



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

CHRIS KOLB  
DIRECTOR

July 30, 2020

The Honorable Jim Stamas, Chair  
Senate Appropriations Committee  
Michigan State Senate  
State Capitol  
Lansing, Michigan 48909

The Honorable Shane Hernandez, 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, 2020. 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 "Spending and Revenue Reports".

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

Sincerely,

Chris Kolb  
State Budget Director

Attachment

cc: Mike Shirkey, Sen. Maj. Leader  
Jim Ananich, Senate Min. Leader  
Lee Chatfield, Speaker of the House  
Christine Greig, House Min. Leader  
Senate Appropriations Committee  
House Appropriations Committee  
Senate Fiscal Agency  
House Fiscal Agency

Jim Runestad, Chair, Senate Finance Com.  
Lynn Afendoulis, Chair, House Tax Policy Com.  
JoAnne Huls, Executive Office  
Jay Rising, Executive Office  
Jen Flood, Executive Office  
Kyle Jen, Deputy State Budget Director  
Heather Boyd, Office of Financial Mgmt.  
Internal State Budget Office Distribution

**GENERAL FUND, GENERAL PURPOSE**  
**Fiscal Year 2020**  
**Projected Revenues and Expenditures**  
**June 30, 2020**  
(\$ in millions)

**FISCAL**  
**2020**

<b>Beginning Balance, October 1, 2019</b>	see one-time revenue
<b>Current General Fund General Purpose Revenues, May 2020</b>	
<b>Consensus Estimate</b>	<b>\$ 9,028.2</b>
<b>Revenue Adjustments:</b>	
Local Government Program Payments	\$ (490.0)
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$ (490.0)</b>
<b>Total FY Resources Available For Expenditure GF/GP - Ongoing</b>	<b>\$ 8,538.2</b>
<b>Expenditures, Current Law:</b>	
Public Acts 52 through 67 of 2019	\$ 10,476.1
Vetoed and Transfers	\$ (536.2)
Supplementals PA 154 and PA 162 of 2019	\$ 159.4
<b>Total Expenditures Projected - Ongoing</b>	<b>\$ 10,099.3</b>
<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$ (1,561.1)</b>
<b>One-Time Revenue:</b>	
Beginning Balance	\$ 916.2
Lawsuit Settlement Proceeds (AG, DEQ)	\$ (7.6)
Other One-Time Revenue	\$ 10.0
<b>Total FY Resources Available For Expenditure GF/GP - One-Time</b>	<b>\$ 918.6</b>
<b>One-Time Expenditures:</b>	
Public Acts 52 through 67 of 2019	\$ 193.9
Vetoed and Transfers	\$ (18.6)
Supplementals PA 154 and PA 162 of 2019	\$ 101.6
Supplementals PA 66 and PA 67 of 2020	\$ 225.7
May Consensus Adjustments	\$ 171.2
Non-caseload Requests	\$ 128.9
<b>Total Expenditures Projected - One-Time</b>	<b>\$ 802.7</b>
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$ 115.9</b>
<b>Projected Ending Balance, September 30, 2020</b>	<b>\$ (1,445.2)</b> <sup>1</sup>

<sup>1</sup> The latest revenue estimates result in an anticipated budget shortfall. Budget adjustments will be negotiated with the Legislature to address the shortfall and included on subsequent reports once enacted.

**SCHOOL AID FUND**  
**Fiscal Year 2020**  
**Projected Revenues and Expenditures**  
**June 30, 2020**  
(\$ in millions)

**FISCAL**  
**2020**

<b>Beginning Balance, October 1, 2019</b>		see one-time revenue
<b>Current Year School Aid Fund Revenues, May 2020</b>		
<b>Consensus Estimate</b>	<b>\$</b>	<b>12,676.7</b>
<b>Revenue Adjustments:</b>		
General Fund	\$	45.0
Community District Trust Fund	\$	75.8
Federal Revenue	\$	1,749.6
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$</b>	<b>1,870.4</b>
<b>Total FY Resources Available for Expenditure School Aid Fund</b>	<b>\$</b>	<b>14,547.1</b>
<b>School Aid Ongoing Costs:</b>		
PA 58 of 2019	\$	15,162.7
Vetoes	\$	(55.9)
PA 162 of 2019	\$	54.9
Pending Supplemental (2020-2) - Revised	\$	(89.2)
<b>Community Colleges Ongoing Costs:</b>		
PA 52 of 2019	\$	414.7
<b>Universities Ongoing Costs:</b>		
PA 62 of 2019	\$	349.4
<b>Total School Aid Fund Ongoing Costs Projected</b>	<b>\$</b>	<b>15,836.6</b>
<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$</b>	<b>(1,289.5)</b>
<b>Beginning Balance (One-Time Revenue):</b>		
General Fund Subsidy One-Time	\$	17.7
MPERS Retirement Obligation Reform Reserve Fund	\$	1.9
<b>One-Time Spending Items:</b>		
PA 58 of 2019 - School Aid	\$	72.7
Vetoes	\$	(72.7)
PA 162 of 2019 - School Aid	\$	15.7
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$</b>	<b>198.6</b>
<b>Projected Ending Balance, September 30, 2020</b>	<b>\$</b>	<b>(1,090.9)</b> <sup>1</sup>

<sup>1</sup> The latest revenue estimates result in an anticipated budget shortfall. Budget adjustments have been negotiated with the Legislature to address the shortfall and included on subsequent reports once enacted.

**SUMMARY OF EXPENDITURES AND ENCUMBRANCES**  
**GENERAL FUND - ALL PURPOSE**  
 June 30, 2020  
 (\$ in millions)

Fiscal Year 2019

Fiscal Year 2020

Expenditures & Encumbrances Year to Date FY 2019	Fiscal Year End SEP 30, 2019	Department	Initial Appropriations (1)	Executive Orders & Supplemental Appropriations (1)	Encumbrance, Work Project & Capital Outlay Carry Forwards	Total Authorization	Expenditures & Encumbrances Year to Date FY 2020
91.3	118.5	Agriculture and Rural Development	107.9	9.4	26.5	143.8	88.6
68.7	91.5	Attorney General	104.5	2.9	19.7	127.0	69.9
343.7	458.6	Capital Outlay (2)	333.8	8.1	585.2	927.1	299.1
10.8	15.3	Civil Rights	16.4	1.4	1.4	19.1	11.1
955.1	1,157.2	Colleges and Universities	1,298.0	244.0	14.3	1,556.3	1,102.3
1,559.2	2,022.8	Corrections	2,001.3	504.1	212.7	2,718.2	1,599.1
263.9	455.7	Education	487.2	635.9	51.6	1,174.6	290.5
308.9	456.1	Environment, Great Lakes, and Energy	572.9	21.0	512.7	1,106.6	353.3
5.4	6.7	Executive Office	7.1	0.0	1.2	8.4	6.9
17,406.6	25,590.3	Health and Human Services	26,164.7	1,756.9	323.5	28,245.1	18,275.7
37.2	53.8	Insurance and Financial Service	68.8	4.4	0.0	73.3	40.5
180.8	282.4	Judiciary	310.7	0.9	5.0	316.5	181.2
151.5	266.2	Labor and Economic Opportunity	415.7	305.1	37.0	757.8	315.2
18.3	24.6	Legislative Auditor General	25.9	0.0	1.6	27.6	18.3
115.2	154.8	Legislature	172.2	0.0	71.7	243.9	115.6
261.4	446.3	Licensing and Regulatory Affairs	517.4	(51.8)	38.1	503.7	244.3
2.4	30.2	Marshall Plan for Talent	0.0	0.0	39.9	39.9	0.0
158.2	265.4	Michigan Strategic Fund	89.6	(1.8)	0.0	87.8	62.4
134.3	174.2	Military and Veterans Affairs	168.4	24.0	12.6	205.0	149.3
85.8	139.8	Natural Resources	134.7	4.3	53.4	192.4	97.7
167.1	269.5	State	250.4	26.8	72.6	349.8	168.7
2.3	3.0	State Land Bank Authority	0.5	(0.2)	0.0	0.3	0.0
475.1	696.5	State Police (3)	713.7	320.7	84.7	1,119.2	640.7
505.1	688.0	Technology, Management and Budget (4)	421.6	687.4	191.6	1,300.5	561.3
197.7	202.6	Transportation	0.0	47.0	29.5	76.5	4.4
1,586.8	3,451.4	Treasury	1,953.8	314.1	126.9	2,394.8	1,649.0
<b>\$25,093.0</b>	<b>\$37,521.2</b>		<b>\$36,337.2</b>	<b>\$4,864.7</b>	<b>\$2,513.4</b>	<b>\$43,715.3</b>	<b>\$26,345.1</b>

