



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN S. ROBERTS
DIRECTOR

August 27, 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

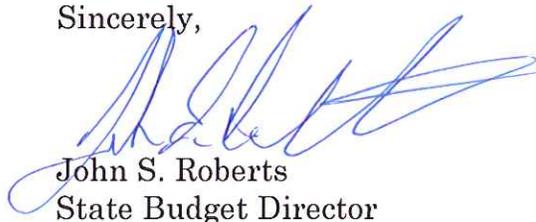
Dear Legislators:

Attached is the monthly financial report for the month ending July 31, 2014. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

www.michigan.gov/budget under "Financial Reports".

If you have questions concerning the information in this report, please contact this office.

Sincerely,



John S. Roberts
State Budget Director

Attachment

c: Governor Rick Snyder	House Fiscal Agency
Randy Richardville, Sen. Maj. Leader	Jack Brandenburg, Chair, Senate Finance Com.
Gretchen Whitmer, Senate Min. Leader	Jeff Farrington, Chair, House Tax Policy Com.
Jase Bolger, Speaker of the House	Beth Clement, Deputy Chief of Staff
Tim Greimel, House Min. Leader	Dick Posthumus, Executive Office
Senate Appropriations Committee	Mike Moody, Office of Financial Management
House Appropriations Committee	Nancy Duncan, Deputy State Budget Director
Senate Fiscal Agency	Internal State Budget Office Distribution

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2014
Projected Revenues and Expenditures
July 31, 2014
(\$ in millions)

FISCAL
2014

Beginning Balance, October 1, 2013	see one-time revenue
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Current Year GF/GP Revenues, May 2014 Consensus Estimate	\$	9,319.3
HMO use tax\health insurance claims assessment- Public Acts 161/162 of 2014	\$	173.6
Revenue Adjustments:		
Local Government Program Payments	\$	(370.6)
Other revenue adjustments	\$	2.5
Subtotal Additional Revenue Adjustments	\$	(368.1)
Total FY Resources Available For Expenditure GF/GP - Ongoing		9,124.8

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

Current Year Revenues minus Ongoing Costs	\$	69.8
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Beginning Balance (One-Time Revenue)	\$	1,186.6
Local Government Program Payments	\$	(26.0)
Total FY Resources Available For Expenditure GF/GP - One-Time		\$ 1,160.6
One-Time Spending Items:		
PA 59, PA 60, PA 97, PA 102, and PA 107 of 2013; PA 134, PA 181, and PA 196 of 2014	\$	689.1
Medicaid financing changes under PA 161 and 162 of 2014 (Request 2014-8)	\$	173.6
Consensus forecasts - Medicaid and Human Services caseloads	\$	(59.6)
Estimated lapses	\$	(10.0)
One-Time Revenue minus One-Time Spending		\$ 367.5

Projected Ending Balance, September 30, 2014	\$	437.3
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Fiscal Year 2014
Projected Revenues and Expenditures
July 31, 2014
(\$ in millions)

FISCAL
2014

Beginning Balance , October 1, 2013		see one-time revenue
Current Year School Aid Fund Revenues, May 2014 Consensus Estimate		
	\$	11,496.3
Revenue Adjustments:		
Use Tax Revision (PA 161 of 2014)	\$	86.8
Sales Tax Revision (PA 248 of 2014)	\$	(0.1)
MPSERS Reserve Fund	\$	156.0
General Fund	\$	180.0
General Fund Revision (PA 196 of 2014)	\$	(85.0)
Federal Revenue	\$	1,764.4
Federal Revenue Supplemental (PA 116 of 2014)	\$	51.7
Subtotal Additional Revenue Adjustments	\$	2,153.8
Total FY Resources Available for Expenditure School Aid Fund		
	\$	13,650.1
School Aid Ongoing Costs		
PA 60 of 2013	\$	13,168.8
PA 116 of 2014	\$	(57.6)
Anticipated Lapses	\$	(18.0)
Community Colleges Ongoing Costs		
PA 60 of 2013	\$	197.6
Universities Ongoing Costs		
PA 60 of 2013	\$	200.5
Total School Aid Fund Ongoing Costs Projected		
	\$	13,491.3
Current Year Revenues minus Ongoing Costs		
	\$	158.8
Beginning Balance (One-Time Revenue)		
	\$	292.0
General Fund One-Time Transfer (as amended by PA 97 of 2013)	\$	54.9
Revised Beginning Balance	\$	346.9
One-Time Spending Items		
PA 60 of 2013	\$	193.0
PA 97 of 2013	\$	4.9
PA 116 of 2014	\$	13.2
One-Time Revenue minus One-Time Spending		
	\$	135.9
Projected Ending Balance, September 30, 2014		
	\$	294.7

SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

July 31, 2014

(\$ IN MILLIONS)

