



STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

RICK SNYDER  
GOVERNOR

JOHN J. WALSH  
DIRECTOR

August 30, 2018

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

The Honorable Laura Cox, Chair  
House Appropriations Committee  
Michigan House of Representatives  
State Capitol  
Lansing, Michigan 48909

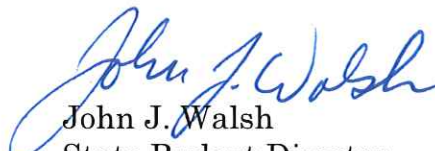
Dear Legislators:

Attached is the monthly financial report for the month ending July 31, 2018. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

[www.michigan.gov/budget](http://www.michigan.gov/budget) under "Financial Reports".

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

Sincerely,

  
John J. Walsh  
State Budget Director

Attachment

cc: Governor Rick Snyder  
Arlan Meekhof, Sen. Maj. Leader  
Jim Ananich, Senate Min. Leader  
Tom Leonard, Speaker of the House  
Sam Singh, House Min. Leader  
Senate Appropriations Committee  
House Appropriations Committee  
Senate Fiscal Agency

House Fiscal Agency  
Jack Brandenburg, Chair, Senate Finance Com.  
Jim Tedder, Chair, House Tax Policy Com.  
Beth Emmitt, Deputy Chief of Staff  
Darin Ackerman, Executive Office  
Mike Moody, Office of Financial Management  
Kyle Jen, Deputy State Budget Director  
Internal State Budget Office Distribution

**GENERAL FUND, GENERAL PURPOSE**  
**Fiscal Year 2018**  
**Projected Revenues and Expenditures**  
**July 31, 2018**  
(\$ in millions)

**FISCAL**  
**2018**

<b>Beginning Balance, October 1, 2017</b>	<b>see one-time revenue</b>
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<b>Current General Fund General Purpose Revenues, May 2018 Consensus Estimate</b>	<b>\$ 10,463.6</b>
<b>Revenue Adjustments:</b>	
Local Government Program Payments	\$ (465.9)
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$ (465.9)</b>
<b>Total Fiscal Year Resources Available For Expenditure GF/GP - Ongoing</b>	<b>\$ 9,997.7</b>

<b>Expenditures, Current Law:</b>	
PA 107 and PA 108 of 2017	\$ 9,746.2
<b>Total Expenditures Projected - Ongoing</b>	<b>\$ 9,746.2</b>

<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$ 251.5</b>
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<b>One-Time Revenue:</b>	
Beginning Balance	\$ 622.5 <sup>1</sup>
Local Government Program Payments	\$ (5.8)
Proceeds from sale Scott Correctional Facility	\$ 3.4
Other Adjustments	\$ (6.7)
<b>Total Fiscal Year Resources Available For Expenditure GF/GP - One-Time</b>	<b>\$ 613.5</b>

<b>One-Time Expenditures:</b>	
PA 107, PA 108, PA 158, and PA 201 of 2017; PA 82, PA 207 of 2018	\$ 498.7
Budget Stabilization Fund Deposits - PA 107 of 2017, PA 207 of 2018	\$ 265.0
<b>Total Expenditures Projected - One-Time</b>	<b>\$ 763.7</b>

<b>One-Time Revenue minus One-Time Spending</b>	<b>\$ (150.3)</b>
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<b>Projected Ending Balance, September 30, 2018</b>	<b>\$ 101.3</b>
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<sup>1</sup> Fiscal year 2017 ending balance as published in the State of Michigan Comprehensive Annual Financial Report, January 2018.

**SCHOOL AID FUND**  
**Fiscal Year 2018**  
**Projected Revenues and Expenditures**  
**July 31, 2018**  
(\$ in millions)

**FISCAL**  
**2018**

<b>Beginning Balance, October 1, 2017</b>	<b>see one-time revenue</b>
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<b>Current Year School Aid Fund Revenues, May 2018 Consensus Estimate</b>	<b>\$ 13,244.0</b>
<b>Revenue Adjustments:</b>	
MPERS Retirement Obligation Reform Reserve Fund Deposit	\$ (55.0)
School Mental Health and Support Services Fund Deposit	\$ (30.0)
General Fund	\$ 78.5
Community District Trust Fund	\$ 72.0
MPERS Retirement Obligation Reform Reserve Fund	\$ 23.1
Federal Revenue	\$ 1,726.9
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$ 1,815.5</b>
<b>Total FY Resources Available for Expenditure School Aid Fund</b>	<b>\$ 15,059.5</b>

<b>School Aid Ongoing Costs:</b>	
PA 265 of 2018	\$ 14,266.2
<b>Community Colleges Ongoing Costs:</b>	
PA 108 of 2017	\$ 394.7
<b>Universities Ongoing Costs:</b>	
PA 265 of 2018	\$ 237.9
<b>Total School Aid Fund Ongoing Costs Projected</b>	<b>\$ 14,898.9</b>

<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$ 160.7</b>
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<b>Beginning Balance (One-Time Revenue)</b>	<b>\$ 377.4</b>
<b>One-Time Spending Items:</b>	
PA 265 of 2018 - School Aid	\$ 316.4
PA 108 of 2017 - Community Colleges	\$ 3.6
PA 108 of 2017 - Universities	\$ 0.4
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$ 57.0</b>

<b>Projected Ending Balance, September 30, 2018</b>	<b>\$ 217.7</b>
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<sup>1</sup> Fiscal year 2017 ending balance as published in the State of Michigan Comprehensive Annual Financial Report, January 2018.

**SUMMARY OF EXPENDITURES AND ENCUMBRANCES  
GENERAL FUND - ALL PURPOSE**

July 31, 2018  
(\$ in millions)

Fiscal Year 2017 (1)

Fiscal Year 2018

Expenditures & Encumbrances Year to Date FY 2017	Fiscal Year End SEP 30, 2017	Department	Initial Appropriations (2)	Executive Orders & Supplemental Appropriations (2)	Encumbrance, Work Project & Capital Outlay Carry Forwards	Total Authorization	Expenditures & Encumbrances Year to Date FY 2018
62.4	82.1	Agriculture and Rural Development	114.4	11.7	13.2	139.3	90.4
69.0	88.2	Attorney General	99.7	6.8	11.3	117.8	74.6
217.7	253.3	Capital Outlay (3)	312.3	77.7	241.6	631.6	273.4
10.7	14.3	Civil Rights	16.2	2.7	0.9	19.8	11.4
1,337.7	1,472.9	Colleges and Universities	1,391.9	6.0	4.8	1,402.7	1,257.8
1,529.5	1,960.2	Corrections	1,992.0	25.8	134.4	2,152.2	1,653.1
219.1	291.4	Education	351.2	48.2	45.6	445.1	273.9
159.3	253.5	Environmental Quality	485.1	96.2	395.2	976.5	361.7
4.2	5.2	Executive Office	6.8	0.0	0.0	6.9	6.7
18,209.5	23,184.1	Health and Human Services	25,391.4	(80.6)	270.6	25,581.4	18,710.5
38.3	50.5	Insurance and Financial Service	66.7	6.0	0.0	72.7	38.0
190.7	264.1	Judiciary	300.0	0.4	4.8	305.3	188.4
4.0	4.0	Land Bank Fast Track Authority	4.0	0.0	0.0	4.0	4.0
18.3	22.8	Legislative Auditor General	24.3	0.0	0.8	25.0	18.4
106.0	129.9	Legislature	152.2	0.0	23.6	175.8	117.8
267.0	311.2	Licensing and Regulatory Affairs	386.2	125.7	42.5	554.4	357.2
152.4	156.4	Michigan Strategic Fund	181.7	23.2	0.0	204.9	111.0
114.0	143.0	Military and Veterans Affairs	152.7	21.4	14.7	188.9	140.0
69.1	97.0	Natural Resources	127.9	15.7	36.1	179.7	93.5
164.6	225.8	State	248.3	31.8	43.1	323.2	201.7
453.5	615.1	State Police	693.9	62.3	19.4	775.7	494.8
190.5	255.7	Talent and Economic Development	425.8	44.0	16.7	486.5	172.4
417.7	620.3	Technology, Management and Budget (4)	543.2	291.3	94.8	929.3	533.3
9.1	5.0	Transportation	0.0	375.9	0.9	376.8	107.3
1,549.3	3,206.1	Treasury	1,829.1	85.1	93.6	2,007.8	1,645.6
<b>\$25,563.6</b>	<b>\$33,712.0</b>		<b>\$35,297.2</b>	<b>\$1,277.2</b>	<b>\$1,508.7</b>	<b>\$38,083.1</b>	<b>\$26,937.2</b>

(1) FY2017 expenditure and encumbrance amounts are obtained from MAIN and do not include prior appropriation year activity.

(2) Includes boilerplate appropriations.

(3) Includes all capital outlay activity regardless of agency.

(4) Includes Civil Service Commission.

**ESTIMATED BALANCE OF STATE PAYMENTS  
TO LOCAL UNITS OF GOVERNMENT  
Fiscal Year 2018  
July, 2018  
(\$ in millions)**

	<b>INITIAL APPROPRIATIONS</b>	<b>EXEC. ORDER and SUPPLEMENTALS</b>	<b>TOTAL APPROPRIATIONS YEAR-TO-DATE</b>
Payments to local units of government	17,966.0	156.2	18,122.2
Total state spending from state resources	32,281.1	445.7	32,726.8
Percentage of state spending from state resources paid to local units	55.65%		55.37%
Required payments to local units (48.97%)	15,808.1		16,026.3
<b>Surplus/(deficit)</b>	<b>\$2,157.9</b>		<b>\$2,095.9</b>

**STATE OF MICHIGAN**  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND**  
October 1, 2017 Through July 31, 2018  
(\$ in thousands)

**REVENUES**

Miscellaneous	\$ <u>22,542</u>
Total Revenues	<u>22,542</u>

**EXPENDITURES**

Current:	
General government	<u>-</u>
Total Expenditures	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>22,542</u>

**OTHER FINANCING SOURCES (USES)**

Transfers from other funds	240,000
Transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>240,000</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 262,542 <sup>1</sup></u>

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

**STATE OF MICHIGAN**  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**MICHIGAN NATURAL RESOURCES TRUST FUND**

October 1, 2017 through July 31, 2018

(\$ in thousands)

**REVENUES**

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>19,921</u>
Total Revenues		<u>19,921</u>

**EXPENDITURES**

Current:		
General government		2,055
Conservation, environment, recreation, and agriculture		17,114
Capital outlay		<u>281</u>
Total Expenditures		<u>19,449</u>
Excess of Revenues over (under) Expenditures		<u>472</u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues		-
Proceeds from sale of capital assets		-
Transfers from other funds		-
Transfers to other funds		<u>(17)</u>
Total Other Financing Sources (Uses)		<u>(17)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	<u><u>455</u></u> <sup>1</sup>

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

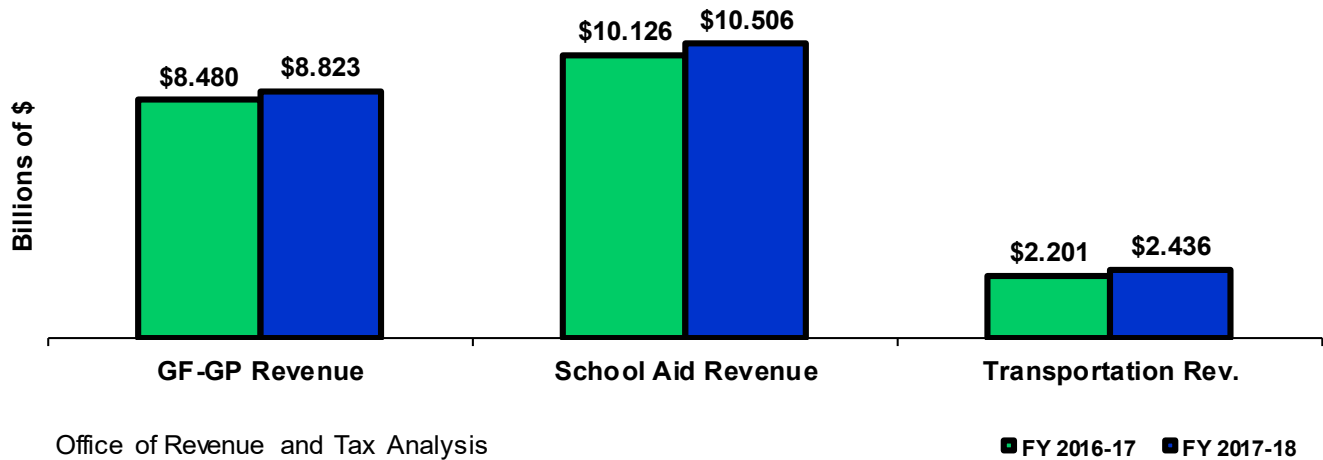
**REVENUE OVERVIEW**  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for July 2018, representing some June 2018 and some July 2018 economic activity in Michigan.

Total General Fund - General Purpose cash collections were \$84.2 million (8.5 percent) higher in July 2018 than in July 2017. The July 2018 School Aid Fund cash collections were \$8.9 million (0.9 percent) higher than in July 2017. July 2018 transportation collections were \$11.2 million (4.7 percent) higher than in July 2017 (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 \$342.7 million (4.0 percent) from a year ago. School Aid Fund cash collections are up \$380.0 million (3.8 percent) and transportation collections are up \$235.1 million (10.7 percent). The majority of the transportation revenue increase is the result of tax changes.

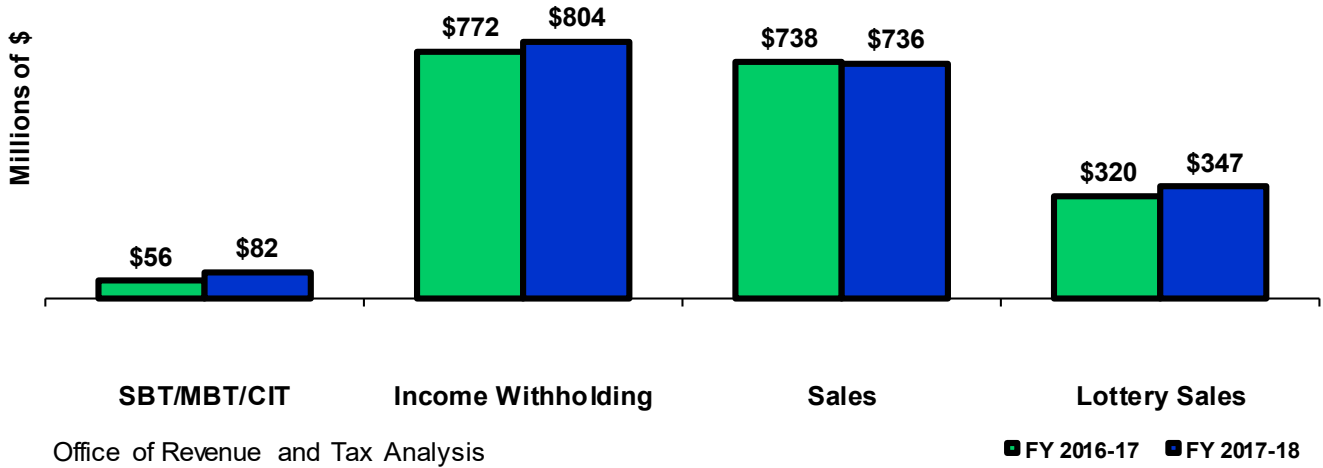
The FY 2017-18 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 16, 2018. The revenue estimate for net General Fund – General Purpose revenue for FY 2017-18 is \$10,463.6 million and the net School Aid revenue forecast is \$13,244.0 million. The Transportation Funds revenue forecast is \$3,040.2 million. By law, the Consensus Revenue Estimating Conferences are held the second week of January and the third week of May.

**October through July Collections  
FY 2016-17 and FY 2017-18**

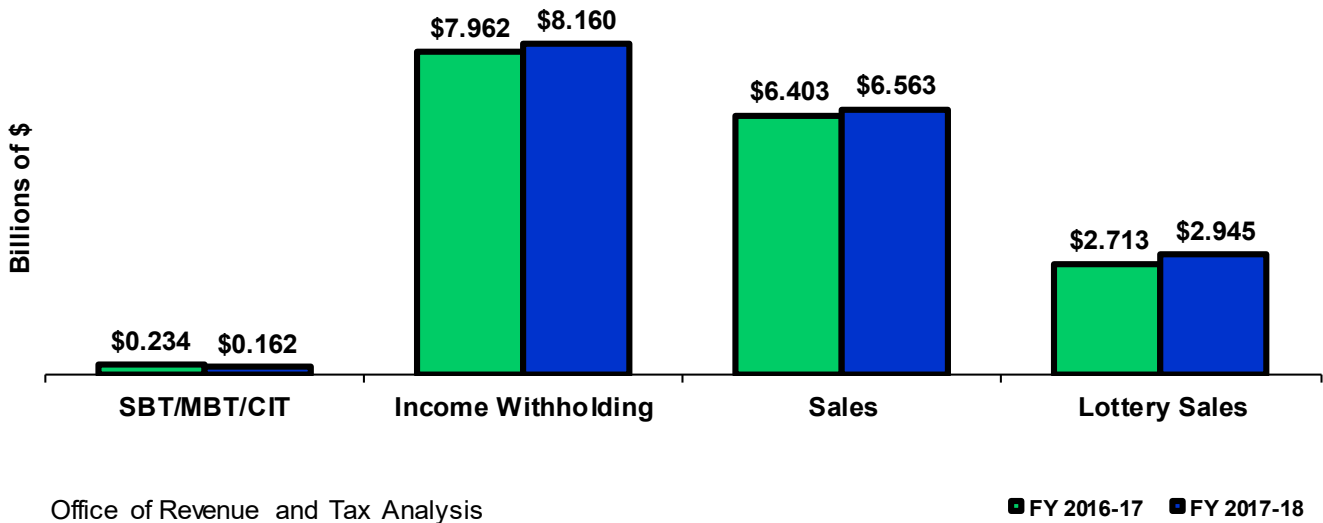




### July Revenue Collections FY 2016-17 and FY 2017-18



### October through July Collections FY 2016-17 and FY 2017-18



**Revenue Summary FY 2017-18**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(\$ in thousands)

For The Month Ended: July 31, 2018

Month-End Cash Collections Data				October Through July Cash Collections Data					Revenue Projections		
July		Difference		Source of Revenue	Year-to-Date		Difference		FY 2016-17	FY 2017-18	FY 2017-18
2017	2018	Amount	Percent		FY 2016-17	FY 2017-18	Amount	Percent	CAFR Totals (k)	Statutory Estimate	May 2018 Forecast
<b>Income Taxes</b>											
\$771,597	\$803,909	\$32,312	4.2%	Withholding	\$7,962,087	\$8,159,870	\$197,783	2.5%	\$9,335,200	\$9,841,100	\$9,844,600
18,942	20,599	1,658	8.8%	Quarterlies	899,387	1,188,194	288,807	32.1%	1,194,500	1,191,400	1,423,600
13,360	18,594	5,234	39.2%	Annuals	851,664	936,537	84,874	10.0%	880,200	937,500	937,600
803,899	843,102	39,203	4.9%	Gross Collections	9,713,138	10,284,601	571,464	5.9%	\$11,409,900	\$11,970,000	\$12,205,800
31,798	49,319	17,521	55.1%	Less: Refunds	1,839,674	1,879,033	39,359	2.1%	1,956,800	1,927,500	1,999,300
0	0	0	na	State Campaign Fund	0	0	0	na	1,200	800	800
772,101	793,783	21,682	2.8%	Net Personal Income	7,873,464	8,405,569	532,105	6.8%	\$9,451,900	\$10,041,700	\$10,205,700
187,065	196,329	9,264	5.0%	Less: Disbursements to SAF	2,237,727	2,394,844	157,116	7.0%	\$2,720,400	\$2,850,000	\$2,906,100
\$585,036	\$597,454	\$12,418	2.1%	<b>Net Personal Income To GF-GP</b>	\$5,635,736	\$6,010,725	\$374,989	6.7%	\$6,731,500	\$7,191,700	\$7,299,600
<b>Consumption Taxes</b>											
\$117,107	\$114,935	(\$2,173)	-1.9%	Sales (a)	\$1,026,492	\$1,031,392	\$4,901	0.5%	\$1,223,700	\$1,253,900	\$1,268,700
68,027	98,406	30,379	44.7%	Use (a) (f) (i)	656,043	651,531	(4,512)	-0.7%	591,600	579,700	628,100
17,140	14,581	(2,559)	-14.9%	Tobacco	154,560	147,953	(6,606)	-4.3%	186,500	184,400	184,100
5,415	5,076	(340)	-6.3%	Beer, Wine & Mixed Spirits	41,694	41,116	(578)	-1.4%	51,100	53,000	53,000
120	115	(4)	-3.6%	Liquor Specific	34,935	27,651	(7,284)	-20.9%	54,700	54,200	56,000
\$207,809	\$233,112	\$25,303	12.2%	<b>Total Consumption Taxes</b>	\$1,913,724	\$1,899,644	(\$14,080)	-0.7%	\$2,107,600	\$2,125,200	\$2,189,900
<b>Other Taxes</b>											
\$6,062	\$5,698	(\$364)	-6.0%	Single Business	\$15,637	\$11,748	(\$3,889)	-24.9%	\$18,700	\$0	\$7,000
88,698	106,579	17,881	20.2%	Insurance Premiums Taxes	343,875	388,986	45,111	13.1%	370,700	408,900	398,100
94,760	112,277	17,517	18.5%	Sub-total SBT & Insurance	359,513	400,734	41,221	11.5%	389,400	408,900	405,100
(7,174)	(6,233)	941	13.1%	Michigan Business Tax	(701,902)	(627,232)	74,670	10.6%	(704,600)	(755,600)	(787,900)
57,136	82,378	25,242	44.2%	Corporate Income Tax	920,742	777,228	(143,514)	-15.6%	1,105,600	950,200	859,800
0	12	12	na	Inheritance / Estate	28	21	(7)	-23.8%	0	0	0
19,897	18,194	(1,704)	-8.6%	Telephone & Telegraph	33,767	32,799	(968)	-2.9%	35,600	36,000	35,000
635	2,522	1,887	297.0%	Oil & Gas Severance	19,047	22,742	3,695	19.4%	23,500	27,000	25,000
3,258	10,394	7,135	219.0%	Penalties & Interest	84,816	109,420	24,604	29.0%	112,800	116,000	127,600
12,849	16,582	3,733	29.1%	Essential Services Assessment	18,667	20,186	1,519	8.1%	84,000	82,100	91,100
1,739	1,726	(14)	-0.8%	Miscellaneous Other/Railroad	1,783	1,830	47	2.6%	2,500	2,000	2,000
(12,167)	(12,500)	(333)	-2.7%	Treasury Enforcement Programs (e)	(122,583)	(124,500)	(1,917)	-1.6%	(148,100)	(148,000)	(150,000)
\$170,934	\$225,351	\$54,417	31.8%	<b>Total Other Taxes</b>	\$613,876	\$613,227	(\$649)	-0.1%	\$900,700	\$718,600	\$607,700
\$963,779	\$1,055,917	\$92,138	9.6%	<b>Subtotal GF-GP Taxes</b>	\$8,163,336	\$8,523,595	\$360,259	4.4%	\$9,739,800	\$10,035,500	\$10,097,200

continued

**Revenue Summary FY 2017-18**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(\$ in thousands)  
For The Month Ended: July 31, 2018

Month-End Cash Collections Data				October Through July Cash Collections Data					Revenue Projections		
July		Difference		Source of Revenue	Year-to-Date		Difference		FY 2016-17	FY 2017-18	FY 2017-18
2017	2018	Amount	Percent		FY 2016-17	FY 2017-18	Amount	Percent	CAFR Totals (k)	Statutory Estimate	May 2018 Forecast
<b>Non-Tax Revenue (e)</b>											
\$2,083	\$1,108	(\$975)	-46.8%	Federal Aid	\$23,333	\$14,008	(\$9,325)	-40.0%	\$8,600	\$25,000	\$13,300
8	8	0	0.0%	Local Agencies	83	83	0	0.0%	100	100	100
583	583	0	0.0%	Services	5,958	5,833	(125)	-2.1%	5,300	7,000	7,000
1,042	1,167	125	12.0%	Licenses & Permits	10,167	11,292	1,125	11.1%	20,400	12,500	14,000
(4,425)	(9,734)	(5,308)	-120.0%	Investments/Interest Costs	(4,678)	(13,895)	(9,217)	197.0%	3,100	(6,500)	4,000
5,875	2,917	(2,958)	-50.4%	Misc. Non-tax Revenue	52,917	39,892	(13,025)	-24.6%	90,000	51,500	35,000
17,917	19,000	1,083	6.0%	Liquor Purchase Revolving Fund	175,667	188,000	12,333	7.0%	221,400	220,000	228,000
5,292	5,417	125	2.4%	From Other Funds-Lottery & Escheats	53,167	53,792	625	1.2%	103,600	63,500	65,000
<b>\$28,375</b>	<b>\$20,466</b>	<b>(\$7,908)</b>	<b>-27.9%</b>	<b>Total Non-Tax Revenue</b>	<b>\$316,614</b>	<b>\$299,005</b>	<b>(\$17,609)</b>	<b>-5.6%</b>	<b>\$452,500</b>	<b>\$373,100</b>	<b>\$366,400</b>
<b>\$992,154</b>	<b>\$1,076,383</b>	<b>\$84,230</b>	<b>8.5%</b>	<b>Total GF-GP Revenue</b>	<b>\$8,479,949</b>	<b>\$8,822,600</b>	<b>\$342,651</b>	<b>4.0%</b>	<b>\$10,192,300</b>	<b>\$10,408,600</b>	<b>\$10,463,600</b>
<b>School Aid Fund</b>											
\$304,074	\$301,430	(\$2,644)	-0.9%	Sales Tax 4%	\$2,674,999	\$2,688,323	\$13,324	0.5%	3,187,300	3,239,000	3,284,400
231,486	233,223	1,737	0.8%	Sales Tax 2%	1,945,028	2,082,278	137,251	7.1%	2,489,700	2,531,000	2,567,900
43,752	59,017	15,265	34.9%	Use Tax 2% (f)	486,649	497,127	10,478	2.2%	495,100	558,800	583,100
12,841	19,655	6,814	53.1%	State Education Property Tax	1,329,284	1,374,262	44,978	3.4%	1,963,700	2,002,600	2,039,100
35,609	33,912	(1,697)	-4.8%	Real Estate Transfer Tax	254,651	263,257	8,607	3.4%	317,200	315,700	331,100
79,000	65,000	(14,000)	-17.7%	Lottery Transfer (b)	716,017	733,575	17,558	2.5%	924,100	887,700	944,400
9,641	9,668	26	0.3%	Casino Wagering Tax	95,660	97,478	1,818	1.9%	113,200	115,000	114,000
0	0	0	na	Liquor Excise Tax	34,397	31,509	(2,888)	-8.4%	54,000	53,800	55,600
34,796	29,601	(5,195)	-14.9%	Cigarette/Tobacco Tax	313,780	300,368	(13,412)	-4.3%	356,700	352,600	352,000
690	874	184	26.7%	Indus. & Comm. Facilities Taxes	24,558	25,945	1,387	5.6%	36,000	36,000	38,000
6,611	5,765	(847)	-12.8%	Specific Other	12,855	16,669	3,814	29.7%	27,700	28,300	28,300
187,065	196,329	9,264	5.0%	Income Tax Earmarking	2,237,727	2,394,844	157,116	7.0%	\$2,720,400	\$2,850,000	\$2,906,100
<b>\$945,566</b>	<b>\$954,473</b>	<b>\$8,907</b>	<b>0.9%</b>	<b>Total School Aid Fund</b>	<b>\$10,125,605</b>	<b>\$10,505,635</b>	<b>\$380,031</b>	<b>3.8%</b>	<b>\$12,685,100</b>	<b>\$12,970,500</b>	<b>\$13,244,000</b>
\$738,276	\$735,606	(\$2,670)	-0.4%	Sales Tax 6%	\$6,403,360	\$6,562,817	\$159,457	2.5%	\$7,798,000	\$7,929,300	\$8,041,800
506,790	502,383	(4,407)	-0.9%	Sales Tax 4%(d)	4,458,332	4,480,538	22,206	0.5%	5,308,300	5,398,300	5,473,900
231,486	233,223	1,737	0.8%	Sales Tax 2%	1,945,028	2,082,278	137,251	7.1%	2,489,700	2,531,000	2,567,900
131,257	177,051	45,794	34.9%	Use Tax 6% (f) (h)	1,459,948	1,491,382	31,433	2.2%	1,467,600	1,549,300	1,622,000
86,129	73,270	(12,859)	-14.9%	Tobacco Taxes	776,682	743,484	(33,198)	-4.3%	946,000	935,800	930,500
0	0	0	na	Tobacco Settlement	194,360	155,395	(38,965)	-20.0%	na	na	na

continued

**Revenue Summary FY 2017-18**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(\$ in thousands)

For The Month Ended: July 31, 2018

Month-End Cash Collections Data				October Through July Cash Collections Data					Revenue Projections		
July		Difference		Year-to-Date		Difference		FY 2016-17	FY 2017-18	FY 2017-18	
2017	2018	Amount	Percent	Source of Revenue	FY 2016-17	FY 2017-18	Amount	Percent	CAFR Totals (k)	Statutory Estimate	May 2018 Forecast
<b>Major Transportation Revenues</b>											
\$21,091	\$24,486	\$3,395	16.1%	Diesel Fuel / Motor Carrier Fuel Tax	\$166,067	\$205,312	\$39,244	23.6%	\$215,179	\$236,400	\$233,500
108,251	108,050	(201)	-0.2%	Gasoline	905,795	1,014,634	108,840	12.0%	1,142,611	1,202,328	1,216,100
99,135	105,594	6,459	6.5%	Motor Vehicle Registration	1,009,966	1,090,640	80,675	8.0%	1,209,983	1,281,800	1,288,000
3,915	5,161	1,246	31.8%	Other Taxes, Fees & Misc.	38,267	43,417	5,150	13.5%	140,234	195,357	203,562
7,961	8,252	291	3.7%	Comprehensive Transportation (c)	80,592	81,787	1,195	1.5%	98,570	97,290	99,025
<u>\$240,353</u>	<u>\$251,543</u>	<u>\$11,191</u>	<u>4.7%</u>	<b>Total Major Trans. Revenues</b>	<u>\$2,200,687</u>	<u>\$2,435,791</u>	<u>\$235,103</u>	<u>10.7%</u>	<u>\$2,806,576</u>	<u>\$3,013,176</u>	<u>\$3,040,186</u>
<b>Lottery Sales By Games</b>											
133,702	150,886	17,185	12.9%	Instant Games (g)	1,148,540	1,295,646	147,106	12.8%	na	na	na
76,713	82,448	5,735	7.5%	Daily Games	669,759	688,589	18,831	2.8%	na	na	na
35,803	44,901	9,098	25.4%	Lotto and Big Game (g)	298,644	323,699	25,055	8.4%	na	na	na
844	836	(8)	-1.0%	Keno Game	7,461	7,461	0	0.0%	na	na	na
10,681	6,213	(4,468)	-41.8%	Other (j)	19,405	66,212	46,807	241.0%	na	na	na
60,377	60,232	(145)	-0.2%	Club Games	556,855	551,364	(5,490)	-1.0%	na	na	na
<u>\$319,564</u>	<u>\$346,965</u>	<u>\$27,401</u>	<u>8.6%</u>	<b>Total Lottery Sales</b>	<u>\$2,712,752</u>	<u>\$2,945,267</u>	<u>\$232,515</u>	<u>8.6%</u>	<u>na</u>	<u>na</u>	<u>na</u>

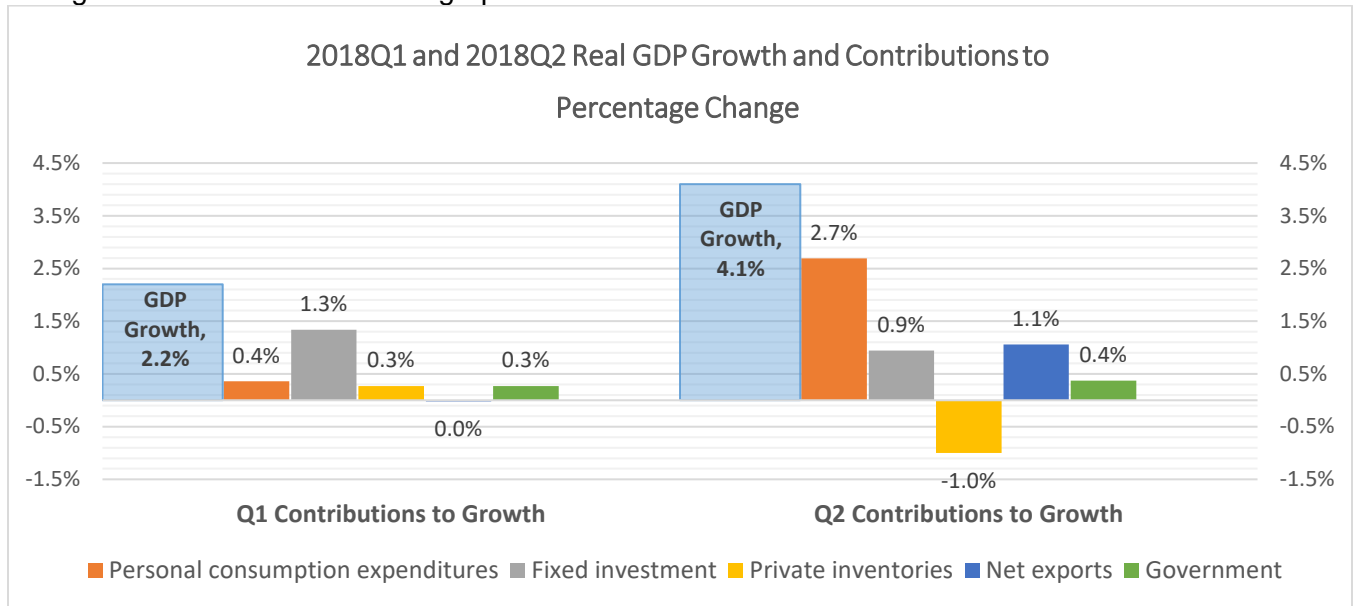
- a GF-GP Sales has been adjusted based on Comprehensive Transportation Fund, Health Initiative, Constitutional Revenue Sharing, and Aviation Fund. GF-GP Use has been adjusted based on Aviation Fund.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate 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 percent collections adjusted to reflect exemption on residential utilities.
- e Non-tax revenue items other than interest are estimates.
- f Use tax was expanded to include Health Maintenance Organizations (HMO) for June 2014 - December 2016. The fiscal year-to-date 2017 HMO use tax revenues were \$188.6 million and the fiscal year-to-date 2018 HMO use tax revenues were \$9.8 million.
- g Lottery Sales include iLottery net win amounts for Instant Games in October 2014, and Lotto and Big Game in January 2016.
- h Gross Use tax collections include the transferred amounts to the Local Community Stabilization Authority, which are front-loaded at the beginning of the fiscal year. The year-to-date 2017 revenues were \$317.2 million and the year-to date 2018 revenues are \$342.7 million. Per 2014 Public Act 80, the total fiscal year 2017 Local Community Stabilization Share (LCSS) is \$380.9 million and the total fiscal year 2018 LCSS is \$410.8 million.
- i General Fund Use tax collections are net of LCSS revenue. The year-to-date 2017 LCSS revenues were \$317.2 million and the year-to-date 2018 LCSS revenues are \$342.7 million.
- j Other lottery games includes the new Fast Cash games, which began in July 2017.
- k 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**

U.S. **Gross Domestic Product** rose sharply in the second quarter of 2018 with solid growth expected to continue the next couple of quarters. The advance estimate of real GDP for the second quarter of 2018 is \$18,507.2 billion (chained 2012 dollars), an increase of 4.1 percent at an annual rate. In the first quarter of 2018, real gross domestic product increased 2.2 percent. The increase in second quarter real GDP was mainly due to growth in personal consumption expenditures, exports, non-residential fixed investment and government spending. The first and second quarter of 2018 contributions to the percent change in GDP are shown in the graph below.



Source: Bureau of Economic Analysis

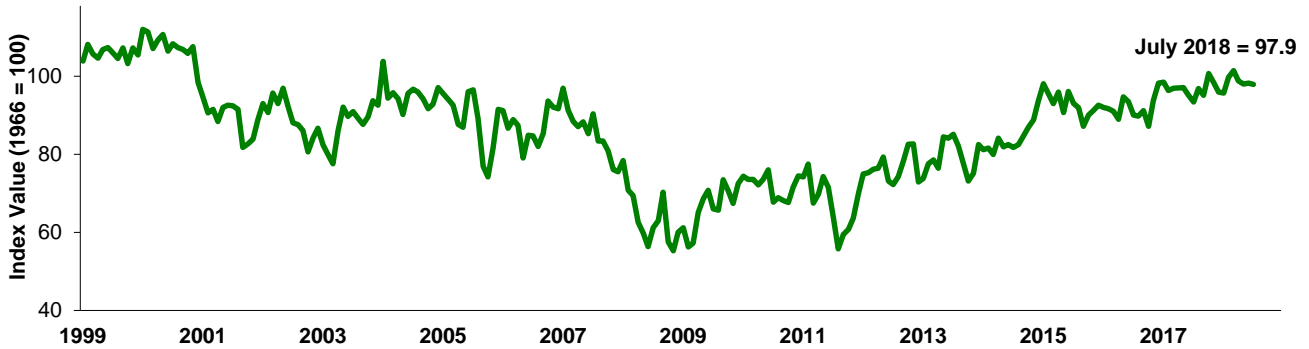
Growth is expected to improve over 2018 from the stimulative effects of the recently enacted tax cuts and increased federal spending. Consumer spending picked up in the second quarter and the robust labor market also provides support for strong short-term growth. Real final sales increased 5.1 percent in the first quarter while on the inflation front, the implicit price deflator increased 3.2 percent.

While U.S. payroll employment was modest last month, overall the labor market is solid. Wage and salary employment increased by 157,000 jobs in July 2018, down from the 248,000 jobs from June’s revised total. The three-month moving average shows an increase of 224,000 jobs. The professional and business services sector gained 51,000 jobs in July while leisure and hospitality services increased by 40,000 jobs. Average hourly earnings totaled \$27.05 in July and increased 2.7 percent from a year ago as wage pressures build with the economy moving towards full-employment. In July, the **U. S. unemployment rate** decreased 0.1 percentage points from a month ago to 3.9 percent and was 0.4 percentage points lower than a year ago. Civilian employment totaled 156.0 million persons in July, while the number unemployed was 6.3 million.

The **Index of Consumer Sentiment** decreased in July to 97.9 index-points, 0.3 index-points below the June value but 4.5 index-points above July 2017. On the strength of recent readings, Survey Director Richard Curtin reported, “Despite the expectation of higher inflation and higher interest rates during the year ahead, consumers have kept their confidence at high levels due to favorable job and income prospects. This mix of positive and negative expectations is similar to past expansions, and, as in the past, it will prevail as long as increases in inflation and interest rate hikes remain modest. Gains in net

wealth were reported by one-in-five households in the top two-thirds of the income distribution, and small net wealth declines, largely due to increasing household debt, were cited by those in the lowest income third for the first time in more than a year. Vehicle buying plans posted a significant decline in July, falling to their lowest level in five years. Net price references fell to zero (21 percent favorable and unfavorable), the worst assessment of vehicle prices since early 1997, partly due to fears of tariffs.”

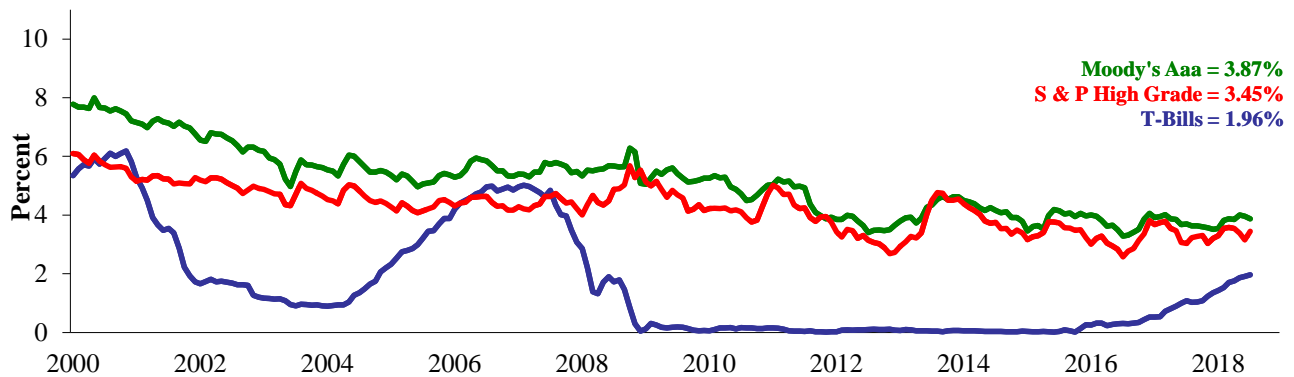
### Index of Consumer Sentiment



Source: University of Michigan, Survey Research Center

Overall short-term **interest rates** continue to increase, as the Federal Reserve raises the federal funds rate. Short-term interest rates increased 0.05 percentage points in July as the 3-month Treasury bill (T-bill) rate was 1.96 percent. Compared to one year ago, the T-bill rate increased 0.88 percentage points. The Aaa corporate bond rate, a long-term interest rate, decreased 0.09 percentage points to an interest yield of 3.87 percent in July. The Aaa bond yield was up 0.17 percentage points from its year-ago level. The interest rate on high-grade municipal bonds increased 0.30 percentage points from the June level to 3.45 percent in July and was up 0.42 percentage points from a year ago. The Federal Open Market Committee (FOMC) maintained the target range for the federal funds rate at 1.75-2.00 percent for the August 1st meeting.

### Selected Key Interest Rates



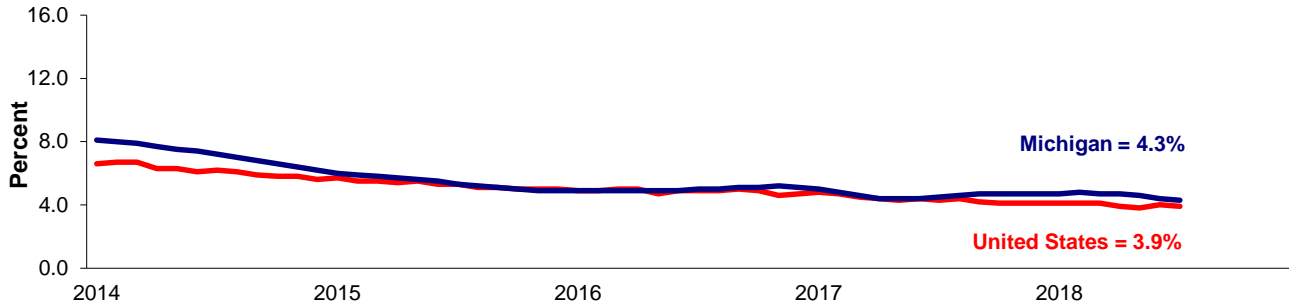
Source: Economic Indicators

**U. S. retail prices**, as measured by the Consumer Price Index (CPI-U), increased 0.2 percent in July, up from a 0.1 percent increase in June. Compared to July 2017, the all-items index increased 2.9 percent. For major component groups, the changes from one year ago were: food and beverages, 1.4 percent; medical care, 1.9 percent; apparel, 0.6 percent; education and communication, 1.0 percent; other goods and services, 2.1 percent; recreation, 0.3 percent; housing, 2.9 percent; and transportation, 7.0 percent, with gasoline prices up 25.4 percent. The average Michigan gasoline price in July was up 24.3 percent from a year ago at \$2.96 a gallon, but nearly unchanged from last month.

## Michigan Economy

In July, the **Michigan jobless rate** decreased 0.1 percentage point from last month to 4.3 percent. The June unemployment rate is 0.2 percentage points below the year ago level. In July, the labor force fell 1,000 to 4,911,000, while the number of people employed increased 6,000 to 4,698,000. In July, the number of unemployed people fell by 7,000 to 212,000 unemployed people.

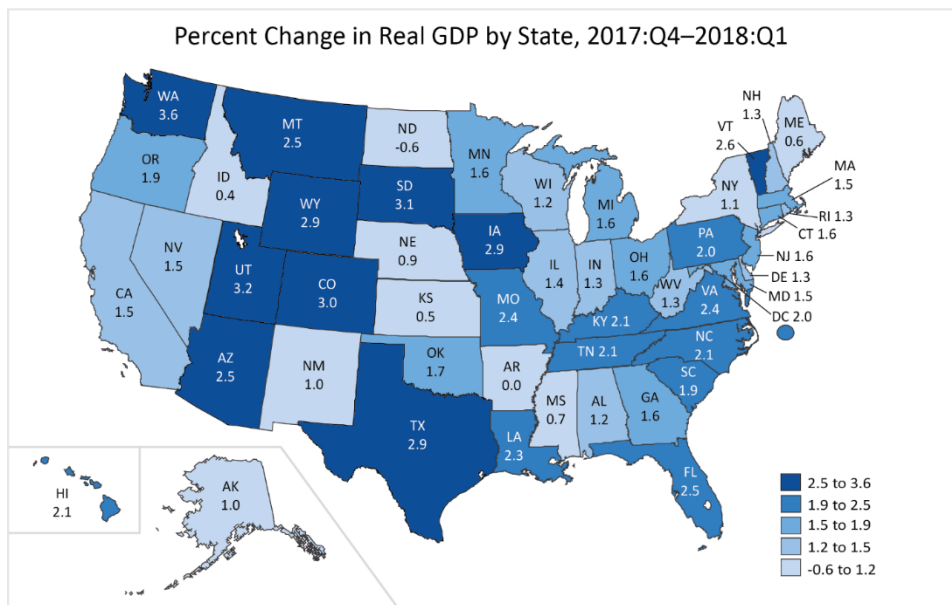
### Unemployment Rates 2014 - 2018



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

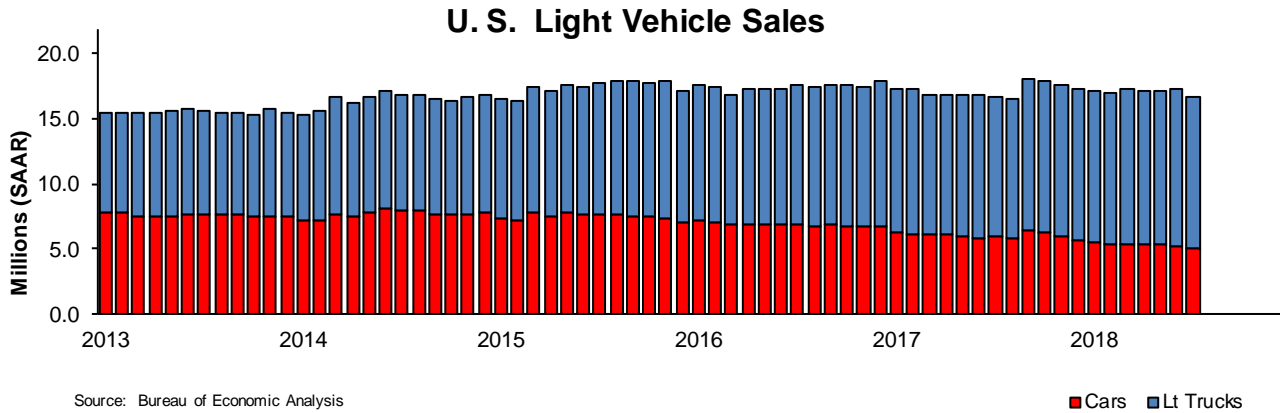
**Michigan wage and salary employment** increased by 1,000 jobs in July compared with the June level and was up 66,000 jobs (1.5 percent) from July 2017. Manufacturing and leisure and hospitality services gained 2,000 jobs from last month. Retail trade lost 3,000 jobs compared to last month. Over the past 12 months, construction jobs have grown 7.9 percent while leisure and hospitality services increased 2.1 percent.

**Michigan's state gross domestic product** grew 1.6 percent at an annual rate in the first quarter of 2018 which was below the national average growth rate of 1.8 percent. Michigan's growth rate ranked 27th nationally and was 2nd among the Great Lakes States. Michigan's GDP is 2.6 percent of the national total in the first quarter of 2018 and unchanged from the previous quarter.



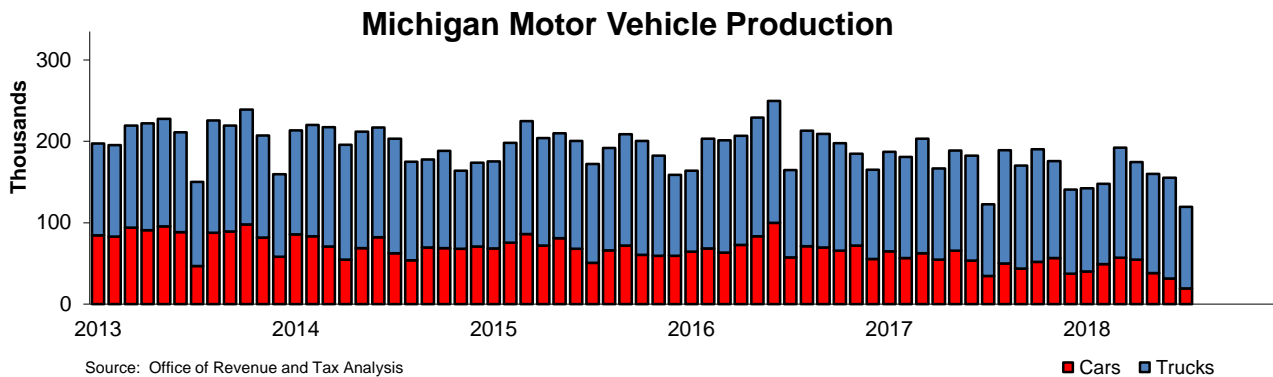
U.S. Bureau of Economic Analysis

## Motor Vehicle Sector



**U.S. light vehicle sales** (cars + light trucks) decreased in July but remain at fairly high levels historically. Sales decreased 3.1 percent in July compared to June, selling at a 16.7 million unit seasonally adjusted annual rate. Domestic car sales decreased 1.2 percent from June while domestic light truck sales decreased 1.9 percent. Import car sales decreased 6.7 percent while import light truck sales decreased 7.9 percent. Compared to last year, light vehicle sales decreased 0.1 percent. Domestic car sales decreased 12.6 percent from the year ago level while domestic light truck sales increased 6.4 percent. Import car sales were down 18.1 percent from last year while import truck sales increased 7.5 percent. As a result, the domestic share of U.S. light vehicle sales decreased 0.1 percentage points from a year ago. For fiscal year 2018 year-to-date, domestic light vehicles recorded a 76.8 percent share of a 17.2 million-unit market.

**Michigan motor vehicle production** decreased to 119,333 units in July from 155,364 units in June, due to the traditional vacation period and model changeover period in July. From a year ago, motor vehicle production decreased 3.0 percent in Michigan but rose 10.0 percent nationally. In July, Michigan's car production was 19,261 units while the state's truck production was 100,072 units. Compared with a year ago, car production decreased 45.0 percent in Michigan but increased 13.0 percent nationwide. The state's truck production increased 14.0 percent while national truck production increased 9.0 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.





**Summary Estimates of the Constitutional Revenue Limit  
Based on the May 16, 2018 Consensus Revenue Agreement  
(Article IX, Section 26)  
(\$ in millions)**

	<b>Fiscal Year 2016-17 Actual</b>	<b>Fiscal Year 2017-18 Estimate</b>	<b>Fiscal Year 2018-19 Estimate</b>
Applicable Calendar Year Personal Income Section 26 Base Ratio Revenue Limit	\$424,807 9.49% \$40,314.2	\$439,361 9.49% \$41,695.4	\$450,847 9.49% \$42,785.4
Revenue Limit	\$40,314.2	\$41,695.4	\$42,785.4
State Revenue Subject to Limit	\$31,109.2	\$33,004.9	\$33,767.7
<b>Amount Under (Over) Limit</b>	<b>\$9,205.0</b>	<b>\$8,690.5</b>	<b>\$9,017.7</b>

Sources:

Personal Income Estimate

The FY 2016-17 calculation uses the official personal income estimate for calendar year 2015 (Survey of Current Business, October 2016).  
The FY 2017-18 calculation uses the official personal income estimate for calendar year 2016 (Survey of Current Business, October 2017).  
The FY 2018-19 calculation uses the May 16, 2018 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2016-17 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2017.  
The FY 2017-18 calculation uses the May 16, 2018 Consensus Revenue Agreement.  
The FY 2018-19 calculation uses the May 16, 2018 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