



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN S. ROBERTS
DIRECTOR

July 28, 2014

The Honorable Roger Kahn, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Joseph Haveman, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

Attached is the monthly financial report for the month ending June 30, 2014. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

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

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

Sincerely,



John S. Roberts
State Budget Director

Attachment

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

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2014
Projected Revenues and Expenditures
June 30, 2014
(\$ in millions)

FISCAL
2014

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

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

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

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

FISCAL
2014

Beginning Balance , October 1, 2013	see one-time revenue
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Current Year School Aid Fund Revenues, May 2014 Consensus Estimate	\$	11,496.3
Revenue Adjustments:		
Use Tax Revision (PA 161 of 2014)	\$	86.8
Sales Tax Revision (PA 248 of 2014)	\$	(0.1)
MPERS Reserve Fund	\$	156.0
General Fund	\$	180.0
General Fund Revision (PA 196 of 2014)	\$	(85.0)
Federal Revenue	\$	1,764.4
Federal Revenue Supplemental (PA 116 of 2014)	\$	51.7
Subtotal Additional Revenue Adjustments	\$	2,153.8
Total FY Resources Available for Expenditure School Aid Fund	\$	13,650.1

School Aid Ongoing Costs		
PA 60 of 2013	\$	13,168.8
PA 116 of 2014	\$	(109.3)
Anticipated Lapses	\$	(18.0)
Community Colleges Ongoing Costs		
PA 60 of 2013	\$	197.6
Universities Ongoing Costs		
PA 60 of 2013	\$	200.5
Total School Aid Fund Ongoing Costs Projected	\$	13,439.6

Current Year Revenues minus Ongoing Costs	\$	210.5
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Beginning Balance (One-Time Revenue)	\$	292.0
General Fund One-Time Transfer (as amended by PA 97 of 2013)	\$	54.9
Revised Beginning Balance	\$	346.9
One-Time Spending Items		
PA 60 of 2013	\$	193.0
PA 97 of 2013	\$	4.9
PA 116 of 2014	\$	64.9
One-Time Revenue minus One-Time Spending	\$	84.1

Projected Ending Balance, September 30, 2014	\$	294.7
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SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

June 30, 2014

(\$ IN MILLIONS)

FISCAL YEAR 2013

FISCAL YEAR 2014

Exp & Enc June 2013	Exp & Enc Yr-to-date FY 2013	Fiscal Year End SEP 30, 2013	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc June 2014	Exp & Enc Yr-to-date FY 2014
4.4	46.2	70.5	Agriculture and Rural Development	79.9	11.2	4.7	46.1
5.8	54.4	80.9	Attorney General	87.9	3.7	6.5	56.3
21.8	199.9	255.7	Capital Outlay**	318.1	14.0	20.3	202.6
1.0	9.6	13.7	Civil Rights	15.2	0.0	1.0	9.7
108.5	1,068.4	1,296.3	Colleges & Universities	1,368.5	0.0	114.7	1,124.7
1,037.7	9,724.4	14,056.7	Community Health	15,299.5	1,495.3	1,103.6	10,167.8
137.0	1,367.9	1,947.9	Corrections	2,032.6	11.5	140.2	1,357.6
18.2	171.1	562.5	Education	293.5	19.1	18.4	153.5
10.8	102.0	156.6	Environmental Quality	486.5	35.7	11.3	111.1
0.7	4.2	4.7	Executive Office	5.4	0.2	0.8	4.7
497.5	4,277.9	5,895.0	Human Services	5,985.0	275.4	467.3	3,980.7
0.0	0.0	0.0	Insurance and Financial Services	75.3	17.4	3.5	42.9
20.8	148.8	242.2	Judiciary	283.4	0.8	13.8	150.2
0.0	0.0	0.0	Land Bank Fast Track Authority	0.0	1.8	0.0	0.0
1.6	14.0	20.0	Legislative Auditor General	21.0	0.0	1.6	13.8
8.6	72.6	104.4	Legislature	123.8	0.4	8.9	82.8
21.9	222.8	319.0	Licensing and Regulatory Affairs	305.5	49.7	16.5	214.1
8.9	89.2	130.9	Military Affairs	138.1	14.2	10.2	89.0
8.1	48.5	69.7	Natural Resources	105.1	11.7	7.8	44.8
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
14.3	125.0	189.9	State	219.5	10.0	13.7	128.8
44.4	346.4	537.5	State Police	605.7	27.1	41.8	363.4
30.5	287.0	473.3	Technology, Management & Budget***	344.1	78.8	28.5	234.8
0.0	0.0	23.0	Transportation	121.3	215.3	6.5	113.7
195.7	1,521.4	2,663.0	Treasury	1,701.4	94.8	203.8	1,356.8
1.1	60.8	157.1	Michigan Strategic Fund	218.2	24.7	0.6	174.3
\$2,199.5	\$19,962.4	\$29,270.5		\$30,234.5	\$2,412.5	\$2,246.2	\$20,224.3

*Includes boilerplate appropriations.

**Includes all capital outlay activity regardless of agency

***Includes Civil Service Commission

**ESTIMATED BALANCE OF STATE PAYMENTS
TO LOCAL UNITS OF GOVERNMENT**

Fiscal Year 2014

June, 2014

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,892.4	79.8	15,972.2
Total state spending from state resources	29,133.1	109.4	29,242.5
Percentage of state spending from state resources paid to local units	54.55%		54.62%
Required payments to local units (48.97%)	14,266.5		14,320.1
Surplus/(deficit)	\$1,625.9		\$1,652.1

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 October 1, 2013 Through June 30, 2014
 (in thousands)

REVENUES

Miscellaneous	\$	188
Total Revenues		188

EXPENDITURES

Current:		
General government		-
Total Expenditures		-
Excess of Revenues over (under) Expenditures		188

OTHER FINANCING SOURCES (USES)

Transfers from other funds		56,250
Transfers to other funds		-
Total Other Financing Sources (Uses)		56,250
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	56,438 ¹

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

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
 October 1, 2013 Through June 30, 2014
 (in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>41,514</u>
Total Revenues		<u>41,514</u>

EXPENDITURES

Current:		
General government		1,643
Conservation, environment, recreation, and agriculture		1,348
Capital outlay		<u>25,591</u>
Total Expenditures		<u>28,582</u>
Excess of Revenues over (under) Expenditures		<u>12,932</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>12,915</u></u> ¹

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

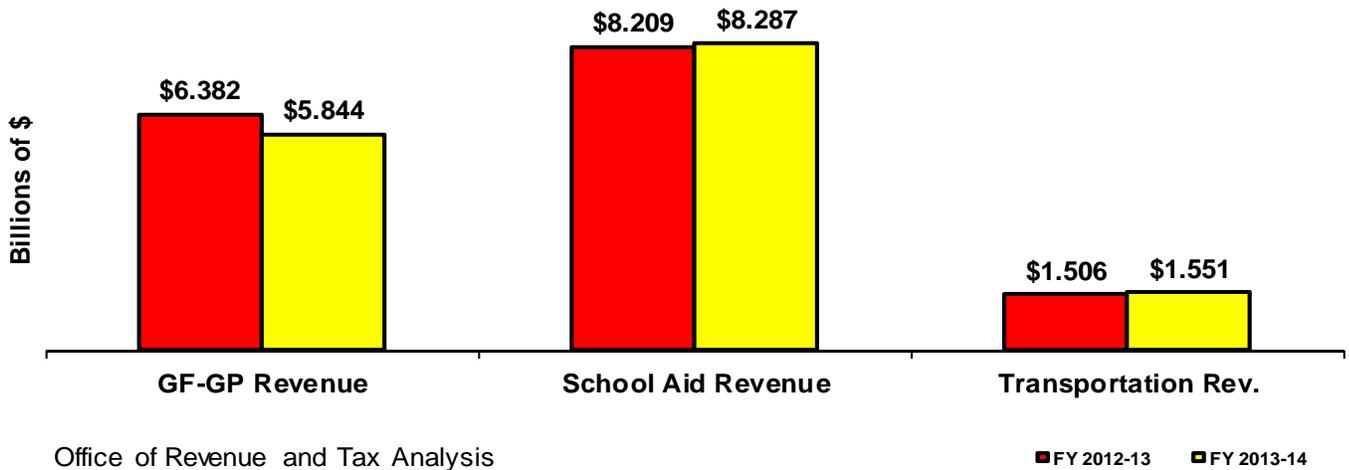
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

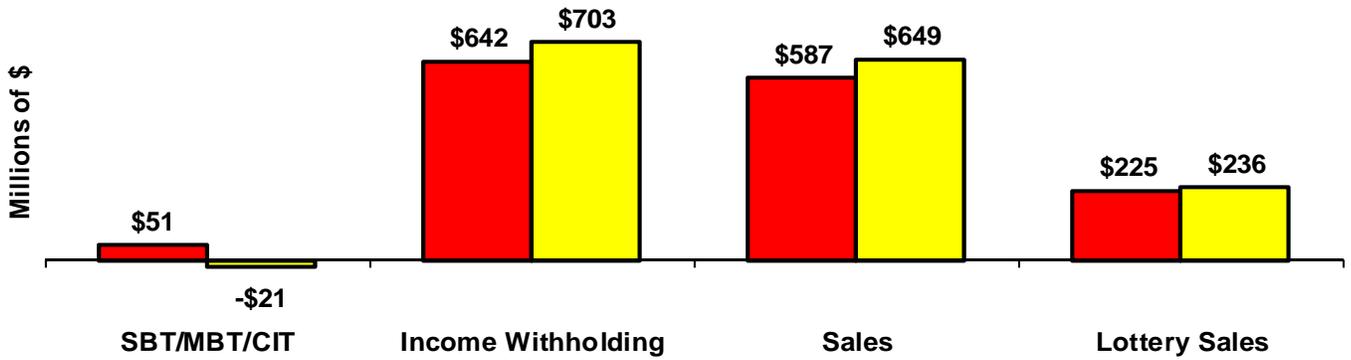
Total General Fund - General Purpose cash collections were \$10.7 million (1.3 percent) lower in June 2014 than in June 2013. The June 2014 School Aid Fund cash collections were \$54.2 million (6.6 percent) higher than in June 2013. June 2014 transportation collections were \$20.2 million (12.6 percent) higher than in June 2013 (see revenue table). June is the ninth 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 \$537.9 million (8.4 percent) from a year ago. School Aid Fund cash collections are up \$77.9 million (0.9 percent) and transportation collections are up \$44.7 million (3.0 percent).

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

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



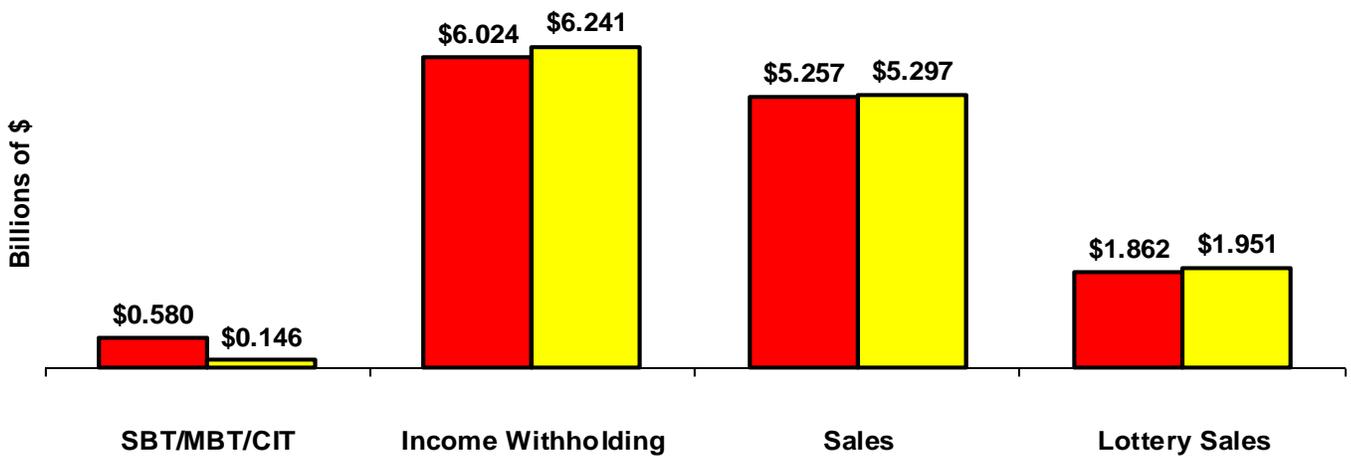
June Revenue Collections FY 2012-13 and FY 2013-14



