



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN S. ROBERTS
DIRECTOR

July 31, 2015

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

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

Dear Legislators:

Attached is the monthly financial report for the month ending June 30, 2015. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

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

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

Sincerely,

John S. Roberts
State Budget Director

Attachment

c: Governor Rick Snyder
Arlan Meekoff, Sen. Maj. Leader
Jim Ananich, Senate Min. Leader
Kevin Cotter, Speaker of the House
Tim Greimel, House Min. Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency

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

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2015
Projected Revenues and Expenditures
June 30, 2015
(\$ in millions)

FISCAL
2015

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

**School Aid Fund
Fiscal Year 2015
Projected Revenues and Expenditures
June 30, 2015
(\$ in millions)**

**FISCAL
2015**

Beginning Balance , October 1, 2014		see one-time revenue
Current Year School Aid Fund Revenues, May 2015 Consensus Estimate	\$	11,883.2
Revenue Adjustments:		
Use Tax Revision (PA 161 of 2014)	\$	187.4
Venture Michigan Fund	\$	-
MPSERS Reserve Fund	\$	18.0
General Fund	\$	114.9
General Fund Supplemental (PA 5 of 2015)	\$	(81.2)
Federal Revenue	\$	1,808.2
Subtotal Additional Revenue Adjustments	\$	2,047.3
Total FY Resources Available for Expenditure School Aid Fund	\$	13,930.5

School Aid Ongoing Costs		
PA 196 of 2014	\$	13,494.1
PA 5 of 2015	\$	(93.8)
PA 85 of 2015	\$	(13.0)
Community Colleges Ongoing Costs		
PA 196 of 2014	\$	197.6
Universities Ongoing Costs		
PA 196 of 2014	\$	200.5
PA 5 of 2015	\$	2.0
Total School Aid Fund Ongoing Costs Projected	\$	13,787.4

Current Year Revenues minus Ongoing Costs	\$	143.0
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Beginning Balance (One-Time Revenue)	\$	455.1
One-Time Spending Items		
PA 196 of 2014 School Aid	\$	376.2
PA 5 of 2015 School Aid	\$	(89.6)
PA 5 of 2015 Community Colleges	\$	167.1
PA 196 of 2014 Higher Education	\$	4.0
One-Time Revenue minus One-Time Spending	\$	(2.6)

Projected Ending Balance, September 30, 2015	\$	140.4
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SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

June 30, 2015

(\$ IN MILLIONS)

FISCAL YEAR 2014

FISCAL YEAR 2015

Exp & Enc June 2014	Exp & Enc Yr-to-date FY 2014	Fiscal Year End SEP 30, 2014	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc June 2015	Exp & Enc Yr-to-date FY 2015
4.7	46.1	70.9	Agriculture and Rural Development	84.5	11.0	5.3	47.6
6.5	56.3	81.4	Attorney General	92.6	3.7	6.8	57.1
20.3	202.6	314.6	Capital Outlay**	321.8	(22.1)	20.8	211.3
1.0	9.7	14.1	Civil Rights	16.6	0.0	1.2	10.2
114.7	1,124.7	1,356.4	Colleges & Universities	1,479.1	(168.1)	129.8	1,039.3
1,103.6	10,167.8	15,358.8	Community Health	18,147.0	161.3	1,311.6	12,346.4
140.2	1,357.6	1,984.9	Corrections	2,022.2	3.2	140.6	1,338.1
18.4	153.5	399.8	Education	368.3	(68.8)	15.4	159.3
11.3	111.1	254.8	Environmental Quality	473.9	52.2	11.5	104.4
0.8	4.7	5.1	Executive Office	5.9	0.0	0.8	4.8
467.3	3,980.7	5,488.4	Human Services	5,966.8	(33.3)	394.0	3,711.4
3.5	42.9	61.9	Insurance and Financial Services	65.2	0.0	3.7	31.2
13.8	150.2	249.7	Judiciary	287.8	0.0	21.6	152.1
0.0	0.0	1.8	Land Bank Fast Track Authority	4.0	0.0	0.0	3.1
1.6	13.8	20.2	Legislative Auditor General	22.2	0.0	1.6	14.1
8.9	82.8	115.0	Legislature	128.9	(0.1)	10.0	91.6
16.5	214.1	252.5	Licensing and Regulatory Affairs	326.4	54.0	21.1	273.8
10.2	89.0	128.3	Military Affairs	140.7	12.2	10.3	89.0
7.8	44.8	72.1	Natural Resources	126.6	15.0	12.0	58.2
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
13.7	128.8	198.5	State	224.0	10.9	13.9	133.5
41.8	363.4	577.5	State Police	638.8	30.8	45.5	375.2
28.5	234.8	1,013.8	Technology, Management & Budget***	420.1	87.8	28.9	284.8
6.5	113.7	221.6	Transportation	282.6	0.0	4.8	82.9
203.8	1,356.8	2,712.3	Treasury	1,838.9	78.6	235.4	1,493.6
0.6	174.3	221.0	Michigan Strategic Fund	240.7	2.1	2.7	196.3
\$2,246.2	\$20,224.3	\$31,175.3		\$33,725.6	\$230.4	\$2,449.5	\$22,309.4

*Includes boilerplate appropriations.

