



STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

RICK SNYDER  
GOVERNOR

JOHN S. ROBERTS  
DIRECTOR

June 26, 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 May 31, 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](http://www.michigan.gov/budget) under "Financial Reports".

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

Sincerely,

*for Nancy Duncan*  
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  
May 31, 2014  
(\$ in millions)

**FISCAL  
2014**

<b>Beginning Balance, October 1, 2013</b>		see one-time revenue
<b>Current Year GF/GP Revenues, May 2014 Consensus Estimate</b>	<b>\$</b>	<b>9,319.3</b>
<b>Revenue Adjustments:</b>		
Local Government Program Payments	\$	(370.6)
Other revenue adjustments	\$	2.5
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$</b>	<b>(368.1)</b>
<b>Total FY Resources Available For Expenditure GF/GP - Ongoing</b>		<b>8,951.2</b>
<b>Expenditures, Current Law:</b>		
FY 2014 Enacted with Vetoes	\$	9,055.0
<b>Total Expenditures Projected - Ongoing</b>	<b>\$</b>	<b>9,055.0</b>
<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$</b>	<b>(103.8)</b>
<b>Beginning Balance (One-Time Revenue)</b>		
Local Government Program Payments	\$	1,186.6
	\$	(26.0)
<b>Total FY Resources Available For Expenditure GF/GP - One-Time</b>	<b>\$</b>	<b>1,160.6</b>
<b>One-Time Spending Items:</b>		
PA 59, PA 60, PA 97, PA 102, and PA 107 of 2013; PA 34 of 2014	\$	773.2
Consensus forecasts - Medicaid and Human Services caseloads	\$	(59.6)
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$</b>	<b>447.0</b>
<b>Projected Ending Balance, September 30, 2014</b>	<b>\$</b>	<b>343.2</b>

**Fiscal Year 2014**  
**Projected Revenues and Expenditures**  
**May 31, 2014**  
(\$ in millions)

**FISCAL**  
**2014**

<b>Beginning Balance , October 1, 2013</b>		see one-time revenue
<b>Current Year School Aid Fund Revenues, May 2014 Consensus Estimate</b>		
	<b>\$</b>	<b>11,496.3</b>
<b>Revenue Adjustments:</b>		
MPSERS Reserve Fund	\$	156.0
General Fund	\$	180.0
Federal Revenue	\$	1,764.4
Federal Supplemental (PA 116 of 2014)	\$	51.7
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$</b>	<b>2,152.2</b>
<b>Total FY Resources Available for Expenditure School Aid Fund</b>		
	<b>\$</b>	<b>13,648.5</b>
<b>School Aid Ongoing Costs</b>		
PA 60 of 2013	\$	13,168.8
PA 116 of 2014	\$	(109.3)
Anticipated Lapses	\$	(18.0)
<b>Community Colleges Ongoing Costs</b>		
PA 60 of 2013	\$	197.6
<b>Universities Ongoing Costs</b>		
PA 60 of 2013	\$	200.5
<b>Total School Aid Fund Ongoing Costs Projected</b>		
	<b>\$</b>	<b>13,439.6</b>
<b>Current Year Revenues minus Ongoing Costs</b>		
	<b>\$</b>	<b>208.9</b>
<b>Beginning Balance (One-Time Revenue)</b>		
	<b>\$</b>	<b>292.0</b>
General Fund One-Time Transfer (as amended by PA 97 of 2013)	\$	54.9
<b>Revised Beginning Balance</b>		
	<b>\$</b>	<b>346.9</b>
<b>One-Time Spending Items</b>		
PA 60 of 2013	\$	193.0
PA 97 of 2013	\$	4.9
PA 116 of 2014	\$	64.9
<b>One-Time Revenue minus One-Time Spending</b>		
	<b>\$</b>	<b>84.1</b>
<b>Projected Ending Balance, September 30, 2014</b>		
	<b>\$</b>	<b>293.0</b>

## SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

May 31, 2014

(\$ IN MILLIONS)

