



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN E. NIXON, CPA
DIRECTOR

July 27, 2012

The Honorable Roger Kahn, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Chuck Moss, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

Attached is the monthly financial report for the month ending June 30, 2012. 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	Judson S. Gilbert II, Chair, House Tax Policy Com.
Jase Bolger, Speaker of the House	John Roberts, Deputy Chief of Staff
Richard Hammell, 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 2012
 Projected Revenues and Expenditures
 June 30, 2012
 (\$ in millions)

FISCAL
2012

Beginning Balance, October 1, 2011	see one-time revenue
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Current Year GF/GP Revenues, May 2012 Consensus Estimate	\$	9,064.4
Revenue Adjustments:		
Local Government Program Payments	\$	(300.0)
Use Tax on Medicaid managed care (PA 141 of 2011)	\$	192.6
Other Revenue Adjustments	\$	2.1
Subtotal Additional Revenue Adjustments	\$	(105.3)
Total FY Resources Available For Expenditure GF/GP - Ongoing		8,959.1

Expenditures, Current Law:		
FY 2012 Enacted with Vetoes	\$	8,321.9
Supplemental Request (letter 2012-13)	\$	(87.8)
Total Expenditures Projected - Ongoing	\$	8,234.1

Current Year Revenues minus Ongoing Costs	\$	725.0
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Beginning Balance (One-Time Revenue)	\$	553.7
Supplemental Request (letter 2012-13)	\$	0.9
Total FY Resources Available For Expenditure GF/GP - One-Time	\$	554.6
One-Time Spending Items - PA 62 and PA 63 of 2011, PA 89, PA 201 and PA 236 of 2012	\$	555.5
One-Time Revenue minus One-Time Spending	\$	(0.9)

Projected Ending Balance, September 30, 2012	\$	724.1
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SCHOOL AID FUND
Fiscal Year 2012
Projected Revenues and Expenditures
June 30, 2012
 (\$ in millions)

FISCAL
2012

Beginning Balance , October 1, 2011	see one-time revenue
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Current Year School Aid Fund Revenues, May 2012 Consensus Estimate	\$	10,876.1
Revenue Adjustments:		
General Fund	\$	118.6
PA 201 of 2012 Adjustment to General Fund	\$	(40.0)
Federal Revenue	\$	1,658.0
Subtotal Additional Revenue Adjustments	\$	1,736.7
Total FY Resources Available for Expenditure School Aid Fund	\$	12,612.8

School Aid Ongoing Costs		
PA 62 of 2011	\$	12,198.9
PA 29 of 2012	\$	68.4
PA 201 of 2012	\$	2.9
School Aid Ongoing Costs	\$	12,270.2
Community Colleges Ongoing Costs		
PA 62 of 2011	\$	195.9
Universities Ongoing Costs		
PA 62 of 2011	\$	200.0
Total School Aid Fund Ongoing Costs Projected	\$	12,666.1

Current Year Revenues minus Ongoing Costs	\$	(53.3)
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Beginning Balance (One-Time Revenue)	\$	724.7
One-Time Spending Items		
PA 62 of 2011	\$	460.2
PA 29 of 2012	\$	16.5
Total School Aid Fund Spending - One-Time	\$	476.7
One-Time Revenue minus One-Time Spending	\$	248.0

Projected Ending Balance, September 30, 2012	\$	194.7
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**SUMMARY OF EXPENDITURES AND ENCUMBRANCES
GENERAL FUND GROSS**

June 30, 2012
(\$ IN MILLIONS)

