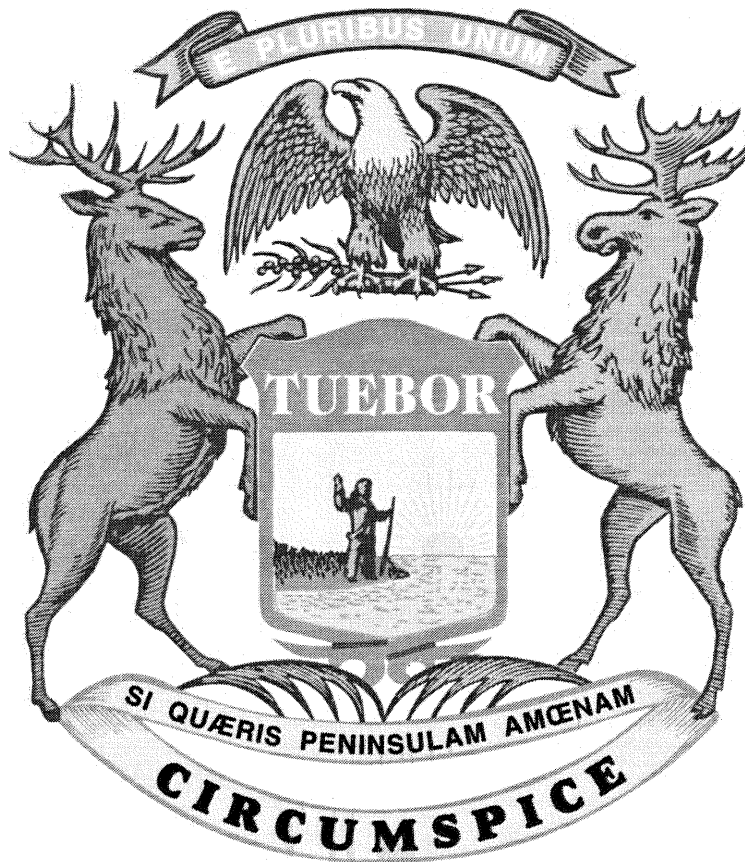


Economic and Revenue Forecasts

FY 2010 and FY 2011



Consensus Revenue Estimating Conference

May 21, 2010

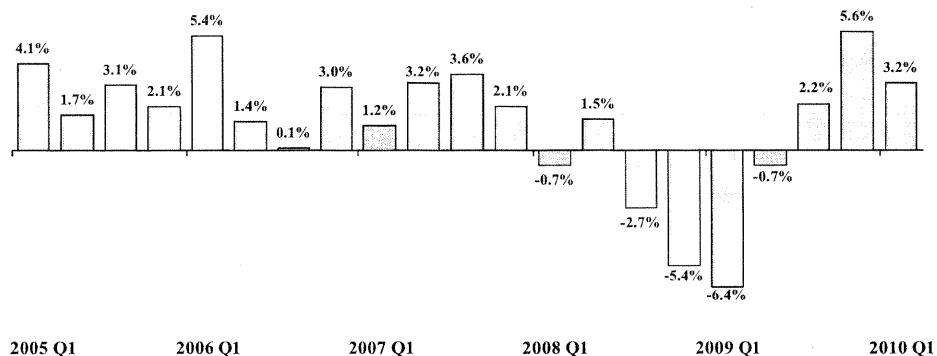
Outline

- **Economic Forecast** – Jay Wortley,
Department of Treasury
- **Revenue Estimates for Major Taxes** – Rebecca Ross,
House Fiscal Agency
- **Revenue Estimates by Fund** – Eric Scorsone,
Senate Fiscal Agency

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Renewed GDP Growth Last Three Quarters

Real GDP Growth



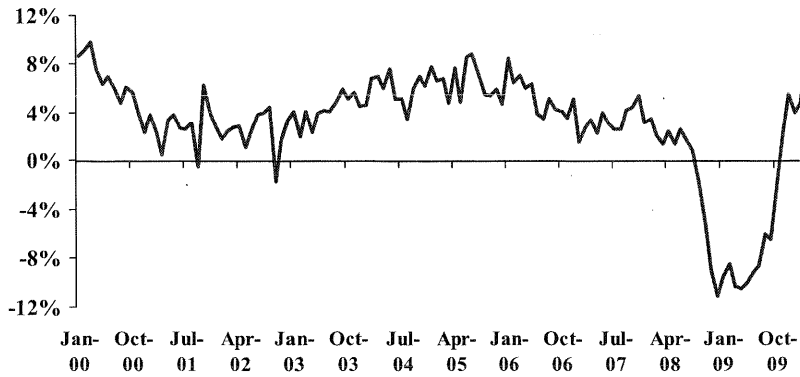
Figures are annualized percent change from preceding quarter in 2005 chained dollars.