### FISCAL YEAR 2013

### FISCAL YEAR 2014

Exp & Enc May 2013	Exp & Enc Yr-to-date FY 2013	Fiscal Year End SEP 30, 2013	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc May 2014	Exp & Enc Yr-to-date FY 2014
5.0	41.8	70.5	Agriculture and Rural Development	79.9	11.2	5.7	41.4
5.8	48.5	80.9	Attorney General	87.9	3.7	5.9	49.7
20.4	178.1	255.7	Capital Outlay**	318.1	14.0	22.8	182.3
1.1	8.6	13.7	Civil Rights	15.2	0.0	1.0	8.7
115.5	959.9	1,296.3	Colleges & Universities	1,368.5	0.0	121.0	1,010.0
1,367.6	8,686.6	14,056.7	Community Health	15,299.5	1,495.3	1,378.1	9,064.1
151.3	1,231.0	1,947.9	Corrections	2,032.6	11.5	153.5	1,217.4
19.3	153.0	562.5	Education	293.5	19.1	15.8	135.1
11.5	91.1	156.6	Environmental Quality	486.5	35.7	13.6	99.8
0.7	3.5	4.7	Executive Office	5.4	0.2	0.4	3.9
491.8	3,780.3	5,895.0	Human Services	5,985.0	275.4	427.0	3,513.4
0.0	0.0	0.0	Insurance and Financial Services	75.3	17.4	15.1	39.4
11.4	128.0	242.2	Judiciary	283.4	0.8	19.8	136.4
0.0	0.0	0.0	Land Bank Fast Track Authority	0.0	1.8	0.0	0.0
1.5	12.4	20.0	Legislative Auditor General	21.0	0.0	1.5	12.2
2.6	64.0	104.4	Legislature	123.8	0.4	8.5	73.9
31.1	200.8	319.0	Licensing and Regulatory Affairs	305.5	49.7	34.2	197.6
9.2	80.2	130.9	Military Affairs	138.1	14.2	9.9	78.8
4.2	40.4	69.7	Natural Resources	105.1	12.1	5.7	37.1
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
14.8	110.8	189.9	State	219.5	10.0	14.3	115.0
43.7	302.0	537.5	State Police	605.7	27.1	44.2	321.6
32.9	256.5	473.3	Technology, Management & Budget***	344.1	78.8	25.1	206.3
0.0	0.0	23.0	Transportation	121.3	215.3	4.7	107.3
35.6	1,325.7	2,663.0	Treasury	1,701.4	94.8	34.8	1,153.0
0.7	59.7	157.1	Michigan Strategic Fund	218.2	24.7	0.6	173.7
<b>\$2,377.7</b>	<b>\$17,762.9</b>	<b>\$29,270.5</b>		<b>\$30,234.5</b>	<b>\$2,413.0</b>	<b>\$2,363.3</b>	<b>\$17,978.1</b>

\*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

May, 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	108.5	29,241.6
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		14,319.6
<b>Surplus/(deficit)</b>	<b>\$1,625.9</b>		<b>\$1,652.6</b>

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND**  
 October 1, 2013 Through May 31, 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		50,000
Transfers to other funds		-
Total Other Financing Sources (Uses)		50,000
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	50,188 <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 STATEMENT OF REVENUES AND EXPENDITURES**  
**MICHIGAN NATURAL RESOURCES TRUST FUND**  
 October 1, 2013 Through May 31, 2014  
 (in thousands)

**REVENUES**

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>27,493</u>
Total Revenues		<u>27,493</u>

**EXPENDITURES**

Current:		
General government		1,684
Conservation, environment, recreation, and agriculture		1,254
Capital outlay		<u>12,333</u>
Total Expenditures		<u>15,272</u>
Excess of Revenues over (under) Expenditures		<u>12,221</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>12,204</u></u> <sup>1</sup>

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

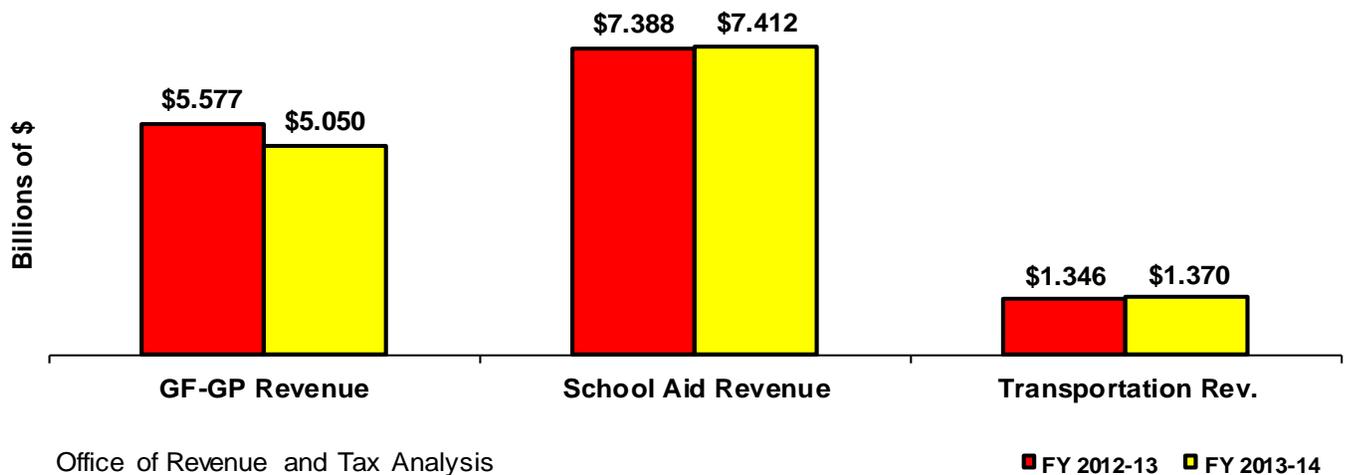
**REVENUE OVERVIEW**  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

