



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN S. ROBERTS
DIRECTOR

December 30, 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 November 30, 2014. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

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

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

Sincerely,

John S. Roberts
State Budget Director

Attachment

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

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2015
Projected Revenues and Expenditures
November 30, 2014
(\$ in millions)

	FISCAL 2015
Beginning Balance, October 1, 2014	<i>see one-time revenue</i>
Current Year GF/GP Revenues, May 2014 Consensus Estimate	\$ 9,826.0
Revenue Adjustments:	
Local Government Program Payments	\$ (459.2)
General Fund share of HMO use tax collections - PA 161 of 2014	\$ 392.9
Venture Michigan Fund	\$ (38.1)
Other revenue adjustments	\$ (15.2)
Subtotal Additional Revenue Adjustments	\$ (119.6)
Total FY Resources Available For Expenditure GF/GP - Ongoing	\$ 9,706.4
Expenditures, Current Law:	
FY 2015 Enacted with Vetoes	\$ 9,599.3
Total Expenditures Projected - Ongoing	\$ 9,599.3
Current Year Revenues minus Ongoing Costs	\$ 107.1
Beginning Balance (One-Time Revenue)	\$ 515.0
Local Government Program Payments	\$ (8.8)
Total FY Resources Available For Expenditure GF/GP - One-Time	\$ 506.2
One-Time Spending Items:	
PA 182, PA 196, PA 252, PA 282, and PA 356 of 2014	\$ 611.4
One-Time Revenue minus One-Time Spending	\$ (105.2)
Projected Ending Balance, September 30, 2015	\$ 1.9

¹ This report does not reflect final revenue and expenditure data for the fiscal year ending September 30, 2014. Final year-end activity will be reflected in the fiscal year 2014 Comprehensive Annual Financial Report which, by law, must be issued on or before March 31, 2015.

School Aid Fund
Fiscal Year 2015
Projected Revenues and Expenditures
November 30, 2014
(\$ in millions)

		FISCAL 2015
Beginning Balance , October 1, 2014		see one-time revenue
Current Year School Aid Fund Revenues, May 2014 Consensus Estimate	\$	11,853.3
Revenue Adjustments:		
Personal Property Tax Reform Approval (PA 80 of 2014)	\$	(10.0)
Personal Property Tax Reform Holdharmless General Fund	\$	19.9
Use Tax Revision (PA 161 of 2014)	\$	196.4
Various Legislation (PA 240, 248 and 298 of 2014); Court Decision	\$	(5.8)
Michigan Venture Fund	\$	(11.9)
MPERS Reserve Fund	\$	18.0
General Fund	\$	95.0
Federal Revenue	\$	1,808.2
Subtotal Additional Revenue Adjustments	\$	2,109.8
Total FY Resources Available for Expenditure School Aid Fund	\$	13,963.1
School Aid Ongoing Costs		
PA 196 of 2014	\$	13,494.1
Community Colleges Ongoing Costs		
PA 196 of 2014	\$	197.6
Universities Ongoing Costs		
PA 196 of 2014	\$	200.5
Total School Aid Fund Ongoing Costs Projected	\$	13,892.2
Current Year Revenues minus Ongoing Costs	\$	70.9
Beginning Balance (One-Time Revenue)		
	\$	455.1 ¹
One-Time Spending Items		
PA 196 of 2014 School Aid	\$	376.2
PA 196 of 2014 Higher Education	\$	4.0
One-Time Revenue minus One-Time Spending	\$	74.9
Projected Ending Balance, September 30, 2015	\$	145.8

¹This report does not reflect final revenue and expenditure data for the fiscal year ending September 30, 2014. Final year-end activity will be reflected in the fiscal year 2014 Comprehensive Annual Financial Report which, by law, must be issued on or before March 31, 2015.

**SUMMARY OF EXPENDITURES AND ENCUMBRANCES
GENERAL FUND GROSS**

November 30, 2014

(\$ IN MILLIONS)

