



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN E. NIXON, CPA
DIRECTOR

January 3, 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 November 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	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
 November 30, 2012
 (\$ in millions)

FISCAL
2013

Beginning Balance, October 1, 2012	see one-time revenue
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Current Year GF/GP Revenues, May 2012 Consensus Estimate	\$	8,969.9
Revenue Adjustments:		
Local Government Program Payments	\$	(350.6)
Enacted tax changes not included in May 2012 revenue (PA 144, 188, 211, 224, 292, 299, and 325 of 2012)	\$	(37.5)
Other revenue adjustments	\$	3.2
Subtotal Additional Revenue Adjustments	\$	(384.9)
Total FY Resources Available For Expenditure GF/GP - Ongoing		8,585.0

Expenditures, Current Law:		
FY 2013 Enacted with Vetoes	\$	8,628.5
Total Expenditures Projected - Ongoing	\$	8,628.5

Current Year Revenues minus Ongoing Costs	\$	(43.5)
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Beginning Balance (One-Time Revenue)	\$	754.0
Enacted tax changes not included in May 2012 revenue (PA 211, 223, 224 and 226 of 2012)	\$	(177.0)
Total FY Resources Available For Expenditure GF/GP - One-Time	\$	577.0
One-Time Spending Items:		
PA 200, PA 201, and PA 305 of 2012	\$	542.7
Estimated lapses	\$	(16.2)
One-Time Revenue minus One-Time Spending	\$	50.5

Projected Ending Balance, September 30, 2012	\$	7.0
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¹ This report does not reflect final revenue and expenditure data for the fiscal year ending September 30, 2012. Final year-end activity will be reflected in the fiscal year 2012 Comprehensive Annual Financial Report which, by law, must be issued on or before March 31, 2013.

SCHOOL AID FUND
Fiscal Year 2013
Projected Revenues and Expenditures
November 30, 2012
 (\$ in millions)

FISCAL
2013

Beginning Balance , October 1, 2012		see one-time revenue
Current Year School Aid Fund Revenues, May 2012 Consensus Estimate	\$	11,169.5
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	\$	13,152.9
School Aid Ongoing Costs		
PA 201 of 2012	\$	12,750.2
Community Colleges Ongoing Costs		
PA 201 of 2012	\$	197.6
Universities Ongoing Costs		
PA 201 of 2012	\$	200.5
Total School Aid Fund Ongoing Costs Projected	\$	13,148.3
Current Year Revenues minus Ongoing Costs	\$	4.6
Beginning Balance (One-Time Revenue)	\$	193.7
One-Time Spending Items		
PA 201 of 2012	\$	194.3
One-Time Revenue minus One-Time Spending	\$	(0.6)
Projected Ending Balance, September 30, 2013	\$	4.0

¹This report does not reflect final revenue and expenditure data for the fiscal year ending September 30, 2012. Final year-end activity will be reflected in the fiscal year 2012 Comprehensive Annual Financial Report which, by law, must be issued on or before March 31, 2013.

SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

November 30, 2012

(\$ IN MILLIONS)

FISCAL YEAR 2012

FISCAL YEAR 2013

Exp & Enc September 2011	Exp & Enc Yr-to-date FY 2012	Fiscal Year End SEP 30, 2012	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc November 2012	Exp & Enc Yr-to-date FY 2013
4.0	6.9	63.1	Agriculture and Rural Development	76.5	0.0	5.1	8.2
5.2	8.3	70.8	Attorney General	83.9	0.0	6.7	10.3
19.5	58.6	240.8	Capital Outlay**	320.3	0.0	19.6	58.7
0.9	1.4	12.8	Civil Rights	14.8	0.0	1.1	1.6
105.0	209.9	1,239.5	Colleges & Universities	1,295.3	0.0	147.7	257.1
1,106.5	2,107.2	13,909.2	Community Health	14,944.9	282.9	1,194.5	2,278.3
151.8	301.9	1,936.4	Corrections	1,983.3	3.7	158.8	305.9
5.7	10.0	364.8	Education	328.9	9.0	17.2	33.7
9.5	14.8	181.6	Environmental Quality	402.2	35.9	16.6	21.3
0.5	0.8	4.5	Executive Office	4.9	0.0	0.7	1.1
426.6	928.7	5,785.7	Human Services	6,519.6	147.3	438.0	898.6
8.5	14.8	231.6	Judiciary	273.8	0.0	10.0	16.7
1.3	2.1	17.9	Legislative Auditor General	18.7	0.0	1.8	2.7
8.5	15.7	104.5	Legislature	110.9	0.0	8.9	15.5
25.8	41.8	444.0	Licensing and Regulatory Affairs	606.6	(148.9)	21.1	32.2
9.0	16.8	127.4	Military Affairs	133.6	0.0	10.6	17.0
3.4	6.1	65.9	Natural Resources	101.7	0.0	3.9	7.1
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
11.3	19.1	179.6	State	219.6	0.0	14.7	21.0
28.8	46.9	499.1	State Police	577.3	15.2	35.9	51.1
36.8	66.0	683.0	Technology, Management & Budget***	338.6	143.0	33.8	54.2
0.0	0.0	0.5	Transportation	23.0	0.0	0.0	0.0
88.2	337.4	3,114.7	Treasury	1,645.7	89.2	58.8	328.1
1.7	7.9	137.7	Michigan Strategic Fund	173.5	24.1	0.8	10.9
\$2,058.5	\$4,223.1	\$29,415.1		\$30,197.5	\$601.6	\$2,206.4	\$4,431.4

*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
November, 2012
(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,336.2	0.0	15,336.2
Total state spending from state resources	27,917.6	33.9	27,951.5
Percentage of state spending from state resources paid to local units	54.93%		54.87%
Required payments to local units (48.97%)	13,671.2		13,687.8
Surplus/(deficit)	\$1,665.0		\$1,648.4

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

REVENUES

Miscellaneous		\$	_____ -
Total Revenues			_____ -

EXPENDITURES

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

OTHER FINANCING SOURCES (USES)

Transfers from other funds		23,333	
Transfers to other funds			_____ -
Total Other Financing Sources (Uses)			_____ 23,333
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses			\$ _____ 23,333 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 November 30, 2012
 (in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>4,663</u>
Total Revenues	<u>4,663</u>

EXPENDITURES

Current:	
General government	2,957
Conservation, environment, recreation, and agriculture	216
Capital outlay	<u>-</u>
Total Expenditures	<u>3,173</u>
Excess of Revenues over (under) Expenditures	<u>1,489</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Proceeds from sale of capital assets	5
Transfers from other funds	-
Transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>5</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 1,494 ¹</u>

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

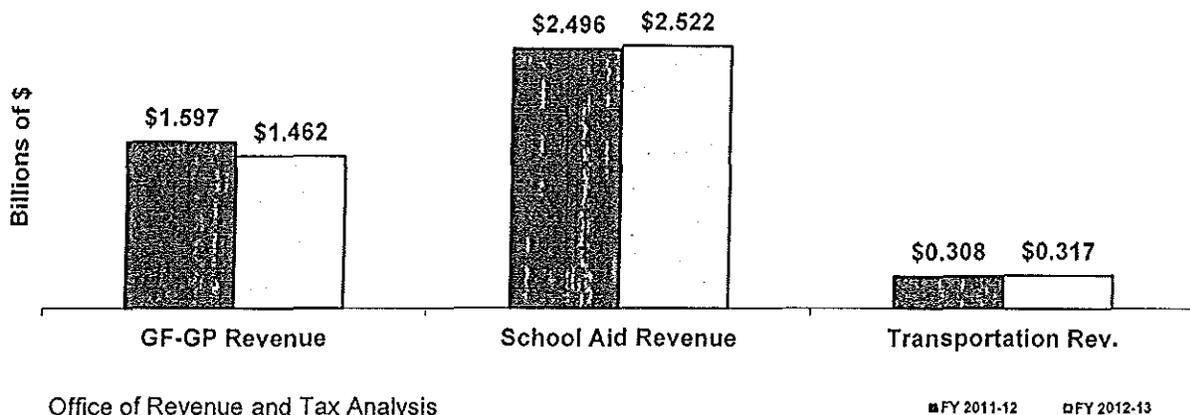
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

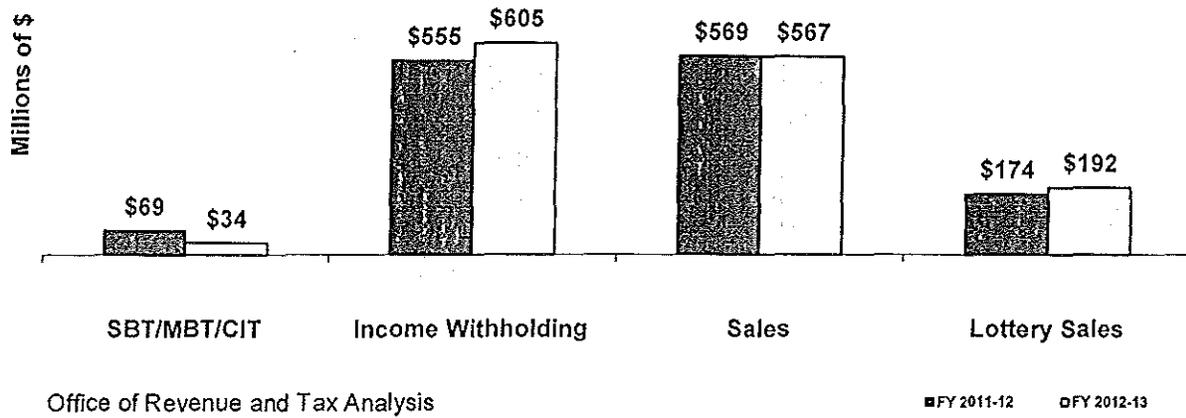
Total General Fund - General Purpose cash collections were \$18.6 million (2.9 percent) higher in November 2012 than in November 2011. The November 2012 School Aid Fund cash collections were \$53.9 million (6.0 percent) higher than in November 2011. November 2012 transportation collections were \$8.7 million (5.9 percent) higher than in November 2011 (see revenue table). November is the second month of the state's fiscal year (FY). Year-to-date collection totals generally provide a more accurate view of collections, since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are down \$135.0 million (8.5 percent) from a year ago. School Aid Fund cash collections are up \$25.8 million (1.0 percent) and transportation collections are up \$9.1 million (3.0 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 16, 2012. The revenue estimate for net General Fund – General Purpose revenue for FY 2012-13 is \$8,969.9 million and the net School Aid revenue forecast is \$11,169.5 million. The Transportation Funds revenue forecast is \$2,099.8 million. The next regularly scheduled Consensus Revenue Estimating Conference will be held on January 11, 2013.

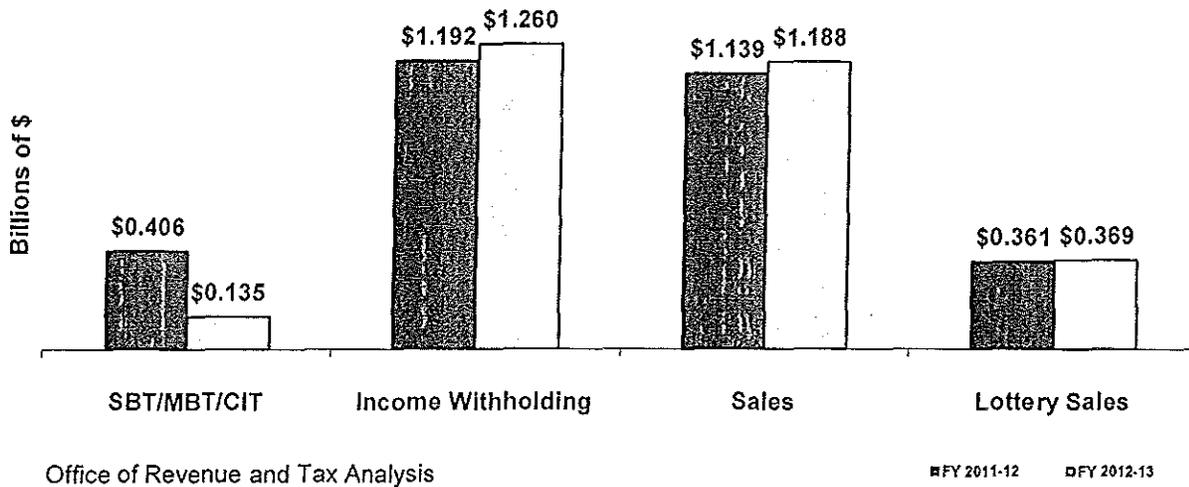
**October through November Collections
FY 2011-12 and FY 2012-13**



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



October through November 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: November 30, 2012

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2011-12	FY 2012-13	FY 2012-13
2011	2012	Amount	Percent		FY 2011-12	FY 2012-13	Amount	Percent	May 2012	Statutory	May 2012
									Consensus	Estimate	Consensus
Income Taxes											
\$555,455	\$605,451	\$49,996	9.0%	Withholding	\$1,192,346	\$1,260,367	\$68,021	5.7%	\$7,685,300	\$7,826,900	\$7,826,900
7,861	7,618	(243)	-3.1%	Quarterlies	18,648	20,862	2,214	11.9%	680,300	744,600	744,600
10,247	11,253	1,006	9.8%	Annuals	43,357	48,891	5,533	12.8%	703,400	888,000	888,000
573,562	624,322	50,760	8.8%	Gross Collections	1,254,352	1,330,120	75,768	6.0%	\$9,069,000	\$9,459,500	\$9,459,500
13,729	12,753	(976)	-7.1%	Less: Refunds	61,963	62,459	496	0.8%	2,103,100	1,552,000	1,552,000
0	0	0	na	State Campaign Fund	0	0	0	na	1,000	1,000	1,000
559,833	611,568	51,736	9.2%	Net Personal Income	1,192,389	1,267,661	75,272	6.3%	\$5,964,900	\$7,906,500	\$7,906,500
133,525	145,233	11,708	8.8%	Less: Disbursements to SAF	292,013	306,293	14,280	4.9%	\$2,103,400	\$2,239,100	\$2,239,100
\$426,308	\$466,335	\$40,028	9.4%	NET PERSONAL INCOME TO GF-GP	\$900,376	\$961,368	\$60,993	6.8%	\$4,861,500	\$5,667,400	\$5,667,400
Consumption Taxes											
\$5,941	\$5,801	(\$140)	-2.4%	Sales (a)	\$11,921	\$12,946	\$1,026	8.6%	\$1,110,700	\$1,134,700	\$1,134,700
61,669	72,090	10,421	16.9%	Use (f)	78,409	139,081	60,672	77.4%	788,100	834,700	834,700
15,598	17,206	1,608	10.3%	Tobacco	32,321	32,558	237	0.7%	193,300	189,500	189,500
5,173	4,100	(1,073)	-20.7%	Beer, Wine & Mixed Spirits	8,167	8,200	33	0.4%	50,000	50,800	50,800
3,443	3,400	(42)	-1.2%	Liquor Specific	3,489	3,415	(74)	-2.1%	40,300	41,200	41,200
\$91,823	\$102,597	\$10,774	11.7%	TOTAL CONSUMPTION TAXES	\$134,307	\$196,201	\$61,894	46.1%	\$2,182,400	\$2,250,900	\$2,250,900
Other Taxes											
(\$14,609)	\$3,100	\$17,709	na	Single Business	\$5,351	\$15,736	\$10,385	na	(\$17,300)	\$0	\$0
952	226	(725)	-76.2%	Insurance Premiums Taxes	65,583	65,192	(391)	-0.6%	300,000	311,400	311,400
(13,657)	3,326	16,984	na	Sub-total SBT & Insurance	70,934	80,929	9,995	14.1%	282,700	311,400	311,400
83,656	4,762	(78,893)	-94.3%	Michigan Business Tax	400,548	(2,010)	(402,558)	na	713,600	(552,400)	(552,400)
0	25,767	25,767	na	Corporate Income Tax	0	121,270	121,270	na	485,600	838,900	838,900
15	14	(1)	-7.5%	Inheritance / Estate	15	7	(8)	-52.9%	0	0	0
25,133	23,427	(1,706)	-6.8%	Telephone & Telegraph	25,802	24,065	(1,736)	-6.7%	57,000	57,300	57,300
4,432	4,700	268	6.1%	Oil & Gas Severance	7,987	8,869	881	11.0%	60,700	61,000	61,000
5,452	10,311	4,859	89.1%	Penalties & Interest	12,907	26,320	13,412	104.0%	119,700	127,500	127,500
1	225	223	na	Miscellaneous Other/Railroad	28	239	212	na	1,000	1,000	1,000
(10,583)	(10,667)	(83)	-0.8%	Treasury Enforcement Programs (e)	(21,167)	(21,333)	(167)	-0.8%	(12,000)	(128,000)	(128,000)
\$94,448	\$61,867	(\$32,582)	-34.5%	TOTAL OTHER TAXES	\$497,054	\$238,356	(\$258,698)	-52.0%	\$1,593,300	\$716,700	\$716,700
\$612,579	\$630,799	\$18,220	3.0%	SUBTOTAL GF-GP TAXES	\$1,531,737	\$1,395,925	(\$135,812)	-8.9%	\$8,637,200	\$8,634,900	\$8,634,900

continued

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

For The Month Ended: November 30, 2012

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2011-12	FY 2012-13	FY 2012-13
2011	2012	Amount	Percent		FY 2011-12	FY 2012-13	Amount	Percent	May 2012 Consensus	Statutory Estimate	May 2012 Consensus
Non-Tax Revenue (e)											
\$1,667	\$1,667	\$0	0.0%	Federal Aid	\$3,333	\$3,333	\$0	0.0%	\$20,000	\$20,000	\$20,000
83	83	0	0.0%	Local Agencies	167	167	0	0.0%	1,000	1,000	1,000
917	917	0	0.0%	Services	1,833	1,833	0	0.0%	11,000	11,000	11,000
1,667	1,667	0	0.0%	Licenses & Permits	3,333	3,333	0	0.0%	20,000	20,000	20,000
0	0	0	na	Investments/Interest Costs	0	0	0	na	(2,100)	(3,200)	(3,200)
10,667	10,917	250	2.3%	Misc. Non-tax Revenue	21,333	21,833	500	2.3%	128,000	118,000	118,000
13,583	13,833	250	1.8%	Liquor Purchase Revolving Fund	27,167	27,667	500	1.8%	167,200	157,200	157,200
3,925	3,833	(92)	-2.3%	From Other Funds-Lottery & Escheats	7,850	7,667	(183)	-2.3%	82,100	11,000	11,000
\$32,508	\$32,917	\$408	1.3%	TOTAL NON-TAX REVENUE	\$65,017	\$65,833	\$817	1.3%	\$427,200	\$335,000	\$335,000
\$645,088	\$663,716	\$18,629	2.9%	TOTAL GF-GP REVENUE	\$1,596,754	\$1,461,758	(\$134,995)	-8.5%	\$9,064,400	\$8,969,900	\$8,969,900
School Aid Fund											
\$232,825	\$231,904	(\$921)	-0.4%	Sales Tax 4%	\$466,283	\$485,618	\$19,335	4.1%	2,874,800	2,943,200	2,943,200
180,491	180,015	(476)	-0.3%	Sales Tax 2%	361,573	378,210	16,638	4.6%	2,232,600	2,288,700	2,288,700
62,162	36,143	(26,019)	-41.9%	Use Tax 2% (f)	101,034	69,639	(31,395)	-31.1%	394,000	417,300	417,300
176,712	231,266	54,553	30.9%	State Education Property Tax	1,091,325	1,085,357	(5,968)	-0.5%	1,807,100	1,829,400	1,829,400
10,193	17,164	6,972	68.4%	Real Estate Transfer Tax	27,421	33,476	6,055	22.1%	124,900	133,600	133,600
55,000	60,000	5,000	9.1%	Liquor Transfer (b)	55,000	60,000	5,000	9.1%	750,000	744,700	744,700
9,324	9,142	(182)	-2.0%	Casino Wagering Tax	19,393	19,573	180	0.9%	114,700	106,300	106,300
3,427	3,368	(59)	-1.7%	Liquor Excise Tax	3,427	3,368	(59)	-1.7%	40,300	41,200	41,200
31,666	34,932	3,265	10.3%	Cigarette/Tobacco Tax	65,617	66,098	481	0.7%	374,400	364,800	364,800
2,152	1,650	(503)	-23.4%	Indus. & Comm. Facilities Taxes	11,793	10,298	(1,495)	-12.7%	42,900	43,900	43,900
509	1,045	537	na	Specific Other	1,214	3,930	2,716	na	17,100	17,100	17,100
133,525	145,233	11,708	8.8%	Income Tax Earmarking	292,013	306,293	14,280	4.9%	\$2,103,400	\$2,239,100	\$2,239,100
\$897,987	\$951,862	\$53,875	6.0%	TOTAL SCHOOL AID FUND	\$2,496,093	\$2,521,859	\$25,766	1.0%	\$10,876,100	\$11,169,500	\$11,169,500
\$568,533	\$566,523	(\$2,010)	-0.4%	SALES TAX 6%	\$1,138,711	\$1,187,574	\$48,863	4.3%	\$7,023,900	\$7,194,100	\$7,194,100
388,042	386,507	(1,534)	-0.4%	SALES TAX 4%(d)	777,139	809,364	32,225	4.1%	4,791,300	4,905,400	4,905,400
180,491	180,015	(476)	-0.3%	SALES TAX 2%	361,573	378,210	16,638	4.6%	2,232,600	2,288,700	2,288,700
123,831	108,233	(15,598)	-12.6%	USE TAX 6% (f)	179,443	208,720	29,277	16.3%	1,182,100	1,252,000	1,252,000
78,382	86,464	8,082	10.3%	TOBACCO TAXES	162,418	163,608	1,190	0.7%	961,700	941,600	941,600
0	0	0	na	TOBACCO SETTLEMENT	0	0	0	na	na	na	na

continued

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

For The Month Ended: November 30, 2012

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2011-12	FY 2012-13	FY 2012-13
2011	2012	Amount	Percent		FY 2011-12	FY 2012-13	Amount	Percent	May 2012	Statutory	May 2012
									Consensus	Estimate	Consensus
Major Transportation Revenues											
\$10,720	\$11,998	\$1,278	11.9%	Diesel Fuel / Motor Carrier Fuel Tax	\$23,234	\$23,609	\$376	1.6%	\$127,000	\$128,500	\$128,500
65,560	73,122	7,562	11.5%	Gasoline	137,422	139,764	2,342	1.7%	828,500	825,500	825,500
60,499	59,894	(605)	-1.0%	Motor Vehicle Registration	123,902	129,837	5,936	4.8%	868,000	877,000	877,000
3,358	3,171	(188)	-5.6%	Other Taxes, Fees & Misc.	7,460	6,586	(875)	-11.7%	183,076	164,524	164,524
8,024	8,694	669	8.3%	Comprehensive Transportation (c)	16,049	17,387	1,339	8.3%	103,320	104,322	104,322
\$148,162	\$156,878	\$8,716	5.9%	TOTAL MAJOR TRANS. REVENUES	\$308,066	\$317,183	\$9,117	3.0%	\$2,109,896	\$2,099,845	\$2,099,845
Lottery Sales By Games											
53,886	62,814	8,928	16.6%	Instant Games	112,932	120,872	7,940	7.0%	na	na	na
50,982	49,553	(1,429)	-2.8%	Daily Games	106,710	100,561	(6,149)	-5.8%	na	na	na
22,896	35,455	12,559	54.9%	Lotto and Big Game	49,566	58,218	8,652	17.5%	na	na	na
983	852	(131)	-13.3%	Keno Game	2,034	1,772	(262)	-12.9%	na	na	na
431	0	(431)	-100.0%	Lucky Lines Game	949	0	(949)	-100.0%	na	na	na
3,011	0	(3,011)	-100.0%	Millionaires Raffle	3,011	0	(3,011)	-100.0%	na	na	na
41,368	43,128	1,760	4.3%	Club Games	86,042	87,237	1,195	1.4%	na	na	na
\$173,558	\$191,802	\$18,245	10.5%	TOTAL LOTTERY SALES	\$361,243	\$368,659	\$7,416	2.1%	na	na	na

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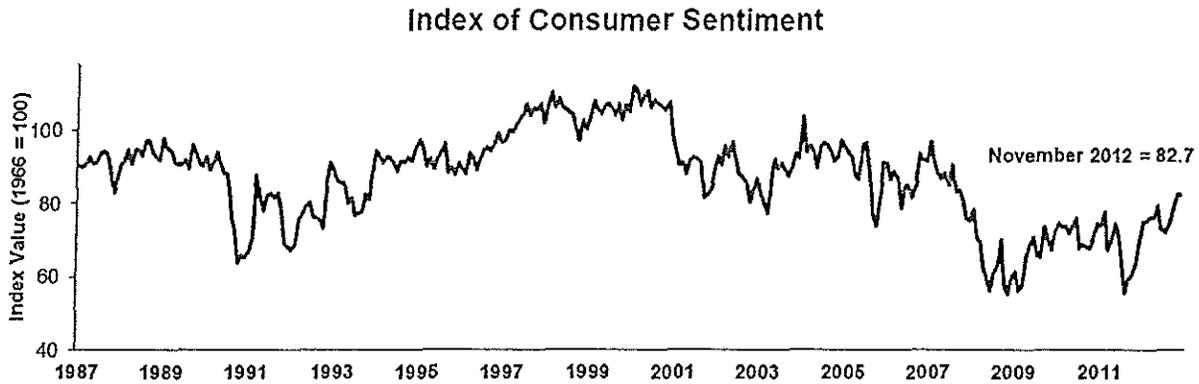
- a GF-GP Sales has been estimated based on CTF and Health Initiative shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated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



Source: University of Michigan, Survey Research Center

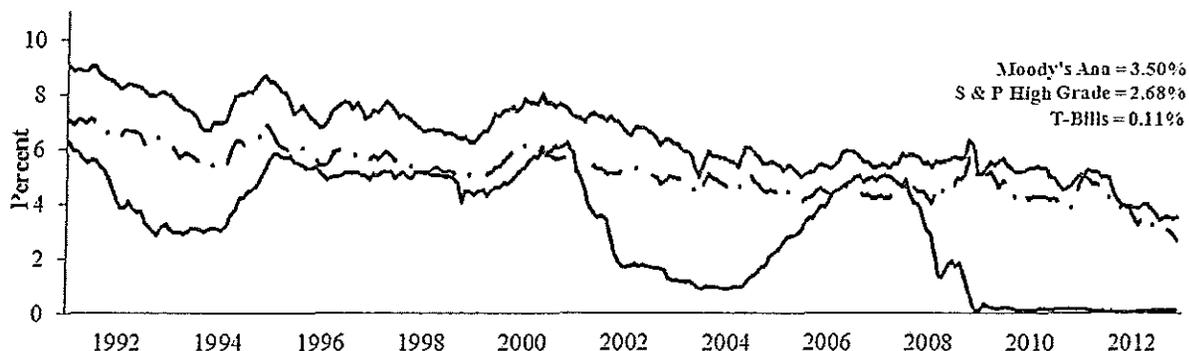
The *Index of Consumer Sentiment* rose in November to 82.7 index-points, 0.1 index-points above the October value and 19.0 index-points above November 2011. On the slight increase in confidence, Survey Director Richard Curtin observed, "Although consumer confidence retreated in late November, it still remained at its highest level in more than five years. Most of the late month falloff was in the Expectations Index, which ended November slightly lower than in October, although still higher than any prior month dating back to July of 2007. The late month retreat was accompanied by more economic uncertainty about future federal taxes and spending programs and the inability of the political parties to reach a settlement." Curtin reported, "Moreover, consumers do not make a distinction between federal income and payroll taxes, so any settlement that excludes an extension of the payroll tax cut could reduce optimism starting in early January." On durable goods purchases, Curtin noted, "Buying plans toward large household durables as well as vehicles remained favorable in the November survey. Durable goods mainly benefitted from more favorable perceptions of prices, and vehicle buying attitudes gained due to both favorable references to pricing and credit terms." In November, consumers in three of the four regions reported an increase in confidence. Western consumers reported the largest increase in confidence of 2.69 index-points while Northeastern consumers reported an increase in confidence of 2.2 index-points. The gap across regions increased from last month to 12.2 index-points, with Midwestern consumers on top and Southern consumers on the bottom.

The preliminary estimate of real *Gross Domestic Product* for the third quarter of 2012 is \$13,638.1 billion (chained 2005 dollars), an increase of 2.7 percent at an annual rate. In the second quarter of 2012, real gross domestic product increased 1.3 percent. The increase in third quarter real GDP was mainly due to personal consumption expenditures, private inventory investment, federal government spending, exports, and residential fixed investment. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 1.4 percent in the third quarter, compared to a 1.5 percent increase in the second quarter. Real residential fixed investment increased 14.2 percent in the third quarter compared to an increase of 8.5 percent in the second quarter. Real nonresidential fixed investment decreased 2.2 percent in the third quarter while equipment and software decreased 2.7 percent. Real federal government expenditures increased 9.5 percent in the third quarter, compared to a 0.2 percent decrease in the second quarter. Real state and local government spending decreased 0.4 percent in the third quarter, compared to a decrease of 1.0

percent in the second quarter. Exports of goods and services increased 1.1 percent in the third quarter, compared to a 5.3 percent increase in the second quarter. Imports increased 0.1 percent in the third quarter compared to an increase of 2.8 percent in the second quarter. Private inventory investment increased \$61.3 billion in the third quarter, following a \$41.4 billion increase in the second quarter. Real final sales increased 1.9 percent in the third quarter compared to an increase of 1.7 percent in the second quarter. On the inflation front, the implicit price deflator increased 2.8 percent in the third quarter compared to a 1.5 percent increase observed in the second quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), decreased 0.3 percent in November, down from the 0.1 percent increase in October. Energy prices decreased by 4.1 percent in November, down from a 0.2 percent decrease in October, while the all-items less food and energy component increased 0.1 percent in November. Compared to November 2011, the all-items index increased 1.8 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 1.8 percent; medical care, 3.4 percent; apparel, 1.8 percent; education and communication, 1.5 percent; other goods and services, 1.5 percent; housing, 1.7 percent; recreation, 1.4 percent; and transportation, 1.6 percent, with gasoline prices up 1.9 percent.

Selected Key Interest Rates



Source: Economic Indicators

Short-term interest rates increased 0.01 percentage point in November as the 3-month Treasury bill (T-bill) rate was 0.11 percent. Compared to one year ago, the T-bill rate was up 0.10 percentage point. The Aaa corporate bond rate, a long-term interest rate, increased 0.03 percentage point to an interest yield of 3.50 percent in November. The Aaa bond yield was down 0.37 percentage point from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.21 percentage point from the October level to 2.68 percent in November, and was down 1.27 percentage points 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 December 12th 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 rates 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 November, the U. S. unemployment rate decreased 0.2 percentage point from a month ago to 7.7 percent and was 1.0 percentage point lower than a year ago. Civilian employment totaled 143.3 million persons in November. The number unemployed was 12.0 million nationwide.

Unemployment Rates 2008 - 2012

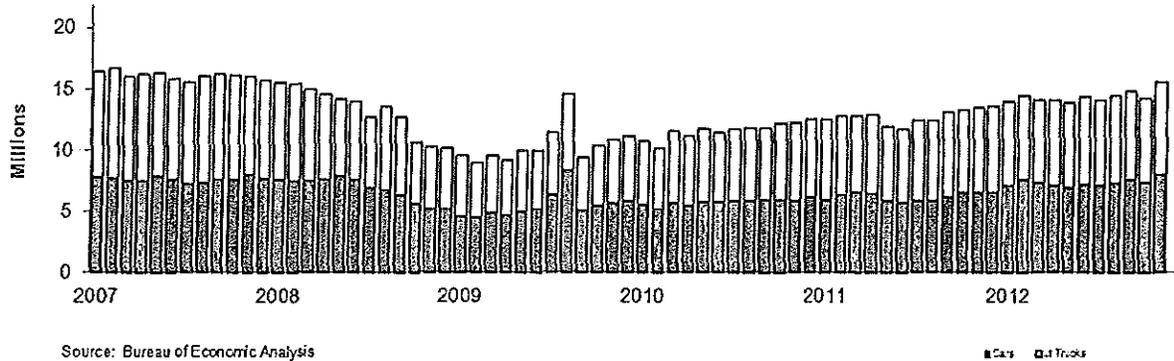


Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In November, the Michigan jobless rate decreased 0.2 percentage point from 9.1 percent in October to 8.9 percent. The November unemployment rate is 0.7 percentage point below the year ago level. In November, the labor force decreased by 24,000 to 4,650,000, while the number of people employed decreased by 9,000 to 4,238,000. In November, there were 412,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

Motor Vehicle Sector

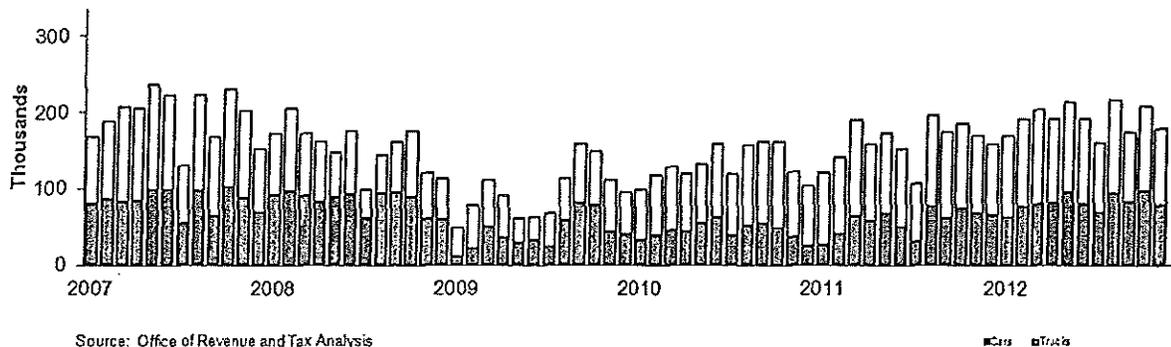
U. S. Light Vehicle Sales



U.S. light vehicle sales (cars + light trucks) increased 8.8 percent in November compared to October, selling at a 15.5 million unit seasonally adjusted annual rate. Domestic car sales decreased 8.1 percent while domestic light truck sales increased 8.2 percent. Import car sales increased 8.4 percent while import light truck sales increased 16.7 percent. Compared to last year, light vehicle sales increased 14.6 percent. Domestic car sales were up 25.6 percent while domestic light truck sales increased 7.2 percent. Import car sales were up 12.8 percent while import truck sales increased 12.0 percent from last year. As a result, the domestic share of U.S. light vehicle sales increased 0.4 percentage point from a year ago. For fiscal year 2013 year-to-date, domestic light vehicles recorded a 77.9 percent share of a 14.8 million-unit market.

Michigan motor vehicle production decreased to 178,124 units in November from 209,101 units in October. From a year ago, motor vehicle production increased 5 percent in Michigan and rose 14 percent nationally. In November, Michigan's car production was 78,931 units while the state's truck production was 99,193 units. Compared with a year ago, car production increased 18 percent in Michigan and rose 28 percent nationwide. The state's truck production decreased 3 percent while national truck production increased 5 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 2010-11 Actual</u>	<u>Fiscal Year 2011-12 Estimate</u>	<u>Fiscal Year 2012-13 Estimate</u>
Applicable Calendar Year Personal Income	\$345,933	\$342,663	\$360,482
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$32,829.0</u>	<u>\$32,518.7</u>	<u>\$34,209.7</u>
Revenue Limit	\$32,829.0	\$32,518.7	\$34,209.7
State Revenue Subject to Limit	<u>\$27,248.2</u>	<u>\$26,512.3</u>	<u>\$26,908.5</u>
Amount Under (Over) Limit	\$5,580.8	\$6,006.4	\$7,301.2

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 May 16, 2012 Consensus Revenue Agreement.

The FY 2012-13 calculation uses the May 16, 2012 Consensus Revenue Agreement.

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 May 16, 2012 Consensus Revenue Agreement.

The FY 2012-13 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