



STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

RICK SNYDER  
GOVERNOR

JOHN J. WALSH  
DIRECTOR

October 30, 2018

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

The Honorable Laura Cox, Chair  
House Appropriations Committee  
Michigan House of Representatives  
State Capitol  
Lansing, Michigan 48909

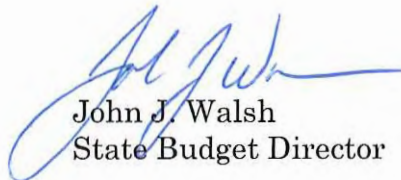
Dear Legislators:

Attached is the monthly financial report for the month ending September 30, 2018. 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,



John J. Walsh  
State Budget Director

Attachment

cc: Governor Rick Snyder	House Fiscal Agency
Arlan Meekhof, Sen. Maj. Leader	Jack Brandenburg, Chair, Senate Finance Com.
Jim Ananich, Senate Min. Leader	Jim Tedder, Chair, House Tax Policy Com.
Tom Leonard, Speaker of the House	Beth Emmitt, Deputy Chief of Staff
Sam Singh, House Min. Leader	Darin Ackerman, Executive Office
Senate Appropriations Committee	Mike Moody, Office of Financial Management
House Appropriations Committee	Kyle Jen, Deputy State Budget Director
Senate Fiscal Agency	Internal State Budget Office Distribution

**GENERAL FUND, GENERAL PURPOSE**  
**Fiscal Year 2018**  
**Projected Revenues and Expenditures**  
**September 30, 2018**  
(\$ in millions)

**FISCAL**  
**2018**

<b>Beginning Balance, October 1, 2017</b>	see one-time revenue
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<b>Current General Fund General Purpose Revenues, May 2018 Consensus Estimate</b>	\$ 10,463.6
<b>Revenue Adjustments:</b>	
Local Government Program Payments	\$ (465.9)
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$ (465.9)</b>
<b>Total Fiscal Year Resources Available For Expenditure GF/GP - Ongoing</b>	<b>\$ 9,997.7</b>

<b>Expenditures, Current Law:</b>	
PA 107 and PA 108 of 2017	\$ 9,746.2
<b>Total Expenditures Projected - Ongoing</b>	<b>\$ 9,746.2</b>

<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$ 251.5</b>
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<b>One-Time Revenue:</b>	
Beginning Balance	\$ 622.5
Local Government Program Payments	\$ (5.8)
Proceeds from sale Scott Correctional Facility	\$ 3.4
Other Adjustments	\$ (6.7)
<b>Total Fiscal Year Resources Available For Expenditure GF/GP - One-Time</b>	<b>\$ 613.5</b>

<b>One-Time Expenditures:</b>	
PA 107, PA 108, PA 158, and PA 201 of 2017; PA 82, PA 207 of 2018	\$ 498.7
Budget Stabilization Fund Deposits - PA 107 of 2017, PA 207 of 2018	\$ 265.0
<b>Total Expenditures Projected - One-Time</b>	<b>\$ 763.7</b>

<b>One-Time Revenue minus One-Time Spending</b>	<b>\$ (150.3)</b>
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<b>Projected Ending Balance, September 30, 2018</b>	<b>\$ 101.3</b>
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<sup>1</sup> Fiscal year 2017 ending balance as published in the State of Michigan Comprehensive Annual Financial Report, January 2018.

**SCHOOL AID FUND**  
**Fiscal Year 2018**  
**Projected Revenues and Expenditures**  
**September 30, 2018**  
(\$ in millions)

**FISCAL**  
**2018**

<b>Beginning Balance, October 1, 2017</b>	see one-time revenue
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<b>Current Year School Aid Fund Revenues, May 2018 Consensus Estimate</b>	<b>\$ 13,244.0</b>
<b>Revenue Adjustments:</b>	
MPERS Retirement Obligation Reform Reserve Fund Deposit	\$ (55.0)
School Mental Health and Support Services Fund Deposit	\$ (30.0)
General Fund	\$ 78.5
Community District Trust Fund	\$ 72.0
MPERS Retirement Obligation Reform Reserve Fund	\$ 23.1
Federal Revenue	\$ 1,726.9
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$ 1,815.5</b>
<b>Total FY Resources Available for Expenditure School Aid Fund</b>	<b>\$ 15,059.5</b>

<b>School Aid Ongoing Costs:</b>	
PA 265 of 2018	\$ 14,266.2
<b>Community Colleges Ongoing Costs:</b>	
PA 108 of 2017	\$ 394.7
<b>Universities Ongoing Costs:</b>	
PA 265 of 2018	\$ 237.9
<b>Total School Aid Fund Ongoing Costs Projected</b>	<b>\$ 14,898.9</b>

<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$ 160.7</b>
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<b>Beginning Balance (One-Time Revenue)</b>	<b>\$ 377.4</b>	
<b>One-Time Spending Items:</b>		
PA 265 of 2018 - School Aid	\$ 316.4	
PA 108 of 2017 - Community Colleges	\$ 3.6	
PA 108 of 2017 - Universities	\$ 0.4	
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$ 57.0</b>	

<b>Projected Ending Balance, September 30, 2018</b>	<b>\$ 217.7</b>
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<sup>1</sup> Fiscal year 2017 ending balance as published in the State of Michigan Comprehensive Annual Financial Report, January 2018.

## SUMMARY OF EXPENDITURES AND ENCUMBRANCES

### GENERAL FUND - ALL PURPOSE

September 30, 2018

(\$ in millions)

Fiscal Year 2017 (1)			Fiscal Year 2018				
Expenditures & Encumbrances Year to Date FY 2017	Fiscal Year End SEP 30, 2017	Department	Initial Appropriations (2)	Executive Orders & Supplemental Appropriations (2)	Encumbrance, Work Project & Capital Outlay Carry Forwards	Total Authorization	Expenditures & Encumbrances Year to Date FY 2018
77.2	82.1	Agriculture and Rural Development	114.4	11.7	13.2	139.3	108.6
85.1	88.2	Attorney General	99.7	7.8	11.3	118.8	89.1
245.6	253.3	Capital Outlay (3)	312.3	77.7	241.6	631.6	353.0
13.5	14.3	Civil Rights	16.2	2.7	0.9	19.8	13.6
1,473.6	1,472.9	Colleges and Universities	1,391.9	6.0	4.8	1,402.7	1,384.2
1,877.7	1,960.2	Corrections	1,992.0	25.8	134.4	2,152.2	1,921.6
273.5	291.4	Education	351.2	48.2	45.6	445.1	312.8
243.0	253.5	Environmental Quality	485.1	96.2	395.2	976.5	487.6
5.9	5.2	Executive Office	6.8	0.0	0.0	6.9	6.6
22,450.4	23,184.1	Health and Human Services	25,391.4	(80.6)	270.6	25,581.4	22,421.2
48.5	50.5	Insurance and Financial Service	66.7	6.0	0.0	72.7	48.5
231.5	264.1	Judiciary	300.0	0.4	4.8	305.3	243.0
4.0	4.0	Land Bank Fast Track Authority	4.0	0.0	0.0	4.0	4.0
22.4	22.8	Legislative Auditor General	24.3	0.0	0.8	25.0	22.3
129.7	129.9	Legislature	152.2	0.0	23.6	175.8	140.1
333.9	311.2	Licensing and Regulatory Affairs	386.2	126.9	42.5	555.6	388.7
0.0	0.0	Marshall Plan for Talent	0.0	100.0	0.0	100.0	0.0
156.5	156.4	Michigan Strategic Fund	181.7	23.2	0.0	204.9	204.9
137.2	143.0	Military and Veterans Affairs	152.7	21.4	14.7	188.9	163.6
93.0	97.0	Natural Resources	127.9	15.7	36.1	179.7	119.5
217.3	225.8	State	248.3	31.8	43.1	323.2	241.6
571.3	615.1	State Police	693.9	62.3	19.4	775.7	609.4
240.9	255.7	Talent and Economic Development	425.8	44.0	16.7	486.5	229.8
509.5	620.3	Technology, Management and Budget (4)	543.2	291.3	94.8	929.3	670.3
12.0	5.0	Transportation	0.0	375.9	0.9	376.8	113.4
1,898.3	3,206.1	Treasury	1,829.1	101.6	93.6	2,024.3	1,932.0
<b>\$31,351.4</b>	<b>\$33,712.0</b>		<b>\$35,297.2</b>	<b>\$1,395.9</b>	<b>\$1,508.7</b>	<b>\$38,201.7</b>	<b>\$32,229.2</b>

(1) FY2017 expenditure and encumbrance amounts are obtained from MAIN and do not include prior appropriation year activity.

(2) Includes boilerplate appropriations.

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

(4) Includes Civil Service Commission.

**ESTIMATED BALANCE OF STATE PAYMENTS  
TO LOCAL UNITS OF GOVERNMENT  
Fiscal Year 2018  
September, 2018  
(\$ 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	17,966.0	156.2	18,122.2
Total state spending from state resources	32,281.1	445.7	32,726.8
Percentage of state spending from state resources paid to local units	55.65%		55.37%
Required payments to local units (48.97%)	15,808.1		16,026.3
<b>Surplus/(deficit)</b>	<b>\$2,157.9</b>		<b>\$2,095.9</b>

**STATE OF MICHIGAN**  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND**  
October 1, 2017 through September 30, 2018  
(\$ in thousands)

**REVENUES**

Miscellaneous	<u>\$ 26,270</u>
Total Revenues	<u>26,270</u>

**EXPENDITURES**

Current:	
General government	<u>136</u>
Total Expenditures	<u>136</u>
Excess of Revenues over (under) Expenditures	<u>26,134</u>

**OTHER FINANCING SOURCES (USES)**

Transfers from other funds	265,000
Transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>265,000</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u><u>\$ 291,134</u></u> <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, 2017 through September 30, 2018  
(\$ in thousands)

**REVENUES**

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>36,262</u>
 Total Revenues	 <u>36,262</u>

**EXPENDITURES**

Current:	
General government	2,948
Conservation, environment, recreation, and agriculture	19,725
Capital outlay	<u>403</u>
 Total Expenditures	 <u>23,075</u>
 Excess of Revenues over (under) Expenditures	  <u>13,187</u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues	-
Proceeds from sale of capital assets	-
Transfers from other funds	-
Transfers to other funds	<u>(18)</u>
 Total Other Financing Sources (Uses)	 <u>(18)</u>
 Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	  <u>\$ 13,170</u> <sup>1</sup>

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

## REVENUE OVERVIEW

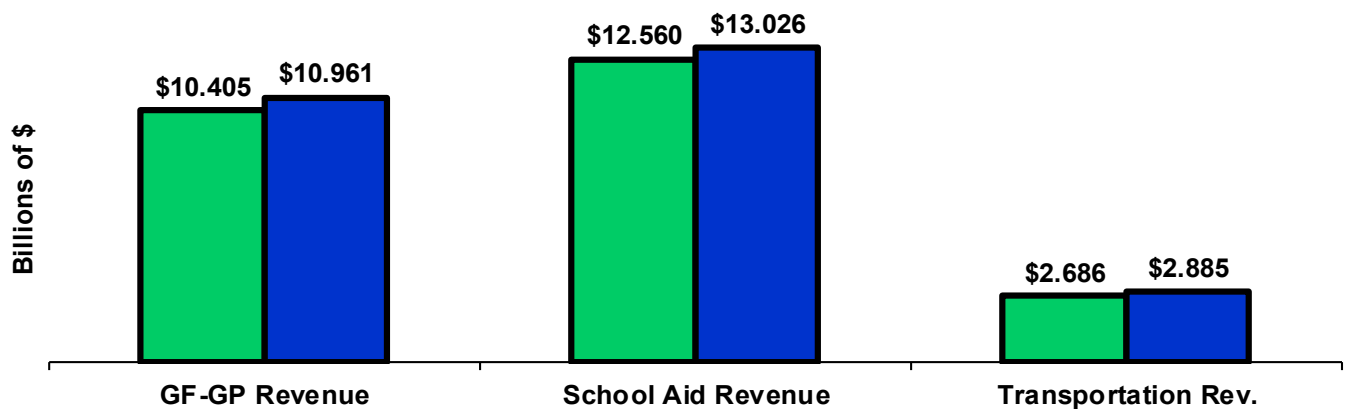
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for September 2018, representing some August 2018 and some September 2018 economic activity in Michigan.

Total General Fund - General Purpose cash collections were \$58.7 million (5.4 percent) higher in September 2018 than in September 2017. The September 2018 School Aid Fund cash collections were \$16.6 million (1.2 percent) lower than in September 2017. September 2018 transportation collections were \$40.2 million (16.2 percent) lower than in September 2017 (see revenue table). The transportation revenue decrease relates to payment timing. September is the twelfth 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 \$556.1 million (5.3 percent) from a year ago. School Aid Fund cash collections are up \$465.5 million (3.7 percent) and transportation collections are up \$198.5 million (7.4 percent).

The FY 2017-18 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 16, 2018. The revenue estimate for net General Fund – General Purpose revenue for FY 2017-18 is \$10,463.6 million and the net School Aid revenue forecast is \$13,244.0 million. The Transportation Funds revenue forecast is \$3,040.2 million. By law, the Consensus Revenue Estimating Conferences are held the second week of January and the third week of May.

### October through September Collections FY 2016-17 and FY 2017-18

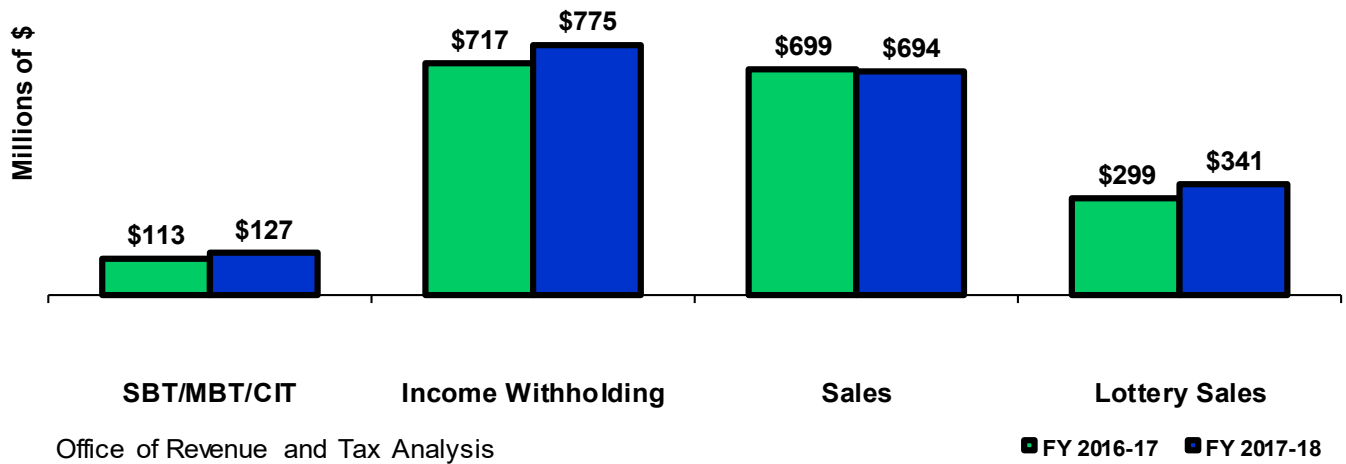


Office of Revenue and Tax Analysis

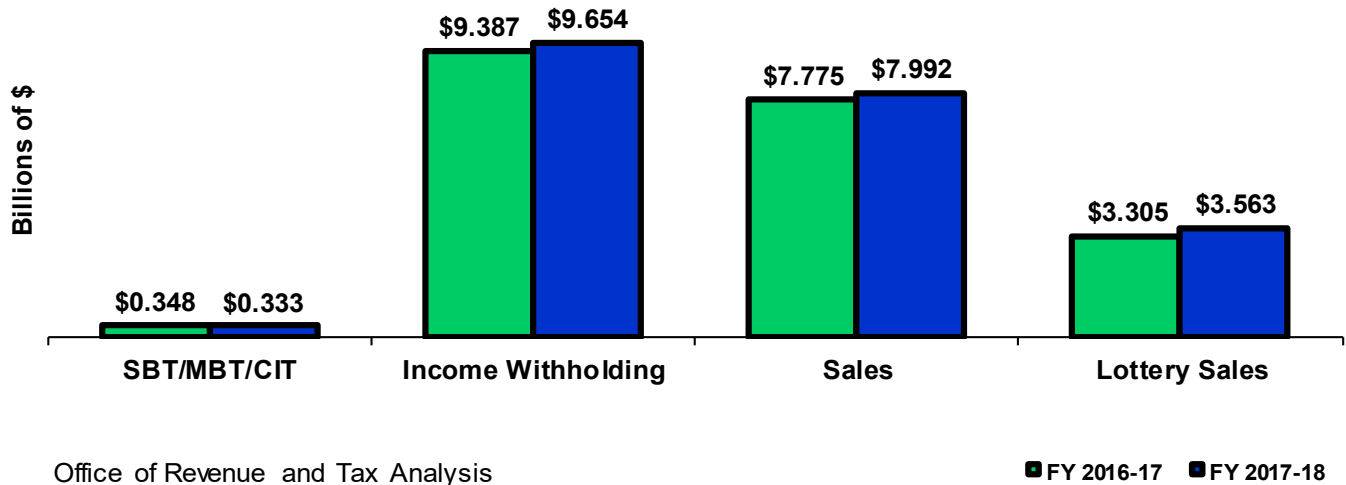
■ FY 2016-17 ■ FY 2017-18



### September Revenue Collections FY 2016-17 and FY 2017-18



### October through September Collections FY 2016-17 and FY 2017-18



**Revenue Summary FY 2017-18**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: September 30, 2018**

Month-End Cash Collections Data				October Through September Cash Collections Data					Revenue Projections		
September		Difference		Source of Revenue	Year-to-Date		Difference		FY 2016-17	FY 2017-18	FY 2017-18
2017	2018	Amount	Percent		FY 2016-17	FY 2017-18	Amount	Percent	CAFR Totals (k)	Statutory Estimate	May 2018 Forecast
<b>Income Taxes</b>											
\$717,187	\$775,318	\$58,132	8.1%	Withholding	\$9,387,435	\$9,654,062	\$266,627	2.8%	\$9,335,200	\$9,841,100	\$9,844,600
266,064	298,807	32,744	12.3%	Quarterlies	1,185,990	1,509,396	323,406	27.3%	1,194,500	1,191,400	1,423,600
20,234	22,487	2,253	11.1%	Annuals	887,365	977,414	90,048	10.1%	880,200	937,500	937,600
1,003,485	1,096,613	93,128	9.3%	Gross Collections	11,460,790	12,140,872	680,081	5.9%	\$11,409,900	\$11,970,000	\$12,205,800
17,141	63,388	46,247	270.0%	Less: Refunds	1,898,136	1,931,731	33,595	1.8%	1,956,800	1,927,500	1,999,300
0	0	0	na	State Campaign Fund	0	0	0	na	1,200	800	800
986,344	1,033,224	46,881	4.8%	Net Personal Income	9,562,654	10,209,140	646,487	6.8%	\$9,451,900	\$10,041,700	\$10,205,700
232,825	255,329	22,505	9.7%	Less: Disbursements to SAF	2,643,695	2,827,092	183,397	6.9%	\$2,720,400	\$2,850,000	\$2,906,100
\$753,519	\$777,895	\$24,376	3.2%	<b>Net Personal Income To GF-GP</b>	<b>\$6,918,959</b>	<b>\$7,382,048</b>	<b>\$463,090</b>	<b>6.7%</b>	<b>\$6,731,500</b>	<b>\$7,191,700</b>	<b>\$7,299,600</b>
<b>Consumption Taxes</b>											
\$111,384	\$110,467	(\$917)	-0.8%	Sales (a)	\$1,244,600	\$1,258,721	\$14,120	1.1%	\$1,223,700	\$1,253,900	\$1,268,700
50,828	68,216	17,388	34.2%	Use (a) (f) (i)	762,338	797,496	35,158	4.6%	591,600	579,700	628,100
17,763	18,161	397	2.2%	Tobacco	189,323	184,040	(5,283)	-2.8%	186,500	184,400	184,100
5,118	5,268	151	2.9%	Beer, Wine & Mixed Spirits	51,378	51,114	(264)	-0.5%	51,100	53,000	53,000
5,765	5,931	166	2.9%	Liquor Specific	56,386	53,280	(3,106)	-5.5%	54,700	54,200	56,000
\$190,858	\$208,044	\$17,186	9.0%	<b>Total Consumption Taxes</b>	<b>\$2,304,026</b>	<b>\$2,344,652</b>	<b>\$40,626</b>	<b>1.8%</b>	<b>\$2,107,600</b>	<b>\$2,125,200</b>	<b>\$2,189,900</b>
<b>Other Taxes</b>											
\$3,701	\$3,861	\$160	4.3%	Single Business	\$19,107	\$15,743	(\$3,364)	-17.6%	\$18,700	\$0	\$7,000
2,083	1,596	(487)	-23.4%	Insurance Premiums Taxes	350,083	396,000	45,918	13.1%	370,700	408,900	398,100
5,785	5,457	(328)	-5.7%	Sub-total SBT & Insurance	369,190	411,743	42,553	11.5%	389,400	408,900	405,100
(2,679)	(27,066)	(24,388)	-910.0%	Michigan Business Tax	(732,002)	(661,358)	70,645	9.7%	(704,600)	(755,600)	(787,900)
111,869	150,093	38,224	34.2%	Corporate Income Tax	1,061,006	978,305	(82,701)	-7.8%	1,105,600	950,200	859,800
0	0	0	na	Inheritance / Estate	28	21	(7)	-24.6%	0	0	0
5	9	5	104.0%	Telephone & Telegraph	34,783	34,239	(544)	-1.6%	35,600	36,000	35,000
2,010	2,825	815	40.5%	Oil & Gas Severance	23,311	27,583	4,272	18.3%	23,500	27,000	25,000
15,554	27,698	12,144	78.1%	Penalties & Interest	109,257	146,887	37,630	34.4%	112,800	116,000	127,600
584	1,393	809	139.0%	Essential Services Assessment	85,323	98,338	13,014	15.3%	84,000	82,100	91,100
(6)	67	73	na	Miscellaneous Other/Railroad	2,417	2,634	217	9.0%	2,500	2,000	2,000
(12,167)	(12,500)	(333)	-2.7%	Treasury Enforcement Programs (e)	(146,917)	(149,500)	(2,583)	-1.8%	(148,100)	(148,000)	(150,000)
\$120,955	\$147,976	\$27,021	22.3%	<b>Total Other Taxes</b>	<b>\$806,397</b>	<b>\$888,893</b>	<b>\$82,496</b>	<b>10.2%</b>	<b>\$900,700</b>	<b>\$718,600</b>	<b>\$607,700</b>
\$1,065,332	\$1,133,914	\$68,583	6.4%	<b>Subtotal GF-GP Taxes</b>	<b>\$10,029,382</b>	<b>\$10,615,593</b>	<b>\$586,211</b>	<b>5.8%</b>	<b>\$9,739,800</b>	<b>\$10,035,500</b>	<b>\$10,097,200</b>

continued

**Revenue Summary FY 2017-18**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
**(in thousands)**

**For The Month Ended: September 30, 2018**

Month-End Cash Collections Data				October Through September Cash Collections Data					Revenue Projections		
September		Difference		Source of Revenue	Year-to-Date		Difference		FY 2016-17	FY 2017-18	FY 2017-18
2017	2018	Amount	Percent		FY 2016-17	FY 2017-18	Amount	Percent	CAFR Totals (k)	Statutory Estimate	May 2018 Forecast
<b>Non-Tax Revenue (e)</b>											
\$2,083	\$1,108	(\$975)	-46.8%	Federal Aid	\$27,500	\$16,225	(\$11,275)	-41.0%	\$8,600	\$25,000	\$13,300
8	8	0	0.0%	Local Agencies	100	100	0	0.0%	100	100	100
583	583	0	0.0%	Services	7,125	7,000	(125)	-1.8%	5,300	7,000	7,000
1,042	1,167	125	12.0%	Licenses & Permits	12,250	13,625	1,375	11.2%	20,400	12,500	14,000
(6,471)	(13,801)	(7,330)	-113.0%	Investments/Interest Costs	(11,149)	(27,696)	(16,547)	-148.0%	3,100	(6,500)	4,000
5,875	2,917	(2,958)	-50.4%	Misc. Non-tax Revenue	64,667	45,725	(18,942)	-29.3%	90,000	51,500	35,000
17,917	19,000	1,083	6.0%	Liquor Purchase Revolving Fund	211,500	226,000	14,500	6.9%	221,400	220,000	228,000
5,292	5,417	125	2.4%	From Other Funds-Lottery & Escheats	63,750	64,625	875	1.4%	103,600	63,500	65,000
<b>\$26,329</b>	<b>\$16,399</b>	<b>(\$9,930)</b>	<b>-37.7%</b>	<b>Total Non-Tax Revenue</b>	<b>\$375,743</b>	<b>\$345,604</b>	<b>(\$30,139)</b>	<b>-8.0%</b>	<b>\$452,500</b>	<b>\$373,100</b>	<b>\$366,400</b>
<b>\$1,091,661</b>	<b>\$1,150,314</b>	<b>\$58,653</b>	<b>5.4%</b>	<b>Total GF-GP Revenue</b>	<b>\$10,405,124</b>	<b>\$10,961,197</b>	<b>\$556,072</b>	<b>5.3%</b>	<b>\$10,192,300</b>	<b>\$10,408,600</b>	<b>\$10,463,600</b>
<b>School Aid Fund</b>											
\$286,421	\$284,740	(\$1,680)	-0.6%	Sales Tax 4%	\$3,236,660	\$3,273,151	\$36,491	1.1%	3,187,300	3,239,000	3,284,400
221,599	219,414	(2,186)	-1.0%	Sales Tax 2%	2,380,969	2,536,860	155,891	6.5%	2,489,700	2,531,000	2,567,900
41,272	51,212	9,940	24.1%	Use Tax 2% (f)	571,514	604,318	32,804	5.7%	495,100	558,800	583,100
437,068	396,199	(40,869)	-9.4%	State Education Property Tax	1,912,010	1,975,283	63,273	3.3%	1,963,700	2,002,600	2,039,100
41,042	43,203	2,161	5.3%	Real Estate Transfer Tax	326,329	340,570	14,241	4.4%	317,200	315,700	331,100
85,000	85,000	0	0.0%	Lottery Transfer (b)	881,017	888,575	7,558	0.9%	924,100	887,700	944,400
8,058	8,015	(43)	-0.5%	Casino Wagering Tax	112,748	115,252	2,504	2.2%	113,200	115,000	114,000
5,684	0	(5,684)	-100.0%	Liquor Excise Tax	55,636	31,509	(24,127)	-43.4%	54,000	53,800	55,600
36,062	36,869	807	2.2%	Cigarette/Tobacco Tax	384,355	373,629	(10,726)	-2.8%	356,700	352,600	352,000
8,533	7,428	(1,105)	-12.9%	Indus. & Comm. Facilities Taxes	35,845	36,604	759	2.1%	36,000	36,000	38,000
1,906	1,426	(481)	-25.2%	Specific Other	19,289	22,674	3,385	17.6%	27,700	28,300	28,300
232,825	255,329	22,505	9.7%	Income Tax Earmarking	2,643,695	2,827,092	183,397	6.9%	\$2,720,400	\$2,850,000	\$2,906,100
<b>\$1,405,472</b>	<b>\$1,388,836</b>	<b>(\$16,636)</b>	<b>-1.2%</b>	<b>Total School Aid Fund</b>	<b>\$12,560,068</b>	<b>\$13,025,519</b>	<b>\$465,451</b>	<b>3.7%</b>	<b>\$12,685,100</b>	<b>\$12,970,500</b>	<b>\$13,244,000</b>
\$698,967	\$693,981	(\$4,986)	-0.7%	Sales Tax 6%	\$7,775,403	\$7,992,113	\$216,709	2.8%	\$7,798,000	\$7,929,300	\$8,041,800
477,368	474,567	(2,801)	-0.6%	Sales Tax 4%(d)	5,394,434	5,455,252	60,819	1.1%	5,308,300	5,398,300	5,473,900
221,599	219,414	(2,186)	-1.0%	Sales Tax 2%	2,380,969	2,536,860	155,891	6.5%	2,489,700	2,531,000	2,567,900
123,817	153,637	29,820	24.1%	Use Tax 6% (f) (h)	1,714,541	1,812,955	98,413	5.7%	1,467,600	1,549,300	1,622,000
89,263	91,260	1,997	2.2%	Tobacco Taxes	951,373	924,824	(26,548)	-2.8%	946,000	935,800	930,500
0	0	0	na	Tobacco Settlement	194,360	227,395	33,035	17.0%	na	na	na

*continued*

**Revenue Summary FY 2017-18**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
**(in thousands)**

**For The Month Ended: September 30, 2018**

Month-End Cash Collections Data				October Through September Cash Collections Data					Revenue Projections		
September		Difference		Year-to-Date		Difference		FY 2016-17	FY 2017-18	FY 2017-18	
2017	2018	Amount	Percent	Source of Revenue	FY 2016-17	FY 2017-18	Amount	Percent	CAFR Totals (k)	Statutory Estimate	May 2018 Forecast
<b>Major Transportation Revenues</b>											
\$24,214	\$17,485	(\$6,729)	-27.8%	Diesel Fuel / Motor Carrier Fuel Tax	\$207,529	\$239,075	\$31,545	15.2%	\$215,179	\$236,400	\$233,500
111,570	78,654	(32,916)	-29.5%	Gasoline	1,125,326	1,201,848	76,521	6.8%	1,142,611	1,202,328	1,216,100
98,988	98,060	(928)	-0.9%	Motor Vehicle Registration	1,209,796	1,292,674	82,878	6.9%	1,209,983	1,281,800	1,288,000
4,753	4,827	74	1.5%	Other Taxes, Fees & Misc.	47,318	53,145	5,827	12.3%	140,234	195,357	203,562
7,961	8,252	291	3.7%	Comprehensive Transportation (c)	96,514	98,291	1,777	1.8%	98,570	97,290	99,025
<b>\$247,486</b>	<b>\$207,277</b>	<b>(\$40,209)</b>	<b>-16.2%</b>	<b>Total Major Trans. Revenues</b>	<b>\$2,686,484</b>	<b>\$2,885,033</b>	<b>\$198,549</b>	<b>7.4%</b>	<b>\$2,806,576</b>	<b>\$3,013,176</b>	<b>\$3,040,186</b>
<b>Lottery Sales By Games</b>											
124,918	148,904	23,985	19.2%	Instant Games (g)	1,382,786	1,569,468	186,682	13.5%	na	na	na
72,890	79,279	6,389	8.8%	Daily Games	803,897	833,402	29,505	3.7%	na	na	na
26,294	35,125	8,831	33.6%	Lotto and Big Game (g)	384,358	385,561	1,204	0.3%	na	na	na
798	799	0	0.1%	Keno Game	8,919	8,937	18	0.2%	na	na	na
1,251	1,300	49	3.9%	Lucky For Life	14,462	14,746	284	2.0%	na	na	na
10,600	16,911	6,311	59.5%	Other (j)	41,641	93,487	51,845	125.0%	na	na	na
62,600	59,085	(3,515)	-5.6%	Club Games	668,770	657,610	(11,160)	-1.7%	na	na	na
<b>\$299,352</b>	<b>\$341,402</b>	<b>\$42,051</b>	<b>14.0%</b>	<b>Total Lottery Sales</b>	<b>\$3,304,832</b>	<b>\$3,563,211</b>	<b>\$258,379</b>	<b>7.8%</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 Use tax was expanded to include Health Maintenance Organizations (HMO) for June 2014 - December 2016. The fiscal year-to-date 2017 HMO use tax revenues were \$191.4M and the fiscal year-to-date 2018 HMO use tax revenues were \$10.3M.

g Lottery Sales include iLottery net win amounts for Instant Games in October 2014, and Lotto and Big Game in January 2016.

h 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 2017 revenues were \$380.9M and the year-to date 2018 revenues are \$410.8M. Per 2014 Public Act 80, the total fiscal year 2017 Local Community Stabilization Share (LCSS) is \$380.9M and the total fiscal year 2018 LCSS is \$410.8M.

i General Fund Use tax collections are net of LCSS revenue. The year-to-date 2017 LCSS revenues were \$380.9M and the year-to-date 2018 LCSS revenues are \$410.8M.

j Other lottery games includes the new Fast Cash games, which began in July 2017.

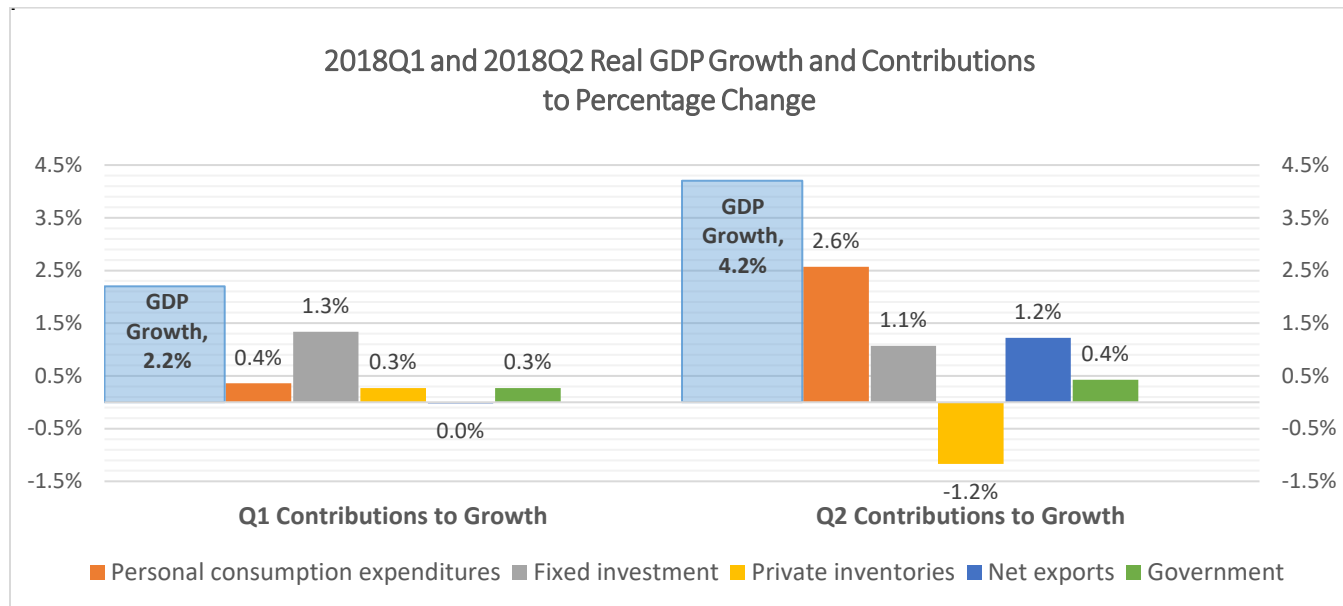
k Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

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. **Gross Domestic Product** rose sharply in the second quarter of 2018 with solid growth expected to continue the next couple of quarters. The revised estimate of real GDP for the second quarter of 2018 is \$18,511.6 billion (chained 2012 dollars), an increase of 4.2 percent at an annual rate. In the first quarter of 2018, real gross domestic product increased 2.2 percent. The increase in second quarter real GDP was mainly due to growth in personal consumption expenditures, exports, non-residential fixed investment and government spending. The first and second quarter of 2018 contributions to the percent change in GDP are shown in the graph below



Source: Bureau of Economic Analysis

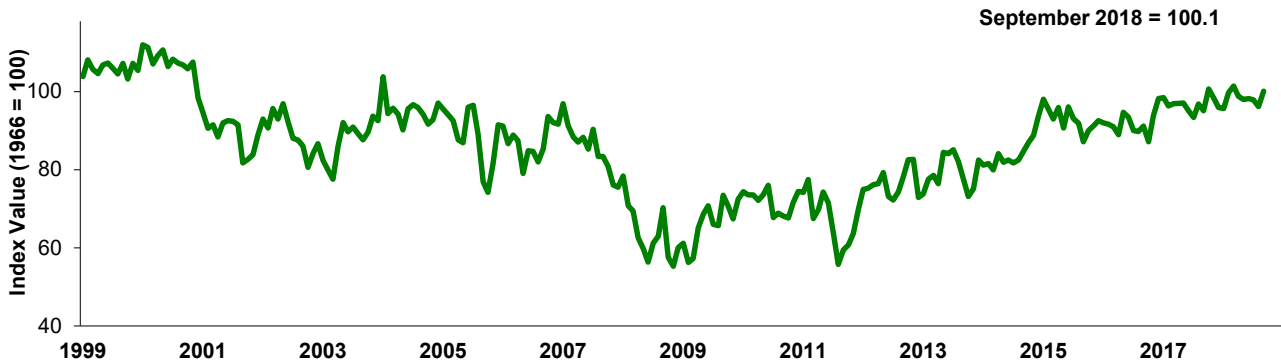
Growth is expected to improve over 2018 from the stimulative effects of the recently enacted tax cuts and increased federal spending. Consumer spending picked up in the second quarter and the robust labor market also provides support for strong short-term growth. Real final sales increased 5.4 percent in the first quarter while on the inflation front, the implicit price deflator increased 3.3 percent.

In September, Hurricane Florence helped restrain job growth totals, but the labor market is still strong. Wage and salary employment increased by 134,000 jobs, down from the 270,000 jobs from August's revised total. The twelve-month moving average shows an increase of 201,000 jobs. The professional and business services sector reported gaining a strong 54,000 jobs in September while the manufacturing sector bounced back in September gaining 18,000 jobs. Average hourly earnings totaled \$27.24 in September and increased 2.8 percent from a year ago as wage pressures build within the economy. In September, the **U. S. unemployment rate** decreased from a month ago to 3.7 percent to its lowest rate since 1969 and was 0.5 percentage points lower than a year ago. Civilian employment totaled 156.3 million persons in September, while the number unemployed was 6.0 million.

The **Index of Consumer Sentiment** increased in September to 100.1 index-points, 3.9 index-points above the August value and 5.0 index-points above September 2017. On the index increase, Survey Director Richard Curtin reported, "Consumer sentiment remained at very favorable levels in September, with the Index topping 100.0 for only the third time since January 2004. Most of the September gain was among households with incomes in the bottom third." Curtin noted that, "All households held very optimistic expectations for improved personal finances in the year ahead, the most favorable financial

prospects since 2004.” The September survey indicated that the view of buying conditions for home, vehicles, and durable goods grew in September mainly due to greater certainty of job and income prospects.

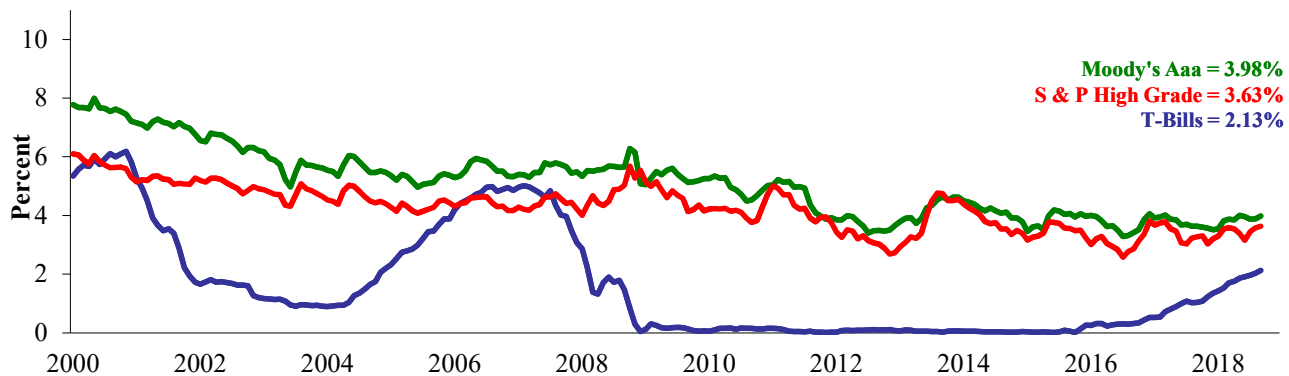
### Index of Consumer Sentiment



Source: University of Michigan, Survey Research Center

Overall short-term **interest rates** continue to increase, as the Federal Reserve raises the federal funds rate over time. Short-term interest rates increased 0.10 percentage points in September as the 3-month Treasury bill (T-bill) rate was 2.03 percent. Compared to one year ago, the T-bill rate increased 1.09 percentage points. The Aaa corporate bond rate, a long-term interest rate, increased 0.10 percentage points to an interest yield of 3.98 percent in September. The Aaa bond yield was up 0.35 percentage points from its year-ago level. The interest rate on high-grade municipal bonds increased 0.05 percentage points from the August level to 3.63 percent in September and was up 0.36 percentage points from a year ago. The Federal Open Market Committee (FOMC) raised the target range for the federal funds rate to 2.00-2.25 percent for the September 26th meeting.

### Selected Key Interest Rates



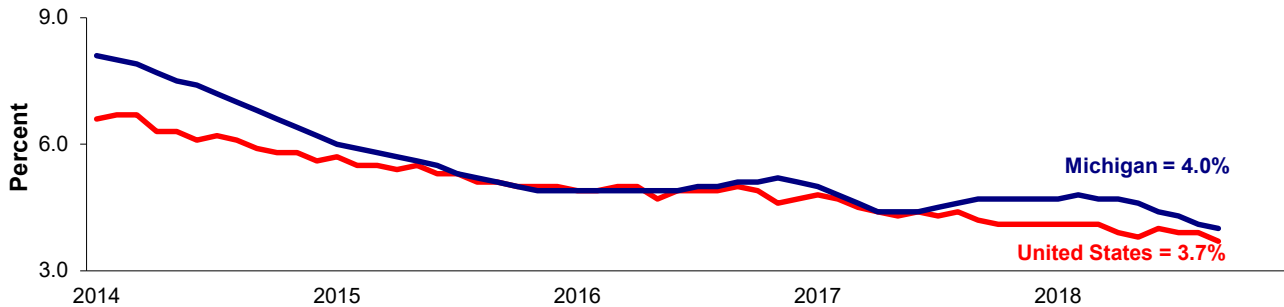
Source: Economic Indicators

**U. S. retail prices**, as measured by the Consumer Price Index (CPI-U), increased 0.1 percent in September, down from an increase of 0.2 percent in July. Compared to September 2017, the all-items index increased 2.3 percent. For major component groups, the changes from one year ago were: food and beverages, 1.4 percent; medical care, 1.7 percent; apparel, -0.6 percent; education and communication, 1.3 percent; other goods and services, 2.2 percent; recreation, 0.2 percent; housing, 2.8 percent; and transportation, 3.7 percent, with gasoline prices up 9.1 percent.

## Michigan Economy

In September, the **Michigan jobless rate** decreased 0.1 percentage points from last month to 4.0 percent. The September unemployment rate is 0.7 percentage points below the year ago level. In September, the labor force fell 6,000 to 4,892,000, while the number of people employed increased 1,000 to 4,698,000. In September, the number of unemployed people fell by 8,000 to 193,000 unemployed people.

### Unemployment Rates 2014 - 2018



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

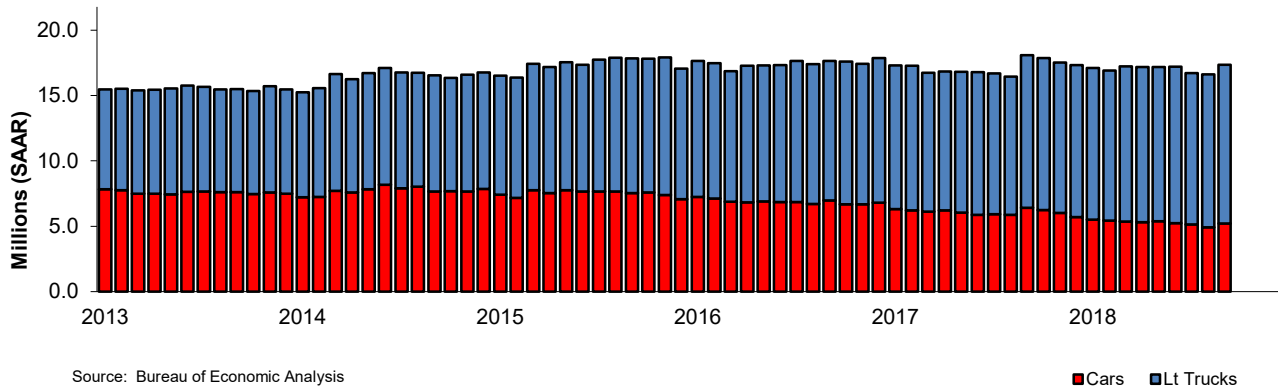
**Michigan wage and salary employment** increased by 2,000 jobs in September compared with the August level and was up 63,000 jobs (1.4 percent) from September 2017. Government gained 3,000 jobs from last month while multiple sector gained 1,000 jobs. Construction, other services and trade, transportation and utilities each lost 2,000 jobs compared to last month. Over the past 12 months, construction jobs have grown 6.7 percent while other services increased 2.4 percent.

**Michigan personal income** for the second quarter of 2018 grew 4.2 percent at a seasonally adjusted annual rate, the same as the U.S. average. Michigan's growth ranked 24th nationally and 3rd among the Great Lakes states. Michigan's net earnings grew 4.8 percent at an annual average rate which was faster than the national average of 4.5 percent. Michigan's dividends, interest and rent grew at a 3.6 percent annual average rate which was also faster than the national average growth rate of 3.3 percent. Michigan's state personal income from calendar years 2015-2017 recorded positive revisions for all three years. Michigan's total personal income in 2017 is now shown to have grown 3.5 percent in 2017, up significantly from the 2.6 percent growth rate reported from preliminary data.

The Bureau of Economic Analysis recently released **real gross domestic product by metropolitan area** for 2017. In 2017, Midland ranked 2nd in real GDP growth nationally by metropolitan area growing 9.5 percent, well above the national average of 2.1 percent. The Grand Rapids-Wyoming area ranked 61st nationally with a 2017 real GDP growth rate of 3.3 percent while the Detroit-Warren-Dearborn area ranked 97th with a real GDP growth rate of 2.7 percent in 2017. Ann Arbor also reported real GDP growth above the national average at 2.5 percent which ranked 114th nationally.

## Motor Vehicle Sector

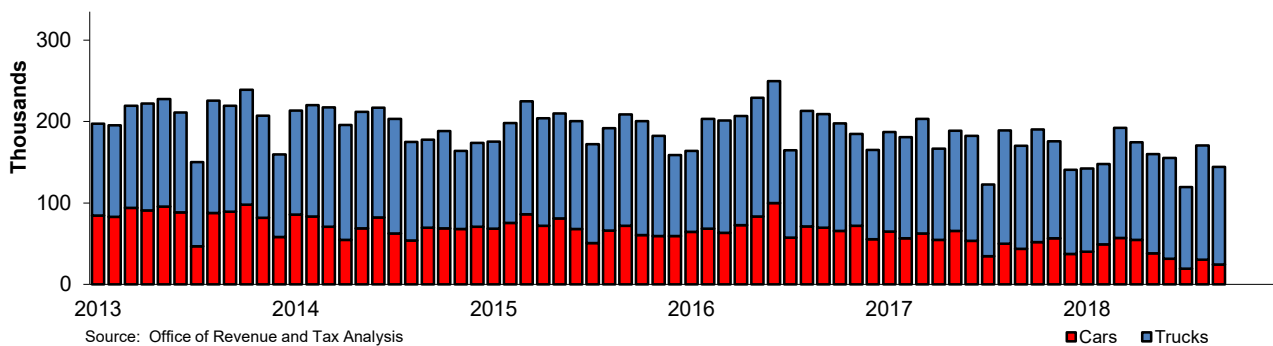
### U. S. Light Vehicle Sales



**U.S. light vehicle sales** (cars + light trucks) increased in September and continue to remain at high levels historically. Sales increased 4.5 percent in September compared to August, selling at a 17.4 million unit seasonally adjusted annual rate. Domestic car sales increased 4.2 percent from August while domestic light truck sales increased 2.1 percent. Import car sales increased 11.9 percent while import light truck sales increased 10.9 percent. Compared to last year, light vehicle sales decreased 4.0 percent. Domestic car sales decreased 19.8 percent from the year ago level while domestic light truck sales increased 3.6 percent. Import car sales were down 15.8 percent from last year while import truck sales increased 6.1 percent. As a result, the domestic share of U.S. light vehicle sales increased 0.5 percentage points from a year ago. For fiscal year 2018, domestic light vehicles recorded a 76.9 percent share of a 17.2 million-unit market.

**Michigan motor vehicle production** increased to 144,098 units in September from 170,591 units in August. From a year ago, motor vehicle production decreased 15 percent in Michigan and fell 2.4 percent nationally. In September, Michigan's car production was 24,344 units while the state's truck production was 119,754 units. Compared with a year ago, car production decreased 44 percent in Michigan and decreased 7 percent nationwide. The state's truck production decreased 5 percent while national truck production decreased 1 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 16, 2018 Consensus Revenue Agreement  
(Article IX, Section 26)  
(in millions)**

	<b>Fiscal Year 2016-17 Actual</b>	<b>Fiscal Year 2017-18 Estimate</b>	<b>Fiscal Year 2018-19 Estimate</b>
Applicable Calendar Year Personal Income	\$424,807	\$439,361	\$450,847
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$40,314.2</u>	<u>\$41,695.4</u>	<u>\$42,785.4</u>
Revenue Limit	\$40,314.2	\$41,695.4	\$42,785.4
State Revenue Subject to Limit	<u>\$31,109.2</u>	<u>\$33,004.9</u>	<u>\$33,767.7</u>
<b>Amount Under (Over) Limit</b>	<b>\$9,205.0</b>	<b>\$8,690.5</b>	<b>\$9,017.7</b>

Sources:

Personal Income Estimate

The FY 2016-17 calculation uses the official personal income estimate for calendar year 2015 (Survey of Current Business, October 2016).

The FY 2017-18 calculation uses the official personal income estimate for calendar year 2016 (Survey of Current Business, October 2017).

The FY 2018-19 calculation uses the May 16, 2018 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2016-17 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2017.

The FY 2017-18 calculation uses the May 16, 2018 Consensus Revenue Agreement.

The FY 2018-19 calculation uses the May 16, 2018 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