FISCAL YEAR 2014

FISCAL YEAR 2015

Exp & Enc November 2013	Exp & Enc Yr-to-date FY 2014	Fiscal Year End SEP 30, 2014	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc November 2014	Exp & Enc Yr-to-date FY 2015
5.2	8.3	70.9	Agriculture and Rural Development	84.5	11.6	5.4	8.7
6.9	9.8	81.4	Attorney General	92.6	0.0	7.1	9.7
19.3	57.9	314.6	Capital Outlay**	321.8	0.0	19.3	58.5
1.0	1.5	14.1	Civil Rights	16.6	0.0	1.1	1.6
140.4	254.8	1,356.4	Colleges & Universities	1,479.1	0.0	153.6	273.5
1,139.6	2,286.3	15,358.8	Community Health	18,147.0	300.0	1,332.0	2,755.7
144.6	271.5	1,984.9	Corrections	2,022.2	0.0	140.7	258.9
19.2	31.4	399.8	Education	287.1	9.0	17.3	26.4
11.0	15.4	254.8	Environmental Quality	473.9	35.6	11.6	16.0
0.7	1.1	5.1	Executive Office	5.9	0.0	0.8	1.2
460.5	895.9	5,488.4	Human Services	5,966.8	0.0	420.7	805.8
3.7	3.8	61.9	Insurance and Financial Services	65.2	0.0	3.7	5.1
17.9	24.7	249.7	Judiciary	287.8	0.0	9.6	16.1
0.0	0.0	1.8	Land Bank Fast Track Authority	4.0	0.0	1.1	1.1
1.6	2.4	20.2	Legislative Auditor General	22.2	0.0	1.7	2.4
9.2	17.1	115.0	Legislature	128.9	0.4	9.0	16.6
4.3	14.0	252.5	Licensing and Regulatory Affairs	326.4	54.2	18.3	66.5
9.4	15.9	128.3	Military Affairs	140.7	12.2	9.6	16.0
3.8	6.5	72.1	Natural Resources	126.6	14.1	4.6	8.5
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
14.4	20.6	198.5	State	224.0	9.7	15.7	21.1
36.3	54.4	577.5	State Police	638.8	14.7	37.3	53.9
24.5	40.4	1,013.8	Technology, Management & Budget***	420.1	94.0	25.9	45.2
0.0	0.0	221.6	Transportation	282.6	0.0	0.0	22.0
84.1	365.5	2,712.3	Treasury	1,838.9	73.4	80.2	383.9
60.3	77.0	221.0	Michigan Strategic Fund	240.7	24.1	(0.2)	40.6
\$2,218.0	\$4,476.3	\$31,175.3		\$33,644.4	\$652.9	\$2,327.1	\$4,914.0

*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
November, 2014
(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,560.3	0.0	16,560.3
Total state spending from state resources	30,143.5	33.6	30,177.1
Percentage of state spending from state resources paid to local units	54.94%		54.88%
Required payments to local units (48.97%)	14,761.3		14,777.7
Surplus/(deficit)	\$1,799.0		\$1,782.6

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

REVENUES

Miscellaneous	\$ <u> -</u>
Total Revenues	<u> -</u>

EXPENDITURES

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

OTHER FINANCING SOURCES (USES)

Transfers from other funds	15,667
Transfers to other funds	<u> -</u>
Total Other Financing Sources (Uses)	<u> 15,667</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u> <u>\$ 15,667</u>¹</u>

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 November 30, 2014
 (in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>3,215</u>
Total Revenues		<u>3,215</u>

EXPENDITURES

Current:		
General government		94
Conservation, environment, recreation, and agriculture		178
Capital outlay		<u>2,280</u>
Total Expenditures		<u>2,552</u>
Excess of Revenues over (under) Expenditures		<u>663</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues		-
Proceeds from sale of capital assets		-
Transfers from other funds		-
Transfers to other funds		<u>-</u>
Total Other Financing Sources (Uses)		<u>-</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		<u>\$ 663</u> ¹

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

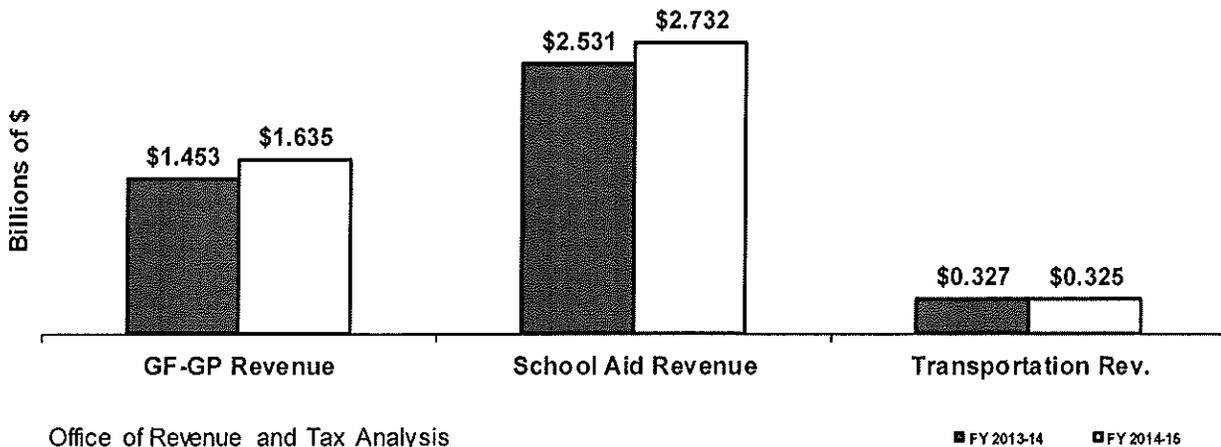
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

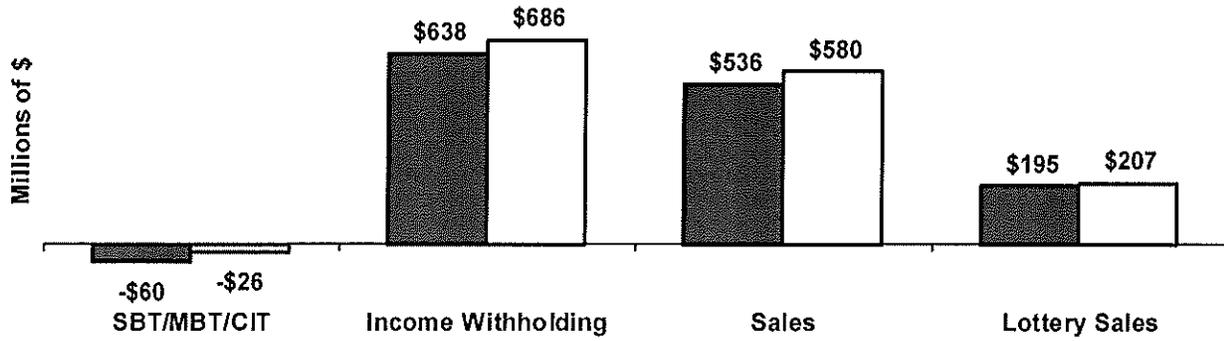
Total General Fund - General Purpose cash collections were \$80.5 million (12.4 percent) higher in November 2014 than in November 2013. The November 2014 School Aid Fund cash collections were \$83.1 million (9.3 percent) higher than in November 2013. November 2014 transportation collections were \$6.8 million (4.4 percent) lower than in November 2013 (see revenue table). November is the second 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 \$182.4 million (12.6 percent) from a year ago. School Aid Fund cash collections are up \$200.5 million (7.9 percent) and transportation collections are down \$1.8 million (0.5 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, 2014. The revenue estimate for net General Fund – General Purpose revenue for FY 2014-15 is \$9,826.0 million and the net School Aid revenue forecast is \$11,853.3 million. The Transportation Funds revenue forecast is \$2,178.6 million. The next regularly scheduled Consensus Revenue Estimating Conference will be on January 16, 2015.

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



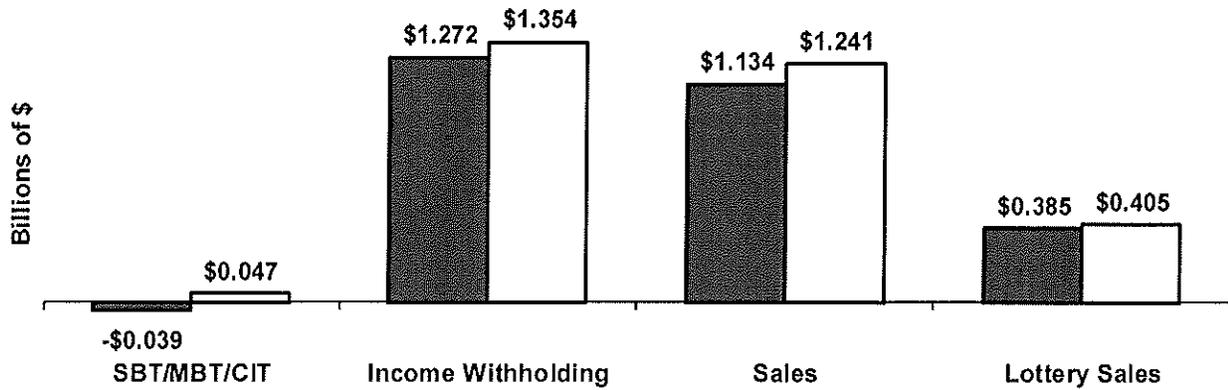
November Revenue Collections FY 2013-14 and FY 2014-15



Office of Revenue and Tax Analysis

■ FY 2013-14 □ FY 2014-15

October through November 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: November 30, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15
2013	2014	Amount	Percent		FY 2013-14	FY 2014-15	Amount	Percent	May 2014	Statutory	May 2014
					Consensus	Estimate	Consensus				
Income Taxes											
\$637,777	\$685,831	\$48,053	7.5%	Withholding	\$1,272,011	\$1,353,705	\$81,694	6.4%	\$8,281,100	\$8,568,600	\$8,568,600
8,195	8,703	508	6.2%	Quarterlies	26,276	25,668	(609)	-2.3%	876,900	908,500	908,500
11,620	12,177	557	4.8%	Annuals	63,468	54,924	(8,564)	-13.5%	790,800	825,700	825,700
657,592	706,711	49,118	7.5%	Gross Collections	1,361,776	1,434,296	72,521	5.3%	\$9,948,800	\$10,302,800	\$10,302,800
14,909	19,061	4,151	27.8%	Less: Refunds	62,565	78,036	15,470	24.7%	1,743,200	1,797,000	1,797,000
0	0	0	na	State Campaign Fund	0	0	0	na	1,000	1,000	1,000
642,633	687,650	44,967	7.0%	Net Personal Income	1,299,210	1,356,261	57,050	4.4%	\$8,204,600	\$8,504,800	\$8,504,800
152,435	164,195	11,760	7.7%	Less: Disbursements to SAF	313,939	331,330	17,392	5.5%	\$2,368,800	\$2,453,100	\$2,453,100
\$490,248	\$523,455	\$33,207	6.8%	NET PERSONAL INCOME TO GF-GP	\$985,272	\$1,024,930	\$39,659	4.0%	\$5,835,800	\$6,051,700	\$6,051,700
Consumption Taxes											
\$73,246	\$89,970	\$16,724	22.8%	Sales (a)	\$156,616	\$193,487	\$36,871	23.5%	\$1,134,200	\$1,187,000	\$1,187,000
69,769	69,939	171	0.2%	Use (f)	147,611	155,135	7,524	5.1%	918,900	952,400	952,400
18,320	15,019	(3,301)	-18.0%	Tobacco	33,931	31,441	(2,490)	-7.3%	187,000	182,900	182,900
4,567	4,532	(35)	-0.8%	Beer, Wine & Mixed Spirits	8,847	8,830	(17)	-0.2%	51,000	52,000	52,000
3,875	4,454	579	14.9%	Liquor Specific	3,911	4,461	571	14.6%	45,000	46,000	46,000
\$169,776	\$183,913	\$14,137	8.3%	TOTAL CONSUMPTION TAXES	\$350,915	\$393,373	\$42,458	12.1%	\$2,336,600	\$2,420,300	\$2,420,300
Other Taxes											
(\$11,505)	(\$13,815)	(\$2,309)	-20.1%	Single Business	(\$17,433)	(\$10,851)	\$6,581	37.8%	(\$20,000)	(\$10,000)	(\$10,000)
(866)	276	1,142	na	Insurance Premiums Taxes	69,725	87,798	18,072	25.9%	346,500	396,000	396,000
(12,372)	(13,539)	(1,167)	-9.4%	Sub-total SBT & Insurance	52,293	76,946	24,654	47.1%	326,500	386,000	386,000
(71,550)	(33,029)	38,521	53.8%	Michigan Business Tax	(161,205)	(46,342)	114,863	71.3%	(552,000)	(429,000)	(429,000)
23,425	21,140	(2,284)	-9.8%	Corporate Income Tax	139,361	103,818	(35,543)	-25.5%	879,900	907,000	907,000
0	(0)	(0)	na	Inheritance / Estate	1	(150)	(150)	na	0	0	0
18,759	18,185	(574)	-3.1%	Telephone & Telegraph	19,118	18,504	(614)	-3.2%	45,000	45,000	45,000
1,825	3,328	1,503	82.3%	Oil & Gas Severance	7,437	6,708	(729)	-9.8%	67,000	68,500	68,500
7,820	7,096	(724)	-9.3%	Penalties & Interest	19,162	19,105	(57)	-0.3%	150,000	152,000	152,000
10	0	(10)	na	Miscellaneous Other/Railroad	10	5	(5)	na	1,000	1,000	1,000
(11,083)	(11,167)	(83)	-0.8%	Treasury Enforcement Programs (e)	(22,167)	(22,333)	(167)	-0.8%	(133,000)	(134,000)	(134,000)
(\$43,166)	(\$7,985)	\$35,181	-81.5%	TOTAL OTHER TAXES	\$54,009	\$156,262	\$102,252	na	\$784,400	\$996,500	\$996,500
\$616,858	\$699,384	\$82,525	13.4%	SUBTOTAL GF-GP TAXES	\$1,390,196	\$1,574,565	\$184,369	13.3%	\$8,956,600	\$9,468,500	\$9,468,500

continued

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

For The Month Ended: November 30, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15	
2013	2014	Amount	Percent		FY 2013-14	FY 2014-15	Amount	Percent	May 2014	Statutory	May 2014	
									Consensus	Estimate	Consensus	
Non-Tax Revenue (e)												
\$1,667	\$1,667	\$0	0.0%	Federal Aid	\$3,333	\$3,333	\$0	0.0%	\$20,000	\$20,000	\$20,000	
83	83	0	0.0%	Local Agencies	167	167	0	0.0%	1,000	1,000	1,000	
833	833	0	0.0%	Services	1,667	1,667	0	0.0%	10,000	10,000	10,000	
833	833	0	0.0%	Licenses & Permits	1,667	1,667	0	0.0%	10,000	10,000	10,000	
0	0	0	na	Investments/Interest Costs	0	0	0	na	(2,500)	(4,000)	(4,000)	
10,917	8,417	(2,500)	-22.9%	Misc. Non-tax Revenue	19,333	16,833	(2,500)	-12.9%	101,000	101,000	101,000	
13,833	14,333	500	3.6%	Liquor Purchase Revolving Fund	28,167	28,667	500	1.8%	172,000	173,500	173,500	
4,250	4,250	0	0.0%	From Other Funds-Lottery & Escheats	8,500	8,500	0	0.0%	51,000	46,000	46,000	
\$32,417	\$30,417	(\$2,000)	-6.2%	TOTAL NON-TAX REVENUE	\$62,833	\$60,833	(\$2,000)	-3.2%	\$362,500	\$357,500	\$357,500	
\$649,275	\$729,600	\$80,525	12.4%	TOTAL GF-GP REVENUE	\$1,455,029	\$1,635,399	\$182,369	12.6%	\$9,319,300	\$9,826,000	\$9,826,000	
School Aid Fund												
\$219,791	\$238,028	\$18,238	8.3%	Sales Tax 4%	\$463,877	\$508,568	\$44,690	9.6%	2,976,600	3,083,600	3,083,600	
170,068	183,140	13,071	7.7%	Sales Tax 2%	360,403	393,407	33,005	9.2%	2,323,900	2,409,700	2,409,700	
34,884	78,586	43,702	125.0%	Use Tax 2% (f)	73,806	163,795	89,990	122.0%	459,500	476,200	476,200	
182,285	165,132	(17,153)	-9.4%	State Education Property Tax	1,112,627	1,106,301	(6,326)	-0.6%	1,788,000	1,841,300	1,841,300	
22,888	28,869	5,981	26.1%	Real Estate Transfer Tax	43,958	57,818	13,860	31.6%	233,400	245,300	245,300	
60,000	73,759	13,759	22.9%	Lottery Transfer (b)	60,000	73,759	13,759	22.9%	775,000	776,000	776,000	
9,059	8,649	(410)	-4.5%	Casino Wagering Tax	18,163	18,236	83	0.5%	108,000	112,000	112,000	
3,865	4,437	573	14.8%	Liquor Excise Tax	3,865	4,437	573	14.8%	44,500	45,500	45,500	
37,192	30,490	(6,702)	-18.0%	Cigarette/Tobacco Tax	68,885	63,830	(5,055)	-7.3%	359,500	350,400	350,400	
828	1,742	913	110.0%	Indus. & Comm. Facilities Taxes	9,196	9,171	(25)	-0.3%	35,000	36,100	36,100	
966	380	(586)	-60.7%	Specific Other	2,424	1,013	(1,411)	-58.2%	24,100	24,100	24,100	
152,435	164,195	11,760	7.7%	Income Tax Earmarking	313,939	331,330	17,392	5.5%	\$2,368,800	\$2,453,100	\$2,453,100	
\$894,261	\$977,406	\$83,145	9.3%	TOTAL SCHOOL AID FUND	\$2,531,133	\$2,731,666	\$200,533	7.9%	\$11,496,300	\$11,853,300	\$11,853,300	
\$536,386	\$579,853	\$43,467	8.1%	SALES TAX 6%	\$1,133,532	\$1,241,020	\$107,488	9.5%	\$7,285,000	\$7,549,100	\$7,549,100	
366,318	396,713	30,396	8.3%	SALES TAX 4%(d)	773,129	847,613	74,484	9.6%	4,961,100	5,139,400	5,139,400	
170,068	183,140	13,071	7.7%	SALES TAX 2%	360,403	393,407	33,005	9.2%	2,323,900	2,409,700	2,409,700	
104,653	148,525	43,872	41.9%	USE TAX 6% (f)	221,417	318,930	97,514	44.0%	1,378,400	1,428,600	1,428,600	
92,060	75,470	(16,590)	-18.0%	TOBACCO TAXES	170,507	157,994	(12,513)	-7.3%	938,000	917,900	917,900	
0	0	0	na	TOBACCO SETTLEMENT	608	0	(608)	-100.0%	na	na	na	

continued

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

For The Month Ended: November 30, 2014

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2013-14	FY 2014-15	FY 2014-15
2013	2014	Amount	Percent		FY 2013-14	FY 2014-15	Amount	Percent	May 2014 Consensus	Statutory Estimate	May 2014 Consensus
Major Transportation Revenues											
\$12,152	\$11,744	(\$408)	-3.4%	Diesel Fuel / Motor Carrier Fuel Tax	\$25,021	\$25,340	\$319	1.3%	\$130,600	\$131,500	\$131,500
73,428	70,626	(2,802)	-3.8%	Gasoline	147,781	146,693	(1,087)	-0.7%	818,000	815,000	815,000
57,993	54,349	(3,644)	-6.3%	Motor Vehicle Registration	129,025	127,704	(1,321)	-1.0%	927,500	948,500	948,500
2,999	3,011	12	0.4%	Other Taxes, Fees & Misc.	6,513	6,737	225	3.4%	175,215	175,628	175,628
9,117	9,161	44	0.5%	Comprehensive Transportation (c)	18,234	18,321	87	0.5%	109,404	109,926	109,926
\$155,689	\$148,891	(\$6,798)	-4.4%	TOTAL MAJOR TRANS. REVENUES	\$326,574	\$324,795	(\$1,778)	-0.5%	\$2,160,718	\$2,178,554	\$2,178,554
Lottery Sales By Games											
65,773	75,339	9,566	14.5%	Instant Games (g)	129,864	141,624	11,760	9.1%	na	na	na
52,177	56,014	3,837	7.4%	Daily Games	104,419	112,469	8,070	7.7%	na	na	na
23,749	29,219	5,470	23.0%	Lotto and Big Game	47,920	57,142	9,222	19.2%	na	na	na
802	761	(41)	-5.1%	Keno Game	1,637	1,515	(122)	-7.4%	na	na	na
8,010	1,379	(6,631)	-82.8%	Other	11,740	2,838	(8,901)	-75.8%	na	na	na
44,965	44,713	(252)	-0.6%	Club Games	89,459	89,642	183	0.2%	na	na	na
\$195,476	\$207,425	\$11,949	6.1%	TOTAL LOTTERY SALES	\$385,040	\$405,251	\$20,211	5.2%	na	na	na

- a GF-GP Sales has been adjusted based on CTF, 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 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 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.

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

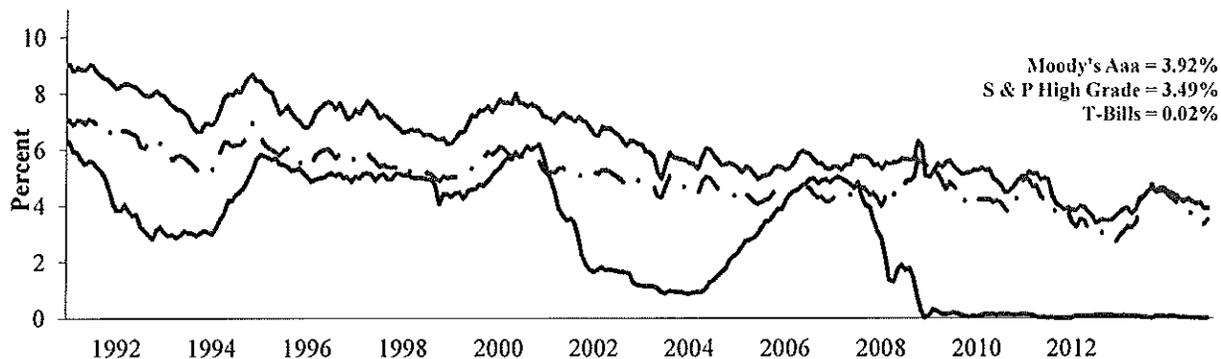
The *Index of Consumer Sentiment* increased in November to 88.8 index-points, 1.9 index-points above the October value and 13.7 index-points above November 2013. On the increase in confidence, Survey Director Richard Curtin noted, "Although the gains in consumer confidence eased in late November, the Sentiment Index at 88.8 was still the highest in 88 months – since July 2007. The overall Sentiment Index has now risen by 61% in the six years since the Great Recession low point was recorded in the November 2008 survey. The Sentiment Index, however, remains 9.1% below the last cyclical peak of 96.9 recorded in January 2007 – which was a year in advance of NBER's cyclical peak in December 2007. Nearly all of the November gain was due to recent improvements in current economic conditions, especially lower gas prices and improving job prospects." Curtin observed, "Favorable job news meant that the last time fewer consumers expected the unemployment rate to increase was in 1998, and expected income gains were at their highest level in six years. These gains arrived just in time to boost holiday spending, especially among younger and lower income households, and indicate that total consumer expenditures can be expected to increase by 2.9% in 2015." On buying attitudes, Curtin reported, "Buying attitudes toward household durables in the November survey reached their most favorable level since 2007. The gain was largely due to much more positive views among younger and lower income households, with these subgroups mentioning price discounts more frequently than last month." In November, consumers in three of the four regions reported an increase in confidence. Northeastern consumers reported the largest increase in confidence at 9.7 index-points, followed by Southern consumers with an increase of 2.9 index-points. Western consumers reported a decrease in confidence of 6.5 index points. The gap across regions increased from last month to 9.8 index-points, with Northeastern consumers on top and Western consumers on the bottom.

The advance estimate of real *Gross Domestic Product* for the third quarter of 2014 is \$16,164.1 billion (chained 2005 dollars), an increase of 3.9 percent at an annual rate. In the second quarter of 2014, real gross domestic product increased 4.6 percent. The increase in third quarter real GDP was mainly due to nonresidential fixed investment, exports, personal consumption expenditures, federal government spending and state and local government spending. Imports, which are a subtraction in calculating GDP, decreased. Real personal consumption expenditures increased 2.2 percent in the third quarter, compared to a 2.5 percent increase in the second quarter. Real residential fixed investment increased 2.7 percent in the third quarter compared to an increase of 8.8 percent in the

second quarter. Real nonresidential fixed investment increased 7.1 percent in the third quarter while real equipment expenditures increased 10.7 percent. Real federal government expenditures increased 9.9 percent in the third quarter, compared to a 0.9 percent decrease in the second quarter. Real state and local government spending increased 0.8 percent in the third quarter, compared to a 3.4 percent increase in the second quarter. Exports of goods and services increased 4.9 percent in the third quarter, compared to a 11.1 percent increase in the second quarter. Imports decreased 0.7 percent in the third quarter compared to an increase of 11.3 percent in the second quarter. Private inventory investment increased \$74.1 billion in the third quarter, following a \$84.8 billion increase in the second quarter. Real final sales increased 4.1 percent in the third quarter compared to an increase of 3.2 percent in the second quarter. On the inflation front, the **implicit price deflator** increased 1.4 percent in the third quarter compared to a 2.1 percent increase observed in the second quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), decreased 0.3 percent in November, up from no change in October. Energy prices decreased 3.8 percent in November, down from a 1.9 percent decrease in October, while the all-items less food and energy component increased 0.1 percent in November. Compared to November 2013, the all-items index increased 1.3 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 3.1 percent; medical care, 2.5 percent; apparel, -0.4 percent; education and communication, 0.6 percent; other goods and services, 1.7 percent; housing, 2.6 percent; recreation, -0.3 percent; and transportation, -3.0 percent, with gasoline prices down -10.5 percent.

Selected Key Interest Rates

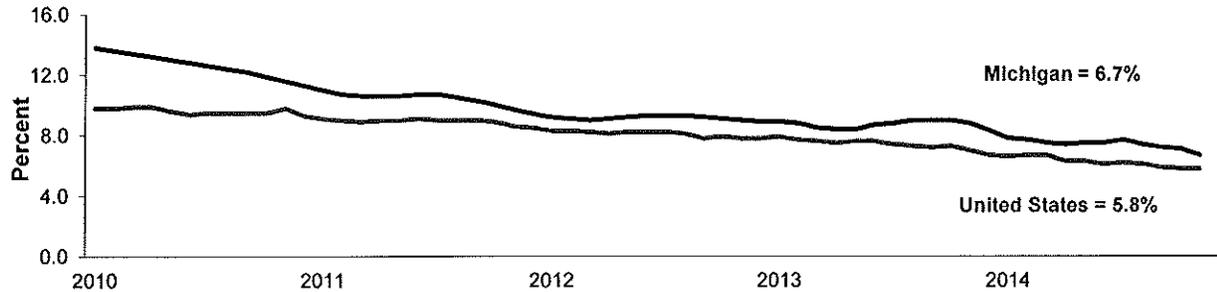


Source: Economic Indicators

Short-term interest rates remained unchanged in November as the 3-month Treasury bill (T-bill) rate was 0.02 percent. Compared to one year ago, the T-bill rate was down 0.05 percentage point. The Aaa corporate bond rate, a long-term interest rate, remained unchanged at an interest yield of 3.92 percent in November. The Aaa bond yield was down 0.71 percentage point from its year-ago level. The interest rate on High-grade municipal bonds increased 0.14 percentage point from the October level to 3.49 percent in November and was down 1.02 percentage points 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 December 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 November, the U. S. unemployment rate remained unchanged from a month ago at 5.8 percent and was 1.2 percentage points lower than a year ago. Civilian employment totaled 147.3 million persons in November. The number unemployed was 9.1 million nationwide.

Unemployment Rates 2010 - 2014

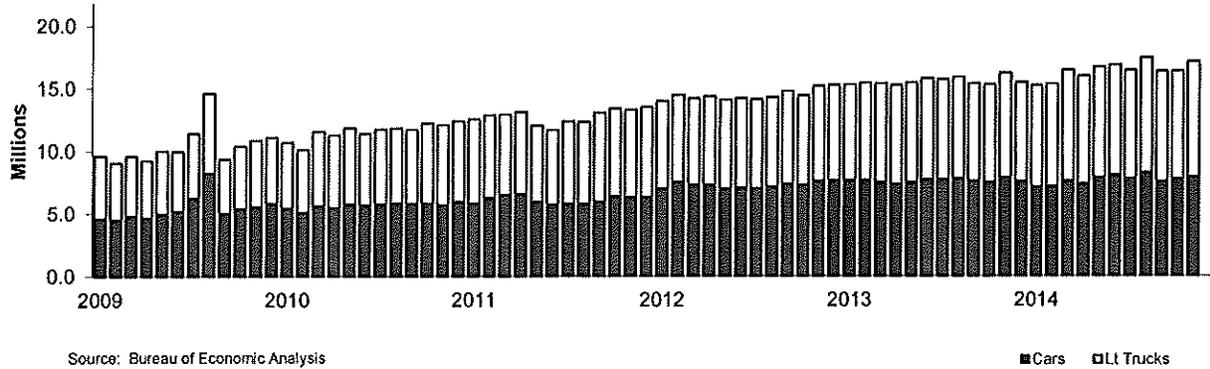


Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In November, the **Michigan jobless rate** decreased 0.4 percentage point to 6.7 percent from October. The November unemployment rate is 1.8 percentage points below the year ago level. In November, the labor force fell 3,000 to 4,735,000, while the number of people employed increased by 13,000 to 4,416,000. In November, there were 319,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Motor Vehicle Sector

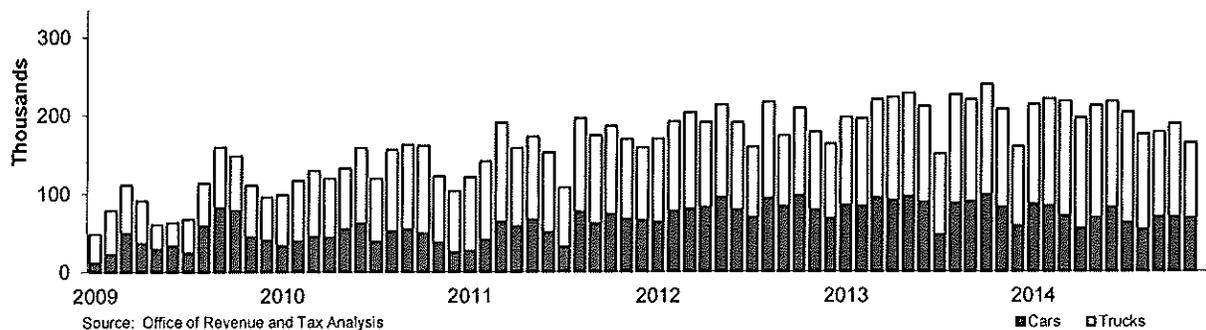
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) increased 4.5 percent in November compared to October, selling at a 17.1 million unit seasonally adjusted annual rate. Domestic car sales increased 2.7 percent from October while domestic light truck sales increased 7.4 percent. Import car sales increased 0.9 percent while import light truck sales increased 2.1 percent. Compared to last year, light vehicle sales increased 5.5 percent. Domestic car sales were up 6.5 percent from the year ago level while domestic light truck sales increased 11.5 percent. Import car sales were down 13.4 percent from last year while import truck sales increased 2.3 percent. As a result, the domestic share of U.S. light vehicle sales increased 2.8 percentage points from a year ago. For fiscal year 2015 year-to-date, domestic light vehicles recorded an 80.4 percent share of a 16.7 million-unit market.

Michigan motor vehicle production decreased to 163,939 units in November from 188,197 units in October. From a year ago, motor vehicle production decreased 21 percent in Michigan and remained unchanged nationally. In November, Michigan's car production was 67,861 units while the state's truck production was 96,078 units. Compared with a year ago, car production decreased 17 percent in Michigan and decreased 5 percent nationwide. The state's truck production decreased 23 percent while national truck production increased 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, 2014 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	<u>Fiscal Year 2012-13 Actual</u>	<u>Fiscal Year 2013-14 Estimate</u>	<u>Fiscal Year 2014-15 Estimate</u>
Applicable Calendar Year Personal Income	\$358,152	\$378,443	\$388,053
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$33,988.6</u>	<u>\$35,914.2</u>	<u>\$36,826.2</u>
Revenue Limit	\$33,988.6	\$35,914.2	\$36,826.2
State Revenue Subject to Limit	<u>\$27,441.1</u>	<u>\$28,171.5</u>	<u>\$29,195.7</u>
Amount Under (Over) Limit	\$6,547.6	\$7,742.8	\$7,630.5

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 May 15, 2014 Consensus Revenue Agreement.

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

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 May 15, 2014 Consensus Revenue Agreement.

The FY 2014-15 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