**Includes all capital outlay activity regardless of agency

***Includes Civil Service Commission

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2015

June, 2015

(\$ IN MILLIONS)

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

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 October 1, 2014 Through June 30, 2015
 (in thousands)

REVENUES

Miscellaneous	\$ <u>17,769</u>
Total Revenues	<u>17,769</u>

EXPENDITURES

Current:	
General government	<u>-</u>
Total Expenditures	<u>113</u>
Excess of Revenues over (under) Expenditures	<u>17,657</u>

OTHER FINANCING SOURCES (USES)

Transfers from other funds	70,500
Transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>70,500</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 88,157</u> ¹

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

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
 October 1, 2014 through June 30, 2015
 (in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>22,101</u>
Total Revenues	<u>22,101</u>

EXPENDITURES

Current:	
General government	1,938
Conservation, environment, recreation, and agriculture	2,002
Capital outlay	<u>10,573</u>
Total Expenditures	<u>14,513</u>
Excess of Revenues over (under) Expenditures	<u>7,588</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Proceeds from sale of capital assets	-
Transfers from other funds	-
Transfers to other funds	<u>(18)</u>
Total Other Financing Sources (Uses)	<u>(18)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 7,570</u> ¹

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

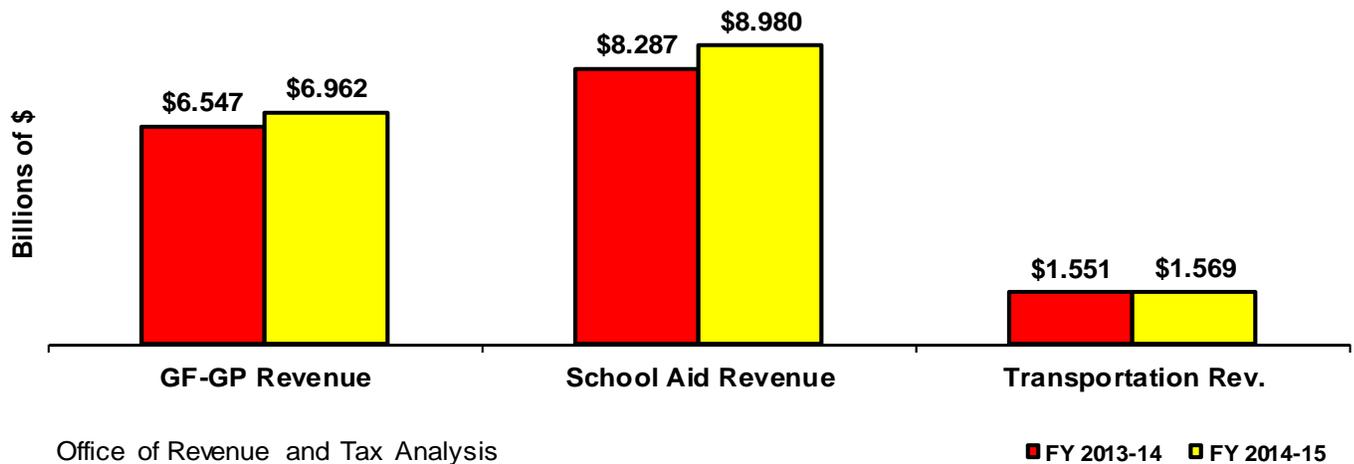
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

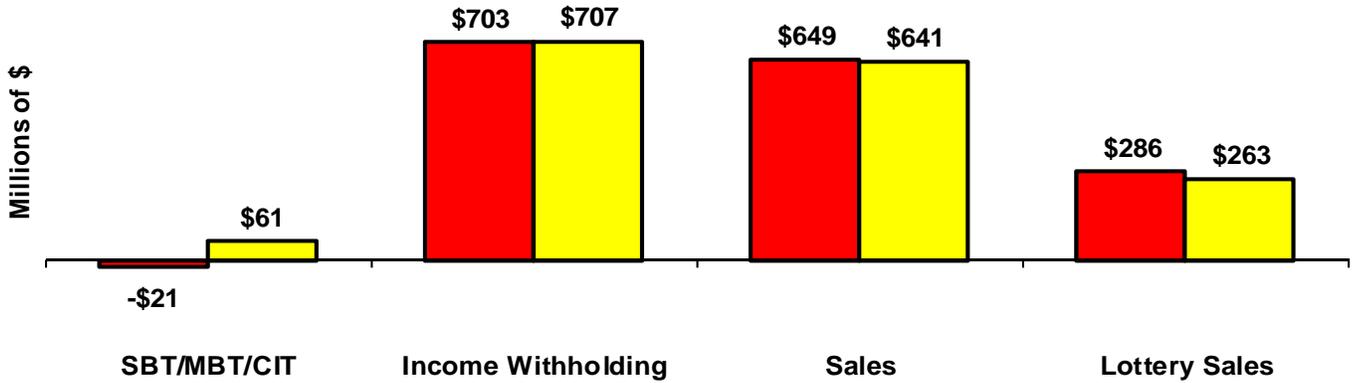
Total General Fund - General Purpose cash collections were \$101.2 million (11.5 percent) higher in June 2015 than in June 2014. The June 2015 School Aid Fund cash collections were \$91.4 million (10.4 percent) higher than in June 2014. June 2015 transportation collections were \$11.1 million (6.1 percent) lower than in June 2014 (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 up \$414.4 million (6.3 percent) from a year ago. School Aid Fund cash collections are up \$693.2 million (8.4 percent) and transportation collections are up \$17.6 million (1.1 percent).