Office of Revenue and Tax Analysis

■ FY 2012-13 ■ FY 2013-14

October through June Collections FY 2012-13 and FY 2013-14



Office of Revenue and Tax Analysis

■ FY 2012-13 ■ FY 2013-14

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

For The Month Ended: June 30, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JUNE CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
June		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2012-13	FY 2013-14	FY 2013-14
2013	2014	Amount	Percent		FY 2012-13	FY 2013-14	Amount	Percent	CAFR Totals	Statutory Estimate	May 2014 Consensus
Income Taxes											
\$641,561	\$702,620	\$61,058	9.5%	Withholding	\$6,023,513	\$6,240,751	\$217,238	3.6%	\$7,963,000	\$8,128,300	\$8,281,100
193,445	180,393	(13,052)	-6.7%	Quarterlies	647,744	645,679	(2,065)	-0.3%	855,100	850,900	876,900
17,269	17,308	39	0.2%	Annuals	1,081,930	757,258	(324,671)	-30.0%	1,146,500	909,800	790,800
852,275	900,321	48,046	5.6%	Gross Collections	7,753,187	7,643,688	(109,498)	-1.4%	\$9,964,600	\$9,889,000	\$9,948,800
56,782	20,432	(36,349)	-64.0%	Less: Refunds	1,606,676	1,654,692	48,017	3.0%	1,694,200	1,620,100	1,743,200
0	0	0	na	State Campaign Fund	0	0	0	na	800	1,000	1,000
795,494	879,889	84,396	10.6%	Net Personal Income	6,146,511	5,988,996	(157,515)	-2.6%	\$8,269,600	\$8,267,900	\$8,204,600
195,341	205,794	10,453	5.4%	Less: Disbursements to SAF	1,784,238	1,750,136	(34,102)	-1.9%	\$2,338,500	\$2,353,700	\$2,368,800
\$600,152	\$674,095	\$73,943	12.3%	NET PERSONAL INCOME TO GF-GP	\$4,362,273	\$4,238,860	(\$123,413)	-2.8%	\$5,931,100	\$5,914,200	\$5,835,800
Consumption Taxes											
\$5,879	\$7,155	\$1,276	21.7%	Sales (a)	\$53,626	\$51,667	(\$1,959)	-3.7%	\$1,003,500	\$1,153,000	\$1,134,200
79,011	78,702	(309)	-0.4%	Use (f)	608,665	661,371	52,706	8.7%	838,300	888,300	918,900
17,915	16,293	(1,622)	-9.1%	Tobacco	139,063	136,324	(2,739)	-2.0%	187,800	188,800	187,000
5,112	4,793	(319)	-6.2%	Beer, Wine & Mixed Spirits	36,599	37,254	655	1.8%	50,700	52,000	51,500
4,347	3,614	(733)	-16.9%	Liquor Specific	29,154	30,193	1,039	3.6%	44,400	43,500	45,000
\$112,264	\$110,557	(\$1,708)	-1.5%	TOTAL CONSUMPTION TAXES	\$867,107	\$916,809	\$49,702	5.7%	\$2,124,700	\$2,325,600	\$2,336,600
Other Taxes											
(\$9,707)	\$4,673	\$14,379	na	Single Business	(\$16,859)	(\$30,883)	(\$14,023)	-83.2%	(\$47,000)	\$0	(\$20,000)
1,245	802	(443)	-35.6%	Insurance Premiums Taxes	211,055	227,632	16,577	7.9%	301,400	348,200	346,500
(8,462)	5,475	13,937	na	Sub-total SBT & Insurance	194,196	196,749	2,553	1.3%	254,400	348,200	326,500
(23,162)	(111,823)	(88,661)	na	Michigan Business Tax	(74,265)	(523,760)	(449,495)	na	(75,800)	(550,000)	(552,000)
83,616	86,074	2,457	2.9%	Corporate Income Tax	671,434	700,332	28,898	4.3%	783,100	957,000	879,900
(67)	0	67	100.0%	Inheritance / Estate	(15)	295	310	na	0	0	0
0	0	0	na	Telephone & Telegraph	23,453	19,488	(3,964)	-16.9%	46,500	55,000	45,000
4,967	3,597	(1,370)	-27.6%	Oil & Gas Severance	42,058	50,732	8,675	20.6%	59,500	55,000	67,000
14,648	7,081	(7,567)	-51.7%	Penalties & Interest	102,723	77,201	(25,521)	-24.8%	165,200	138,000	150,000
(1)	0	1	-100.0%	Miscellaneous Other/Railroad	246	14	(232)	-94.5%	1,100	1,000	1,000
(10,667)	(11,083)	(417)	-3.9%	Treasury Enforcement Programs (e)	(96,000)	(98,750)	(2,750)	-2.9%	(134,600)	(129,000)	(133,000)
\$60,873	(\$20,679)	(\$81,552)	na	TOTAL OTHER TAXES	\$863,828	\$422,302	(\$441,526)	-51.1%	\$1,099,400	\$875,200	\$784,400
\$773,290	\$763,972	(\$9,317)	-1.2%	SUBTOTAL GF-GP TAXES	\$6,093,209	\$5,577,971	(\$515,238)	-8.5%	\$9,155,200	\$9,115,000	\$8,956,800

