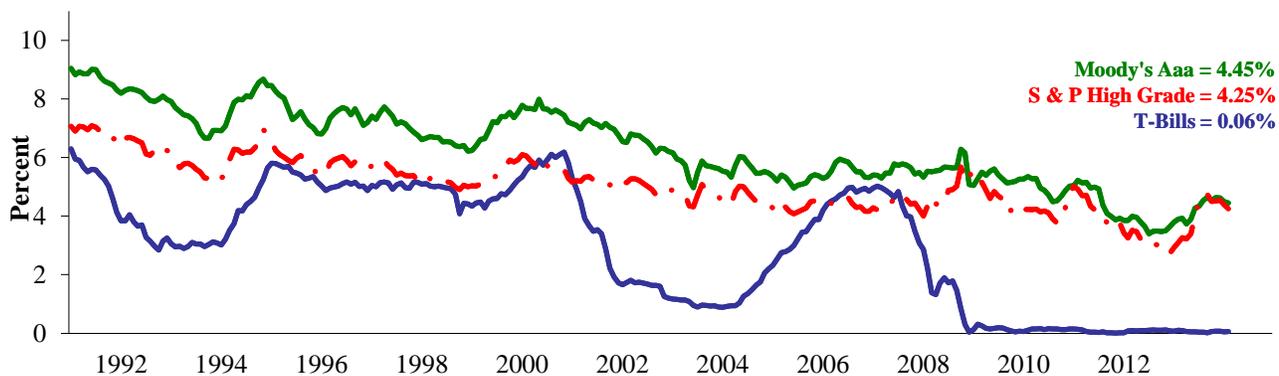
The **Index of Consumer Sentiment** rose in February to 81.6 index-points, 0.4 index-points above the December value and 4.0 index-points above February 2013. On the increase in confidence, Survey Director Richard Curtin noted, “Despite the harsh winter, consumer confidence has remained virtually unchanged in the last three months. The harsh weather did diminish consumers’ evaluations of current economic conditions, but the weather has not diminished their outlook for the economy. The most significant implication is not whether consumers have correctly assessed the weather’s negative impact on the economy, but the resilience consumers have demonstrated in the face of the polar vortex as well as higher utility bills and minimal employment gains. This reaction stands in sharp contrast to the instability in confidence associated with the government’s shutdown and policy statements the past few years.” Curtin observed, “The personal financial situation of consumers weakened as nearly equal numbers of households reported that their finances had worsened as improved during the past year. Most of the February decline was reported by households over age 65 as well as those with incomes in the bottom third of the income distribution, largely due to complaints about the rising cost of utility bills.” On buying attitudes, Curtin reported, “Buying attitudes toward large household durables, vehicles, and homes were largely unchanged in the February survey.” In February, consumers in one of the four regions reported an increase in confidence. Southern consumers reported an increase in confidence of 10.6 index-points. Western consumers reported the largest decrease in confidence at 13.0 index points. The gap across regions decreased from last month to 5.0 index-points, with Midwestern consumers on top and Western consumers on the bottom.

The preliminary estimate of real **Gross Domestic Product** for the fourth quarter of 2013 is \$15,932.9 billion (chained 2005 dollars), an increase of 2.4 percent at an annual rate. In the third quarter of 2013, real gross domestic product increased 4.1 percent. The increase in fourth quarter real GDP was mainly due to personal consumption expenditures, exports, nonresidential fixed investment, and private inventory investment. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 2.6 percent in the fourth quarter, compared to a 2.0 percent increase in the third quarter. Real residential fixed investment decreased 8.7 percent in the fourth quarter compared to an increase of 10.3 percent in the third quarter. Real nonresidential fixed investment increased 7.3 percent in the fourth quarter while equipment increased 10.6 percent. Real

federal government expenditures decreased 12.8 percent in the fourth quarter, compared to a 1.5 percent decrease in the third quarter. Real state and local government spending decreased 0.5 percent in the fourth quarter, compared to an increase of 1.7 percent in the third quarter. Exports of goods and services increased 9.4 percent in the fourth quarter, compared to a 3.9 percent increase in the third quarter. Imports increased 1.5 percent in the fourth quarter compared to an increase of 2.4 percent in the third quarter. Private inventory investment increased \$117.4 billion in the fourth quarter, following a \$115.7 billion increase in the third quarter. Real final sales increased 2.3 percent in the fourth quarter compared to an increase of 2.5 percent in the third quarter. On the inflation front, the **implicit price deflator** increased 1.6 percent in the fourth quarter compared to a 2.0 percent increase observed in the third quarter.