Source: Bureau of Economic Analysis.

May 2010 Consensus Conference

U.S. Retail Sales Improving

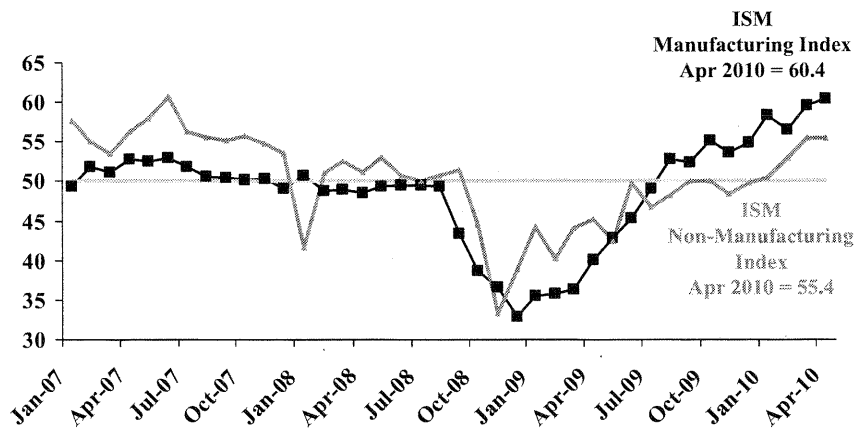
Year-Over-Year Percent Change



Source: U.S. Bureau of the Census.

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ISM Indices Show Expansion

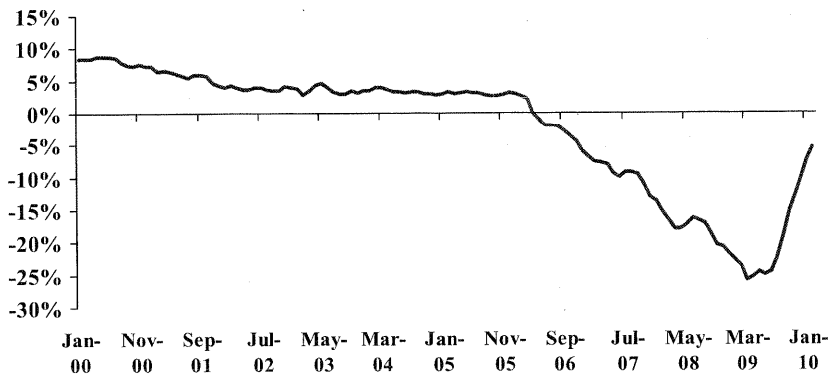


Source: Institute for Supply Management.

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Detroit Home Price Declines Moderate

Year-Over-Year Percent Change

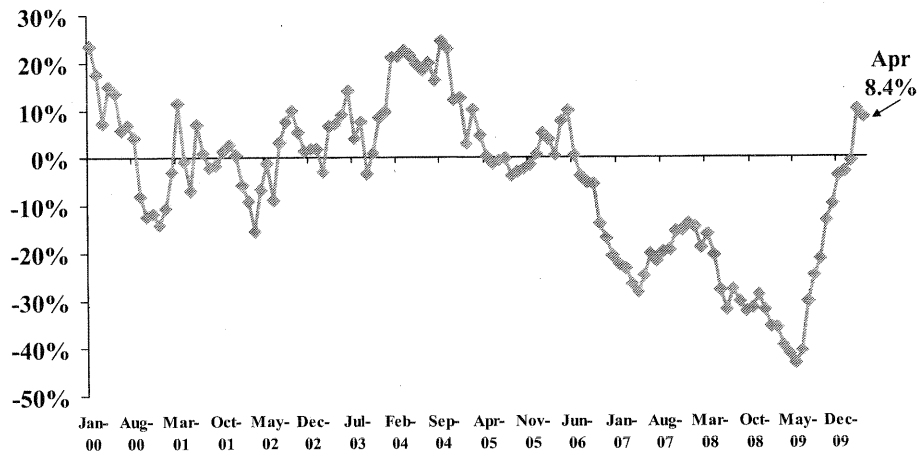


Source: Case-Shiller Index, Standard and Poor's.