continued

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

For The Month Ended: June 30, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JUNE CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
June		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2012-13	FY 2013-14	FY 2013-14
2013	2014	Amount	Percent		FY 2012-13	FY 2013-14	Amount	Percent	CAFR Totals	Statutory Estimate	May 2014 Consensus
Non-Tax Revenue (e)											
\$1,667	\$1,667	\$0	0.0%	Federal Aid	\$15,000	\$15,000	\$0	0.0%	\$22,500	\$20,000	\$20,000
83	83	0	0.0%	Local Agencies	750	750	0	0.0%	100	1,000	1,000
917	833	(83)	-9.1%	Services	8,250	7,750	(500)	-6.1%	9,000	11,000	10,000
1,667	833	(833)	-50.0%	Licenses & Permits	15,000	10,000	(5,000)	-33.3%	4,800	20,000	10,000
0	0	0	na	Investments/Interest Costs	(304)	139	443	na	(1,200)	(4,000)	(2,500)
10,250	8,417	(1,833)	-17.9%	Misc. Non-tax Revenue	94,250	79,000	(15,250)	-16.2%	106,800	114,000	101,000
13,600	14,333	733	5.4%	Liquor Purchase Revolving Fund	123,100	127,000	3,900	3.2%	170,600	164,000	172,000
3,600	4,250	650	18.1%	From Other Funds-Lottery & Escheats	33,100	26,800	(6,300)	-19.0%	94,800	5,200	51,000
\$31,783	\$30,417	(\$1,367)	-4.3%	TOTAL NON-TAX REVENUE	\$289,146	\$266,439	(\$22,707)	-7.9%	\$407,400	\$331,200	\$362,500
\$805,073	\$794,389	(\$10,684)	-1.3%	TOTAL GF-GP REVENUE	\$6,382,355	\$5,844,409	(\$537,945)	-8.4%	\$9,562,800	\$9,446,200	\$9,319,300
School Aid Fund											
\$239,937	\$264,676	\$24,740	10.3%	Sales Tax 4%	\$2,150,687	\$2,165,545	\$14,859	0.7%	2,925,500	3,107,200	2,976,600
186,713	207,481	20,768	11.1%	Sales Tax 2%	1,673,022	1,687,525	14,503	0.9%	2,280,700	2,224,900	2,323,900
39,505	39,351	(154)	-0.4%	Use Tax 2% (f)	302,990	330,686	27,695	9.1%	432,400	444,200	459,500
24,541	27,594	3,054	12.4%	State Education Property Tax	1,233,667	1,264,474	30,808	2.5%	1,770,900	1,818,000	1,788,000
11,970	15,406	3,436	28.7%	Real Estate Transfer Tax	131,950	153,847	21,897	16.6%	202,300	202,100	233,400
70,000	65,000	(5,000)	-7.1%	Lottery Transfer (b)	500,000	510,000	10,000	2.0%	734,300	742,500	775,000
8,412	8,830	417	5.0%	Casino Wagering Tax	85,255	80,889	(4,366)	-5.1%	110,700	112,000	108,000
4,255	3,564	(691)	-16.2%	Liquor Excise Tax	28,808	29,910	1,102	3.8%	43,800	43,500	44,500
36,370	33,076	(3,293)	-9.1%	Cigarette/Tobacco Tax	282,319	276,758	(5,562)	-2.0%	371,900	359,800	359,500
1,352	883	(469)	-34.7%	Indus. & Comm. Facilities Taxes	25,075	23,422	(1,652)	-6.6%	33,900	39,000	35,000
2,453	3,372	919	37.5%	Specific Other	11,292	14,009	2,716	24.1%	24,600	23,100	24,100
195,341	205,794	10,453	5.4%	Income Tax Earmarking	1,784,238	1,750,136	(34,102)	-1.9%	\$2,338,500	\$2,353,700	\$2,368,800
\$820,848	\$875,026	\$54,178	6.6%	TOTAL SCHOOL AID FUND	\$8,209,303	\$8,287,200	\$77,898	0.9%	\$11,269,500	\$11,470,100	\$11,496,300
\$586,607	\$648,607	\$62,001	10.6%	SALES TAX 6%	\$5,257,500	\$5,296,767	\$39,267	0.7%	\$7,153,800	\$7,330,700	\$7,285,000
399,894	441,127	41,233	10.3%	SALES TAX 4%(d)	3,584,478	3,609,242	24,765	0.7%	4,873,100	5,105,800	4,961,100
186,713	207,481	20,768	11.1%	SALES TAX 2%	1,673,022	1,687,525	14,503	0.9%	2,280,700	2,224,900	2,323,900
118,516	118,053	(463)	-0.4%	USE TAX 6% (f)	911,656	992,057	80,401	8.8%	1,270,700	1,332,500	1,378,400
90,024	81,872	(8,152)	-9.1%	TOBACCO TAXES	698,810	685,043	(13,766)	-2.0%	957,400	936,400	938,000
0	26	26	na	TOBACCO SETTLEMENT	292,220	192,800	(99,420)	-34.0%	na	na	na

continued

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

For The Month Ended: June 30, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JUNE CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
June		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2012-13	FY 2013-14	FY 2013-14	
2013	2014	Amount	Percent		FY 2012-13	FY 2013-14	Amount	Percent	CAFR Totals	Statutory Estimate	May 2014 Consensus	
Major Transportation Revenues												
\$9,861	\$10,646	\$786	8.0%	Diesel Fuel / Motor Carrier Fuel Tax	\$96,253	\$102,403	\$6,151	6.4%	\$128,910	\$130,000	\$130,600	
68,935	74,639	5,704	8.3%	Gasoline	604,862	617,502	12,640	2.1%	821,632	812,500	818,000	
68,047	81,438	13,391	19.7%	Motor Vehicle Registration	689,300	714,721	25,420	3.7%	906,530	905,000	927,500	
4,171	4,485	313	7.5%	Other Taxes, Fees & Misc.	34,836	34,763	(73)	-0.2%	127,998	167,961	175,215	
9,122	9,117	(5)	-0.1%	Comprehensive Transportation (c)	80,812	81,401	589	0.7%	114,629	106,794	109,404	
<u>\$160,136</u>	<u>\$180,325</u>	<u>\$20,189</u>	<u>12.6%</u>	TOTAL MAJOR TRANS. REVENUES	<u>\$1,506,064</u>	<u>\$1,550,790</u>	<u>\$44,726</u>	<u>3.0%</u>	<u>\$2,099,699</u>	<u>\$2,122,255</u>	<u>\$2,160,718</u>	
Lottery Sales By Games												
78,702	84,189	5,487	7.0%	Instant Games	621,147	683,399	62,252	10.0%	na	na	na	
64,584	65,706	1,122	1.7%	Daily Games	505,116	512,352	7,237	1.4%	na	na	na	
29,803	29,807	4	0.0%	Lotto and Big Game	291,224	270,545	(20,679)	-7.1%	na	na	na	
1,071	969	(102)	-9.5%	Keno Game	8,707	7,786	(922)	-10.6%	na	na	na	
0	2,482	2,482	na	Other	5,100	39,546	34,446	na	na	na	na	
51,219	52,881	1,662	3.2%	Club Games	430,266	437,578	7,312	1.7%	na	na	na	
<u>\$225,379</u>	<u>\$236,034</u>	<u>\$10,655</u>	<u>4.7%</u>	TOTAL LOTTERY SALES	<u>\$1,861,560</u>	<u>\$1,951,207</u>	<u>\$89,647</u>	<u>4.8%</u>	<u>na</u>	<u>na</u>	<u>na</u>	