**U. S. retail prices**, as measured by the Consumer Price Index (CPI-U), increased 0.1 percent in February, unchanged compared to January. Energy prices decreased 0.5 percent in February, down from a 0.6 percent increase in January, while the all-items less food and energy component increased 0.1 percent in February. Compared to February 2013, the all-items index increased 1.1 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 1.4 percent; medical care, 2.3 percent; apparel, -0.6 percent; education and communication, 1.1 percent; other goods and services, 1.9 percent; housing, 2.5 percent; recreation, 0.3 percent; and transportation, -2.3 percent, with gasoline prices down 8.1 percent.

### Selected Key Interest Rates

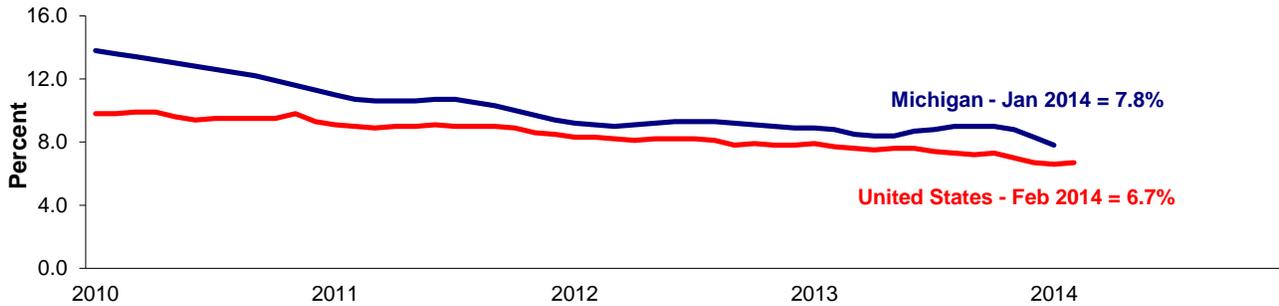


Source: Economic Indicators

Short-term **interest rates** increased 0.01 percentage point in February as the 3-month Treasury bill (T-bill) rate was 0.6 percent. Compared to one year ago, the T-bill rate was down 0.04 percentage point. The Aaa corporate bond rate, a long-term interest rate, decreased 0.04 percentage point to an interest yield of 4.45 percent in February. The Aaa bond yield was up 0.55 percentage point from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.13 percentage point from the January level to 4.25 percent in February and was up 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 January 29th meeting. The FOMC stated “the Committee reaffirmed its expectation that the currently low target range for the federal funds rate of 0 to ¼ percent will be appropriate at least as long as the unemployment rate remains above 6-1/2 percent, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee’s 2 percent longer-run goal, and longer-term inflation expectations continue to be well anchored.” The Committee “seeks to foster maximum employment and price stability.”

In February, the **U. S. unemployment rate** increased 0.1 percentage point from a month ago to 6.7 percent and was 1.0 percentage points lower than a year ago. Civilian employment totaled 145.3 million persons in February. The number unemployed was 10.5 million nationwide.

### Unemployment Rates 2010 - 2014



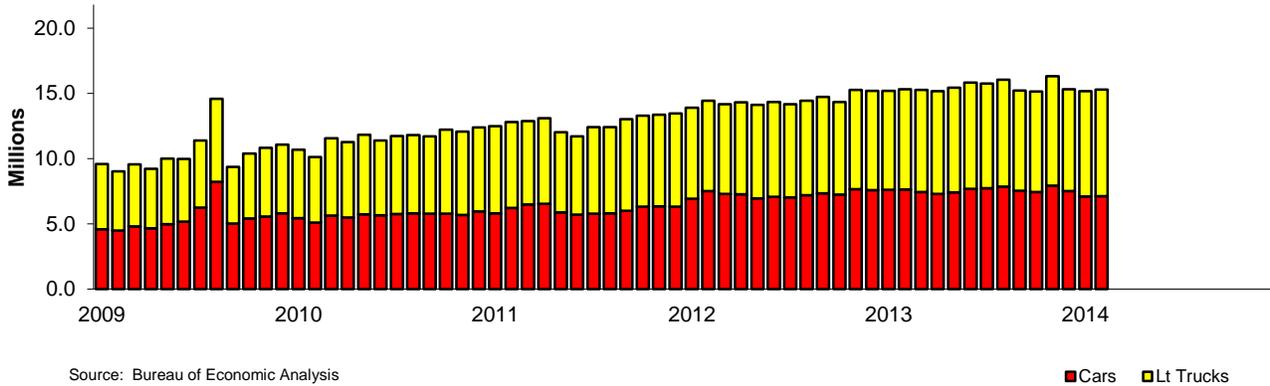
Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In January, the latest data available, the **Michigan jobless rate** decreased 0.5 of a percentage point to 7.8 percent from 8.3 percent in December. The January unemployment rate is 1.1 percentage points below the year ago level. In January, the labor force increased by 11,000 to 4,698,000, while the number of people employed increased by 32,000 to 4,331,000. In January, there were 367,000 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), increased 1.1 percent from December to February compared to a 0.7 percent decrease from October to December. The all-items less food and energy index increased 1.1 percent from December to February. The food index increased 0.4 percent from December to February while the energy index increased 1.4 percent. Compared to February 2013, the all-items index increased 0.7 percent. For individual component items, the changes from one year ago were: food and beverages, 1.9 percent; apparel, 4.6 percent; education and communication, 2.2 percent; transportation, -2.8 percent; recreation, -4.0 percent; medical care, 3.6 percent; housing, 1.9 percent; and other goods and services, 2.3 percent.

