



STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

RICK SNYDER  
GOVERNOR

JOHN E. NIXON, CPA  
DIRECTOR

August 29, 2013

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 July 31, 2013. 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 E. Nixon, CPA  
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	John Roberts, 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 2013**  
**Projected Revenues and Expenditures**  
**July 31, 2013**  
(\$ in millions)

**FISCAL**  
**2013**

<b>Beginning Balance, October 1, 2012</b>	see one-time revenue
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<b>Current Year GF/GP Revenues, May 2013 Consensus Estimate</b>	<b>\$</b>	<b>8,969.2</b>
<b>Revenue Adjustments:</b>		
Local Government Program Payments	\$	(350.6)
Other revenue adjustments	\$	3.2
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$</b>	<b>(347.4)</b>
<b>Total FY Resources Available For Expenditure GF/GP - Ongoing</b>		<b>8,621.8</b>

<b>Expenditures, Current Law:</b>		
FY 2013 Enacted with Vetoes	\$	8,581.7
<b>Total Expenditures Projected - Ongoing</b>	<b>\$</b>	<b>8,581.7</b>

<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$</b>	<b>40.1</b>
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<b>Beginning Balance (One-Time Revenue)</b>	<b>\$</b>	<b>979.2</b>
May 2013 Consensus Estimate above January 2013 estimate	\$	396.9
One-time revenue decreases (PA 200 of 2012)	\$	(22.0)
One-time impact of enacted tax law changes	\$	(177.0)
<b>Total FY Resources Available For Expenditure GF/GP - One-Time</b>	<b>\$</b>	<b>1,177.1</b>

<b>One-Time Spending Items:</b>		
PA 200, PA 201, PA 305, PA 348, PA 349, PA 436, and PA 518 of 2012; and PA 9 and PA 102 of 2013	\$	582.6
Estimated lapses	\$	(18.0)
<b>Total Expenditures Projected - One-Time</b>	<b>\$</b>	<b>564.6</b>

<b>One-Time Revenue minus One-Time Spending</b>	<b>\$</b>	<b>612.5</b>
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<b>Projected Ending Balance, September 30, 2013</b>	<b>\$</b>	<b>652.6</b>
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**SCHOOL AID FUND**  
**Fiscal Year 2013**  
**Projected Revenues and Expenditures**  
**July 31, 2013**  
(\$ in millions)

**FISCAL**  
**2013**

<b>Beginning Balance , October 1, 2012</b>		see one-time revenue
<b>Current Year School Aid Fund Revenues, May 2013 Consensus Estimate</b>		
	\$	11,127.7
<b>Revenue Adjustments:</b>		
General Fund	\$	282.4
Federal Revenue	\$	1,701.0
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$</b>	<b>1,983.4</b>
<b>Total FY Resources Available for Expenditure School Aid Fund - Ongoing</b>		
	<b>\$</b>	<b>13,111.1</b>
<b>School Aid Ongoing Costs</b>		
PA 201 of 2012	\$	12,750.2
PA 60 of 2013	\$	(52.6)
Revised School Aid Ongoing Costs	\$	12,697.6
<b>Community Colleges Ongoing Costs</b>		
PA 201 of 2012	\$	197.6
<b>Universities Ongoing Costs</b>		
PA 201 of 2012	\$	200.5
<b>Total Expenditures Projected - Ongoing</b>		
	<b>\$</b>	<b>13,095.7</b>
<b>Current Year Revenues minus Ongoing Costs</b>		
	<b>\$</b>	<b>15.5</b>
<b>Beginning Balance (One-Time Revenue)</b>		
	<b>\$</b>	<b>254.1</b>
May 2013 Consensus Estimate above January 2013 estimate	\$	85.7
<b>Total FY Resources Available for Expenditure School Aid Fund - One-Time</b>		
	<b>\$</b>	<b>339.8</b>
<b>One-Time Spending Items:</b>		
PA 201 of 2012	\$	194.3
PA 465 of 2012	\$	0.2
PA 60 of 2013	\$	20.0
Revised One-Time Spending Items	\$	214.5
<b>One-Time Revenue minus One-Time Spending</b>		
	<b>\$</b>	<b>125.4</b>
<b>Projected Ending Balance, September 30, 2013</b>		
	<b>\$</b>	<b>140.8</b>

## SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

July 31, 2013

(\$ IN MILLIONS)