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

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



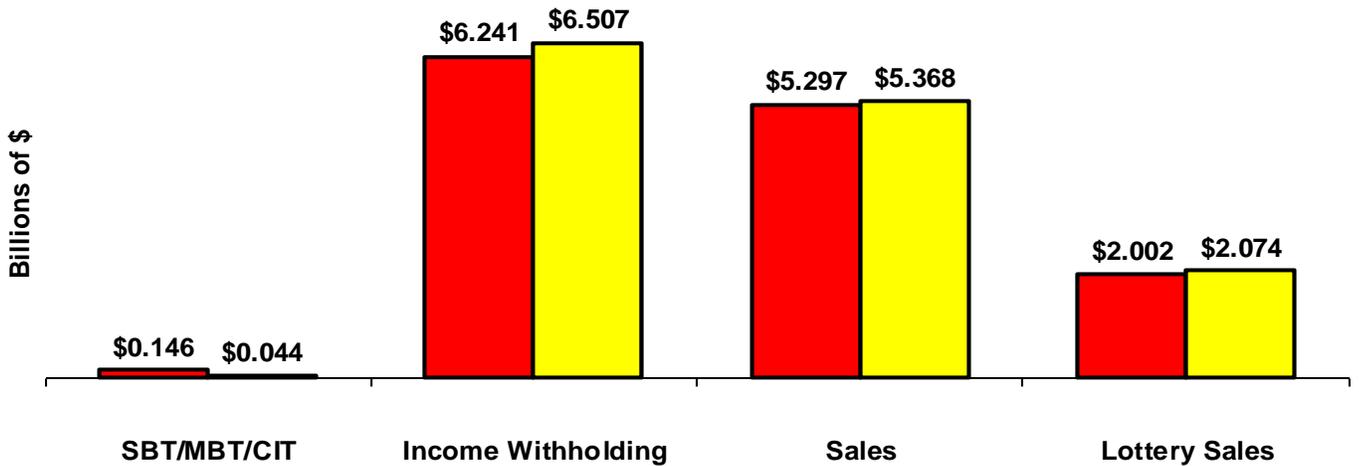
June Revenue Collections FY 2013-14 and FY 2014-15