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

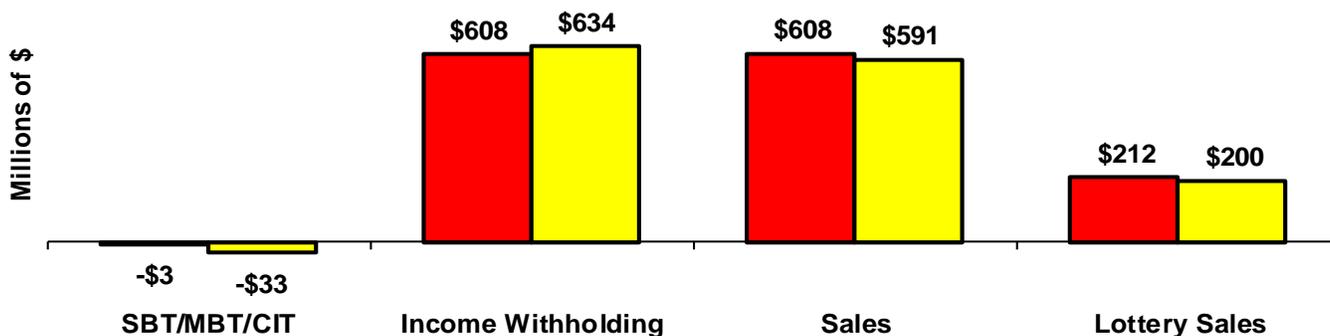
Total General Fund - General Purpose cash collections were \$17.0 million (3.0 percent) lower in May 2014 than in May 2013. The May 2014 School Aid Fund cash collections were \$12.8 million (1.6 percent) lower than in May 2013. May 2014 transportation collections were \$14.6 million (8.3 percent) lower than in May 2013 (see revenue table). May is the eighth 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 \$527.3 million (9.5 percent) from a year ago. School Aid Fund cash collections are up \$23.7 million (0.3 percent) and transportation collections are up \$24.5 million (1.8 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 May Collections  
FY 2012-13 and FY 2013-14**