### FISCAL YEAR 2012

### FISCAL YEAR 2013

Exp & Enc July 2012	Exp & Enc Yr-to-date FY 2012	Fiscal Year End SEP 30, 2012	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc July 2013	Exp & Enc Yr-to-date FY 2013
5.3	46.1	63.1	Agriculture and Rural Development	76.5	11.7	6.1	52.2
5.6	55.1	70.8	Attorney General	83.9	5.5	6.0	60.4
21.6	218.4	240.8	Capital Outlay**	320.3	26.4	26.7	226.6
0.8	9.7	12.8	Civil Rights	14.8	2.8	1.1	10.7
104.3	1,129.4	1,175.8	Colleges & Universities	1,295.2	12.5	107.2	1,175.6
1,057.0	10,546.0	13,915.9	Community Health	14,944.9	148.7	1,089.7	10,814.0
142.2	1,547.7	1,936.4	Corrections	1,983.3	24.9	150.2	1,518.1
27.1	194.4	364.8	Education	328.9	(6.6)	20.9	192.0
10.0	130.1	181.6	Environmental Quality	402.2	32.4	11.6	113.6
0.1	3.2	4.5	Executive Office	4.9	0.0	0.5	4.7
438.2	4,676.1	5,786.7	Human Services	6,519.6	(117.2)	440.8	4,718.7
23.0	166.9	231.6	Judiciary	273.8	0.7	23.8	172.7
1.4	13.9	17.9	Legislative Auditor General	18.7	0.0	1.5	15.5
7.3	85.1	104.5	Legislature	110.9	0.3	8.9	81.5
33.2	339.1	444.0	Licensing and Regulatory Affairs	606.6	(123.7)	21.9	244.7
10.7	98.0	127.4	Military Affairs	133.6	20.3	10.7	99.8
3.6	43.1	65.9	Natural Resources	101.7	14.5	7.0	55.5
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
12.8	131.4	179.6	State	219.6	9.7	14.6	139.7
39.9	355.5	499.3	State Police	577.3	16.0	40.1	386.4
52.9	452.1	662.1	Technology, Management & Budget***	338.6	143.0	38.1	325.1
0.0	0.0	0.5	Transportation	23.0	0.0	0.0	11.8
67.6	1,473.1	3,149.6	Treasury	1,645.7	87.7	38.9	1,560.2
5.7	47.9	137.7	Michigan Strategic Fund	173.5	25.3	106.3	167.2
<b>\$2,070.3</b>	<b>\$21,762.3</b>	<b>\$29,373.1</b>		<b>\$30,197.5</b>	<b>\$334.9</b>	<b>\$2,172.5</b>	<b>\$22,146.7</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 2013

July, 2013

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,336.2	135.3	15,471.5
Total state spending from state resources	27,917.6	45.2	27,962.8
Percentage of state spending from state resources paid to local units	54.93%		55.33%
Required payments to local units (48.97%)	13,671.2		13,693.4
<b>Surplus/(deficit)</b>	<b>\$1,665.0</b>		<b>\$1,778.1</b>

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND**  
 OCTOBER 1, 2012 Through July 31, 2013  
 (in thousands)

**REVENUES**

Miscellaneous		\$ <u>386</u>
Total Revenues		<u>386</u>

**EXPENDITURES**

Current:		
General government		<u>-</u>
Total Expenditures		<u>-</u>
Excess of Revenues over (under) Expenditures		<u>386</u>

**OTHER FINANCING SOURCES (USES)**

Transfers from other funds		116,667
Transfers to other funds		<u>-</u>
Total Other Financing Sources (Uses)		<u>116,667</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		<u>\$ 117,052</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, 2012 through July 31, 2013  
 (in thousands)

**REVENUES**

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>4,757</u>
Total Revenues		<u>4,757</u>

**EXPENDITURES**

Current:		
General government		1,295
Conservation, environment, recreation, and agriculture		1,458
Capital outlay		<u>21,868</u>
Total Expenditures		<u>24,621</u>
Excess of Revenues over (under) Expenditures		<u>(19,864)</u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues		-
Proceeds from sale of capital assets		9
Transfers from other funds		-
Transfers to other funds		<u>(16)</u>
Total Other Financing Sources (Uses)		<u>(7)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		<u>\$ (19,871) <sup>1</sup></u>

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

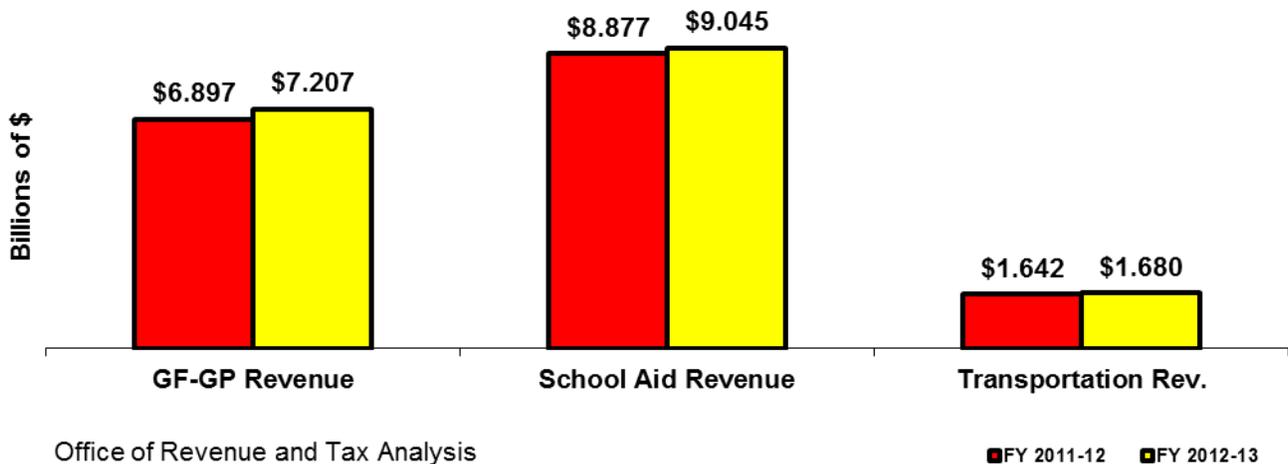
**REVENUE OVERVIEW**  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