(1) Includes boilerplate appropriations.

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

(3) Does not include federal FEMA authorization and expenditures allocated to and included within the other departments.

(4) Includes Civil Service Commission.

**ESTIMATED BALANCE OF STATE PAYMENTS  
TO LOCAL UNITS OF GOVERNMENT  
Fiscal Year 2020  
June 30, 2020  
(\$ 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	19,498.1	162.1	19,660.2
Total state spending from state resources	34,316.0	586.6	34,902.6
Percentage of state spending from state resources paid to local units	56.82%		56.33%
Required payments to local units (48.97%)	16,804.5		17,091.8
<b>Surplus/(deficit)</b>	<b>\$2,693.6</b>		<b>\$2,568.4</b>

**STATE OF MICHIGAN**  
**YEAR-TO-DATE BALANCE SHEET**  
**COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND**  
 June 30, 2020  
 (\$ in thousands)

**ASSETS**

Current Assets:		
Equity in common cash	\$	1,176,464
Total Assets	\$	1,176,464

**LIABILITIES**

Current Liabilities:		
Total Current Liabilities	\$	-
Total Liabilities		-

**FUND BALANCES**

Committed		1,176,464
Total Fund Balances		1,176,464
Total Liabilities and Fund Balances	\$	1,176,464

**STATE OF MICHIGAN**  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND**  
October 1, 2019 Through June 30, 2020  
(\$ in thousands)

**REVENUES**

Miscellaneous	\$ 27,838
	27,838

**EXPENDITURES**

Current:	
General government	-
	-
Total Expenditures	-
Excess of Revenues over (under) Expenditures	27,838

**OTHER FINANCING SOURCES (USES)**

Transfers from other funds	-
Transfers to other funds	-
Total Other Financing Sources (Uses)	-
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ 27,838 <sup>1</sup>

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

**STATE OF MICHIGAN**  
**YEAR-TO-DATE BALANCE SHEET**  
**MICHIGAN NATURAL RESOURCES TRUST FUND**

June 30, 2020

(\$ in thousands)

**ASSETS**

Current Assets:

Equity in common cash	\$ 99,348
Investments	-
Other current assets	1
Total Current Assets	<u>99,350</u>

Noncurrent Assets:

Investments	<u>621,177</u>
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Total Assets	<u>\$ 720,527</u>
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**LIABILITIES**

Current Liabilities:

Accounts payable and other liabilities	\$ 7,429
Amounts due to other funds	-
Total Current Liabilities	<u>7,429</u>

Total Liabilities	<u>7,429</u>
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**FUND BALANCES**

Nonspendable	500,000
Restricted	<u>213,098</u>

Total Fund Balances	<u>713,098</u>
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Total Liabilities and Fund Balances	<u>\$ 720,527</u>
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**STATE OF MICHIGAN**  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**MICHIGAN NATURAL RESOURCES TRUST FUND**

October 1, 2019 through June 30, 2020  
(\$ in thousands)

**REVENUES**

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		321
		321
Total Revenues		321

**EXPENDITURES**

Current:		
General government		2,254
Conservation, environment, recreation, and agriculture		10,972
Capital outlay		3,261
		3,261
Total Expenditures		16,488
Excess of Revenues over (under) Expenditures		(16,167)

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues		-
Proceeds from sale of capital assets		9
Transfers from other funds		-
Transfers to other funds		(22)
		(22)
Total Other Financing Sources (Uses)		(14)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	(16,180) <sup>1</sup>

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

## REVENUE OVERVIEW

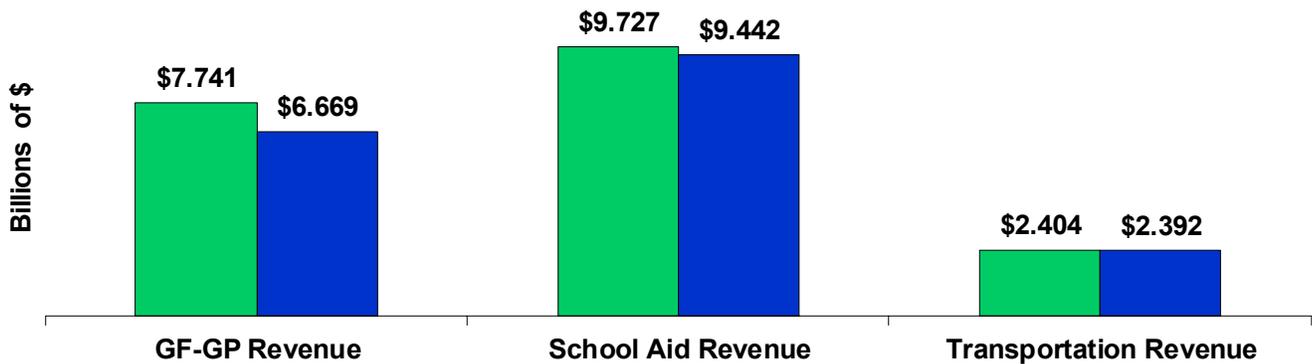
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for June 2020, representing some May and some June economic activity in Michigan.

Total General Fund - General Purpose cash collections were \$191.0 million (16.1 percent) lower in June 2020 than in June 2019. The June 2020 School Aid Fund cash collections were \$17.2 million (1.8 percent) higher than in June 2019. June 2020 transportation collections were \$8.8 million (3.3 percent) lower than in June 2019 (see revenue summary 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 \$1,071.9 million (13.8 percent) from a year ago. School Aid Fund cash collections are down \$284.8 million (2.9 percent) and transportation collections are down \$12.4 million (0.5 percent).

