



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

JOHN S. ROBERTS
DIRECTOR

August 28, 2015

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

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

Dear Legislators:

Attached is the monthly financial report for the month ending July 31, 2015. 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
Arlan Meekoff, Sen. Maj. Leader
Jim Ananich, Senate Min. Leader
Kevin Cotter, Speaker of the House
Tim Greimel, House Min. Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency

House Fiscal Agency
Jack Brandenburg, Chair, Senate Finance Com.
Jeff Farrington, Chair, House Tax Policy Com.
Beth Clement, Deputy Chief of Staff
Dick Posthumus, Executive Office
Mike Moody, Office of Financial Management
Nancy Duncan, Deputy State Budget Director
Internal State Budget Office Distribution

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2015
Projected Revenues and Expenditures
July 31, 2015
(\$ in millions)

FISCAL
2015

Beginning Balance, October 1, 2014		see one-time revenue
Current Year GF/GP Revenues, May 2015 Consensus Estimate	\$	9,724.9
Revenue Adjustments:		
Local Government Program Payments	\$	(459.2)
General Fund share of HMO use tax collections - PA 161 of 2014	\$	374.8
Subtotal Additional Revenue Adjustments	\$	(84.4)
Total FY Resources Available For Expenditure GF/GP - Ongoing		9,640.5
Expenditures, Current Law:		
FY 2015 Enacted with Vetoes	\$	9,599.3
Total Expenditures Projected - Ongoing	\$	9,599.3
Current Year Revenues minus Ongoing Costs	\$	41.2
Beginning Balance (One-Time Revenue)	\$	306.4
Local Government Program Payments	\$	(8.8)
Total FY Resources Available For Expenditure GF/GP - One-Time	\$	297.6
One-Time Spending Items:		
PA 182, PA 252, PA 281, PA 282, PA 318, PA 356, and PA 414 of 2014; PA 5, PA 6, PA 84, and PA 86 of 2015	\$	281.7
Executive Order 2015-5	\$	(106.4)
Work project lapse directive (letter 2/11/2015)	\$	(6.6)
One-Time Revenue minus One-Time Spending	\$	128.9
Projected Ending Balance, September 30, 2015	\$	170.1

**School Aid Fund
Fiscal Year 2015
Projected Revenues and Expenditures
July 31, 2015
(\$ in millions)**

FISCAL 2015

Beginning Balance , October 1, 2014	see one-time revenue
Current Year School Aid Fund Revenues, May 2015	
Consensus Estimate	\$ 11,883.2
Revenue Adjustments:	
Use Tax Revision (PA 161 of 2014)	\$ 187.4
Venture Michigan Fund	\$ -
MPERS Reserve Fund	\$ 18.0
General Fund	\$ 114.9
General Fund Supplemental (PA 5 of 2015)	\$ (81.2)
Federal Revenue	\$ 1,808.2
Subtotal Additional Revenue Adjustments	\$ 2,047.3
Total FY Resources Available for Expenditure School Aid Fund	\$ 13,930.5
School Aid Ongoing Costs	
PA 196 of 2014	\$ 13,494.1
PA 5 of 2015	\$ (93.8)
PA 85 of 2015	\$ (13.0)
Community Colleges Ongoing Costs	
PA 196 of 2014	\$ 197.6
Universities Ongoing Costs	
PA 196 of 2014	\$ 200.5
PA 5 of 2015	\$ 2.0
Total School Aid Fund Ongoing Costs Projected	\$ 13,787.4
Current Year Revenues minus Ongoing Costs	\$ 143.0
Beginning Balance (One-Time Revenue)	\$ 455.1
One-Time Spending Items	
PA 196 of 2014 School Aid	\$ 376.2
PA 5 of 2015 School Aid	\$ (89.6)
PA 5 of 2015 Community Colleges	\$ 167.1
PA 196 of 2014 Higher Education	\$ 4.0
One-Time Revenue minus One-Time Spending	\$ (2.6)
Projected Ending Balance, September 30, 2015	\$ 140.4

SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

July 31, 2015

(\$ IN MILLIONS)

FISCAL YEAR 2014

FISCAL YEAR 2015

Exp & Enc July 2014	Exp & Enc Yr-to-date FY 2014	Fiscal Year End SEP 30, 2014	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc July 2015	Exp & Enc Yr-to-date FY 2015
8.6	54.7	70.9	Agriculture and Rural Development	84.5	11.0	9.5	57.1
8.8	65.1	81.4	Attorney General	92.6	3.7	8.6	65.7
21.5	224.1	314.6	Capital Outlay**	321.8	(22.1)	21.2	232.5
1.5	11.2	14.1	Civil Rights	16.6	0.0	1.7	11.9
116.0	1,240.7	1,356.4	Colleges & Universities	1,479.1	(163.1)	132.9	1,172.1
1,377.3	11,545.0	15,358.8	Community Health	18,147.0	1,181.0	1,425.6	13,772.0
202.9	1,560.5	1,984.9	Corrections	2,022.2	3.2	200.6	1,538.7
25.8	179.3	399.8	Education	368.3	(71.6)	29.2	188.5
103.2	214.3	254.8	Environmental Quality	473.9	52.2	17.0	121.4
0.9	5.6	5.1	Executive Office	5.9	0.0	(0.5)	4.2
459.2	4,439.9	5,488.4	Human Services	5,966.8	(52.4)	446.1	4,157.5
5.1	47.9	61.9	Insurance and Financial Services	65.2	0.0	5.3	36.5
29.4	179.6	249.7	Judiciary	287.8	0.0	29.8	181.9
1.8	1.8	1.8	Land Bank Fast Track Authority	4.0	0.0	0.0	3.1
2.3	16.1	20.2	Legislative Auditor General	22.2	0.0	2.4	16.5
11.4	94.2	115.0	Legislature	128.9	(0.1)	11.2	102.8
25.3	239.4	252.5	Licensing and Regulatory Affairs	326.4	54.0	31.1	304.9
13.1	102.1	128.3	Military Affairs	140.7	13.7	13.7	102.7
8.1	52.9	72.1	Natural Resources	126.6	15.0	10.7	68.9
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
22.6	151.4	198.5	State	224.0	10.9	22.9	156.4
58.9	422.3	577.5	State Police	638.8	31.8	62.9	438.2
38.2	273.0	1,013.8	Technology, Management & Budget***	420.1	187.8	64.7	349.5
75.8	189.5	221.6	Transportation	282.6	0.0	55.2	138.1
52.6	1,409.4	2,712.3	Treasury	1,838.9	79.1	55.3	1,548.9
34.0	208.4	221.0	Michigan Strategic Fund	240.7	2.1	17.5	213.8
\$2,704.2	\$22,928.4	\$31,175.3		\$33,725.6	\$1,336.3	\$2,674.5	\$24,983.9

*Includes boilerplate appropriations.

**Includes all capital outlay activity regardless of agency

***Includes Civil Service Commission

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2015

July, 2015

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,560.3	(153.5)	16,406.8
Total state spending from state resources	30,143.5	(188.3)	29,955.2
Percentage of state spending from state resources paid to local units	54.94%		54.77%
Required payments to local units (48.97%)	14,761.3		14,669.1
Surplus/(deficit)	\$1,799.0		\$1,737.7

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 October 1, 2014 Through July 31, 2015
 (in thousands)

REVENUES

Miscellaneous	\$ <u>17,887</u>
Total Revenues	<u>17,887</u>

EXPENDITURES

Current:	
General government	<u>-</u>
Total Expenditures	<u>113</u>
Excess of Revenues over (under) Expenditures	<u>17,774</u>

OTHER FINANCING SOURCES (USES)

Transfers from other funds	78,333
Transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>78,333</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 96,107</u> 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, 2014 through July 31, 2015
 (in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>14,890</u>
Total Revenues	<u>14,890</u>

EXPENDITURES

Current:	
General government	2,007
Conservation, environment, recreation, and agriculture	2,395
Capital outlay	<u>11,103</u>
Total Expenditures	<u>15,505</u>
Excess of Revenues over (under) Expenditures	<u>(615)</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Proceeds from sale of capital assets	-
Transfers from other funds	-
Transfers to other funds	<u>(18)</u>
Total Other Financing Sources (Uses)	<u>(18)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ (633)¹</u>

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

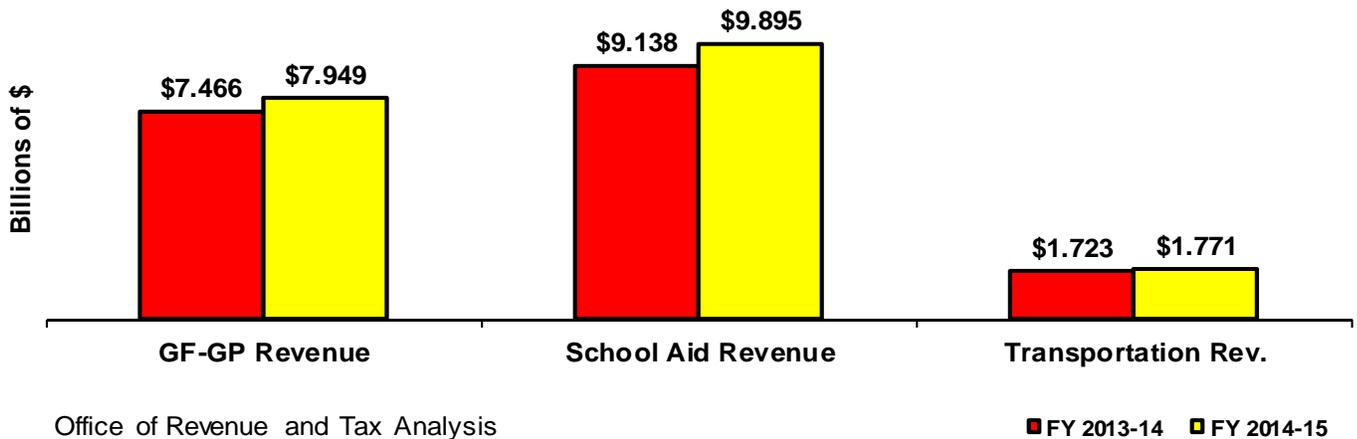
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for July 2015, representing some June and some July economic activity in Michigan.

