



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN E. NIXON, CPA
DIRECTOR

October 28, 2013

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 September 30, 2013. 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 E. Nixon, CPA
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 | John Roberts, 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 2013
Projected Revenues and Expenditures
September 30, 2013
(\$ in millions)

| | | FISCAL 2013 |
|----------------------------------------------------------------------------------------------------|-----------|-----------------------------|
| Beginning Balance, October 1, 2012 | | see one-time revenue |
| Current Year GF/GP Revenues, May 2013 Consensus Estimate | \$ | 8,969.2 |
| Revenue Adjustments: | | |
| Local Government Program Payments | \$ | (350.6) |
| Other revenue adjustments | \$ | 3.2 |
| Subtotal Additional Revenue Adjustments | \$ | (347.4) |
| Total FY Resources Available For Expenditure GF/GP - Ongoing | | 8,621.8 |
| Expenditures, Current Law: | | |
| FY 2013 Enacted with Vetoes | \$ | 8,581.7 |
| Total Expenditures Projected - Ongoing | \$ | 8,581.7 |
| Current Year Revenues minus Ongoing Costs | \$ | 40.1 |
| Beginning Balance (One-Time Revenue) | \$ | 979.2 |
| May 2013 Consensus Estimate above January 2013 estimate | \$ | 396.9 |
| One-time revenue decreases (PA 200 of 2012) | \$ | (22.0) |
| One-time impact of enacted tax law changes | \$ | (177.0) |
| Total FY Resources Available For Expenditure GF/GP - One-Time | \$ | 1,177.1 |
| One-Time Spending Items: | | |
| PA 200, PA 201, PA 305, PA 348, PA 349, PA 436, and PA 518 of 2012; and PA 9 and PA 102 of 2013 | \$ | 582.6 |
| Estimated lapses | \$ | (18.0) |
| Total Expenditures Projected - One-Time | \$ | 564.6 |
| One-Time Revenue minus One-Time Spending | \$ | 612.5 |
| Projected Ending Balance, September 30, 2013 | \$ | 652.6 |
| Projected Ending Balance, September 30, 2013 | \$ | - |

This report does not reflect final revenue and expenditure data for the fiscal year ending September 30, 2013. Final year-end activity will be reflected in the fiscal year 2013 Comprehensive Annual Financial Report which, by law, must be issued on or before March 31, 2014.

SCHOOL AID FUND
Fiscal Year 2013
Projected Revenues and Expenditures
September 30, 2013
(\$ in millions)

| | FISCAL 2013 |
|--------------------------------------------------------------------------------|--------------------------------|
| Beginning Balance , October 1, 2012 | see one-time revenue |
| Current Year School Aid Fund Revenues, May 2013 Consensus Estimate | \$ 11,127.7 |
| Revenue Adjustments: | |
| General Fund | \$ 282.4 |
| Federal Revenue | \$ 1,701.0 |
| Subtotal Additional Revenue Adjustments | \$ 1,983.4 |
| Total FY Resources Available for Expenditure School Aid Fund - Ongoing | \$ 13,111.1 |
| School Aid Ongoing Costs | |
| PA 201 of 2012 | \$ 12,750.2 |
| PA 60 of 2013 | \$ (52.6) |
| Revised School Aid Ongoing Costs | \$ 12,697.6 |
| Community Colleges Ongoing Costs | |
| PA 201 of 2012 | \$ 197.6 |
| Universities Ongoing Costs | |
| PA 201 of 2012 | \$ 200.5 |
| Total Expenditures Projected - Ongoing | \$ 13,095.7 |
| Current Year Revenues minus Ongoing Costs | \$ 15.5 |
| Beginning Balance (One-Time Revenue) | \$ 254.1 |
| May 2013 Consensus Estimate above January 2013 estimate | \$ 85.7 |
| Total FY Resources Available for Expenditure School Aid Fund - One-Time | \$ 339.8 |
| One-Time Spending Items: | |
| PA 201 of 2012 | \$ 194.3 |
| PA 465 of 2012 | \$ 0.2 |
| PA 60 of 2013 | \$ 20.0 |
| Revised One-Time Spending Items | \$ 214.5 |
| One-Time Revenue minus One-Time Spending | \$ 125.4 |
| Projected Ending Balance, September 30, 2013 | \$ 140.8 ⁽¹⁾ |

(1) This report does not reflect final revenue and expenditure data for the fiscal year ending September 30, 2013. Final year-end activity will be reflected in the fiscal year 2013 Comprehensive Annual Financial Report which, by law, must be issued on or before March 31, 2014.

SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

September 30, 2013

(\$ IN MILLIONS)

FISCAL YEAR 2012

FISCAL YEAR 2013

| Exp & Enc September 2012 | Exp & Enc Yr-to-date FY 2012 | Fiscal Year End SEP 30, 2012 | DEPARTMENT | Initial Approp | Exec. Orders and Supplem. Approp.* | Exp & Enc September 2013 | Exp & Enc Yr-to-date FY 2013 |
|--------------------------------|------------------------------------|------------------------------------|------------------------------------|-------------------|------------------------------------------|--------------------------------|------------------------------------|
| 6.9 | 60.0 | 63.1 | Agriculture and Rural Development | 76.5 | 11.7 | 7.9 | 67.8 |
| 7.6 | 70.6 | 70.8 | Attorney General | 83.9 | 5.8 | 8.8 | 77.3 |
| 2.2 | 240.3 | 240.8 | Capital Outlay** | 323.4 | 26.4 | 6.5 | 254.8 |
| 1.4 | 12.4 | 12.8 | Civil Rights | 14.8 | 2.8 | 1.2 | 13.3 |
| 0.5 | 1,239.9 | 1,175.8 | Colleges & Universities | 1,295.2 | 12.5 | 2.4 | 1,303.2 |
| 1,091.8 | 12,960.3 | 13,915.9 | Community Health | 14,944.9 | 158.7 | 1,186.0 | 13,286.6 |
| 177.4 | 1,908.7 | 1,936.4 | Corrections | 1,983.3 | 25.0 | 175.6 | 1,890.8 |
| 47.1 | 262.8 | 364.8 | Education | 328.9 | (6.6) | 19.9 | 240.3 |
| 21.2 | 172.3 | 181.6 | Environmental Quality | 402.2 | 32.4 | 17.8 | 148.3 |
| 0.8 | 5.0 | 4.5 | Executive Office | 4.9 | 0.0 | 0.5 | 5.9 |
| 472.9 | 5,669.4 | 5,786.7 | Human Services | 6,519.6 | (117.2) | 502.8 | 5,740.5 |
| 21.2 | 206.1 | 231.6 | Judiciary | 273.8 | 0.7 | 16.4 | 212.9 |
| 2.0 | 17.9 | 17.9 | Legislative Auditor General | 18.7 | 0.0 | 2.2 | 19.9 |
| 7.7 | 104.5 | 104.5 | Legislature | 110.9 | 0.3 | 9.1 | 103.1 |
| 46.8 | 424.9 | 444.0 | Licensing and Regulatory Affairs | 606.6 | (128.7) | 29.7 | 310.6 |
| 13.4 | 124.7 | 127.4 | Military Affairs | 130.5 | 20.3 | 13.2 | 125.4 |
| 4.9 | 56.4 | 65.9 | Natural Resources | 101.7 | 14.1 | 6.4 | 67.7 |
| 0.0 | 0.0 | 0.0 | School Aid | 0.0 | 0.0 | 0.0 | 0.0 |
| 25.4 | 174.1 | 179.6 | State | 219.6 | 9.7 | 20.8 | 181.7 |
| 57.7 | 465.2 | 499.3 | State Police | 577.3 | 22.9 | 59.2 | 503.4 |
| 55.3 | 578.4 | 662.1 | Technology, Management & Budget*** | 338.6 | 143.0 | 43.7 | 407.2 |
| 0.0 | 0.0 | 0.5 | Transportation | 23.0 | 0.0 | (1.3) | 21.7 |
| 40.0 | 1,743.8 | 3,149.6 | Treasury | 1,645.7 | 87.7 | 38.9 | 1,824.1 |
| 86.6 | 135.3 | 137.7 | Michigan Strategic Fund | 173.5 | 25.3 | 3.8 | 169.9 |
| \$2,190.8 | \$26,633.0 | \$29,373.1 | | \$30,197.5 | \$346.6 | \$2,171.6 | \$26,976.4 |

*Includes boilerplate appropriations.

**Includes all capital outlay activity regardless of agency

***Includes Civil Service Commission

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2013

September, 2013

(\$ IN MILLIONS)

| | INITIAL APPROPRIATIONS | EXEC. ORDER and SUPPLEMENTALS | TOTAL APPROPRIATIONS YEAR-TO-DATE |
|--------------------------------------------------------------------------------|---------------------------|-------------------------------------|-----------------------------------------|
| Payments to local units of government | 15,336.2 | 135.3 | 15,471.5 |
| Total state spending from state resources | 27,917.6 | 45.2 | 27,962.8 |
| Percentage of state spending from state resources paid to local units | 54.93% | | 55.33% |
| Required payments to local units (48.97%) | 13,671.2 | | 13,693.4 |
| Surplus/(deficit) | \$1,665.0 | | \$1,778.1 |

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 OCTOBER 1, 2012 Through September 30, 2013
 (in thousands)

REVENUES

| | | |
|----------------|--|---------------|
| Miscellaneous | | \$ <u>386</u> |
| Total Revenues | | <u>386</u> |

EXPENDITURES

| | | |
|-------------------------------------------------|--|------------|
| Current: | | |
| General government | | <u>-</u> |
| Total Expenditures | | <u>-</u> |
| Excess of Revenues over (under) Expenditures | | <u>386</u> |

OTHER FINANCING SOURCES (USES)

| | | |
|-------------------------------------------------------------------------------------|--|--------------------------------|
| Transfers from other funds | | 140,000 |
| Transfers to other funds | | <u>-</u> |
| Total Other Financing Sources (Uses) | | <u>140,000</u> |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses | | <u>\$ 140,386</u> ¹ |

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

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
 October 1, 2012 through September 30, 2013
 (in thousands)

REVENUES

| | | |
|---------------------------|----|--------------|
| Taxes | \$ | - |
| From federal agencies | | - |
| From licenses and permits | | - |
| Miscellaneous | | <u>6,833</u> |
| Total Revenues | | <u>6,833</u> |

EXPENDITURES

| | | |
|-----------------------------------------------------------|--|-----------------|
| Current: | | |
| General government | | 1,341 |
| Conservation, environment, recreation, and agriculture | | 1,792 |
| Capital outlay | | <u>28,260</u> |
| Total Expenditures | | <u>31,393</u> |
| Excess of Revenues over (under) Expenditures | | <u>(24,561)</u> |

OTHER FINANCING SOURCES (USES)

| | | |
|-------------------------------------------------------------------------------------|--|---------------------------------|
| Proceeds from bond issues | | - |
| Proceeds from sale of capital assets | | 9 |
| Transfers from other funds | | - |
| Transfers to other funds | | <u>(16)</u> |
| Total Other Financing Sources (Uses) | | <u>(7)</u> |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses | | <u>\$ (24,568) ¹</u> |

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

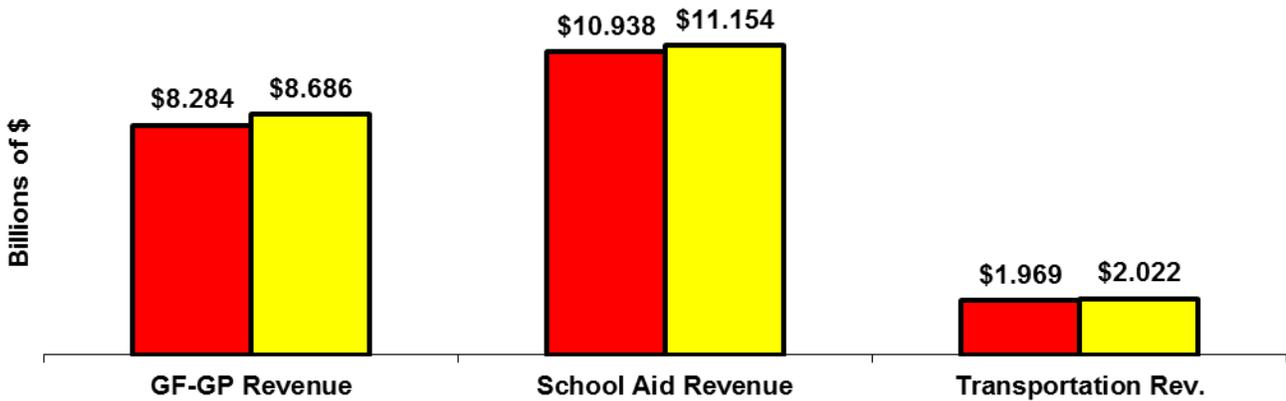
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for September 2013, representing some August and some September economic activity in Michigan.

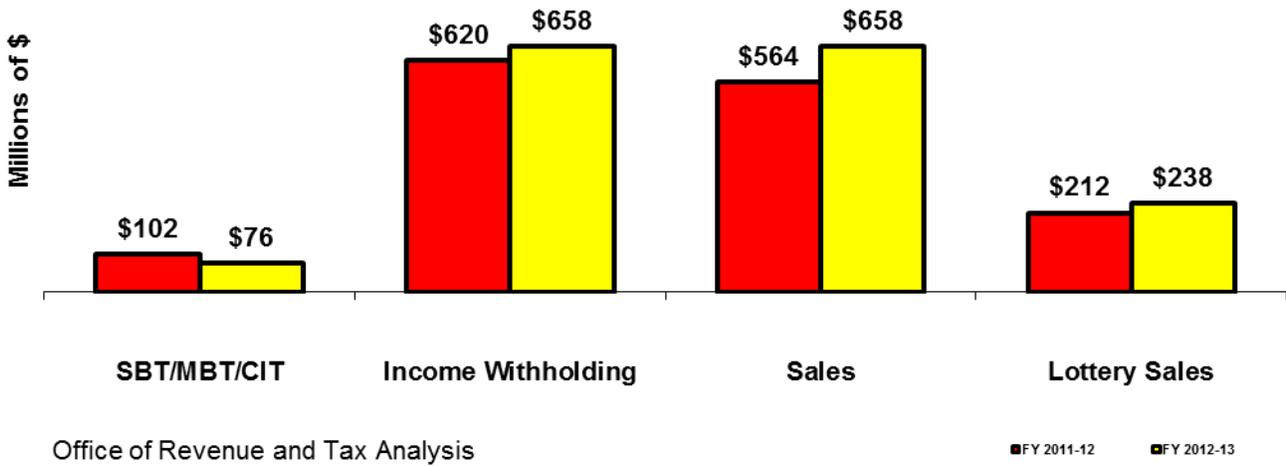
Total General Fund - General Purpose cash collections were \$122.3 million (14.9 percent) higher in September 2013 than in September 2012. The September 2013 School Aid Fund cash collections were \$37.6 million (3.3 percent) higher than in September 2012. September 2013 transportation collections were \$12.3 million (7.8 percent) higher than in September 2012 (see revenue table). 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 \$401.7 million (4.8 percent) from a year ago. School Aid Fund cash collections are up \$215.5 million (2.0 percent) and transportation collections are up \$52.8 million (2.7 percent).

The FY 2012-13 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 15, 2013. The revenue estimate for net General Fund – General Purpose revenue for FY 2012-13 is \$9,189.2 million and the net School Aid revenue forecast is \$11,213.4 million. The Transportation Funds revenue forecast is \$2,109.5 million. The next regularly scheduled Consensus Revenue Estimating Conference will be held on January 10, 2014.

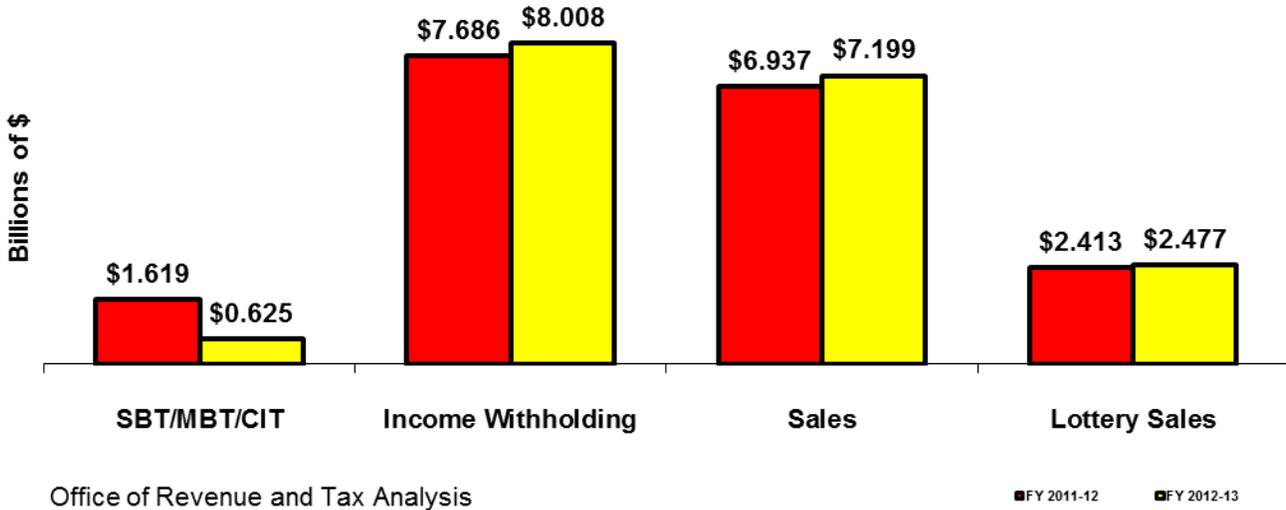
**October through September Collections
FY 2011-12 and FY 2012-13**



September Revenue Collections FY 2011-12 and FY 2012-13



October through September Collections FY 2011-12 and FY 2012-13



Revenue Summary FY 2012-13
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: September 30, 2013

| MONTH-END CASH COLLECTIONS DATA | | | | OCTOBER THROUGH SEPTEMBER CASH COLLECTIONS DATA | | | | | | REVENUE PROJECTIONS | | |
|---------------------------------|-----------|------------|---------|-------------------------------------------------|--------------------|--------------------|--------------------|---------------|--------------------|---------------------|--------------------|--|
| September | | Difference | | SOURCE OF REVENUE | Year-to-Date | | Difference | | FY 2011-12 | FY 2012-13 | FY 2012-13 | |
| 2012 | 2013 | Amount | Percent | | FY 2011-12 | FY 2012-13 | Amount | Percent | CAFR Totals | Statutory Estimate | May 2013 Consensus | |
| Income Taxes | | | | | | | | | | | | |
| \$620,165 | \$658,044 | \$37,879 | 6.1% | Withholding | \$7,686,389 | \$8,008,107 | \$321,718 | 4.2% | \$7,604,200 | \$7,826,900 | \$7,861,800 | |
| 168,629 | 193,469 | 24,840 | 14.7% | Quarterlies | 702,274 | 865,393 | 163,120 | 23.2% | 766,200 | 744,600 | 824,800 | |
| 14,176 | 18,137 | 3,961 | 27.9% | Annuals | 692,187 | 1,134,502 | 442,315 | 63.9% | 682,500 | 888,000 | 1,110,200 | |
| 802,970 | 869,650 | 66,680 | 8.3% | Gross Collections | 9,080,850 | 10,008,003 | 927,153 | 10.2% | \$9,052,900 | \$9,459,500 | \$9,796,800 | |
| 25,389 | (10,924) | (36,313) | na | Less: Refunds | 2,177,601 | 1,667,302 | (510,299) | -23.4% | 2,134,600 | 1,552,000 | 1,625,300 | |
| 0 | 0 | 0 | na | State Campaign Fund | 0 | 0 | 0 | na | 900 | 1,000 | 1,000 | |
| 777,581 | 880,574 | 102,993 | 13.2% | Net Personal Income | 6,903,249 | 8,340,701 | 1,437,452 | 20.8% | \$6,917,400 | \$7,906,500 | \$8,170,500 | |
| 185,560 | 199,652 | 14,092 | 7.6% | Less: Disbursements to SAF | 2,104,416 | 2,291,125 | 186,709 | 8.9% | \$2,100,200 | \$2,239,100 | \$2,326,600 | |
| \$592,020 | \$680,922 | \$88,901 | 15.0% | NET PERSONAL INCOME TO GF-GP | \$4,798,833 | \$6,049,576 | \$1,250,743 | 26.1% | \$4,817,200 | \$5,667,400 | \$5,843,900 | |
| Consumption Taxes | | | | | | | | | | | | |
| \$5,818 | \$7,634 | \$1,815 | 31.2% | Sales (a) | \$74,080 | \$75,721 | \$1,641 | 2.2% | \$1,081,200 | \$1,134,700 | \$1,002,200 | |
| 55,247 | 78,583 | 23,336 | 42.2% | Use (f) | 731,409 | 832,980 | 101,571 | 13.9% | 794,000 | 834,700 | 829,600 | |
| 17,861 | 16,803 | (1,058) | -5.9% | Tobacco | 193,087 | 189,230 | (3,857) | -2.0% | 192,600 | 189,500 | 191,400 | |
| 4,516 | 4,387 | (129) | -2.8% | Beer, Wine & Mixed Spirits | 51,063 | 50,506 | (557) | -1.1% | 50,800 | 50,800 | 51,500 | |
| 4,137 | 4,383 | 246 | 5.9% | Liquor Specific | 38,739 | 40,987 | 2,249 | 5.8% | 41,800 | 41,200 | 42,400 | |
| \$87,578 | \$111,789 | \$24,211 | 27.6% | TOTAL CONSUMPTION TAXES | \$1,088,378 | \$1,189,424 | \$101,047 | 9.3% | \$2,160,400 | \$2,250,900 | \$2,117,100 | |
| Other Taxes | | | | | | | | | | | | |
| \$1,401 | (\$8,064) | (\$9,464) | na | Single Business | (\$61,822) | (\$38,641) | \$23,181 | 37.5% | (\$66,200) | \$0 | \$8,000 | |
| 2,298 | 3,523 | 1,225 | 53.3% | Insurance Premiums Taxes | 293,555 | 291,523 | (2,032) | -0.7% | 290,200 | 311,400 | 297,000 | |
| 3,698 | (4,541) | (8,239) | na | Sub-total SBT & Insurance | 231,732 | 252,881 | 21,149 | 9.1% | 224,000 | 311,400 | 305,000 | |
| 10,000 | (12,193) | (22,194) | na | Michigan Business Tax | 1,240,009 | (182,290) | (1,422,299) | na | 798,300 | (552,400) | (490,000) | |
| 90,173 | 96,320 | 6,147 | 6.8% | Corporate Income Tax | 440,384 | 846,400 | 406,016 | 92.2% | 547,100 | 838,900 | 920,000 | |
| 12 | 2 | (10) | -85.2% | Inheritance / Estate | 245 | (4) | (249) | na | 200 | 0 | 0 | |
| 228 | 319 | 91 | 39.9% | Telephone & Telegraph | 59,885 | 52,320 | (7,565) | -12.6% | 59,200 | 57,300 | 56,000 | |
| 4,248 | 5,534 | 1,286 | 30.3% | Oil & Gas Severance | 52,774 | 58,543 | 5,769 | 10.9% | 53,600 | 61,000 | 53,000 | |
| 9,869 | 42,220 | 32,351 | na | Penalties & Interest | 109,382 | 161,796 | 52,414 | 47.9% | 167,200 | 127,500 | 133,000 | |
| 53 | 11 | (43) | -79.7% | Miscellaneous Other/Railroad | 1,622 | 1,344 | (278) | -17.2% | 1,700 | 1,000 | 1,000 | |
| (10,583) | (10,667) | (83) | -0.8% | Treasury Enforcement Programs (e) | (127,000) | (128,000) | (1,000) | -0.8% | (130,200) | (128,000) | (128,000) | |
| \$107,699 | \$117,005 | \$9,306 | 8.6% | TOTAL OTHER TAXES | \$2,009,033 | \$1,062,990 | (\$946,043) | -47.1% | \$1,721,100 | \$716,700 | \$850,000 | |
| \$787,297 | \$909,716 | \$122,419 | 15.5% | SUBTOTAL GF-GP TAXES | \$7,896,244 | \$8,301,990 | \$405,746 | 5.1% | \$8,698,800 | \$8,634,900 | \$8,811,000 | |

continued

Revenue Summary FY 2012-13
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: September 30, 2013

| MONTH-END CASH COLLECTIONS DATA | | | | OCTOBER THROUGH SEPTEMBER CASH COLLECTIONS DATA | | | | | REVENUE PROJECTIONS | | |
|---------------------------------|--------------------|------------------|--------------|-------------------------------------------------|---------------------|---------------------|------------------|--------------|---------------------|---------------------|---------------------|
| September | | Difference | | SOURCE OF REVENUE | Year-to-Date | | Difference | | FY 2011-12 | FY 2012-13 | FY 2012-13 |
| 2012 | 2013 | Amount | Percent | | FY 2011-12 | FY 2012-13 | Amount | Percent | CAFR Totals | Statutory Estimate | May 2013 Consensus |
| Non-Tax Revenue (e) | | | | | | | | | | | |
| \$1,667 | \$1,667 | \$0 | 0.0% | Federal Aid | \$20,000 | \$20,000 | \$0 | 0.0% | \$54,800 | \$20,000 | \$20,000 |
| 83 | 83 | 0 | 0.0% | Local Agencies | 1,000 | 1,000 | 0 | 0.0% | 3,200 | 1,000 | 1,000 |
| 917 | 917 | 0 | 0.0% | Services | 11,000 | 11,000 | 0 | 0.0% | 10,500 | 11,000 | 11,000 |
| 1,667 | 1,667 | 0 | 0.0% | Licenses & Permits | 20,000 | 20,000 | 0 | 0.0% | 16,300 | 20,000 | 20,000 |
| (963) | (337) | 626 | 65.0% | Investments/Interest Costs | (2,331) | (1,057) | 1,275 | 54.7% | (1,900) | (3,200) | (3,200) |
| 10,667 | 10,250 | (417) | -3.9% | Misc. Non-tax Revenue | 128,000 | 125,000 | (3,000) | -2.3% | 157,000 | 118,000 | 123,000 |
| 13,583 | 13,600 | 17 | 0.1% | Liquor Purchase Revolving Fund | 163,000 | 163,900 | 900 | 0.6% | 174,400 | 157,200 | 163,200 |
| 3,925 | 3,600 | (325) | -8.3% | From Other Funds-Lottery & Escheats | 47,100 | 43,900 | (3,200) | -6.8% | 152,100 | 11,000 | 43,200 |
| \$31,545 | \$31,446 | (\$99) | -0.3% | TOTAL NON-TAX REVENUE | \$387,769 | \$383,743 | (\$4,025) | -1.0% | \$566,400 | \$335,000 | \$378,200 |
| \$818,843 | \$941,162 | \$122,319 | 14.9% | TOTAL GF-GP REVENUE | \$8,284,013 | \$8,685,733 | \$401,721 | 4.8% | \$9,265,200 | \$8,969,900 | \$9,189,200 |
| School Aid Fund | | | | | | | | | | | |
| \$230,834 | \$268,383 | \$37,548 | 16.3% | Sales Tax 4% | \$2,839,129 | \$2,942,771 | \$103,642 | 3.7% | 2,841,000 | 2,943,200 | 3,010,900 |
| 178,909 | 210,429 | 31,520 | 17.6% | Sales Tax 2% | 2,204,929 | 2,294,153 | 89,224 | 4.0% | 2,216,000 | 2,288,700 | 2,153,600 |
| 27,629 | 39,291 | 11,662 | 42.2% | Use Tax 2% (f) | 557,169 | 415,148 | (142,021) | -25.5% | 412,600 | 417,300 | 414,900 |
| 381,831 | 328,101 | (53,730) | -14.1% | State Education Property Tax | 1,779,838 | 1,743,459 | (36,379) | -2.0% | 1,789,500 | 1,829,400 | 1,792,000 |
| 16,947 | 19,930 | 2,984 | 17.6% | Real Estate Transfer Tax | 143,851 | 191,881 | 48,030 | 33.4% | 150,100 | 133,600 | 190,500 |
| 70,000 | 60,000 | (10,000) | -14.3% | Lottery Transfer (b) | 710,000 | 680,000 | (30,000) | -4.2% | 778,400 | 744,700 | 745,000 |
| 7,796 | 8,132 | 336 | 4.3% | Casino Wagering Tax | 115,020 | 111,629 | (3,390) | -2.9% | 115,800 | 106,300 | 109,700 |
| 4,097 | 4,359 | 262 | 6.4% | Liquor Excise Tax | 38,186 | 40,486 | 2,300 | 6.0% | 41,300 | 41,200 | 42,400 |
| 36,260 | 34,112 | (2,148) | -5.9% | Cigarette/Tobacco Tax | 391,996 | 384,166 | (7,830) | -2.0% | 374,100 | 364,800 | 366,500 |
| 6,331 | 9,895 | 3,564 | 56.3% | Indus. & Comm. Facilities Taxes | 37,099 | 37,701 | 603 | 1.6% | 35,700 | 43,900 | 37,900 |
| 937 | 2,439 | 1,502 | 160.0% | Specific Other | 16,587 | 21,167 | 4,581 | 27.6% | 24,000 | 17,100 | 23,100 |
| 185,560 | 199,652 | 14,092 | 7.6% | Income Tax Earmarking | 2,104,416 | 2,291,125 | 186,709 | 8.9% | \$2,100,200 | \$2,239,100 | \$2,326,600 |
| \$1,147,132 | \$1,184,724 | \$37,591 | 3.3% | TOTAL SCHOOL AID FUND | \$10,938,219 | \$11,153,686 | \$215,468 | 2.0% | \$10,878,700 | \$11,169,500 | \$11,213,400 |
| \$563,633 | \$657,734 | \$94,101 | 16.7% | SALES TAX 6% | \$6,936,810 | \$7,198,771 | \$261,961 | 3.8% | \$6,952,800 | \$7,194,100 | \$7,100,700 |
| 384,724 | 447,305 | 62,581 | 16.3% | SALES TAX 4%(d) | 4,731,881 | 4,904,618 | 172,737 | 3.7% | 4,736,800 | 4,905,400 | 4,947,100 |
| 178,909 | 210,429 | 31,520 | 17.6% | SALES TAX 2% | 2,204,929 | 2,294,153 | 89,224 | 4.0% | 2,216,000 | 2,288,700 | 2,153,600 |
| 82,876 | 117,874 | 34,998 | 42.2% | USE TAX 6% (f) | 1,288,578 | 1,248,128 | (40,450) | -3.1% | 1,206,600 | 1,252,000 | 1,244,500 |
| 89,754 | 84,436 | (5,317) | -5.9% | TOBACCO TAXES | 970,287 | 950,906 | (19,381) | -2.0% | 963,200 | 941,600 | 950,000 |
| 0 | 0 | 0 | na | TOBACCO SETTLEMENT | 194,430 | 301,315 | 106,884 | 55.0% | na | na | na |

continued

Revenue Summary FY 2012-13
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: September 30, 2013

| MONTH-END CASH COLLECTIONS DATA | | | | OCTOBER THROUGH SEPTEMBER CASH COLLECTIONS DATA | | | | | | REVENUE PROJECTIONS | | |
|--------------------------------------|------------------|-----------------|--------------|-------------------------------------------------|--------------------|--------------------|-----------------|-------------|--------------------|---------------------|--------------------|--|
| September | | Difference | | SOURCE OF REVENUE | Year-to-Date | | Difference | | FY 2011-12 | FY 2012-13 | FY 2012-13 | |
| 2012 | 2013 | Amount | Percent | | FY 2011-12 | FY 2012-13 | Amount | Percent | CAFR Totals | Statutory Estimate | May 2013 Consensus | |
| Major Transportation Revenues | | | | | | | | | | | | |
| \$10,296 | \$10,634 | \$338 | 3.3% | Diesel Fuel / Motor Carrier Fuel Tax | \$126,573 | \$129,767 | \$3,194 | 2.5% | \$126,782 | \$128,500 | \$128,500 | |
| 69,886 | 74,657 | 4,771 | 6.8% | Gasoline | 819,462 | 829,678 | 10,217 | 1.2% | 818,798 | 825,500 | 815,000 | |
| 64,953 | 71,289 | 6,336 | 9.8% | Motor Vehicle Registration | 876,081 | 906,279 | 30,198 | 3.4% | 876,064 | 877,000 | 890,000 | |
| 3,809 | 4,147 | 338 | 8.9% | Other Taxes, Fees & Misc. | 47,045 | 48,273 | 1,228 | 2.6% | 121,038 | 164,524 | 166,564 | |
| 8,610 | 9,122 | 512 | 5.9% | Comprehensive Transportation (c) | 100,229 | 108,178 | 7,948 | 7.9% | 98,742 | 104,322 | 109,463 | |
| <u>\$157,554</u> | <u>\$169,849</u> | <u>\$12,295</u> | <u>7.8%</u> | TOTAL MAJOR TRANS. REVENUES | <u>\$1,969,389</u> | <u>\$2,022,174</u> | <u>\$52,784</u> | <u>2.7%</u> | <u>\$2,041,425</u> | <u>\$2,099,845</u> | <u>\$2,109,527</u> | |
| Lottery Sales By Games | | | | | | | | | | | | |
| 68,240 | 76,521 | 8,280 | 12.1% | Instant Games | 771,762 | 827,139 | 55,377 | 7.2% | na | na | na | |
| 60,047 | 64,946 | 4,899 | 8.2% | Daily Games | 681,126 | 672,167 | (8,959) | -1.3% | na | na | na | |
| 32,012 | 41,514 | 9,502 | 29.7% | Lotto and Big Game | 386,507 | 394,020 | 7,513 | 1.9% | na | na | na | |
| 1,082 | 1,041 | (41) | -3.8% | Keno Game | 12,373 | 11,394 | (979) | -7.9% | na | na | na | |
| 0 | 0 | 0 | na | Lucky Lines Game | 1,625 | 0 | (1,625) | -100.0% | na | na | na | |
| 0 | 855 | 855 | na | Millionaires Raffle | 6,788 | 5,954 | (833) | -12.3% | na | na | na | |
| 50,475 | 53,528 | 3,052 | 6.0% | Club Games | 553,319 | 565,837 | 12,518 | 2.3% | na | na | na | |
| <u>\$211,857</u> | <u>\$238,405</u> | <u>\$26,548</u> | <u>12.5%</u> | TOTAL LOTTERY SALES | <u>\$2,413,499</u> | <u>\$2,476,511</u> | <u>\$63,012</u> | <u>2.6%</u> | <u>na</u> | <u>na</u> | <u>na</u> | |

-11-

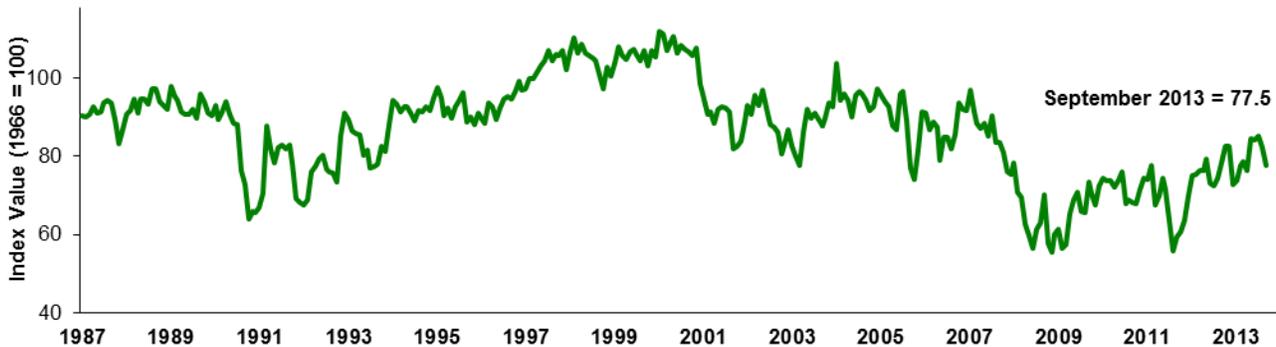
- a GF-GP Sales has been estimated based on CTF and Health Initiative shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated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

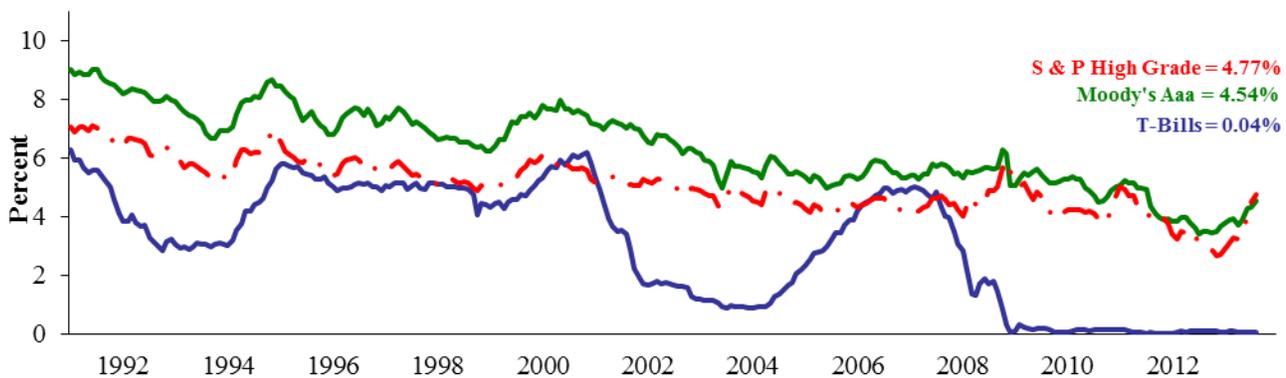
The **Index of Consumer Sentiment** fell in September to 77.5 index-points, 4.6 index-points below the July value and 0.8 index-points above September 2012. On the decrease in confidence, Survey Director Richard Curtin observed, “While few consumers expected a federal shutdown, complaints about government policies have risen, and more importantly, prospects for job growth have diminished. Although consumers may have come to expect the Congressional theater that is now playing, they don’t expect the President and Congress to be careless enough to allow intransigence on the federal budget and debt ceiling to shutdown the government. If consumers come to believe a shutdown is probable, it could generate a precautionary response that would significantly slow spending and overall economic growth even if a shutdown never actually occurs. Consumer confidence is fragile enough without this added source of economic uncertainty.” Curtin noted, “The personal financial situation of consumers weakened in September mainly due to more frequent reports of income declines than income gains. The proportion of households that reported worsening finances rose to 37% in September, reversing all the gains recorded since April.” On buying attitudes for vehicles and household durables, Curtin reported, “Attitudes toward vehicle buying conditions declined in September to the lowest level since last February. The falloff was due to a sharp decline in favorable perceptions of vehicle prices.” In September, consumers in all four regions reported a decrease in confidence. Western consumers reported the largest decrease in confidence of 6.4 index-points followed by Southern consumers at 5.2 index-points. The gap across regions decreased from last month to 4.4 index-points, with Northeastern consumers on top and Midwestern consumers on the bottom.

The revised estimate of real **Gross Domestic Product** for the second quarter of 2013 is \$15,679.7 billion (chained 2005 dollars), an increase of 2.5 percent at an annual rate. In the first quarter of 2013, real gross domestic product increased 1.1 percent. The increase in second quarter real GDP was mainly due to personal consumption expenditures, exports, nonresidential fixed investment, residential investment, and private inventory investment. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 1.8 percent in the second quarter, compared to a 2.3 percent increase in the first quarter. Real residential fixed investment increased 14.2 percent in the second quarter compared to an increase of 12.5 percent in the first quarter. Real nonresidential fixed investment increased 4.7 percent in the second quarter while equipment increased 2.9 percent. Real federal government expenditures decreased 1.6 percent in the second quarter, compared to an 8.4 percent increase in the first quarter. Real state and local government spending

increased 0.4 percent in the second quarter, compared to a decrease of 1.3 percent in the first quarter. Exports of goods and services increased 8.0 percent in the second quarter, compared to a 1.3 percent decrease in the first quarter. Imports increased 6.9 percent in the second quarter compared to an increase of 0.6 percent in the first quarter. Private inventory investment increased \$56.6 billion in the second quarter, following a \$42.2 billion increase in the first quarter. Real final sales increased 2.1 percent in the second quarter compared to an increase of 0.2 percent in the first quarter. On the inflation front, the **implicit price deflator** increased 0.6 percent in the second quarter compared to a 1.7 percent increase observed in the first quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.1 percent in August, down from an increase of 0.2 percent in July. Energy prices decreased 0.3 percent in August, down from a 0.2 percent increase in July, while the all-items less food and energy component increased 0.1 percent in August. Compared to August 2012, the all-items index increased 1.5 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 1.4 percent; medical care, 2.3 percent; apparel, 1.8 percent; education and communication, 1.5 percent; other goods and services, 1.6 percent; housing, 2.2 percent; recreation, 0.4 percent; and transportation, 0.1 percent, with gasoline prices down 2.4 percent.

Selected Key Interest Rates

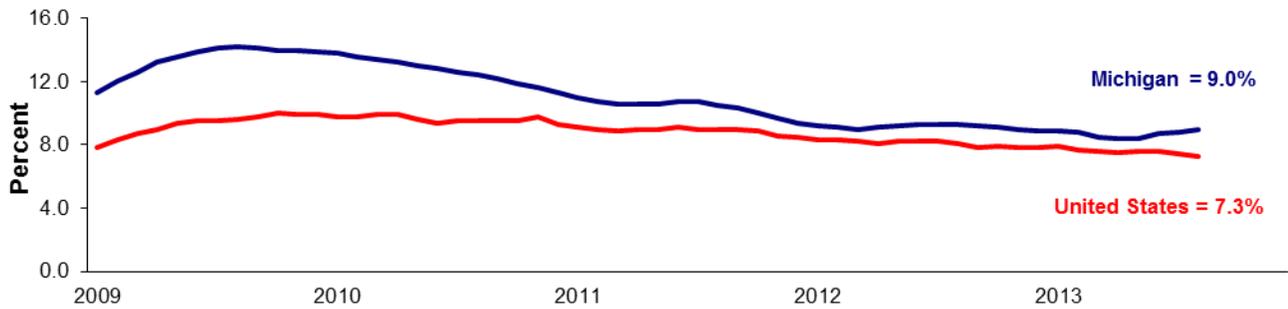


Source: Economic Indicators

Short-term **interest rates** remained unchanged in August as the 3-month Treasury bill (T-bill) rate was 0.04 percent. Compared to one year ago, the T-bill rate was down 0.07 percentage point. The Aaa corporate bond rate, a long-term interest rate, increased 0.07 percentage point to an interest yield of 4.54 percent in August. The Aaa bond yield was up 1.06 percentage points from its year-ago level. The interest rate on High-grade municipal bonds increased 0.26 percentage point from the July level to 4.77 percent in August, and was up 1.70 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 September 18th meeting. The FOMC stated “the Committee decided to keep the target range for the federal funds rate at 0 to ¼ percent and currently anticipates that this exceptionally low range for the federal funds rate will be appropriate at least as long as the unemployment rate remains above 6-1/2 percent, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee’s 2 percent longer-run goal, and longer-term inflation expectations continue to be well anchored.” The Committee “will closely monitor incoming information on economic and financial developments in coming months.”

In August, the **U. S. unemployment rate** decreased 0.1 percentage point from a month ago to 7.3 percent and was 0.8 of a percentage point lower than a year ago. Civilian employment totaled 144.2 million persons in August. The number unemployed was 11.3 million nationwide.

Unemployment Rates 2009 - 2013

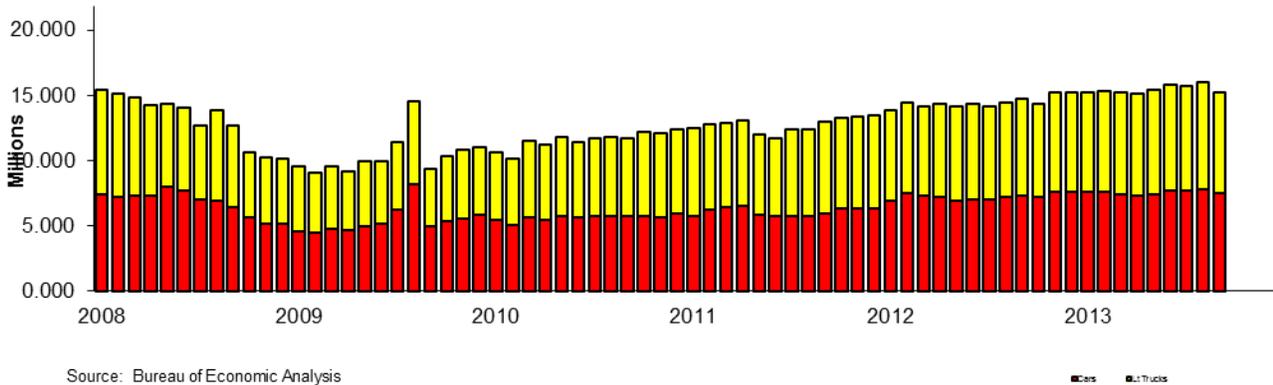


Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In August, the **Michigan jobless rate** increased 0.2 percentage point to 9.0 percent from July. The August unemployment rate is 0.3 of a percentage point below the year ago level. In August, the labor force decreased by 1,000 to 4,727,000, while the number of people employed decreased by 7,000 to 4,302,000. In August, there were 425,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Motor Vehicle Sector

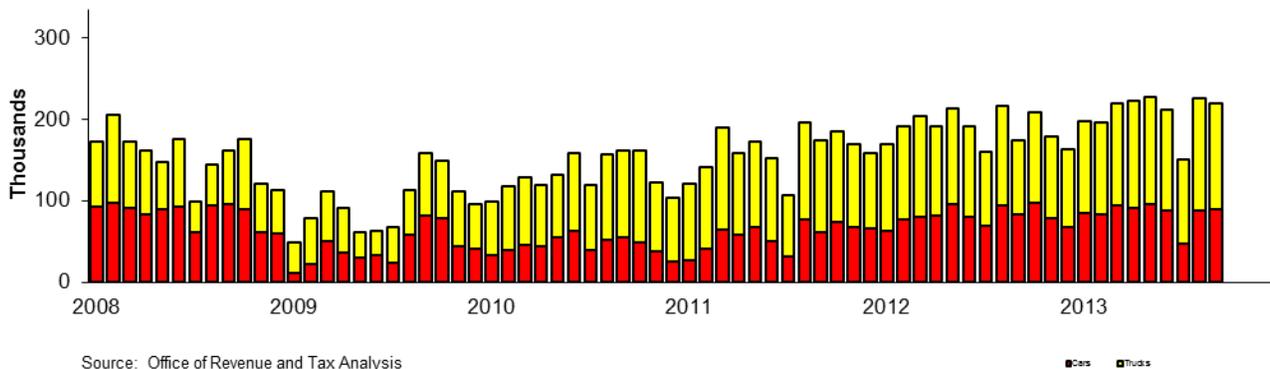
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) decreased 5.2 percent in September compared to August, selling at a 15.2 million unit seasonally adjusted annual rate. Domestic car sales decreased 5.1 percent while domestic light truck sales decreased 7.5 percent. Import car sales decreased 1.8 percent while import light truck sales increased 0.8 percent. Compared to last year, light vehicle sales increased 3.3 percent. Domestic car sales were up 1.5 percent while domestic light truck sales increased 1.7 percent. Import car sales were up 5.7 percent from last year while import truck sales increased 17.2 percent. As a result, the domestic share of U.S. light vehicle sales decreased 1.3 percentage points from a year ago. For fiscal year 2013, domestic light vehicles recorded a 78.3 percent share of a 15.3 million-unit market.

Michigan motor vehicle production decreased to 219,146 units in September from 225,550 units in August. From a year ago, motor vehicle production increased 26 percent in Michigan and rose 21 percent nationally. In September, Michigan's car production was 89,073 units while the state's truck production was 130,073 units. Compared with a year ago, car production increased 7 percent in Michigan and increased 9 percent nationwide. The state's truck production increased 43 percent while national truck production increased 31 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, 2013 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

| | Fiscal Year 2010-11 Actual | Fiscal Year 2011-12 Actual | Fiscal Year 2012-13 Estimate |
|------------------------------------------|-------------------------------------------|-------------------------------------------|---------------------------------------------|
| Applicable Calendar Year Personal Income | \$345,933 | \$342,663 | \$358,152 |
| Section 26 Base Ratio | 9.49% | 9.49% | 9.49% |
| Revenue Limit | <u>\$32,829.0</u> | <u>\$32,518.7</u> | <u>\$33,988.6</u> |
| Revenue Limit | \$32,829.0 | \$32,518.7 | \$33,988.6 |
| State Revenue Subject to Limit | <u>\$27,248.2</u> | <u>\$27,288.3</u> | <u>\$27,580.8</u> |
| Amount Under (Over) Limit | \$5,580.8 | \$5,230.4 | \$6,407.8 |

Sources:

Personal Income Estimate

The FY 2010-11 calculation uses the official personal income estimate for calendar year 2009 (Survey of Current Business, October 2010).

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).

Revenue Subject to the Limit

The FY 2010-11 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2011.

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, 2013 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