The FY 2019-20 revenue projections presented in the revenue summary table on page 11 are from the Consensus Revenue Estimating Conference held on May 15, 2020. The revenue estimate for net General Fund – General Purpose revenue for FY 2019-20 is \$9,028.2 million and the net School Aid revenue forecast is \$12,676.7 million. The Transportation Funds revenue forecast is \$3,364.9 million. By law, the Consensus Revenue Estimating Conferences are held the second week of January and the third week of May.

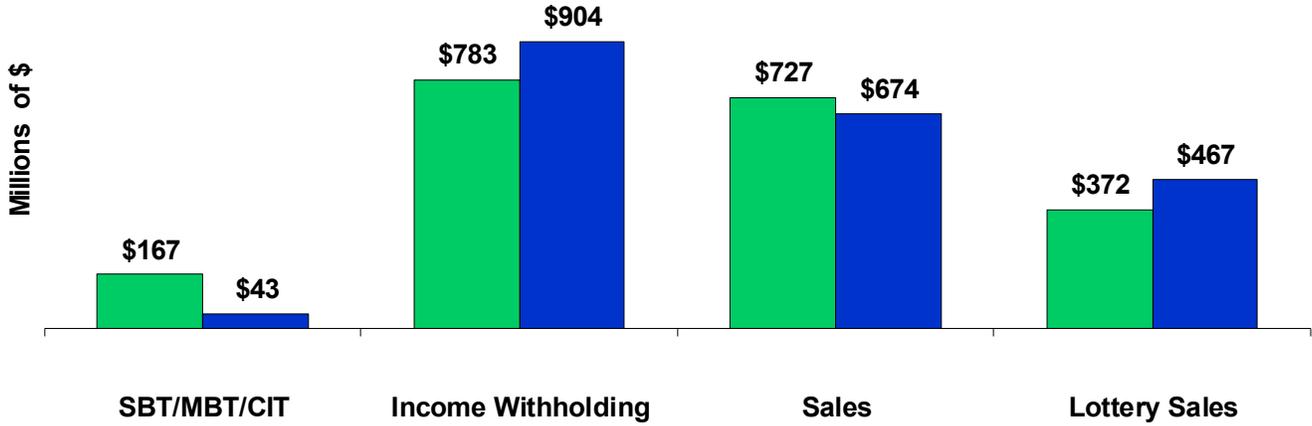
### October through June Collections FY 2018-19 and FY 2019-20



Source: Office of Revenue and Tax Analysis

■ FY 2018-19 ■ FY 2019-20

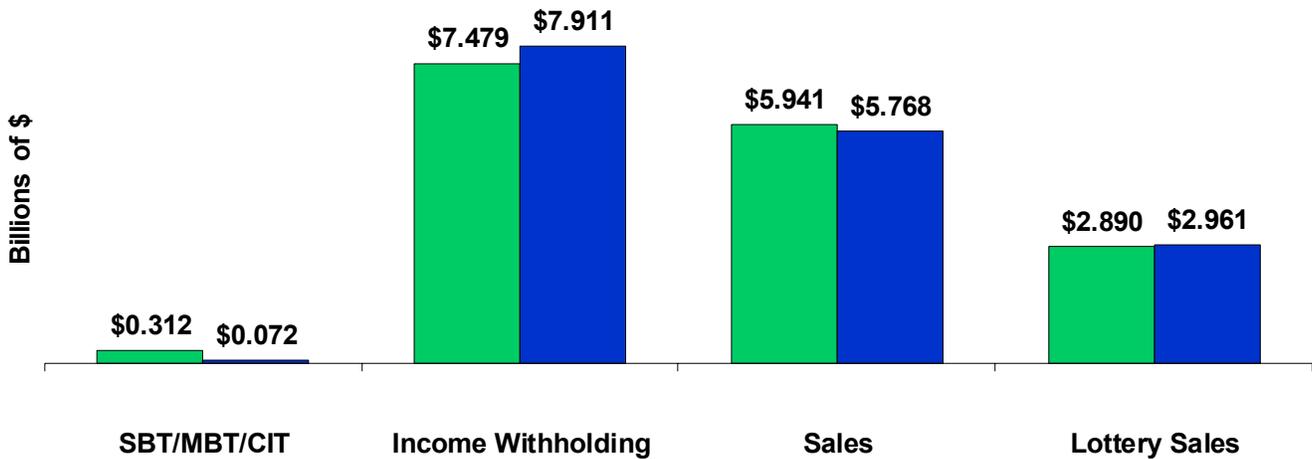
**June Revenue Collections  
FY 2018-19 and FY 2019-20**