FISCAL YEAR 2013

FISCAL YEAR 2014

Exp & Enc July 2013	Exp & Enc Yr-to-date FY 2013	Fiscal Year End SEP 30, 2013	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc July 2014	Exp & Enc Yr-to-date FY 2014
6.1	52.2	70.5	Agriculture and Rural Development	79.9	11.2	8.6	54.7
6.0	60.4	80.9	Attorney General	87.9	4.7	8.8	65.1
26.7	226.6	255.7	Capital Outlay**	318.1	14.0	21.5	224.1
1.1	10.7	13.7	Civil Rights	15.2	0.0	1.5	11.2
107.2	1,175.6	1,296.3	Colleges & Universities	1,368.5	0.0	116.0	1,240.7
1,089.7	10,814.0	14,056.7	Community Health	15,299.5	1,495.3	1,377.3	11,545.0
150.2	1,518.1	1,947.9	Corrections	2,032.6	11.5	202.9	1,560.5
20.9	192.0	562.5	Education	378.5	(65.9)	25.8	179.3
11.6	113.6	156.6	Environmental Quality	486.5	35.7	103.2	214.3
0.5	4.7	4.7	Executive Office	5.4	0.2	0.9	5.6
440.8	4,718.7	5,895.0	Human Services	5,985.0	275.4	459.2	4,439.9
0.0	0.0	0.0	Insurance and Financial Services	75.3	17.4	5.1	47.9
23.8	172.7	242.2	Judiciary	283.4	0.8	29.4	179.6
0.0	0.0	0.0	Land Bank Fast Track Authority	0.0	1.8	1.8	1.8
1.5	15.5	20.0	Legislative Auditor General	21.0	0.0	2.3	16.1
8.9	81.5	104.4	Legislature	123.8	0.4	11.4	94.2
21.9	244.7	319.0	Licensing and Regulatory Affairs	305.5	49.7	25.3	239.4
10.7	99.8	130.9	Military Affairs	138.1	14.2	13.1	102.1
7.0	55.5	69.7	Natural Resources	105.1	11.7	8.1	52.9
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
14.6	139.7	189.9	State	219.5	10.0	22.6	151.4
40.1	386.4	537.5	State Police	605.7	27.1	58.9	422.3
38.1	325.1	473.3	Technology, Management & Budget***	344.1	273.6	38.2	273.0
0.0	11.8	23.0	Transportation	121.3	137.9	75.8	189.5
38.9	1,560.2	2,663.0	Treasury	1,701.4	95.7	52.6	1,409.4
106.3	167.2	157.1	Michigan Strategic Fund	218.2	24.7	34.0	208.4
\$2,172.5	\$22,146.7	\$29,270.5		\$30,319.5	\$2,446.8	\$2,704.2	\$22,928.4

*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

July, 2014

(\$ IN MILLIONS)

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

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

REVENUES

Miscellaneous	\$	304
Total Revenues		304

EXPENDITURES

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

OTHER FINANCING SOURCES (USES)

Transfers from other funds		62,500
Transfers to other funds		-
Total Other Financing Sources (Uses)		62,500
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	62,804 ¹

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

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
 October 1, 2013 Through July 31, 2014
 (in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>39,113</u>
Total Revenues		<u>39,113</u>

EXPENDITURES

Current:		
General government		1,646
Conservation, environment, recreation, and agriculture		1,488
Capital outlay		<u>27,564</u>
Total Expenditures		<u>30,698</u>
Excess of Revenues over (under) Expenditures		<u>8,415</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues		-
Proceeds from sale of capital assets		15
Transfers from other funds		-
Transfers to other funds		<u>(17)</u>
Total Other Financing Sources (Uses)		<u>(2)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	<u><u>8,413</u></u> ¹

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

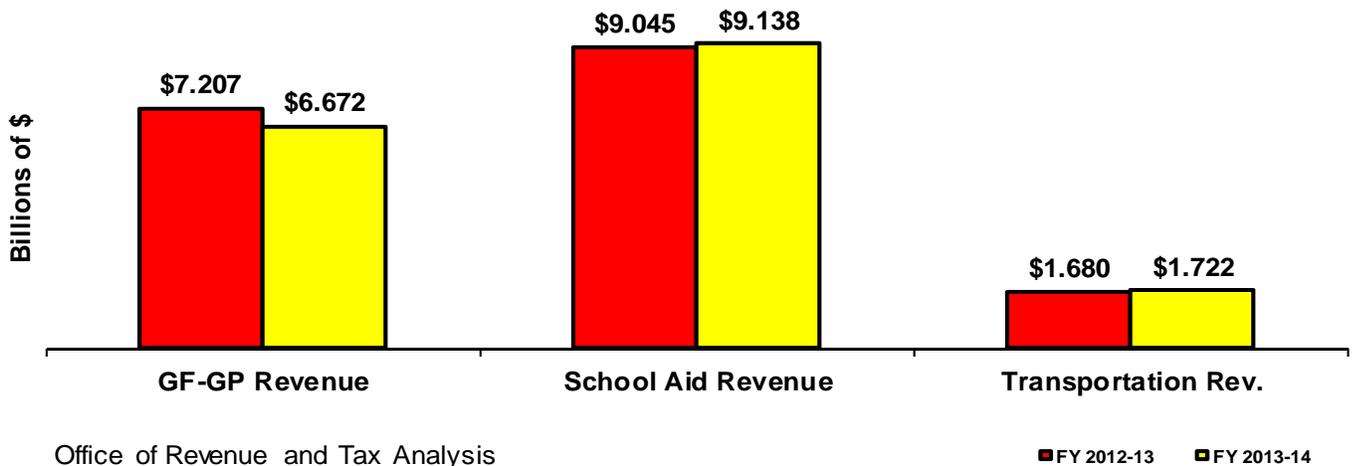
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