FISCAL YEAR 2011

FISCAL YEAR 2012

Exp & Enc June 2011	Exp & Enc Yr-to-date FY 2011	Fiscal Year End SEP 30, 2011	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc June 2012	Exp & Enc Yr-to-date FY 2012
4.8	42.8	60.2	Agriculture and Rural Development	69.9	13.7	5.0	40.9
4.7	44.1	62.9	Attorney General	73.6	5.8	5.7	49.5
20.0	194.5	235.3	Capital Outlay**	279.1	4.4	19.6	196.8
0.8	8.0	11.5	Civil Rights	13.7	3.2	0.9	8.9
162.1	1,514.4	1,865.2	Colleges & Universities	1,250.2	1.9	104.4	1,025.1
1,512.0	9,985.4	14,302.1	Community Health	14,154.6	716.5	1,005.5	9,489.0
143.3	1,391.2	1,934.9	Corrections	1,915.2	99.4	144.2	1,405.5
13.0	70.2	105.2	Education	117.3	218.2	19.3	167.4
16.3	105.7	160.5	Environmental Quality	385.0	48.0	10.6	120.1
0.4	3.6	4.5	Executive Office	4.4	0.2	0.4	3.1
543.4	4,533.5	6,200.1	Human Services	6,793.4	165.6	493.0	4,237.8
9.5	135.7	231.2	Judiciary	257.0	3.0	19.2	144.0
1.3	12.0	16.7	Legislative Auditor General	15.6	1.3	1.4	12.5
8.4	84.4	96.4	Legislature	100.3	13.4	8.7	77.8
64.3	616.1	802.0	Licensing and Regulatory Affairs	568.2	126.4	30.4	305.9
9.4	93.1	120.9	Military Affairs	129.2	16.2	9.8	87.3
5.9	38.4	58.4	Natural Resources	93.3	16.4	5.9	39.5
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
14.6	122.8	172.3	State	210.9	18.5	13.1	118.6
38.5	315.4	474.7	State Police	523.6	36.3	41.4	315.7
15.1	169.0	305.2	Technology, Management & Budget***	522.9	192.8	56.0	399.1
0.0	0.0	0.0	Transportation	0.0	0.5	0.0	0.0
199.1	1,216.1	3,069.0	Treasury	1,476.8	122.8	163.8	1,405.5
0.0	25.8	32.1	Michigan Strategic Fund	59.0	88.1	1.7	42.2
\$2,786.9	\$20,722.2	\$30,321.3		\$29,013.3	\$1,912.7	\$2,160.1	\$19,692.1

*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 2012

June, 2012

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,144.0	129.4	15,273.4
Total state spending from state resources	27,212.5	415.2	27,627.7
Percentage of state spending from state resources paid to local units	55.65%		55.28%
Required payments to local units (48.97%)	13,326.0		13,529.3
Surplus/(deficit)	\$1,818.0		\$1,744.1

STATE OF MICHIGAN
 YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
 COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 OCTOBER 1, 2011 THROUGH JUNE 30, 2012
 (in thousands)

REVENUES

Miscellaneous	\$	38
Total Revenues		38

EXPENDITURES

Current:		
General government		-
Total Expenditures		-
Excess of Revenues over (under) Expenditures		38

OTHER FINANCING SOURCES (USES)

Transfers from other funds		245,300
Transfers to other funds		-
Total Other Financing Sources (Uses)		245,300
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	245,338 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, 2011 THROUGH JUNE 30, 2012
(in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>39,604</u>
Total Revenues		<u>39,604</u>

EXPENDITURES

Current:		
General government		-
Conservation, environment, recreation, and agriculture		1,293
Capital outlay		<u>27,898</u>
Total Expenditures		<u>29,191</u>
Excess of Revenues over (under) Expenditures		<u>10,413</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues		-
Proceeds from sale of capital assets		16
Transfers from other funds		-
Transfers to other funds		<u>(36)</u>
Total Other Financing Sources (Uses)		<u>(20)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	<u>10,392</u> ¹

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

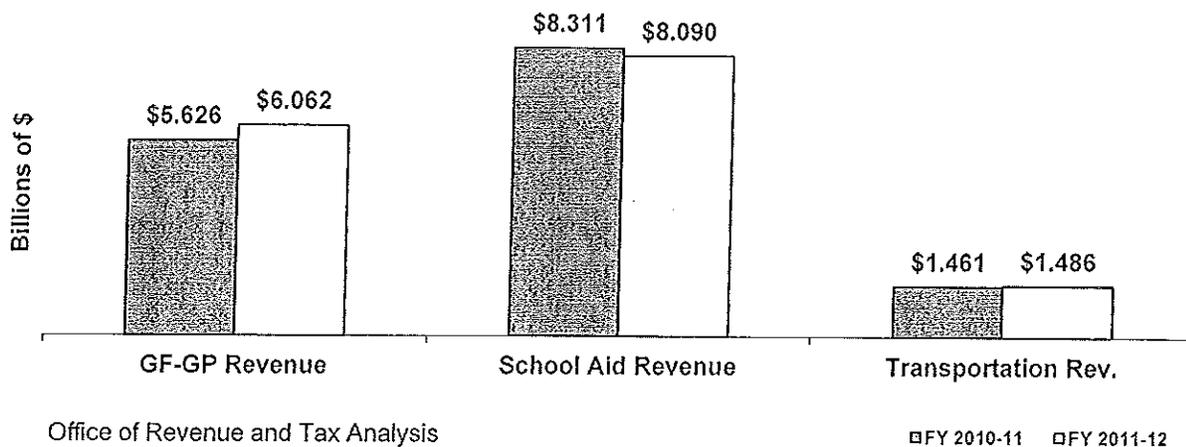
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for June 2012, representing some May and some June economic activity in Michigan.