Source: Office of Revenue and Tax Analysis

■ FY 2018-19 ■ FY 2019-20

**October through June Collections  
FY 2018-19 and FY 2019-20**



Source: Office of Revenue and Tax Analysis

■ FY 2018-19 ■ FY 2019-20

**Revenue Summary FY 2019-20**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: June 30, 2020**

Month-End Cash Collections Data				October Through June Cash Collections Data					Revenue Projections		
June		Difference		Source of Revenue	Year-to-Date		Difference		FY 2018-19	FY 2019-20	FY 2019-20
2019	2020	Amount	Percent		FY 2018-19	FY 2019-20	Amount	Percent	CAFR Totals (i)	Statutory Estimate	May 2020 Forecast
<b>Income Taxes</b>											
\$782,951	\$903,898	\$120,947	15.4%	Withholding	\$7,479,255	\$7,910,653	\$431,398	5.8%	\$9,935,100	\$10,194,000	\$9,439,000
270,210	93,968	(176,242)	-65.2%	Quarterlies	925,201	617,941	(307,261)	-33.2%	1,284,000	1,371,400	939,400
19,371	62,500	43,129	223.0%	Annuals	1,254,621	435,323	(819,299)	-65.3%	1,337,500	1,176,500	1,175,200
\$1,072,532	\$1,060,366	(\$12,166)	-1.1%	Gross Collections	\$9,659,077	\$8,963,916	(\$695,161)	-7.2%	\$12,556,600	\$12,741,900	\$11,553,600
48,693	111,154	62,461	128.0%	Less: Refunds	1,992,235	2,038,073	45,838	2.3%	2,124,500	2,163,300	2,256,300
0	0	0	na	State Campaign Fund	0	0	0	na	800	800	800
\$1,023,839	\$949,212	(\$74,627)	-7.3%	Net Personal Income	\$7,666,843	\$6,925,843	(\$741,000)	-9.7%	\$10,431,300	\$10,577,800	\$9,296,500
22,000	39,000	17,000	77.3%	Less: Disbursements to MTF	198,000	351,000	153,000	77.3%	264,000	468,000	468,000
5,750	5,750	0	0.0%	Less: Disbursements to Renew Michigan	51,750	51,750	0	0.0%	69,000	69,000	69,000
249,682	246,845	(2,837)	-1.1%	Less: Disbursements to SAF	2,248,795	2,086,807	(161,988)	-7.2%	2,845,000	2,860,700	2,751,000
\$746,407	\$657,617	(\$88,790)	-11.9%	<b>Net Personal Income To GF-GP</b>	<b>\$5,168,298</b>	<b>\$4,436,286</b>	<b>(\$732,012)</b>	<b>-14.2%</b>	<b>\$7,253,300</b>	<b>\$7,180,100</b>	<b>\$6,008,500</b>
<b>Consumption Taxes</b>											
\$118,854	\$108,233	(\$10,621)	-8.9%	Sales (a)	\$964,058	\$936,976	(\$27,082)	-2.8%	\$1,270,900	\$1,355,900	\$1,118,000
98,557	143,701	45,144	45.8%	Use (a) (h)	561,977	497,228	(64,749)	-11.5%	753,400	749,000	553,700
16,103	14,907	(1,196)	-7.4%	Tobacco	129,180	128,317	(863)	-0.7%	178,000	169,100	174,500
4,723	2,903	(1,820)	-38.5%	Beer, Wine & Mixed Spirits	35,365	30,033	(5,332)	-15.1%	50,200	52,000	48,000
5,901	6,185	284	4.8%	Liquor Specific	40,162	44,365	4,203	10.5%	61,300	61,000	56,000
\$244,139	\$275,930	\$31,792	13.0%	<b>Total Consumption Taxes</b>	<b>\$1,730,742</b>	<b>\$1,636,919</b>	<b>(\$93,823)</b>	<b>-5.4%</b>	<b>\$2,313,800</b>	<b>\$2,387,000</b>	<b>\$1,950,200</b>
<b>Other Taxes</b>											
\$8,052	\$4	(\$8,048)	-100.0%	Single Business	(\$73,993)	(\$2,137)	\$71,857	97.1%	(\$67,700)	\$0	\$0
1,530	(3,420)	(4,950)	na	Insurance Premiums Taxes	\$269,824	283,282	13,458	5.0%	314,900	361,800	351,800
9,581	(3,417)	(12,998)	na	Sub-total SBT & Insurance	195,831	281,145	85,314	43.6%	247,200	361,800	351,800
8,910	(8,867)	(17,777)	na	Michigan Business Tax	(507,761)	(540,026)	(32,265)	-6.4%	(511,500)	(641,000)	(641,000)
149,996	51,601	(98,396)	-65.6%	Corporate Income Tax	893,634	614,469	(279,165)	-31.2%	1,278,100	1,210,100	910,100
0	0	0	na	Inheritance / Estate	5	0	(5)	-100.0%	0	0	0
0	1	1	648.0%	Telephone & Telegraph	10,441	11,356	915	8.8%	30,300	30,000	30,000
1,529	345	(1,183)	-77.4%	Oil & Gas Severance	17,162	11,211	(5,951)	-34.7%	22,300	22,000	14,000
7,681	2,201	(5,480)	-71.3%	Penalties & Interest	105,743	57,138	(48,605)	-46.0%	125,500	128,000	100,000
1,438	2,926	1,488	104.0%	Essential Services Assessment	4,857	4,889	32	0.7%	111,200	121,000	121,000
0	2	2	na	Miscellaneous Other/Railroad	177	179	1	0.7%	2,300	2,000	2,000
(12,517)	(12,667)	(150)	-1.2%	Treasury Enforcement Programs (e)	(113,100)	(114,000)	(900)	-0.8%	(147,200)	(150,000)	(140,000)
\$166,619	\$32,126	(\$134,493)	-80.7%	<b>Total Other Taxes</b>	<b>\$606,989</b>	<b>\$326,361</b>	<b>(\$280,628)</b>	<b>-46.2%</b>	<b>\$1,158,200</b>	<b>\$1,083,900</b>	<b>\$747,900</b>
\$1,157,164	\$965,673	(\$191,491)	-16.5%	<b>Subtotal GF-GP Taxes</b>	<b>\$7,506,028</b>	<b>\$6,399,566</b>	<b>(\$1,106,462)</b>	<b>-14.7%</b>	<b>\$10,725,300</b>	<b>\$10,651,000</b>	<b>\$8,706,600</b>

continued

**Revenue Summary FY 2019-20**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: June 30, 2020**

Month-End Cash Collections Data				October Through June Cash Collections Data				Revenue Projections			
June		Difference		Source of Revenue	Year-to-Date		Difference		FY 2018-19	FY 2019-20	FY 2019-20
2019	2020	Amount	Percent		FY 2018-19	FY 2019-20	Amount	Percent	CAFR Totals (i)	Statutory Estimate	May 2020 Forecast
<b>Non-Tax Revenue (e)</b>											
\$1,108	\$1,108	\$0	0.0%	Federal Aid	\$9,975	\$9,975	\$0	0.0%	\$2,100	\$10,000	\$15,000
8	8	0	0.0%	Local Agencies	75	75	0	0.0%	0	100	100
583	583	0	0.0%	Services	5,250	5,250	0	0.0%	600	7,000	6,000
1,167	1,167	0	0.0%	Licenses & Permits	10,500	10,500	0	0.0%	9,300	14,000	12,000
0	0	0	na	Investments/Interest Costs	(16,270)	2,789	19,059	na	10,300	9,000	4,000
833	833	0	0.0%	Misc. Non-tax Revenue	7,500	7,500	0	0.0%	16,800	10,000	10,000
19,167	19,667	500	2.6%	Liquor Purchase Revolving Fund	163,750	177,000	13,250	8.1%	253,000	230,000	195,000
6,250	6,250	0	0.0%	From Other Funds-Lottery & Escheats	54,000	56,250	2,250	4.2%	86,700	81,000	79,500
<b>\$29,117</b>	<b>\$29,617</b>	<b>\$500</b>	<b>1.7%</b>	<b>Total Non-Tax Revenue</b>	<b>\$234,780</b>	<b>\$269,339</b>	<b>\$34,559</b>	<b>14.7%</b>	<b>\$378,800</b>	<b>\$361,100</b>	<b>\$321,600</b>
<b>\$1,186,281</b>	<b>\$995,290</b>	<b>(\$190,991)</b>	<b>-16.1%</b>	<b>Total GF-GP Revenue</b>	<b>\$7,740,808</b>	<b>\$6,668,905</b>	<b>(\$1,071,903)</b>	<b>-13.8%</b>	<b>\$11,104,100</b>	<b>\$11,012,100</b>	<b>\$9,028,200</b>
<b>School Aid Fund</b>											
\$306,470	\$276,524	(\$29,946)	-9.8%	Sales Tax 4%	\$2,520,777	\$2,458,349	(\$62,429)	-2.5%	\$3,372,300	\$3,543,000	\$2,685,000
216,046	213,268	(2,778)	-1.3%	Sales Tax 2%	1,739,747	1,670,916	(68,831)	-4.0%	2,636,200	2,779,200	2,779,200
49,279	71,844	22,566	45.8%	Use Tax 2%	452,067	430,738	(21,329)	-4.7%	602,500	610,500	512,800
21,916	26,414	4,497	20.5%	State Education Property Tax	1,404,045	1,502,924	98,879	7.0%	2,113,200	2,170,900	2,155,900
26,804	16,049	(10,755)	-40.1%	Real Estate Transfer Tax	231,962	227,101	(4,861)	-2.1%	350,100	361,000	300,600
40,000	85,000	45,000	113.0%	Lottery Transfer (b)	702,000	666,822	(35,178)	-5.0%	1,070,600	1,010,000	970,000
9,518	0	(9,518)	-100.0%	Casino Wagering Tax	90,128	54,422	(35,707)	-39.6%	117,300	121,300	71,400
5,741	5,865	124	2.2%	Liquor Excise Tax	39,553	43,313	3,760	9.5%	60,200	60,600	55,600
32,691	30,263	(2,429)	-7.4%	Cigarette/Tobacco Tax	262,255	260,503	(1,751)	-0.7%	327,100	319,400	327,700
2,639	6,445	3,807	144.0%	Indus. & Comm. Facilities Taxes	25,511	26,712	1,201	4.7%	39,500	38,500	36,500
0	1,360	1,360	na	Recreational Marihuana	0	5,877	5,877	na	0	23,600	4,200
3,016	1,109	(1,907)	-63.2%	Specific Other	9,718	7,252	(2,466)	-25.4%	25,900	26,800	26,800
249,682	246,845	(2,837)	-1.1%	Income Tax Earmarking	2,248,795	2,086,807	(161,988)	-7.2%	2,845,000	2,860,700	2,751,000
<b>\$963,801</b>	<b>\$980,986</b>	<b>\$17,184</b>	<b>1.8%</b>	<b>Total School Aid Fund</b>	<b>\$9,726,559</b>	<b>\$9,441,736</b>	<b>(\$284,823)</b>	<b>-2.9%</b>	<b>\$13,559,900</b>	<b>\$13,925,500</b>	<b>\$12,676,700</b>
<b>Multi-Fund Revenue Summary</b>											
\$726,828	\$674,140	(\$52,688)	-7.2%	Sales Tax 6%	\$5,941,042	\$5,768,163	(\$172,879)	-2.9%	\$8,246,900	\$8,682,800	\$8,682,800
510,783	460,873	(49,910)	-9.8%	Sales Tax 4% (d)	4,201,295	4,097,248	(104,048)	-2.5%	5,610,700	5,903,600	5,903,600
216,046	213,268	(2,778)	-1.3%	Sales Tax 2%	1,739,747	1,670,916	(68,831)	-4.0%	2,636,200	2,779,200	2,779,200
147,836	215,533	67,697	45.8%	Use Tax 6% (g)	1,356,202	1,292,214	(63,988)	-4.7%	1,793,900	1,825,400	1,532,400
80,919	74,908	(6,011)	-7.4%	Tobacco Taxes	649,146	644,810	(4,335)	-0.7%	887,400	869,800	895,300
0	0	0	na	Tobacco Settlement	220,632	217,815	(2,817)	-1.3%	na	na	na

