



STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

RICK SNYDER  
GOVERNOR

JOHN S. ROBERTS  
DIRECTOR

June 27, 2016

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

The Honorable Al Pscholka, 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 May 31, 2016. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

[www.michigan.gov/budget](http://www.michigan.gov/budget) under "Financial Reports".

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

Sincerely,



John S. Roberts  
State Budget Director

Attachment

cc: Governor Rick Snyder  
Arlan Meekhof, Sen. Maj. Leader  
Jim Ananich, Senate Min. Leader  
Kevin Cotter, Speaker of the House  
Tim Greimel, House Min. Leader  
Senate Appropriations Committee  
House Appropriations Committee  
Senate Fiscal Agency

House Fiscal Agency  
Jack Brandenburg, Chair, Senate Finance Com.  
Jeff Farrington, Chair, House Tax Policy Com.  
Beth Emmitt, Deputy Chief of Staff  
Dick Posthumus, Executive Office  
Mike Moody, Office of Financial Management  
Nancy Duncan, Deputy State Budget Director  
Internal State Budget Office Distribution

**GENERAL FUND, GENERAL PURPOSE**  
**Fiscal Year 2016**  
**Projected Revenues and Expenditures**  
**May 31, 2016**  
(\$ in millions)

**FISCAL**  
**2016**

<b>Beginning Balance, October 1, 2015</b>	see one-time revenue
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<b>Current Year GF/GP Revenues, May 2016 Consensus Estimate</b>	\$	<b>9,734.1</b>
<b>Revenue Adjustments:</b>		
Local Government Program Payments	\$	(462.7)
General Fund share of HMO use tax collections - PA 161 of 2014	\$	421.0
Other revenue adjustments	\$	1.0
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$</b>	<b>(40.7)</b>
<b>Total FY Resources Available For Expenditure GF/GP - Ongoing</b>	<b>\$</b>	<b>9,693.4</b>

<b>Expenditures, Current Law:</b>		
FY 2016 Enacted with Vetoes	\$	9,517.8
<b>Total Expenditures Projected - Ongoing</b>	<b>\$</b>	<b>9,517.8</b>

<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$</b>	<b>175.6</b>
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<b>Beginning Balance (One-Time Revenue)</b>	<b>\$</b>	<b>694.7</b>
Local Government Program Payments	\$	(5.8)
<b>Total FY Resources Available For Expenditure GF/GP - One-Time</b>	<b>\$</b>	<b>688.9</b>
<b>One-Time Spending Items:</b>		
PA 79, PA 84, PA 143, PA 241, and PA 268 of 2015 PA 3 and PA 24 of 2016	\$	516.3
Supplemental Requests 2016-4, 2016-6, 2016-7	\$	301.8
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$</b>	<b>(129.2)</b>

<b>Projected Ending Balance, September 30, 2016</b>	<b>\$</b>	<b>46.4</b>
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<sup>1</sup> Subsequent to the date of this report, target spending agreements between the Governor and the legislature were finalized for the fiscal year 2017 budget, fiscal year 2016 supplemental appropriations, and pending legislation with fiscal impacts. Based on these target agreements, the estimated fiscal year ending balance is \$135.0 million.

**School Aid Fund  
Fiscal Year 2016  
Projected Revenues and Expenditures  
May 31, 2016  
(\$ in millions)**

**FISCAL  
2016**

<b>Beginning Balance , October 1, 2015</b>	see one-time revenue
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<b>Current Year School Aid Fund Revenues, May 2016 Consensus Estimate</b>	<b>\$</b>	<b>12,067.4</b>
<b>Revenue Adjustments:</b>		
Use Tax Revision (PA 161 of 2014)	\$	210.5
General Fund	\$	45.9
General Fund Increase (Supplemental 2016-7)	\$	9.2
Federal Revenue	\$	1,775.8
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$</b>	<b>2,041.4</b>
<b>Total FY Resources Available for Expenditure School Aid Fund</b>	<b>\$</b>	<b>14,108.8</b>

<b>School Aid Ongoing Costs</b>		
PA 85 of 2015	\$	13,846.6
Pending Supplemental (2016-5)	\$	(73.6)
<b>Community Colleges Ongoing Costs</b>		
PA 85 of 2015	\$	256.7
<b>Universities Ongoing Costs</b>		
PA 85 of 2015	\$	205.2
<b>Total School Aid Fund Ongoing Costs Projected</b>	<b>\$</b>	<b>14,234.9</b>

<b>Current Year Revenues minus Ongoing Costs</b>	<b>\$</b>	<b>(126.1)</b>
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<b>Beginning Balance (One-Time Revenue)</b>	<b>\$</b>	<b>190.2</b>
<b>One-Time Spending Items</b>		
PA 85 of 2015 School Aid	\$	49.8
PA 139 of 2015 School Aid	\$	4.3
Pending Supplemental (2016-5)	\$	10.0
Pending Supplemental (2016-7)	\$	9.2
<b>One-Time Revenue minus One-Time Spending</b>	<b>\$</b>	<b>116.9</b>

<b>Projected Ending Balance, September 30, 2016</b>	<b>\$</b>	<b>(9.2)</b>
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Subsequent to this report, the Legislature adopted a conference report for SB 801 on June 8, 2016 that resulted in a revised estimated ending balance of \$104.2 million.