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

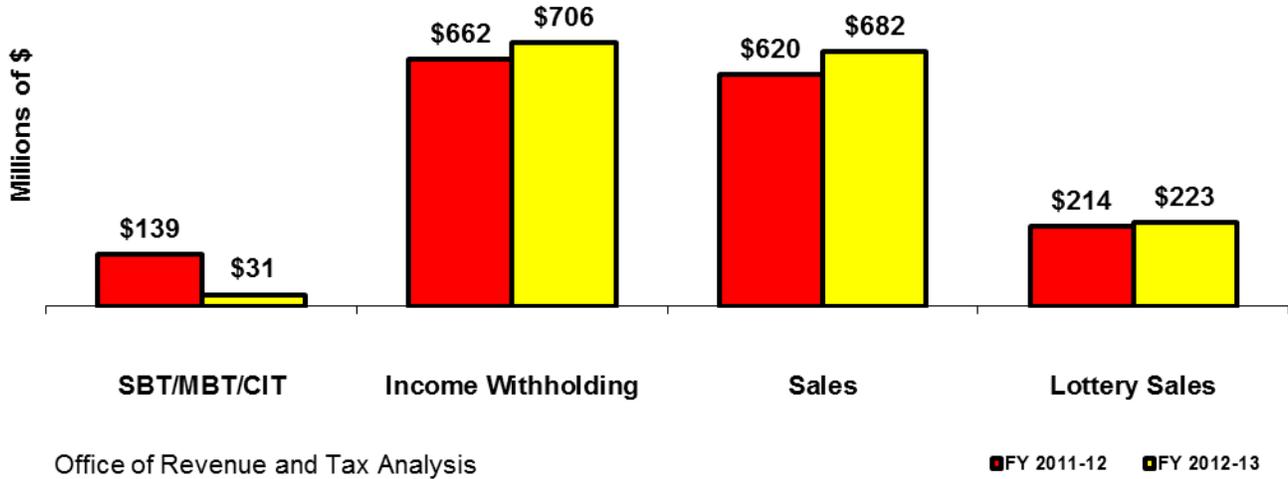
Total General Fund - General Purpose cash collections were \$34.8 million (4.1 percent) lower in July 2013 than in July 2012. The July 2013 School Aid Fund cash collections were \$48.6 million (6.2 percent) higher than in July 2012. July 2013 transportation collections were \$17.2 million (11.0 percent) higher than in July 2012 (see revenue table). July is the tenth month of the state's fiscal year (FY). Year-to-date collection totals generally provide a more accurate view of collections, since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are up \$310.8 million (4.5 percent) from a year ago. School Aid Fund cash collections are up \$168.2 million (1.9 percent) and transportation collections are up \$37.3 million (2.3 percent).

The FY 2012-13 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 15, 2013. The revenue estimate for net General Fund – General Purpose revenue for FY 2012-13 is \$9,189.2 million and the net School Aid revenue forecast is \$11,213.4 million. The Transportation Funds revenue forecast is \$2,109.5 million. The next regularly scheduled Consensus Revenue Estimating Conference will be held in January 2014.

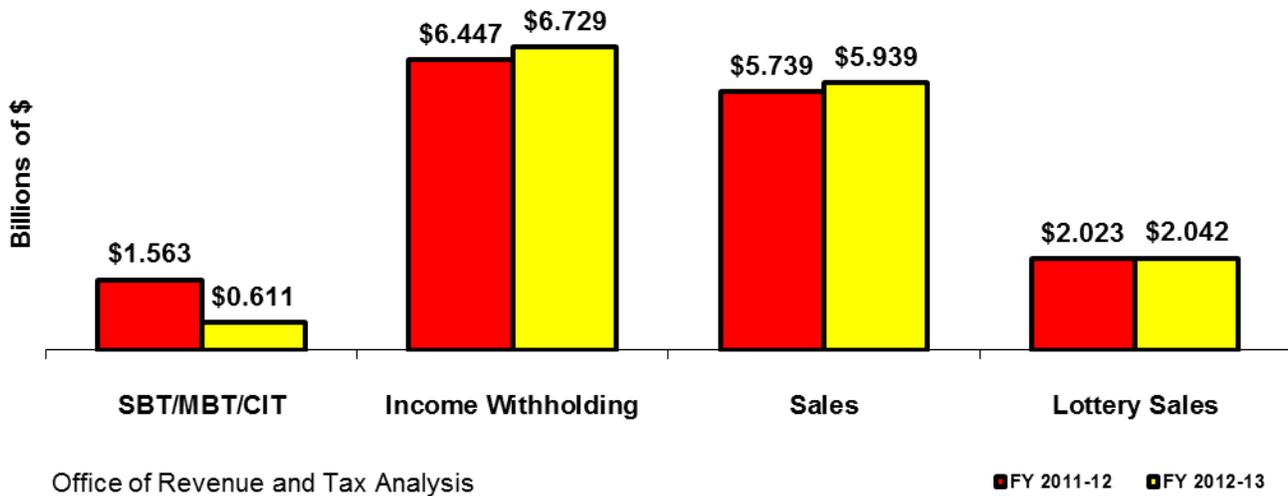
**October through July Collections  
FY 2011-12 and FY 2012-13**