continued

**Revenue Summary FY 2019-20**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: June 30, 2020**

Month-End Cash Collections Data				October Through June Cash Collections Data					Revenue Projections		
June		Difference		Source of Revenue	Year-to-Date		Difference		FY 2018-19	FY 2019-20	FY 2019-20
2019	2020	Amount	Percent		FY 2018-19	FY 2019-20	Amount	Percent	CAFR Totals (i)	Statutory Estimate	May 2020 Forecast
<b>Major Transportation Revenues</b>											
\$20,429	\$14,271	(\$6,158)	-30.1%	Diesel Fuel / Motor Carrier Fuel Tax	\$182,016	\$165,929	(\$16,086)	-8.8%	\$243,835	\$246,000	\$218,000
106,164	63,465	(42,699)	-40.2%	Gasoline	884,978	783,513	(101,465)	-11.5%	1,214,722	1,213,000	1,058,000
106,019	129,200	23,181	21.9%	Motor Vehicle Registration	1,021,492	978,977	(42,515)	-4.2%	1,357,510	1,388,000	1,330,000
4,865	4,647	(218)	-4.5%	Other Taxes, Fees & Misc.	38,849	30,726	(8,123)	-20.9%	130,244	234,917	199,975
9,016	9,098	81	0.9%	Comprehensive Transportation (c)	79,066	81,878	2,812	3.6%	106,783	109,760	90,962
22,000	39,000	17,000	77.3%	Income Tax Earmarking	198,000	351,000	153,000	77.3%	264,000	468,000	468,000
<b>\$268,493</b>	<b>\$259,680</b>	<b>(\$8,813)</b>	<b>-3.3%</b>	<b>Total Major Trans. Revenues</b>	<b>\$2,404,401</b>	<b>\$2,392,023</b>	<b>(\$12,378)</b>	<b>-0.5%</b>	<b>\$3,317,095</b>	<b>\$3,659,677</b>	<b>\$3,364,937</b>
<b>Lottery Sales By Games</b>											
\$168,542	\$271,667	\$103,126	61.2%	Instant Games (f)	\$1,299,044	\$1,539,724	\$240,680	18.5%	na	na	na
87,006	105,416	18,410	21.2%	Daily Games	655,114	688,313	33,199	5.1%	na	na	na
41,298	35,585	(5,713)	-13.8%	Lotto and Big Game (f)	376,542	255,875	(120,668)	-32.0%	na	na	na
818	871	53	6.5%	Keno Game	6,518	6,350	(168)	-2.6%	na	na	na
1,344	1,298	(46)	-3.4%	Lucky For Life	10,578	9,788	(790)	-7.5%	na	na	na
13,834	7,111	(6,723)	-48.6%	Other (f)	60,967	70,883	9,916	16.3%	na	na	na
59,311	44,928	(14,383)	-24.3%	Club Games	481,734	389,585	(92,149)	-19.1%	na	na	na
<b>\$372,152</b>	<b>\$466,877</b>	<b>\$94,725</b>	<b>25.5%</b>	<b>Total Lottery Sales</b>	<b>\$2,890,498</b>	<b>\$2,960,518</b>	<b>\$70,020</b>	<b>2.4%</b>	<b>na</b>	<b>na</b>	<b>na</b>

- (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) 2.0% collections adjusted to reflect exemption on residential utilities.
- (e) Non-tax revenue items other than interest are estimates.
- (f) Lottery Sales include iLottery net win amounts; and Other lottery games includes the new Fast Cash games, which began in July 2017.
- (g) 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 2019 revenues were \$342.1 million and the year-to date 2020 revenues are \$364.2 million. Per 2014 Public Act 80, the total fiscal year 2019 Local Community Stabilization Share (LCSS) was \$438.0 million and the total fiscal year 2020 LCSS is \$465.9 million.
- (h) General Fund Use tax collections are net of LCSS revenue. The year-to-date 2019 LCSS revenues were \$342.1 million and the year-to-date 2020 LCSS revenues are \$364.2 million.
- (i) Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