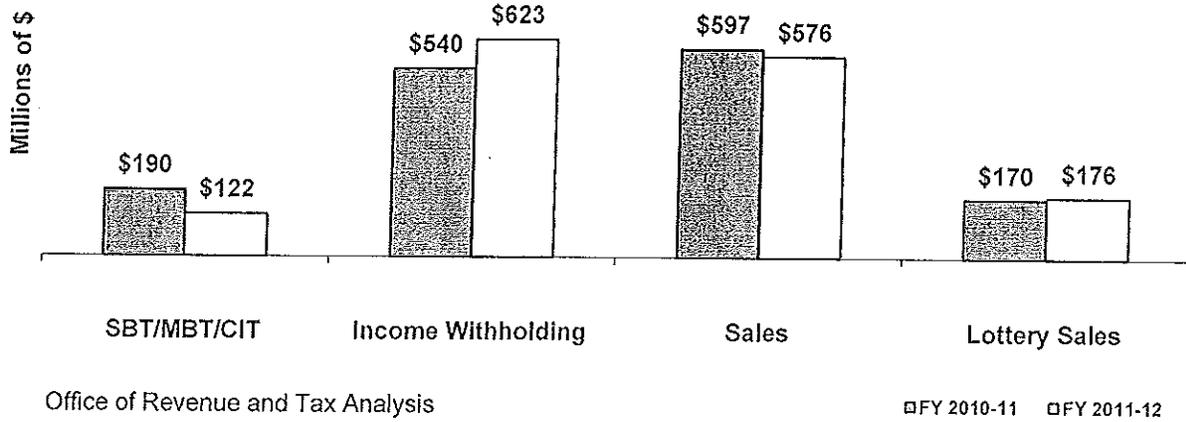
Total General Fund - General Purpose cash collections were \$48.9 million (6.3 percent) higher in June 2012 than in June 2011. The June 2012 School Aid Fund cash collections were \$38.2 million (4.6 percent) lower than in June 2011. June 2012 transportation collections were \$1.3 million (0.7 percent) lower than in June 2011 (see revenue table). June is the ninth month of the state's fiscal year (FY). Year-to-date collection totals generally provide a more accurate view of collections, since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are up \$436.5 million (7.8 percent) from a year ago. School Aid Fund cash collections are down \$221.0 million (2.7 percent) and transportation collections are up \$24.9 million (1.7 percent).

The FY 2011-12 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 16, 2012. The revenue estimate for net General Fund - General Purpose revenue for FY 2011-12 is \$9,064.4 million and the net School Aid revenue forecast is \$10,876.1 million. The Transportation Funds revenue forecast is \$2,109.9 million. The next regularly scheduled Consensus Revenue Estimating Conference will be held in January 2013.

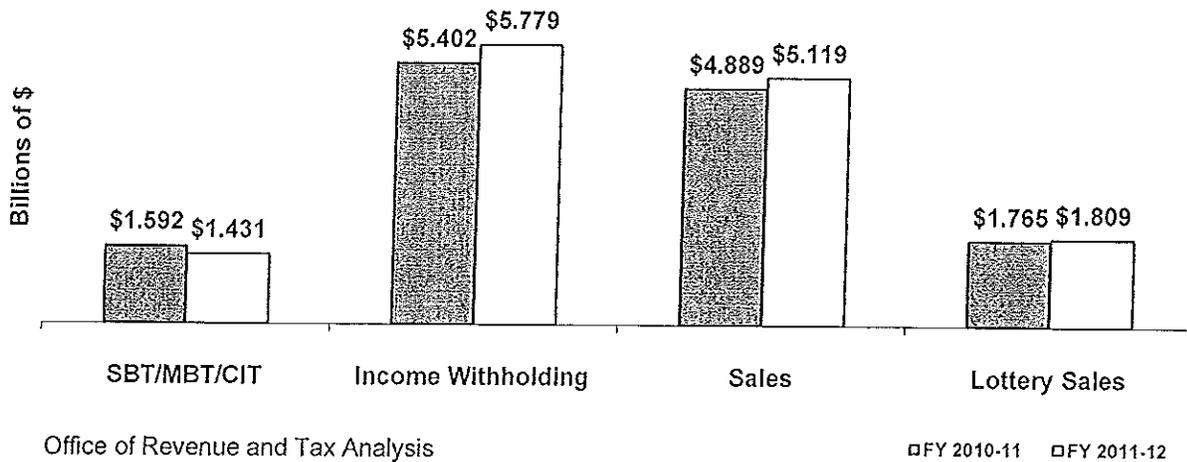
**October through June Collections
FY 2010-11 and FY 2011-12**



June Revenue Collections FY 2010-11 and FY 2011-12



October through June Collections FY 2010-11 and FY 2011-12



Revenue Summary FY 2011-12
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: June 30, 2012

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JUNE CASH COLLECTIONS DATA				REVENUE PROJECTIONS					
June		Difference		Year-to-Date		Difference		FY 2010-11		FY 2011-12		FY 2011-12	
2011	2012	Amount	Percent	FY 2010-11	FY 2011-12	Amount	Percent	Actual Totals	Statutory Estimate (h)	May 2012	Consensus		
SOURCE OF REVENUE													
Income Taxes													
\$539,642	\$623,053	\$83,411	15.5%	\$5,402,216	\$5,779,273	\$377,057	7.0%	\$7,192,100	\$7,664,100	\$7,685,300	\$7,685,300		
135,716	158,703	22,987	16.9%	463,219	512,251	49,032	10.6%	633,600	685,900	680,300	680,300		
17,963	13,030	(4,933)	-27.5%	662,217	650,553	(11,664)	-1.8%	719,700	693,300	703,400	703,400		
693,321	794,785	101,465	14.6%	6,527,652	6,942,077	414,425	6.3%	\$8,545,400	\$9,023,300	\$9,069,000	\$9,069,000		
55,455	53,397	(2,058)	-3.7%	2,076,584	2,074,717	(1,867)	-0.1%	2,127,100	2,225,700	2,103,100	2,103,100		
0	0	0	na	0	0	0	na	1,000	1,000	1,000	1,000		
637,866	741,388	103,523	16.2%	4,451,068	4,867,360	416,292	9.4%	\$6,417,300	\$6,796,600	\$6,964,900	\$6,964,900		
151,405	183,336	21,931	13.6%	1,519,637	1,612,213	92,575	6.1%	\$1,972,500	\$2,098,600	\$2,103,400	\$2,103,400		
\$476,461	\$558,052	\$81,591	17.1%	\$2,931,430	\$3,255,147	\$323,717	11.0%	\$4,444,800	\$4,698,000	\$4,861,500	\$4,861,500		
NET PERSONAL INCOME TO GF-GP													
\$7,212	\$5,130	(\$1,081)	-15.0%	\$55,187	\$56,570	\$1,383	2.5%	\$1,066,700	\$97,000	\$1,110,700	\$1,110,700		
69,419	73,067	3,648	5.3%	574,589	529,685	(44,904)	-7.8%	734,000	846,600	788,100	788,100		
16,256	17,840	1,584	9.7%	139,393	140,786	1,392	1.0%	195,700	189,200	193,300	193,300		
4,942	4,933	(9)	-0.2%	35,799	36,611	812	2.3%	47,100	53,000	50,000	50,000		
3,069	4,044	975	31.8%	25,260	27,535	2,275	9.0%	39,500	39,800	40,300	40,300		
\$100,897	\$106,015	\$5,117	5.1%	\$630,228	\$791,186	(\$39,042)	-4.7%	\$2,083,000	\$1,225,600	\$2,162,400	\$2,162,400		
Consumption Taxes													
\$832	\$11,624	\$10,791	na	\$14,803	\$891	(\$13,912)	-94.0%	\$2,600	\$0	(\$17,300)	(\$17,300)		
4,881	1,461	(3,420)	-70.1%	200,293	218,284	17,992	9.0%	271,200	277,500	300,000	300,000		
5,713	13,084	7,371	129.0%	215,095	219,175	4,079	1.9%	273,800	277,500	282,700	282,700		
152,330	28,144	(134,186)	-82.7%	1,312,031	1,208,470	(105,562)	-8.0%	1,344,000	554,200	713,600	713,600		
0	81,985	81,985	na	0	223,443	223,443	na	0	510,500	485,600	485,600		
13	3	(10)	-76.5%	64	226	161	na	100	0	0	0		
246	1,104	858	na	25,463	27,104	1,641	6.4%	56,100	61,000	57,000	57,000		
6,293	3,848	(2,445)	-38.8%	46,008	41,115	(4,891)	-10.6%	59,800	71,600	60,700	60,700		
9,480	8,243	(1,237)	-13.0%	90,590	79,112	(11,478)	-12.7%	136,100	145,000	119,700	119,700		
0	0	0	na	257	218	(40)	-15.4%	1,500	1,000	1,000	1,000		
(10,417)	(10,583)	(167)	-1.6%	(82,500)	(95,250)	(2,750)	-3.0%	(124,900)	(127,000)	(127,000)	(127,000)		
\$173,559	\$125,829	(\$47,830)	-27.5%	\$1,597,008	\$1,701,613	\$104,604	6.6%	\$1,746,500	\$1,493,800	\$1,593,300	\$1,593,300		
\$751,018	\$789,896	\$38,878	5.2%	\$5,358,667	\$5,747,945	\$389,279	7.3%	\$8,274,400	\$7,417,400	\$8,637,200	\$8,637,200		
SUBTOTAL GF-GP TAXES													
Other Taxes													
\$832	\$11,624	\$10,791	na	\$14,803	\$891	(\$13,912)	-94.0%	\$2,600	\$0	(\$17,300)	(\$17,300)		
4,881	1,461	(3,420)	-70.1%	200,293	218,284	17,992	9.0%	271,200	277,500	300,000	300,000		
5,713	13,084	7,371	129.0%	215,095	219,175	4,079	1.9%	273,800	277,500	282,700	282,700		
152,330	28,144	(134,186)	-82.7%	1,312,031	1,208,470	(105,562)	-8.0%	1,344,000	554,200	713,600	713,600		
0	81,985	81,985	na	0	223,443	223,443	na	0	510,500	485,600	485,600		
13	3	(10)	-76.5%	64	226	161	na	100	0	0	0		
246	1,104	858	na	25,463	27,104	1,641	6.4%	56,100	61,000	57,000	57,000		
6,293	3,848	(2,445)	-38.8%	46,008	41,115	(4,891)	-10.6%	59,800	71,600	60,700	60,700		
9,480	8,243	(1,237)	-13.0%	90,590	79,112	(11,478)	-12.7%	136,100	145,000	119,700	119,700		
0	0	0	na	257	218	(40)	-15.4%	1,500	1,000	1,000	1,000		
(10,417)	(10,583)	(167)	-1.6%	(82,500)	(95,250)	(2,750)	-3.0%	(124,900)	(127,000)	(127,000)	(127,000)		
\$173,559	\$125,829	(\$47,830)	-27.5%	\$1,597,008	\$1,701,613	\$104,604	6.6%	\$1,746,500	\$1,493,800	\$1,593,300	\$1,593,300		
\$751,018	\$789,896	\$38,878	5.2%	\$5,358,667	\$5,747,945	\$389,279	7.3%	\$8,274,400	\$7,417,400	\$8,637,200	\$8,637,200		

continued

Revenue Summary FY 2011-12
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: June 30, 2012

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JUNE CASH COLLECTIONS DATA				REVENUE PROJECTIONS					
June		Difference		Year-to-Date		Difference		FY 2010-11		FY 2011-12		FY 2011-12	
2011	2012	Amount	Percent	FY 2010-11	FY 2011-12	Amount	Percent	Actual Totals	Statutory Estimate (h)	May 2012	Consensus		
SOURCE OF REVENUE													
Major Transportation Revenues													
\$9,541	\$10,205	\$664	7.0%	\$89,669	\$93,946	\$4,276	4.8%	\$125,598	\$124,000	\$127,000			
76,288	75,730	(558)	-0.7%	613,461	610,663	(2,797)	-0.5%	831,718	841,000	828,500			
74,284	72,483	(1,801)	-2.4%	654,964	672,345	17,381	2.7%	859,675	844,000	868,000			
4,528	4,230	(298)	-6.6%	33,709	34,548	839	2.5%	120,853	229,122	183,076			
7,872	8,610	738	9.4%	69,211	74,399	5,188	7.5%	91,065	96,291	103,320			
\$172,514	\$171,258	(\$1,256)	-0.7%	\$1,461,014	\$1,485,901	\$24,887	1.7%	\$2,028,909	\$2,134,413				
TOTAL MAJOR TRANS. REVENUES													
Lottery Sales By Games													
54,569	56,851	2,282	4.2%	561,050	577,911	16,861	3.0%	na	na	na			
52,055	52,744	689	1.3%	511,816	507,915	(3,901)	-0.8%	na	na	na			
23,681	25,208	1,527	6.4%	268,832	294,266	25,434	9.5%	na	na	na			
956	928	(28)	-3.0%	9,302	9,276	(27)	-0.3%	na	na	na			
519	0	(519)	-100.0%	6,431	1,625	(4,806)	-74.7%	na	na	na			
0	0	0	na	10,181	6,788	(3,393)	-33.3%	na	na	na			
38,170	40,427	2,257	5.9%	397,182	410,943	13,761	3.5%	na	na	na			
\$169,950	\$176,159	\$6,208	3.7%	\$1,764,793	\$1,808,723	\$43,930	2.5%	na	na	na			
TOTAL LOTTERY SALES													

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 MBT and Use tax GF/SAF distributions adjusted for P.A. 106 of 2009.

g Starting in April 2009, per P.A. 440 of 2008, totals include revenue from expanded use tax collections.

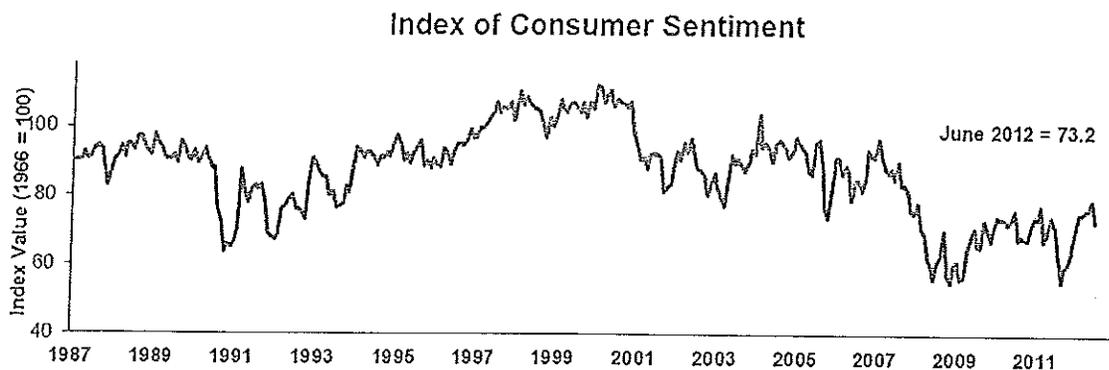
h Income taxes, Withholding tax, Michigan Business tax, and Corporate Income tax estimates have been adjusted to reflect tax changes since May 2011 Consensus.

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



Source: University of Michigan, Survey Research Center

The *Index of Consumer Sentiment* fell sharply in June to 73.2 index-points, 6.1 index-points below the May value but 1.7 index-points above June 2011. On the decrease in confidence, Survey Director Richard Curtin noted, "Confidence slipped a bit more in late June, although most of the decline was recorded by mid-month. Most of the loss for the month as a whole was in prospects for the national economy. Perhaps of greater importance, the entire June decline was among households with incomes above \$75,000 (down 15.7 Index points from May), while among lower income households the Sentiment Index was virtually unchanged." Curtin also reported, "News about recent economic developments heard by consumers have become increasingly negative. Reports of job losses, for the first time since December, outnumbered reports of job gains. Confidence in government economic policies fell in June but was still above the abysmal level recorded last August during the debt ceiling debate." On durable goods and vehicle sales, Curtin observed, "Buying plans for durables and vehicles were virtually unchanged among lower income households but were much less favorable among households with incomes above \$75,000. Vehicle buying attitudes declined by 8 percentage points among upper income households but were unchanged among households with incomes below \$75,000." In June, consumers in all four regions reported a decrease in confidence. Northeastern consumers reported the largest decrease in confidence at 11.5 index-points followed by Western consumers and Midwestern consumers at 8.7 index-points and 7.7 index-points, respectively. Southern consumers reported a decrease in confidence of 3.1 index-points. The gap across regions increased from last month to 12.9 index-points, with Southern consumers on top and Northeastern consumers on the bottom.

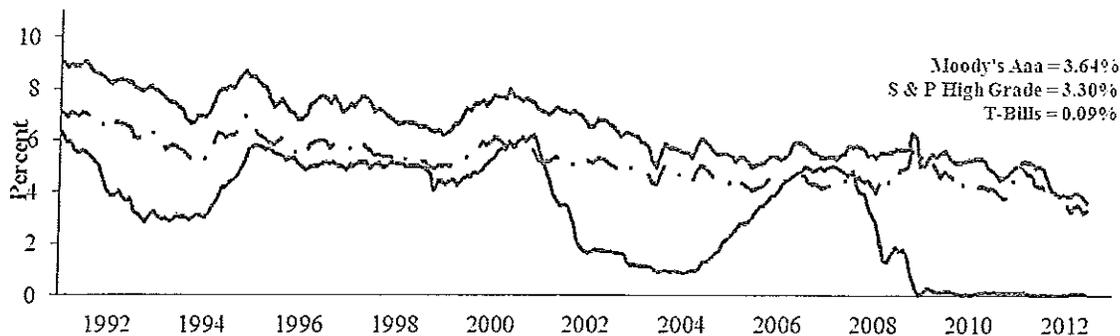
The preliminary estimate of real *Gross Domestic Product* for the first quarter of 2012 is \$13,491.4 billion (chained 2005 dollars), an increase of 1.9 percent at an annual rate. In the fourth quarter of 2011, real gross domestic product increased 3.0 percent. The increase in first quarter real GDP was mainly due to personal consumption expenditures, exports, private inventory investment, and residential fixed investment. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 2.5 percent in the first quarter, compared to a 2.1 percent increase in the fourth quarter. Real residential fixed investment increased 20.0 percent in the first quarter compared to an increase of 11.6 percent in the fourth quarter. Real nonresidential fixed investment increased 3.1 percent in the first quarter while equipment and software increased 3.5 percent. Real federal government expenditures decreased 5.9 percent in the first quarter, compared to

a 6.9 percent increase in the fourth quarter. Real state and local government spending decreased 2.7 percent in the first quarter, compared to a decrease of 2.2 percent in the fourth quarter. Exports of goods and services increased 4.2 percent in the first quarter, compared to a 2.7 percent increase in the fourth quarter. Imports increased 2.7 percent in the first quarter compared to an increase of 3.7 percent in the fourth quarter. Private inventory investment increased \$54.4 billion in the first quarter, following a \$52.2 billion increase in the fourth quarter. Real final sales increased 1.8 percent in the first quarter compared to an increase of 1.1 percent in the fourth quarter. On the inflation front, the implicit price deflator increased 2.0 percent in the first quarter compared to a 0.8 percent increase observed in the fourth quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), remained unchanged in June, up from a 0.3 percent decrease in May. Energy decreased by 1.4 percent in June, up from a 4.3 percent decrease in May, while the all-items less food and energy component increased 0.2 percent in July.

Compared to June 2011, the all-items index increased 1.7 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 2.7 percent; medical care, 4.0 percent; apparel, 3.9 percent; education and communication, 2.2 percent; other goods and services, 2.0 percent; housing, 1.6 percent; and recreation, 1.3 percent. The unadjusted decreases were: transportation, -0.2 percent, with gasoline prices down -4.3 percent.

Selected Key Interest Rates

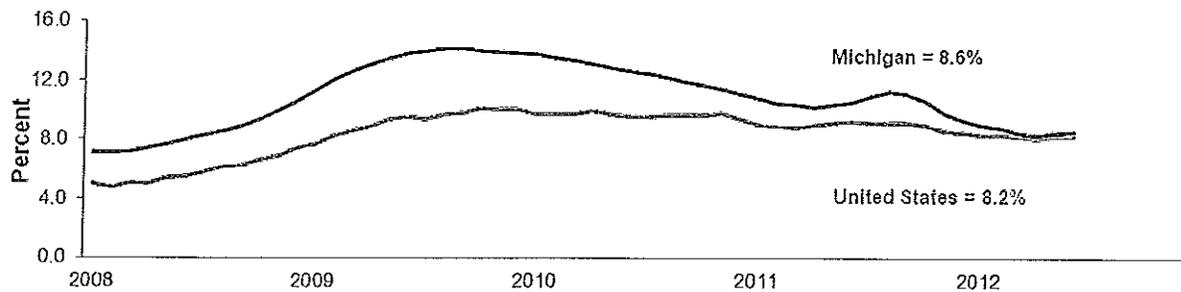


Source: Economic Indicators

Short-term interest rates increased 0.01 percentage point in June as the 3-month Treasury bill (T-bill) rate was 0.09 percent. Compared to one year ago, the T-bill rate was up 0.05 percentage point. Long-term interest rates, such as the Aaa corporate bond rate, decreased 0.16 percentage point to an interest yield of 3.64 percent in June. The Aaa bond yield was down 1.35 percentage points from its year-ago level. The interest rate on High-grade municipal bonds increased 0.09 percentage point from the May level to 3.30 percent in June, and was down 0.92 percentage point from its year-ago level. The Federal Open Market Committee (FOMC) kept the target range for the federal funds rate between 0 and 0.25 percent at the June 20th meeting. The FOMC stated that, "the Committee decided today to keep the target range for the federal funds rate at 0 to ¼ percent and currently anticipates that economic conditions -- including low rates of resource utilization and a subdued outlook for inflation over the medium run -- are likely to warrant exceptionally low levels for the federal funds rate at least through late 2014." The Committee "is prepared to take further action as appropriate to promote a stronger economic recovery and sustained improvement in labor market conditions in a context of price stability."

In June, the U. S. unemployment rate remained unchanged from a month ago at 8.2 percent and was 0.9 percentage point lower than a year ago. Civilian employment totaled 142.4 million persons in June. The number unemployed was 12.7 million nationwide.

Unemployment Rates 2008 - 2012



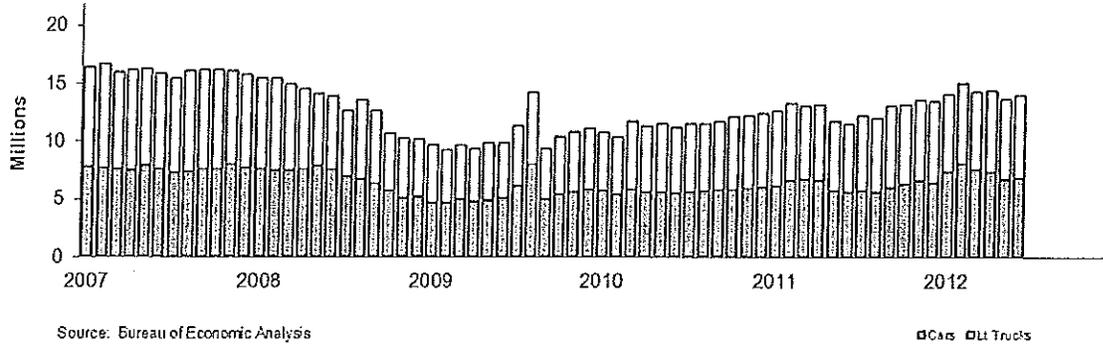
Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In June, the Michigan jobless rate increased 0.1 percentage point from 8.5 percent in May to 8.6 percent. The June unemployment rate is 2.1 percentage points below the year ago level. In June, the labor force remained unchanged at 4,664,000, while the number of people employed decreased by 8,000 to 4,261,000. In June, there were 402,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Detroit retail prices, as measured by the Detroit Consumer Price Index (CPI-U), decreased 0.8 percent from April to June, down from a 0.6 percent increase from February to April. The all-items less food and energy index increased 0.1 percent from April to June. The food index remained unchanged from April to June while the energy index decreased 7.2 percent. Compared to June 2011, the all-items index increased 0.4 percent. For individual component items, the changes from one year ago were: food and beverages, 1.0 percent; apparel, -1.0 percent; education and communication, 2.7 percent; transportation, -1.3 percent; recreation, 5.3 percent; medical care, 1.5 percent; housing, 0.5 percent; and other goods and services, 0.9 percent.

Motor Vehicle Sector

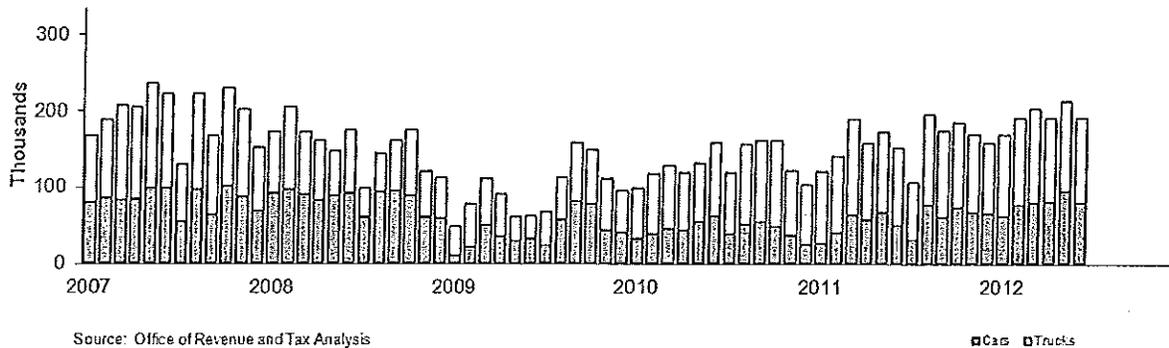
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) increased 2.3 percent in June compared to May, selling at a 14.0 million unit seasonally adjusted annual rate. Domestic car sales increased 2.3 percent while domestic light truck sales increased 3.4 percent. Import car sales remained unchanged while import light truck sales increased 0.6 percent. Compared to last year, light vehicle sales increased 22.0 percent. Domestic car sales were up 29.8 percent while domestic light truck sales increased 20.2 percent. Import car sales were up 9.0 percent while import truck sales increased 23.3 percent from last year. As a result, the domestic share of U.S. light vehicle sales increased 1.6 percentage points from a year ago. For fiscal year 2012 year-to-date, domestic light vehicles recorded a 77.7 percent share of a 14.0 million-unit market.

Michigan motor vehicle production decreased to 190,335 units in June from 213,025 units last month. From a year ago, motor vehicle production increased 25 percent in Michigan and rose 27 percent nationally. In June, Michigan's car production was 79,127 units while the state's truck production was 111,208 units. Compared with a year ago, car production increased 57 percent in Michigan and rose 49 percent nationwide. The state's truck production increased 9 percent while national truck production increased 15 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, 2012 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	<u>Fiscal Year 2009-10 Actual</u>	<u>Fiscal Year 2010-11 Actual</u>	<u>Fiscal Year 2011-12 Estimate</u>
Applicable Calendar Year Personal Income	\$349,612	\$345,933	\$342,663
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$33,178.2</u>	<u>\$32,829.0</u>	<u>\$32,518.7</u>
Revenue Limit	\$33,178.2	\$32,829.0	\$32,518.7
State Revenue Subject to Limit	<u>\$25,572.6</u>	<u>\$27,248.2</u>	<u>\$26,512.3</u>
Amount Under (Over) Limit	\$7,605.6	\$5,580.8	\$6,006.4

Sources:

Personal Income Estimate

The FY 2009-10 calculation uses the official personal income estimate for calendar year 2008 (Survey of Current Business, October 2009).

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 May 16, 2012 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2009-10 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2010.

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 May 16, 2012 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