## Motor Vehicle Sector

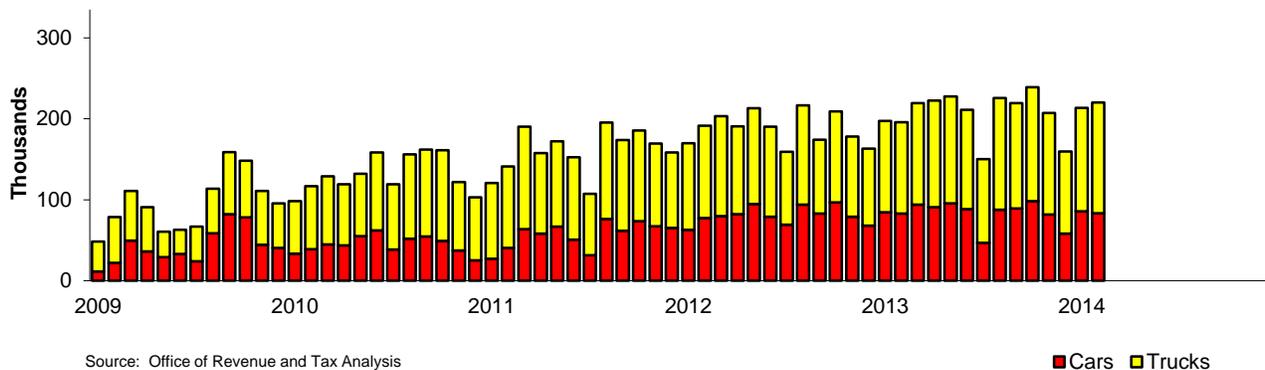
### U. S. Light Vehicle Sales



**U.S. light vehicle sales** (cars + light trucks) increased by 0.8 percent in February compared to January, selling at a 15.3 million unit seasonally adjusted annual rate. Domestic car sales increased 1.4 percent while domestic light truck sales decreased 0.4 percent. Import car sales decreased 2.0 percent while import light truck sales increased 9.5 percent. Compared to last year, light vehicle sales decreased 0.2 percent. Domestic car sales were down 6.8 percent while domestic light truck sales increased 4.9 percent. Import car sales were down 5.9 percent from last year while import truck sales increased 13.1 percent. As a result, the domestic share of U.S. light vehicle sales decreased 0.2 percentage points from a year ago. For fiscal year 2014 year-to-date, domestic light vehicles recorded a 77.7 percent share of a 15.4 million-unit market.

**Michigan motor vehicle production** increased to 219,961 units in February from 213,423 units in January. From a year ago, motor vehicle production increased 12 percent in Michigan and rose 25 percent nationally. In February, Michigan's car production was 83,520 units while the state's truck production was 136,441 units. Compared with a year ago, car production increased 1 percent in Michigan and increased 17 percent nationwide. The state's truck production increased 21 percent while national truck production increased 30 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 10, 2014 Consensus Revenue Agreement  
(Article IX, Section 26)  
(in millions)**

|  | <b>Fiscal Year<br/>2011-12<br/>Actual</b> | <b>Fiscal Year<br/>2012-13<br/>Estimate</b> | <b>Fiscal Year<br/>2013-14<br/>Estimate</b> |
|--|---|---|---|
| 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>\$28,074.3</u>                           | <u>\$28,472.0</u>                           |
| <b>Amount Under (Over) Limit</b>         | <b>\$5,230.4</b>                          | <b>\$5,914.4</b>                            | <b>\$7,442.3</b>                            |

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 January 10, 2014 Consensus Revenue Agreement.

The FY 2013-14 calculation uses the January 10, 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