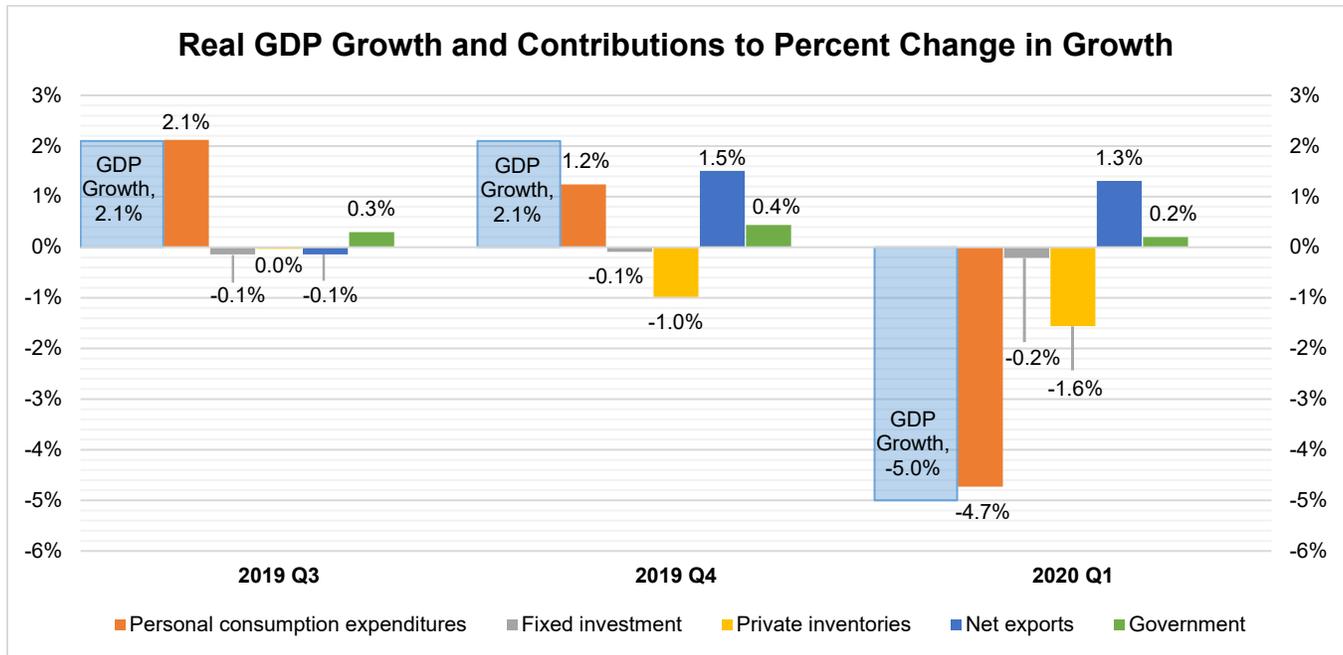
Source: Michigan Department of Treasury, Office of Revenue & Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of Technology, Management and Budget, and other reports from the Michigan Department of Treasury.

## Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

### U.S. Economy

U.S. real **Gross Domestic Product** declined for the first time in 23 quarters, declining at a 5.0 percent annual rate in the first quarter of 2020 according to the latest data. Economic growth was beginning to slow over the past year, as the annual real GDP growth rate for 2019 was 2.3 percent, a deceleration from the 2.9 percent growth of 2018. The coronavirus (COVID-19) pandemic that hit the U.S. in 2020 drove the first quarter GDP decline and is causing a significant decline in GDP in the second quarter as well as an overall annual decline for the year.

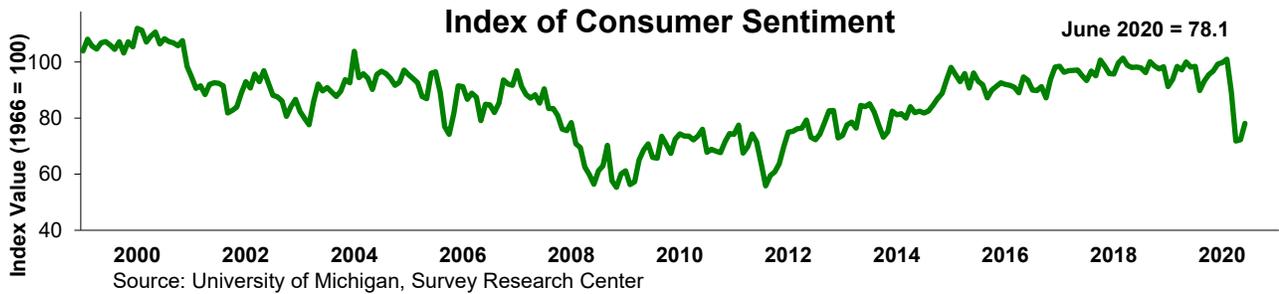


Personal consumption expenditures contributed significantly to the decline in the first quarter, along with fixed investment and private inventories. Net exports remained positive due to the decline in exports being partially offset by the decline in imports. Government spending also contributed positively to GDP. Real final sales decreased 3.5 percent in the first quarter while on the inflation front, the implicit price deflator increased slightly to 1.6 percent.

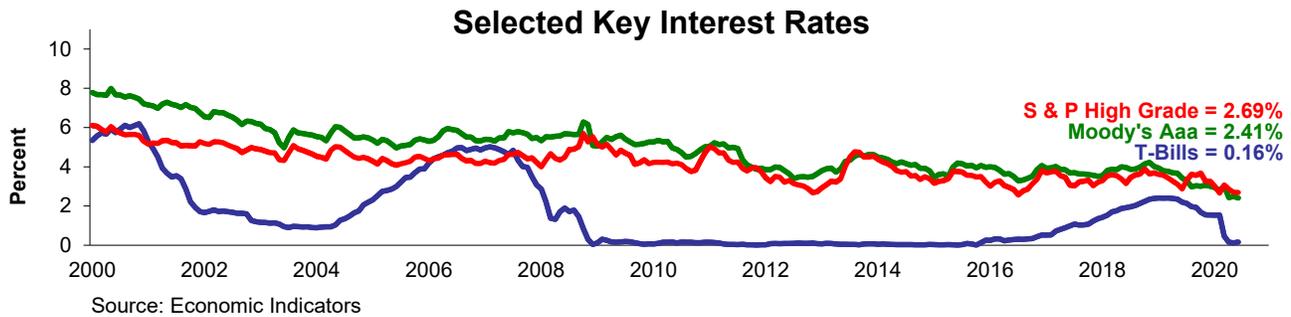
**U.S. wage and salary employment** rose by 4.8 million in June, continuing the bounce back from the 20.7 million jobs lost in April due to the economic impacts of COVID-19. However, employment levels were still 14.7 million payroll jobs, or 9.6 percent, below February's total. In June, leisure and hospitality employment increased by 2.1 million jobs due primarily to job gains in food services and drinking places, retail trade increased by over 0.7 million jobs, education and health services increased by nearly 0.6 million jobs, other services as well as manufacturing increased by just under 0.4 million jobs each, and professional business services increased by just over 0.3 million jobs. Average hourly earnings for all employees on private nonfarm payrolls increased by 5.0 percent from a year ago.

In June, the U.S. unemployment rate declined 2.2 percentage points to 11.1 percent. Civilian employment totaled 142.2 million persons, an increase of 4.9 million from May, while the number unemployed decreased to 17.8 million, down 3.2 million from May. Of the unemployed, 10.6 million were reported as being on a temporary layoff, a decrease of 4.8 million from May.

The **Index of Consumer Sentiment** improved slightly in June, increasing 5.8 index-points to 78.1 from May's 72.3. The year over year decline was 20.1 index-points. A majority, 55.0 percent, of consumers expect the economy to improve in the next year and an all-time-high of 48.0 percent of consumers expect declines in unemployment. However, even with expected improvements, 63.0 percent still expect bad economic times and only 26.0 percent favorably view current economic policies.