## July Revenue Collections FY 2011-12 and FY 2012-13



## October through July Collections FY 2011-12 and FY 2012-13



**Revenue Summary FY 2012-13**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: July 31, 2013**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
July		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2011-12	FY 2012-13	FY 2012-13	
2012	2013	Amount	Percent		FY 2011-12	FY 2012-13	Amount	Percent	CAFR Totals	Statutory Estimate	May 2013 Consensus	
<b>Income Taxes</b>												
\$661,694	\$705,570	\$43,876	6.6%	Withholding	\$6,447,303	\$6,729,083	\$281,780	4.4%	\$7,604,200	\$7,826,900	\$7,861,800	
10,127	13,424	3,297	32.6%	Quarterlies	522,377	661,167	138,790	26.6%	766,200	744,600	824,800	
10,949	16,593	5,644	51.5%	Annuals	661,502	1,098,522	437,020	66.1%	682,500	888,000	1,110,200	
682,770	735,586	52,816	7.7%	Gross Collections	7,631,182	8,488,773	857,591	11.2%	\$9,052,900	\$9,459,500	\$9,796,800	
43,330	37,582	(5,748)	-13.3%	Less: Refunds	2,118,047	1,644,258	(473,789)	-22.4%	2,134,600	1,552,000	1,625,300	
0	0	0	na	State Campaign Fund	0	0	0	na	900	1,000	1,000	
639,440	698,004	58,564	9.2%	Net Personal Income	5,513,135	6,844,515	1,331,380	24.1%	\$6,917,400	\$7,906,500	\$8,170,500	
156,244	157,467	1,223	0.8%	Less: Disbursements to SAF	1,768,457	1,941,705	173,248	9.8%	\$2,100,200	\$2,239,100	\$2,326,600	
\$483,196	\$540,537	\$57,341	11.9%	<b>NET PERSONAL INCOME TO GF-GP</b>	\$3,744,679	\$4,902,810	\$1,158,131	30.9%	\$4,817,200	\$5,667,400	\$5,843,900	
<b>Consumption Taxes</b>												
\$7,216	\$8,202	\$987	13.7%	Sales (a)	\$60,702	\$61,828	\$1,126	1.9%	\$1,081,200	\$1,134,700	\$1,002,200	
71,425	80,542	9,117	12.8%	Use (f)	601,111	689,368	88,257	14.7%	794,000	834,700	829,600	
17,024	15,481	(1,543)	-9.1%	Tobacco	157,809	154,544	(3,265)	-2.1%	192,600	189,500	191,400	
5,060	4,734	(326)	-6.4%	Beer, Wine & Mixed Spirits	41,671	41,333	(338)	-0.8%	50,800	50,800	51,500	
3,576	3,658	82	2.3%	Liquor Specific	31,110	32,812	1,701	5.5%	41,800	41,200	42,400	
\$104,301	\$112,618	\$8,317	8.0%	<b>TOTAL CONSUMPTION TAXES</b>	\$892,403	\$979,885	\$87,481	9.8%	\$2,160,400	\$2,250,900	\$2,117,100	
<b>Other Taxes</b>												
(\$946)	(\$2,372)	(\$1,426)	-151.0%	Single Business	(\$55)	(\$19,231)	(\$19,176)	na	(\$66,200)	\$0	\$8,000	
69,201	74,100	4,900	7.1%	Insurance Premiums Taxes	287,485	285,155	(2,330)	-0.8%	290,200	311,400	297,000	
68,255	71,728	3,473	5.1%	Sub-total SBT & Insurance	287,429	265,924	(21,506)	-7.5%	224,000	311,400	305,000	
35,947	(41,815)	(77,762)	na	Michigan Business Tax	1,242,417	(116,080)	(1,358,497)	na	798,300	(552,400)	(490,000)	
103,688	74,861	(28,827)	-27.8%	Corporate Income Tax	320,795	746,294	425,499	na	547,100	838,900	920,000	
3	0	(3)	-99.0%	Inheritance / Estate	229	(15)	(244)	na	200	0	0	
30,148	28,196	(1,952)	-6.5%	Telephone & Telegraph	57,253	51,648	(5,604)	-9.8%	59,200	57,300	56,000	
3,672	5,596	1,924	52.4%	Oil & Gas Severance	44,787	47,654	2,867	6.4%	53,600	61,000	53,000	
8,381	11,776	3,395	40.5%	Penalties & Interest	87,493	114,498	27,006	30.9%	167,200	127,500	133,000	
997	713	(284)	-28.5%	Miscellaneous Other/Railroad	1,215	959	(256)	-21.1%	1,700	1,000	1,000	
(10,583)	(10,667)	(83)	-0.8%	Treasury Enforcement Programs (e)	(105,833)	(106,667)	(833)	-0.8%	(130,200)	(128,000)	(128,000)	
\$240,507	\$140,388	(\$100,119)	-41.6%	<b>TOTAL OTHER TAXES</b>	\$1,935,784	\$1,004,216	(\$931,568)	-48.1%	\$1,721,100	\$716,700	\$850,000	
\$828,004	\$793,542	(\$34,462)	-4.2%	<b>SUBTOTAL GF-GP TAXES</b>	\$6,572,866	\$6,886,911	\$314,045	4.8%	\$8,698,800	\$8,634,900	\$8,811,000	