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Real Estate Transfer Tax Growing Again

Year-Over-Year Change in 6 Month Trailing Average

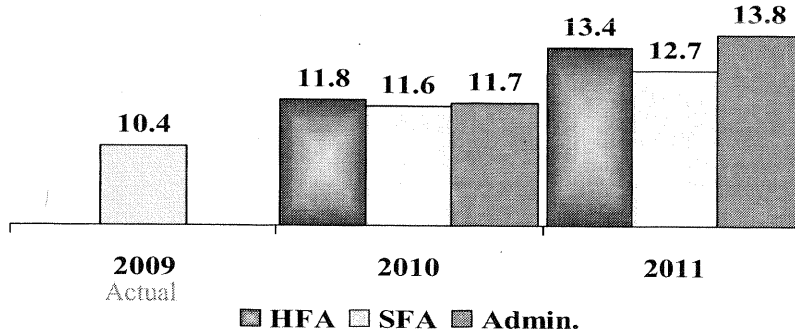


Source: Michigan Department of Treasury.

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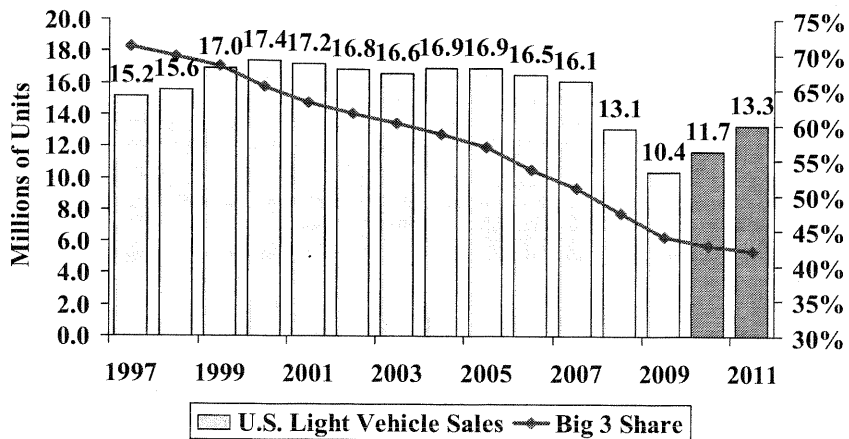
Light Vehicle Sales Forecast

Millions of Units



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Vehicle Sales Up, Big 3 Market Share Down



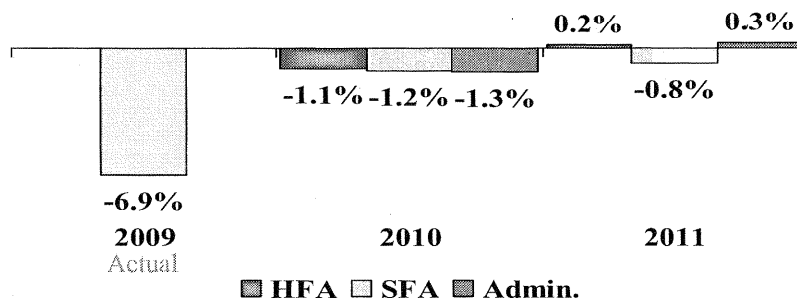
Source: Automotive News.

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Average Agency Forecasts

Michigan Wage and Salary Employment

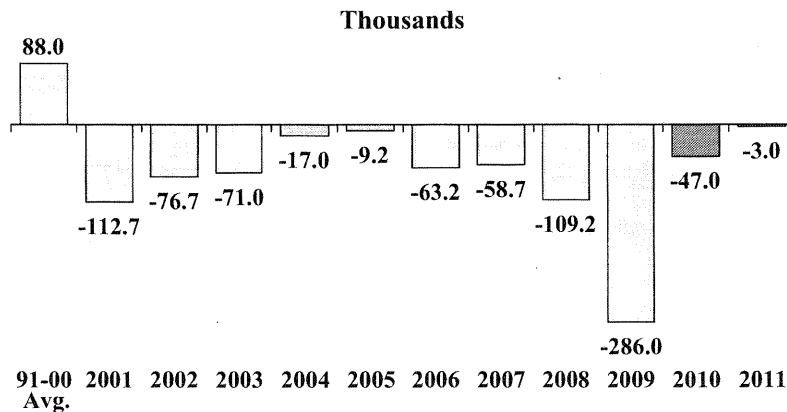
Annual Percent Change



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Michigan Job Loss Expected to End in 2011

