



STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

RICK SNYDER  
GOVERNOR

JOHN S. ROBERTS  
DIRECTOR

March 6, 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

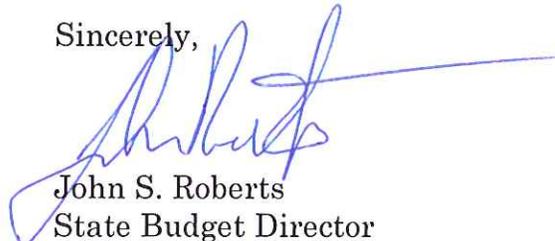
Dear Legislators:

Attached is the monthly financial report for the month ending January 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 2014**  
**Projected Revenues and Expenditures**  
**January 31, 2014**  
(\$ in millions)

**FISCAL**  
**2014**

<b>Beginning Balance, October 1, 2013</b>	see one-time revenue
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<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)
Other revenue adjustments	\$	2.5
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$</b>	<b>(368.1)</b>
<b>Total FY Resources Available For Expenditure GF/GP - Ongoing</b>		<b>9,204.4</b>

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

<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$</b>	<b>149.3</b>
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<b>Beginning Balance (One-Time Revenue)</b>	<b>\$</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>\$</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 and 2014-4	\$	96.7
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$</b>	<b>620.3</b>

<b>Projected Ending Balance, September 30, 2014</b>	<b>\$</b>	<b>769.6</b>
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<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> Subsequent to the date of this report, 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 \$769.6 million to \$666.9 million.

**SCHOOL AID FUND**  
**Fiscal Year 2014**  
**Projected Revenues and Expenditures**  
**January 31, 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>		
	\$	11,560.0
<b>Revenue Adjustments:</b>		
MPSERS Reserve Fund	\$	156.0
General Fund	\$	180.0
Federal Revenue	\$	1,764.4
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$</b>	<b>2,100.4</b>
<b>Total FY Resources Available for Expenditure School Aid Fund</b>		
	<b>\$</b>	<b>13,660.4</b>
<b>School Aid Ongoing Costs</b>		
PA 60 of 2013	\$	13,168.8
<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>13,566.9</b>
<b>Current Year Revenues minus Ongoing Costs</b>		
	<b>\$</b>	<b>93.5</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
<b>One-Time Revenue minus One-Time Spending</b>		
	<b>\$</b>	<b>149.0</b>
<b>Projected Ending Balance, September 30, 2014</b>		
	<b>\$</b>	<b>242.6</b>

Subsequent to the date of this report, on February 5, 2014, the Fiscal Year 2015 Executive Budget was presented to the legislature, including a Fiscal Year 2014 supplemental that decreased School Aid Fund spending by a net of \$109.1 million mostly due to revised cost estimates and increased federal revenues and spending by \$51.7 million to recognize the federal Race to the Top - Early Learning Challenge grant recently awarded to Michigan. Enactment of this proposed supplemental will increase the projected ending balance to \$351.6 million.

## SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

January 31, 2014

(\$ IN MILLIONS)

### FISCAL YEAR 2013

### FISCAL YEAR 2014

Exp & Enc January 2013	Exp & Enc Yr-to-date FY 2013	Fiscal Year End SEP 30, 2013	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc January 2014	Exp & Enc Yr-to-date FY 2014
7.9	21.7	70.5	Agriculture and Rural Development	79.9	11.2	6.9	19.7
8.7	25.3	80.9	Attorney General	87.9	3.7	8.9	25.4
19.6	97.8	255.7	Capital Outlay**	318.1	0.0	19.5	96.7
1.5	4.3	13.7	Civil Rights	15.2	0.0	1.6	4.4
111.4	483.9	1,296.3	Colleges & Universities	1,368.5	0.0	114.6	508.6
1,194.2	4,673.2	14,056.7	Community Health	15,299.5	300.1	606.6	4,139.9
206.4	656.0	1,947.9	Corrections	2,032.6	2.0	203.8	628.3
22.8	74.7	562.5	Education	293.5	13.9	23.3	69.9
13.9	46.4	156.6	Environmental Quality	486.5	35.6	15.0	42.3
1.0	2.7	4.7	Executive Office	5.4	0.0	1.1	3.0
499.5	1,885.4	5,895.0	Human Services	5,985.0	245.0	487.4	1,780.8
0.0	0.0	0.0	Insurance and Financial Services	75.3	0.0	5.8	13.1
25.7	62.1	242.2	Judiciary	283.4	0.0	23.2	59.0
2.2	6.4	20.0	Legislative Auditor General	21.0	0.0	2.2	6.2
10.5	34.6	104.4	Legislature	123.8	0.4	13.2	39.7
29.8	87.1	319.0	Licensing and Regulatory Affairs	305.5	52.2	23.2	77.0
14.2	40.7	130.9	Military Affairs	138.1	12.2	12.9	37.5
10.0	24.4	69.7	Natural Resources	105.1	14.3	5.2	15.0
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
18.0	52.1	189.9	State	219.5	9.7	19.2	53.8
53.8	141.3	537.5	State Police	605.7	15.5	56.1	148.1
38.8	122.3	473.3	Technology, Management & Budget***	344.1	78.1	37.3	98.6
0.0	0.0	23.0	Transportation	121.3	0.0	0.1	0.1
38.3	591.5	2,663.0	Treasury	1,701.4	73.2	42.3	631.4
7.4	17.0	157.1	Michigan Strategic Fund	218.2	24.1	31.6	109.0
<b>\$2,335.5</b>	<b>\$9,150.9</b>	<b>\$29,270.5</b>		<b>\$30,234.5</b>	<b>\$891.1</b>	<b>\$1,761.0</b>	<b>\$8,607.5</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