continued

**Revenue Summary FY 2012-13**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: July 31, 2013**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
July		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2011-12	FY 2012-13	FY 2012-13
2012	2013	Amount	Percent		FY 2011-12	FY 2012-13	Amount	Percent	CAFR Totals	Statutory Estimate	May 2013 Consensus
<b>Non-Tax Revenue (e)</b>											
\$1,667	\$1,667	\$0	0.0%	Federal Aid	\$16,667	\$16,667	\$0	0.0%	\$54,800	\$20,000	\$20,000
83	83	0	0.0%	Local Agencies	833	833	0	0.0%	3,200	1,000	1,000
917	917	0	0.0%	Services	9,167	9,167	0	0.0%	10,500	11,000	11,000
1,667	1,667	0	0.0%	Licenses & Permits	16,667	16,667	0	0.0%	16,300	20,000	20,000
(779)	(415)	364	46.7%	Investments/Interest Costs	(1,368)	(719)	649	47.4%	(1,900)	(3,200)	(3,200)
10,667	10,250	(417)	-3.9%	Misc. Non-tax Revenue	106,667	104,500	(2,167)	-2.0%	157,000	118,000	123,000
13,583	13,600	17	0.1%	Liquor Purchase Revolving Fund	135,833	136,700	867	0.6%	174,400	157,200	163,200
3,925	3,600	(325)	-8.3%	From Other Funds-Lottery & Escheats	39,250	36,700	(2,550)	-6.5%	152,100	11,000	43,200
<b>\$31,729</b>	<b>\$31,368</b>	<b>(\$361)</b>	<b>-1.1%</b>	<b>TOTAL NON-TAX REVENUE</b>	<b>\$323,715</b>	<b>\$320,514</b>	<b>(\$3,201)</b>	<b>-1.0%</b>	<b>\$566,400</b>	<b>\$335,000</b>	<b>\$378,200</b>
<b>\$859,734</b>	<b>\$824,910</b>	<b>(\$34,823)</b>	<b>-4.1%</b>	<b>TOTAL GF-GP REVENUE</b>	<b>\$6,896,582</b>	<b>\$7,207,425</b>	<b>\$310,843</b>	<b>4.5%</b>	<b>\$9,265,200</b>	<b>\$8,969,900</b>	<b>\$9,189,200</b>
<b>School Aid Fund</b>											
\$253,499	\$277,605	\$24,106	9.5%	Sales Tax 4%	\$2,349,225	\$2,428,291	\$79,066	3.4%	2,841,000	2,943,200	3,010,900
197,957	218,912	20,955	10.6%	Sales Tax 2%	1,823,728	1,891,934	68,207	3.7%	2,216,000	2,288,700	2,153,600
35,715	40,271	4,557	12.8%	Use Tax 2% (f)	492,264	343,342	(148,922)	-30.3%	412,600	417,300	414,900
16,465	14,480	(1,985)	-12.1%	State Education Property Tax	1,262,340	1,248,147	(14,193)	-1.1%	1,789,500	1,829,400	1,792,000
13,856	17,033	3,177	22.9%	Real Estate Transfer Tax	111,139	148,983	37,845	34.1%	150,100	133,600	190,500
60,000	60,000	0	0.0%	Lottery Transfer (b)	580,000	560,000	(20,000)	-3.4%	778,400	744,700	745,000
9,072	9,098	26	0.3%	Casino Wagering Tax	97,752	94,353	(3,400)	-3.5%	115,800	106,300	109,700
3,453	3,608	155	4.5%	Liquor Excise Tax	30,677	32,417	1,740	5.7%	41,300	41,200	42,400
34,561	31,429	(3,132)	-9.1%	Cigarette/Tobacco Tax	320,377	313,748	(6,629)	-2.1%	374,100	364,800	366,500
689	1,244	554	80.4%	Indus. & Comm. Facilities Taxes	28,860	26,318	(2,541)	-8.8%	35,700	43,900	37,900
5,245	4,195	(1,050)	-20.0%	Specific Other	11,744	15,488	3,744	31.9%	24,000	17,100	23,100
156,244	157,467	1,223	0.8%	Income Tax Earmarking	1,768,457	1,941,705	173,248	9.8%	\$2,100,200	\$2,239,100	\$2,326,600
<b>\$786,757</b>	<b>\$835,343</b>	<b>\$48,586</b>	<b>6.2%</b>	<b>TOTAL SCHOOL AID FUND</b>	<b>\$8,876,561</b>	<b>\$9,044,726</b>	<b>\$168,165</b>	<b>1.9%</b>	<b>\$10,878,700</b>	<b>\$11,169,500</b>	<b>\$11,213,400</b>
\$620,455	\$681,586	\$61,131	9.9%	SALES TAX 6%	\$5,739,102	\$5,939,086	\$199,984	3.5%	\$6,952,800	\$7,194,100	\$7,100,700
422,498	462,674	40,177	9.5%	SALES TAX 4%(d)	3,915,374	4,047,152	131,777	3.4%	4,736,800	4,905,400	4,947,100
197,957	218,912	20,955	10.6%	SALES TAX 2%	1,823,728	1,891,934	68,207	3.7%	2,216,000	2,288,700	2,153,600
107,140	120,813	13,673	12.8%	USE TAX 6% (f)	1,093,374	1,032,709	(60,665)	-5.5%	1,206,600	1,252,000	1,244,500
85,547	77,795	(7,752)	-9.1%	TOBACCO TAXES	793,012	776,605	(16,407)	-2.1%	963,200	941,600	950,000
0	9,094	9,094	na	TOBACCO SETTLEMENT	194,430	301,315	106,884	55.0%	na	na	na