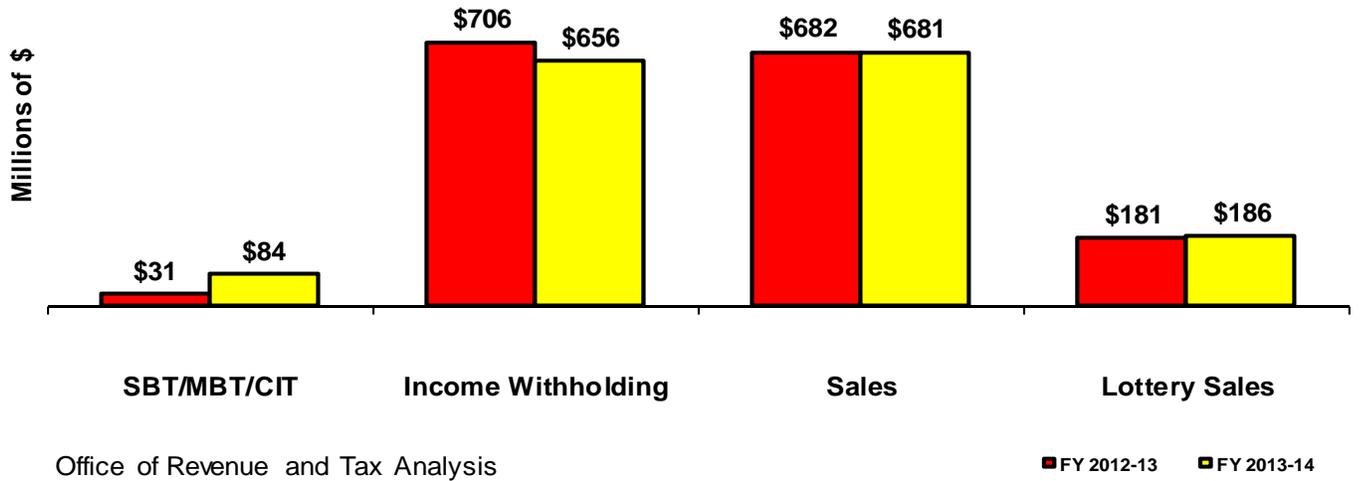
Total General Fund - General Purpose cash collections were \$3.1 million (0.4 percent) higher in July 2014 than in July 2013. The July 2014 School Aid Fund cash collections were \$15.0 million (1.8 percent) higher than in July 2013. July 2014 transportation collections were \$1.8 million (1.0 percent) lower than in July 2013 (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 down \$534.8 million (7.4 percent) from a year ago. School Aid Fund cash collections are up \$92.9 million (1.0 percent) and transportation collections are up \$42.9 million (2.6 percent).

The FY 2013-14 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 15, 2014. The revenue estimate for net General Fund – General Purpose revenue for FY 2013-14 is \$9,319.3 million and the net School Aid revenue forecast is \$11,496.3 million. The Transportation Funds revenue forecast is \$2,160.7 million. The next regularly scheduled Consensus Revenue Estimating Conference will be in January 2015.

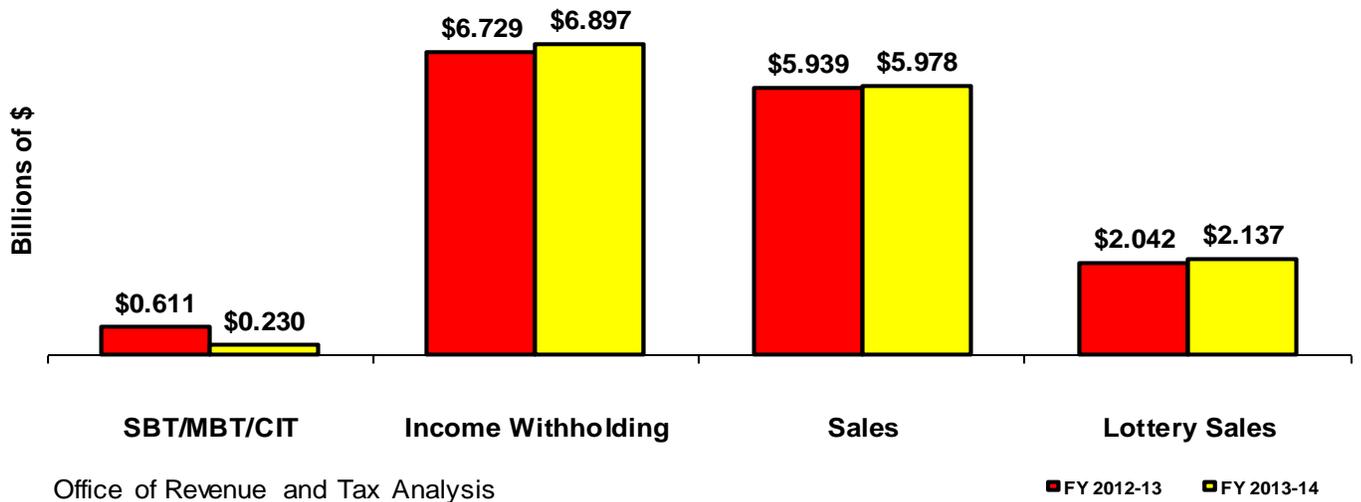
**October through July Collections
FY 2012-13 and FY 2013-14**



