



STATE OF MICHIGAN  
OFFICE OF THE STATE BUDGET  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

ROBERT L. EMERSON  
DIRECTOR

April 21, 2009

The Honorable Ron Jelinek, Chair  
Senate Appropriations Committee  
Michigan State Senate  
State Capitol  
Lansing, Michigan 48901

The Honorable George Cushingberry, Chair  
House Appropriations Committee  
Michigan House of Representatives  
State Capitol  
Lansing, Michigan 48901

Dear Legislators:

Attached is the monthly financial report for the month ending February 28, 2009. 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,

A handwritten signature in black ink, appearing to read "Robert L. Emerson".

Robert L. Emerson  
State Budget Director

Attachment

cc: List attached

cc: Governor Jennifer Granholm  
Mike Bishop, Senate Majority Leader  
Andy Dillon, Speaker of the House  
Mike Prusi, Senate Minority Leader  
Kevin Elsenheimer, House Minority Leader  
Senate Appropriations Committee  
House Appropriations Committee  
Nancy Cassis, Chair, Senate  
Finance Committee

Kate Ebli, Chair, House Tax Policy Committee  
Dan Krichbaum, Executive Office  
Tim Hughes, Executive Office  
Senate Fiscal Agency  
House Fiscal Agency  
Mike Moody, Financial Management  
Nancy Duncan, Deputy Director  
State Budget Office  
Internal Office of the State Budget  
Distribution

**GENERAL FUND, GENERAL PURPOSE**  
**Fiscal Year 2009**  
**Projected Revenues and Expenditures**  
**February 28, 2009**  
(\$ in millions)

	<b>FISCAL 2009</b>
<b>Beginning Balance, October 1, 2008</b>	<b>\$ 457.9</b>
<b>Revenues, Current Law:</b>	
<b>Current Year GF/GP Revenues, January 2009 Consensus Estimate</b>	<b>\$ 8,306.1</b>
<b>Revenue Adjustments:</b>	
Revenue Sharing Freeze (PA 127 of 2007 and January 2009 Consensus)	\$ 331.2
Suspend County Revenue Sharing (PA 356 and 357 of 2004)	\$ 205.4
Charge School Aid Fund for Short Term Borrowing Costs	\$ 45.0
Transportation Economic Development Fund Revenue to GF (PA 346 of 2008)	\$ 6.0
Exempt certain foreign person from MBT (PA 435 of 2008)	\$ (8.1)
Increase investment credit (PA 572 of 2008)	\$ (0.3)
Brokers payment to realtors (PA 472 of 2008)	\$ (6.5)
Exhibition facility credit (PA 507 of 2008)	\$ (0.3)
State revenue impact - federal tobacco tax increase (P.L.111-3 of 2009)	\$ (5.5)
State revenue impact - federal tax changes - ARRA (P.L. 111-5 of 2009)	\$ (22.0)
State revenue impact - federal medical assistance increase - ARRA (P.L. 111-5 of 2009)	\$ 390.8
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$ 935.7</b>
<b>Anticipated Revenue Adjustments:</b>	
Use Tax (PA 440 of 2008) legislation needed	\$ 161.5
21st Century Jobs Trust Fund Revenue to GF	\$ 20.0
Insurance Escheats	\$ 25.0
Secondary Collections	\$ 6.0
<b>Subtotal Anticipated Revenue Adjustments</b>	<b>\$ 212.5</b>
<b>Total FY Resources Available For Expenditure GF/GP</b>	<b>9,912.2</b>
<b>Expenditures, Current Law:</b>	
FY 2009 Enacted with Vetoes	\$ 9,701.4
Executive Order 2008-21	\$ (134.0)
<b>Anticipated Expenditure Adjustments:</b>	
Supplemental Request (8-18-2008)	\$ 0.4
Contract savings	\$ (20.0)
Supplemental Requests (2-12-2009)	\$ 313.7
<b>Total Expenditures Projected</b>	<b>\$ 9,861.5</b>
<b>Projected Ending Balance, September 30, 2009</b>	<b>\$ 50.7</b>

# OFFICIAL BALANCE SHEET

**SCHOOL AID FUND**  
**Fiscal Year 2009**  
**Projected Revenues and Expenditures**  
**February 28, 2009**  
(\$ in millions)

**FISCAL**  
**2009**

<b>Beginning Balance, October 1, 2008</b>	<b>\$ 247.1</b>
<b>Revenues, Current Law:</b>	
<b>Current Year School Aid Fund Revenues, January 2009 Consensus</b>	<b>\$ 11,368.7</b>
<b>Additional Revenue Adjustments:</b>	
General Fund Subsidy	\$ 40.8
General Fund Supplemental	\$ 44.2
Federal Aid	\$ 1,562.0
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$ 1,647.0</b>
<b>Total FY Resources Available for Expenditure SAF</b>	<b>\$ 13,262.8</b>
<b>Expenditures, Current Law:</b>	
PA 268 of 2008 as Enacted	\$ 13,378.9
Revised Cost Estimates	\$ (116.1)
<b>Adjusted Appropriations</b>	<b>\$ 13,262.8</b>
<b>Projected School Aid Fund Ending Balance September 30, 2009</b>	<b>\$ -</b>

# SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

February 28, 2009  
(\$ IN MILLIONS)

## FISCAL YEAR 2007-08

## FISCAL YEAR 2008-09

February 2008	Yr-to-date 2007-08	Fiscal Yr end SEP 30, 2008	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc February 2009	Exp & Enc Yr-to-date 2008-09
5.2	34.3	83.4	Agriculture	91.4	9.7	4.4	29.7
5.2	25.3	67.1	Attorney General	75.4	3.2	5.6	25.8
1.2	6.1	16.5	Auditor General	15.9	0.0	1.3	6.2
19.6	115.0	233.7	Capital Outlay**	481.8	0.0	19.5	129.0
1.0	4.9	13.4	Civil Rights	14.5	1.8	1.2	5.1
1.7	9.1	25.3	Civil Service	70.2	-0.5	4.0	21.7
198.7	1,072.2	2,080.3	Colleges & Universities	1,952.7	-10.0	203.4	918.0
1,187.4	4,847.2	11,192.8	Community Health	12,472.3	-44.4	1,067.7	4,850.6
162.4	773.5	1,952.6	Corrections	2,019.7	-24.6	159.8	773.4
7.6	24.0	58.2	Education	95.1	8.8	4.7	26.0
15.0	70.7	200.9	Environmental Quality	327.8	-0.7	17.9	74.7
0.4	2.0	5.3	Executive Office	5.3	0.0	0.3	2.1
4.0	16.4	46.3	History, Arts & Library	52.8	3.5	2.9	22.0
350.8	1,673.5	4,361.4	Human Services	4,571.4	-63.6	369.6	1,794.8
0.0	0.0	0.0	Information Technology	0.0	0.0	0.0	0.0
17.8	78.0	209.0	Judiciary	261.9	0.0	10.0	69.2
55.6	285.7	740.1	Labor & Economic Growth	950.5	33.6	56.6	295.7
9.4	48.0	120.8	Legislature	114.5	0.0	9.6	46.6
15.2	70.0	169.8	Management & Budget	183.6	4.6	15.2	74.3
0.0	13.8	29.6	Michigan Strategic Fund	29.6	-0.4	0.0	13.2
9.2	53.4	120.9	Military Affairs	123.9	6.6	9.8	54.0
5.7	18.3	60.2	Natural Resources	62.4	1.0	9.6	14.1
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
16.2	87.8	214.7	State	214.8	9.3	14.3	86.0
35.4	157.0	437.8	State Police	530.3	0.0	42.2	155.5
0.0	0.0	0.0	Transportation	0.0	0.0	0.0	0.0
173.5	690.3	2,876.0	Treasury	1,511.2	0.7	190.5	717.7
<b>\$2,298.2</b>	<b>\$10,176.5</b>	<b>\$25,316.1</b>		<b>\$26,268.9</b>	<b>-\$61.6</b>	<b>\$2,220.1</b>	<b>\$10,205.4</b>

\*Includes boilerplate appropriations.

\*\*Includes State Building Authority appropriated in Management and Budget.

# ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2009  
February 2009  
(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,079.4	-0.7	16,078.7
Total state spending from state resources	28,412.0	-131.3	28,280.7
Percentage of state spending from state resources paid to local units	56.59%		56.85%
Required payments to local units (48.97%)	13,913.4		13,849.1
<b>Surplus/(deficit)</b>	<b>\$2,166.0</b>		<b>\$2,229.6</b>

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND**  
OCTOBER 1, 2008 THROUGH FEBRUARY 28, 2009  
(in thousands)

**REVENUES**

Taxes	\$	-
From federal agencies		-
Miscellaneous		<u>11</u>
<b>Total Revenues</b>		<u>11</u>

**EXPENDITURES**

Current:		
General government		-
Education		-
Family Independence services		-
Public safety and corrections		<u>-</u>
<b>Total Expenditures</b>		<u>-</u>
<b>Excess of Revenues over (under)</b>		
<b>Expenditures</b>		<u>11</u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from Bond Issues		-
Operating transfers from:		
State Lottery Fund		-
Other funds		<u>-</u>
Total operating transfers from other funds		-
Operating transfers to other funds		<u>-</u>
<b>Total Other Financing Sources (Uses)</b>		<u>-</u>
<b>Excess of Revenues and Other</b>		
<b>Sources over (under) Expenditures</b>		
<b>and Other Uses</b>	<b>\$</b>	<u><u>11</u></u> <sup>1</sup>

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

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES**  
**MICHIGAN STRATEGIC FUND**  
OCTOBER 1, 2008 THROUGH FEBRUARY 28, 2009  
(in thousands)

<b>OPERATING REVENUES</b>	
Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Financing fees	1,180
Other	782
Total miscellaneous	<u>1,962</u>
Total Operating Revenues	<u>1,962</u>
<b>OPERATING EXPENSES</b>	
Salaries, wages, and other administrative	-
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	916
Total other operating expenses	<u>916</u>
Total Operating Expenses	<u>916</u>
Operating Income (Loss)	<u>1,046</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	-
Other nonoperating revenue	-
Total other nonoperating revenues	<u>-</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	-
Total Nonoperating Revenues (Expenses)	<u>-</u>
Income (Loss) Before Operating Transfers	<u>1,046</u>
<b>OPERATING TRANSFERS</b>	
Operating transfers from primary government	-
Operating transfers to primary government	<u>-</u>
Total Operating Transfers In (Out)	<u>-</u>
Net Income (Loss)	<u>\$ 1,046</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, 2008 THROUGH FEBRUARY 28, 2009  
(in thousands)

**REVENUES**

Taxes	\$	-
From federal agencies		-
From licenses and permits		-
Miscellaneous		<u>20,403</u>
<b>Total Revenues</b>		<u><b>20,403</b></u>

**EXPENDITURES**

Current:		
General government		-
Conservation, environment, recreation, and agriculture		1,303
Capital outlay		<u>10,773</u>
<b>Total Expenditures</b>		<u><b>12,075</b></u>
<b>Excess of Revenues over (under)</b>		
<b>Expenditures</b>		<u><b>8,328</b></u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues		-
Operating transfers from other funds		-
Operating transfers to other funds		<u>(8,817)</u>
<b>Total Other Financing Sources (Uses)</b>		<u><b>(8,817)</b></u>
<b>Excess of Revenues and Other Sources</b>		
<b>over (under) Expenditures and</b>		
<b>Other Uses</b>	<b>\$</b>	<u><u><b>(489)</b></u><sup>1</sup></u>

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

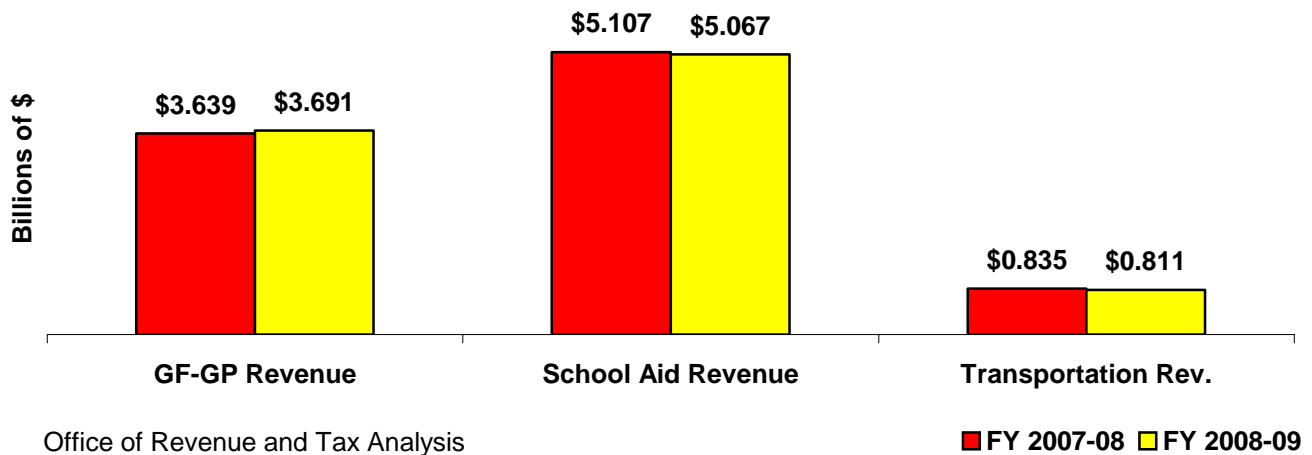
**REVENUE OVERVIEW**  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for February 2009, representing some January and some February economic activity in Michigan.

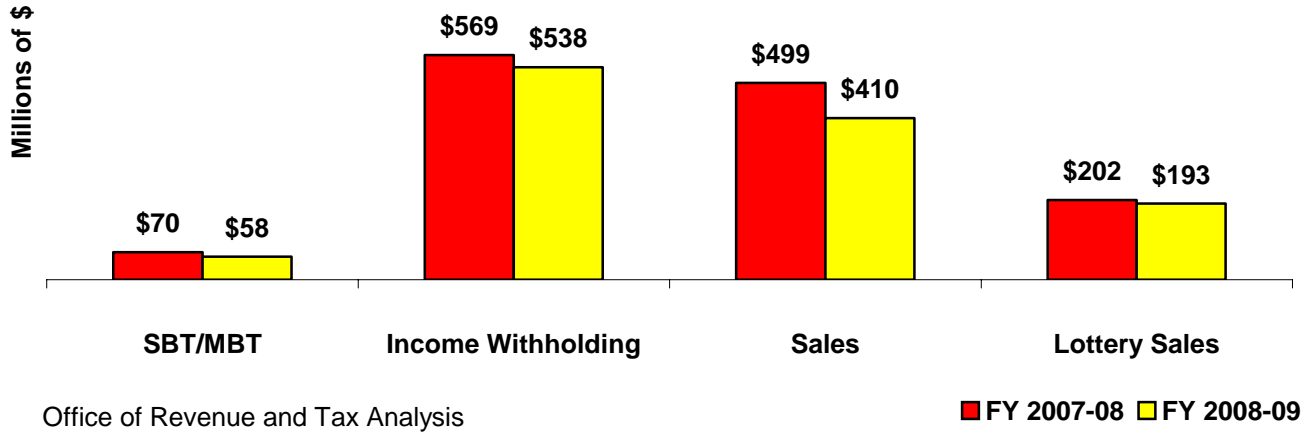
Total General Fund - General Purpose cash collections were \$193.0 million (96.6 percent) lower in February 2009 than in February 2008. February School Aid Fund cash collections were \$59.8 million (8.8 percent) lower than in February 2008. February transportation collections were \$7.0 million (3.6 percent) lower than in February 2008 (see revenue table). February is the fifth month of the state's fiscal year. 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 \$51.7 million (1.4 percent) from a year ago. School Aid Fund cash collections are down \$40.9 million (0.8 percent) and transportation collections are down \$24.1 million (2.9 percent).

The FY 2008-2009 revenue projections presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on January 9, 2009. The revenue estimate for net General Fund – General Purpose revenue for FY 2008-2009 is \$8,306.1 million and the net School Aid revenue forecast is \$11,368.7 million. The Transportation Funds revenue forecast is \$2,069.2 million. The next regularly scheduled revenue conference will be held in May 2009.

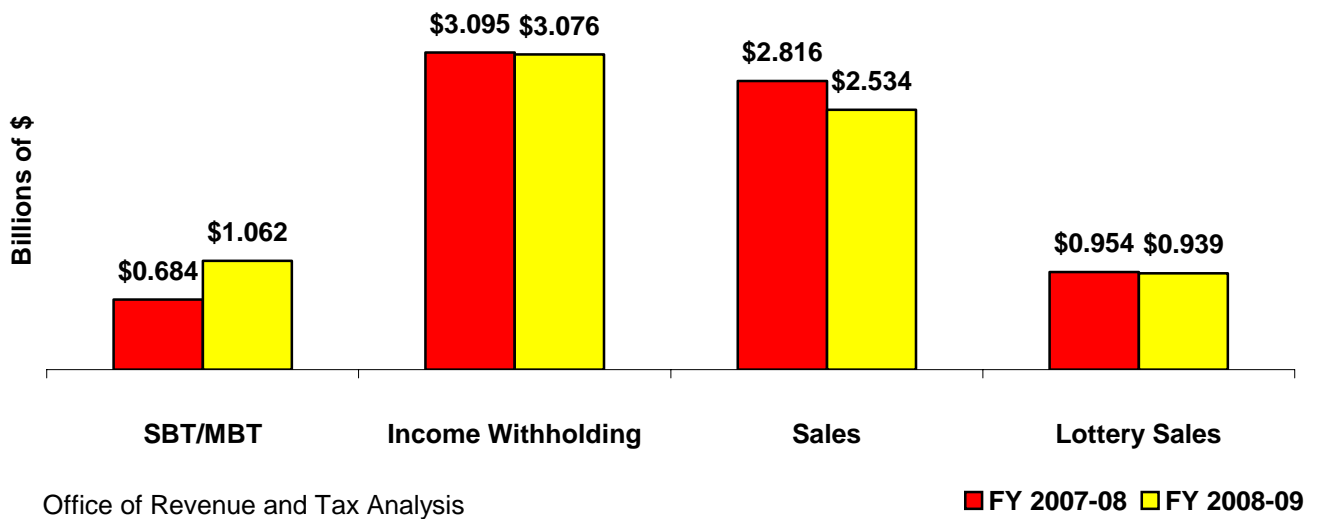
**October through February Collections  
Fiscal Years 2007-08 and 2008-09**



## February Revenue Collections Fiscal Years 2007-08 and 2008-09



## October through February Collections Fiscal Years 2007-08 and 2008-09



**Revenue Summary 2008-09**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: February 28, 2009**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH FEBRUARY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
February		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2007-2008	2008-2009	2008-2009
2008	2009	Amount	Percent		2007-08	2008-09	Amount	Percent	CAFR Totals(g)	Statutory Estimate	January 2009 Consensus
<b>Income Taxes</b>											
\$569,304	\$538,301	(\$31,002)	-5.4%	Withholding	\$3,094,695	\$3,076,376	(\$18,319)	-0.6%	\$7,282,000	\$7,327,900	\$6,995,300
5,123	4,591	(532)	-10.4%	Quarterlies	303,048	261,139	(41,910)	-13.8%	848,900	848,100	770,800
22,209	20,911	(1,298)	-5.8%	Annuals	90,341	83,436	(6,905)	-7.6%	884,900	879,700	787,000
596,636	563,803	(32,832)	-5.5%	Gross Collections	3,488,084	3,420,950	(67,134)	-1.9%	\$9,015,800	\$9,055,700	\$8,553,100
494,419	609,158	114,740	23.2%	Less: Refunds	626,379	714,514	88,135	14.1%	1,790,300	2,046,100	2,051,900
0	0	0	na	State Campaign Fund	0	0	0	na	1,200	1,500	1,500
102,217	(45,355)	(147,572)	na	Net Personal Income	2,861,705	2,706,436	(155,269)	-5.4%	\$7,224,300	\$7,008,100	\$6,499,700
138,777	131,253	(7,524)	-5.4%	Less: Disbursements to SAF	811,328	796,397	(14,931)	-1.8%	\$2,117,700	\$2,111,500	\$1,989,500
(\$36,561)	(\$176,608)	(\$140,048)	383.0%	<b>NET PERSONAL INCOME TO GF-GP</b>	<b>\$2,050,377</b>	<b>\$1,910,039</b>	<b>(\$140,338)</b>	<b>-6.8%</b>	<b>\$5,106,600</b>	<b>\$4,896,600</b>	<b>\$4,510,200</b>
<b>Consumption Taxes</b>											
\$4,603	\$3,687	(\$916)	-19.9%	Sales (a)	\$30,941	\$30,383	(\$558)	-1.8%	\$76,500	\$89,600	\$66,900
66,622	59,718	(6,904)	-10.4%	Use	374,135	290,163	(83,972)	-22.4%	911,600	877,400	845,000
16,919	15,778	(1,141)	-6.7%	Tobacco	87,235	85,625	(1,611)	-1.8%	212,900	211,600	208,700
3,697	3,384	(313)	-8.5%	Beer, Wine & Mixed Spirits	20,211	19,179	(1,032)	-5.1%	50,900	51,500	51,500
2,699	2,481	(218)	-8.1%	Liquor Specific	13,206	11,671	(1,535)	-11.6%	37,300	37,000	37,000
\$94,540	\$85,048	(\$9,492)	-10.0%	<b>TOTAL CONSUMPTION TAXES</b>	<b>\$525,728</b>	<b>\$437,020</b>	<b>(\$88,708)</b>	<b>-16.9%</b>	<b>\$1,289,200</b>	<b>\$1,267,100</b>	<b>\$1,209,100</b>
<b>Other Taxes</b>											
\$69,625	(\$52,188)	(\$121,813)	na	Single Business	\$683,839	(\$90,193)	(\$774,033)	na	\$573,800	\$0	(\$43,200)
25,344	9,175	(16,169)	-63.8%	Insurance Premiums Taxes	112,382	126,199	13,817	12.3%	223,200	260,000	238,800
94,969	(43,013)	(137,982)	na	Sub-total SBT & Insurance	796,221	36,006	(760,215)	-95.5%	797,000	260,000	195,600
4	100,321	100,317	na	Michigan Business Tax	4	1,048,421	1,048,417	na	1,551,600	1,931,600	1,857,700
61	(150)	(211)	na	Inheritance / Estate	110	(295)	(405)	na	200	0	0
0	0	0	na	Telephone & Telegraph	41,210	37,154	(4,056)	-9.8%	80,800	75,000	74,000
6,729	4,222	(2,507)	-37.3%	Oil & Gas Severance	31,363	29,377	(1,986)	-6.3%	97,100	83,000	66,000
1,222	947	(274)	-22.4%	Casino Wagering	6,955	4,849	(2,105)	-30.3%	15,400	0	4,100
12,758	11,654	(1,104)	-8.7%	Penalties & Interest	62,493	65,872	3,379	5.4%	160,600	151,000	157,000
3	(10)	(13)	na	Miscellaneous Other/Railroad	39	402	363	na	1,700	1,000	1,000
(9,517)	(9,667)	(150)	1.6%	Treasury Enforcement Programs (f)	(47,583)	(48,333)	(750)	1.6%	(114,200)	(113,000)	(116,000)
\$106,229	\$64,305	(\$41,924)	-39.5%	<b>TOTAL OTHER TAXES</b>	<b>\$890,812</b>	<b>\$1,173,453</b>	<b>\$282,641</b>	<b>31.7%</b>	<b>\$2,590,200</b>	<b>\$2,388,600</b>	<b>\$2,239,400</b>
\$164,208	(\$27,255)	(\$191,463)	na	<b>SUBTOTAL GF-GP TAXES</b>	<b>\$3,466,917</b>	<b>\$3,520,512</b>	<b>\$53,595</b>	<b>1.5%</b>	<b>\$8,986,000</b>	<b>\$8,552,300</b>	<b>\$7,958,700</b>

continued

**Revenue Summary 2008-09**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: February 28, 2009**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH FEBRUARY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
February		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2007-2008	2008-2009	2008-2009
2008	2009	Amount	Percent		2007-08	2008-09	Amount	Percent	CAFR Totals(g)	Statutory Estimate	January 2009 Consensus
<b>Non-Tax Revenue (f)</b>											
\$1,233	\$1,417	\$183	14.9%	Federal Aid	\$6,167	\$7,083	\$917	14.9%	\$14,800	\$20,000	\$17,000
8	42	33	400.0%	Local Agencies	42	208	167	400.0%	100	700	500
1,533	108	(1,425)	-92.9%	Services	7,667	542	(7,125)	-92.9%	18,400	8,100	13,000
1,858	2,000	142	7.6%	Licenses & Permits	9,292	10,000	708	7.6%	22,300	23,000	24,000
0	0	0	na	Investments/Interest Costs	(5,924)	(105)	5,818	-98.2%	(54,400)	(81,000)	(74,000)
12,675	12,475	(200)	-1.6%	Misc. Non-tax Revenue	63,375	62,375	(1,000)	-1.6%	152,100	148,500	149,700
13,267	13,267	0	0.0%	Liquor Purchase Revolving Fund	66,333	66,333	0	0.0%	159,200	155,000	159,200
5,100	4,833	(267)	-5.2%	From Other Funds-Lottery & Escheats	25,500	24,167	(1,333)	-5.2%	61,200	58,000	58,000
<b>\$35,675</b>	<b>\$34,142</b>	<b>(\$1,533)</b>	<b>-4.3%</b>	<b>TOTAL NON-TAX REVENUE</b>	<b>\$172,451</b>	<b>\$170,603</b>	<b>(\$1,848)</b>	<b>-1.1%</b>	<b>\$373,700</b>	<b>\$332,300</b>	<b>\$347,400</b>
<b>\$199,883</b>	<b>\$6,886</b>	<b>(\$192,997)</b>	<b>-96.6%</b>	<b>TOTAL GF-GP REVENUE</b>	<b>\$3,639,368</b>	<b>\$3,691,115</b>	<b>\$51,747</b>	<b>1.4%</b>	<b>\$9,359,700</b>	<b>\$8,884,600</b>	<b>\$8,306,100</b>
<b>School Aid Fund</b>											
\$204,515	\$169,254	(\$35,262)	-17.2%	Sales Tax 4%	\$1,151,066	\$1,039,994	(\$111,072)	-9.6%	2,767,700	2,715,300	2,653,300
157,879	127,760	(30,118)	-19.1%	Sales Tax 2%	898,003	800,434	(97,569)	-10.9%	2,160,400	2,117,700	2,066,600
33,311	29,859	(3,452)	-10.4%	Use Tax 2%	187,067	145,081	(41,986)	-22.4%	459,300	438,600	422,500
0	29,766	29,765	na	Michigan Business Tax	0	311,070	311,070	na	341,000	729,000	729,000
24,761	23,014	(1,747)	-7.1%	State Education Property Tax	1,402,517	1,423,857	21,340	1.5%	2,079,700	2,015,500	2,010,200
16,487	9,580	(6,907)	-41.9%	Real Estate Transfer Tax	84,626	52,956	(31,671)	-37.4%	169,800	177,000	144,300
55,000	55,000	0	0.0%	Lottery Transfer (b)	250,901	231,735	(19,165)	-7.6%	740,700	747,600	700,100
8,755	8,527	(228)	-2.6%	Casino Wagering Tax	49,842	43,645	(6,197)	-12.4%	112,100	118,600	113,900
2,690	2,477	(213)	-7.9%	Liquor Excise Tax	13,075	11,556	(1,519)	-11.6%	36,900	37,000	37,000
34,348	32,031	(2,317)	-6.7%	Cigarette/Tobacco Tax	177,101	173,831	(3,270)	-1.8%	424,700	421,500	415,200
3,975	2,170	(1,805)	-45.4%	Indus. & Comm. Facilities Taxes	78,331	31,797	(46,534)	-59.4%	86,100	60,900	69,900
567	531	(36)	-6.4%	Specific Other	3,617	4,223	606	16.8%	17,100	17,100	17,100
138,777	131,253	(7,524)	-5.4%	Income Tax Earmarking	811,328	796,397	(14,931)	-1.8%	\$2,117,700	\$2,111,500	\$1,989,500
<b>\$681,066</b>	<b>\$621,221</b>	<b>(\$59,844)</b>	<b>-8.8%</b>	<b>TOTAL SCHOOL AID FUND</b>	<b>\$5,107,475</b>	<b>\$5,066,577</b>	<b>(\$40,897)</b>	<b>-0.8%</b>	<b>\$11,513,200</b>	<b>\$11,707,400</b>	<b>\$11,368,700</b>
\$498,738	\$409,850	(\$88,888)	-17.8%	SALES TAX 6%	\$2,816,447	\$2,533,758	(\$282,688)	-10.0%	\$6,773,300	\$6,645,000	\$6,491,700
340,859	282,089	(58,770)	-17.2%	SALES TAX 4%(d)	1,918,443	1,733,324	(185,119)	-9.6%	4,612,900	4,527,300	4,425,100
157,879	127,760	(30,118)	-19.1%	SALES TAX 2%	898,003	800,434	(97,569)	-10.9%	2,160,400	2,117,700	2,066,600
99,933	89,576	(10,356)	-10.4%	USE TAX 6%	561,202	435,244	(125,958)	-22.4%	1,377,000	1,316,000	1,267,500
5	110,243	110,238	na	MICHIGAN BUSINESS TAX	5	1,152,112	1,152,107	na	1,892,600	2,660,700	2,586,700
10,180	9,474	(706)	-6.9%	CASINO WAGERING TAX	57,956	48,495	(9,461)	-16.3%	129,700	118,600	118,600
85,020	79,286	(5,734)	-6.7%	TOBACCO TAXES	438,369	430,275	(8,094)	-1.8%	1,073,600	1,058,700	1,043,700
0	0	0	na	TOBACCO SETTLEMENT	0	0	0	na	na	na	na
0	0	0	na	CIGARETTE INVENTORY TAX	0	0	0	na	na	na	na

continued

**Revenue Summary 2008-09**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: February 28, 2009**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH FEBRUARY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
February		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2007-2008	2008-2009	2008-2009
2008	2009	Amount	Percent		2007-08	2008-09	Amount	Percent	CAFR Totals(g)	Statutory Estimate	January 2009 Consensus
<b>Major Transportation Revenues</b>											
\$11,295	\$8,684	(\$2,611)	-23.1%	Diesel Fuel / Motor Carrier Fuel Tax (e)	\$60,356	\$51,583	(\$8,773)	-14.5%	\$140,057	\$143,000	\$137,000
67,950	67,352	(598)	-0.9%	Gasoline	355,667	346,817	(8,851)	-2.5%	848,864	830,100	840,000
105,444	101,713	(3,731)	-3.5%	Motor Vehicle Registration	365,431	360,088	(5,343)	-1.5%	855,036	870,000	838,000
4,352	4,148	(204)	-4.7%	Other Taxes, Fees & Misc.	17,504	15,715	(1,788)	-10.2%	140,730	178,879	168,958
7,277	7,413	136	1.9%	Comprehensive Transportation (c)	36,383	37,063	680	1.9%	83,795	88,950	85,278
\$196,317	\$189,309	(\$7,008)	-3.6%	<b>TOTAL MAJOR TRANS. REVENUES</b>	\$835,341	\$811,265	(\$24,076)	-2.9%	\$2,068,482	\$2,110,929	\$2,069,236
<b>Lottery Sales By Games</b>											
56,455	62,345	5,890	10.4%	Instant Games	294,522	304,617	10,095	3.4%	na	na	na
53,934	56,903	2,968	5.5%	Daily Games	274,290	269,713	(4,577)	-1.7%	na	na	na
38,613	26,174	(12,439)	-32.2%	Lotto and Big Game	129,992	123,138	(6,854)	-5.3%	na	na	na
1,048	1,133	85	8.2%	Keno Game	5,461	5,578	116	2.1%	na	na	na
0	0	0	na	Changeplay Game	0	0	0	na	na	na	na
4,812	(0)	(4,813)	na	Millionaires Raffle	19,523	15,759	(3,764)	-19.3%	na	na	na
47,163	46,473	(690)	-1.5%	Club Games	229,912	220,527	(9,385)	-4.1%	na	na	na
\$202,026	\$193,027	(\$8,998)	-4.5%	<b>TOTAL LOTTERY SALES</b>	\$953,701	\$939,331	(\$14,370)	-1.5%	na	na	na

-12-

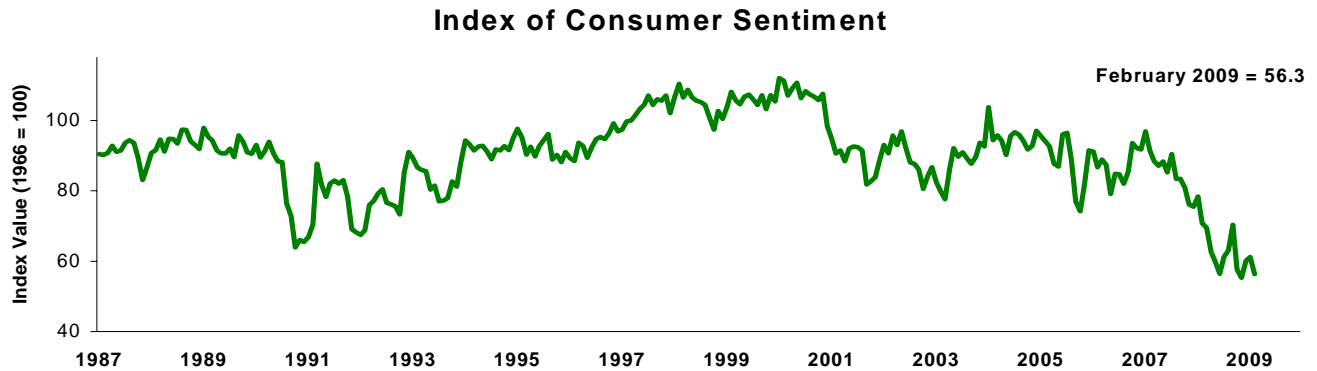
- a GF-GP Sales has been estimated based on CTF and Health Initiative shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).
- d 2% collections adjusted to reflect exemption on residential utilities.
- e Starting in January 2005, totals include revenue from the Motor Carrier Fuel Tax. Prior year totals have been adjusted to also include the Motor Carrier Fuel Tax.
- f Non-tax revenue items other than interest are estimates.
- g Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

Source: Michigan Department of Treasury, Office of Revenue & Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of 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** was 56.3 in February, down 4.9 index-points from the January value and 14.5 index-points below February 2008. On declining confidence, Survey Director Richard Curtin observed, “Nearly two-thirds of all consumers thought it would be at least five years before the full restoration of favorable economic conditions. Job losses dominated the news consumers heard in February to a greater extent than anytime in the prior half century. It was somewhat surprising that the passage of the stimulus package did not achieve greater immediate recognition among consumers, although it is likely to garner more notice in the months ahead. A recovery in consumer spending in 2010 will require fiscal policies that effectively promote job and income growth, monetary policies that restore credit flows, and reductions in uncertainty that result in renewed confidence.” Curtin also noted, “Consumers widely anticipated the recent sharp increases in the unemployment rate and expect continued rapid increases in the months ahead that will push the unemployment rate to 9 percent by the end of 2009.” On spending plans, Curtin observed, “Buying plans remained largely unchanged at low levels due to heightened uncertainty about their future job and income prospects. These negative buying plans persist despite the widespread recognition that steep price discounts were available.” In February, consumers in one of the four regions reported an increase in confidence. Northeastern consumers reported an increase in confidence of 3.8 index-points. Western consumers reported the largest decrease in confidence of 9.9 index-points followed by Midwestern consumers with a decrease of 8.7 index-points. The gap across regions decreased from last month to 6.2 index-points, with Southern consumers on top and Western consumers on the bottom.

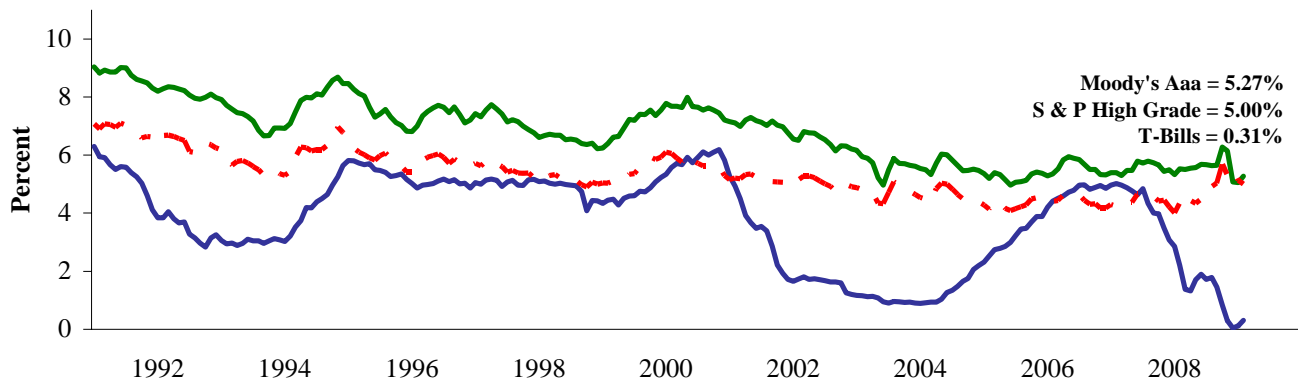
The preliminary estimate of real **Gross Domestic Product** for the fourth quarter of 2008 is \$11,525.0 billion (chained 2000 dollars), a decrease of 6.2 percent at an annual rate. In the third quarter of 2008, real gross domestic product decreased 0.5 percent. The decrease in real GDP was mainly reflected by exports, personal consumption expenditures, equipment and software, and residential fixed investment. Federal government spending provided a positive contribution to GDP growth. Imports, which are a subtraction in calculating GDP, decreased. Real personal consumption expenditures decreased 4.3 percent in the fourth quarter, compared to a 3.8 percent decrease in the third quarter. Real residential fixed investment decreased 22.2 percent in the fourth quarter compared to a decrease of 16.0 percent in the third quarter. Real nonresidential fixed investment decreased 21.1 percent in the fourth quarter with a decrease in equipment and software of 28.8 percent. Real federal government expenditures

increased 6.7 percent in the fourth quarter, compared to an increase of 13.8 percent in the third quarter. Real state and local government spending decreased 1.4 percent in the fourth quarter, compared to an increase of 1.3 percent in the third quarter. Exports of goods and services decreased 23.6 percent in the fourth quarter, compared to a 3.0 percent increase in the third quarter. Imports decreased 16.0 percent in the fourth quarter compared to a decrease of 3.5 percent in the third quarter. Private inventory investment decreased \$19.9 billion in the fourth quarter, following a \$29.6 billion decrease in the third quarter. Real final sales decreased 6.4 percent in the fourth quarter compared to a decrease of 1.3 percent in the third quarter. On the inflation front, the **implicit price deflator** increased at a 0.5 percent annual rate in the fourth quarter, compared to a 3.9 percent increase observed in the third quarter.

**U. S. retail prices**, as measured by the Consumer Price Index (CPI-U), increased 0.4 percent in February, up from a 0.8 percent increase in January. Energy increased 3.3 percent in February, compared to an increase of 1.7 percent in January, while the all-items less food and energy component increased 0.2 percent. For the six months since August, the all-items index decreased 5.0 percent.

Compared to February 2008, the all-items index increased 0.2 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 4.7 percent; housing, 1.9 percent; medical care, 2.8 percent; apparel, 0.8 percent; education and communication, 3.6 percent; other goods and services, 3.2 percent; recreation, 1.9 percent; unadjusted decreases from one year ago were: and transportation, 11.0 percent, with gasoline prices down 35.6 percent.

### Selected Key Interest Rates

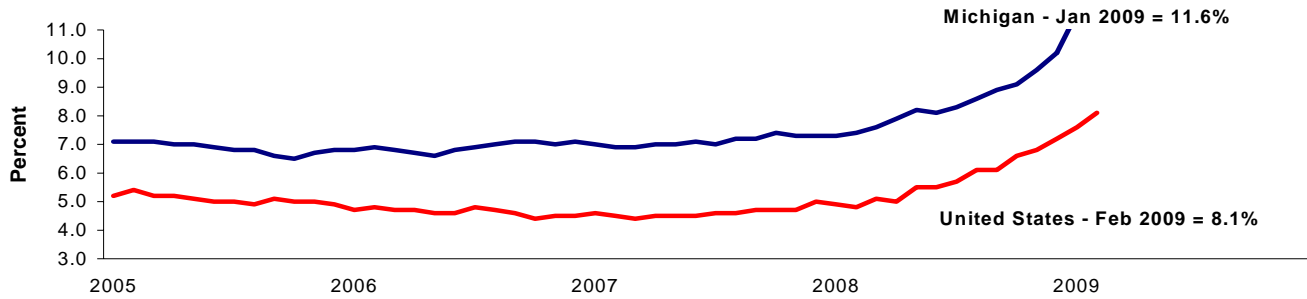


Source: Economic Indicators

Short-term **interest rates** increased 0.19 percentage points in February as the 3-month Treasury bill (T-bill) rate averaged 0.31 percent. Compared to one year ago, the T-bill rate is down 1.90 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, increased 0.22 percentage points to an interest yield of 5.27 percent in February. Compared to one year ago, the Aaa bond yield is down 0.26 percentage points. The interest rate on High-grade municipal bonds decreased 0.13 percentage points to 5.00 percent in February, and is up 0.65 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 March 18<sup>th</sup> meeting. The FOMC stated that, “The Federal Reserve will employ all available tools to promote economic recovery and to preserve price stability. The Committee anticipates that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period.” The Federal Reserve “will continue to monitor carefully the size and composition of the Federal Reserve’s balance sheet in light of evolving financial and economic developments.”

In February, the **U. S. unemployment rate** increased 0.5 percentage points from a month ago to 8.1 percent and was 2.7 percentage points above one year ago. Civilian employment totaled 141.7 million persons in February, a decrease of 0.4 million from January. The number of unemployed was 12.5 million nationwide.

### Unemployment Rates 2005 - 2009



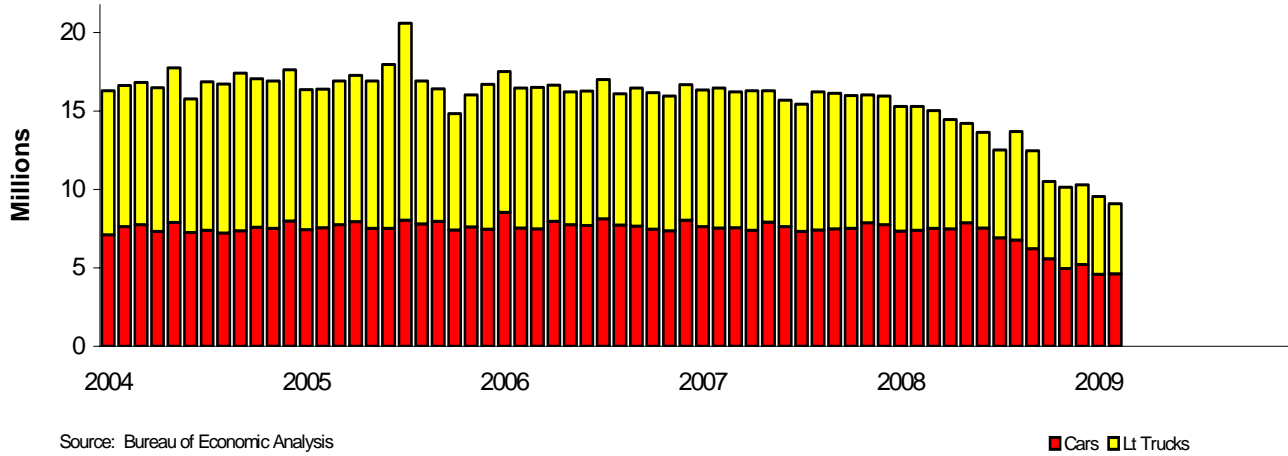
Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In January, the latest month available, the **Michigan jobless rate** increased 1.4 percentage points to 11.6 percent. Compared to a year ago, Michigan's jobless rate was 4.2 percentage points higher. From December, the labor force decreased by 21,000 to 4,864,000, while the number of people employed decreased by 89,000 to 4,299,000. In December, there were 565,000 unemployed people. Monthly unemployment rates fluctuate due to statistical sampling errors.

**Detroit retail prices**, as measured by the Consumer Price Index (CPI-U), increased 2.0 percent from December to February, up from a 3.5 percent decrease from October to December. The all-items less food and energy index increased 2.0 percent from December to February. The food index decreased 0.5 percent from December to February while the energy index increased 4.1 percent. Compared to February 2008, the all-items index decreased 0.2 percent. For individual component items, the increases from one year ago were: food and beverages, 4.5 percent; housing, 0.5 percent; medical care, 1.3 percent; education and communication, 2.6 percent; unadjusted decreases from one year ago were: transportation, 6.9 percent; apparel, 1.6 percent; other goods and services, 0.3 percent.

## Motor Vehicle Sector

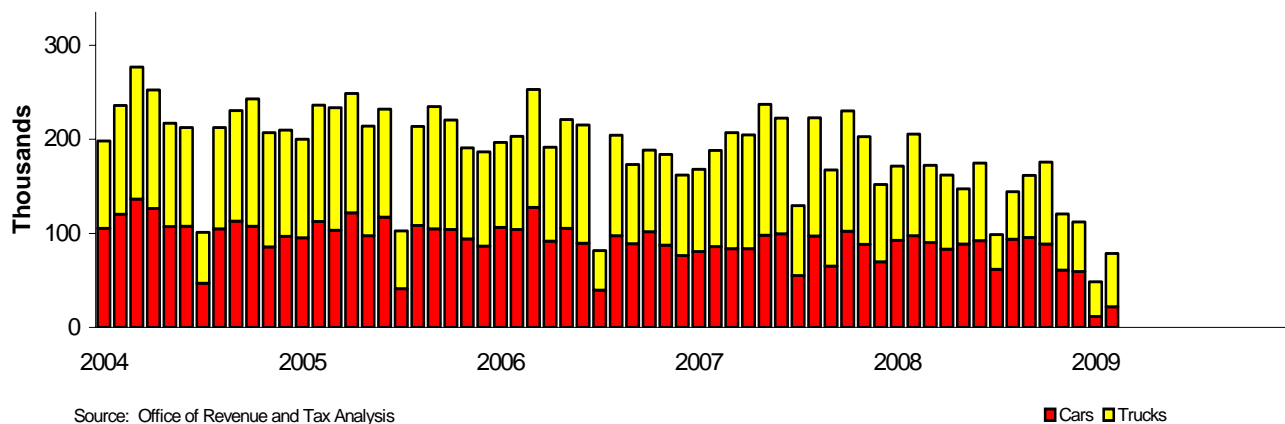
### U. S. Light Vehicle Sales



**U. S. light vehicle sales** (cars + light trucks) decreased 0.4 million units in February compared to last month, selling at a 9.1 million unit seasonally adjusted annual rate. Domestic car sales decreased 1.3 percent while domestic light truck sales decreased 12.6 percent. Import car sales increased 3.9 percent while import light truck sales increased 2.7 percent. Compared to last year, light vehicle sales decreased 40.5 percent. Domestic car sales were down 43.1 percent while domestic light truck sales decreased 47.3 percent. Import car sales were down 25.7 percent while import truck sales decreased 22.9 percent from last year. As a result, the domestic share decreased 6.4 percentage points from a year ago. For fiscal year 2009 year-to-date, domestic light vehicles have recorded a 73.3 percent share of a 9.9 million-unit market.

**Michigan motor vehicle production** increased to 78,563 units in February. Due to decreased sales, many automotive plants have been on an extended shutdown. From a year ago, motor vehicle production decreased 62 percent in Michigan and fell 55 percent nationally. In February, Michigan's car production was 21,931 units while the state's truck production was 56,632 units. Compared with a year ago, car production decreased 78 percent in Michigan and fell 56 percent nationwide. The state's truck production decreased 48 percent while national truck production decreased 55 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 January 9, 2009 Consensus Revenue Agreement  
(Article IX, Section 26)  
(in millions)**

	<b>Fiscal Year 2006-2007 Actual</b>	<b>Fiscal Year 2007-2008 Estimate</b>	<b>Fiscal Year 2008-2009 Estimate</b>
Applicable Calendar Year Personal Income	\$331,304	\$341,075	\$345,885
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	<u>\$31,440.7</u>	<u>\$32,368.0</u>	<u>\$32,824.5</u>
Revenue Limit	\$31,440.7	\$32,368.0	\$32,824.5
State Revenue Subject to Limit	<u>\$26,118.4</u>	<u>\$27,671.1</u>	<u>\$26,583.8</u>
<b>Amount Under (Over) Limit</b>	<b>\$5,322.4</b>	<b>\$4,696.9</b>	<b>\$6,240.6</b>

Sources:

Personal Income Estimate

The FY 2006-07 calculation uses the official personal income estimate for calendar year 2005 (Survey of Current Business, October 2006).

The FY 2007-08 calculation uses the official personal income estimate for calendar year 2006 (Survey of Current Business, October 2007).

The FY 2008-09 calculation uses the official personal income estimate for calendar year 2007 (Survey of Current Business, October 2008).

Revenue Subject to the Limit

The FY 2006-07 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2007.

The FY 2007-08 calculation uses the January 9, 2009 Consensus Revenue Agreement.

The FY 2008-09 calculation uses the January 9, 2009 Consensus Revenue Agreement.

Column detail may not add to totals because of rounding

Prepared By: Office of Revenue and Forecasting, Michigan Department of Treasury