-11-

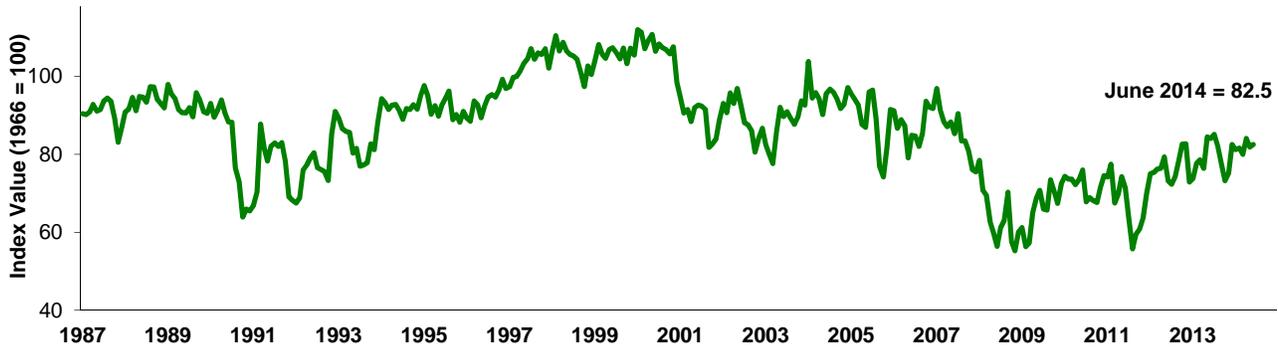
- a GF-GP Sales has been estimated based on CTF and Health Initiative shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated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

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

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

U. S. Economy

Index of Consumer Sentiment



Source: University of Michigan, Survey Research Center

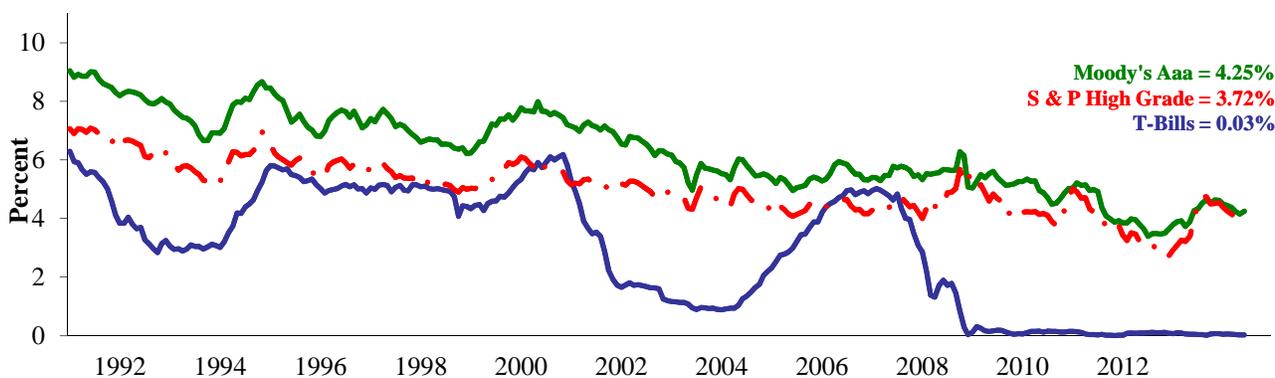
The **Index of Consumer Sentiment** rose in June to 82.5 index-points, 0.6 index-points above the May value but 1.6 index-points below June 2013. On the increase in confidence, Survey Director Richard Curtin noted, “Consumers believe the 1st quarter decline in economic activity was due to the harsh winter weather, and that the economy has already returned to positive economic growth. The dismissal of the economy’s poor performance was made possible by healthy job growth. Indeed, the June survey recorded the largest proportion of households that reported making financial gains in seven years.” Curtin observed, “Consumers have recently become somewhat less optimistic about future income and job prospects, although the losses are small and are likely to be reversed as the economy improves. Overall, the data continue to indicate that real consumer spending as well as new housing expenditures will improve during the balance of 2014 and into 2015.” On housing attitudes, Curtin reported, “Consumers voiced positive views of home selling conditions for their first time since 2006. Since most home buyers must also sell their current home, consumers’ views of home selling prices have long represented a significant drag on the housing market.” In June, consumers in two of the four regions reported an increase in confidence. Western consumers reported the largest increase in confidence at 5.0 index-points, followed by Northeastern consumers with an increase of 2.6 index-points. Midwestern consumers reported the largest decrease in confidence of 1.9 index points. The gap across regions increased from last month to 5.9 index-points, with Northeastern consumers on top and Midwestern consumers on the bottom.