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



October through July 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: July 31, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
July		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2012-13	FY 2013-14	FY 2013-14
2013	2014	Amount	Percent		FY 2012-13	FY 2013-14	Amount	Percent	CAFR Totals	Statutory Estimate	May 2014 Consensus
Income Taxes											
\$705,570	\$656,357	(\$49,213)	-7.0%	Withholding	\$6,729,083	\$6,897,108	\$168,025	2.5%	\$7,963,000	\$8,128,300	\$8,281,100
13,424	13,202	(222)	-1.7%	Quarterlies	661,167	658,880	(2,287)	-0.3%	855,100	850,900	876,900
16,593	14,753	(1,839)	-11.1%	Annuals	1,098,522	772,012	(326,511)	-29.7%	1,146,500	909,800	790,800
735,586	684,312	(51,275)	-7.0%	Gross Collections	8,488,773	8,328,000	(160,773)	-1.9%	\$9,964,600	\$9,889,000	\$9,948,800
37,582	33,648	(3,934)	-10.5%	Less: Refunds	1,644,258	1,688,341	44,083	2.7%	1,694,200	1,620,100	1,743,200
0	0	0	na	State Campaign Fund	0	0	0	na	800	1,000	1,000
698,004	650,663	(47,341)	-6.8%	Net Personal Income	6,844,515	6,639,659	(204,856)	-3.0%	\$8,269,600	\$8,267,900	\$8,204,600
157,467	157,281	(187)	-0.1%	Less: Disbursements to SAF	1,941,705	1,907,417	(34,288)	-1.8%	\$2,338,500	\$2,353,700	\$2,368,800
\$540,537	\$493,382	(\$47,154)	-8.7%	NET PERSONAL INCOME TO GF-GP	\$4,902,810	\$4,732,243	(\$170,567)	-3.5%	\$5,931,100	\$5,914,200	\$5,835,800
Consumption Taxes											
\$97,585	\$106,512	\$8,926	9.1%	Sales (a)	\$832,205	\$926,947	\$94,743	11.4%	\$1,003,500	\$1,153,000	\$1,134,200
80,542	84,607	4,065	5.0%	Use (f)	689,208	745,978	56,771	8.2%	838,300	888,300	918,900
15,481	16,013	532	3.4%	Tobacco	154,544	152,337	(2,208)	-1.4%	187,800	188,800	187,000
4,734	4,846	112	2.4%	Beer, Wine & Mixed Spirits	41,333	42,100	767	1.9%	50,700	52,000	51,500
3,658	4,012	354	9.7%	Liquor Specific	32,812	34,205	1,393	4.2%	44,400	43,500	45,000
\$202,001	\$215,990	\$13,989	6.9%	TOTAL CONSUMPTION TAXES	\$1,750,101	\$1,901,567	\$151,466	8.7%	\$2,124,700	\$2,325,600	\$2,336,600
Other Taxes											
(\$2,372)	\$5,070	\$7,443	na	Single Business	(\$19,231)	(\$25,812)	(\$6,581)	-34.2%	(\$47,000)	\$0	(\$20,000)
74,100	74,604	504	0.7%	Insurance Premiums Taxes	285,155	302,236	17,081	6.0%	301,400	348,200	346,500
71,728	79,674	7,946	11.1%	Sub-total SBT & Insurance	265,924	276,423	10,500	3.9%	254,400	348,200	326,500
(41,815)	(37,936)	3,879	-9.3%	Michigan Business Tax	(116,080)	(561,695)	(445,616)	na	(75,800)	(550,000)	(552,000)
74,861	116,831	41,971	56.1%	Corporate Income Tax	746,294	817,163	70,869	9.5%	783,100	957,000	879,900
0	1	1	na	Inheritance / Estate	(15)	296	311	na	0	0	0
28,196	28,000	(196)	-0.7%	Telephone & Telegraph	51,648	47,489	(4,160)	-8.1%	46,500	55,000	45,000
5,596	4,737	(859)	-15.4%	Oil & Gas Severance	47,654	55,469	7,815	16.4%	59,500	55,000	67,000
11,776	5,662	(6,114)	-51.9%	Penalties & Interest	114,498	82,863	(31,635)	-27.6%	165,200	138,000	150,000
713	1,350	637	89.4%	Miscellaneous Other/Railroad	959	1,363	405	42.2%	1,100	1,000	1,000
(10,667)	(11,083)	(417)	-3.9%	Treasury Enforcement Programs (e)	(106,667)	(109,833)	(3,167)	-3.0%	(134,600)	(129,000)	(133,000)
\$140,388	\$187,237	\$46,849	33.4%	TOTAL OTHER TAXES	\$1,004,216	\$609,539	(\$394,678)	-39.3%	\$1,099,400	\$875,200	\$784,400
\$882,925	\$896,609	\$13,684	1.5%	SUBTOTAL GF-GP TAXES	\$7,657,128	\$7,243,348	(\$413,779)	-5.4%	\$9,155,200	\$9,115,000	\$8,956,800