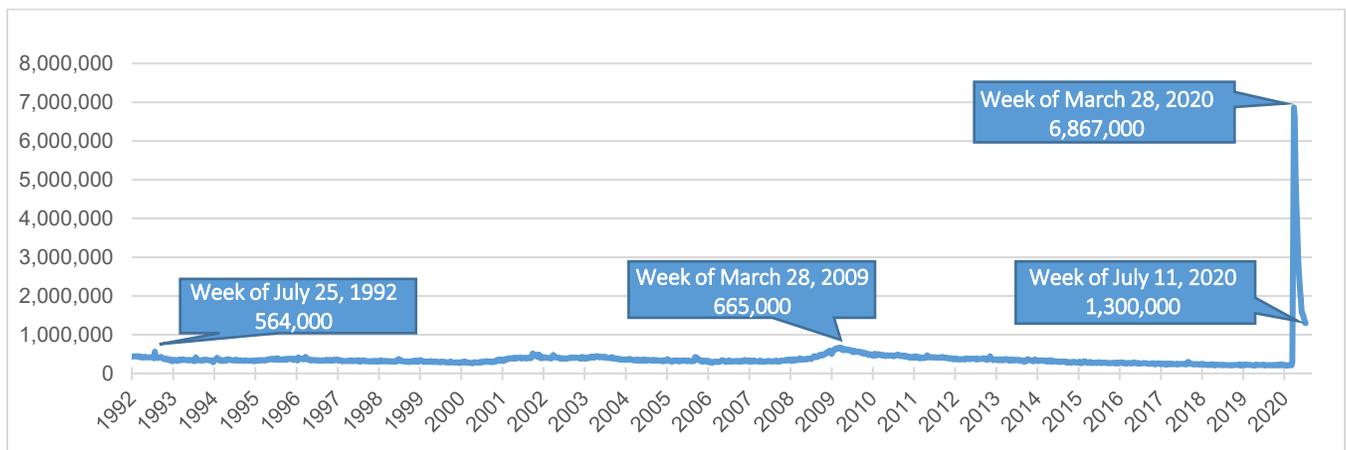


Short-term **interest rates** increased 0.04 percentage points in June, as the 3-month Treasury bill (T-bill) rate was 0.16 percent. Compared to one year ago, the T-bill rate decreased 2.04 percentage points. The Aaa corporate bond rate decreased 0.08 percentage points to an interest yield of 2.41 percent in June and was down 1.01 percentage points from its year-ago level. The interest rate on high-grade municipal bonds remained at 2.69 percent in June and was down 0.18 percentage points from a year ago.



**U.S. weekly initial unemployment claims** spiked in March through May due to the COVID-19 pandemic, declining to 1,300,000 initial claims for the week ending July 11<sup>th</sup>, the 15<sup>th</sup> straight week of declining initial claims.

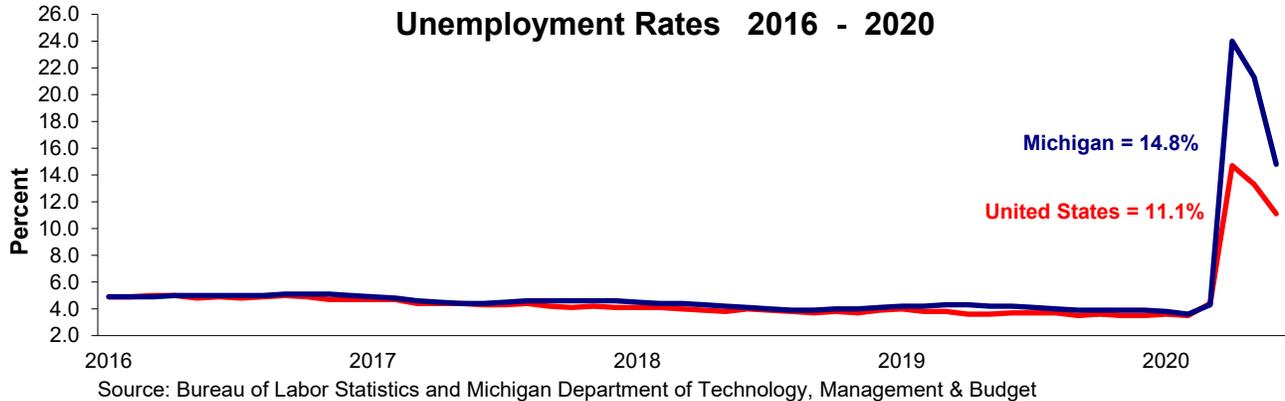
### U.S. Weekly Initial Unemployment Claims



Source: U.S. Employment and Training Administration

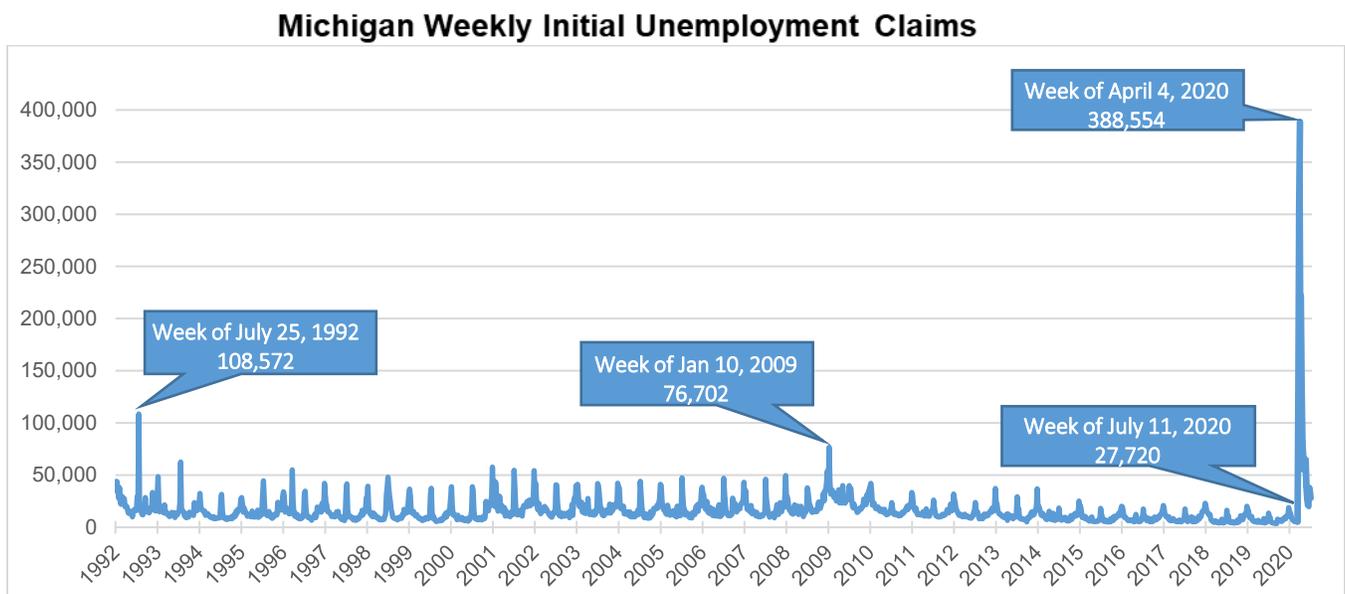
## Michigan Economy

The **Michigan jobless rate** was 14.8 percent in June, down 6.5 percentage points from May's revised rate of 21.3 percent, but still 10.6 percentage points higher than June of 2019. The June labor force increased by 183,000 from May, a 3.8 percent increase.