Office of Revenue and Tax Analysis

■ FY 2013-14 ■ FY 2014-15

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



Office of Revenue and Tax Analysis

■ FY 2013-14 ■ FY 2014-15

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

For The Month Ended: June 30, 2015

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JUNE CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
June		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15
2014	2015	Amount	Percent		FY 2013-14	FY 2014-15	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2015 Consensus
Income Taxes											
\$702,620	\$707,309	\$4,689	0.7%	Withholding	\$6,240,751	\$6,507,341	\$266,589	4.3%	\$8,226,800	\$8,568,600	\$8,575,000
180,393	218,834	38,441	21.3%	Quarterlies	645,679	760,136	114,457	17.7%	878,000	908,500	960,400
17,308	20,488	3,180	18.4%	Annuals	757,258	878,067	120,809	16.0%	804,700	825,700	925,200
900,321	946,631	46,310	5.1%	Gross Collections	7,643,688	8,145,544	501,855	6.6%	\$9,909,500	\$10,302,800	\$10,460,600
20,432	53,161	32,729	na	Less: Refunds	1,654,692	1,682,324	27,632	1.7%	1,895,600	1,797,000	1,770,100
0	0	0	na	State Campaign Fund	0	0	0	na	800	1,000	800
879,889	893,470	13,581	1.5%	Net Personal Income	5,988,996	6,463,220	474,224	7.9%	\$8,013,100	\$8,504,800	\$8,689,700
205,794	217,684	11,890	5.8%	Less: Disbursements to SAF	1,750,136	1,870,472	120,335	6.9%	\$2,357,600	\$2,453,100	\$2,490,700
\$674,095	\$675,786	\$1,691	0.3%	NET PERSONAL INCOME TO GF-GP	\$4,238,860	\$4,592,748	\$353,888	8.3%	\$5,655,500	\$6,051,700	\$6,199,000
Consumption Taxes											
\$91,948	\$100,712	\$8,763	9.5%	Sales (a)	\$737,311	\$837,592	\$100,282	13.6%	\$1,170,000	\$1,187,000	\$1,190,700
78,702	87,598	8,896	11.3%	Use (f)	661,371	681,063	19,692	3.0%	926,600	952,400	946,200
16,293	16,148	(145)	-0.9%	Tobacco	136,324	136,626	302	0.2%	192,900	182,900	182,400
4,793	4,544	(248)	-5.2%	Beer, Wine & Mixed Spirits	37,254	30,020	(7,234)	-19.4%	51,200	52,000	45,500
3,614	3,847	232	6.4%	Liquor Specific	30,193	32,185	1,991	6.6%	46,400	46,000	47,000
\$195,350	\$212,848	\$17,499	9.0%	TOTAL CONSUMPTION TAXES	\$1,602,452	\$1,717,485	\$115,033	7.2%	\$2,387,100	\$2,420,300	\$2,411,800
Other Taxes											
\$4,673	\$6,316	\$1,643	35.2%	Single Business	(\$30,883)	\$12,532	\$43,414	na	(\$45,500)	(\$10,000)	(\$20,000)
802	592	(211)	-26.3%	Insurance Premiums Taxes	227,632	268,906	41,274	18.1%	362,200	396,000	402,000
5,475	6,907	1,432	26.2%	Sub-total SBT & Insurance	196,749	281,437	84,688	43.0%	316,700	386,000	382,000
(111,823)	(65,475)	46,349	41.4%	Michigan Business Tax	(523,760)	(780,019)	(256,259)	-48.9%	(723,300)	(429,000)	(751,100)
86,074	120,598	34,524	40.1%	Corporate Income Tax	700,332	811,390	111,058	15.9%	906,400	907,000	1,029,700
0	9	9	na	Inheritance / Estate	295	(136)	(431)	na	0	0	0
0	1,568	1,568	na	Telephone & Telegraph	19,488	20,524	1,035	5.3%	48,000	45,000	47,000
3,597	2,220	(1,377)	-38.3%	Oil & Gas Severance	50,732	25,678	(25,055)	-49.4%	61,000	68,500	39,000
7,081	7,966	885	12.5%	Penalties & Interest	77,201	120,458	43,257	56.0%	110,500	152,000	138,000
0	0	0	na	Miscellaneous Other/Railroad	14	(353)	(366)	na	1,800	1,000	1,500
(11,083)	(11,583)	(500)	-4.5%	Treasury Enforcement Programs (e)	(99,750)	(103,000)	(3,250)	-3.3%	(138,700)	(134,000)	(139,000)
(\$20,679)	\$62,211	\$82,890	na	TOTAL OTHER TAXES	\$421,302	\$375,980	(\$45,322)	-10.8%	\$582,400	\$996,500	\$747,100
\$848,766	\$950,846	\$102,080	12.0%	SUBTOTAL GF-GP TAXES	\$6,262,614	\$6,686,213	\$423,599	6.8%	\$8,625,200	\$9,468,500	\$9,357,900