Michigan Wage and Salary Employment Y-O-Y Change



May 2010 Consensus Conference

Average Agency Forecasts

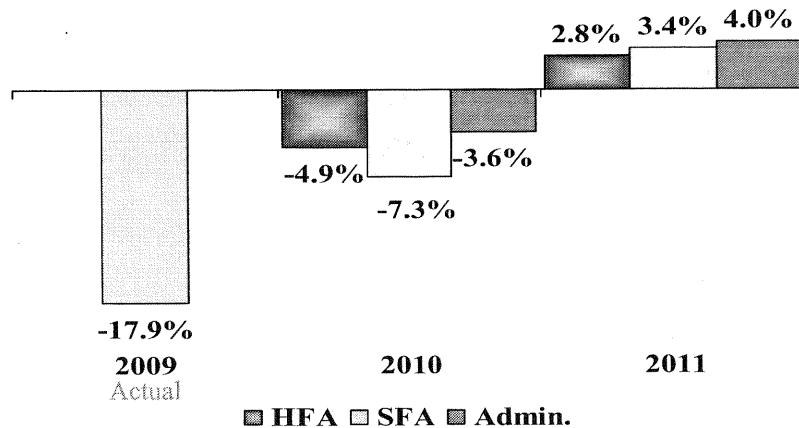
Items Affecting Revenue Growth

- EITC lowers FY 2010 revenues by \$338 million and FY 2011 by \$354 million.
- Film credits lower revenue \$98 million in FY 2010 and \$120 million in FY 2011.
- Smoking ban and Federal tobacco tax increase will lower tobacco tax revenue \$72 million in FY 2010 and \$81 million in FY 2011.
- New lottery games will boost lottery revenue \$54 million in FY 2010 and \$75 million FY 2011.

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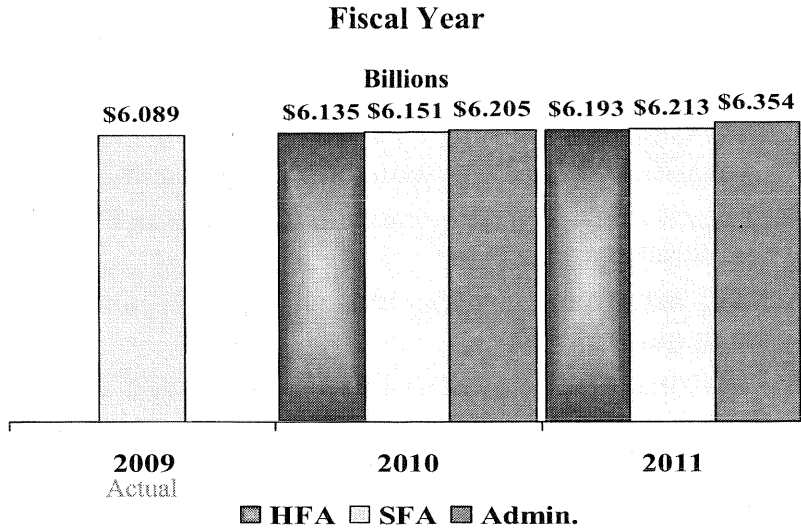
Baseline Income Tax Growth