continued

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

For The Month Ended: July 31, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
July		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2012-13	FY 2013-14	FY 2013-14
2013	2014	Amount	Percent		FY 2012-13	FY 2013-14	Amount	Percent	CAFR Totals	Statutory Estimate	May 2014 Consensus
Non-Tax Revenue (e)											
\$1,667	\$1,667	\$0	0.0%	Federal Aid	\$16,667	\$16,667	\$0	0.0%	\$22,500	\$20,000	\$20,000
83	83	0	0.0%	Local Agencies	833	833	0	0.0%	100	1,000	1,000
917	833	(83)	-9.1%	Services	9,167	8,583	(583)	-6.4%	9,000	11,000	10,000
1,667	833	(833)	-50.0%	Licenses & Permits	16,667	10,833	(5,833)	-35.0%	4,800	20,000	10,000
(415)	(415)	0	0.0%	Investments/Interest Costs	(719)	(276)	443	-61.6%	(1,200)	(4,000)	(2,500)
10,250	8,417	(1,833)	-17.9%	Misc. Non-tax Revenue	104,500	87,417	(17,083)	-16.3%	106,800	114,000	101,000
13,600	14,333	733	5.4%	Liquor Purchase Revolving Fund	136,700	141,333	4,633	3.4%	170,600	164,000	172,000
3,600	4,250	650	18.1%	From Other Funds-Lottery & Escheats	36,700	31,050	(5,650)	-15.4%	94,800	5,200	51,000
\$31,368	\$30,001	(\$1,367)	-4.4%	TOTAL NON-TAX REVENUE	\$320,514	\$296,440	(\$24,074)	-7.5%	\$407,400	\$331,200	\$362,500
\$914,293	\$926,610	\$12,317	1.3%	TOTAL GF-GP REVENUE	\$7,977,641	\$7,539,789	(\$437,853)	-5.5%	\$9,562,800	\$9,446,200	\$9,319,300
School Aid Fund											
\$277,605	\$277,628	\$23	0.0%	Sales Tax 4%	\$2,428,291	\$2,443,173	\$14,882	0.6%	2,925,500	3,107,200	2,976,600
218,912	218,282	(630)	-0.3%	Sales Tax 2%	1,891,934	1,905,807	13,872	0.7%	2,280,700	2,224,900	2,323,900
40,271	48,129	7,858	19.5%	Use Tax 2% (f)	343,262	378,814	35,553	10.4%	432,400	444,200	459,500
14,480	16,613	2,133	14.7%	State Education Property Tax	1,248,147	1,281,088	32,941	2.6%	1,770,900	1,818,000	1,788,000
17,033	22,633	5,599	32.9%	Real Estate Transfer Tax	148,983	176,480	27,496	18.5%	202,300	202,100	233,400
60,000	58,000	(2,000)	-3.3%	Lottery Transfer (b)	560,000	568,000	8,000	1.4%	734,300	742,500	775,000
9,098	9,018	(80)	-0.9%	Casino Wagering Tax	94,353	89,907	(4,446)	-4.7%	110,700	112,000	108,000
3,608	3,921	312	8.7%	Liquor Excise Tax	32,417	33,831	1,414	4.4%	43,800	43,500	44,500
31,429	32,509	1,080	3.4%	Cigarette/Tobacco Tax	313,748	309,267	(4,482)	-1.4%	371,900	359,800	359,500
1,244	1,372	128	10.3%	Indus. & Comm. Facilities Taxes	26,318	24,794	(1,524)	-5.8%	33,900	39,000	35,000
4,195	4,918	722	17.2%	Specific Other	15,488	18,927	3,439	22.2%	24,600	23,100	24,100
157,467	157,281	(187)	-0.1%	Income Tax Earmarking	1,941,705	1,907,417	(34,288)	-1.8%	\$2,338,500	\$2,353,700	\$2,368,800
\$835,343	\$850,303	\$14,960	1.8%	TOTAL SCHOOL AID FUND	\$9,044,646	\$9,137,504	\$92,858	1.0%	\$11,269,500	\$11,470,100	\$11,496,300
\$681,586	\$680,995	(\$591)	-0.1%	SALES TAX 6%	\$5,939,086	\$5,977,762	\$38,676	0.7%	\$7,153,800	\$7,330,700	\$7,285,000
462,674	462,713	39	0.0%	SALES TAX 4%(d)	4,047,152	4,071,956	24,804	0.6%	4,873,100	5,105,800	4,961,100
218,912	218,282	(630)	-0.3%	SALES TAX 2%	1,891,934	1,905,807	13,872	0.7%	2,280,700	2,224,900	2,323,900
120,813	132,736	11,922	9.9%	USE TAX 6% (f)	1,032,469	1,124,793	92,324	8.9%	1,270,700	1,332,500	1,378,400
77,795	80,469	2,673	3.4%	TOBACCO TAXES	776,605	765,512	(11,093)	-1.4%	957,400	936,400	938,000
9,094	0	(9,094)	-100.0%	TOBACCO SETTLEMENT	301,315	192,800	(108,515)	-36.0%	na	na	na

continued

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

For The Month Ended: July 31, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
July		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2012-13	FY 2013-14	FY 2013-14	
2013	2014	Amount	Percent		FY 2012-13	FY 2013-14	Amount	Percent	CAFR Totals	Statutory Estimate	May 2014 Consensus	
Major Transportation Revenues												
\$11,690	\$11,014	(\$676)	-5.8%	Diesel Fuel / Motor Carrier Fuel Tax	\$107,943	\$113,417	\$5,474	5.1%	\$128,910	\$130,000	\$130,600	
75,998	70,857	(5,141)	-6.8%	Gasoline	680,860	688,359	7,499	1.1%	821,632	812,500	818,000	
71,943	75,760	3,817	5.3%	Motor Vehicle Registration	761,244	790,481	29,237	3.8%	906,530	905,000	927,500	
4,744	4,932	189	4.0%	Other Taxes, Fees & Misc.	39,580	39,695	115	0.3%	127,998	167,961	175,215	
9,122	9,117	(5)	-0.1%	Comprehensive Transportation (c)	89,934	90,518	584	0.6%	114,629	106,794	109,404	
<u>\$173,496</u>	<u>\$171,680</u>	<u>(\$1,816)</u>	<u>-1.0%</u>	TOTAL MAJOR TRANS. REVENUES	<u>\$1,679,560</u>	<u>\$1,722,470</u>	<u>\$42,910</u>	<u>2.6%</u>	<u>\$2,099,699</u>	<u>\$2,122,255</u>	<u>\$2,160,718</u>	
Lottery Sales By Games												
63,099	67,630	4,531	7.2%	Instant Games	684,246	751,030	66,783	9.8%	na	na	na	
50,471	52,378	1,907	3.8%	Daily Games	555,586	564,730	9,144	1.6%	na	na	na	
25,953	21,025	(4,928)	-19.0%	Lotto and Big Game	317,177	291,570	(25,607)	-8.1%	na	na	na	
817	776	(41)	-5.0%	Keno Game	9,524	8,561	(963)	-10.1%	na	na	na	
0	1,778	1,778	na	Other	5,100	41,324	36,224	na	na	na	na	
40,263	42,416	2,153	5.3%	Club Games	470,529	479,994	9,465	2.0%	na	na	na	
<u>\$180,602</u>	<u>\$186,002</u>	<u>\$5,400</u>	<u>3.0%</u>	TOTAL LOTTERY SALES	<u>\$2,042,162</u>	<u>\$2,137,209</u>	<u>\$95,047</u>	<u>4.7%</u>	<u>na</u>	<u>na</u>	<u>na</u>	