continued

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

For The Month Ended: June 30, 2015

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JUNE CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
June		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15
2014	2015	Amount	Percent		FY 2013-14	FY 2014-15	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2015 Consensus
Non-Tax Revenue (e)											
\$1,667	\$2,500	\$833	50.0%	Federal Aid	\$15,000	\$20,000	\$5,000	33.3%	\$30,900	\$20,000	\$30,000
83	83	0	0.0%	Local Agencies	750	750	0	0.0%	100	1,000	100
833	667	(167)	-20.0%	Services	7,500	6,500	(1,000)	-13.3%	7,200	10,000	8,000
833	1,083	250	30.0%	Licenses & Permits	7,500	9,000	1,500	20.0%	14,400	10,000	13,000
0	0	0	na	Investments/Interest Costs	139	127	(12)	-8.7%	300	(4,000)	0
10,250	6,783	(3,467)	-33.8%	Misc. Non-tax Revenue	91,750	65,950	(25,800)	-28.1%	85,000	101,000	81,400
13,600	14,875	1,275	9.4%	Liquor Purchase Revolving Fund	123,600	132,250	8,650	7.0%	176,800	173,500	178,500
4,250	4,667	417	9.8%	From Other Funds-Lottery & Escheats	38,250	40,750	2,500	6.5%	78,600	46,000	56,000
\$31,517	\$30,658	(\$858)	-2.7%	TOTAL NON-TAX REVENUE	\$284,489	\$275,327	(\$9,162)	-3.2%	\$393,300	\$357,500	\$367,000
\$880,282	\$981,504	\$101,221	11.5%	TOTAL GF-GP REVENUE	\$6,547,103	\$6,961,540	\$414,437	6.3%	\$9,018,500	\$9,826,000	\$9,724,900
School Aid Fund											
\$264,676	\$262,808	(\$1,868)	-0.7%	Sales Tax 4%	\$2,165,545	\$2,203,121	\$37,576	1.7%	3,002,700	3,083,600	3,067,500
207,481	203,054	(4,426)	-2.1%	Sales Tax 2%	1,687,525	1,696,143	8,618	0.5%	2,347,200	2,409,700	2,391,300
39,351	115,325	75,974	na	Use Tax 2% (f)	330,686	777,669	446,984	na	463,800	476,200	473,000
27,594	27,448	(147)	-0.5%	State Education Property Tax	1,264,474	1,277,315	12,840	1.0%	1,804,200	1,841,300	1,850,300
15,406	20,894	5,489	35.6%	Real Estate Transfer Tax	153,847	184,828	30,981	20.1%	233,400	245,300	256,800
65,000	70,000	5,000	7.7%	Lottery Transfer (b)	510,000	543,759	33,759	6.6%	734,100	776,000	780,000
8,830	8,904	75	0.8%	Casino Wagering Tax	80,889	84,476	3,587	4.4%	106,900	112,000	111,000
3,564	3,795	231	6.5%	Liquor Excise Tax	29,910	31,916	2,006	6.7%	46,000	45,500	46,600
33,076	32,783	(294)	-0.9%	Cigarette/Tobacco Tax	276,758	277,371	613	0.2%	359,400	350,400	347,600
883	1,287	405	45.9%	Indus. & Comm. Facilities Taxes	23,422	25,302	1,880	8.0%	33,500	36,100	36,500
3,372	2,453	(920)	-27.3%	Specific Other	14,009	7,979	(6,030)	-43.0%	31,700	24,100	31,900
205,794	217,684	11,890	5.8%	Income Tax Earmarking	1,750,136	1,870,472	120,335	6.9%	\$2,357,600	\$2,453,100	\$2,490,700
\$875,026	\$966,435	\$91,408	10.4%	TOTAL SCHOOL AID FUND	\$8,287,200	\$8,980,350	\$693,150	8.4%	\$11,520,500	\$11,853,300	\$11,883,200
\$648,607	\$641,068	(\$7,539)	-1.2%	SALES TAX 6%	\$5,296,767	\$5,368,012	\$71,245	1.3%	\$7,354,900	\$7,549,100	\$7,503,800
441,127	438,014	(3,113)	-0.7%	SALES TAX 4%(d)	3,609,242	3,671,869	62,627	1.7%	5,007,700	5,139,400	5,112,500
207,481	203,054	(4,426)	-2.1%	SALES TAX 2%	1,687,525	1,696,143	8,618	0.5%	2,347,200	2,409,700	2,391,300
118,053	202,923	84,870	71.9%	USE TAX 6% (f)	992,057	1,458,732	466,675	47.0%	1,390,700	1,428,600	1,419,200
81,872	81,145	(727)	-0.9%	TOBACCO TAXES	685,043	686,562	1,518	0.2%	940,500	917,900	924,400
26	0	(26)	-100.0%	TOBACCO SETTLEMENT	192,800	190,989	(1,811)	-0.9%	na	na	na

continued

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

For The Month Ended: June 30, 2015

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JUNE CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
June		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15
2014	2015	Amount	Percent		FY 2013-14	FY 2014-15	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2015 Consensus
Major Transportation Revenues											
\$10,646	\$9,429	(\$1,218)	-11.4%	Diesel Fuel / Motor Carrier Fuel Tax	\$102,403	\$99,243	(\$3,161)	-3.1%	\$137,816	\$131,500	\$135,500
74,639	61,256	(13,383)	-17.9%	Gasoline	617,502	610,283	(7,219)	-1.2%	820,626	815,000	820,000
81,438	85,099	3,661	4.5%	Motor Vehicle Registration	714,721	742,297	27,577	3.9%	940,556	946,500	965,000
4,485	4,723	239	5.3%	Other Taxes, Fees & Misc.	34,763	37,301	2,538	7.3%	119,953	175,628	178,816
9,117	8,746	(371)	-4.1%	Comprehensive Transportation (c)	82,053	79,959	(2,094)	-2.6%	102,721	109,926	104,955
<u>\$180,325</u>	<u>\$169,252</u>	<u>(\$11,073)</u>	<u>-6.1%</u>	TOTAL MAJOR TRANS. REVENUES	<u>\$1,551,442</u>	<u>\$1,569,083</u>	<u>\$17,641</u>	<u>1.1%</u>	<u>\$2,121,673</u>	<u>\$2,178,554</u>	<u>\$2,204,271</u>
Lottery Sales By Games											
84,189	97,895	13,706	16.3%	Instant Games (g)	683,399	763,238	79,838	11.7%	na	na	na
65,706	71,419	5,713	8.7%	Daily Games	512,352	556,633	44,281	8.6%	na	na	na
29,807	33,708	3,901	13.1%	Lotto and Big Game	270,545	264,314	(6,232)	-2.3%	na	na	na
969	905	(64)	-6.6%	Keno Game	7,786	7,364	(422)	-5.4%	na	na	na
52,881	1,390	(51,491)	-97.4%	Other	89,945	12,440	(77,505)	-86.2%	na	na	na
52,881	56,139	3,258	6.2%	Club Games	437,578	459,885	22,307	5.1%	na	na	na
<u>\$286,433</u>	<u>\$263,447</u>	<u>(\$22,986)</u>	<u>-8.0%</u>	TOTAL LOTTERY SALES	<u>\$2,001,606</u>	<u>\$2,074,206</u>	<u>\$72,600</u>	<u>3.6%</u>	<u>na</u>	<u>na</u>	<u>na</u>