Fiscal Year Growth



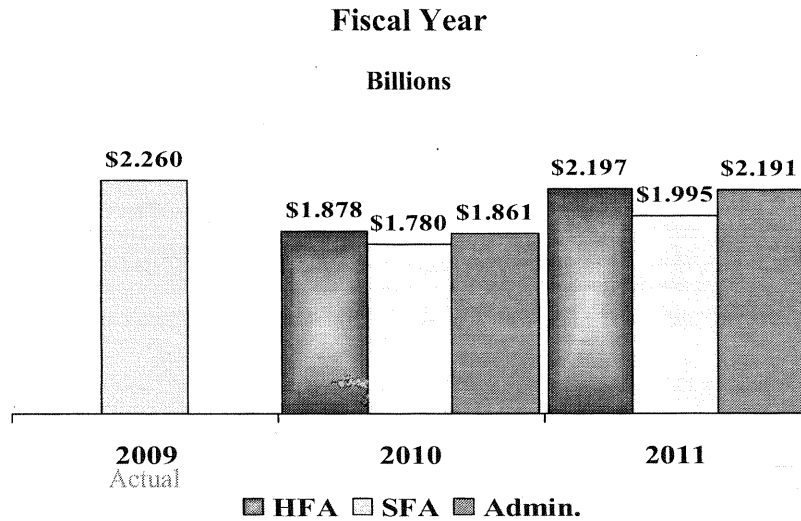
May 2010 Consensus Conference

Net Sales Tax Revenue Estimates



May 2010 Consensus Conference

Net MBT Revenue Estimates



May 2010 Consensus Conference

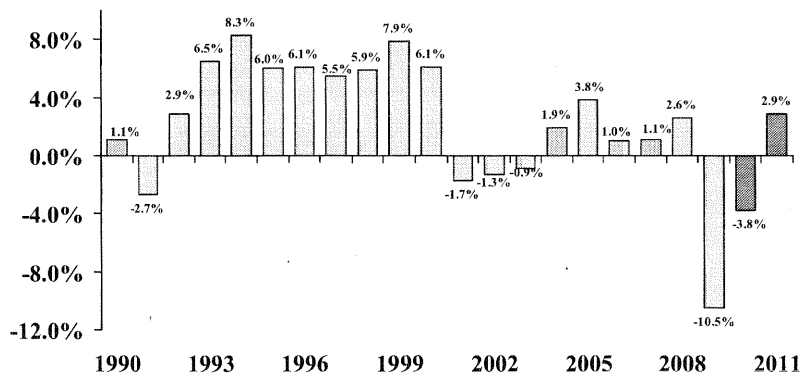
GF-GP and School Aid Fund Revenue

- Growth rate comparisons.
- Level comparisons.
- Budget Stabilization Fund calculation.
- Constitutional Revenue Limit calculation.

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GF-GP and School Aid Revenue

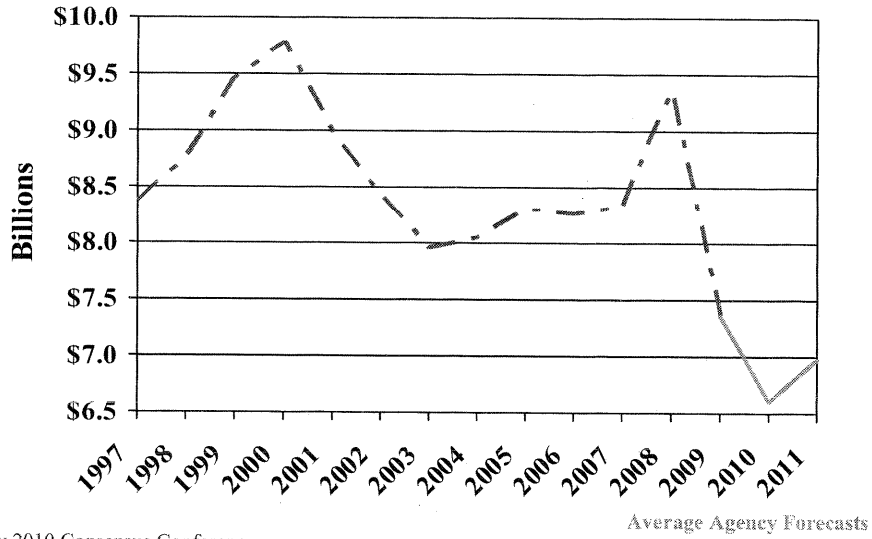
Baseline Growth Rates Before Tax Changes