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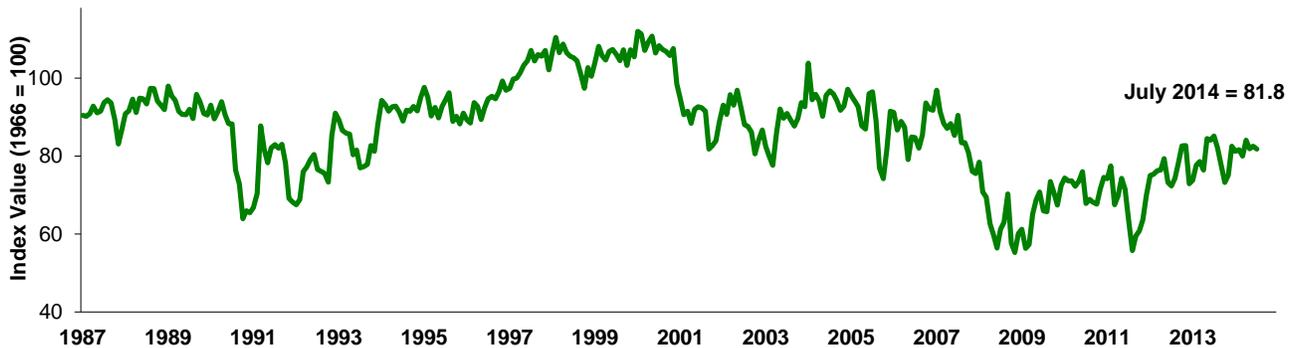
- a GF-GP Sales has been adjusted based on CTF, Health Initiative, and Constitutional Revenue shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).
- d 2% collections adjusted to reflect exemption on residential utilities.
- e Non-tax revenue items other than interest are estimates.
- f Starting in April 2009, per P.A. 440 of 2008, totals include revenue from expanded use tax collections.

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

Economic Highlights
(All data seasonally adjusted unless otherwise noted.)

U. S. Economy

Index of Consumer Sentiment



Source: University of Michigan, Survey Research Center

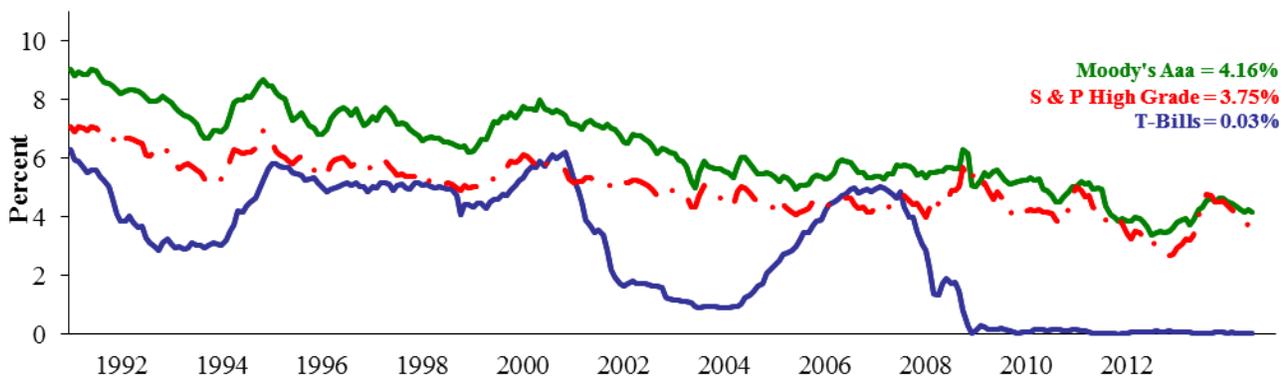
The **Index of Consumer Sentiment** fell in July to 81.8 index-points, 0.7 index-points below the June value and 3.3 index-points below July 2013. On the decrease in confidence, Survey Director Richard Curtin noted, “There was never any doubt in consumers’ minds that the 1st quarter drop in GDP was due to harsh winter weather, just as news of the widely expected snap back in the 2nd quarter GDP will not spark more optimism. What has recently dominated the attention of consumers is job and income growth. More rapid job creation, rising incomes, and gains in wealth have recently eased financial strains on households as well as supported more favorable buying plans for vehicles and household durables.” Curtin observed, “Employment and income gains continued to spark a revival in consumers’ current financial situations. In July, 39% reported improved finances over the past year, just below last month’s seven-year peak of 40%. When asked to explain how their finances had improved, 33% mentioned income gains, the highest proportion since the May 2007 survey.” On buying attitudes, Curtin reported, “Buying plans for vehicles and household durables improved over a month earlier, but that was not the case for the housing market. The recent falloff was due to a slowdown in the rate of appreciation in home values.” In July, consumers in two of the four regions reported an increase in confidence. Southern consumers reported the largest increase in confidence at 1.2 index-points, followed by Western consumers with an increase of 0.6 index-points. Midwestern consumers reported the largest decrease in confidence of 2.8 index points. The gap across regions increased from last month to 8.8 index-points, with Western consumers on top and Midwestern consumers on the bottom.

The advanced estimate of real **Gross Domestic Product** for the second quarter of 2014 is \$15,985.7 billion (chained 2005 dollars), an increase of 4.0 percent at an annual rate. In the first quarter of 2013, real gross domestic product decreased 2.1 percent. The increase in second quarter real GDP was mainly due to private inventory investment, exports, personal consumption expenditures, nonresidential fixed investment and residential fixed investment. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 2.5 percent in the second quarter, compared to a 1.2 percent increase in the first quarter. Real residential fixed investment increased 7.5 percent in the second quarter compared to an increase of 1.6 percent in the first quarter. Real nonresidential fixed investment increased 5.5 percent in the second quarter while real equipment expenditures increased 7.0 percent. Real federal government expenditures decreased 0.8 percent in the second quarter, compared to a 0.1 percent decrease in the first quarter. Real state and local

government spending increased 3.1 percent in the second quarter, compared to a 1.3 percent decrease in the first quarter. Exports of goods and services increased 9.5 percent in the second quarter, compared to a 9.2 percent decrease in the first quarter. Imports increased 11.7 percent in the second quarter compared to an increase of 2.2 percent in the first quarter. Private inventory investment increased \$93.4 billion in the second quarter, following a \$35.2 billion increase in the first quarter. Real final sales increased 2.3 percent in the second quarter compared to a decrease of 1.0 percent in the first quarter. On the inflation front, the **implicit price deflator** increased 1.3 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 0.1 percent in July, down from the 0.3 percent increase compared to June. Energy prices decreased 0.3 percent in July, down from a 1.6 percent increase in June, while the all-items less food and energy component increased 0.1 percent in July. Compared to July 2013, the all-items index increased 2.0 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 2.4 percent; medical care, 2.6 percent; apparel, 0.5 percent; education and communication, 1.6 percent; other goods and services, 1.8 percent; housing, 2.7 percent; recreation, 0.4 percent; and transportation, 0.9 percent, with gasoline prices up 0.8 percent.

Selected Key Interest Rates

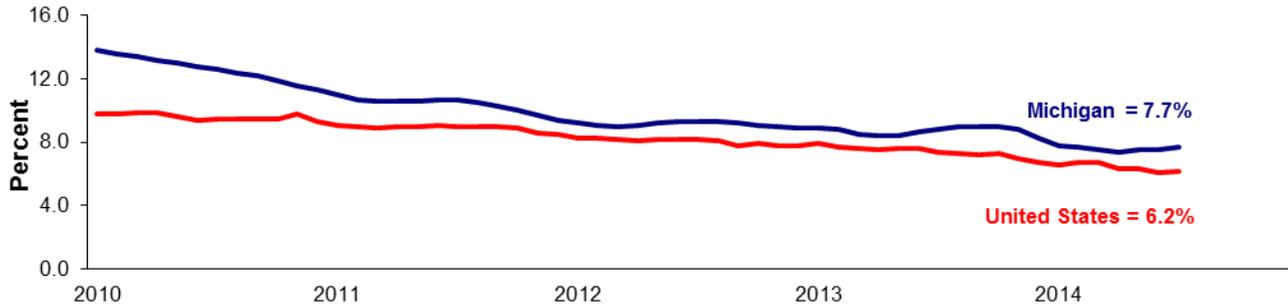


Source: Economic Indicators

Short-term **interest rates** remained unchanged in July as the 3-month Treasury bill (T-bill) rate was 0.03 percent. Compared to one year ago, the T-bill rate was down 0.02 percentage point. The Aaa corporate bond rate, a long-term interest rate, decreased 0.09 percentage point to an interest yield of 4.16 percent in July. The Aaa bond yield was down 0.18 percentage point from its year-ago level. The interest rate on High-grade municipal bonds increased 0.03 percentage point from the June level to 3.75 percent in July and was down 0.76 percentage point 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 30th meeting. The FOMC stated “the Committee today reaffirmed its view that a highly accommodative stance of monetary policy remains appropriate. In determining how long to maintain the current 0 to ¼ percent target range for the federal funds rate, the Committee will assess progress – both realized and expected – toward its objectives of maximum employment and 2 percent inflation.” The Committee “seeks to foster maximum employment and price stability.”

In July, the **U. S. unemployment rate** increased 0.1 percentage point from a month ago to 6.2 percent and was 1.1 percentage points lower than a year ago. Civilian employment totaled 146.4 million persons in July. The number unemployed was 9.7 million nationwide.