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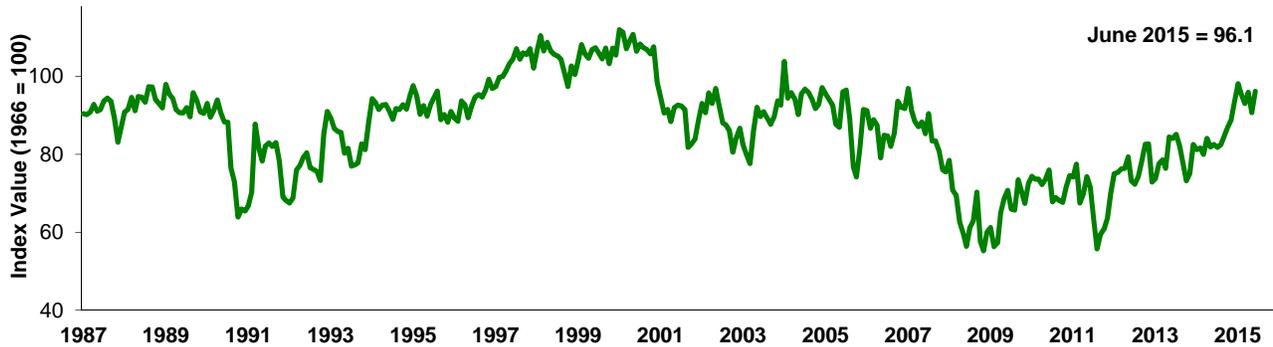
- a GF-GP Sales has been adjusted based on Comprehensive Transportation Fund, Health Initiative, and Constitutional Revenue shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the School Aid Fund transfer. The transfers shown are actual transfers 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. The May 2014 Consensus projections do not include this legislative change.
- g Beginning in October 2014, Instant Games includes iLottery net win amounts.
- h Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

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

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

U. S. Economy

Index of Consumer Sentiment



Source: University of Michigan, Survey Research Center

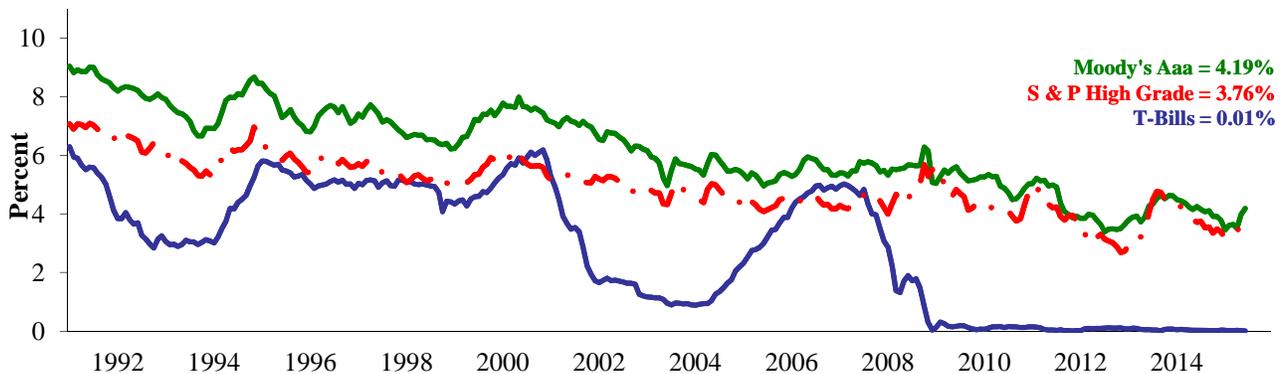
The **Index of Consumer Sentiment** increased in June to 96.1 index-points, 5.4 index-points above the May value and 13.6 index-points above June 2014. On the increase in confidence, Survey Director Richard Curtin noted, “Consumer confidence continued to rise in late June due to a more favorable outlook for the national economy and buying conditions for household durables. Aside from the January 2015 survey, when consumer sentiment was boosted by plummeting gas prices, the June reading was higher than at any other time since the prior cyclical peak in January 2007. Indeed, consumer confidence has been higher on average during the first six months of 2015 than in the first half of any other year since 2004.” Curtin observed, “During the first six months of 2015, consumers more favorably assessed their current finances as well as their future financial prospects than in the first half of any other year since 2007. The economic slowdown is over according to consumers. Indeed, the fewest consumers thought the economy had worsened in the June 2015 survey than anytime since August of 2000.” On buying attitudes, Curtin reported, “Consumers’ attitudes toward buying conditions were quite positive in the first half of 2015. Durable buying conditions were viewed more favorably in the first half of 2015 than in any other year since 2007; vehicle buying attitudes were viewed more positively during the first six months than any other year since 2004.” In June, consumers in all four regions reported an increase in confidence. Southern consumers reported the largest increase in confidence of 7.5 index-points followed by Western consumers with an increase in confidence of 6.4 index-points. The gap across regions decreased from last month to 5.9 index-points, with Southern consumers on top and Western consumers on the bottom.