January, 2014

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS 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 January 31, 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) Expenditures		<u>79</u>

**OTHER FINANCING SOURCES (USES)**

Transfers from other funds		25,000
Transfers to other funds		<u>-</u>
Total Other Financing Sources (Uses)		<u>25,000</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		<u>\$ 25,079</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 January 31, 2014  
(in thousands)

**REVENUES**

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>12,026</u>
Total Revenues		<u>12,026</u>

**EXPENDITURES**

Current:		
General government		28
Conservation, environment, recreation, and agriculture		848
Capital outlay		<u>3,777</u>
Total Expenditures		<u>4,653</u>
Excess of Revenues over (under) Expenditures		<u>7,373</u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues		-
Proceeds from sale of capital assets		-
Transfers from other funds		-
Transfers to other funds		<u>-</u>
Total Other Financing Sources (Uses)		<u>-</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	<u><u>7,373</u></u> <sup>1</sup>

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

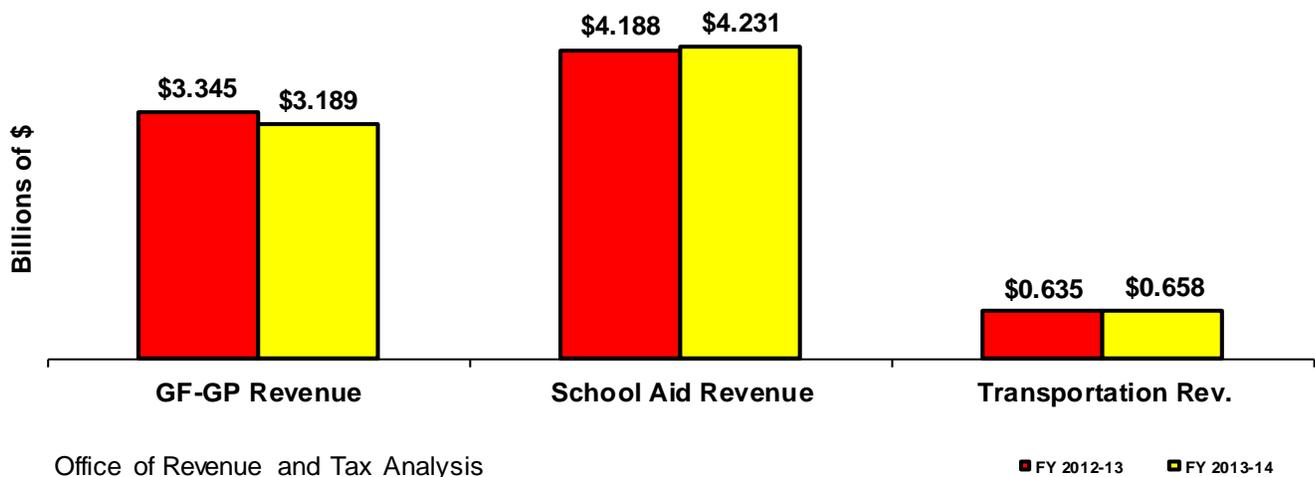
**REVENUE OVERVIEW**  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for January 2014, representing some December 2013 and some January 2014 economic activity in Michigan.