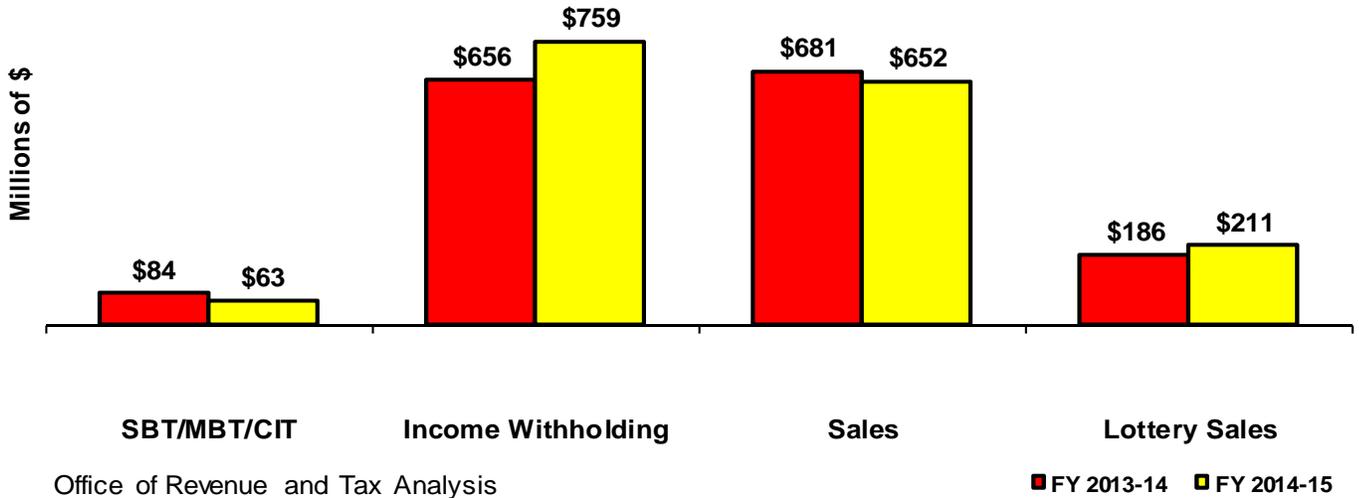
Total General Fund - General Purpose cash collections were \$69.0 million (7.5 percent) higher in July 2015 than in July 2014. The July 2015 School Aid Fund cash collections were \$64.1 million (7.5 percent) higher than in July 2014. July 2015 transportation collections were \$30.7 million (17.9 percent) higher than in July 2014 (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 \$483.4 million (6.5 percent) from a year ago. School Aid Fund cash collections are up \$757.2 million (8.3 percent) and transportation collections are up \$48.3 million (2.8 percent).

The FY 2014-15 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 15, 2015. The revenue estimate for net General Fund – General Purpose revenue for FY 2014-15 is \$9,724.9 million and the net School Aid revenue forecast is \$11,883.2 million. The Transportation Funds revenue forecast is \$2,204.3 million. The next regularly scheduled Consensus Revenue Estimating Conference will be in January 2016.

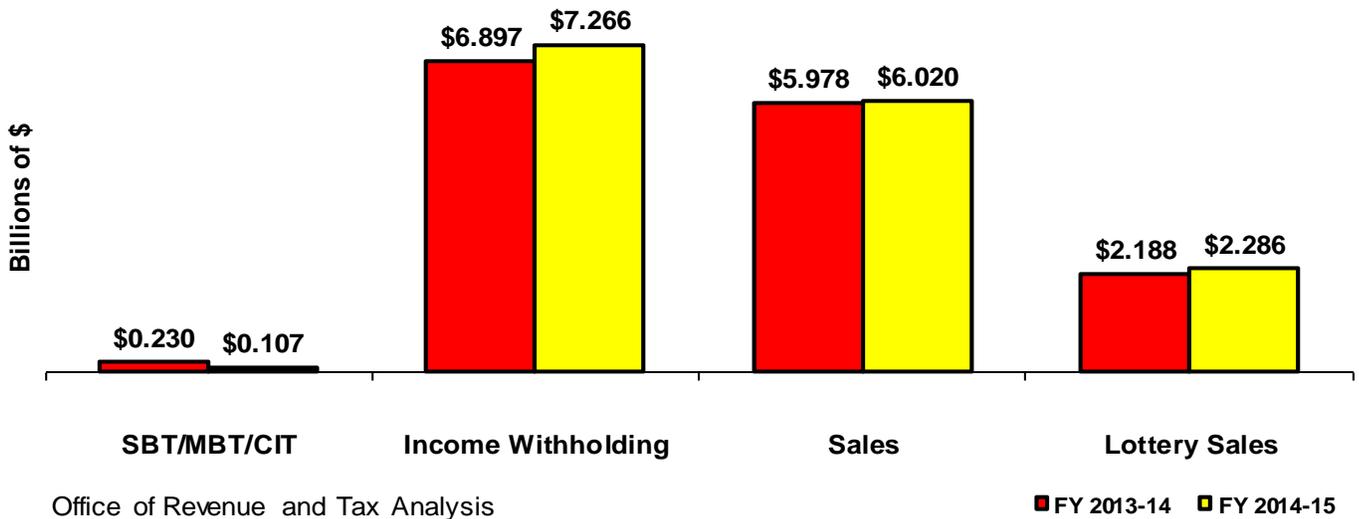
**October through July Collections
FY 2013-14 and FY 2014-15**