continued

**Revenue Summary FY 2012-13**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
**(in thousands)**

**For The Month Ended: July 31, 2013**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
July		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2011-12	FY 2012-13	FY 2012-13	
2012	2013	Amount	Percent		FY 2011-12	FY 2012-13	Amount	Percent	CAFR Totals	Statutory Estimate	May 2013 Consensus	
<b>Major Transportation Revenues</b>												
\$11,184	\$11,690	\$506	4.5%	Diesel Fuel / Motor Carrier Fuel Tax	\$105,130	\$107,943	\$2,812	2.7%	\$126,782	\$128,500	\$128,500	
65,118	75,998	10,879	16.7%	Gasoline	675,782	680,860	5,078	0.8%	818,798	825,500	815,000	
67,248	71,943	4,696	7.0%	Motor Vehicle Registration	739,592	761,244	21,652	2.9%	876,064	877,000	890,000	
4,168	4,744	576	13.8%	Other Taxes, Fees & Misc.	38,716	39,580	864	2.2%	121,038	164,524	166,564	
8,610	9,122	512	5.9%	Comprehensive Transportation (c)	83,009	89,934	6,925	8.3%	98,742	104,322	109,463	
<u>\$156,328</u>	<u>\$173,496</u>	<u>\$17,168</u>	<u>11.0%</u>	<b>TOTAL MAJOR TRANS. REVENUES</b>	<u>\$1,642,229</u>	<u>\$1,679,560</u>	<u>\$37,331</u>	<u>2.3%</u>	<u>\$2,041,425</u>	<u>\$2,099,845</u>	<u>\$2,109,527</u>	
<b>Lottery Sales By Games</b>												
69,648	76,976	7,328	10.5%	Instant Games	647,559	684,246	36,687	5.7%	na	na	na	
63,401	63,139	(262)	-0.4%	Daily Games	571,316	555,586	(15,730)	-2.8%	na	na	na	
29,179	31,704	2,525	8.7%	Lotto and Big Game	323,445	317,177	(6,268)	-1.9%	na	na	na	
1,106	1,028	(78)	-7.0%	Keno Game	10,381	9,524	(858)	-8.3%	na	na	na	
0	0	0	na	Lucky Lines Game	1,625	0	(1,625)	-100.0%	na	na	na	
0	0	0	na	Millionaires Raffle	6,788	5,100	(1,688)	-24.9%	na	na	na	
50,924	50,487	(437)	-0.9%	Club Games	461,867	470,529	8,663	1.9%	na	na	na	
<u>\$214,258</u>	<u>\$223,334</u>	<u>\$9,076</u>	<u>4.2%</u>	<b>TOTAL LOTTERY SALES</b>	<u>\$2,022,981</u>	<u>\$2,042,162</u>	<u>\$19,181</u>	<u>0.9%</u>	<u>na</u>	<u>na</u>	<u>na</u>	

-11-

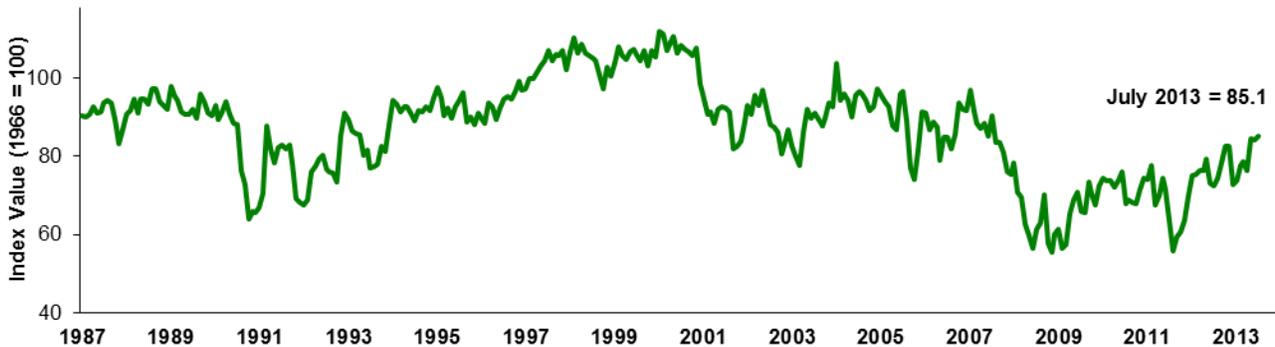
- a GF-GP Sales has been estimated based on CTF and Health Initiative shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated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

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

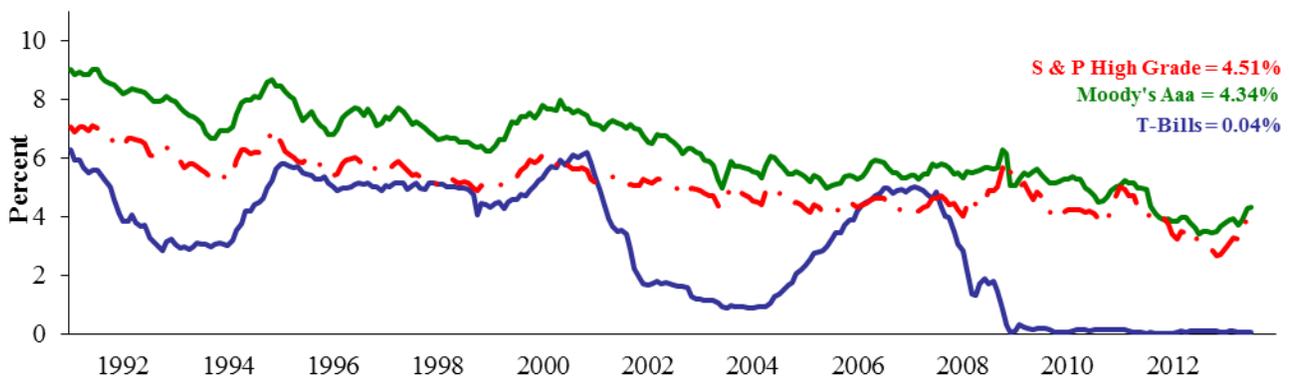
The **Index of Consumer Sentiment** rose in July to 85.1 index-points, 1.0 index-point above the June value and 12.8 index-points above July 2012. On the increase in confidence, Survey Director Richard Curtin observed, “Consumer confidence inched upward in late July to reach its highest level during the past six years. The recent monthly variations in the overall level of Consumer Sentiment have been quite minor (within 1.0 Index-point), with each of the past three monthly figures higher than any prior month since the July 2007 survey. This high level of confidence points toward a continued expansion of consumer spending in the year ahead. Moreover, the data suggest a growing resilience among consumers which will enable them to more easily withstand the economic cross-current inevitable in a slow growth economy as well as during the upcoming round of economic policy debates.” Curtin noted, “Along with renewed signs of income and job growth, anticipated increases in interest rates have prompted consumers to speed-up their purchase plans. Most of the spending gains will be among higher income households who have so far benefitted most from income gains and increases in home values and stock holdings.” On buying attitudes for vehicles and household durables, Curtin reported, “Buying plans for vehicles and household durables improved in July, while home buying and selling plans remained largely unchanged at favorable levels.” In July, consumers in two of the four regions reported an increase in confidence. Western consumers reported the largest increase in confidence at 9.6 index-points. Southern consumers reported the largest decrease in confidence at 2.6 index-points. The gap across regions increased from last month to 17.4 index-points, with Western consumers on top and Southern consumers on the bottom.

The advanced estimate of real **Gross Domestic Product** for the second quarter of 2013 is \$15,648.7 billion (chained 2005 dollars), an increase of 1.7 percent at an annual rate. In the first quarter of 2013, real gross domestic product increased 1.1 percent. The increase in second quarter real GDP was mainly due to personal consumption expenditures, exports, nonresidential fixed investment, residential investment, and private inventory investment. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 1.8 percent in the second quarter, compared to a 2.3 percent increase in the first quarter. Real residential fixed investment increased 13.4 percent in the second quarter compared to an increase of 12.5 percent in the first quarter. Real nonresidential fixed investment increased 4.6 percent in the second quarter while equipment increased 4.1 percent. Real federal government expenditures decreased 1.5 percent in the second quarter, compared to an 8.4 percent increase in the first quarter. Real state and local government spending

increased 0.3 percent in the second quarter, compared to a decrease of 1.3 percent in the first quarter. Exports of goods and services increased 5.4 percent in the second quarter, compared to a 1.3 percent decrease in the first quarter. Imports increased 9.5 percent in the second quarter compared to an increase of 0.6 percent in the first quarter. Private inventory investment increased \$56.7 billion in the second quarter, following a \$42.2 billion increase in the first quarter. Real final sales increased 1.3 percent in the second quarter compared to an increase of 0.2 percent in the first quarter. On the inflation front, the **implicit price deflator** increased 1.7 percent in the second quarter compared to a 1.4 percent increase observed in the first quarter.

**U. S. retail prices**, as measured by the Consumer Price Index (CPI-U), increased 0.2 percent in July, down from an increase of 0.5 percent in June. Energy prices increased 0.2 percent in July, down from a 3.4 percent increase in June, while the all-items less food and energy component increased 0.2 percent in July. Compared to July 2012, the all-items index increased 2.0 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 1.5 percent; medical care, 1.9 percent; apparel, 1.6 percent; education and communication, 1.3 percent; other goods and services, 1.5 percent; housing, 2.3 percent; recreation, 0.4 percent; and transportation, 2.7 percent, with gasoline prices up 5.2 percent.

### Selected Key Interest Rates

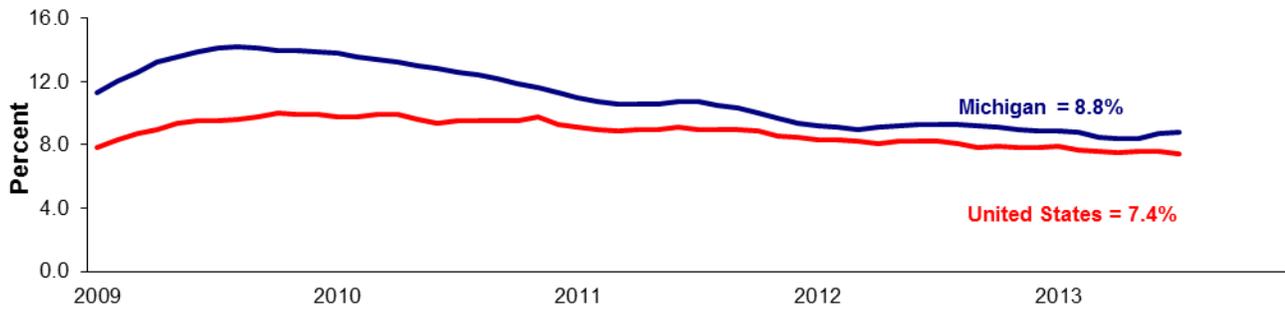


Source: Economic Indicators

Short-term **interest rates** decreased 0.01 percentage point in July as the 3-month Treasury bill (T-bill) rate was 0.04 percent. Compared to one year ago, the T-bill rate was down 0.06 percentage point. The Aaa corporate bond rate, a long-term interest rate, increased 0.07 percentage point to an interest yield of 4.27 percent in July. The Aaa bond yield was up 0.94 percentage point from its year-ago level. The interest rate on High-grade municipal bonds increased 0.49 percentage points from the June level to 4.51 percent in July, and was up 1.37 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 July 31st meeting. The FOMC stated “the Committee decided to keep the target range for the federal funds rate at 0 to ¼ percent and currently anticipates that this exceptionally low range for the federal funds rate 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 “will closely monitor incoming information on economic and financial developments in coming months.”

In July, the **U. S. unemployment rate** decreased 0.2 percentage point from a month ago to 7.4 percent and was 0.8 of a percentage point lower than a year ago. Civilian employment totaled 144.3 million persons in July. The number unemployed was 11.5 million nationwide.

## Unemployment Rates 2009 - 2013

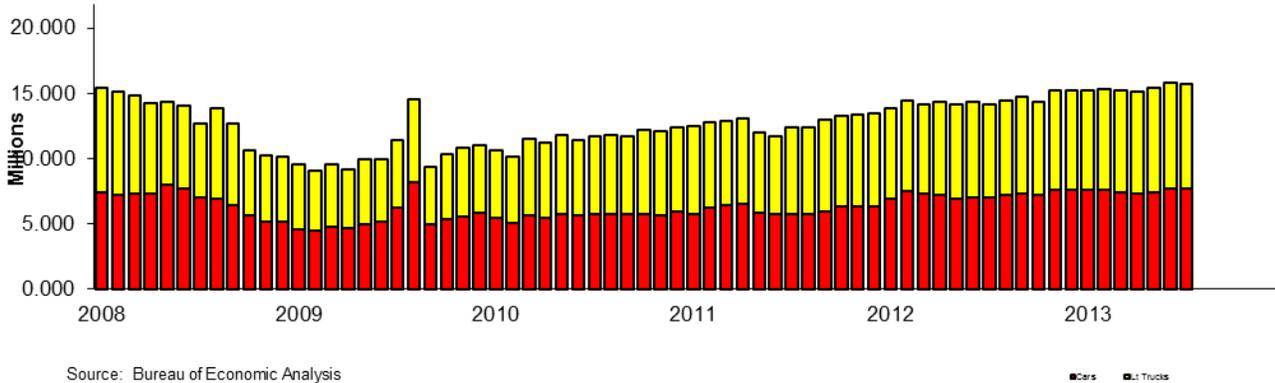


Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In July, the **Michigan jobless rate** increased 0.1 percentage point to 8.8 percent from June. The July unemployment rate is 0.5 of a percentage point below the year ago level. In July, the labor force increased by 9,000 to 4,728,000, while the number of people employed remained unchanged at 4,310,000. In July, there were 418,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

## Motor Vehicle Sector

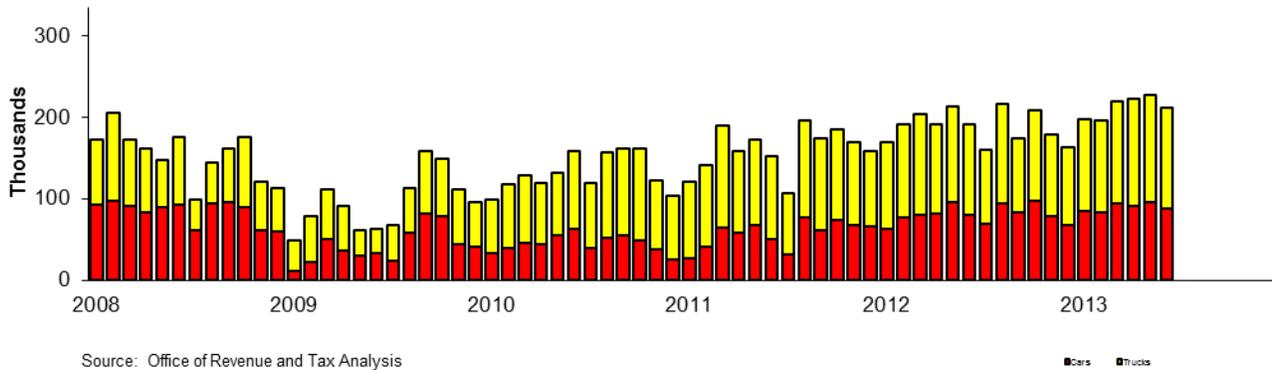
### U. S. Light Vehicle Sales



**U.S. light vehicle sales** (cars + light trucks) decreased 0.6 percent in July compared to June, selling at a 15.7 million unit seasonally adjusted annual rate. Domestic car sales increased 0.1 percent while domestic light truck sales decreased 2.4 percent. Import car sales increased 2.5 percent while import light truck sales increased 0.2 percent. Compared to last year, light vehicle sales increased 11.1 percent. Domestic car sales were up 11.1 percent while domestic light truck sales increased 9.6 percent. Import car sales were up 8.5 percent from last year while import truck sales increased 24.8 percent. As a result, the domestic share of U.S. light vehicle sales decreased 0.6 percentage points from a year ago. For fiscal year 2013 year-to-date, domestic light vehicles recorded a 78.5 percent share of a 15.2 million-unit market.

**Michigan motor vehicle production** decreased slightly to 211,183 units in June from 227,589 units in May. From a year ago, motor vehicle production increased 11 percent in Michigan and rose 13 percent nationally. In June, Michigan's car production was 88,428 units while the state's truck production was 122,755 units. Compared with a year ago, car production increased 12 percent in Michigan and also rose 12 percent nationwide. The state's truck production increased 10 percent while national truck production increased 14 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

### Michigan Motor Vehicle Production



**Summary Estimates of the Constitutional Revenue Limit  
Based on the May 15, 2013 Consensus Revenue Agreement  
(Article IX, Section 26)  
(in millions)**

	<b>Fiscal Year 2010-11 Actual</b>	<b>Fiscal Year 2011-12 Actual</b>	<b>Fiscal Year 2012-13 Estimate</b>
Applicable Calendar Year Personal Income	\$345,933	\$342,663	\$358,152
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$32,829.0</u>	<u>\$32,518.7</u>	<u>\$33,988.6</u>
Revenue Limit	\$32,829.0	\$32,518.7	\$33,988.6
State Revenue Subject to Limit	<u>\$27,248.2</u>	<u>\$27,288.3</u>	<u>\$27,580.8</u>
<b>Amount Under (Over) Limit</b>	<b>\$5,580.8</b>	<b>\$5,230.4</b>	<b>\$6,407.8</b>

Sources:

Personal Income Estimate

The FY 2010-11 calculation uses the official personal income estimate for calendar year 2009 (Survey of Current Business, October 2010).

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).

Revenue Subject to the Limit

The FY 2010-11 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2011.

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 May 15, 2013 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