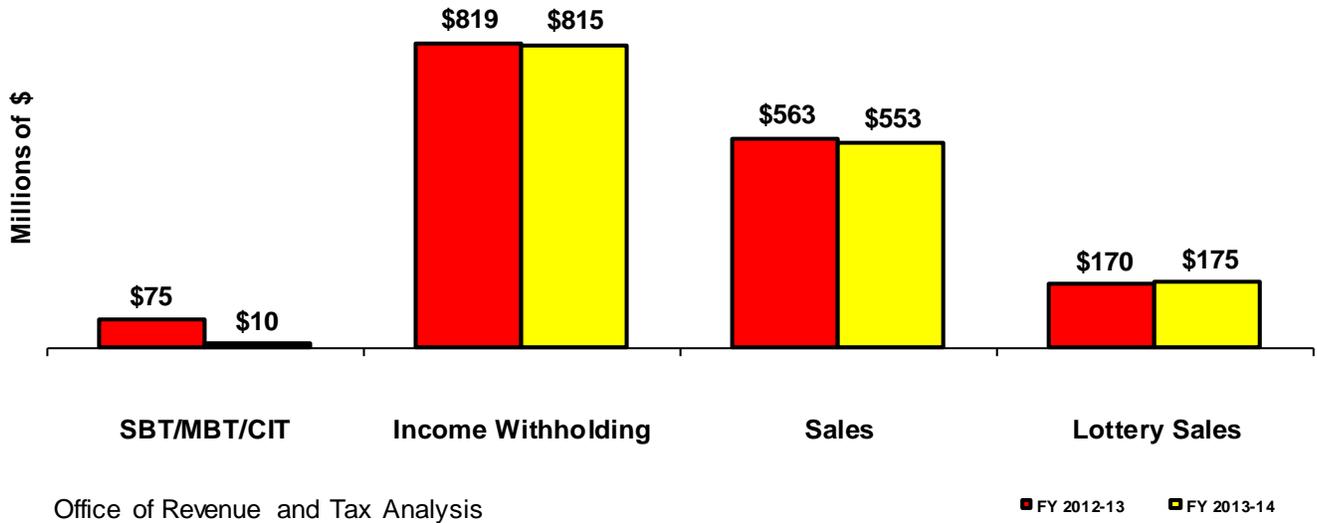
Total General Fund - General Purpose cash collections were \$5.3 million (0.5 percent) lower in January 2014 than in January 2013. The January 2014 School Aid Fund cash collections were \$25.7 million (3.2 percent) higher than in January 2013. January 2014 transportation collections were \$4.8 million (2.8 percent) higher than in January 2013 (see revenue table). January is the fourth 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 \$156.6 million (4.7 percent) from a year ago. School Aid Fund cash collections are up \$43.8 million (1.0 percent) and transportation collections are up \$23.1 million (3.6 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 January Collections  
FY 2012-13 and FY 2013-14**



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



## October through January 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: January 31, 2014**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
January		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>												
\$819,177	\$814,987	(\$4,189)	-0.5%	Withholding	\$2,787,688	\$2,835,236	\$47,548	1.7%	\$7,963,000	\$8,128,300	\$8,294,900	
216,931	236,738	19,808	9.1%	Quarterlies	306,575	321,812	15,237	5.0%	855,100	850,900	887,900	
10,555	10,859	304	2.9%	Annuals	68,102	87,684	19,582	28.8%	1,146,500	909,800	952,800	
1,046,662	1,062,584	15,922	1.5%	Gross Collections	3,162,365	3,244,732	82,367	2.6%	\$9,964,600	\$9,889,000	\$10,135,600	
23,697	15,915	(7,782)	-32.8%	Less: Refunds	103,793	97,533	(6,260)	-6.0%	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	
1,022,965	1,046,669	23,704	2.3%	Net Personal Income	3,058,572	3,147,199	88,627	2.9%	\$8,269,600	\$8,267,900	\$8,440,400	
239,823	240,643	820	0.3%	Less: Disbursements to SAF	727,772	743,961	16,189	2.2%	\$2,338,500	\$2,353,700	\$2,413,300	
\$783,142	\$806,026	\$22,884	2.9%	<b>NET PERSONAL INCOME TO GF-GP</b>	<b>\$2,330,800</b>	<b>\$2,403,238</b>	<b>\$72,438</b>	<b>3.1%</b>	<b>\$5,931,100</b>	<b>\$5,914,200</b>	<b>\$6,027,100</b>	
<b>Consumption Taxes</b>												
\$5,305	\$4,797	(\$507)	-9.6%	Sales (a)	\$26,072	\$23,411	(\$2,661)	-10.2%	\$1,003,500	\$1,153,000	\$1,146,100	
40,529	71,408	30,879	76.2%	Use (f)	251,665	295,125	43,461	17.3%	838,300	888,300	919,700	
14,130	15,231	1,101	7.8%	Tobacco	62,448	63,326	878	1.4%	187,800	188,800	188,100	
3,436	3,541	104	3.0%	Beer, Wine & Mixed Spirits	15,755	16,420	665	4.2%	50,700	52,000	51,000	
4,268	4,882	614	14.4%	Liquor Specific	12,225	12,515	290	2.4%	44,400	43,500	45,000	
\$67,668	\$99,859	\$32,191	47.6%	<b>TOTAL CONSUMPTION TAXES</b>	<b>\$368,164</b>	<b>\$410,797</b>	<b>\$42,633</b>	<b>11.6%</b>	<b>\$2,124,700</b>	<b>\$2,325,600</b>	<b>\$2,349,900</b>	
<b>Other Taxes</b>												
\$9,454	(\$4,562)	(\$14,016)	na	Single Business	\$23,931	(\$19,118)	(\$43,049)	na	(\$47,000)	\$0	(\$10,000)	
60,577	66,750	6,172	10.2%	Insurance Premiums Taxes	129,125	140,168	11,042	8.6%	301,400	348,200	358,000	
70,031	62,188	(7,844)	-11.2%	Sub-total SBT & Insurance	153,056	121,049	(32,007)	-20.9%	254,400	348,200	348,000	
(29,396)	(90,711)	(61,315)	-209.0%	Michigan Business Tax	9,556	(248,633)	(258,189)	na	(75,800)	(550,000)	(490,000)	
95,043	105,130	10,086	10.6%	Corporate Income Tax	311,600	355,920	44,320	14.2%	783,100	957,000	850,000	
31	0	(31)	-99.9%	Inheritance / Estate	29	1	(28)	-96.6%	0	0	0	
(787)	0	787	100.0%	Telephone & Telegraph	23,453	19,488	(3,964)	-16.9%	46,500	55,000	45,000	
5,454	5,370	(84)	-1.5%	Oil & Gas Severance	17,915	20,559	2,644	14.8%	59,500	55,000	62,000	
9,215	8,487	(728)	-7.9%	Penalties & Interest	42,783	35,029	(7,754)	-18.1%	165,200	138,000	150,000	
1	2	1	84.8%	Miscellaneous Other/Railroad	242	13	(229)	-94.7%	1,100	1,000	1,000	
(10,667)	(11,083)	(417)	-3.9%	Treasury Enforcement Programs (e)	(42,667)	(43,333)	(667)	-1.6%	(134,600)	(129,000)	(133,000)	
\$138,925	\$79,382	(\$59,544)	-42.9%	<b>TOTAL OTHER TAXES</b>	<b>\$515,966</b>	<b>\$260,093</b>	<b>(\$255,873)</b>	<b>-49.6%</b>	<b>\$1,099,400</b>	<b>\$875,200</b>	<b>\$833,000</b>	
\$989,735	\$985,266	(\$4,469)	-0.5%	<b>SUBTOTAL GF-GP TAXES</b>	<b>\$3,214,929</b>	<b>\$3,074,128</b>	<b>(\$140,802)</b>	<b>-4.4%</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: January 31, 2014**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
January		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	\$6,667	\$6,667	\$0	0.0%	\$22,500	\$20,000	\$20,000
83	83	0	0.0%	Local Agencies	333	333	0	0.0%	100	1,000	1,000
917	833	(83)	-9.1%	Services	3,667	3,583	(83)	-2.3%	9,000	11,000	10,000
1,667	833	(833)	-50.0%	Licenses & Permits	6,667	5,833	(833)	-12.5%	4,800	20,000	10,000
(151)	337	488	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	43,000	36,917	(6,083)	-14.1%	106,800	114,000	101,000
13,600	14,333	733	5.4%	Liquor Purchase Revolving Fund	55,100	55,333	233	0.4%	170,600	164,000	172,000
3,600	4,250	650	18.1%	From Other Funds-Lottery & Escheats	15,100	5,550	(9,550)	-63.2%	94,800	5,200	51,000
<b>\$31,632</b>	<b>\$30,754</b>	<b>(\$878)</b>	<b>-2.8%</b>	<b>TOTAL NON-TAX REVENUE</b>	<b>\$130,382</b>	<b>\$114,554</b>	<b>(\$15,828)</b>	<b>-12.1%</b>	<b>\$407,400</b>	<b>\$331,200</b>	<b>\$362,500</b>
<b>\$1,021,368</b>	<b>\$1,016,020</b>	<b>(\$5,347)</b>	<b>-0.5%</b>	<b>TOTAL GF-GP REVENUE</b>	<b>\$3,345,312</b>	<b>\$3,188,682</b>	<b>(\$156,630)</b>	<b>-4.7%</b>	<b>\$9,562,800</b>	<b>\$9,446,200</b>	<b>\$9,572,500</b>
<b>School Aid Fund</b>											
\$230,617	\$226,442	(\$4,176)	-1.8%	Sales Tax 4%	\$980,892	\$964,099	(\$16,793)	-1.7%	2,925,500	3,107,200	3,002,500
178,981	175,569	(3,413)	-1.9%	Sales Tax 2%	764,509	751,046	(13,463)	-1.8%	2,280,700	2,224,900	2,345,300
18,821	35,704	16,883	89.7%	Use Tax 2% (f)	124,487	147,563	23,076	18.5%	432,400	444,200	459,800
14,196	16,479	2,283	16.1%	State Education Property Tax	1,142,515	1,167,471	24,955	2.2%	1,770,900	1,818,000	1,798,000
17,110	20,819	3,709	21.7%	Real Estate Transfer Tax	62,211	79,712	17,501	28.1%	202,300	202,100	217,400
60,000	65,000	5,000	8.3%	Lottery Transfer (b)	190,000	185,000	(5,000)	-2.6%	734,300	742,500	745,000
8,600	7,780	(820)	-9.5%	Casino Wagering Tax	37,750	34,610	(3,139)	-8.3%	110,700	112,000	114,000
4,250	4,873	623	14.7%	Liquor Excise Tax	12,133	12,456	323	2.7%	43,800	43,500	44,500
28,686	30,921	2,235	7.8%	Cigarette/Tobacco Tax	126,778	128,561	1,782	1.4%	371,900	359,800	361,100
1,014	1,490	477	47.0%	Indus. & Comm. Facilities Taxes	13,133	11,418	(1,715)	-13.1%	33,900	39,000	35,000
550	2,588	2,038	na	Specific Other	5,376	5,471	95	1.8%	24,600	23,100	24,100
239,823	240,643	820	0.3%	Income Tax Earmarking	727,772	743,961	16,189	2.2%	\$2,338,500	\$2,353,700	\$2,413,300
<b>\$802,649</b>	<b>\$828,308</b>	<b>\$25,659</b>	<b>3.2%</b>	<b>TOTAL SCHOOL AID FUND</b>	<b>\$4,187,558</b>	<b>\$4,231,368</b>	<b>\$43,810</b>	<b>1.0%</b>	<b>\$11,269,500</b>	<b>\$11,470,100</b>	<b>\$11,560,000</b>
\$563,344	\$552,972	(\$10,372)	-1.8%	SALES TAX 6%	\$2,399,330	\$2,357,879	(\$41,451)	-1.7%	\$7,153,800	\$7,330,700	\$7,349,400
384,362	377,403	(6,959)	-1.8%	SALES TAX 4%(d)	1,634,821	1,606,832	(27,988)	-1.7%	4,873,100	5,105,800	5,004,100
178,981	175,569	(3,413)	-1.9%	SALES TAX 2%	764,509	751,046	(13,463)	-1.8%	2,280,700	2,224,900	2,345,300
59,350	107,113	47,762	80.5%	USE TAX 6% (f)	376,152	442,688	66,536	17.7%	1,270,700	1,332,500	1,379,500
71,006	76,537	5,532	7.8%	TOBACCO TAXES	313,807	318,219	4,412	1.4%	957,400	936,400	942,000
0	0	0	na	TOBACCO SETTLEMENT	186	608	422	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: January 31, 2014**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
January		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>												
\$10,468	\$10,890	\$421	4.0%	Diesel Fuel / Motor Carrier Fuel Tax	\$43,548	\$47,624	\$4,075	9.4%	\$128,910	\$130,000	\$130,600	
63,586	65,043	1,457	2.3%	Gasoline	266,806	277,159	10,353	3.9%	821,632	812,500	818,000	
85,073	88,292	3,219	3.8%	Motor Vehicle Registration	276,943	285,182	8,240	3.0%	906,530	905,000	927,500	
3,371	3,070	(302)	-8.9%	Other Taxes, Fees & Misc.	12,470	12,284	(186)	-1.5%	127,998	167,961	175,215	
9,122	9,117	(5)	-0.1%	Comprehensive Transportation (c)	35,202	35,816	613	1.7%	114,629	106,794	109,404	
<u>\$171,621</u>	<u>\$176,412</u>	<u>\$4,790</u>	<u>2.8%</u>	<b>TOTAL MAJOR TRANS. REVENUES</b>	<u>\$634,969</u>	<u>\$658,064</u>	<u>\$23,095</u>	<u>3.6%</u>	<u>\$2,099,699</u>	<u>\$2,122,255</u>	<u>\$2,160,718</u>	
<b>Lottery Sales By Games</b>												
56,390	58,339	1,949	3.5%	Instant Games	261,499	275,665	14,166	5.4%	na	na	na	
47,229	48,786	1,557	3.3%	Daily Games	211,562	219,559	7,998	3.8%	na	na	na	
22,335	20,880	(1,454)	-6.5%	Lotto and Big Game	123,041	121,579	(1,462)	-1.2%	na	na	na	
882	774	(108)	-12.3%	Keno Game	3,767	3,400	(367)	-9.7%	na	na	na	
0	3,359	3,359	na	Other	0	21,083	21,083	na	na	na	na	
42,995	42,422	(573)	-1.3%	Club Games	185,692	185,675	(17)	0.0%	na	na	na	
<u>\$169,831</u>	<u>\$174,560</u>	<u>\$4,729</u>	<u>2.8%</u>	<b>TOTAL LOTTERY SALES</b>	<u>\$785,562</u>	<u>\$826,962</u>	<u>\$41,400</u>	<u>5.3%</u>	<u>na</u>	<u>na</u>	<u>na</u>	

-11-

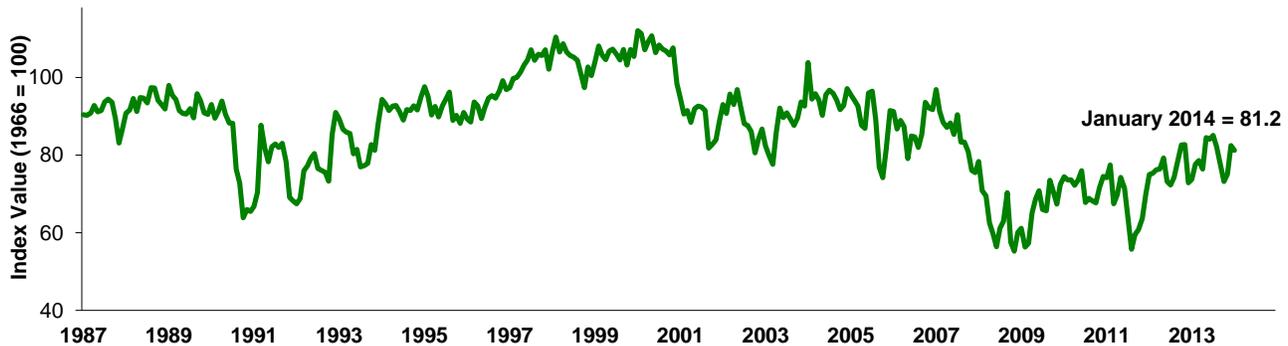
- a GF-GP Sales has been estimated based on CTF and Health Initiative shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated (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

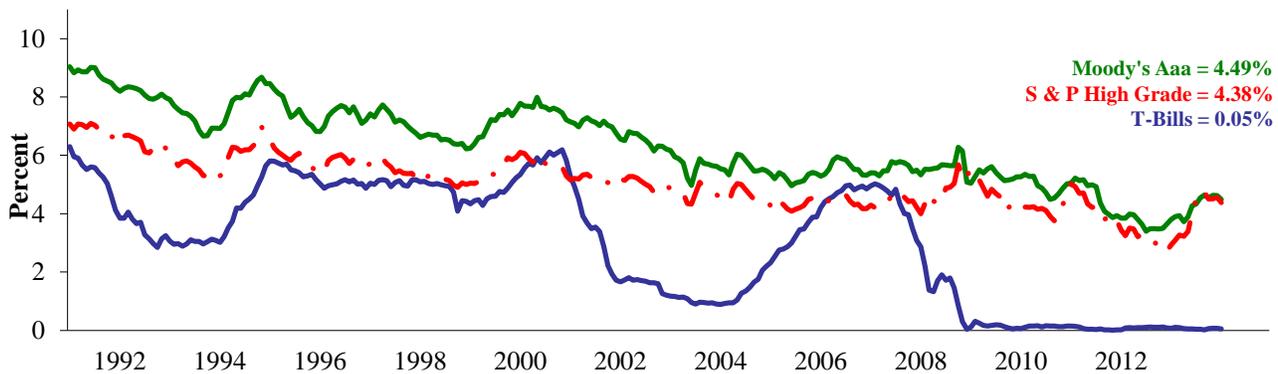
The **Index of Consumer Sentiment** rose in January to 81.2 index-points, 1.3 index-points below the December value and 7.4 index-points above January 2013. On the decrease in confidence, Survey Director Richard Curtin noted, “Consumer confidence rose slightly in the second half of January, narrowing the overall loss from December. The basic finding remained the same, with upper income households posting a monthly gain and households with income less than \$75,000 recording a loss. The year-to-year gain of 10.0% was more heavily weighted toward upper income households compared to those with lower incomes. Most of the gain from last January across all income groups was in their evaluations of current economic conditions rather than in future economic conditions, although both Indices fell slightly in January from last month. That past progress has not generated more favorable expectations for future economic gains has been a unique characteristic for the current recovery.” Curtin observed, “The majority of consumers reported that the economy is currently expanding, and nearly three quarters of all consumers expected the same or better pace of growth during the year ahead. When asked about long term prospects, the majority of all respondents in this as well as last January’s survey anticipated a renewed downturn sometime in the next five years.” On buying attitudes, Curtin reported, “Buying attitudes toward large household durable goods declined in January due to less favorable assessments of current pricing, although they remained at favorable levels. Vehicle buying plans became somewhat more positive due to more favorable pricing as well as low interest rates on vehicle purchases.” In January, consumers in three of the four regions reported an increase in confidence. Western consumers reported the largest increase in confidence of 6.2 index-points followed by Midwestern consumers at 2.9 index points. The gap across regions increased from last month to 4.1 index-points, with Western consumers on top and Southern consumers on the bottom.