July Revenue Collections FY 2013-14 and FY 2014-15



October through July Collections FY 2013-14 and FY 2014-15



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

For The Month Ended: July 31, 2015

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
July		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15
2014	2015	Amount	Percent		FY 2013-14	FY 2014-15	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2015 Consensus
Income Taxes											
\$656,357	\$758,975	\$102,619	15.6%	Withholding	\$6,897,108	\$7,266,316	\$369,208	5.4%	\$8,226,800	\$8,568,600	\$8,575,000
13,202	14,602	1,401	10.6%	Quarterlies	658,880	774,739	115,858	17.6%	878,000	908,500	960,400
14,753	19,047	4,293	29.1%	Annuals	772,012	897,114	125,102	16.2%	804,700	825,700	925,200
684,312	792,624	108,313	15.8%	Gross Collections	8,328,000	8,938,168	610,168	7.3%	\$9,909,500	\$10,302,800	\$10,460,600
33,648	48,162	14,513	43.1%	Less: Refunds	1,688,341	1,730,486	42,145	2.5%	1,895,600	1,797,000	1,770,100
0	0	0	na	State Campaign Fund	0	0	0	na	800	1,000	800
650,663	744,463	93,800	14.4%	Net Personal Income	6,639,659	7,207,682	568,023	8.6%	\$8,013,100	\$8,504,800	\$8,689,700
157,281	177,436	20,155	12.8%	Less: Disbursements to SAF	1,907,417	2,047,907	140,491	7.4%	\$2,357,600	\$2,453,100	\$2,490,700
\$493,382	\$567,027	\$73,644	14.9%	NET PERSONAL INCOME TO GF-GP	\$4,732,243	\$5,159,775	\$427,532	9.0%	\$5,655,500	\$6,051,700	\$6,199,000
Consumption Taxes											
\$97,345	\$102,842	\$5,497	5.6%	Sales (a)	\$834,656	\$940,435	\$105,779	12.7%	\$1,170,000	\$1,187,000	\$1,190,700
84,607	85,782	1,175	1.4%	Use (f)	745,978	766,845	20,867	2.8%	926,600	952,400	946,200
16,013	16,961	948	5.9%	Tobacco	152,337	153,587	1,250	0.8%	192,900	182,900	182,400
4,846	4,994	148	3.0%	Beer, Wine & Mixed Spirits	42,100	35,014	(7,086)	-16.8%	51,200	52,000	45,500
4,012	4,055	43	1.1%	Liquor Specific	34,205	36,239	2,034	5.9%	46,400	46,000	47,000
\$206,823	\$214,635	\$7,811	3.8%	TOTAL CONSUMPTION TAXES	\$1,809,275	\$1,932,120	\$122,845	6.8%	\$2,387,100	\$2,420,300	\$2,411,800
Other Taxes											
\$5,070	\$18,629	\$13,559	267.0%	Single Business	(\$25,812)	\$31,160	\$56,973	na	(\$45,500)	(\$10,000)	(\$20,000)
74,604	86,793	12,189	16.3%	Insurance Premiums Taxes	302,236	355,698	53,463	17.7%	362,200	396,000	402,000
79,674	105,422	25,747	32.3%	Sub-total SBT & Insurance	276,423	386,859	110,436	40.0%	316,700	386,000	382,000
(37,936)	(42,102)	(4,166)	-11.0%	Michigan Business Tax	(561,695)	(822,121)	(260,425)	-46.4%	(723,300)	(429,000)	(751,100)
116,831	86,767	(30,064)	-25.7%	Corporate Income Tax	817,163	898,157	80,994	9.9%	906,400	907,000	1,029,700
1	0	(1)	-100.0%	Inheritance / Estate	296	(136)	(432)	na	0	0	0
28,000	23,028	(4,972)	na	Telephone & Telegraph	47,489	43,552	(3,937)	-8.3%	48,000	45,000	47,000
4,737	2,588	(2,148)	-45.4%	Oil & Gas Severance	55,469	28,266	(27,203)	-49.0%	61,000	68,500	39,000
5,662	9,359	3,696	65.3%	Penalties & Interest	82,863	129,817	46,953	56.7%	110,500	152,000	138,000
1,512	2,348	836	55.3%	Miscellaneous Other/Railroad	1,526	1,995	470	30.8%	1,800	1,000	1,500
(11,083)	(11,583)	(500)	-4.5%	Treasury Enforcement Programs (e)	(110,833)	(114,583)	(3,750)	-3.4%	(138,700)	(134,000)	(139,000)
\$187,399	\$175,827	(\$11,572)	-6.2%	TOTAL OTHER TAXES	\$608,701	\$551,807	(\$56,894)	-9.3%	\$582,400	\$996,500	\$747,100
\$887,605	\$957,488	\$69,884	7.9%	SUBTOTAL GF-GP TAXES	\$7,150,219	\$7,643,702	\$493,483	6.9%	\$8,625,200	\$9,468,500	\$9,357,900