The revised estimate of real **Gross Domestic Product** for the first quarter of 2014 is \$15,824.2 billion (chained 2005 dollars), a decrease of 2.9 percent at an annual rate. In the fourth quarter of 2013, real gross domestic product increased 2.6 percent. The decrease in first quarter real GDP was mainly due to private inventory investment, exports, nonresidential fixed investment, state and local government spending, and residential fixed investment. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 1.0 percent in the first quarter, compared to a 3.3 percent increase in the fourth quarter. Real residential fixed investment decreased 4.2 percent in the first quarter compared to a decrease of 7.9 percent in the fourth quarter. Real nonresidential fixed investment decreased 1.2 percent in the first quarter while real equipment expenditures decreased 2.8 percent. Real federal government expenditures increased 0.6 percent in

the first quarter, compared to a 12.8 percent decrease in the fourth quarter. Real state and local government spending decreased 1.7 percent in the first quarter, compared to being unchanged in the fourth quarter. Exports of goods and services decreased 8.9 percent in the first quarter, compared to a 9.5 percent increase in the fourth quarter. Imports increased 1.8 percent in the first quarter compared to an increase of 1.5 percent in the fourth quarter. Private inventory investment increased \$45.9 billion in the first quarter, following a \$111.7 billion increase in the fourth quarter. Real final sales decreased 1.3 percent in the first quarter compared to an increase of 2.7 percent in the fourth quarter. On the inflation front, the **implicit price deflator** increased 1.3 percent in the first quarter compared to a 1.6 percent increase observed in the fourth quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.3 percent in June, down from the 0.4 percent increase compared to May. Energy prices increased 1.6 percent in June, up from a 0.9 percent increase in May, while the all-items less food and energy component increased 0.1 percent in June. Compared to June 2013, the all-items index increased 2.1 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 2.3 percent; medical care, 2.6 percent; apparel, 0.9 percent; education and communication, 1.6 percent; other goods and services, 1.9 percent; housing, 2.6 percent; recreation, 0.5 percent; and transportation, 1.6 percent, with gasoline prices up 2.0 percent.

Selected Key Interest Rates

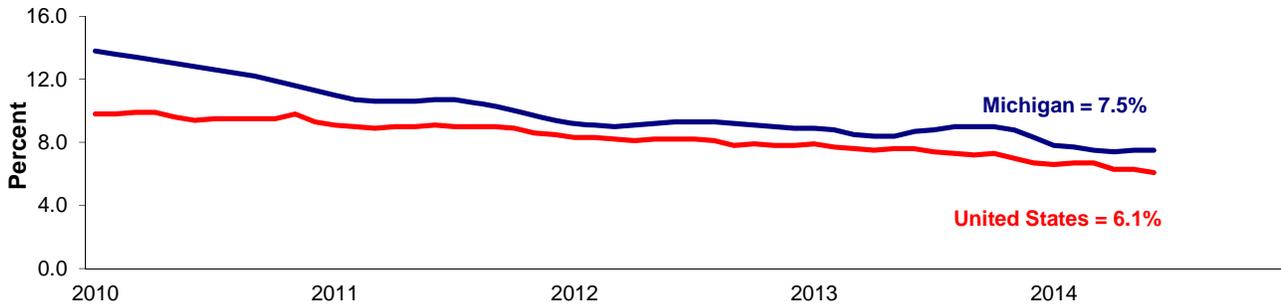


Source: Economic Indicators

Short-term **interest rates** remained unchanged in June as the 3-month Treasury bill (T-bill) rate was 0.03 percent. Compared to one year ago, the T-bill rate was down 0.02 percentage point. The Aaa corporate bond rate, a long-term interest rate, increased 0.09 percentage point to an interest yield of 4.25 percent in June. The Aaa bond yield was down 0.02 percentage point from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.08 percentage point from the May level to 3.72 percent in June and was down 0.30 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 June 18th meeting. The FOMC stated “the Committee today reaffirmed its view that a highly accommodative stance of monetary policy remains appropriate. In determining how long to maintain the current 0 to ¼ percent target range for the federal funds rate, the Committee will assess progress – both realized and expected – toward its objectives of maximum employment and 2 percent inflation.” The Committee “seeks to foster maximum employment and price stability.”

In June, the **U. S. unemployment rate** decreased 0.2 percentage point from a month ago to 6.1 percent and was 1.4 percentage points lower than a year ago. Civilian employment totaled 146.2 million persons in June. The number unemployed was 9.5 million nationwide.

Unemployment Rates 2010 - 2014



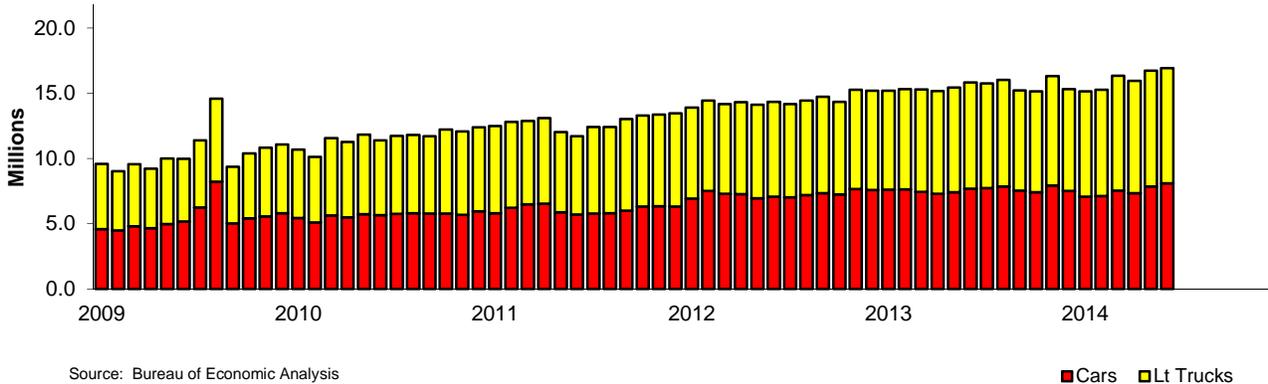
Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In June, the **Michigan jobless rate** remained unchanged at 7.5 percent from May. The June unemployment rate is 1.4 percentage points below the year ago level. In June, the labor force increased by 1,000 to 4,744,000, while the number of people employed decreased by 3,000 to 4,386,000. In June, there were 357,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Detroit retail prices, as measured by the Detroit Consumer Price Index (CPI-U), increased 0.5 percent from April to June compared to a 1.3 percent increase from February to April. The all-items less food and energy index increased 0.1 percent from April to June. The food index decreased 0.5 percent from April to June while the energy index increased 4.7 percent. Compared to June 2013, the all-items index increased 1.3 percent. For individual component items, the changes from one year ago were: food and beverages, 2.4 percent; apparel, 6.2 percent; education and communication, 3.8 percent; transportation, 0.3 percent; recreation, -6.8 percent; medical care, 3.7 percent; housing, 1.9 percent; and other goods and services, 1.3 percent.

Motor Vehicle Sector

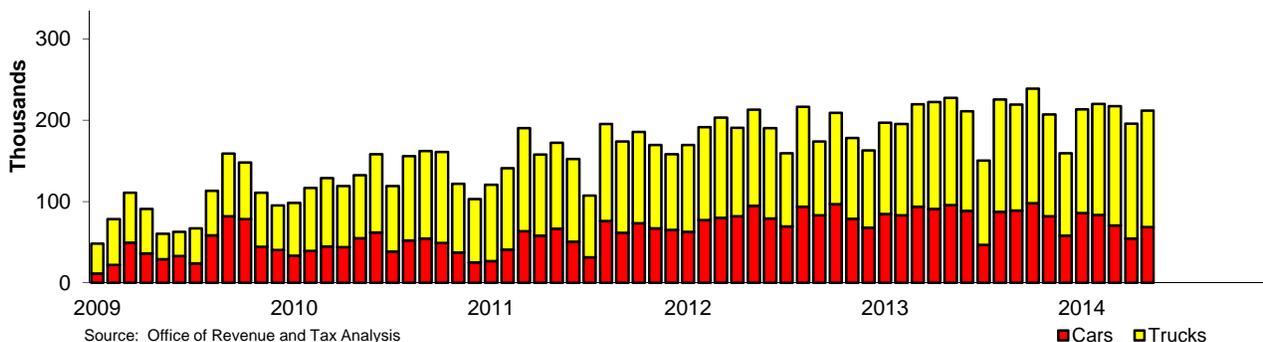
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) increased 1.3 percent in June compared to May, selling at a 16.9 million unit seasonally adjusted annual rate. Domestic car sales increased 4.2 percent from May while domestic light truck sales decreased 1.4 percent. Import car sales increased 0.3 percent while import light truck sales increased 5.9 percent. Compared to last year, light vehicle sales increased 6.9 percent. Domestic car sales were up 4.8 percent from the year ago level while domestic light truck sales increased 8.5 percent. Import car sales were up 6.7 percent from last year while import truck sales increased 7.7 percent. As a result, the domestic share of U.S. light vehicle sales remained unchanged from a year ago. For fiscal year 2014 year-to-date, domestic light vehicles recorded a 78.1 percent share of a 15.9 million-unit market.

Michigan motor vehicle production increased to 211,874 units in May from 195,817 units in April. From a year ago, motor vehicle production decreased 7 percent in Michigan but increased 1 percent nationally. In May, Michigan's car production was 68,834 units while the state's truck production was 143,040 units. Compared with a year ago, car production decreased 28 percent in Michigan and decreased 13 percent nationwide. The state's truck production increased 8 percent while national truck production increased 11 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



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

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

Sources:

Personal Income Estimate

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

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

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

Revenue Subject to the Limit

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

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

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

Column detail may not add to totals because of rounding

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