The advanced estimate of real **Gross Domestic Product** for the fourth quarter of 2013 is \$15,965.6 billion (chained 2005 dollars), an increase of 3.2 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, private inventory investment, and state and local government spending. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 3.3 percent in the fourth quarter, compared to a 2.0 percent increase in the third quarter. Real residential fixed investment decreased 9.8 percent in the fourth quarter compared to an increase of 10.3 percent in the third quarter. Real

nonresidential fixed investment increased 3.8 percent in the fourth quarter while equipment increased 6.9 percent. Real federal government expenditures decreased 12.6 percent in the fourth quarter, compared to a 1.5 percent decrease in the third quarter. Real state and local government spending increased 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 11.4 percent in the fourth quarter, compared to a 3.9 percent increase in the third quarter. Imports increased 0.9 percent in the fourth quarter compared to an increase of 2.4 percent in the third quarter. Private inventory investment increased \$127.2 billion in the fourth quarter, following a \$115.7 billion increase in the third quarter. Real final sales increased 2.8 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 1.3 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 January, down from the 0.2 percent increase in December. Energy prices increased 0.6 percent in January, down from a 1.6 percent increase in December, while the all-items less food and energy component increased 0.1 percent in January. Compared to January 2013, the all-items index increased 1.6 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 1.1 percent; medical care, 2.1 percent; apparel, -0.2 percent; education and communication, 1.3 percent; other goods and services, 1.9 percent; housing, 2.4 percent; recreation, 0.4 percent; and transportation, 0.5 percent, with gasoline prices up 0.1 percent.

### Selected Key Interest Rates

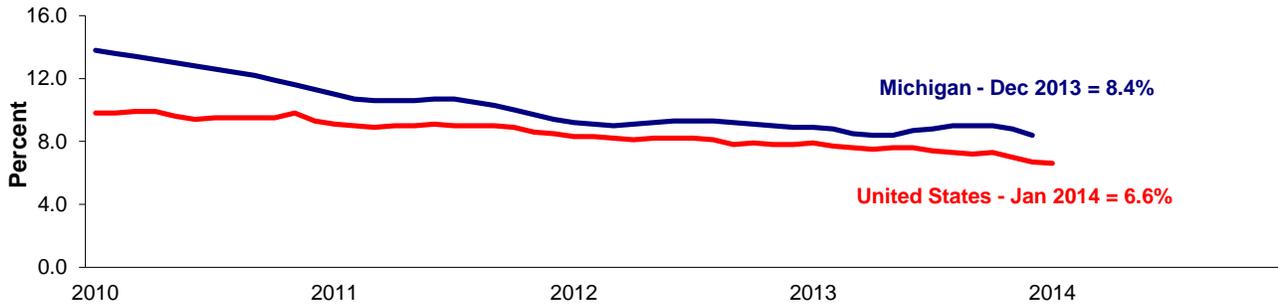


Source: Economic Indicators

Short-term **interest rates** decreased 0.02 percentage point in January as the 3-month Treasury bill (T-bill) rate was 0.05 percent. Compared to one year ago, the T-bill rate was down 0.02 percentage point. The Aaa corporate bond rate, a long-term interest rate, decreased 0.13 percentage point to an interest yield of 4.49 percent in January. The Aaa bond yield was up 0.69 percentage point from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.17 percentage point from the December level to 4.38 percent in January and was up 1.45 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 January, the **U. S. unemployment rate** decreased 0.1 percentage point from a month ago to 6.6 percent and was 1.3 percentage points lower than a year ago. Civilian employment totaled 145.2 million persons in January. The number unemployed was 10.2 million nationwide.

### Unemployment Rates 2010 - 2014

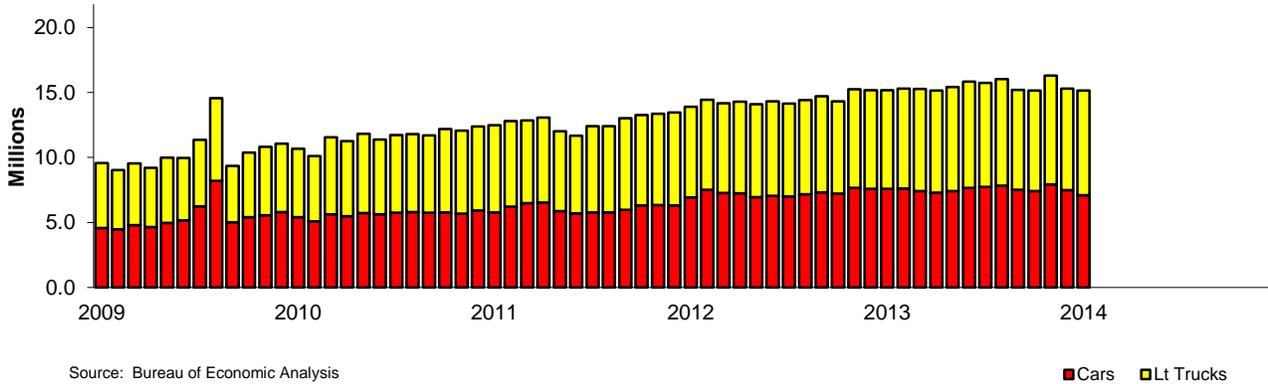


Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In December, the latest data available, the **Michigan jobless rate** decreased 0.4 of a percentage point to 8.4 percent from 8.8 percent in November. The December unemployment rate is 0.5 of a percentage point below the year ago level. In December, the labor force decreased by 13,000 to 4,694,000, while the number of people employed increased by 7,000 to 4,300,000. In December, there were 394,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

## Motor Vehicle Sector

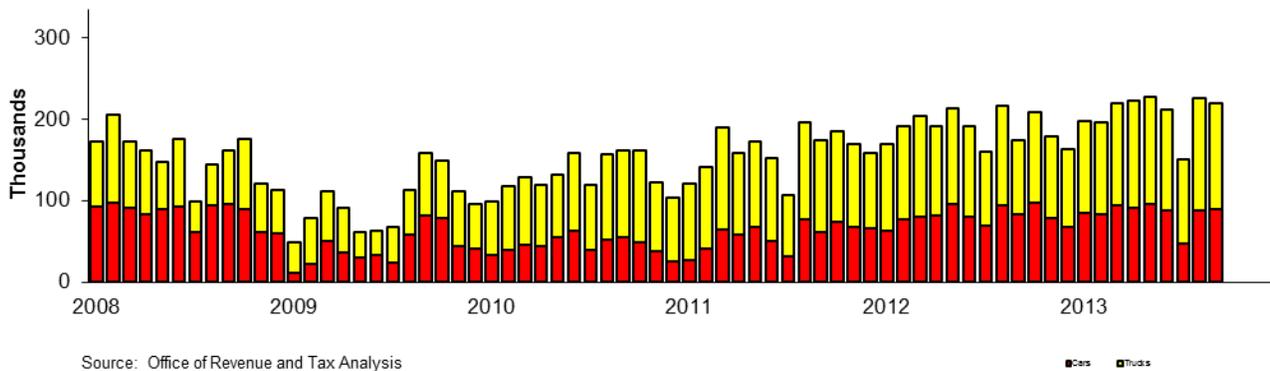
### U. S. Light Vehicle Sales



**U.S. light vehicle sales** (cars + light trucks) decreased by 0.9 percent in January compared to December, selling at a 15.2 million unit seasonally adjusted annual rate. Domestic car sales decreased 2.5 percent while domestic light truck sales also increased 5.7 percent. Import car sales decreased 12.2 percent while import light truck sales decreased 8.0 percent. Compared to last year, light vehicle sales decreased 0.1 percent. Domestic car sales were down 8.8 percent while domestic light truck sales increased 6.0 percent. Import car sales were down 1.3 percent from last year while import truck sales increased 9.0 percent. As a result, the domestic share of U.S. light vehicle sales decreased 0.6 percentage point from a year ago. For fiscal year 2014 year-to-date, domestic light vehicles recorded a 77.6 percent share of a 15.5 million-unit market.

**Michigan motor vehicle production** decreased to 207,156 units in November from 238,918 units in October. From a year ago, motor vehicle production increased 16 percent in Michigan and rose 4 percent nationally. In November, Michigan's car production was 81,954 units while the state's truck production was 125,202 units. Compared with a year ago, car production increased 4 percent in Michigan and decreased 7 percent nationwide. The state's truck production increased 26 percent while national truck production increased 13 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 2011-12 Actual</b>	<b>Fiscal Year 2012-13 Estimate</b>	<b>Fiscal Year 2013-14 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