continued

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

For The Month Ended: July 31, 2015

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
July		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15
2014	2015	Amount	Percent		FY 2013-14	FY 2014-15	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2015 Consensus
Non-Tax Revenue (e)											
\$1,667	\$2,500	\$833	50.0%	Federal Aid	\$16,667	\$22,500	\$5,833	35.0%	\$30,900	\$20,000	\$30,000
83	83	0	0.0%	Local Agencies	833	833	0	0.0%	100	1,000	100
833	667	(167)	-20.0%	Services	8,333	7,167	(1,167)	-14.0%	7,200	10,000	8,000
833	1,083	250	30.0%	Licenses & Permits	8,333	10,083	1,750	21.0%	14,400	10,000	13,000
(235)	(299)	(63)	26.9%	Investments/Interest Costs	(97)	(172)	(75)	78.2%	300	(4,000)	0
10,250	6,783	(3,467)	-33.8%	Misc. Non-tax Revenue	102,000	72,733	(29,267)	-28.7%	85,000	101,000	81,400
13,600	14,875	1,275	9.4%	Liquor Purchase Revolving Fund	137,200	147,125	9,925	7.2%	176,800	173,500	178,500
4,250	4,667	417	9.8%	From Other Funds-Lottery & Escheats	42,500	45,417	2,917	6.9%	78,600	46,000	56,000
\$31,281	\$30,359	(\$922)	-2.9%	TOTAL NON-TAX REVENUE	\$315,770	\$305,686	(\$10,084)	-3.2%	\$393,300	\$357,500	\$367,000
\$918,886	\$987,848	\$68,962	7.5%	TOTAL GF-GP REVENUE	\$7,465,989	\$7,949,388	\$483,399	6.5%	\$9,018,500	\$9,826,000	\$9,724,900
School Aid Fund											
\$277,628	\$267,922	(\$9,706)	-3.5%	Sales Tax 4%	\$2,443,173	\$2,471,043	\$27,870	1.1%	3,002,700	3,083,600	3,067,500
218,282	205,539	(12,743)	-5.8%	Sales Tax 2%	1,905,807	1,901,681	(4,125)	-0.2%	2,347,200	2,409,700	2,391,300
48,129	104,789	56,661	118.0%	Use Tax 2% (f)	378,814	882,459	503,644	133.0%	463,800	476,200	473,000
16,613	19,231	2,617	15.8%	State Education Property Tax	1,281,088	1,296,545	15,458	1.2%	1,804,200	1,841,300	1,850,300
22,633	29,212	6,579	29.1%	Real Estate Transfer Tax	176,480	214,039	37,560	21.3%	233,400	245,300	256,800
58,000	55,000	(3,000)	-5.2%	Lottery Transfer (b)	568,000	598,759	30,759	5.4%	734,100	776,000	780,000
9,018	9,297	278	3.1%	Casino Wagering Tax	89,907	93,773	3,866	4.3%	106,900	112,000	111,000
3,921	3,973	52	1.3%	Liquor Excise Tax	33,831	35,888	2,058	6.1%	46,000	45,500	46,600
32,509	34,434	1,925	5.9%	Cigarette/Tobacco Tax	309,267	311,805	2,538	0.8%	359,400	350,400	347,600
1,372	1,858	486	35.4%	Indus. & Comm. Facilities Taxes	24,794	27,160	2,366	9.5%	33,500	36,100	36,500
4,918	5,712	795	16.2%	Specific Other	18,927	13,691	(5,235)	-27.7%	31,700	24,100	31,900
157,281	177,436	20,155	12.8%	Income Tax Earmarking	1,907,417	2,047,907	140,491	7.4%	\$2,357,600	\$2,453,100	\$2,490,700
\$850,303	\$914,402	\$64,099	7.5%	TOTAL SCHOOL AID FUND	\$9,137,504	\$9,894,753	\$757,249	8.3%	\$11,520,500	\$11,853,300	\$11,883,200
\$680,995	\$652,075	(\$28,920)	-4.2%	SALES TAX 6%	\$5,977,762	\$6,020,087	\$42,324	0.7%	\$7,354,900	\$7,549,100	\$7,503,800
462,713	446,536	(16,177)	-3.5%	SALES TAX 4%(d)	4,071,956	4,118,405	46,450	1.1%	5,007,700	5,139,400	5,112,500
218,282	205,539	(12,743)	-5.8%	SALES TAX 2%	1,905,807	1,901,681	(4,125)	-0.2%	2,347,200	2,409,700	2,391,300
132,736	190,572	57,836	43.6%	USE TAX 6% (f)	1,124,793	1,649,304	524,511	46.6%	1,390,700	1,428,600	1,419,200
80,469	85,233	4,764	5.9%	TOBACCO TAXES	765,512	771,795	6,283	0.8%	940,500	917,900	924,400
0	0	0	na	TOBACCO SETTLEMENT	192,800	190,989	(1,811)	-0.9%	na	na	na

continued

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

For The Month Ended: July 31, 2015

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
July		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15
2014	2015	Amount	Percent		FY 2013-14	FY 2014-15	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2015 Consensus
Major Transportation Revenues											
\$11,014	\$14,057	\$3,044	27.6%	Diesel Fuel / Motor Carrier Fuel Tax	\$113,417	\$113,300	(\$117)	-0.1%	\$137,816	\$131,500	\$135,500
70,857	92,042	21,185	29.9%	Gasoline	688,359	702,325	13,966	2.0%	820,626	815,000	820,000
75,760	82,431	6,671	8.8%	Motor Vehicle Registration	790,481	824,728	34,247	4.3%	940,556	946,500	965,000
4,932	5,094	162	3.3%	Other Taxes, Fees & Misc.	39,695	42,395	2,700	6.8%	119,953	175,628	178,816
9,117	8,746	(371)	-4.1%	Comprehensive Transportation (c)	91,170	88,705	(2,465)	-2.7%	102,721	109,926	104,955
<u>\$171,680</u>	<u>\$202,370</u>	<u>\$30,690</u>	<u>17.9%</u>	TOTAL MAJOR TRANS. REVENUES	<u>\$1,723,122</u>	<u>\$1,771,454</u>	<u>\$48,331</u>	<u>2.8%</u>	<u>\$2,121,673</u>	<u>\$2,178,554</u>	<u>\$2,204,271</u>
Lottery Sales By Games											
67,630	80,282	12,652	18.7%	Instant Games (g)	751,030	843,520	92,490	12.3%	na	na	na
52,378	57,002	4,625	8.8%	Daily Games	564,730	613,636	48,906	8.7%	na	na	na
21,025	24,937	3,913	18.6%	Lotto and Big Game	291,570	289,251	(2,319)	-0.8%	na	na	na
776	712	(63)	-8.1%	Keno Game	8,561	8,077	(485)	-5.7%	na	na	na
1,778	1,058	(720)	-40.5%	Other	91,723	13,498	(78,225)	-85.3%	na	na	na
42,416	45,643	3,227	7.6%	Club Games	479,994	505,529	25,534	5.3%	na	na	na
<u>\$186,002</u>	<u>\$211,383</u>	<u>\$25,381</u>	<u>13.6%</u>	TOTAL LOTTERY SALES	<u>\$2,187,608</u>	<u>\$2,285,588</u>	<u>\$97,980</u>	<u>4.5%</u>	<u>na</u>	<u>na</u>	<u>na</u>

-11-

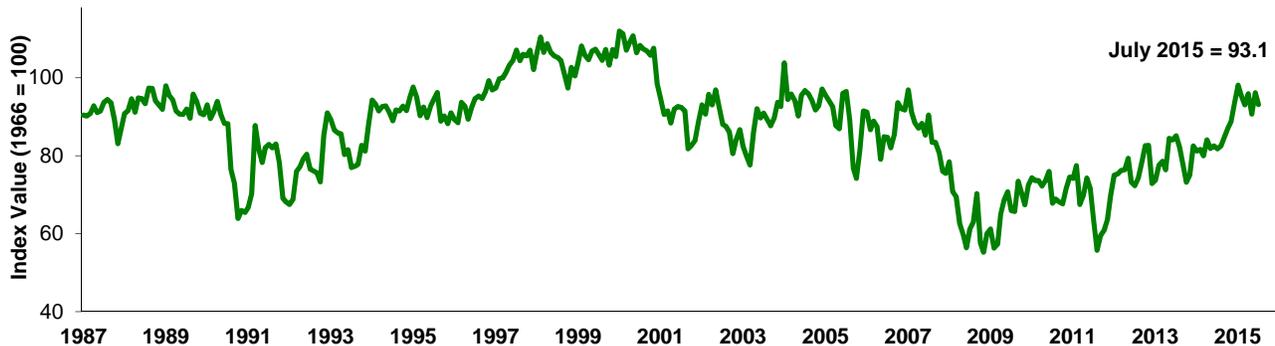
- a GF-GP Sales has been adjusted based on Comprehensive Transportation Fund, Health Initiative, and Constitutional Revenue shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the School Aid Fund transfer. The transfers shown are actual transfers from Lottery to School Aid Fund.
- c The Comprehensive Transportation Fund distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the Comprehensive Transportation Fund).
- d 2% collections adjusted to reflect exemption on residential utilities.
- e Non-tax revenue items other than interest are estimates.
- f In June, 2014 Public Act 161 retroactively (back to April 2014) expanded the use tax to include Health Maintenance Organizations.
- g Beginning in October 2014, Instant Games includes iLottery net win amounts.
- h Official 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

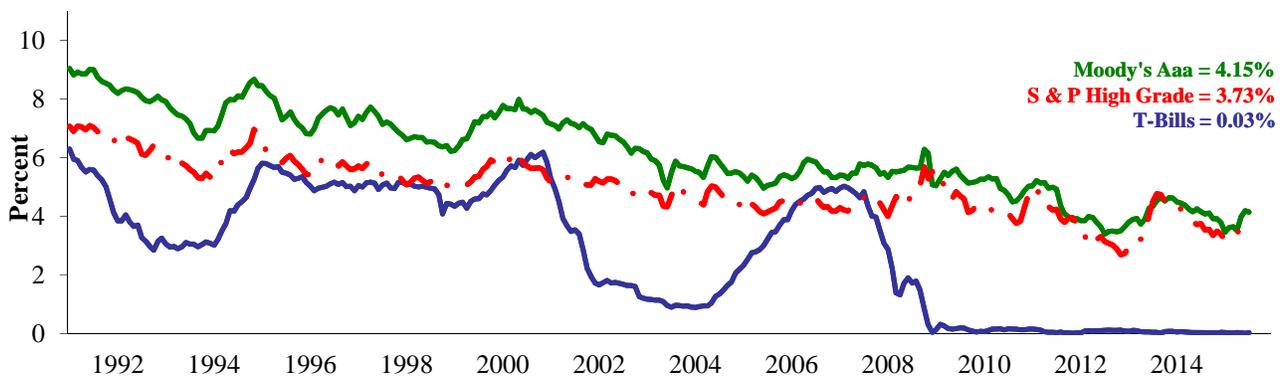
The **Index of Consumer Sentiment** decreased in July to 93.1 index-points, 3.0 index-points below the June value but 11.3 index-points above July 2014. On the decrease in confidence, Survey Director Richard Curtin noted, “Consumer confidence remained largely unchanged in the last half of July, still indicating a small overall decline of 3.0 Index points for the month as a whole. Importantly, the data provide no indication of a break in the prevailing positive trend. Indeed, the Sentiment Index has averaged 94.5 since December 2014, the highest eight month average since 2004.” Curtin observed, “The maintenance of confidence at high levels during the past eight months was mainly due to positive news on jobs and wages. The differences were stark: the Sentiment Index was just 2.1 Index-points lower among those that mentioned these international concerns while among those that positively mentioned hearing favorable news about jobs were nearly 40 Index-points higher than those who mentioned hearing of job losses. Personal consumption expenditures can be expected to expand at an annual rate of 3% in the last half of 2015.” Curtin reported, “The recent eight months that the Sentiment Index has remained above 90 was the longest period in a decade, since the seventeen months from late 2003 to early 2005. In the middle of that period, on June 30, 2004, the Fed started hiking interest rates, following 13 consecutive cuts from 6.5% to 1.0%. In the month prior to that first increase in late June 2004, 85% of all consumers in the May 2004 survey expected an increase in interest rates – the highest percentage ever recorded in the history of the surveys. In the most recent survey, just 57% expected interest rates to increase. Since surprise announcements are associated with a larger initial impact on spending, more must be done to communicate that a rate hike is highly likely before the actual announcement.” In July, consumers in one of the four regions reported an increase in confidence. Northeastern consumers reported an increase in confidence of 2.6 index-points. The Southern region reported the largest decrease in confidence of 6.1 index-points. The gap across regions increased from last month to 10.5 index-points, with Northeastern consumers on top and Western consumers on the bottom.

The advance estimate of real **Gross Domestic Product** for the second quarter of 2015 is \$16,270.4 billion (chained 2005 dollars), an increase of 2.3 percent at an annual rate. In the first quarter of 2014, real gross domestic product increased 0.6 percent. The increase in second quarter real GDP was mainly due to personal consumption expenditures, exports, residential fixed investment, and state and local government spending. Imports, which are a subtraction in calculating GDP, increased. Real

personal consumption expenditures increased 2.9 percent in the second quarter, compared to a 1.8 percent increase in the first quarter. Real residential fixed investment increased 6.6 percent in the second quarter compared to an increase of 10.1 percent in the first quarter. Real nonresidential fixed investment decreased 0.6 percent in the second quarter while real equipment expenditures decreased 4.1 percent. Real federal government expenditures decreased 1.1 percent in the second quarter, compared to a 1.1 percent increase in the first quarter. Real state and local government spending increased 2.0 percent in the second quarter, compared to a 0.8 percent decrease in the first quarter. Exports of goods and services increased 5.3 percent in the second quarter, compared to a 6.0 percent decrease in the first quarter. Imports increased 3.5 percent in the second quarter compared to an increase of 7.1 percent in the first quarter. Private inventory investment increased \$110.0 billion in the second quarter, following a \$112.8 billion increase in the first quarter. Real final sales increased 2.4 percent in the second quarter compared to an increase of 2.3 percent in the first quarter. On the inflation front, the **implicit price deflator** increased 0.1 percent in the second quarter compared to a 0.1 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 a 0.3 percent increase in June. Energy prices increased 0.1 percent in July, down from a 1.7 percent increase in June, while the all-items less food and energy component increased 0.1 percent in July. Compared to July 2014, the all-items index increased 0.2 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 1.6 percent; medical care, 2.5 percent; apparel, -1.6 percent; education and communication, 0.1 percent; other goods and services, 1.7 percent; recreation, 0.4 percent; housing, 2.0 percent; and transportation, -6.4 percent, with gasoline prices down -22.3 percent.

Selected Key Interest Rates



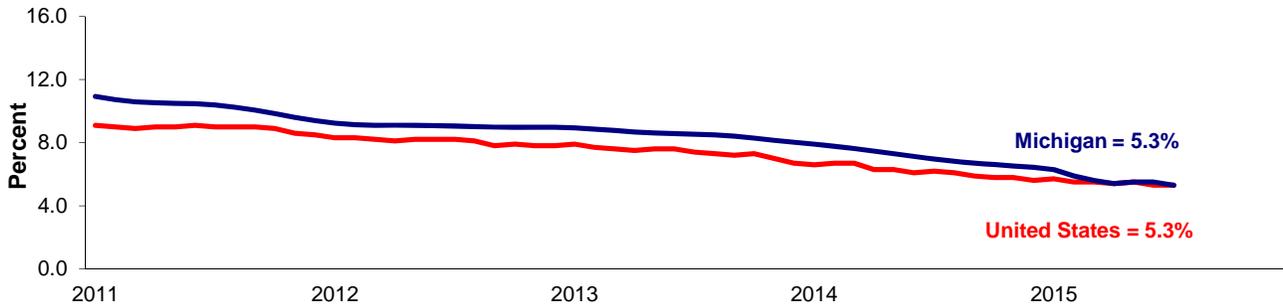
Source: Economic Indicators

Short-term **interest rates** increased 0.02 percentage point in July as the 3-month Treasury bill (T-bill) rate was 0.03 percent. Compared to one year ago, the T-bill rate remained unchanged. The Aaa corporate bond rate, a long-term interest rate, decreased 0.04 percentage point to an interest yield of 4.15 percent in July. The Aaa bond yield was down 0.01 percentage point from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.03 percentage point from the June level to 3.73 percent in July and was down 0.02 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 29th meeting. The FOMC stated “the Committee today reaffirmed its view that the current 0 to ¼ percent target range for the federal funds rate remains appropriate. In determining how long to maintain this target range, 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** remained unchanged from a month ago at 5.3 percent and was 0.9 percentage points lower than a year ago. Civilian employment totaled 148.8 million persons in July. The number unemployed was 8.3 million nationwide.

Unemployment Rates 2011 - 2015

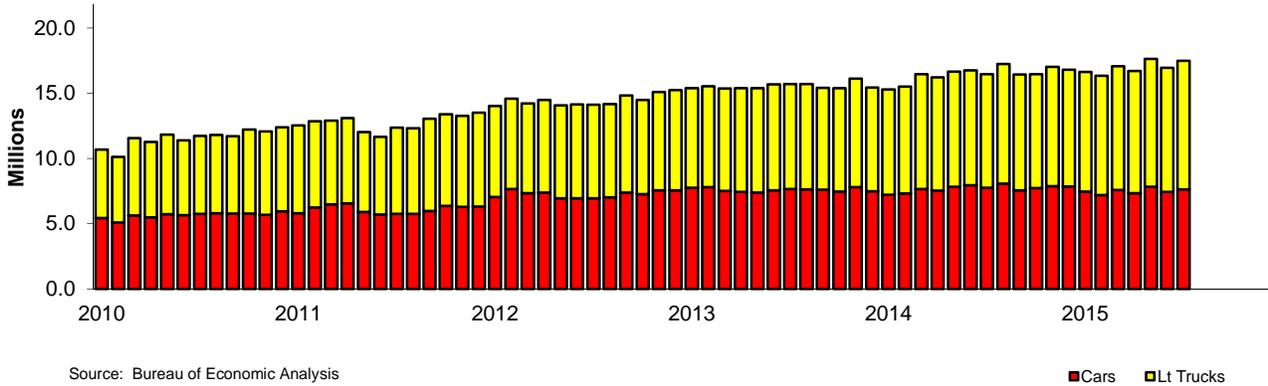


Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In July, the **Michigan jobless rate** decreased 0.2 percentage points to 5.3 percent from June. The July unemployment rate is 1.7 percentage points below the year ago level. In July, the labor force fell 12,000 to 4,728,000, while the number of people employed remained unchanged at 4,479,000. In July, there were 249,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Motor Vehicle Sector

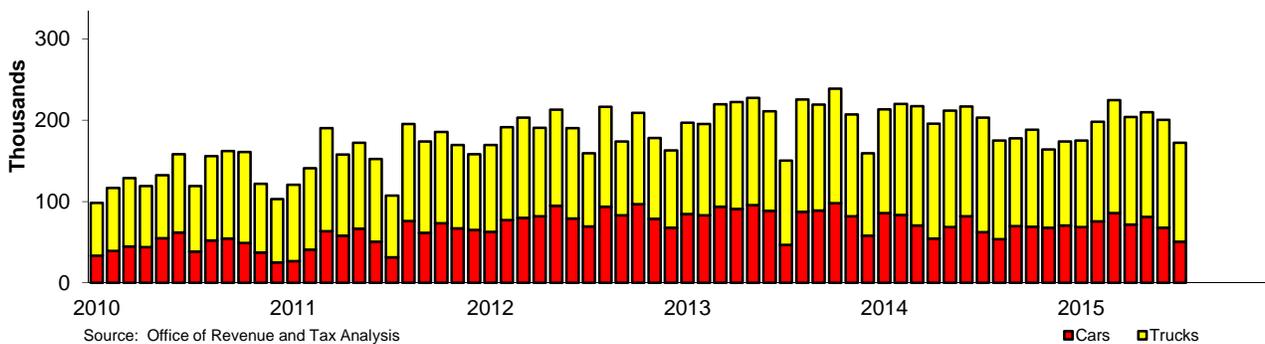
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) increased 3.0 percent in July compared to June, selling at a 17.5 million unit seasonally adjusted annual rate. Domestic car sales increased 6.0 percent from June while domestic light truck sales increased 4.9 percent. Import car sales decreased 6.5 percent while import light truck sales decreased 3.6 percent. Compared to last year, light vehicle sales increased 6.2 percent. Domestic car sales increased 2.1 percent from the year ago level while domestic light truck sales increased 11.1 percent. Import car sales were down 12.3 percent from last year while import truck sales increased 24.7 percent. As a result, the domestic share of U.S. light vehicle sales increased 0.8 percentage point from a year ago. For fiscal year 2015 year-to-date, domestic light vehicles recorded a 79.3 percent share of a 16.9 million-unit market.

Michigan motor vehicle production decreased to 172,245 units in July from 200,586 units in June. From a year ago, motor vehicle production decreased 15 percent in Michigan but increased 7 percent nationally. In July, Michigan's car production was 50,761 units while the state's truck production was 121,484 units. Compared with a year ago, car production decreased 19 percent in Michigan but rose 7 percent nationwide. The state's truck production decreased 14 percent while national truck production increased 7 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, 2015 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2012-13 Actual	Fiscal Year 2013-14 Actual	Fiscal Year 2014-15 Estimate
Applicable Calendar Year Personal Income	\$358,152	\$378,443	\$386,471
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$33,988.6</u>	<u>\$35,914.2</u>	<u>\$36,676.1</u>
Revenue Limit	\$33,988.6	\$35,914.2	\$36,676.1
State Revenue Subject to Limit	<u>\$27,441.1</u>	<u>\$27,432.5</u>	<u>\$28,486.3</u>
Amount Under (Over) Limit	\$6,547.6	\$8,481.7	\$8,189.8

Sources:

Personal Income Estimate

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

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

The FY 2014-15 calculation uses the official personal income estimate for calendar year 2013 (Survey of Current Business, October 2014).

Revenue Subject to the Limit

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

The FY 2013-14 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2014.

The FY 2014-15 calculation uses the May 15, 2015 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