### May Revenue Collections FY 2012-13 and FY 2013-14



Office of Revenue and Tax Analysis

FY 2012-13 FY 2013-14

### October through May 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: May 31, 2014**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MAY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
May		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
<b>Income Taxes</b>											
\$607,510	\$633,808	\$26,298	4.3%	Withholding	\$5,381,952	\$5,538,132	\$156,180	2.9%	\$7,963,000	\$8,128,300	\$8,281,100
20,181	20,117	(64)	-0.3%	Quarterlies	454,299	465,285	10,987	2.4%	855,100	850,900	876,900
89,475	76,407	(13,068)	-14.6%	Annuals	1,064,661	739,950	(324,711)	-30.5%	1,146,500	909,800	790,800
717,167	730,333	13,165	1.8%	Gross Collections	6,900,912	6,743,367	(157,544)	-2.3%	\$9,964,600	\$9,889,000	\$9,948,800
116,919	122,710	5,790	5.0%	Less: Refunds	1,549,894	1,634,260	84,366	5.4%	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
600,248	607,623	7,375	1.2%	Net Personal Income	5,351,017	5,109,107	(241,910)	-4.5%	\$8,269,600	\$8,267,900	\$8,204,600
165,881	163,621	(2,260)	-1.4%	Less: Disbursements to SAF	1,588,896	1,544,342	(44,554)	-2.8%	\$2,338,500	\$2,353,700	\$2,368,800
\$434,367	\$444,002	\$9,635	2.2%	<b>NET PERSONAL INCOME TO GF-GP</b>	\$3,762,121	\$3,564,765	(\$197,356)	-5.2%	\$5,931,100	\$5,914,200	\$5,835,800
<b>Consumption Taxes</b>											
\$6,417	\$5,744	(\$673)	-10.5%	Sales (a)	\$47,746	\$44,512	(\$3,234)	-6.8%	\$1,003,500	\$1,153,000	\$1,134,200
70,335	70,538	203	0.3%	Use (f)	529,655	582,669	53,015	10.0%	838,300	888,300	918,900
15,009	15,283	275	1.8%	Tobacco	121,148	120,031	(1,117)	-0.9%	187,800	188,800	187,000
4,149	4,215	66	1.6%	Beer, Wine & Mixed Spirits	31,487	32,461	974	3.1%	50,700	52,000	51,500
3,158	4,231	1,073	34.0%	Liquor Specific	24,807	26,579	1,772	7.1%	44,400	43,500	45,000
\$99,068	\$100,011	\$944	1.0%	<b>TOTAL CONSUMPTION TAXES</b>	\$754,843	\$806,252	\$51,409	6.8%	\$2,124,700	\$2,325,600	\$2,336,600
<b>Other Taxes</b>											
(\$38,638)	(\$7,404)	\$31,235	80.8%	Single Business	(\$7,152)	(\$35,555)	(\$28,403)	397.0%	(\$47,000)	\$0	(\$20,000)
(2,949)	3,649	6,597	na	Insurance Premiums Taxes	209,810	226,829	17,020	8.1%	301,400	348,200	346,500
(41,587)	(3,755)	37,832	91.0%	Sub-total SBT & Insurance	202,657	191,274	(11,383)	-5.6%	254,400	348,200	326,500
(38,313)	(60,579)	(22,265)	-58.1%	Michigan Business Tax	(51,103)	(411,937)	(360,834)	na	(75,800)	(550,000)	(552,000)
74,288	34,499	(39,789)	-53.6%	Corporate Income Tax	587,817	614,258	26,440	4.5%	783,100	957,000	879,900
(63)	227	290	na	Inheritance / Estate	52	295	243	na	0	0	0
0	0	0	na	Telephone & Telegraph	23,453	19,488	(3,964)	-16.9%	46,500	55,000	45,000
5,268	6,410	1,142	21.7%	Oil & Gas Severance	37,091	47,135	10,045	27.1%	59,500	55,000	67,000
9,941	6,913	(3,027)	-30.5%	Penalties & Interest	88,074	70,120	(17,955)	-20.4%	165,200	138,000	150,000
0	0	(0)	na	Miscellaneous Other/Railroad	247	14	(234)	-94.5%	1,100	1,000	1,000
(10,667)	(11,083)	(417)	-3.9%	Treasury Enforcement Programs (e)	(85,333)	(87,667)	(2,333)	-2.7%	(134,600)	(129,000)	(133,000)
(\$1,133)	(\$27,367)	(\$26,234)	na	<b>TOTAL OTHER TAXES</b>	\$802,955	\$442,981	(\$359,974)	-44.8%	\$1,099,400	\$875,200	\$784,400
\$532,301	\$516,647	(\$15,654)	-2.9%	<b>SUBTOTAL GF-GP TAXES</b>	\$5,319,919	\$4,813,998	(\$505,921)	-9.5%	\$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: May 31, 2014**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MAY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
May		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
<b>Non-Tax Revenue (e)</b>											
\$1,667	\$1,667	\$0	0.0%	Federal Aid	\$13,333	\$13,333	\$0	0.0%	\$22,500	\$20,000	\$20,000
83	83	0	0.0%	Local Agencies	667	667	0	0.0%	100	1,000	1,000
917	833	(83)	-9.1%	Services	7,333	6,917	(417)	-5.7%	9,000	11,000	10,000
1,667	833	(833)	-50.0%	Licenses & Permits	13,333	9,167	(4,167)	-31.3%	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	84,000	70,583	(13,417)	-16.0%	106,800	114,000	101,000
13,600	14,333	733	5.4%	Liquor Purchase Revolving Fund	109,500	112,667	3,167	2.9%	170,600	164,000	172,000
3,600	4,250	650	18.1%	From Other Funds-Lottery & Escheats	29,500	22,550	(6,950)	-23.6%	94,800	5,200	51,000