**Michigan wage and salary employment** increased notably in June by 290,000 jobs but was still down 569,000 jobs, or 12.8 percent, from June of last year. Most major sectors increased payroll employment in June, and were led by the motor vehicle manufacturing sector, which resumed production. Sectors with the largest increases include manufacturing with 79,000 jobs; leisure and hospitality services with 50,000 jobs; trade transportation and utilities with 49,000 jobs; education and health services with 37,000 jobs, and professional and business services with 33,000 jobs.

**Michigan initial claims for unemployment** increased dramatically in March, April, and May, peaking at 388,554 initial claims the week ending April 4<sup>th</sup>, and declining to 27,720 the week of July 11<sup>th</sup>. In total, there were 1,714,358 initial claims over the past seventeen weeks. Michigan initial claims data are not seasonally adjusted.

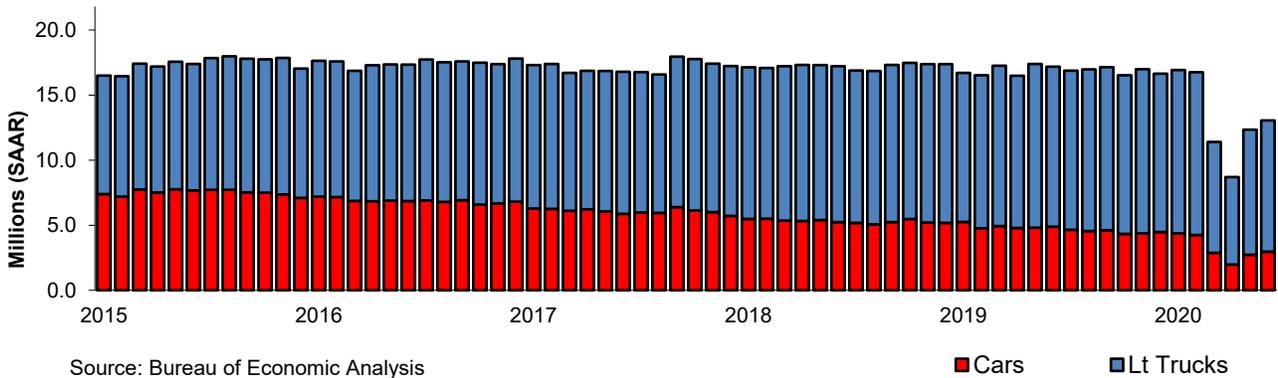


**Michigan gasoline prices** increased in June to \$2.09 per gallon, up 29 cents a gallon from last month's average of \$1.80. Compared to a year ago, gasoline prices were down 23.7 percent from the June 2019 average of \$2.73 per gallon.

## Motor Vehicle Sector

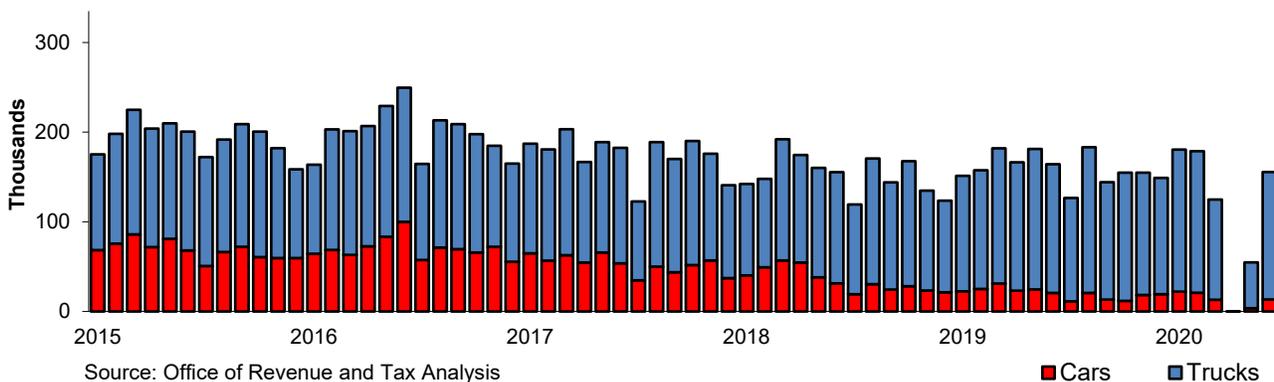
**U.S. light vehicle sales** (cars and light trucks) increased 5.7 percent in June from May levels, selling at a 13.0 million unit seasonally adjusted annual rate. Domestic car and light truck sales increased 10.1 percent and 3.2 percent, respectively from May. Import car and light truck sales increased 6.0 percent and 9.5 percent, respectively, from May. The May and June increases in light vehicle sales does not fully compensate for the significant declines experienced in March and April. Compared to last year, light vehicle sales in June were still down by 18.0 percent. Domestic car and light truck sales decreased 39.8 percent and 24.3 percent, respectively, from the year ago levels. Import car sales were down 37.8 percent from last year while import light truck sales were up 7.2 percent. For June 2020, domestic light vehicles recorded a 73.5 percent share of a 13.0 million-unit market, a decrease of 4.5 percentage points from a year ago.

### U.S. Light Vehicle Sales



**Michigan motor vehicle production** was suspended in April and through half of May due to the COVID-19 pandemic, resulting in state-wide plant closures. June was the first month of resumed motor vehicle production, with 155,495 total units, and was down only 5.3 percent from a year ago. Nationally, motor vehicle production was down 13.5 percent from a year ago. In June, Michigan's car production was 13,441 units while the state's truck production was 142,054 units. Compared with a year ago, car production decreased 34.8 percent in Michigan and 26.0 percent nationwide, while truck production decreased only 1.1 percent in Michigan and 9.8 percent nationwide 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, 2020 Consensus Revenue Agreement  
(Article IX, Section 26)  
(in millions)**

	<b>Fiscal Year 2018-19 Estimate</b>	<b>Fiscal Year 2019-20 Estimate</b>	<b>Fiscal Year 2020-21 Estimate</b>
Applicable Calendar Year Personal Income	\$460,270	\$484,030	\$502,423
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$43,679.6</u>	<u>\$45,934.4</u>	<u>\$47,679.9</u>
Revenue Limit	\$43,679.6	\$45,934.4	\$47,679.9
State Revenue Subject to Limit	<u>\$33,779.4</u>	<u>\$31,212.2</u>	<u>\$32,217.1</u>
<b>Amount Under (Over) Limit</b>	<b>\$9,900.2</b>	<b>\$14,722.3</b>	<b>\$15,462.8</b>

Sources:

Personal Income Estimate

The FY 2018-19 calculation uses the official personal income estimate for calendar year 2017 (Survey of Current Business, October 2018).

The FY 2019-20 calculation uses the May 15, 2020 Consensus Revenue Agreement.

The FY 2020-21 calculation uses the May 15, 2020 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2018-19 calculation uses the May 15, 2020 Consensus Revenue Agreement.

The FY 2019-20 calculation uses the May 15, 2020 Consensus Revenue Agreement.

The FY 2020-21 calculation uses the May 15, 2020 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