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

May 31, 2016

(\$ IN MILLIONS)

**FISCAL YEAR 2015**

**FISCAL YEAR 2016**

Exp & Enc May 2015	Exp & Enc Yr-to-date FY 2015	Fiscal Year End**** SEP 30, 2015	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc May 2016	Exp & Enc Yr-to-date FY 2016
5.1	42.3	75.7	Agriculture and Rural Development	86.6	11.2	4.6	42.3
5.9	50.4	82.7	Attorney General	90.9	3.7	6.1	49.8
19.4	190.5	476.5	Capital Outlay**	324.0	0.0	19.5	178.2
1.2	9.0	15.2	Civil Rights	16.1	0.0	1.2	9.0
35.0	909.4	1,299.1	Colleges & Universities	1,460.7	6.0	126.9	1,075.2
146.8	1,197.5	1,971.9	Corrections	1,952.2	24.0	139.3	1,141.5
24.6	143.8	281.9	Education	305.9	9.0	20.3	149.4
12.8	92.9	163.5	Environmental Quality	463.7	42.9	55.3	202.7
0.6	3.9	5.7	Executive Office	5.5	0.0	0.4	2.8
2,009.4	14,352.2	23,498.2	Health and Human Services	24,967.9	568.5	1,996.5	14,400.8
3.6	27.5	50.6	Insurance and Financial Services	65.1	0.0	3.7	29.2
12.8	130.5	253.0	Judiciary	284.7	0.7	12.0	131.2
2.0	3.1	4.0	Land Bank Fast Track Authority	4.0	0.0	0.0	2.0
1.5	12.5	20.8	Legislative Auditor General	22.8	0.0	1.8	13.1
9.7	81.6	120.1	Legislature	133.4	0.4	9.9	81.7
22.8	252.7	261.0	Licensing and Regulatory Affairs	359.0	52.7	27.8	204.8
10.0	78.7	130.8	Military Affairs	140.7	12.2	10.1	79.9
7.4	46.1	91.3	Natural Resources	122.4	14.2	7.1	50.3
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
18.5	119.6	204.7	State	225.3	14.7	16.4	115.4
42.5	329.8	607.4	State Police	620.0	21.6	50.2	322.0
0.0	0.0	0.0	Talent and Economic Development	435.3	44.0	20.9	139.8
33.4	255.9	627.1	Technology, Management & Budget***	420.2	98.7	23.7	279.3
3.9	78.1	1.5	Transportation	398.5		29.1	177.2
35.7	1,258.2	3,168.1	Treasury****	1,879.3	76.9	49.0	1,361.7
34.2	193.6	221.1	Michigan Strategic Fund	171.3	0.0	0.0	125.7
<b>\$2,498.7</b>	<b>\$19,859.9</b>	<b>\$33,631.8</b>		<b>\$34,955.4</b>	<b>\$1,001.2</b>	<b>\$2,631.6</b>	<b>\$20,365.0</b>

\*Includes boilerplate appropriations.

\*\*Includes all capital outlay activity regardless of agency

\*\*\*Includes Civil Service Commission

\*\*\*\*Boilerplate appropriations, which are not included in the initial or supplemental appropriations, account for the majority of the difference between Treasury's total appropriations and total expenditure/encumbrances for the fiscal year.

\*\*\*\*\*FY15 Transportation and other agency expenditure totals within the September report are different as a result of changes in capital outlay appropriations.

**ESTIMATED BALANCE OF STATE PAYMENTS  
TO LOCAL UNITS OF GOVERNMENT**

Fiscal Year 2016

May, 2016

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,794.5	89.8	16,884.3
Total state spending from state resources	30,216.6	150.7	30,367.3
Percentage of state spending from state resources paid to local units	55.58%		55.60%
Required payments to local units (48.97%)	14,797.1		14,870.9
<b>Surplus/(deficit)</b>	<b>\$1,997.4</b>		<b>\$2,013.4</b>

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND**  
 October 1, 2015 Through May 31, 2016  
 (in thousands)

**REVENUES**

Miscellaneous	\$ <u>17,684</u>
Total Revenues	<u>17,684</u>

**EXPENDITURES**

Current:	
General government	<u>136</u>
Total Expenditures	<u>136</u>
Excess of Revenues over (under) Expenditures	<u>17,548</u>

**OTHER FINANCING SOURCES (USES)**

Transfers from other funds	63,333
Transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>63,333</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 80,882</u> <sup>1</sup>

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

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**MICHIGAN NATURAL RESOURCES TRUST FUND**  
 October 1, 2015 through May 31, 2016  
 (in thousands)

**REVENUES**

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>32,343</u>
Total Revenues		<u>32,343</u>

**EXPENDITURES**

Current:		
General government		2,577
Conservation, environment, recreation, and agriculture		5,130
Capital outlay		<u>2,076</u>
Total Expenditures		<u>9,782</u>
Excess of Revenues over (under) Expenditures		<u>22,560</u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues		-
Proceeds from sale of capital assets		1
Transfers from other funds		(19)
Transfers to other funds		<u>-</u>
Total Other Financing Sources (Uses)		<u>(18)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	<u><u>22,542</u></u> <sup>1</sup>

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

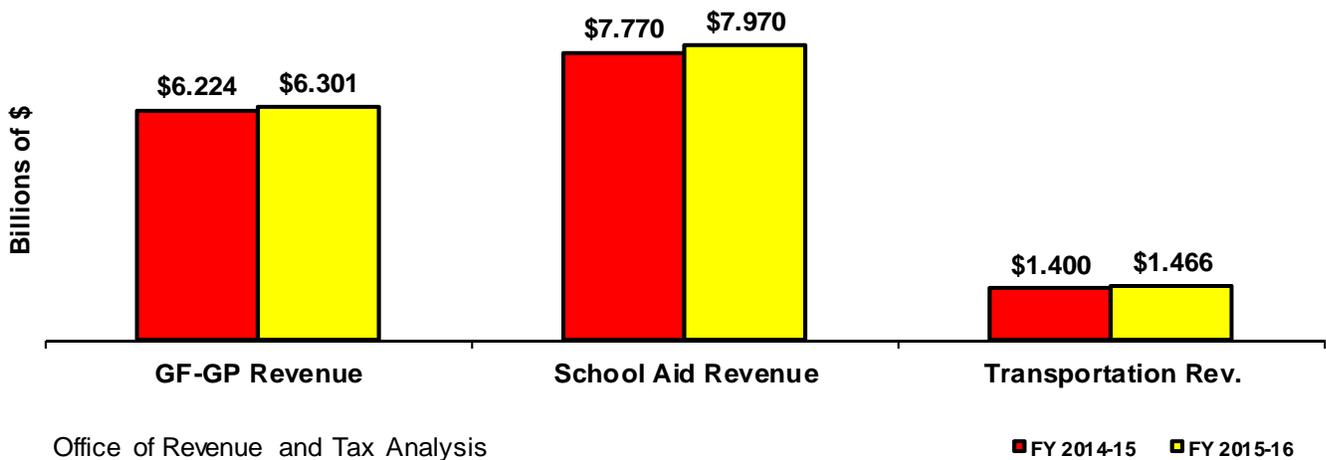
**REVENUE OVERVIEW**  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for May 2016, representing some April 2016 and some May 2016 economic activity in Michigan.