Average Agency Forecasts

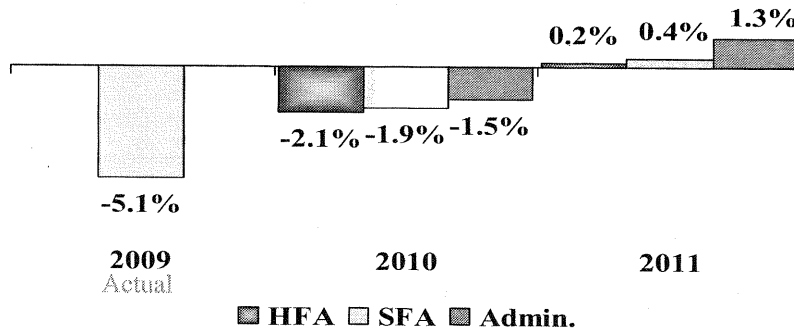
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GF-GP Net Revenue Estimates



School Aid Fund Net Growth

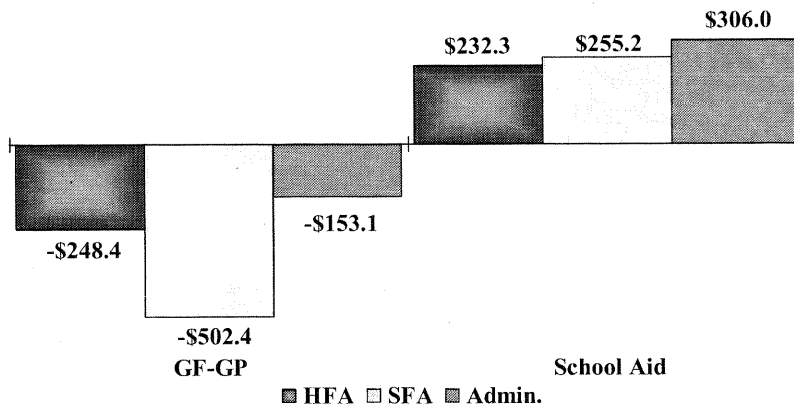
Fiscal Year Growth



FY 2010 Changes Since January

Change From January Consensus Estimates

Millions

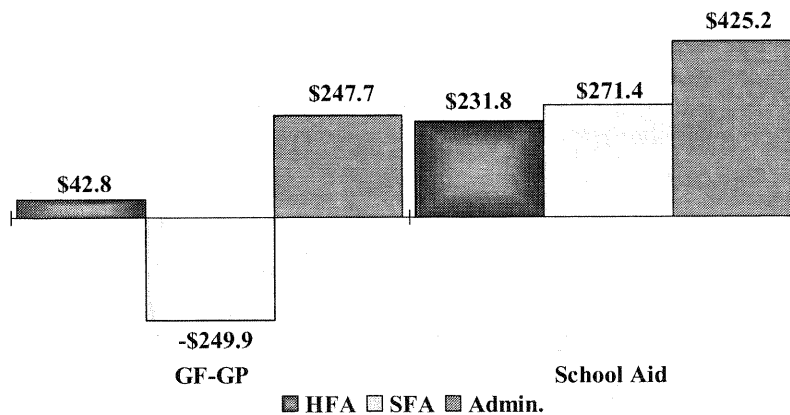


May 2010 Consensus Conference

FY 2011 Changes Since January

Change From January Consensus Estimates

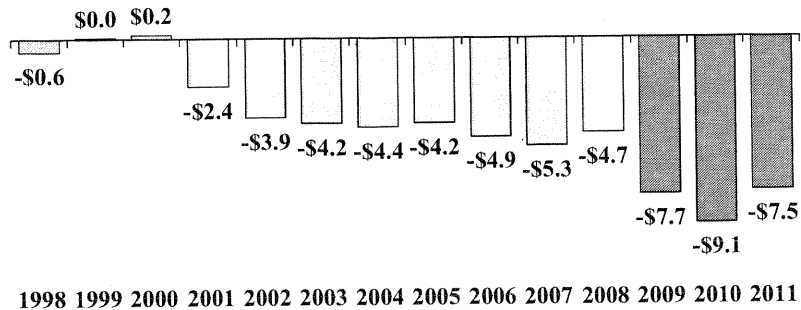
Millions



May 2010 Consensus Conference

Constitutional Revenue Limit Calculation

Billions



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Average Agency Forecasts

Forecast Risks

- Consumer behavior.
- European debt crisis.
- Financial and housing markets uncertainties.
- State and local government contractions.
- Energy price spikes.
- Stability of Michigan's auto sector.

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