The revised estimate of real **Gross Domestic Product** for the first quarter of 2015 is \$16,287.7 billion (chained 2005 dollars), a decrease of 0.2 percent at an annual rate. In the fourth quarter of 2014, real gross domestic product increased 2.2 percent. The decrease in first quarter real GDP was mainly due to negative contributions from exports, non-residential fixed investment, and state and local government spending. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 2.1 percent in the first quarter, compared to a 4.4 percent increase in the fourth quarter. Real residential fixed investment increased 6.5 percent in the first quarter compared to an increase of 3.8 percent in the fourth quarter. Real nonresidential fixed investment decreased 2.0 percent in the first quarter while real equipment expenditures increased 2.6 percent. Real federal

government expenditures remained unchanged in the first quarter, compared to a 7.3 percent decrease in the fourth quarter. Real state and local government spending decreased 1.0 percent in the first quarter, compared to a 1.6 percent increase in the fourth quarter. Exports of goods and services decreased 5.9 percent in the first quarter, compared to a 4.5 percent increase in the fourth quarter. Imports increased 7.1 percent in the first quarter compared to an increase of 10.4 percent in the fourth quarter. Private inventory investment increased \$99.5 billion in the first quarter, following an \$80.0 billion increase in the fourth quarter. Real final sales decreased 0.6 percent in the first quarter compared to an increase of 2.3 percent in the fourth quarter. On the inflation front, the **implicit price deflator** decreased 0.1 percent in the first quarter compared to a 0.2 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 a 0.4 percent increase in May. Energy prices increased 1.7 percent in June, down from a 4.3 percent increase in May, while the all-items less food and energy component increased 0.2 percent in June. Compared to June 2014, the all-items index increased 0.2 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 1.7 percent; medical care, 2.5 percent; apparel, -1.9 percent; education and communication, 0.1 percent; other goods and services, 1.7 percent; recreation, 0.3 percent; housing, 2.0 percent; and transportation, -6.7 percent, with gasoline prices down -23.3 percent.

Selected Key Interest Rates

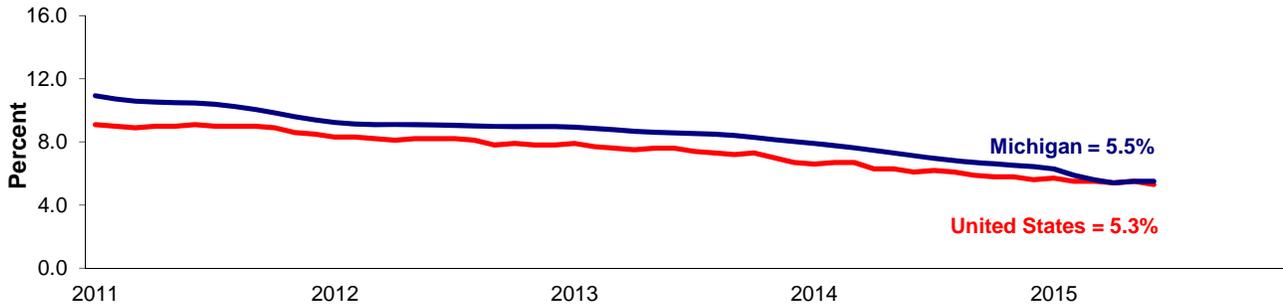


Source: Economic Indicators

Short-term **interest rates** decreased 0.01 percentage point in June as the 3-month Treasury bill (T-bill) rate was 0.01 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 0.21 percentage point to an interest yield of 4.19 percent in June. The Aaa bond yield was down 0.06 percentage point from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.01 percentage point from the May level to 3.76 percent in June and was up 0.04 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 17th meeting. The FOMC stated “the Committee today reaffirmed its view that the current 0 to ¼ percent target range for the federal funds rate remains appropriate. In determining how long to maintain 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 5.3 percent and was 0.8 percentage points lower than a year ago. Civilian employment totaled 148.7 million persons in June. The number unemployed was 8.3 million nationwide.