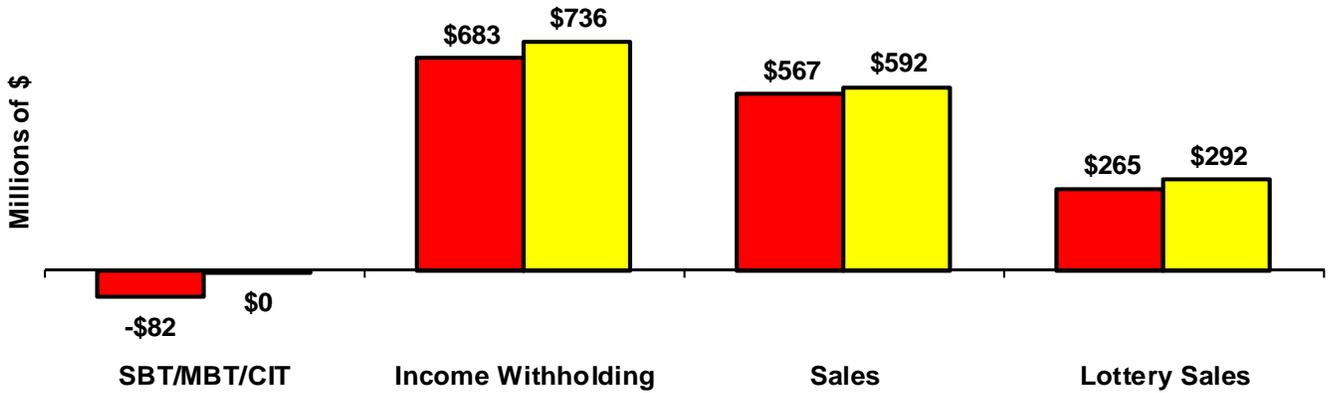
Total General Fund - General Purpose cash collections were \$100.4 million (14.5 percent) higher in May 2016 than in May 2015. The May 2016 School Aid Fund cash collections were \$49.0 million (6.1 percent) higher than in May 2015. May 2016 transportation collections were \$4.7 million (2.9 percent) higher than in May 2015 (see revenue table). May is the eighth 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 \$76.8 million (1.2 percent) from a year ago. School Aid Fund cash collections are up \$200.2 million (2.6 percent) and transportation collections are up \$66.5 million (4.8 percent).

The FY 2015-16 revenue projections presented in the revenue table on page 9 are from the Consensus Revenue Estimating Conference held on May 17, 2016. The revenue estimate for net General Fund – General Purpose revenue for FY 2015-16 is \$9,734.1 million and the net School Aid revenue forecast is \$12,067.4 million. The Transportation Funds revenue forecast is \$2,286.2 million. The next regularly scheduled Consensus Revenue Estimating Conference will be in January 2017.

**October through May Collections  
FY 2014-15 and FY 2015-16**



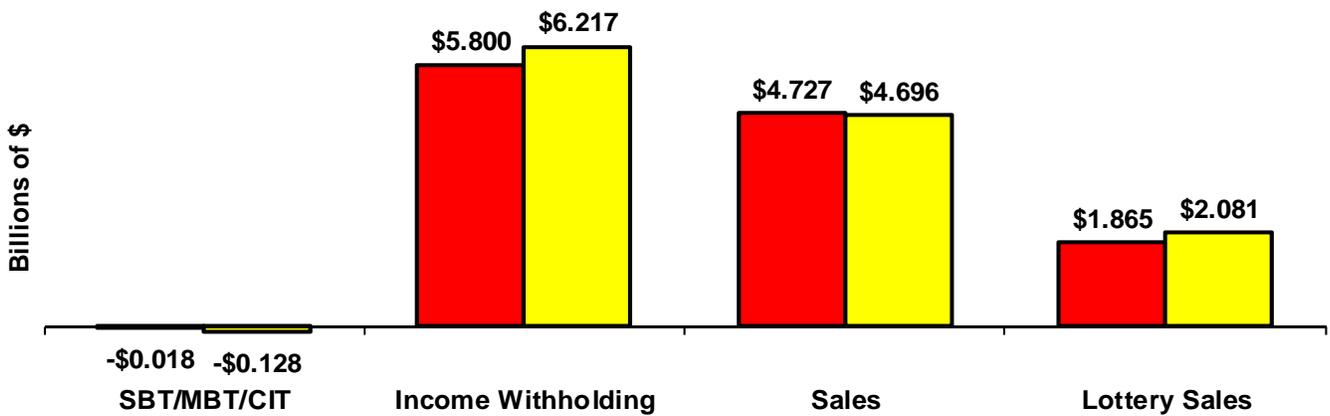
### May Revenue Collections FY 2014-15 and FY 2015-16