<b>\$31,783</b>	<b>\$30,417</b>	<b>(\$1,367)</b>	<b>-4.3%</b>	<b>TOTAL NON-TAX REVENUE</b>	<b>\$257,363</b>	<b>\$236,022</b>	<b>(\$21,340)</b>	<b>-8.3%</b>	<b>\$407,400</b>	<b>\$331,200</b>	<b>\$362,500</b>
<b>\$564,084</b>	<b>\$547,063</b>	<b>(\$17,021)</b>	<b>-3.0%</b>	<b>TOTAL GF-GP REVENUE</b>	<b>\$5,577,282</b>	<b>\$5,050,020</b>	<b>(\$527,261)</b>	<b>-9.5%</b>	<b>\$9,562,800</b>	<b>\$9,446,200</b>	<b>\$9,319,300</b>
<b>School Aid Fund</b>											
\$248,654	\$241,802	(\$6,853)	-2.8%	Sales Tax 4%	\$1,910,750	\$1,900,869	(\$9,881)	-0.5%	2,925,500	3,107,200	2,976,600
193,940	188,399	(5,541)	-2.9%	Sales Tax 2%	1,486,310	1,480,045	(6,265)	-0.4%	2,280,700	2,224,900	2,323,900
35,167	35,269	101	0.3%	Use Tax 2% (f)	263,485	291,335	27,850	10.6%	432,400	444,200	459,500
17,229	21,688	4,460	25.9%	State Education Property Tax	1,209,126	1,236,880	27,754	2.3%	1,770,900	1,818,000	1,788,000
14,715	16,234	1,519	10.3%	Real Estate Transfer Tax	119,980	138,441	18,461	15.4%	202,300	202,100	233,400
65,000	60,000	(5,000)	-7.7%	Lottery Transfer (b)	430,000	445,000	15,000	3.5%	734,300	742,500	775,000
9,438	9,275	(163)	-1.7%	Casino Wagering Tax	76,842	72,059	(4,783)	-6.2%	110,700	112,000	108,000
3,099	4,151	1,052	33.9%	Liquor Excise Tax	24,554	26,346	1,792	7.3%	43,800	43,500	44,500
30,470	31,028	557	1.8%	Cigarette/Tobacco Tax	245,949	243,681	(2,268)	-0.9%	371,900	359,800	359,500
3,564	3,498	(66)	-1.9%	Indus. & Comm. Facilities Taxes	23,723	22,540	(1,183)	-5.0%	33,900	39,000	35,000
1,542	944	(597)	-38.8%	Specific Other	8,839	10,637	1,797	20.3%	24,600	23,100	24,100
165,881	163,621	(2,260)	-1.4%	Income Tax Earmarking	1,588,896	1,544,342	(44,554)	-2.8%	\$2,338,500	\$2,353,700	\$2,368,800
<b>\$788,701</b>	<b>\$775,910</b>	<b>(\$12,792)</b>	<b>-1.6%</b>	<b>TOTAL SCHOOL AID FUND</b>	<b>\$7,388,455</b>	<b>\$7,412,174</b>	<b>\$23,720</b>	<b>0.3%</b>	<b>\$11,269,500</b>	<b>\$11,470,100</b>	<b>\$11,496,300</b>
\$608,364	\$591,402	(\$16,962)	-2.8%	SALES TAX 6%	\$4,670,893	\$4,648,160	(\$22,733)	-0.5%	\$7,153,800	\$7,330,700	\$7,285,000
414,424	403,003	(11,421)	-2.8%	SALES TAX 4%(d)	3,184,583	3,168,115	(16,468)	-0.5%	4,873,100	5,105,800	4,961,100
193,940	188,399	(5,541)	-2.9%	SALES TAX 2%	1,486,310	1,480,045	(6,265)	-0.4%	2,280,700	2,224,900	2,323,900
105,502	105,806	304	0.3%	USE TAX 6% (f)	793,140	874,004	80,864	10.2%	1,270,700	1,332,500	1,378,400
75,422	76,801	1,380	1.8%	TOBACCO TAXES	608,786	603,171	(5,614)	-0.9%	957,400	936,400	938,000
0	0	0	na	TOBACCO SETTLEMENT	292,220	192,774	(99,447)	-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: May 31, 2014**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MAY CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
May		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	
<b>Major Transportation Revenues</b>												
\$10,358	\$11,076	\$718	6.9%	Diesel Fuel / Motor Carrier Fuel Tax	\$86,392	\$91,757	\$5,365	6.2%	\$128,910	\$130,000	\$130,600	
64,844	63,520	(1,324)	-2.0%	Gasoline	535,927	542,863	6,936	1.3%	821,632	812,500	818,000	
86,798	72,957	(13,840)	-15.9%	Motor Vehicle Registration	621,253	633,283	12,029	1.9%	906,530	905,000	927,500	
4,679	4,508	(171)	-3.7%	Other Taxes, Fees & Misc.	30,665	30,278	(387)	-1.3%	127,998	167,961	175,215	
9,122	9,117	(5)	-0.1%	Comprehensive Transportation (c)	71,690	72,284	593	0.8%	114,629	106,794	109,404	
<u>\$175,801</u>	<u>\$161,179</u>	<u>(\$14,622)</u>	<u>-8.3%</u>	<b>TOTAL MAJOR TRANS. REVENUES</b>	<u>\$1,345,928</u>	<u>\$1,370,465</u>	<u>\$24,537</u>	<u>1.8%</u>	<u>\$2,099,699</u>	<u>\$2,122,255</u>	<u>\$2,160,718</u>	
<b>Lottery Sales By Games</b>												
65,654	74,117	8,463	12.9%	Instant Games	542,445	599,210	56,765	10.5%	na	na	na	
52,561	53,992	1,431	2.7%	Daily Games	440,532	446,647	6,115	1.4%	na	na	na	
50,443	23,822	(26,621)	-52.8%	Lotto and Big Game	261,421	240,739	(20,683)	-7.9%	na	na	na	
868	775	(93)	-10.8%	Keno Game	7,636	6,817	(819)	-10.7%	na	na	na	
(0)	2,234	2,234	na	Other	5,100	37,064	31,964	na	na	na	na	
42,018	44,727	2,709	6.4%	Club Games	379,047	384,697	5,649	1.5%	na	na	na	
<u>\$211,544</u>	<u>\$199,667</u>	<u>(\$11,877)</u>	<u>-5.6%</u>	<b>TOTAL LOTTERY SALES</b>	<u>\$1,636,181</u>	<u>\$1,715,173</u>	<u>\$78,991</u>	<u>4.8%</u>	<u>na</u>	<u>na</u>	<u>na</u>	

-11-

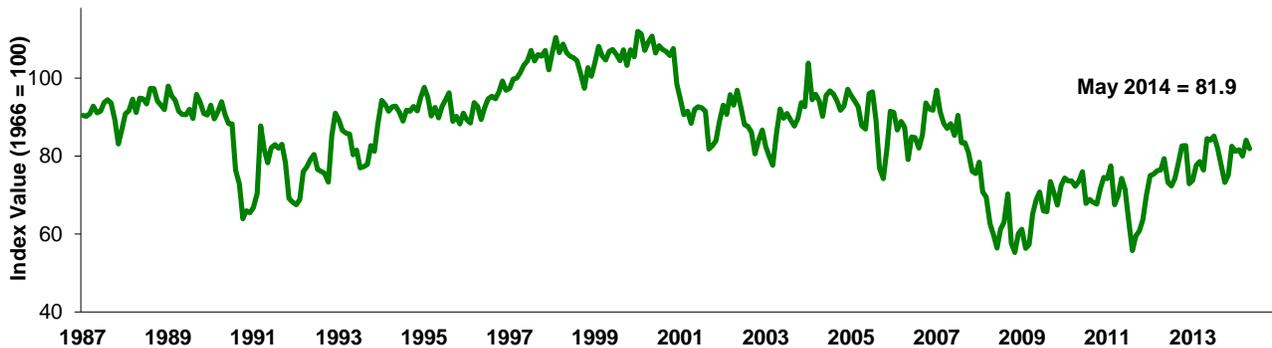
- a GF-GP Sales has been estimated based on CTF and Health Initiative shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated (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

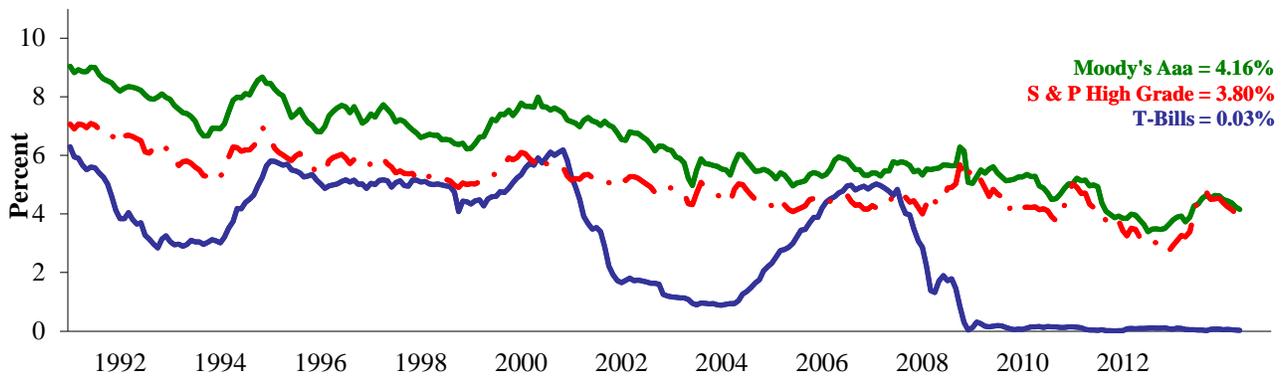
The **Index of Consumer Sentiment** fell in May to 81.9 index-points, 2.2 index-points below the April value and 2.6 index-points below May 2013. On the decrease in confidence, Survey Director Richard Curtin noted, “The slippage in consumer confidence came to a halt in late May. Although the May Sentiment Index declined by 2.2 points from April, the May level was nearly identical to the average during the first four months of the year (81.7). While the latest GDP was the weakest in three years, the dismal state of the economy in the 1<sup>st</sup> quarter was largely ignored by consumers as primarily due to the harsh winter.” Curtin observed, “At present, the economy was anticipated to be strong enough in the year ahead to produce the best change in job prospects since 2004. The main concern expressed by consumers involved dismal prospects for wage growth, which for nearly half of all households meant anticipated declines in inflation-adjusted incomes and living standards during the year ahead.” On buying attitudes, Curtin reported, “Vehicle buying attitudes were less favorable than last month or last year, especially among households in the top third of the income distribution. Home buying attitudes have remained largely unchanged for the past three months, although home selling attitudes have improved.” In May, consumers in three of the four regions reported a decrease in confidence. Western consumers reported the largest decrease in confidence at 6.5 index-points, followed by Midwestern consumers with a decrease of 5.0 index-points. Northeastern consumers reported an increase in confidence of 3.2 index points. The gap across regions decreased from last month to 2.9 index-points, with Northeastern consumers on top and Western consumers on the bottom.

The preliminary estimate of real **Gross Domestic Product** for the first quarter of 2014 is \$15,902.9 billion (chained 2005 dollars), a decrease of 1.0 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 3.1 percent in the first quarter, compared to a 3.3 percent increase in the fourth quarter. Real residential fixed investment decreased 5.0 percent in the first quarter compared to a decrease of 7.9 percent in the fourth quarter. Real nonresidential fixed investment decreased 1.6 percent in the first quarter while real equipment expenditures decreased 3.1 percent. Real federal government expenditures increased 0.7 percent in the first quarter, compared to a 12.8 percent decrease in the fourth quarter. Real state and local

government spending decreased 1.8 percent in the first quarter, compared to being unchanged in the fourth quarter. Exports of goods and services decreased 6.0 percent in the first quarter, compared to a 9.5 percent increase in the fourth quarter. Imports increased 0.7 percent in the first quarter compared to an increase of 1.5 percent in the fourth quarter. Private inventory investment increased \$49.0 billion in the first quarter, following a \$111.7 billion increase in the fourth quarter. Real final sales increased 0.6 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 0.4 percent in May, up from the 0.3 percent increase compared to April. Energy prices increased 0.9 percent in May, up from a 0.3 percent increase in April, while the all-items less food and energy component increased 0.3 percent in May. Compared to May 2013, the all-items index increased 2.1 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 2.4 percent; medical care, 2.8 percent; apparel, 0.7 percent; education and communication, 1.5 percent; other goods and services, 1.8 percent; housing, 2.6 percent; recreation, 0.4 percent; and transportation, 1.8 percent, with gasoline prices up 2.3 percent.

### Selected Key Interest Rates

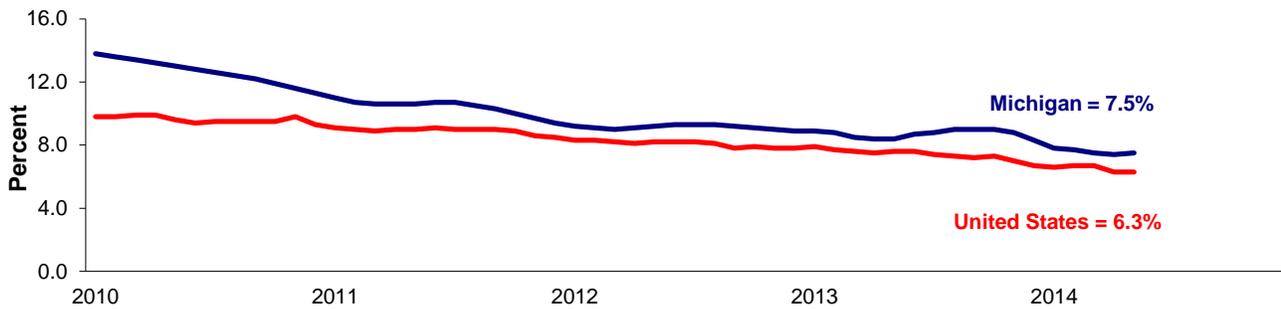


Source: Economic Indicators

Short-term **interest rates** decreased 0.01 percentage point in May 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, decreased 0.08 percentage point to an interest yield of 4.24 percent in May. The Aaa bond yield was up 0.27 percentage point from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.22 percentage point from the April level to 3.80 percent in May and was up 0.41 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 May, the **U. S. unemployment rate** remained unchanged from a month ago at 6.3 percent and was 1.2 percentage points lower than a year ago. Civilian employment totaled 145.8 million persons in May. The number unemployed was 9.8 million nationwide.

## Unemployment Rates 2010 - 2014

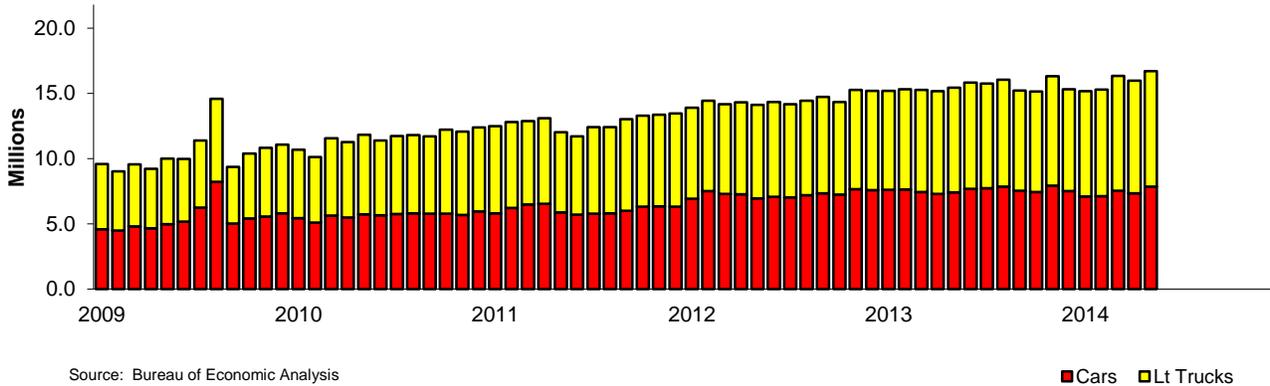


Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In May, the **Michigan jobless rate** increased 0.1 of a percentage point to 7.5 percent from 7.4 percent in April. The May unemployment rate is 1.4 percentage points below the year ago level. In May, the labor force increased by 3,000 to 4,743,000, while the number of people employed increased by 1,000 to 4,389,000. In May, there were 354,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

## Motor Vehicle Sector

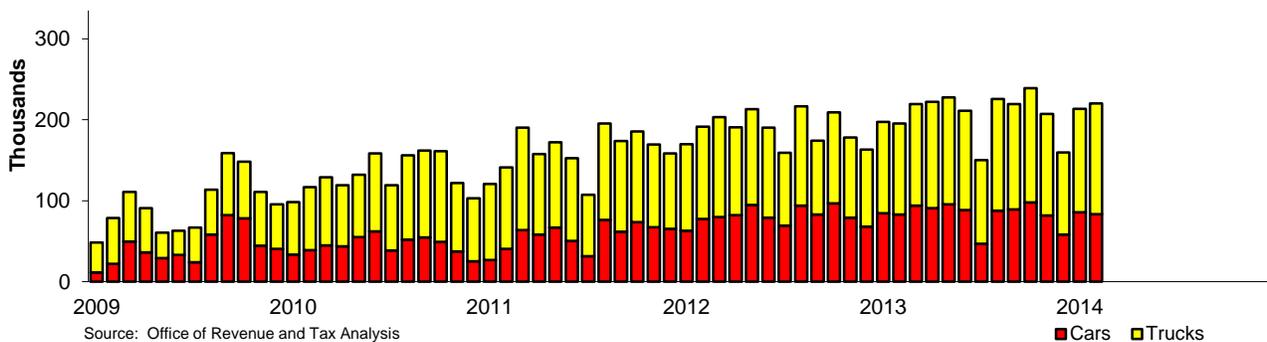
### U. S. Light Vehicle Sales



**U.S. light vehicle sales** (cars + light trucks) increased 4.7 percent in May compared to April, selling at a 16.7 million unit seasonally adjusted annual rate. Domestic car sales increased 6.2 percent from April while domestic light truck sales increased 2.9 percent. Import car sales increased 8.2 percent while import light truck sales increased 2.7 percent. Compared to last year, light vehicle sales increased 8.3 percent. Domestic car sales were up 4.7 percent from the year ago level while domestic light truck sales increased 10.9 percent. Import car sales were up 8.5 percent from last year while import truck sales increased 8.9 percent. As a result, the domestic share of U.S. light vehicle sales decreased 0.1 percentage point from a year ago. For fiscal year 2014 year-to-date, domestic light vehicles recorded a 78.1 percent share of a 15.8 million-unit market.

**Michigan motor vehicle production** decreased to 159,817 units in April from 217,248 units in March. From a year ago, motor vehicle production decreased 12 percent in Michigan and remained unchanged nationally. In April, Michigan's car production was 54,627 units while the state's truck production was 141,190 units. Compared with a year ago, car production decreased 40 percent in Michigan and decreased 16 percent nationwide. The state's truck production increased 7 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)**

	<b>Fiscal Year 2011-12 Actual</b>	<b>Fiscal Year 2012-13 Estimate</b>	<b>Fiscal Year 2013-14 Estimate</b>
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>\$28,102.0</u>	<u>\$28,171.5</u>
<b>Amount Under (Over) Limit</b>	<b>\$5,230.4</b>	<b>\$5,886.6</b>	<b>\$7,742.8</b>

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 May 15, 2014 Consensus Revenue Agreement.

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