Unemployment Rates 2010 - 2014

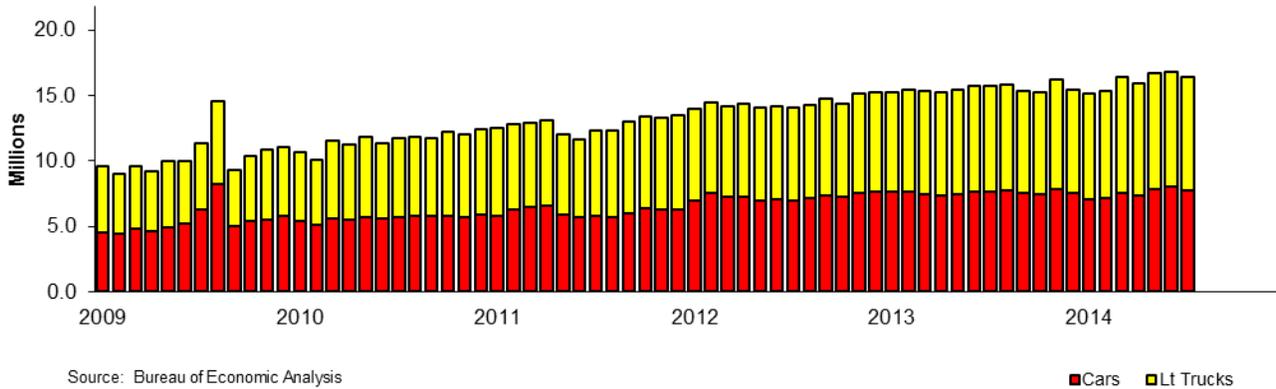


Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In July, the **Michigan jobless rate** increased 0.2 percentage point to 7.7 percent from June. The July unemployment rate is 1.3 percentage points below the year ago level. In July, the labor force remained unchanged at 4,744,000, while the number of people employed decreased by 7,000 to 4,380,000. In July, there were 364,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Motor Vehicle Sector

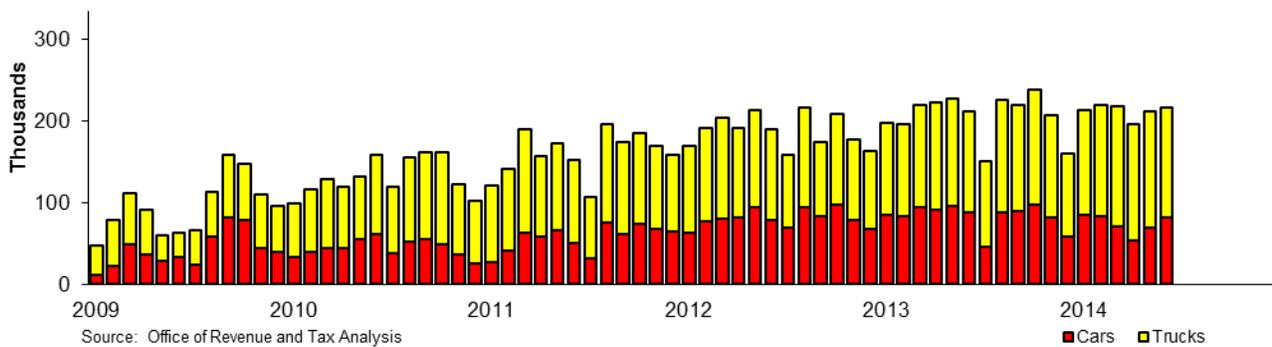
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) decreased 2.7 percent in July compared to June, selling at a 16.4 million unit seasonally adjusted annual rate. Domestic car sales decreased 2.0 percent from June while domestic light truck sales decreased 1.6 percent. Import car sales decreased 7.6 percent while import light truck sales decreased 2.9 percent. Compared to last year, light vehicle sales increased 4.5 percent. Domestic car sales were up 3.1 percent from the year ago level while domestic light truck sales increased 8.5 percent. Import car sales were down 3.8 percent from last year while import truck sales increased 3.9 percent. As a result, the domestic share of U.S. light vehicle sales increased 1.2 percentage points from a year ago. For fiscal year 2014 year-to-date, domestic light vehicles recorded a 78.2 percent share of a 16.0 million-unit market.

Michigan motor vehicle production increased to 216,783 units in June from 211,874 units in May. From a year ago, motor vehicle production increased 3 percent in Michigan and increased 9 percent nationally. In June, Michigan's car production was 82,047 units while the state's truck production was 134,736 units. Compared with a year ago, car production decreased 7 percent in Michigan and decreased 3 percent nationwide. The state's truck production increased 10 percent while national truck production increased 17 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



**Summary Estimates of the Constitutional Revenue Limit
Based on the May 15, 2014 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2011-12 Actual	Fiscal Year 2012-13 Actual	Fiscal Year 2013-14 Estimate
Applicable Calendar Year Personal Income	\$342,663	\$358,152	\$378,443
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$32,518.7</u>	<u>\$33,988.6</u>	<u>\$35,914.2</u>
Revenue Limit	\$32,518.7	\$33,988.6	\$35,914.2
State Revenue Subject to Limit	<u>\$27,288.3</u>	<u>\$27,441.1</u>	<u>\$28,171.5</u>
Amount Under (Over) Limit	\$5,230.4	\$6,547.6	\$7,742.8

Sources:

Personal Income Estimate

The FY 2011-12 calculation uses the official personal income estimate for calendar year 2010 (Survey of Current Business, October 2011).

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

The FY 2013-14 calculation uses the official personal income estimate for calendar year 2012 (Survey of Current Business, October 2013).

Revenue Subject to the Limit

The FY 2011-12 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2012.

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

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

Column detail may not add to totals because of rounding

Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury