



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

ROBERT L. EMERSON
DIRECTOR

August 24, 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 June 30, 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 under "Financial Reports."

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

Sincerely,

A handwritten signature in black ink that reads "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
June 30, 2009
(\$ in millions)

	FISCAL 2009
Beginning Balance, October 1, 2008	\$ 457.9
Revenues, Current Law:	
Current Year GF/GP Revenues, May 2009 Consensus Estimate	\$ 7,435.3
Revenue Adjustments:	
Revenue Sharing Freeze (PA 127 of 2007 and May 2009 Consensus)	\$ 289.7
Suspend County Revenue Sharing (PA 356 and 357 of 2004)	\$ 207.2
Statutory Revenue Sharing - EO 2009-22	\$ 41.4
Charge School Aid Fund for Short Term Borrowing Costs	\$ 45.0
Transportation Economic Development Fund Revenue to GF (PA 346 of 2008)	\$ 6.0
Delinquent tax collection to GF - EO 2009-22	\$ 0.3
Federal revenue received - medical assistance increase - ARRA (P.L. 111-5 of 2009)	\$ 715.8
Subtotal Additional Revenue Adjustments	\$ 1,305.4
Anticipated Revenue Adjustments:	
Use tax on Medicaid managed care organizations - PA 440 of 2008 (Senate Bill 480)	\$ 156.1
Transportation Economic Development Fund to GF - EO 2009-22 (legislation needed)	\$ 12.0
21st Century Jobs Trust Fund Revenue to GF (House Bill 4182)	\$ 20.0
21st Century Jobs Trust Fund Revenue to GF - EO 2009-22 (legislation needed)	\$ 22.0
County revenue sharing inflation adjustment (legislation needed)	\$ 1.0
Insurance Escheats	\$ 25.0
Secondary Collections	\$ 6.0
Federal revenue pending - State Fiscal Stabilization Fund - ARRA (P.L. 111-5 of 2009)	\$ 289.8
Federal revenue pending - medical assistance increase - ARRA (P.L. 111-5 of 2009)	\$ 147.8
Federal revenue pending - accrual impact - ARRA (P.L. 111-5 of 2009)	\$ 30.0
Subtotal Anticipated Revenue Adjustments	\$ 709.7
Total FY Resources Available For Expenditure GF/GP	9,908.3
Expenditures, Current Law:	
FY 2009 Enacted with Vetoes	\$ 9,701.4
Executive Order 2008-21	\$ (134.0)
Executive Order 2009-22	\$ (221.8)
Enacted Supplemental (PA 24 of 2009)	\$ (6.9)
Enacted Supplemental (PA 73 of 2009)	\$ 44.2
Anticipated Expenditure Adjustments:	
Supplemental Request (8-18-2008, revised 3-23-2009)	\$ 0.6
Supplemental Requests (2-12-2009, revised through 5-29-09)	\$ 334.9
Supplemental Request (6-1-2009)	\$ 10.0
Contract savings/lapses	\$ (20.0)
Total Expenditures Projected	\$ 9,708.4
Projected Ending Balance, September 30, 2009	\$ 199.9

OFFICIAL BALANCE SHEET

**SCHOOL AID FUND
Fiscal Year 2009
Projected Revenues and Expenditures
June 30, 2009
(\$ in millions)**

	FISCAL 2009
Beginning Balance, October 1, 2008	\$ 247.1
Revenues, Current Law:	
Current Year School Aid Fund Revenues, May 2009 Consensus	\$ 10,943.7
Additional Revenue Adjustments:	
General Fund Subsidy	\$ 40.8
General Fund Pending Supplemental	\$ 44.2
EO 2009-22 General Fund Revision	\$ (7.0)
Federal Aid	\$ 1,562.0
Subtotal Additional Revenue Adjustments	\$ 1,640.0
Total FY Resources Available for Expenditure SAF	\$ 12,830.8
Expenditures, Current Law:	
PA 268 of 2008 as Enacted	\$ 13,378.9
Revised Cost Estimates	\$ (112.1)
EO 2009-22 Revision	\$ (7.0)
Adjusted Appropriations	\$ 13,259.8
Projected School Aid Fund Ending Balance September 30, 2009	\$ (429.0)

¹ Subsequent to this report, federal State Fiscal Stabilization Funds totalling \$600 million were appropriated by the Legislature in PA 73 of 2009 to offset this negative balance.

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

June 30, 2009

(\$ IN MILLIONS)

FISCAL YEAR 2007-08

FISCAL YEAR 2008-09

June 2008	Yr-to-date 2007-08	Fiscal Yr end SEP 30, 2008	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc June 2009	Exp & Enc Yr-to-date 2008-09
6.4	58.4	83.4	Agriculture	91.4	-1.8	5.3	52.6
5.2	48.3	67.1	Attorney General	75.4	1.0	5.1	49.4
1.3	11.8	16.5	Auditor General	15.9	-0.5	1.3	11.9
21.8	195.2	233.7	Capital Outlay**	481.8	88.8	19.6	210.3
1.1	9.8	13.4	Civil Rights	14.5	1.1	1.1	9.9
2.2	18.0	25.3	Civil Service Commission	70.2	-2.5	4.5	41.5
164.6	1,742.9	2,080.3	Colleges & Universities	1,952.7	0.0	166.5	1,601.4
855.9	8,294.7	11,192.8	Community Health	12,472.3	-45.9	904.2	8,992.1
158.8	1,449.9	1,952.6	Corrections	2,019.7	-35.1	148.7	1,456.8
5.0	41.2	58.2	Education	95.1	938.4	7.1	50.0
14.4	148.9	200.9	Environmental Quality	327.8	248.9	13.1	133.8
0.4	3.8	5.3	Executive Office	5.3	-0.3	0.3	3.8
2.2	30.4	46.3	History, Arts & Library	52.8	2.0	2.2	35.0
393.1	3,230.4	4,361.4	Human Services	4,571.4	1,001.9	436.0	3,638.1
0.0	0.0	0.0	Information Technology	0.0	0.0	0.0	0.0
7.8	149.5	209.0	Judiciary	261.9	-2.8	12.2	149.8
59.9	522.5	740.1	Labor & Economic Growth	990.5	446.6	77.8	601.3
9.5	89.2	120.8	Legislature	114.5	-3.5	9.1	87.9
10.9	123.9	169.8	Management & Budget	183.6	4.0	10.4	125.6
0.0	20.1	29.6	Michigan Strategic Fund	29.6	7.4	0.0	19.5
9.6	92.0	120.9	Military Affairs	123.9	12.2	8.0	91.0
6.3	37.4	60.2	Natural Resources	62.4	-0.3	6.5	34.9
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
15.8	157.8	214.7	State	214.8	6.3	15.5	155.0
36.5	312.0	437.8	State Police	530.3	-6.1	36.7	313.4
0.0	0.0	0.0	Transportation	0.0	0.0	0.0	0.0
139.1	1,161.2	2,876.0	Treasury	1,511.2	-44.6	201.3	1,227.2
\$1,927.8	\$17,949.3	\$25,316.1		\$26,268.9	\$2,615.1	\$2,092.5	\$19,092.2

*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

June 2009

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	17,164.7	-1.4	17,163.3
Total state spending from state resources	28,460.6	-402.9	28,057.7
Percentage of state spending from state resources paid to local units	60.31%		61.17%
Required payments to local units (48.97%)	13,937.2		13,739.9
Surplus/(deficit)	\$3,227.5		\$3,423.4

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
OCTOBER 1, 2008 THROUGH JUNE 30, 2009
(in thousands)

REVENUES

Taxes	\$	-
From federal agencies		-
Miscellaneous		<u>16</u>
 Total Revenues		 <u>16</u>

EXPENDITURES

Current:		
General government		-
Education		-
Family Independence services		-
Public safety and corrections		<u>-</u>
 Total Expenditures		 <u>-</u>
 Excess of Revenues over (under) Expenditures		 <u>16</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>
 Total Other Financing Sources (Uses)		 <u>-</u>
 Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		 <u>\$ 16</u> ¹

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

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES
MICHIGAN STRATEGIC FUND
OCTOBER 1, 2008 THROUGH JUNE 30, 2009
(in thousands)

OPERATING REVENUES

Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Financing fees	2,432
Other	<u>4,274</u>
Total miscellaneous	<u>6,706</u>
Total Operating Revenues	<u>6,706</u>

OPERATING EXPENSES

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	<u>6,478</u>
Total other operating expenses	<u>6,478</u>
Total Operating Expenses	<u>6,478</u>
Operating Income (Loss)	<u>228</u>

NONOPERATING REVENUES (EXPENSES)

Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	-
Other nonoperating revenue	<u>-</u>
Total other nonoperating revenues	<u>-</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>
Income (Loss) Before Operating Transfers	<u>228</u>

OPERATING TRANSFERS

Operating transfers from primary government	-
Operating transfers to primary government	<u>-</u>
Total Operating Transfers In (Out)	<u>-</u>
Net Income (Loss)	<u>\$ 228</u> ¹

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

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
OCTOBER 1, 2008 THROUGH JUNE 30, 2009
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>49,340</u>
Total Revenues	<u>49,340</u>

EXPENDITURES

Current:	
General government	500
Conservation, environment, recreation, and agriculture	1,864
Capital outlay	<u>16,715</u>
Total Expenditures	<u>19,079</u>
Excess of Revenues over (under) Expenditures	<u>30,260</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Proceeds from sale of capital assets	15
Operating transfers from other funds	-
Operating transfers to other funds	<u>(10,025)</u>
Total Other Financing Sources (Uses)	<u>(10,010)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 20,250</u> ¹

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

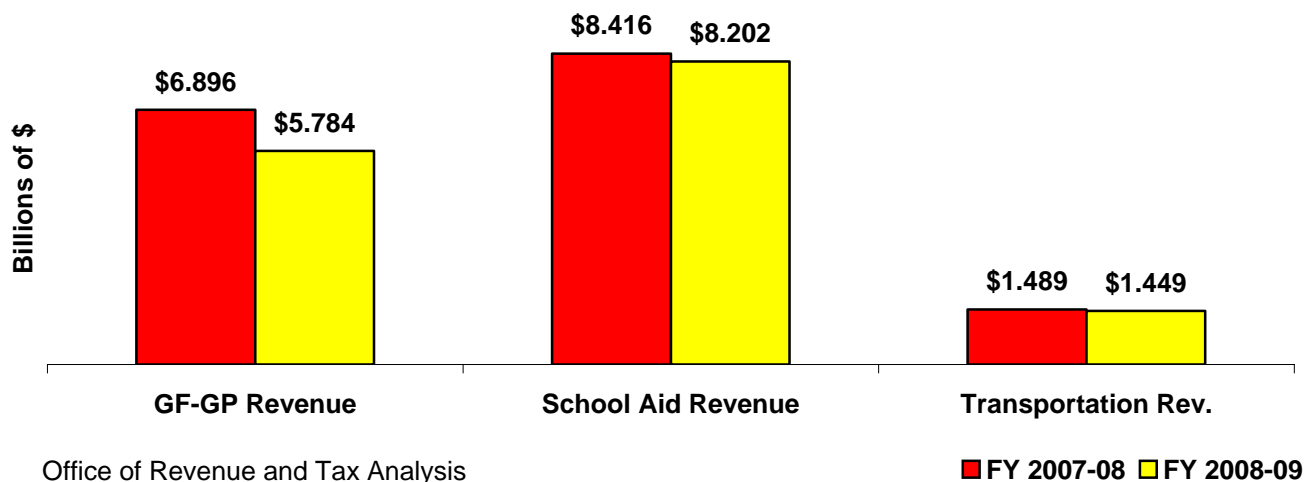
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

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

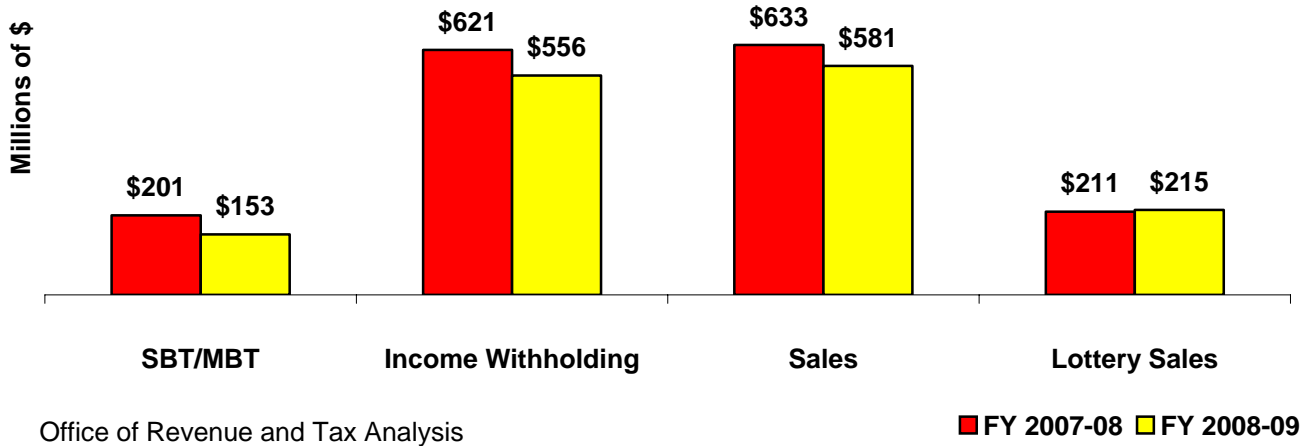
Total General Fund - General Purpose cash collections were \$229.1 million (24.5 percent) lower in June 2009 than in June 2008. The decrease is mostly due to lower income tax and Michigan Business Tax collections. June School Aid Fund cash collections were \$61.1 million (6.8 percent) lower than in June 2008. June transportation collections were \$0.1 million (0.1 percent) lower than in June 2008 (see revenue table). June is the ninth 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 down \$1,112.2 million (16.1 percent) from a year ago. School Aid Fund cash collections are down \$214.1 million (2.5 percent) and transportation collections are down \$40.4 million (2.7 percent).

The FY 2008-2009 revenue projections presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on May 15, 2009. The revenue estimate for net General Fund – General Purpose revenue for FY 2008-2009 is \$7,435.3 million and the net School Aid revenue forecast is \$10,943.7 million. The Transportation Funds revenue forecast is \$2,050.5 million. The next regularly scheduled revenue conference will be held in January 2010.

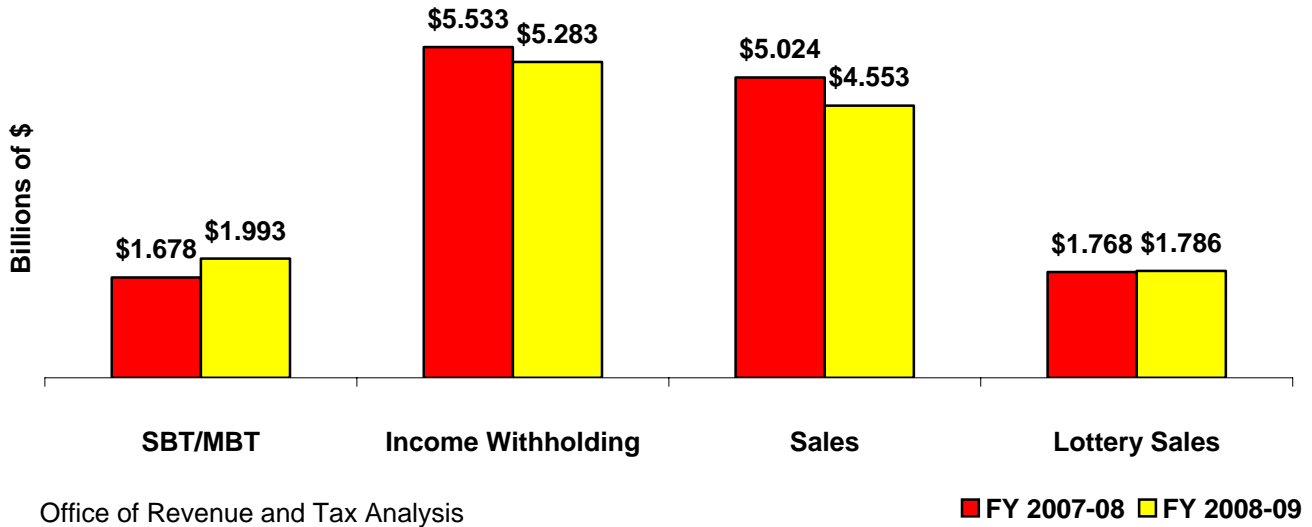
**October through June Collections
Fiscal Years 2007-08 and 2008-09**



June Revenue Collections Fiscal Years 2007-08 and 2008-09



October through June 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: June 30, 2009

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JUNE CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
June		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	May 2009 Consensus
Income Taxes											
\$620,971	\$556,050	(\$64,920)	-10.5%	Withholding	\$5,532,881	\$5,283,305	(\$249,576)	-4.5%	\$7,282,000	\$7,327,900	\$6,894,900
183,441	116,354	(67,086)	-36.6%	Quarterlies	633,320	462,969	(170,352)	-26.9%	848,900	848,100	637,000
11,030	13,107	2,077	18.8%	Annuals	829,760	613,623	(216,137)	-26.0%	884,900	879,700	637,000
815,441	685,511	(129,930)	-15.9%	Gross Collections	6,995,961	6,359,896	(636,065)	-9.1%	\$9,015,800	\$9,055,700	\$8,168,900
44,877	73,049	28,171	62.8%	Less: Refunds	1,683,127	2,016,318	333,191	19.8%	1,790,300	2,046,100	2,111,300
0	0	0	na	State Campaign Fund	0	0	0	na	1,200	1,500	1,500
770,564	612,463	(158,101)	-20.5%	Net Personal Income	5,312,835	4,343,578	(969,256)	-18.2%	\$7,224,300	\$7,008,100	\$6,056,100
189,672	159,587	(30,085)	-15.9%	Less: Disbursements to SAF	1,627,261	1,480,584	(146,677)	-9.0%	\$2,117,700	\$2,111,500	\$1,899,400
\$580,892	\$452,876	(\$128,017)	-22.0%	NET PERSONAL INCOME TO GF-GP	\$3,685,574	\$2,862,994	(\$822,580)	-22.3%	\$5,106,600	\$4,896,600	\$4,156,700
Consumption Taxes											
\$7,932	\$7,898	(\$34)	-0.4%	Sales (a)	\$54,582	\$54,489	(\$92)	-0.2%	\$76,500	\$89,600	\$32,300
82,057	88,092	6,035	7.4%	Use (i)	692,456	595,718	(96,738)	-14.0%	911,600	877,400	768,300
18,485	17,136	(1,349)	-7.3%	Tobacco	156,339	150,730	(5,609)	-3.6%	212,900	211,600	203,200
4,959	4,915	(44)	-0.9%	Beer, Wine & Mixed Spirits	37,345	37,106	(239)	-0.6%	50,900	51,500	51,500
3,520	3,063	(458)	-13.0%	Liquor Specific	24,367	23,263	(1,104)	-4.5%	37,300	37,000	36,500
\$116,953	\$121,103	\$4,150	3.5%	TOTAL CONSUMPTION TAXES	\$965,088	\$861,306	(\$103,782)	-10.8%	\$1,289,200	\$1,267,100	\$1,091,800
Other Taxes											
\$29,941	(\$35,850)	(\$65,791)	na	Single Business	\$975,587	(\$107,588)	(\$1,083,176)	na	\$573,800	\$0	(\$158,200)
1,837	2,402	564	30.7%	Insurance Premiums Taxes	166,611	193,517	26,906	16.1%	223,200	260,000	243,800
31,779	(33,448)	(65,227)	na	Sub-total SBT & Insurance	1,142,199	85,929	(1,056,270)	-92.5%	797,000	260,000	85,600
156,043	128,312	(27,730)	-17.8%	Michigan Business Tax (h)	639,369	1,553,556	914,187	143.0%	1,551,600	1,931,600	1,589,000
(495)	148	643	na	Inheritance / Estate	244	32	(211)	-86.7%	200	0	0
259	81	(178)	-68.7%	Telephone & Telegraph	41,311	35,028	(6,284)	-15.2%	80,800	75,000	74,000
9,937	3,189	(6,748)	-67.9%	Oil & Gas Severance	66,428	42,622	(23,805)	-35.8%	97,100	83,000	61,000
1,181	887	(294)	-24.9%	Casino Wagering	12,083	8,565	(3,517)	-29.1%	15,400	0	3,400
13,935	9,943	(3,992)	-28.6%	Penalties & Interest	117,509	113,836	(3,673)	-3.1%	160,600	151,000	147,000
9	(2)	(11)	na	Miscellaneous Other/Railroad	47	345	298	na	1,700	1,000	1,000
(9,517)	(9,667)	(150)	1.6%	Treasury Enforcement Programs (f)	(85,650)	(87,000)	(1,350)	1.6%	(114,200)	(113,000)	(116,000)
\$203,130	\$99,444	(\$103,687)	-51.0%	TOTAL OTHER TAXES	\$1,933,538	\$1,752,912	(\$180,625)	-9.3%	\$2,590,200	\$2,388,600	\$1,845,000
\$900,976	\$673,423	(\$227,553)	-25.3%	SUBTOTAL GF-GP TAXES	\$6,584,200	\$5,477,212	(\$1,106,987)	-16.8%	\$8,986,000	\$8,552,300	\$7,093,500

continued

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

For The Month Ended: June 30, 2009

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JUNE CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
June		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	May 2009 Consensus
Non-Tax Revenue (f)											
\$1,233	\$1,417	\$183	14.9%	Federal Aid	\$11,100	\$12,750	\$1,650	14.9%	\$14,800	\$20,000	\$17,000
8	42	33	400.0%	Local Agencies	75	375	300	400.0%	100	700	500
1,533	108	(1,425)	-92.9%	Services	13,800	975	(12,825)	-92.9%	18,400	8,100	13,000
1,858	2,000	142	7.6%	Licenses & Permits	16,725	18,000	1,275	7.6%	22,300	23,000	24,000
0	0	0	na	Investments/Interest Costs	(8,891)	(262)	8,629	-97.1%	(54,400)	(81,000)	(74,000)
12,675	12,475	(200)	-1.6%	Misc. Non-tax Revenue	114,075	112,275	(1,800)	-1.6%	152,100	148,500	144,000
13,267	13,267	0	0.0%	Liquor Purchase Revolving Fund	119,400	119,400	0	0.0%	159,200	155,000	159,200
5,100	4,833	(267)	-5.2%	From Other Funds-Lottery & Escheats	45,900	43,500	(2,400)	-5.2%	61,200	58,000	58,000
\$35,675	\$34,142	(\$1,533)	-4.3%	TOTAL NON-TAX REVENUE	\$312,184	\$307,013	(\$5,171)	-1.7%	\$373,700	\$332,300	\$341,700
\$936,651	\$707,564	(\$229,086)	-24.5%	TOTAL GF-GP REVENUE	\$6,896,384	\$5,784,226	(\$1,112,158)	-16.1%	\$9,359,700	\$8,884,600	\$7,435,300
School Aid Fund											
\$258,488	\$237,535	(\$20,953)	-8.1%	Sales Tax 4%	\$2,053,891	\$1,868,742	(\$185,149)	-9.0%	2,767,700	2,715,300	2,541,400
202,581	184,712	(17,869)	-8.8%	Sales Tax 2%	1,600,494	1,438,138	(162,356)	-10.1%	2,160,400	2,117,700	1,973,200
41,028	44,046	3,017	7.4%	Use Tax 2% (i)	346,228	297,859	(48,369)	-14.0%	459,300	438,600	384,200
15,433	60,750	45,317	294.0%	Michigan Business Tax (h)	63,234	546,750	483,516	765.0%	341,000	729,000	729,000
58,989	44,388	(14,601)	-24.8%	State Education Property Tax	1,538,237	1,552,018	13,781	0.9%	2,079,700	2,015,500	2,006,000
13,462	8,473	(4,989)	-37.1%	Real Estate Transfer Tax	135,476	83,238	(52,238)	-38.6%	169,800	177,000	100,000
70,000	55,000	(15,000)	-21.4%	Lottery Transfer (b)	510,901	476,735	(34,165)	-6.7%	740,700	747,600	688,100
8,461	7,983	(479)	-5.7%	Casino Wagering Tax	86,592	77,087	(9,505)	-11.0%	112,100	118,600	109,600
3,478	2,987	(491)	-14.1%	Liquor Excise Tax	24,136	23,018	(1,117)	-4.6%	36,900	37,000	36,500
37,527	34,788	(2,738)	-7.3%	Cigarette/Tobacco Tax	317,391	306,005	(11,386)	-3.6%	424,700	421,500	403,000
3,984	2,124	(1,860)	-46.7%	Indus. & Comm. Facilities Taxes	104,985	44,120	(60,866)	-58.0%	86,100	60,900	56,000
988	590	(398)	-40.2%	Specific Other	7,528	7,940	412	5.5%	17,100	17,100	17,100
189,672	159,587	(30,085)	-15.9%	Income Tax Earmarking	1,627,261	1,480,584	(146,677)	-9.0%	\$2,117,700	\$2,111,500	\$1,899,400
\$904,092	\$842,965	(\$61,128)	-6.8%	TOTAL SCHOOL AID FUND	\$8,416,354	\$8,202,233	(\$214,120)	-2.5%	\$11,513,200	\$11,707,400	\$10,943,700
\$633,395	\$580,604	(\$52,791)	-8.3%	SALES TAX 6%	\$5,023,646	\$4,552,708	(\$470,938)	-9.4%	\$6,773,300	\$6,645,000	\$6,211,700
430,814	395,892	(34,922)	-8.1%	SALES TAX 4%(d)	3,423,152	3,114,571	(308,581)	-9.0%	4,612,900	4,527,300	4,238,500
202,581	184,712	(17,869)	-8.8%	SALES TAX 2%	1,600,494	1,438,138	(162,356)	-10.1%	2,160,400	2,117,700	1,973,200
123,085	132,138	9,052	7.4%	USE TAX 6% (i)	1,038,683	893,576	(145,107)	-14.0%	1,377,000	1,316,000	1,152,500
171,475	189,062	17,587	10.3%	MICHIGAN BUSINESS TAX	702,603	2,100,306	1,397,703	199.0%	1,892,600	2,660,700	2,318,000
9,839	8,870	(969)	-9.8%	CASINO WAGERING TAX	100,688	85,652	(15,036)	-14.9%	129,700	118,600	113,500
92,888	86,109	(6,778)	-7.3%	TOBACCO TAXES	785,621	757,437	(28,184)	-3.6%	1,073,600	1,058,700	1,015,600
1	0	(1)	-100.0%	TOBACCO SETTLEMENT	251,452	279,044	27,592	11.0%	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: June 30, 2009

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JUNE CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
June		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	May 2009 Consensus
				Major Transportation Revenues							
\$12,678	\$10,027	(\$2,651)	-20.9%	Diesel Fuel / Motor Carrier Fuel Tax (e)	\$104,319	\$88,512	(\$15,807)	-15.2%	\$140,057	\$143,000	\$137,000
73,147	73,213	66	0.1%	Gasoline	631,521	618,433	(13,089)	-2.1%	848,864	830,100	832,000
67,405	69,933	2,529	3.8%	Motor Vehicle Registration	651,694	642,683	(9,011)	-1.4%	855,036	870,000	835,000
4,427	4,227	(199)	-4.5%	Other Taxes, Fees & Misc.	36,219	32,455	(3,763)	-10.4%	140,730	178,879	162,705
7,277	7,413	136	1.9%	Comprehensive Transportation (c)	65,489	66,713	1,223	1.9%	83,795	88,950	83,843
\$164,932	\$164,812	(\$120)	-0.1%	TOTAL MAJOR TRANS. REVENUES	\$1,489,243	\$1,448,795	(\$40,447)	-2.7%	\$2,068,482	\$2,110,929	\$2,050,548
				Lottery Sales By Games							
68,130	67,855	(275)	-0.4%	Instant Games	548,305	575,628	27,323	5.0%	na	na	na
62,959	64,605	1,647	2.6%	Daily Games	509,927	511,354	1,427	0.3%	na	na	na
22,936	26,944	4,009	17.5%	Lotto and Big Game	228,812	239,129	10,317	4.5%	na	na	na
1,325	1,318	(7)	-0.5%	Keno Game	10,409	10,526	117	1.1%	na	na	na
0	0	0	na	Changeplay Game	0	0	0	na	na	na	na
4,386	3,553	(833)	-19.0%	Millionaires Raffle	38,991	31,757	(7,235)	-18.6%	na	na	na
51,147	50,840	(307)	-0.6%	Club Games	431,403	417,387	(14,015)	-3.2%	na	na	na
\$210,883	\$215,116	\$4,233	2.0%	TOTAL LOTTERY SALES	\$1,767,847	\$1,785,782	\$17,935	1.0%	na	na	na

-12-

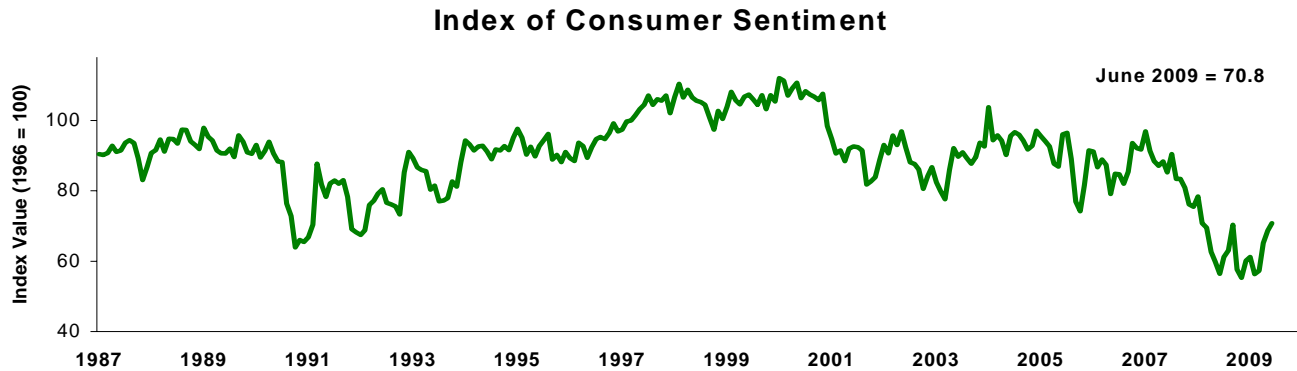
- a GF-GP Sales has been estimated based on CTF and Health Initiative shares.
- b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.
- c The CTF distributions have been estimated (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.
- h October 2008 through February 2009 SAF/GF distribution percentages were incorrect. Distribution percentages were corrected in March for this error.
- i 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 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 70.8 in June, up 2.1 index-points from the May value and 14.4 index-points above June 2008. On the gain in confidence, Survey Director Richard Curtin noted, "Consumer confidence inched upward in late June with all of the gain concentrated in assessments of current economic conditions and among households with incomes of less than \$75,000. Expectations about future economic prospects remained unchanged as did overall confidence among higher income households." Curtin also observed, "Since the November 2008 low, the Sentiment Index has gained a total of 15.5 points, reversing about one-third of the loss recorded since the cyclical peak in January 2007. Such a sizable gain has usually indicated that an end to the economic downturn is on the horizon, as consumers begin to increase their spending on houses, vehicles and large household durables. Rather than a robust spurt in spending, the gains are expected to be lackluster as the supply of and demand for consumer credit will not mirror past recoveries. Unlike the start of past recoveries, the financial situation of consumers remains quite bleak in terms of current income and employment as well as their household wealth." On spending plans for durables, Curtin observed, "Buying plans for durables and vehicles inched upward in June while home buying plans slipped. Income uncertainty as well as the expectation of future price declines have acted to weaken durable sales." In June, consumers in three of the four of the regions reported an increase in confidence. Northeastern consumers reported the largest increase in confidence of 12.8 index-points followed by Midwestern consumers at 4.6 index-points. The gap across regions increased from last month to 12.0 index-points, with Southern consumers on top and Western consumers on the bottom.

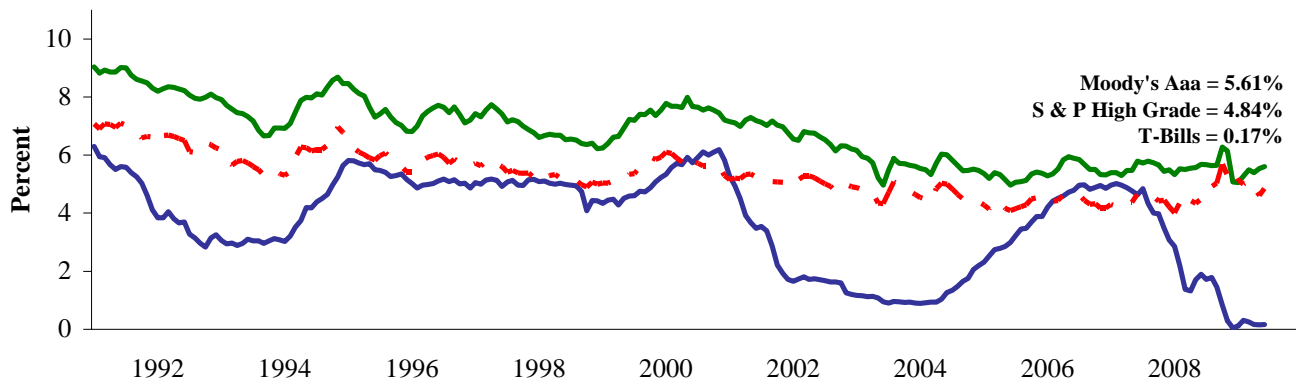
The revised estimate of real **Gross Domestic Product** for the first quarter of 2009 is \$11,360.5 billion (chained 2000 dollars), a decrease of 5.5 percent at an annual rate. In the fourth quarter of 2008, real gross domestic product decreased 6.3 percent. The decrease in real GDP was mainly reflected by exports, private inventory investment, equipment and software, nonresidential structures and residential fixed investment. Personal consumption expenditures provided a positive contribution to GDP growth. Imports, which are a subtraction in calculating GDP, decreased. Real personal consumption expenditures increased 1.4 percent in the first quarter, compared to a 4.3 percent decrease in the fourth quarter. Real residential fixed investment decreased 38.8 percent in the first quarter compared to a decrease of 22.8 percent in the fourth quarter. Real nonresidential fixed investment decreased 37.3 percent in the first quarter with a decrease in equipment and software of 33.7 percent. Real

federal government expenditures decreased 4.5 percent in the first quarter, compared to an increase of 7.0 percent in the fourth quarter. Real state and local government spending decreased 2.2 percent in the first quarter, compared to a decrease of 2.0 percent in the fourth quarter. Exports of goods and services decreased 30.6 percent in the first quarter, compared to a 23.6 percent decrease in the fourth quarter. Imports decreased 36.4 percent in the first quarter compared to a decrease of 17.5 percent in the fourth quarter. Private inventory investment decreased \$87.1 billion in the first quarter, following a \$25.8 billion decrease in the fourth quarter. Real final sales decreased 3.3 percent in the first quarter compared to a decrease of 6.2 percent in the fourth quarter. On the inflation front, the **implicit price deflator** increased at a 2.8 percent annual rate in the first quarter, compared to a 0.6 percent increase observed in the fourth quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.7 percent in June, up from a 0.1 percent increase in May. Energy increased 7.4 percent in June, compared to an increase of 0.2 percent in May, while the all-items less food and energy component increased 0.2 percent. For the six months since December, the all-items index increased 2.7 percent.

Compared to June 2008, the all-items index decreased 1.4 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 2.2 percent; housing, 0.1 percent; medical care, 3.2 percent; apparel, 1.5 percent; education and communication, 3.0 percent; other goods and services, 7.1 percent; recreation, 1.5 percent; unadjusted decreases from one year ago were: transportation, 13.2 percent, with gasoline prices down 34.6 percent.

Selected Key Interest Rates

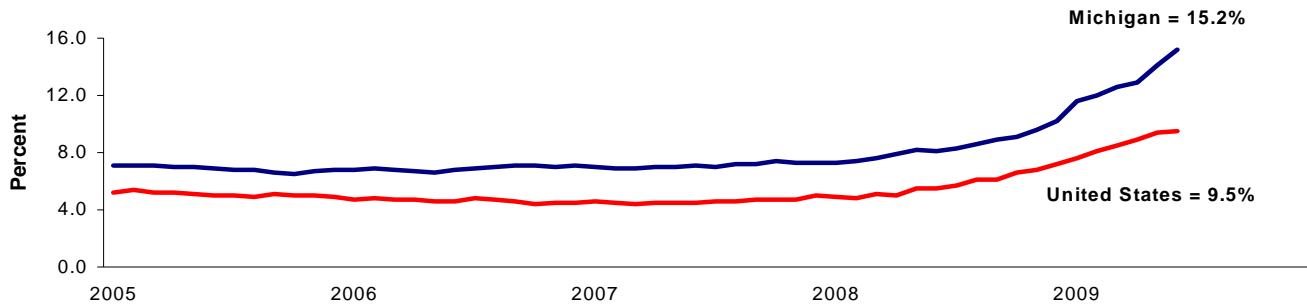


Source: Economic Indicators

Short-term **interest rates** increased 0.02 percentage points in June as the 3-month Treasury bill (T-bill) rate averaged 0.17 percent. Compared to one year ago, the T-bill rate is down 1.73 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, increased 0.07 percentage points to an interest yield of 5.61 percent in June. Compared to one year ago, the Aaa bond yield is down 0.07 percentage points. The interest rate on High-grade municipal bonds increased 0.24 percentage points to 4.84 percent in June, and is up 0.36 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 June 24th meeting. The FOMC stated that, “The Federal Reserve will employ all available tools to promote economic recovery and to preserve price stability. The Committee will maintain the target range and anticipates that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period.” The Federal Reserve “monitoring the size of its balance sheet and will make adjustments to its credit and liquidity programs as warranted.”

In June, the **U. S. unemployment rate** increased 0.1 percentage points from a month ago to 9.5 percent and was 3.9 percentage points above one year ago. Civilian employment totaled 140.2 million persons in June, a decrease of 0.4 million from May. The number of unemployed was 14.7 million nationwide.

Unemployment Rates 2005 - 2009



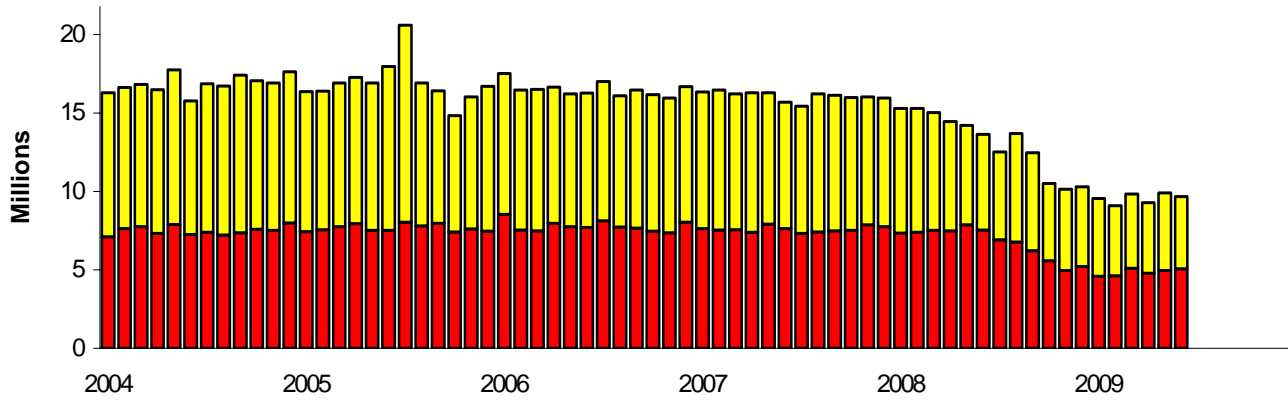
Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In June, the **Michigan jobless rate** increased 1.1 percentage points to 15.2 percent. Compared to a year ago, Michigan's jobless rate was 7.1 percentage points higher. From May, the labor force increased by 24,000 to 4,872,000, while the number of people employed decreased by 35,000 to 4,132,000. In June, there were 740,000 unemployed people. Monthly unemployment rates fluctuate due to statistical sampling errors.

Detroit retail prices, as measured by the Consumer Price Index (CPI-U), increased 1.1 percent from April to June, up from a 0.2 percent increase from February to April. The all-items less food and energy index decreased 0.6 percent from April to June. The food index decreased 0.5 percent from April to June while the energy index increased 19.1 percent. Compared to June 2008, the all-items index decreased 1.4 percent. For individual component items, the increases from one year ago were: food and beverages, 2.4 percent; other goods and services, 7.5 percent; medical care, 0.7 percent; education and communication, 2.2 percent; unadjusted decreases from one year ago were: housing, 1.1 percent; apparel, 0.9 percent; transportation, 9.7 percent.

Motor Vehicle Sector

U. S. Light Vehicle Sales



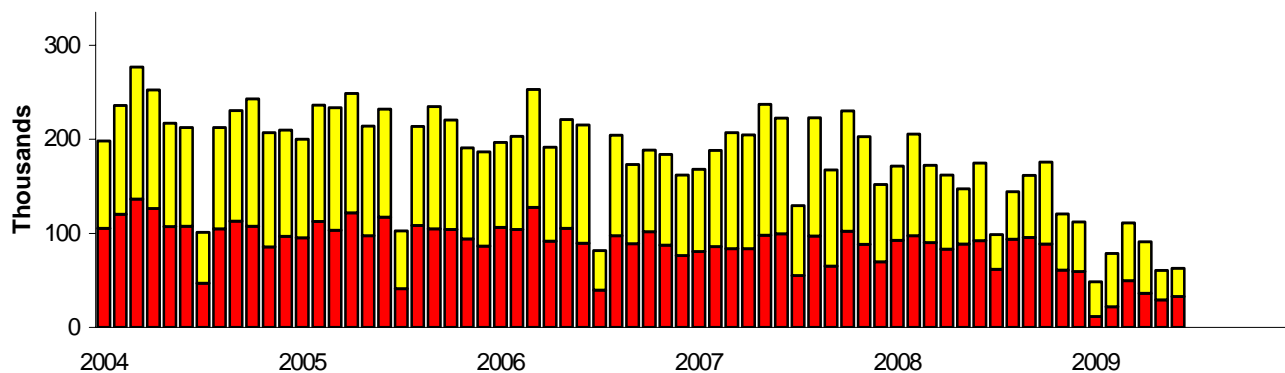
Source: Bureau of Economic Analysis

■ Cars ■ Lt Trucks

U. S. light vehicle sales (cars + light trucks) decreased 0.2 million units in June compared to last month, selling at a 9.7 million unit seasonally adjusted annual rate. Domestic car sales increased 1.0 percent while domestic light truck sales decreased 7.1 percent. Import car sales increased 4.6 percent while import light truck sales decreased 7.4 percent. Compared to last year, light vehicle sales decreased 29.2 percent. Domestic car sales were down 32.2 percent while domestic light truck sales decreased 24.6 percent. Import car sales were down 33.9 percent while import truck sales decreased 24.9 percent from last year. As a result, the domestic share increased 0.9 percentage points from a year ago. For fiscal year 2009 year-to-date, domestic light vehicles have recorded a 73.4 percent share of a 9.8 million-unit market.

Michigan motor vehicle production increased to 62,907 units in June. Many Michigan plants were shutdown due to company restructurings. From a year ago, motor vehicle production decreased 64 percent in Michigan and fell 55 percent nationally. In June, Michigan's car production was 32,947 units while the state's truck production was 29,960 units. Compared with a year ago, car production decreased 64 percent in Michigan and fell 50 percent nationwide. The state's truck production decreased 64 percent while national truck production decreased 58 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



Source: Office of Revenue and Tax Analysis

■ Cars ■ Trucks

**Summary Estimates of the Constitutional Revenue Limit
Based on the May 15, 2009 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2006-2007 Actual	Fiscal Year 2007-2008 Actual	Fiscal Year 2008-2009 Estimate
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>\$27,716.3</u>	<u>\$25,295.2</u>
Amount Under (Over) Limit	\$5,322.4	\$4,651.7	\$7,529.3

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 State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2008.

The FY 2008-09 calculation uses the May 15, 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

