



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN S. ROBERTS
DIRECTOR

August 31, 2016

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

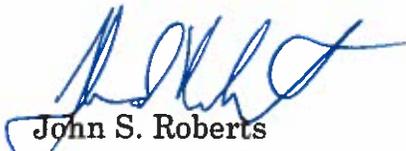
Dear Legislators:

Attached is the monthly financial report for the month ending July 31, 2016. 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

cc: Governor Rick Snyder
Arlan Meekhof, 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 Emmitt, 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 2016
Projected Revenues and Expenditures
July 31, 2016
(\$ in millions)

FISCAL
2016

Beginning Balance, October 1, 2015	see one-time revenue
Current Year GF/GP Revenues, May 2016 Consensus Estimate	
	\$ 9,734.1
Revenue Adjustments:	
Local Government Program Payments	\$ (462.7)
General Fund share of HMO use tax collections - PA 161 of 2014	\$ 421.0
Other revenue adjustments	\$ 1.0
Subtotal Additional Revenue Adjustments	\$ (40.7)
Total FY Resources Available For Expenditure GF/GP - Ongoing	\$ 9,693.4
Expenditures, Current Law:	
FY 2016 Enacted with Vetoes	\$ 9,517.8
Total Expenditures Projected - Ongoing	\$ 9,517.8
Current Year Revenues minus Ongoing Costs	\$ 175.6
Beginning Balance (One-Time Revenue)	
Local Government Program Payments	\$ (5.8)
PA 268 of 2016	\$ (1.3)
IT Innovation Fund lapse to general fund	\$ 3.9
Total FY Resources Available For Expenditure GF/GP - One-Time	\$ 691.5
One-Time Spending Items:	
PA 79, PA 84, PA 143, PA 241, and PA 268 of 2015 PA 3, PA 24, PA 192, PA 249, and PA 268 of 2016	\$ 732.1
One-Time Revenue minus One-Time Spending	\$ (40.6)
Projected Ending Balance, September 30, 2016	\$ 135.0

**School Aid Fund
Fiscal Year 2016
Projected Revenues and Expenditures
July 31, 2016
(\$ in millions)**

**FISCAL
2016**

Beginning Balance , October 1, 2015	see one-time revenue
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Current Year School Aid Fund Revenues, May 2016 Consensus Estimate	\$	12,067.4
Revenue Adjustments:		
Use Tax Revision (PA 161 of 2014)	\$	210.5
General Fund (PA 85 of 2015)	\$	45.9
General Fund Increase (PA 249 of 2016)	\$	9.2
Federal Revenue	\$	1,775.8
Subtotal Additional Revenue Adjustments	\$	2,041.4
Total FY Resources Available for Expenditure School Aid Fund	\$	14,108.8

School Aid Ongoing Costs		
PA 85 of 2015	\$	13,846.6
PA 249 of 2016	\$	(158.6)
Community Colleges Ongoing Costs		
PA 85 of 2015	\$	256.7
Universities Ongoing Costs		
PA 85 of 2015	\$	205.2
Total School Aid Fund Ongoing Costs Projected	\$	14,149.9

Current Year Revenues minus Ongoing Costs	\$	(41.1)
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Beginning Balance (One-Time Revenue)	\$	190.2
One-Time Spending Items		
PA 85 of 2015 School Aid	\$	49.8
PA 139 of 2015 School Aid	\$	4.3
PA 249 of 2016 School Aid	\$	(9.2)
One-Time Revenue minus One-Time Spending	\$	145.3

Projected Ending Balance, September 30, 2016	\$	104.2
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**SUMMARY OF EXPENDITURES AND ENCUMBRANCES
GENERAL FUND GROSS**

July 31, 2016

(\$ IN MILLIONS)

FISCAL YEAR 2015

FISCAL YEAR 2016

Exp & Enc July 2015	Exp & Enc Yr-to-date FY 2015	Fiscal Year End***** SEP 30, 2015	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc July 2016	Exp & Enc Yr-to-date FY 2016
9.5	57.1	75.7	Agriculture and Rural Development	86.6	11.2	6.7	55.9
8.6	65.7	82.7	Attorney General	90.9	6.0	6.2	65.7
21.2	232.5	476.5	Capital Outlay**	324.0	5.7	19.6	219.8
1.7	11.9	15.2	Civil Rights	16.1	0.0	1.1	11.4
132.9	1,172.1	1,299.1	Colleges & Universities	1,460.7	10.5	125.0	1,322.5
200.6	1,538.7	1,971.9	Corrections	1,952.2	37.4	158.8	1,494.5
29.2	188.5	281.9	Education	305.9	20.8	29.7	198.3
17.0	121.4	163.5	Environmental Quality	463.7	82.5	18.7	239.4
(0.5)	4.2	5.7	Executive Office	5.5	0.0	0.3	4.1
1,871.7	17,929.5	23,498.2	Health and Human Services	24,967.9	604.2	1,990.0	18,198.5
5.3	36.5	50.6	Insurance and Financial Services	65.1	6.0	3.8	38.3
29.8	181.9	253.0	Judiciary	284.7	0.7	24.9	181.5
0.0	3.1	4.0	Land Bank Fast Track Authority	4.0	0.0	0.0	3.1
2.4	16.5	20.8	Legislative Auditor General	22.8	0.0	1.8	17.4
11.2	102.8	120.1	Legislature	133.4	4.4	10.6	102.7
31.1	304.9	261.0	Licensing and Regulatory Affairs	359.0	60.6	21.7	260.3
13.7	102.7	130.8	Military Affairs	140.7	14.2	12.7	106.2
10.7	68.9	91.3	Natural Resources	122.4	17.1	9.5	68.7
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
22.9	156.4	204.7	State	225.3	18.5	15.2	153.6
62.9	438.2	607.4	State Police	620.0	43.8	44.2	426.0
0.0	0.0	0.0	Talent and Economic Development	435.3	44.0	25.6	186.7
64.7	349.5	627.1	Technology, Management & Budget***	420.2	133.3	49.5	367.9
55.2	138.1	1.5	Transportation	398.5		86.0	284.2
55.3	1,548.9	3,168.1	Treasury****	1,879.3	122.6	202.2	1,786.4
17.5	213.8	221.1	Michigan Strategic Fund	171.3	0.0	45.0	170.8
\$2,674.5	\$24,983.9	\$33,631.8		\$34,955.4	\$1,243.4	\$2,908.8	\$25,963.7

*Includes boilerplate appropriations.

**Includes all capital outlay activity regardless of agency

***Includes Civil Service Commission

****Boilerplate appropriations, which are not included in the initial or supplemental appropriations, account for the majority of the difference between Treasury's total appropriations and total expenditure/encumbrances for the fiscal year.

*****FY15 Transportation and other agency expenditure totals within the September report are different as a result of changes in capital outlay appropriations.

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2016

July, 2016

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,794.5	104.7	16,899.2
Total state spending from state resources	30,216.6	214.8	30,431.4
Percentage of state spending from state resources paid to local units	55.58%		55.53%
Required payments to local units (48.97%)	14,797.1		14,902.3
Surplus/(deficit)	\$1,997.4		\$1,996.9

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 October 1, 2015 Through July 31, 2016
 (in thousands)

REVENUES

Miscellaneous	\$	17,684
Total Revenues		17,684

EXPENDITURES

Current:		
General government		136
Total Expenditures		136
Excess of Revenues over (under) Expenditures		17,548

OTHER FINANCING SOURCES (USES)

Transfers from other funds		79,167
Transfers to other funds		-
Total Other Financing Sources (Uses)		79,167
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	96,715 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, 2015 through July 31, 2016
(in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>39,645</u>
Total Revenues		<u>39,645</u>

EXPENDITURES

Current:		
General government		2,632
Conservation, environment, recreation, and agriculture		6,063
Capital outlay		<u>5,419</u>
Total Expenditures		<u>14,114</u>
Excess of Revenues over (under) Expenditures		<u>25,532</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues		-
Proceeds from sale of capital assets		67
Transfers from other funds		-
Transfers to other funds		<u>(19)</u>
Total Other Financing Sources (Uses)		<u>48</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		<u>\$ 25,580</u> ¹

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

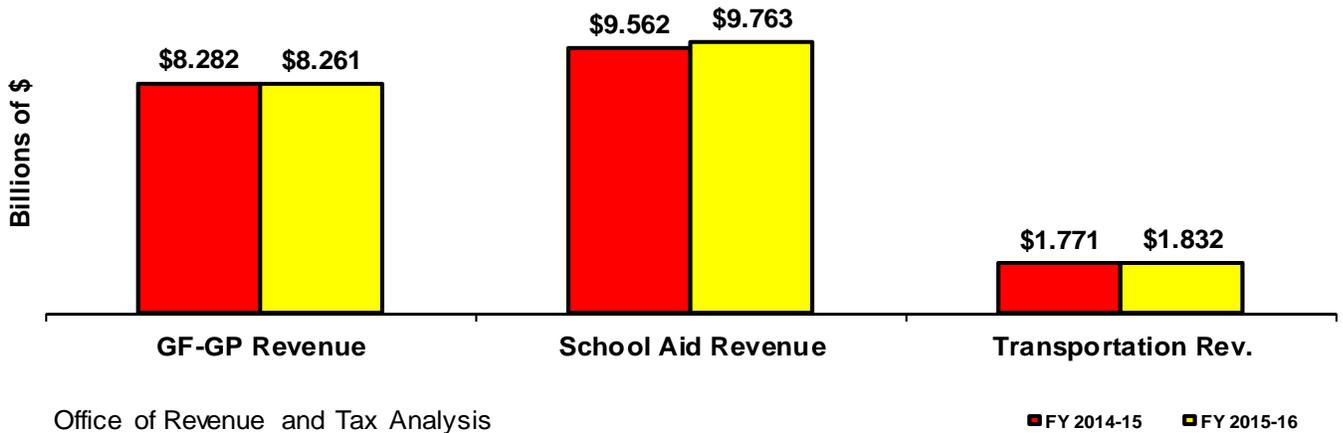
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for July 2016, representing some June 2016 and some July 2016 economic activity in Michigan.

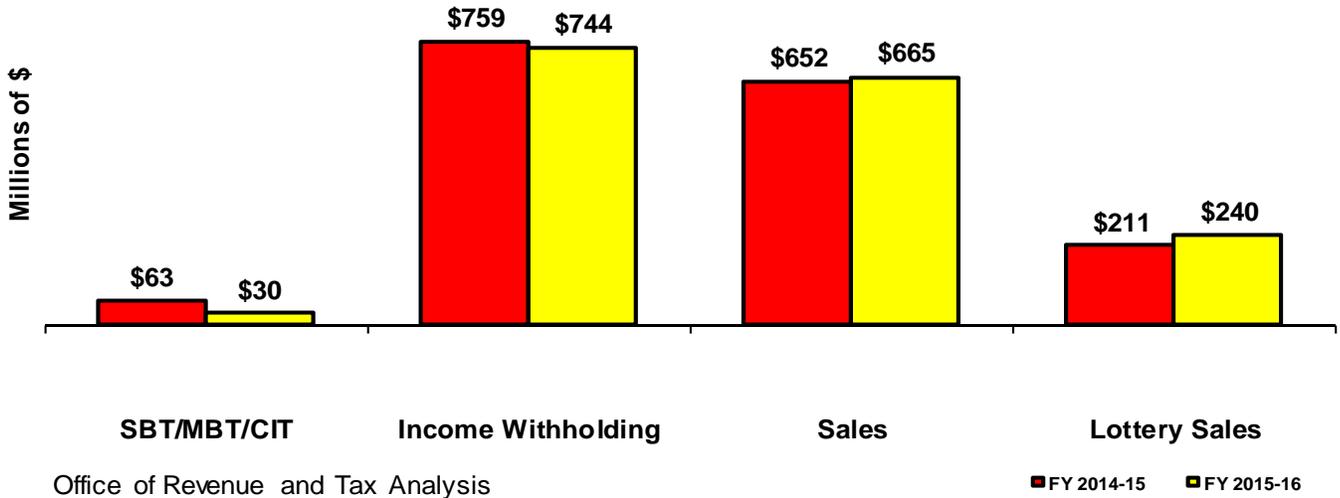
Total General Fund - General Purpose cash collections were \$0.6 million (0.1 percent) higher in July 2016 than in July 2015. The July 2016 School Aid Fund cash collections were \$8.3 million (0.9 percent) higher than in July 2015. July 2016 transportation collections were \$24.4 million (12.0 percent) lower than in July 2015 (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 \$20.8 million (0.3 percent) from a year ago. School Aid Fund cash collections are up \$200.5 million (2.1 percent) and transportation collections are up \$60.3 million (3.4 percent).

The FY 2015-16 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 17, 2016. The revenue estimate for net General Fund – General Purpose revenue for FY 2015-16 is \$9,734.1 million and the net School Aid revenue forecast is \$12,067.4 million. The Transportation Funds revenue forecast is \$2,286.2 million. The next regularly scheduled Consensus Revenue Estimating Conference will be in January 2017.

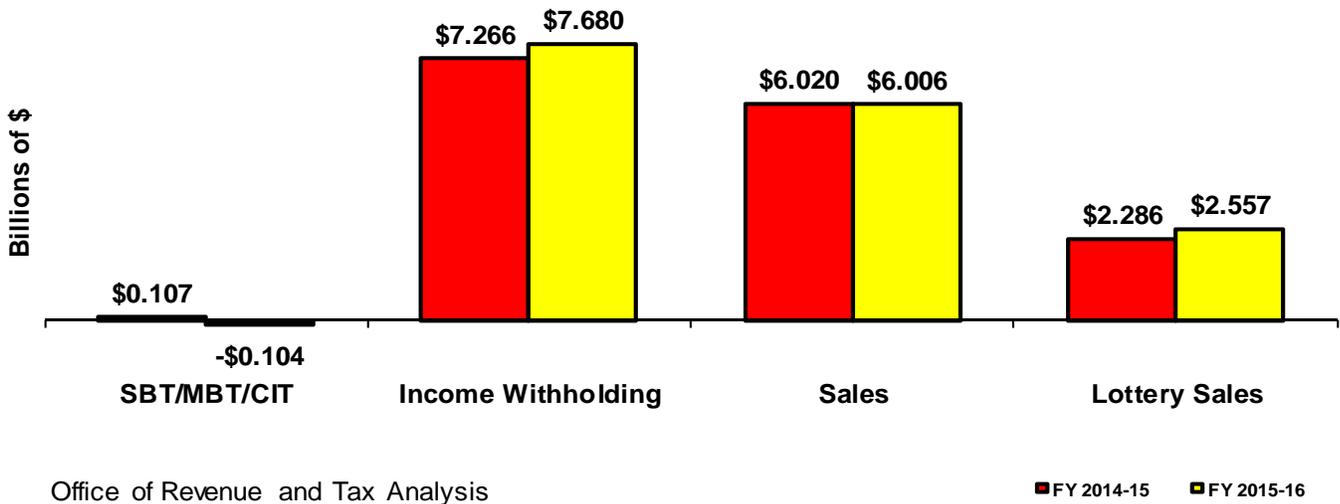
**October through July Collections
FY 2014-15 and FY 2015-16**



July Revenue Collections FY 2014-15 and FY 2015-16



October through July Collections FY 2014-15 and FY 2015-16



Revenue Summary FY 2015-16
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: July 31, 2016

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
July		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2014-15	FY 2015-16	FY 2015-16
2015	2016	Amount	Percent		FY 2014-15	FY 2015-16	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2016 Consensus
Income Taxes											
\$758,975	\$743,510	(\$15,465)	-2.0%	Withholding	\$7,266,316	\$7,680,143	\$413,827	5.7%	\$8,678,300	\$8,898,300	\$9,216,800
14,602	14,746	144	1.0%	Quarterlies	774,739	799,502	24,764	3.2%	1,037,900	982,400	1,058,400
19,047	12,353	(6,694)	-35.1%	Annuals	897,114	886,107	(11,007)	-1.2%	956,600	879,000	900,000
792,624	770,610	(22,015)	-2.8%	Gross Collections	8,938,168	9,365,752	427,584	4.8%	\$10,672,800	\$10,759,700	\$11,175,200
48,162	2,776	(45,385)	-94.2%	Less: Refunds	1,730,486	1,784,264	53,778	3.1%	1,693,300	1,820,000	1,774,000
0	0	0	na	State Campaign Fund	0	0	0	na	0	800	800
744,463	767,833	23,371	3.1%	Net Personal Income	7,207,682	7,581,489	373,806	5.2%	\$8,979,500	\$8,938,900	\$9,400,400
177,436	171,614	(5,822)	-3.3%	Less: Disbursements to SAF	2,047,907	2,144,874	96,966	4.7%	\$2,519,300	\$2,561,900	\$2,660,800
\$567,027	\$596,219	\$29,192	5.1%	NET PERSONAL INCOME TO GF-GP	\$5,159,775	\$5,436,615	\$276,840	5.4%	\$6,460,200	\$6,377,000	\$6,739,600
Consumption Taxes											
\$102,842	\$105,768	\$2,926	2.8%	Sales (a)	\$940,435	\$946,787	\$6,352	0.7%	\$1,118,800	\$1,247,100	\$1,153,900
127,048	120,010	(7,038)	-5.5%	Use (f)	1,099,536	1,083,396	(16,141)	-1.5%	958,200	898,900	863,600
16,961	17,606	644	3.8%	Tobacco	153,587	155,933	2,346	1.5%	188,100	180,500	188,800
4,994	5,400	407	8.1%	Beer, Wine & Mixed Spirits	35,014	42,105	7,091	20.3%	46,700	52,500	52,000
4,055	5,627	1,572	38.8%	Liquor Specific	36,239	39,339	3,099	8.6%	49,600	48,000	51,500
\$255,900	\$254,411	(\$1,489)	-0.6%	TOTAL CONSUMPTION TAXES	\$2,264,811	\$2,267,558	\$2,748	0.1%	\$2,361,400	\$2,427,000	\$2,309,800
Other Taxes											
\$18,629	\$5,964	(\$12,665)	-68.0%	Single Business	\$31,160	(\$8,334)	(\$39,495)	na	\$3,900	(\$10,000)	(\$10,000)
86,793	88,317	1,524	na	Insurance Premiums Taxes	355,698	315,910	(39,788)	-11.2%	322,400	412,500	316,000
105,422	94,280	(11,141)	-10.6%	Sub-total SBT & Insurance	386,859	307,576	(79,283)	-20.5%	326,300	402,500	306,000
(42,102)	(37,601)	4,501	10.7%	Michigan Business Tax	(822,121)	(910,339)	(88,218)	-10.7%	(639,400)	(889,400)	(1,031,000)
86,767	61,590	(25,178)	-29.0%	Corporate Income Tax	898,157	814,392	(83,766)	-9.3%	1,077,700	1,060,200	932,000
0	0	0	na	Inheritance / Estate	(136)	20	156	na	0	0	0
23,028	19,578	(3,450)	-15.0%	Telephone & Telegraph	43,552	34,979	(8,573)	-19.7%	41,800	46,000	42,000
2,588	1,782	(807)	-31.2%	Oil & Gas Severance	28,266	15,927	(12,339)	-43.7%	30,400	41,300	20,400
9,359	6,089	(3,270)	-34.9%	Penalties & Interest	129,817	79,957	(49,860)	-38.4%	124,600	139,500	115,000
0	12,976	12,976	na	Essential Services Assessment	0	13,740	13,740	na	0	55,000	55,000
2,348	1,324	(1,024)	-43.6%	Miscellaneous Other/Railroad	1,995	1,380	(615)	-30.8%	2,600	1,500	1,500
(11,583)	(12,250)	(667)	-5.8%	Treasury Enforcement Programs (e)	(114,583)	(119,250)	(4,667)	-4.1%	(149,300)	(140,000)	(147,000)
\$175,827	\$147,768	(\$28,059)	-16.0%	TOTAL OTHER TAXES	\$551,807	\$238,382	(\$313,424)	-56.8%	\$814,700	\$716,600	\$293,900
\$998,754	\$998,399	(\$355)	0.0%	SUBTOTAL GF-GP TAXES	\$7,976,392	\$7,942,556	(\$33,836)	-0.4%	\$9,636,400	\$9,520,600	\$9,343,300

continued

Revenue Summary FY 2015-16
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: July 31, 2016

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
July		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2014-15	FY 2015-16	FY 2015-16
2015	2016	Amount	Percent		FY 2014-15	FY 2015-16	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2016 Consensus
Non-Tax Revenue (e)											
\$2,500	\$2,917	\$417	16.7%	Federal Aid	\$22,500	\$25,417	\$2,917	13.0%	\$38,500	\$30,000	\$35,000
83	8	(75)	-90.0%	Local Agencies	833	308	(525)	-63.0%	0	100	100
667	625	(42)	-6.2%	Services	7,167	6,875	(292)	-4.1%	7,200	8,000	7,500
1,083	958	(125)	-11.5%	Licenses & Permits	10,083	9,208	(875)	-8.7%	11,500	13,000	11,500
(299)	(1,380)	(1,081)	na	Investments/Interest Costs	(172)	(1,078)	(906)	na	400	(2,000)	(1,000)
6,783	6,433	(350)	-5.2%	Misc. Non-tax Revenue	72,733	70,283	(2,450)	-3.4%	75,100	78,700	77,200
14,875	16,333	1,458	9.8%	Liquor Purchase Revolving Fund	147,125	157,333	10,208	6.9%	194,700	182,500	196,000
4,667	5,375	708	15.2%	From Other Funds-Lottery & Escheats	45,417	50,375	4,958	10.9%	70,600	51,000	64,500
\$30,359	\$31,270	\$910	3.0%	TOTAL NON-TAX REVENUE	\$305,686	\$318,722	\$13,035	4.3%	\$398,000	\$361,300	\$390,800
\$1,029,113	\$1,029,669	\$555	0.1%	TOTAL GF-GP REVENUE	\$8,282,079	\$8,261,278	(\$20,801)	-0.3%	\$10,034,400	\$9,881,900	\$9,734,100
School Aid Fund											
\$267,922	\$272,563	\$4,642	1.7%	Sales Tax 4%	\$2,471,043	\$2,475,628	\$4,585	0.2%	2,960,100	3,196,200	2,990,000
205,539	210,978	5,439	2.6%	Sales Tax 2%	1,901,681	1,879,815	(21,866)	-1.1%	2,305,500	2,494,600	2,326,700
63,524	60,005	(3,519)	-5.5%	Use Tax 2% (f)	549,768	541,698	(8,070)	-1.5%	476,400	497,500	480,000
19,231	10,005	(9,225)	-48.0%	State Education Property Tax	1,296,545	1,315,566	19,020	1.5%	1,857,600	1,861,900	1,894,100
29,212	27,575	(1,637)	-5.6%	Real Estate Transfer Tax	214,039	216,273	2,234	1.0%	258,400	268,400	276,000
55,000	70,000	15,000	27.3%	Lottery Transfer (b)	598,759	701,118	102,358	17.1%	784,100	791,000	850,000
9,297	9,595	299	3.2%	Casino Wagering Tax	93,773	95,055	1,282	1.4%	110,800	112,700	112,000
3,973	5,481	1,508	38.0%	Liquor Excise Tax	35,888	38,848	2,960	8.2%	49,100	47,600	51,100
34,434	35,742	1,308	3.8%	Cigarette/Tobacco Tax	311,805	316,567	4,762	1.5%	363,900	341,600	361,400
1,858	2,187	329	17.7%	Indus. & Comm. Facilities Taxes	27,160	25,783	(1,377)	-5.1%	34,700	37,600	36,000
5,712	5,665	(47)	-0.8%	Specific Other	13,691	11,372	(2,319)	-16.9%	27,300	31,900	29,300
177,436	171,614	(5,822)	-3.3%	Income Tax Earmarking	2,047,907	2,144,874	96,966	4.7%	\$2,519,300	\$2,561,900	\$2,660,800
\$873,137	\$881,412	\$8,275	0.9%	TOTAL SCHOOL AID FUND	\$9,562,062	\$9,762,596	\$200,534	2.1%	\$11,747,100	\$12,242,900	\$12,067,400
\$652,075	\$665,250	\$13,175	2.0%	SALES TAX 6%	\$6,020,087	\$6,005,862	(\$14,224)	-0.2%	\$7,246,400	\$7,821,700	\$7,310,000
446,536	454,272	7,736	1.7%	SALES TAX 4%(d)	4,118,405	4,126,047	7,642	0.2%	4,940,900	5,327,100	4,983,300
205,539	210,978	5,439	2.6%	SALES TAX 2%	1,901,681	1,879,815	(21,866)	-1.1%	2,305,500	2,494,600	2,326,700
190,572	188,049	(2,523)	-1.3%	USE TAX 6% (f) (i)	1,649,304	1,705,427	56,122	3.4%	1,434,600	1,396,400	1,440,000
85,233	88,471	3,238	3.8%	TOBACCO TAXES	771,795	783,582	11,788	1.5%	953,600	913,800	957,100
0	0	0	na	TOBACCO SETTLEMENT	190,989	189,031	(1,957)	-1.0%	na	na	na

continued

Revenue Summary FY 2015-16
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: July 31, 2016

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JULY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
July		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2014-15	FY 2015-16	FY 2015-16
2015	2016	Amount	Percent		FY 2014-15	FY 2015-16	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2016 Consensus
Major Transportation Revenues											
\$14,057	\$13,529	(\$528)	-3.8%	Diesel Fuel / Motor Carrier Fuel Tax	\$113,300	\$117,823	\$4,523	4.0%	\$136,714	\$132,500	\$139,500
92,042	77,340	(14,702)	-16.0%	Gasoline	702,325	732,865	30,540	4.3%	866,609	811,500	856,000
82,431	74,622	(7,809)	-9.5%	Motor Vehicle Registration	824,728	853,753	29,025	3.5%	978,146	966,000	1,015,000
5,094	4,722	(372)	-7.3%	Other Taxes, Fees & Misc.	42,395	42,859	464	1.1%	132,672	178,263	182,305
8,746	7,784	(963)	-11.0%	Comprehensive Transportation (c)	88,705	84,468	(4,238)	-4.8%	91,516	110,719	93,405
<u>\$202,370</u>	<u>\$177,997</u>	<u>(\$24,373)</u>	<u>-12.0%</u>	TOTAL MAJOR TRANS. REVENUES	<u>\$1,771,454</u>	<u>\$1,831,767</u>	<u>\$60,314</u>	<u>3.4%</u>	<u>\$2,205,657</u>	<u>\$2,198,982</u>	<u>\$2,286,210</u>
Lottery Sales By Games											
80,281	88,270	7,989	10.0%	Instant Games (g)	843,519	963,455	119,936	14.2%	na	na	na
57,002	56,844	(158)	-0.3%	Daily Games	613,636	640,299	26,664	4.3%	na	na	na
25,124	45,191	20,067	79.9%	Lotto and Big Game (g)	289,438	375,628	86,190	29.8%	na	na	na
527	684	157	29.8%	Keno Game	7,891	7,759	(131)	-1.7%	na	na	na
1,058	1,015	(43)	-4.0%	Other	13,498	14,095	597	4.4%	na	na	na
45,643	46,907	1,264	2.8%	Club Games	505,529	541,626	36,097	7.1%	na	na	na
<u>\$211,383</u>	<u>\$240,088</u>	<u>\$28,705</u>	<u>13.6%</u>	TOTAL LOTTERY SALES	<u>\$2,285,588</u>	<u>\$2,556,885</u>	<u>\$271,297</u>	<u>11.9%</u>	<u>na</u>	<u>na</u>	<u>na</u>

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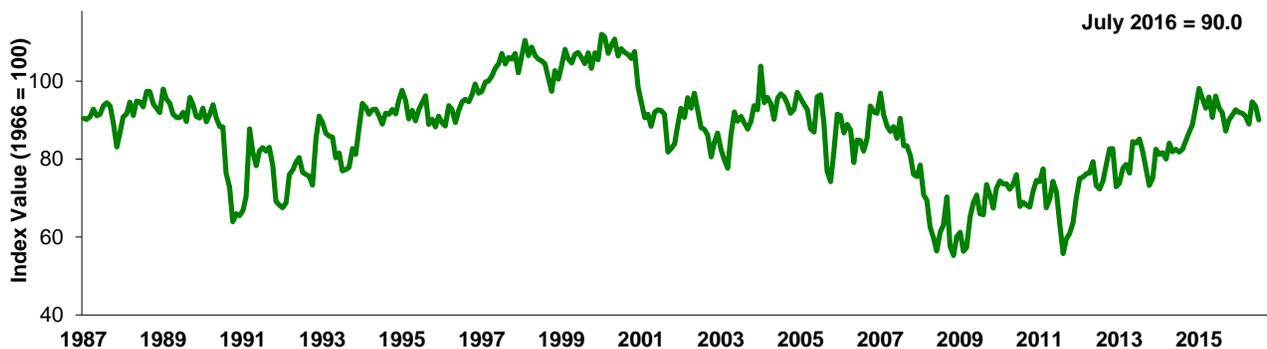
- a GF-GP Sales has been adjusted based on Comprehensive Transportation Fund, Health Initiative, and Constitutional Revenue shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the School Aid Fund transfer. The transfers shown are actual transfers 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 Lottery Sales include iLottery net win amounts for Instant Games and Lotto and Big Game, beginning in October 2014 and January 2016, respectively.
- h Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.
- i Use tax collections include the Local Community Stabilization Share. Per 2014 Public Act 80, the fiscal year 2016 Local Community Stabilization Share is \$96.4M.

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

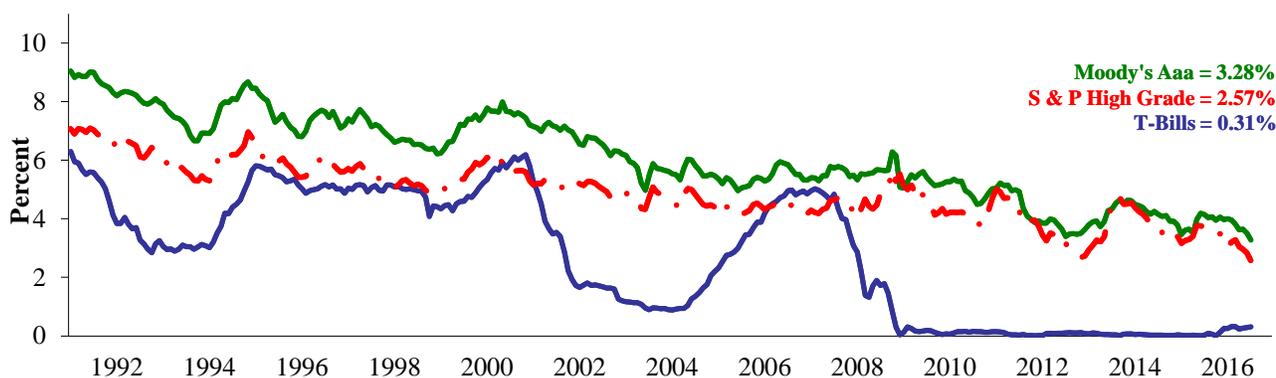
The **Index of Consumer Sentiment** decreased in July to 90.0 index-points, 3.5 index-points below the June value and 3.1 index-points below July 2015. For the July survey, Survey Director Richard Curtin reported, “Although confidence strengthened in late July, for the month as a whole the Sentiment Index was still below last month’s level mainly due to increased concerns about economic prospects among upper income households. The Brexit vote was spontaneously mentioned by record numbers of households with incomes in the top third (23%), more than twice as frequently as among households with incomes in the bottom two-thirds (11%). Given the prompt rebound in stock prices as well as the tiny direct impact on U.S. trade, it is surprising that concerns about Brexit remained nearly as high in late July as immediately following the Brexit vote.” Curtin noted, “While concerns about Brexit are likely to quickly recede, weaker prospects for the economy are likely to remain. Importantly, the two main components of the Sentiment Index – the Expectations and Current Index – have diverged to a significant extent. Consumers’ assessment of current economic conditions are now comparable to prior cyclical peaks, while expectations about future economic prospects are well below all but one prior cyclical peak.” On purchasing plans, Curtin observed, “Buying attitudes remained favorable and dependent on low interest rates. Although net favorable references to prices were three times as frequent as net interest rate references for durables (35% to 12%), net interest rate mentions were three times more frequent than price references for homes (43% vs 14%), and twice as frequent for vehicle buying conditions (27% vs. 15%).” In July, consumers in all four regions reported a decrease in confidence. Western consumers reported the largest decrease in confidence of 6.5 index-points, followed by Northeastern consumers with a decrease of 3.8 index-points. The gap across regions decreased from last month to 4.5 index-points, with Western consumers on top and Midwestern consumers on the bottom.

The advance estimate of real **Gross Domestic Product** for the second quarter of 2016 is \$16,575.1 billion (chained 2009 dollars), an increase of 1.2 percent at an annual rate. In the first quarter of 2016, real gross domestic product increased 0.8 percent. The increase in second quarter real GDP was mainly due to personal consumption expenditures and exports. Imports, which are a subtraction in calculating GDP, decreased. Real personal consumption expenditures increased 4.2 percent in the second quarter, compared to a 1.6 percent increase in the first quarter. Real residential fixed investment decreased 6.1 percent in the second quarter compared to an increase of 7.8 percent in the

first quarter. Real nonresidential fixed investment decreased 2.2 percent in the second quarter while real equipment expenditures decreased 3.5 percent. Real federal government spending decreased 0.2 percent in the second quarter, compared to a 1.5 percent decrease in the first quarter. Real state and local government spending decreased 1.3 percent in the second quarter, compared to a 3.5 percent increase in the first quarter. Exports of goods and services increased 1.4 percent in the second quarter, compared to a 0.7 percent decrease in the first quarter. Imports decreased 0.4 percent in the second quarter, compared to a decrease of 0.6 percent in the first quarter. Private inventory investment decreased \$8.1 billion in the second quarter, following a \$40.7 billion increase in the first quarter. Real final sales increased 2.4 percent in the second quarter compared to an increase of 1.2 percent in the first quarter. On the inflation front, the **implicit price deflator** increased 2.2 percent in the second quarter compared to a 0.5 percent increase observed in the first quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), remained unchanged in July, down from the 0.2 percent increase in June. Energy prices decreased 1.6 percent in July, down from a 1.3 percent increase in June, while the all-items less food and energy component increased 0.1 percent in July. Compared to July 2015, the all-items index increased 0.8 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 0.3 percent; medical care, 4.0 percent; apparel, 0.2 percent; education and communication, 0.8 percent; other goods and services, 1.9 percent; recreation, 0.9 percent; housing, 2.4 percent; and transportation, -4.5 percent, with gasoline prices down -19.9 percent.

Selected Key Interest Rates

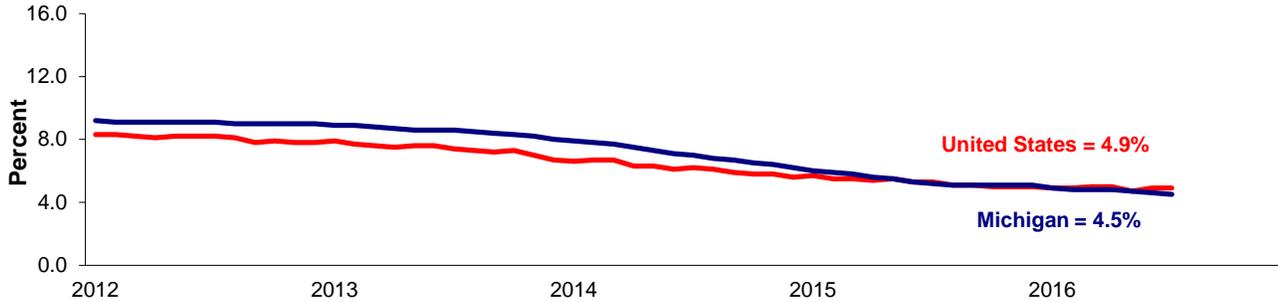


Source: Economic Indicators

Short-term **interest rates** increased 0.02 percentage point in July as the 3-month Treasury bill (T-bill) rate was 0.31 percent. Compared to one year ago, the T-bill rate increased 0.28 percentage point. The Aaa corporate bond rate, a long-term interest rate, decreased 0.22 percentage point to an interest yield of 3.28 percent in July. The Aaa bond yield was down 0.87 percentage point from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.27 percentage point from the June level to 2.57 percent in July and was down 1.16 percentage points from its year-ago level. The Federal Open Market Committee (FOMC), given the economic outlook, decided to maintain the target range for the federal funds rate at 0.25-0.50 percent for the July 27th meeting. The FOMC stated "In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to 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 4.9 percent and was 0.4 percentage point lower than a year ago. Civilian employment totaled 151.5 million persons in July. The number unemployed was 7.8 million nationwide.

Unemployment Rates 2012 - 2016

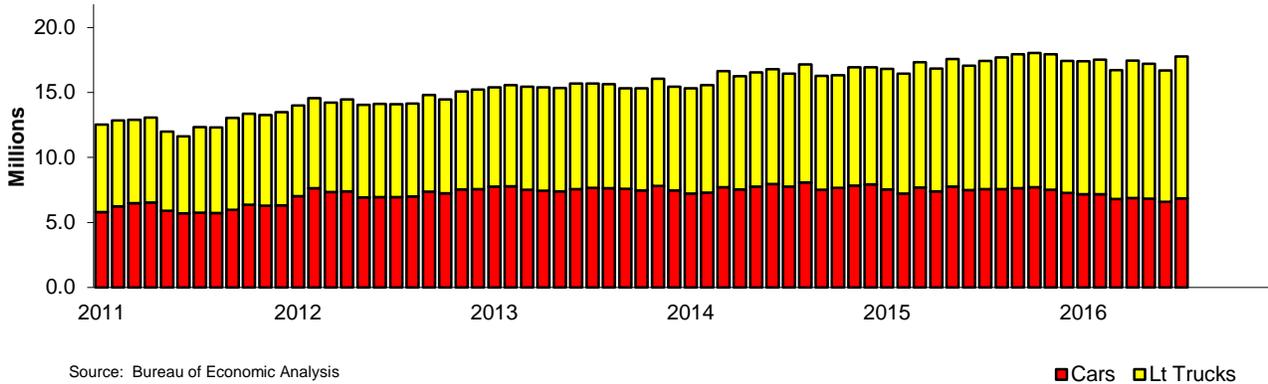


Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In July, the **Michigan jobless rate** decreased 0.1 percentage point to 4.5 percent. The July unemployment rate is 0.7 percentage point below the year ago level. In July, the labor force fell 28,000 to 4,810,000, while the number of people employed declined 20,000 to 4,596,000. In July, there were 214,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Motor Vehicle Sector

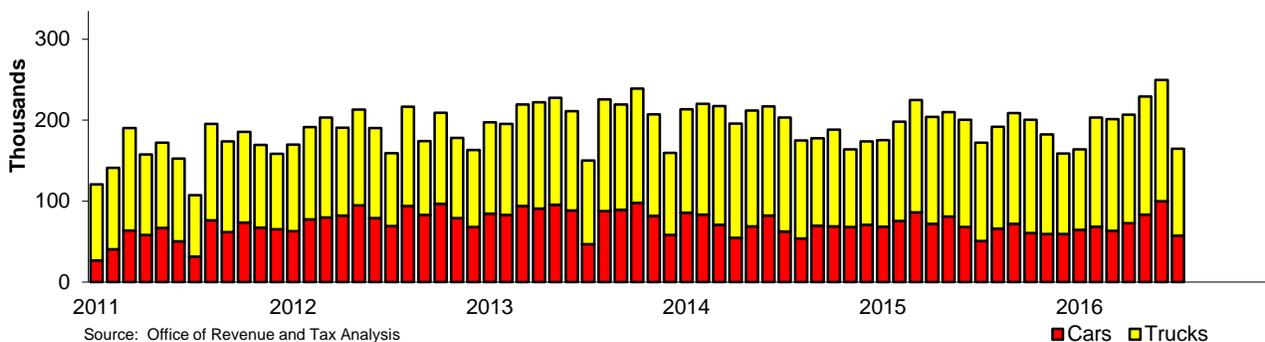
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) increased 6.4 percent in July compared to June, selling at a 17.8 million unit seasonally adjusted annual rate. Domestic car sales increased 3.9 percent from June while domestic light truck sales increased 9.2 percent. Import car sales increased 4.8 percent while import light truck sales increased 3.2 percent. Compared to last year, light vehicle sales increased 1.9 percent. Domestic car sales decreased 11.1 percent from the year ago level while domestic light truck sales increased 7.4 percent. Import car sales were down 3.6 percent from last year while import truck sales increased 24.1 percent. As a result, the domestic share of U.S. light vehicle sales decreased 1.6 percentage points from a year ago. For fiscal year 2016 year-to-date, domestic light vehicles recorded a 77.9 percent share of a 17.4 million-unit market.

Michigan motor vehicle production decreased to 164,684 units in July from 249,599 units in June due to the traditional vacation period. From a year ago, motor vehicle production decreased 4 percent in Michigan and decreased 16 percent nationally. In July, Michigan's car production was 57,477 units while the state's truck production was 107,207 units. Compared with a year ago, car production increased 13 percent in Michigan and fell 18 percent nationwide. The state's truck production decreased 12 percent while national truck production decreased 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 17, 2016 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2013-14 Actual	Fiscal Year 2014-15 Actual	Fiscal Year 2015-16 Estimate
Applicable Calendar Year Personal Income	\$378,443	\$386,471	\$403,726
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$35,914.2</u>	<u>\$36,676.1</u>	<u>\$38,313.6</u>
Revenue Limit	\$35,914.2	\$36,676.1	\$38,313.6
State Revenue Subject to Limit	<u>\$27,432.5</u>	<u>\$29,277.6</u>	<u>\$29,010.0</u>
Amount Under (Over) Limit	\$8,481.7	\$7,398.5	\$9,303.6

Sources:

Personal Income Estimate

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).

The FY 2015-16 calculation uses the official personal income estimate for calendar year 2014 (Survey of Current Business, October 2015).

Revenue Subject to the Limit

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 State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2015.

The FY 2015-16 calculation uses the May 17, 2016 Consensus Revenue Agreement.

Column detail may not add to totals due to rounding

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