Unemployment Rates 2011 - 2015



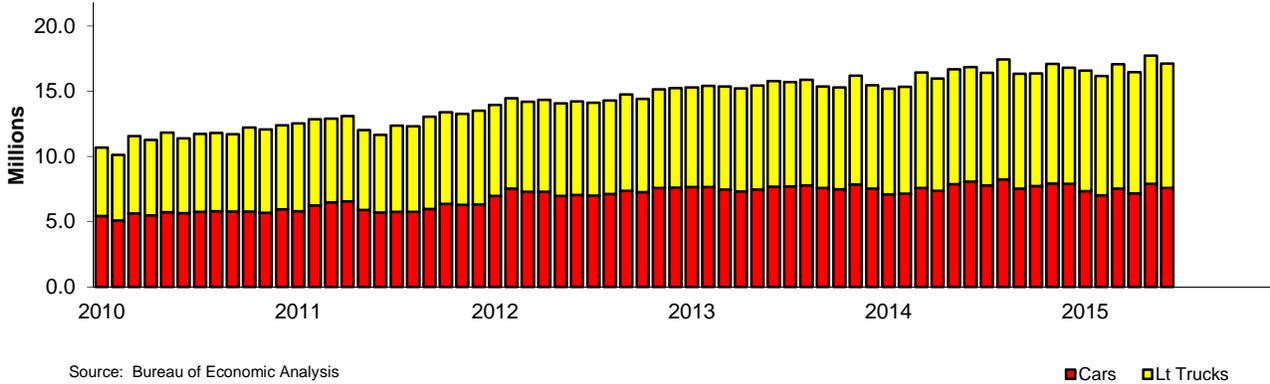
Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In June, the **Michigan jobless rate** remained unchanged at 5.5 percent from May. The June unemployment rate is 1.6 percentage points below the year ago level. In June, the labor force fell 10,000 to 4,740,000, while the number of people employed decreased by 7,000 to 4,480,000. In June, there were 261,000 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), remained unchanged from April to June compared to a 1.2 percent increase from February to April. The all-items less food and energy index increased 0.2 percent from April to June. The food index decreased 0.7 percent from April to June while the energy index increased 8.1 percent. Compared to June 2014, the all-items index decreased 2.4 percent. For individual component items, the changes from one year ago were: food and beverages, 0.7 percent; apparel, -14.4 percent; education and communication, -0.2 percent; transportation, -8.6 percent; recreation, -0.7 percent; medical care, -1.3 percent; housing, -0.6 percent; and other goods and services, -2.6 percent.

Motor Vehicle Sector

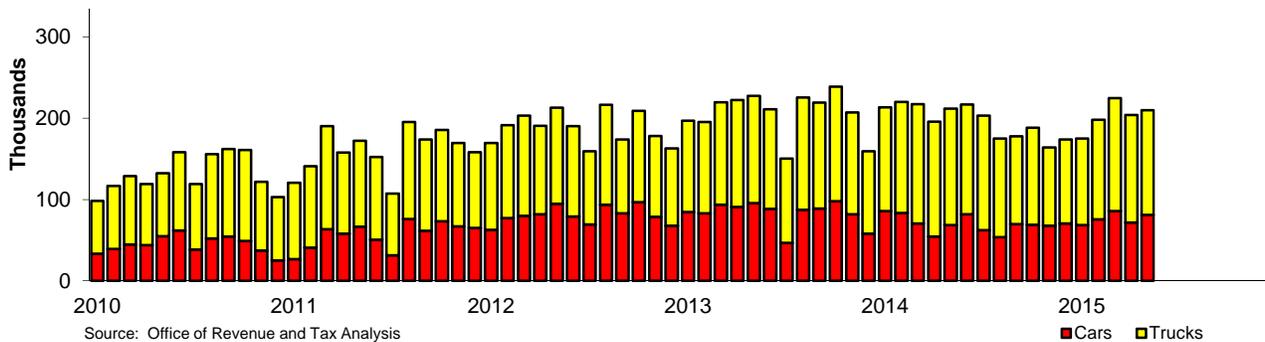
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) decreased 3.4 percent in June compared to May, selling at a 17.1 million unit seasonally adjusted annual rate. Domestic car sales decreased 4.2 percent from May while domestic light truck sales decreased 4.1 percent. Import car sales decreased 3.5 percent while import light truck sales increased 2.3 percent. Compared to last year, light vehicle sales increased 1.5 percent. Domestic car sales decreased 4.1 percent from the year ago level while domestic light truck sales increased 5.1 percent. Import car sales were down 11.2 percent from last year while import truck sales increased 26.8 percent. As a result, the domestic share of U.S. light vehicle sales decreased 0.3 percentage point from a year ago. For fiscal year 2015 year-to-date, domestic light vehicles recorded a 79.3 percent share of a 16.8 million-unit market.

Michigan motor vehicle production increased to 209,902 units in May from 204,040 units in April. From a year ago, motor vehicle production decreased 0.9 percent in Michigan and decreased 1.8 percent nationally. In May, Michigan's car production was 81,014 units while the state's truck production was 128,888 units. Compared with a year ago, car production increased 18 percent in Michigan and remained unchanged nationwide. The state's truck production decreased 10 percent while national truck production decreased 3 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



**Summary Estimates of the Constitutional Revenue Limit
Based on the May 15, 2015 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

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

Sources:

Personal Income Estimate

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

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

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

Revenue Subject to the Limit

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

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

The FY 2014-15 calculation uses the May 15, 2015 Consensus Revenue Agreement.

Column detail may not add to totals because of rounding

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