Office of Revenue and Tax Analysis

■ FY 2014-15 ■ FY 2015-16

### October through May Collections FY 2014-15 and FY 2015-16



Office of Revenue and Tax Analysis

■ FY 2014-15 ■ FY 2015-16

**Revenue Summary FY 2015-16**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: May 31, 2016**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MAY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
May		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2014-15	FY 2015-16	FY 2015-16
2015	2016	Amount	Percent		FY 2014-15	FY 2015-16	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2016 Consensus
<b>Income Taxes</b>											
\$683,240	\$736,284	\$53,045	7.8%	Withholding	\$5,800,032	\$6,217,145	\$417,113	7.2%	\$8,678,300	\$8,898,300	\$9,216,800
21,846	23,570	1,724	7.9%	Quarterlies	541,302	576,359	35,057	6.5%	1,037,900	982,400	1,058,400
87,781	114,671	26,889	30.6%	Annuals	857,579	853,891	(3,688)	-0.4%	956,600	879,000	900,000
792,867	874,525	81,658	10.3%	Gross Collections	7,198,913	7,647,395	448,482	6.2%	\$10,672,800	\$10,759,700	\$11,175,200
113,251	134,089	20,838	18.4%	Less: Refunds	1,629,163	1,725,232	96,069	5.9%	1,693,300	1,820,000	1,774,000
0	0	0	na	State Campaign Fund	0	0	0	na	0	800	800
679,616	740,436	60,820	8.9%	Net Personal Income	5,569,750	5,922,163	352,413	6.3%	\$8,979,500	\$8,938,900	\$9,400,400
180,220	202,958	22,738	12.6%	Less: Disbursements to SAF	1,652,788	1,755,244	102,456	6.2%	\$2,519,300	\$2,561,900	\$2,660,800
\$499,396	\$537,479	\$38,082	7.6%	<b>NET PERSONAL INCOME TO GF-GP</b>	\$3,916,962	\$4,166,919	\$249,957	6.4%	\$6,460,200	\$6,377,000	\$6,739,600
<b>Consumption Taxes</b>											
\$88,600	\$94,461	\$5,861	6.6%	Sales (a)	\$736,880	\$733,981	(\$2,900)	-0.4%	\$1,118,800	\$1,247,100	\$1,153,900
107,686	112,373	4,688	4.4%	Use (f)	837,206	861,865	24,658	2.9%	958,200	898,900	863,600
15,410	15,901	490	3.2%	Tobacco	120,478	122,214	1,736	1.4%	188,100	180,500	188,800
3,896	3,932	37	0.9%	Beer, Wine & Mixed Spirits	25,476	32,164	6,689	26.3%	46,700	52,500	52,000
4,468	3,733	(735)	-16.5%	Liquor Specific	28,338	29,605	1,267	4.5%	49,600	48,000	51,500
\$220,059	\$230,400	\$10,341	4.7%	<b>TOTAL CONSUMPTION TAXES</b>	\$1,748,378	\$1,779,829	\$31,451	1.8%	\$2,361,400	\$2,427,000	\$2,309,800
<b>Other Taxes</b>											
(\$963)	\$4,366	\$5,329	na	Single Business	\$6,216	(\$8,611)	(\$14,827)	na	\$3,900	(\$10,000)	(\$10,000)
13,874	(793)	(14,666)	na	Insurance Premiums Taxes	268,314	225,503	(42,811)	-16.0%	322,400	412,500	316,000
12,910	3,573	(9,337)	-72.3%	Sub-total SBT & Insurance	274,530	216,892	(57,638)	-21.0%	326,300	402,500	306,000
(115,761)	(55,704)	60,057	51.9%	Michigan Business Tax	(714,544)	(758,044)	(43,500)	-6.1%	(639,400)	(889,400)	(1,031,000)
34,523	51,080	16,557	48.0%	Corporate Income Tax	690,792	638,490	(52,303)	-7.6%	1,077,700	1,060,200	932,000
3	4	1	28.8%	Inheritance / Estate	(145)	20	165	na	0	0	0
0	(2)	(2)	na	Telephone & Telegraph	18,956	15,401	(3,555)	-18.8%	41,800	46,000	42,000
2,365	1,289	(1,076)	-45.5%	Oil & Gas Severance	23,458	12,536	(10,921)	-46.6%	30,400	41,300	20,400
22,002	6,098	(15,904)	-72.3%	Penalties & Interest	112,492	68,133	(44,358)	-39.4%	124,600	139,500	115,000
0	328	328	na	Essential Services Assessment	0	328	328	na	0	55,000	55,000
0	0	0	na	Miscellaneous Other/Railroad	(353)	56	409	na	2,600	1,500	1,500
(11,583)	(12,250)	(667)	-5.8%	Treasury Enforcement Programs (e)	(91,417)	(94,750)	(3,333)	-3.6%	(149,300)	(140,000)	(147,000)
(\$55,540)	(\$5,583)	\$49,957	na	<b>TOTAL OTHER TAXES</b>	\$313,769	\$99,062	(\$214,707)	-68.4%	\$814,700	\$716,600	\$293,900
\$663,915	\$762,295	\$98,381	14.8%	<b>SUBTOTAL GF-GP TAXES</b>	\$5,979,109	\$6,045,810	\$66,701	1.1%	\$9,636,400	\$9,520,600	\$9,343,300

continued

**Revenue Summary FY 2015-16**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: May 31, 2016**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MAY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
May		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2014-15	FY 2015-16	FY 2015-16
2015	2016	Amount	Percent		FY 2014-15	FY 2015-16	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2016 Consensus
<b>Non-Tax Revenue (e)</b>											
\$2,500	\$2,917	\$417	16.7%	Federal Aid	\$17,500	\$19,583	\$2,083	11.9%	\$38,500	\$30,000	\$35,000
83	8	(75)	-90.0%	Local Agencies	667	292	(375)	-56.3%	0	100	100
667	625	(42)	-6.2%	Services	5,833	5,625	(208)	-3.6%	7,200	8,000	7,500
1,083	958	(125)	-11.5%	Licenses & Permits	7,917	7,292	(625)	-7.9%	11,500	13,000	11,500
0	0	0	na	Investments/Interest Costs	127	302	175	na	400	(2,000)	(1,000)
6,783	6,433	(350)	-5.2%	Misc. Non-tax Revenue	59,167	57,417	(1,750)	-3.0%	75,100	78,700	77,200
14,875	16,333	1,458	9.8%	Liquor Purchase Revolving Fund	117,375	124,667	7,292	6.2%	194,700	182,500	196,000
4,667	5,375	708	15.2%	From Other Funds-Lottery & Escheats	36,083	39,625	3,542	9.8%	70,600	51,000	64,500
<b>\$30,658</b>	<b>\$32,650</b>	<b>\$1,992</b>	<b>6.5%</b>	<b>TOTAL NON-TAX REVENUE</b>	<b>\$244,668</b>	<b>\$254,802</b>	<b>\$10,133</b>	<b>4.1%</b>	<b>\$398,000</b>	<b>\$361,300</b>	<b>\$390,800</b>
<b>\$694,573</b>	<b>\$794,945</b>	<b>\$100,372</b>	<b>14.5%</b>	<b>TOTAL GF-GP REVENUE</b>	<b>\$6,223,777</b>	<b>\$6,300,611</b>	<b>\$76,834</b>	<b>1.2%</b>	<b>\$10,034,400</b>	<b>\$9,881,900</b>	<b>\$9,734,100</b>
<b>School Aid Fund</b>											
\$233,739	\$245,426	\$11,687	5.0%	Sales Tax 4%	\$1,940,313	\$1,927,454	(\$12,859)	-0.7%	2,960,100	3,196,200	2,990,000
177,595	183,230	5,635	3.2%	Sales Tax 2%	1,493,088	1,483,095	(9,993)	-0.7%	2,305,500	2,494,600	2,326,700
53,843	56,187	2,344	4.4%	Use Tax 2% (f)	418,603	430,932	12,329	2.9%	476,400	497,500	480,000
18,831	17,196	(1,636)	-8.7%	State Education Property Tax	1,249,867	1,274,547	24,680	2.0%	1,857,600	1,861,900	1,894,100
20,339	16,580	(3,759)	-18.5%	Real Estate Transfer Tax	163,933	165,352	1,419	0.9%	258,400	268,400	276,000
70,000	80,000	10,000	14.3%	Lottery Transfer (b)	473,759	552,118	78,358	16.5%	784,100	791,000	850,000
9,705	9,601	(104)	-1.1%	Casino Wagering Tax	75,572	76,662	1,090	1.4%	110,800	112,700	112,000
4,391	3,704	(687)	-15.6%	Liquor Excise Tax	28,121	29,336	1,215	4.3%	49,100	47,600	51,100
31,285	32,281	996	3.2%	Cigarette/Tobacco Tax	244,588	248,112	3,524	1.4%	363,900	341,600	361,400
887	2,850	1,963	na	Indus. & Comm. Facilities Taxes	24,015	22,578	(1,437)	-6.0%	34,700	37,600	36,000
886	673	(213)	-24.1%	Specific Other	5,526	4,971	(556)	-10.1%	27,300	31,900	29,300
180,220	202,958	22,738	12.6%	Income Tax Earmarking	1,652,788	1,755,244	102,456	6.2%	\$2,519,300	\$2,561,900	\$2,660,800
<b>\$801,721</b>	<b>\$850,685</b>	<b>\$48,964</b>	<b>6.1%</b>	<b>TOTAL SCHOOL AID FUND</b>	<b>\$7,770,175</b>	<b>\$7,970,401</b>	<b>\$200,226</b>	<b>2.6%</b>	<b>\$11,747,100</b>	<b>\$12,242,900</b>	<b>\$12,067,400</b>
\$567,159	\$592,274	\$25,114	4.4%	SALES TAX 6%	\$4,726,944	\$4,695,518	(\$31,426)	-0.7%	\$7,246,400	\$7,821,700	\$7,310,000
389,565	409,044	19,479	5.0%	SALES TAX 4%(d)	3,233,855	3,212,423	(21,432)	-0.7%	4,940,900	5,327,100	4,983,300
177,595	183,230	5,635	3.2%	SALES TAX 2%	1,493,088	1,483,095	(9,993)	-0.7%	2,305,500	2,494,600	2,326,700
161,528	176,594	15,065	9.3%	USE TAX 6% (f) (i)	1,255,809	1,357,064	101,254	8.1%	1,434,600	1,396,400	1,440,000
77,438	79,903	2,465	3.2%	TOBACCO TAXES	605,416	614,139	8,723	1.4%	953,600	913,800	957,100
0	0	0	na	TOBACCO SETTLEMENT	190,989	189,031	(1,957)	-1.0%	na	na	na

continued

**Revenue Summary FY 2015-16**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
**(in thousands)**

**For The Month Ended: May 31, 2016**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MAY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
May		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		FY 2014-15	FY 2015-16	FY 2015-16
2015	2016	Amount	Percent		FY 2014-15	FY 2015-16	Amount	Percent	CAFR Totals (h)	Statutory Estimate	May 2016 Consensus
<b>Major Transportation Revenues</b>											
\$9,658	\$5,774	(\$3,884)	-40.2%	Diesel Fuel / Motor Carrier Fuel Tax	\$89,814	\$94,028	\$4,214	4.7%	\$136,714	\$132,500	\$139,500
57,970	69,247	11,277	19.5%	Gasoline	549,028	578,945	29,918	5.4%	866,609	811,500	856,000
80,696	80,099	(597)	-0.7%	Motor Vehicle Registration	657,199	691,270	34,072	5.2%	978,146	966,000	1,015,000
5,914	4,772	(1,142)	-19.3%	Other Taxes, Fees & Misc.	32,578	33,221	644	2.0%	132,672	178,263	182,305
8,746	7,784	(963)	-11.0%	Comprehensive Transportation (c)	71,213	68,900	(2,313)	-3.2%	91,516	110,719	93,405
<u>\$162,984</u>	<u>\$167,676</u>	<u>\$4,692</u>	<u>2.9%</u>	<b>TOTAL MAJOR TRANS. REVENUES</b>	<u>\$1,399,831</u>	<u>\$1,466,365</u>	<u>\$66,534</u>	<u>4.8%</u>	<u>\$2,205,657</u>	<u>\$2,198,982</u>	<u>\$2,286,210</u>
<b>Lottery Sales By Games</b>											
99,491	112,337	12,846	12.9%	Instant Games (g)	684,154	781,490	97,335	14.2%	na	na	na
69,019	74,446	5,427	7.9%	Daily Games	498,663	524,896	26,233	5.3%	na	na	na
34,460	37,433	2,972	8.6%	Lotto and Big Game (g)	239,700	297,034	57,334	23.9%	na	na	na
917	911	(6)	-0.7%	Keno Game	6,643	6,370	(273)	-4.1%	na	na	na
1,456	1,409	(47)	-3.3%	Other	11,332	11,981	649	5.7%	na	na	na
57,478	64,257	6,779	11.8%	Club Games	415,283	447,758	32,474	7.8%	na	na	na
<u>\$264,905</u>	<u>\$292,370</u>	<u>\$27,465</u>	<u>10.4%</u>	<b>TOTAL LOTTERY SALES</b>	<u>\$1,864,543</u>	<u>\$2,081,141</u>	<u>\$216,598</u>	<u>11.6%</u>	<u>na</u>	<u>na</u>	<u>na</u>

-1-1-

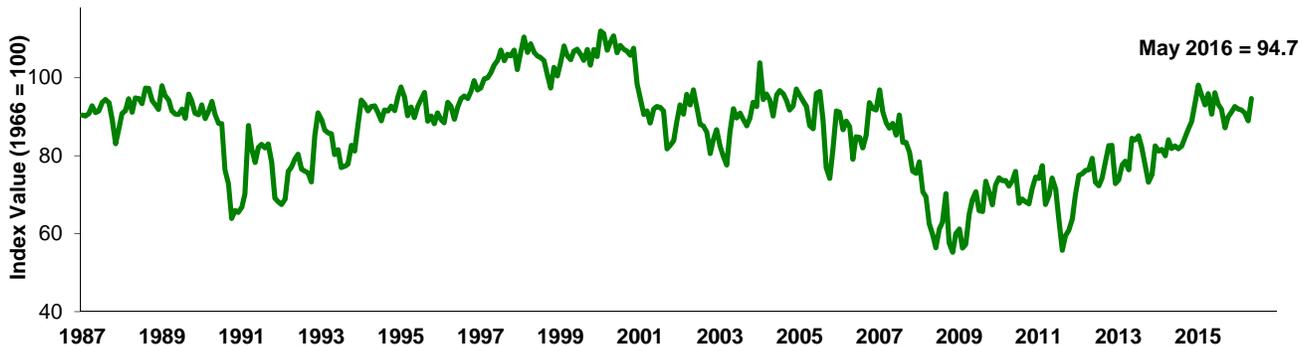
- a GF-GP Sales has been adjusted based on Comprehensive Transportation Fund, Health Initiative, and Constitutional Revenue shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the School Aid Fund transfer. The transfers shown are actual transfers from Lottery to School Aid Fund.
- c The Comprehensive Transportation Fund distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the Comprehensive Transportation Fund).
- d 2% collections adjusted to reflect exemption on residential utilities.
- e Non-tax revenue items other than interest are estimates.
- f In June, 2014 Public Act 161 retroactively (back to April 2014) expanded the use tax to include Health Maintenance Organizations.
- g Lottery Sales include iLottery net win amounts for Instant Games and Lotto and Big Game, beginning in October 2014 and January 2016, respectively.
- h Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.
- i Use tax collections include the Local Community Stabilization Share. Per 2014 Public Act 80, the fiscal year 2016 Local Community Stabilization Share is \$96.4M.

Source: Michigan Department of Treasury, Office of Revenue & Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of Technology, Management and Budget, and other reports from the Michigan Department of Treasury.

**Economic Highlights**  
(All data seasonally adjusted unless otherwise noted.)

**U. S. Economy**

**Index of Consumer Sentiment**



Source: University of Michigan, Survey Research Center

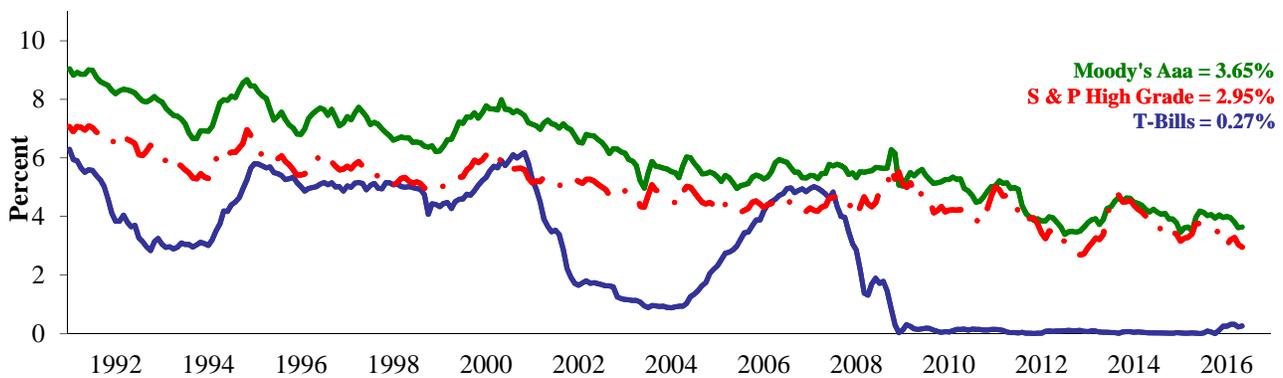
The **Index of Consumer Sentiment** increased in May to 94.7 index-points, 5.7 index-points above the April value and 4.0 index-points above May 2015. For the May survey, Survey Director Richard Curtin noted, “Consumers were a bit less optimistic in late May than earlier in the month, but sentiment was still substantially higher than last month. The late month falloff was due to a slightly less favorable outlook for the overall economy, although economic prospects were still more favorable than any time during the past nine months. There have only been four prior months since the January 2007 peak in which the Sentiment Index was higher than in May, all recorded at the start of 2015.” Curtin observed, “Despite the meager GDP growth as well as a higher inflation rate, consumers became more optimistic about their financial prospects and anticipated a somewhat lower inflation rate in the years ahead. Positive views toward vehicle and home sales also posted gains in May largely due to low interest rates.” On purchasing plans, Curtin reported, “Favorable credit conditions were cited by consumers as justification for their improved buying plans. For vehicles, more consumers spontaneously mentioned improved credit conditions than any time since late 2004; for household durables, the last time more consumers cited favorable credit conditions was in mid-2005. The data suggest that these recent gains were due to consumers judging that credit had become more accessible.” In May, consumers in all four regions reported an increase in confidence. Northeastern consumers reported the largest increase in confidence of 9.1 index-points, followed by Southern consumers with an increase of 6.3 index-points. The gap across regions increased from last month to 5.1 index-points, with Northeastern consumers on top and Southern consumers on the bottom.

The preliminary estimate of real **Gross Domestic Product** for the first quarter of 2016 is \$16,505.1 billion (chained 2005 dollars), an increase of 0.8 percent at an annual rate. In the fourth quarter of 2015, real gross domestic product increased 1.4 percent. The increase in first quarter real GDP was mainly due to personal consumption expenditures, residential fixed investment, and state and local government spending. Imports, which are a subtraction in calculating GDP, decreased. Real personal consumption expenditures increased 1.9 percent in the first quarter, compared to a 2.4 percent increase in the fourth quarter. Real residential fixed investment increased 17.1 percent in the first quarter compared to an increase of 10.1 percent in the fourth quarter. Real nonresidential fixed investment decreased 6.2 percent in the first quarter while real equipment expenditures decreased 9.0 percent. Real federal government spending decreased 1.6 percent in the first quarter, compared to a

2.3 percent increase in the fourth quarter. Real state and local government spending increased 2.9 percent in the first quarter, compared to a 1.2 percent decrease in the fourth quarter. Exports of goods and services decreased 2.0 percent in the first quarter, compared to a 2.0 percent decrease in the fourth quarter. Imports decreased 0.2 percent in the first quarter, compared to a decrease of 0.7 percent in the fourth quarter. Private inventory investment increased \$69.6 billion in the first quarter, following a \$78.3 billion increase in the fourth quarter. Real final sales increased 0.9 percent in the first quarter compared to an increase of 1.6 percent in the fourth quarter. On the inflation front, the **implicit price deflator** increased 0.6 percent in the first quarter compared to a 0.9 percent increase observed in the fourth quarter.

**U. S. retail prices**, as measured by the Consumer Price Index (CPI-U), increased 0.2 percent in May, down from a 0.4 percent increase in April. Energy prices increased 1.2 percent in May, down from a 3.4 percent increase in April, while the all-items less food and energy component increased 0.2 percent in May. Compared to May 2015, the all-items index increased 1.1 percent. For major component groups, the unadjusted changes from one year ago were: food and beverages, 0.7 percent; medical care, 3.2 percent; apparel, 0.6 percent; education and communication, 1.1 percent; other goods and services, 2.2 percent; recreation, 1.1 percent; housing, 2.4 percent; and transportation, -3.5 percent, with gasoline prices down -16.9 percent.

### Selected Key Interest Rates

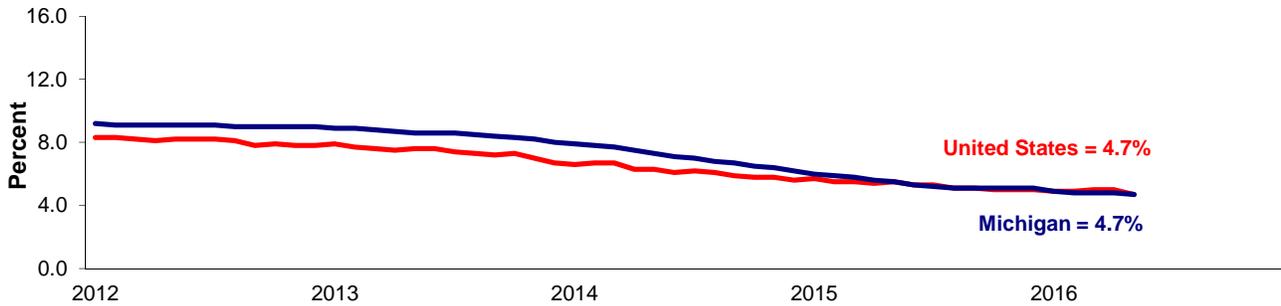


Source: Economic Indicators

Short-term **interest rates** increased 0.04 percentage point in May as the 3-month Treasury bill (T-bill) rate was 0.27 percent. Compared to one year ago, the T-bill rate increased 0.25 percentage point. The Aaa corporate bond rate, a long-term interest rate, increased 0.03 percentage point to an interest yield of 3.65 percent in May. The Aaa bond yield was down 0.33 percentage point from its year-ago level. The interest rate on High-grade municipal bonds decreased 0.09 percentage point from the April level to 2.95 percent in May and was down 0.82 percentage point from its year-ago level. The Federal Open Market Committee, given the economic outlook, decided to maintain the target range for the federal funds rate at 0.25-0.50 percent for the April 27th meeting. The FOMC stated “In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its objectives of maximum employment and 2 percent inflation.” The Committee “seeks to foster maximum employment and price stability.”

In May, the **U. S. unemployment rate** decreased 0.3 percentage point from a month ago to 4.7 percent and was 0.8 percentage point lower than a year ago. Civilian employment totaled 151.0 million persons in May. The number unemployed was 7.4 million nationwide.

## Unemployment Rates 2012 - 2016

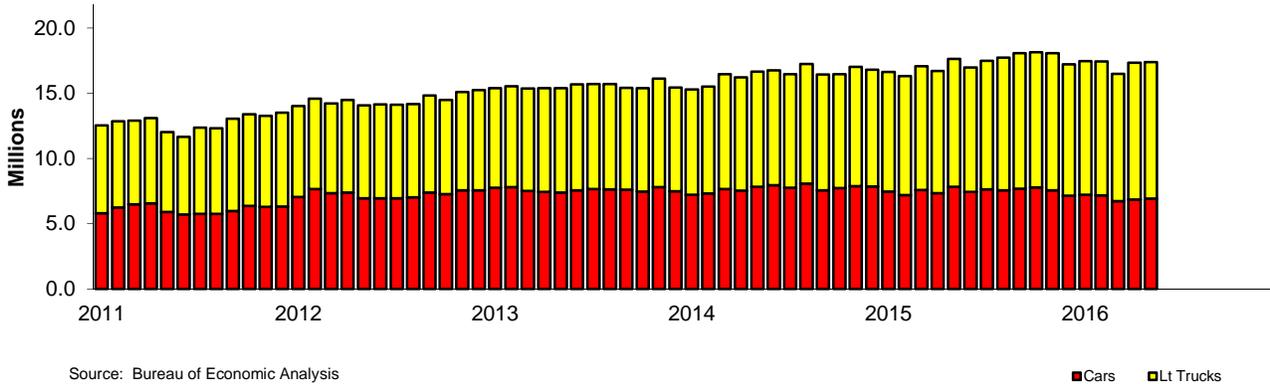


Source: Bureau of Labor Statistics and Michigan Department of Technology, Management & Budget

In May, the **Michigan jobless rate** decreased 0.1 percentage point to 4.7 percent. The May unemployment rate is 0.8 percentage point below the year ago level. In May, the labor force fell 6,000 to 4,869,000, while the number of people employed remained unchanged at 4,642,000. In May, there were 227,000 unemployed people. Monthly unemployment rates fluctuate in part due to statistical sampling errors.

## Motor Vehicle Sector

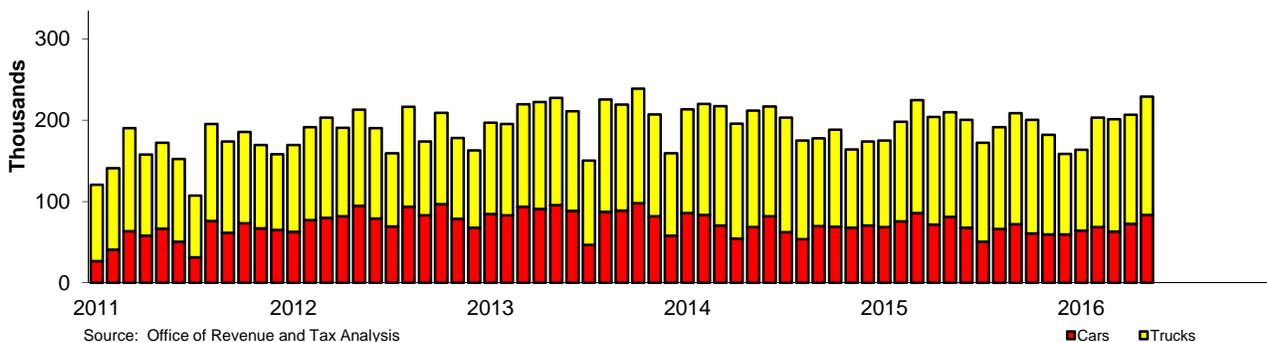
### U. S. Light Vehicle Sales



**U.S. light vehicle sales** (cars + light trucks) increased 0.2 percent in May compared to April, selling at a 17.4 million unit seasonally adjusted annual rate. Domestic car sales increased 2.1 percent from April while domestic light truck sales decreased 3.2 percent. Import car sales decreased 2.0 percent while import light truck sales increased 12.0 percent. Compared to last year, light vehicle sales decreased 1.5 percent. Domestic car sales decreased 12.0 percent from the year ago level while domestic light truck sales increased 1.3 percent. Import car sales were down 10.6 percent from last year while import truck sales increased 31.7 percent. As a result, the domestic share of U.S. light vehicle sales decreased 2.3 percentage points from a year ago. For fiscal year 2016 year-to-date, domestic light vehicles recorded a 78.2 percent share of a 17.4 million-unit market.

**Michigan motor vehicle production** increased to 229,171 units in May from 206,743 units in April. From a year ago, motor vehicle production increased 9 percent in Michigan and increased 4 percent nationally. In May, Michigan's car production was 83,379 units while the state's truck production was 145,792 units. Compared with a year ago, car production increased 3 percent in Michigan and fell 6 percent nationwide. The state's truck production increased 13 percent while national truck production increased 10 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 17, 2016 Consensus Revenue Agreement  
(Article IX, Section 26)  
(in millions)**

	<b>Fiscal Year 2013-14 Actual</b>	<b>Fiscal Year 2014-15 Estimate</b>	<b>Fiscal Year 2015-16 Estimate</b>
Applicable Calendar Year Personal Income	\$378,443	\$386,471	\$403,726
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$35,914.2</u>	<u>\$36,676.1</u>	<u>\$38,313.6</u>
Revenue Limit	\$35,914.2	\$36,676.1	\$38,313.6
State Revenue Subject to Limit	<u>\$27,432.5</u>	<u>\$28,844.3</u>	<u>\$29,010.0</u>
<b>Amount Under (Over) Limit</b>	<b>\$8,481.7</b>	<b>\$7,831.8</b>	<b>\$9,303.6</b>

Sources:

Personal Income Estimate

The FY 2013-14 calculation uses the official personal income estimate for calendar year 2012 (Survey of Current Business, October 2013).

The FY 2014-15 calculation uses the official personal income estimate for calendar year 2013 (Survey of Current Business, October 2014).

The FY 2015-16 calculation uses the official personal income estimate for calendar year 2014 (Survey of Current Business, October 2015).

Revenue Subject to the Limit

The FY 2013-14 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2014.

The FY 2014-15 calculation uses the May 17, 2016 Consensus Revenue Agreement.

The FY 2015-16 calculation uses the May 17, 2016 Consensus Revenue Agreement.

Column detail may not add to totals due to rounding

Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury