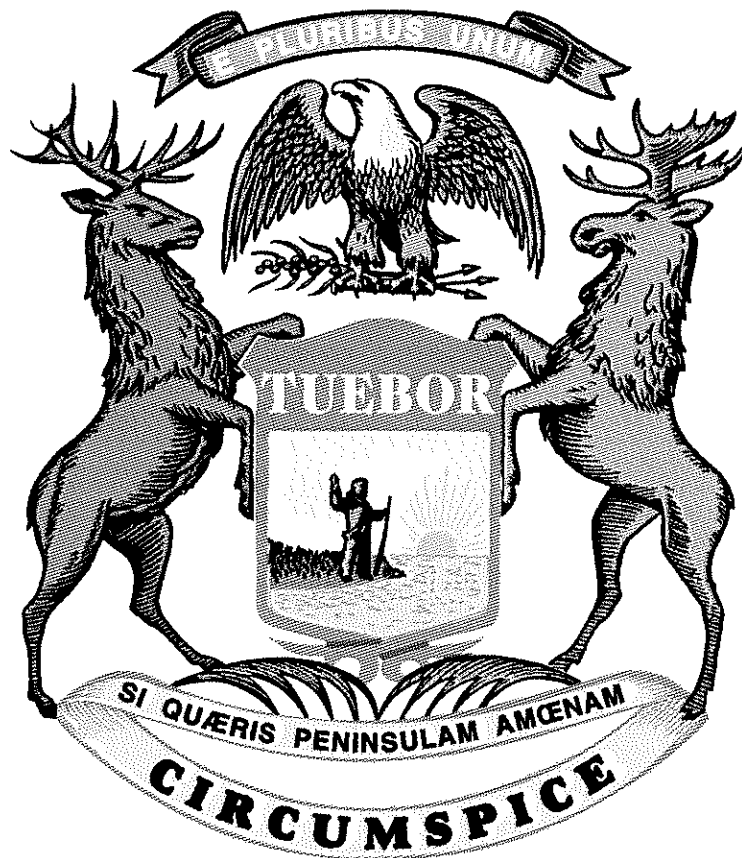


Economic and Revenue Forecasts

FY 2013 * FY 2014 * FY 2015



**Consensus Revenue Estimating Conference
May 15, 2013**

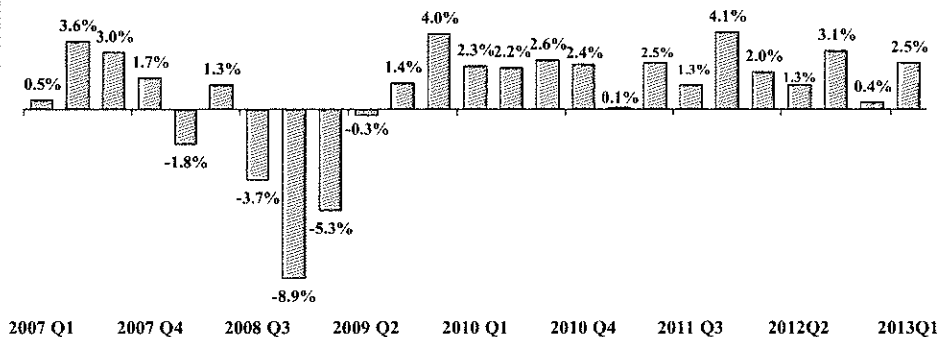
Outline

- **Economic Forecast** – Jay Wortley,
Department of Treasury
- **Revenue Estimates for Major Taxes** – Jim Stansell,
House Fiscal Agency
- **Revenue Estimates by Fund** – David Zin,
Senate Fiscal Agency

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Renewed GDP Growth Last 15 Quarters

Real GDP Growth



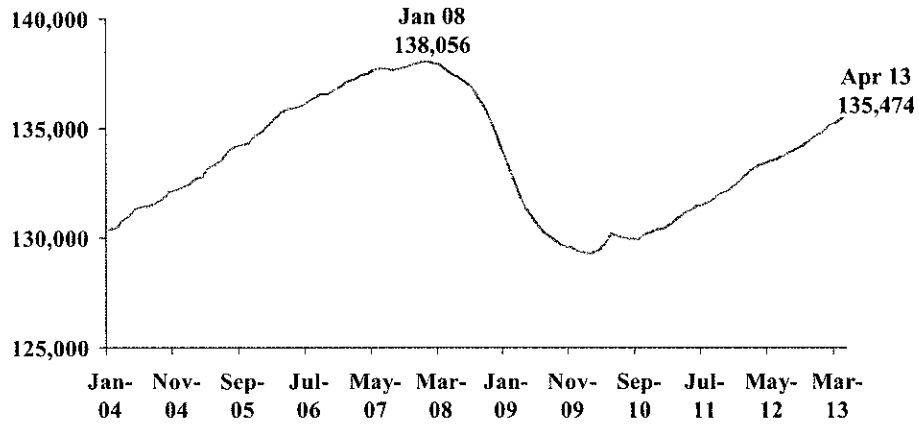
Figures are annualized percent change from preceding quarter in 2005 chained dollars.

Source: Bureau of Economic Analysis.

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U.S. Employment Increasing

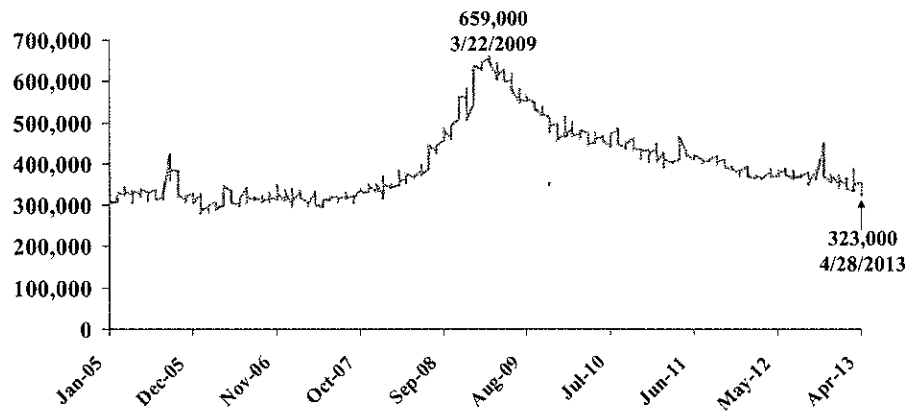
**U.S. Payroll Employment
Thousands**



Source: Bureau of Labor Statistics.
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Unemployment Claims Trending Down

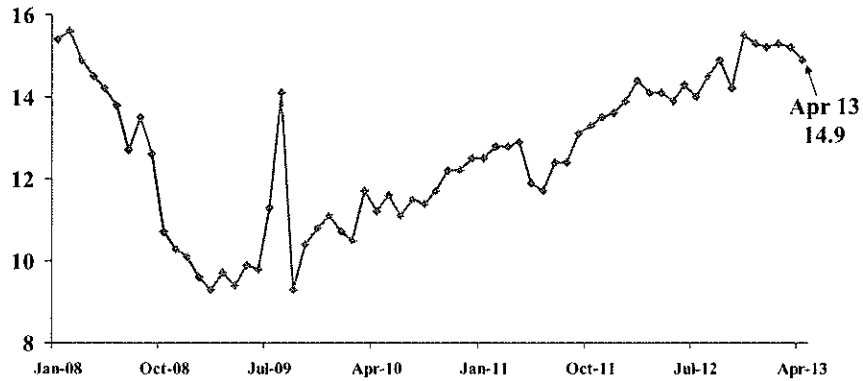
Initial Claims for Unemployment Benefits



Source: Employment and Training Administration.
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Light Vehicle Sales

Millions of Units

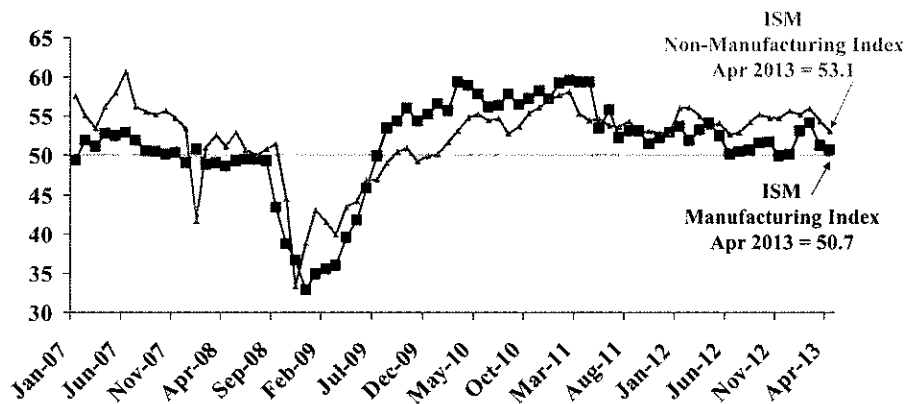


Note: Sales rates are shown as an annual average sales rate.

Source: Bureau of Economic Analysis.

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ISM Indices Show Modest Expansion

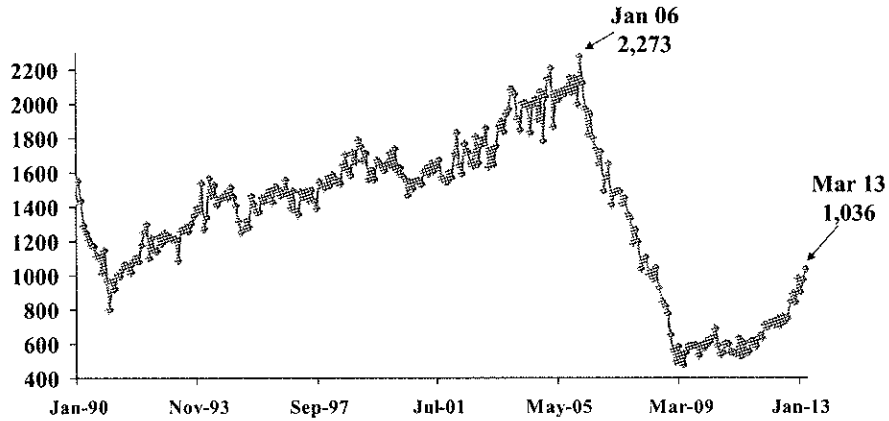


Source: Institute for Supply Management.

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Housing Starts Increasing From Historical Lows

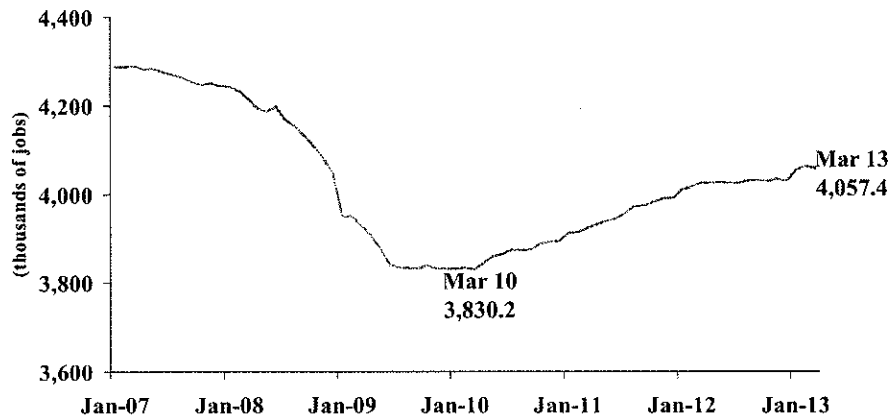
Thousands



Source: New Privately Owned Housing Units Started, U.S. Department of Commerce.
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Michigan Employment Steady Last Half Of 2012

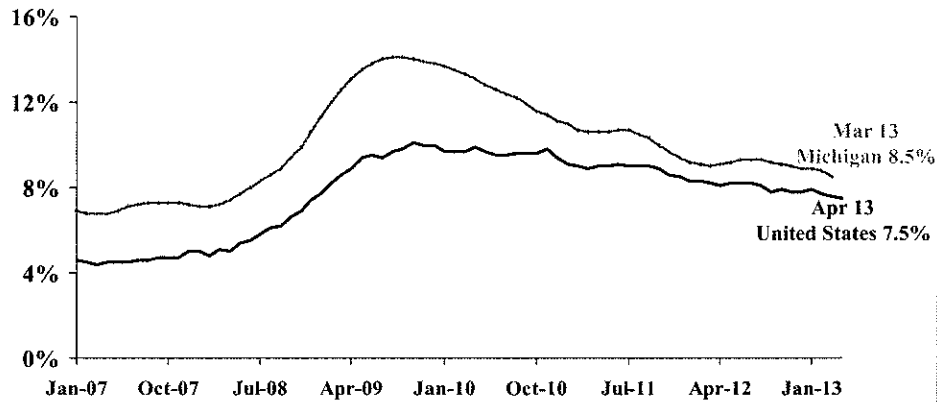
Michigan Payroll Employment



Source: Bureau of Labor Statistics.
May 2013 Consensus Conference

U.S. & Michigan Unemployment Rates

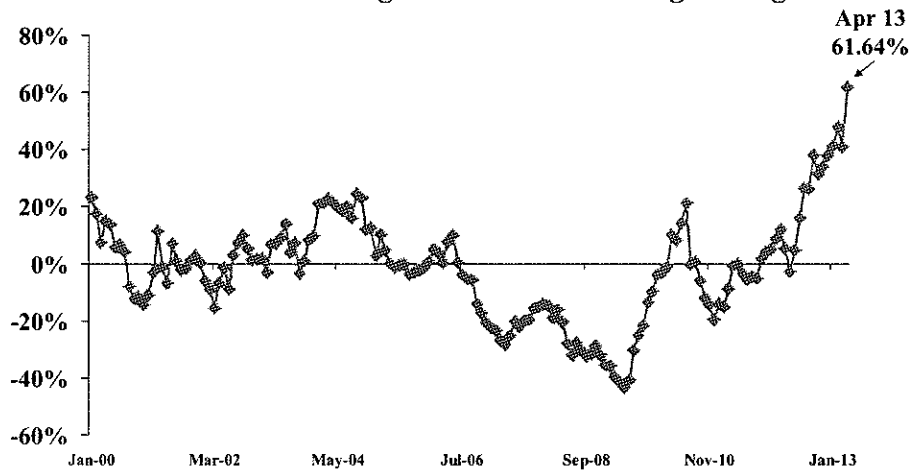
Michigan Improving Faster Than U.S.



Source: Bureau of Labor Statistics.
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Real Estate Transfer Tax Reflects Increased Activity

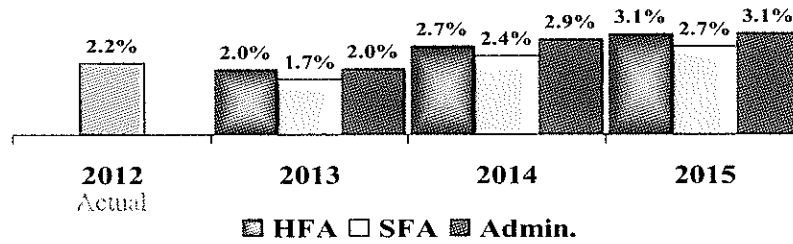
Year-Over-Year Change in 6 Month Trailing Average



Source: Michigan Department of Treasury.
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GDP Forecasts

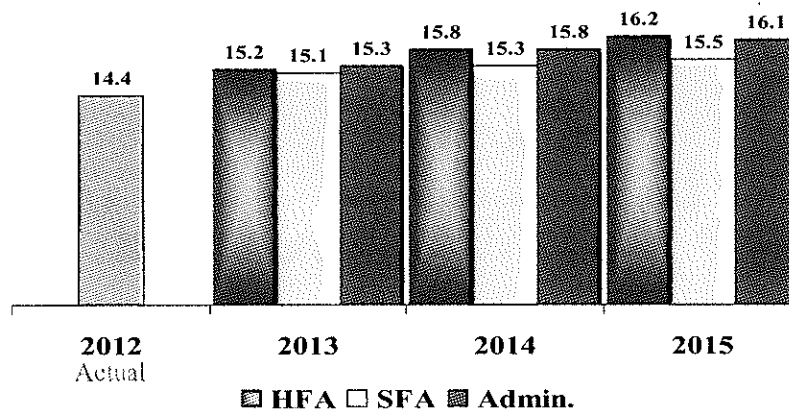
Annual Percent Change



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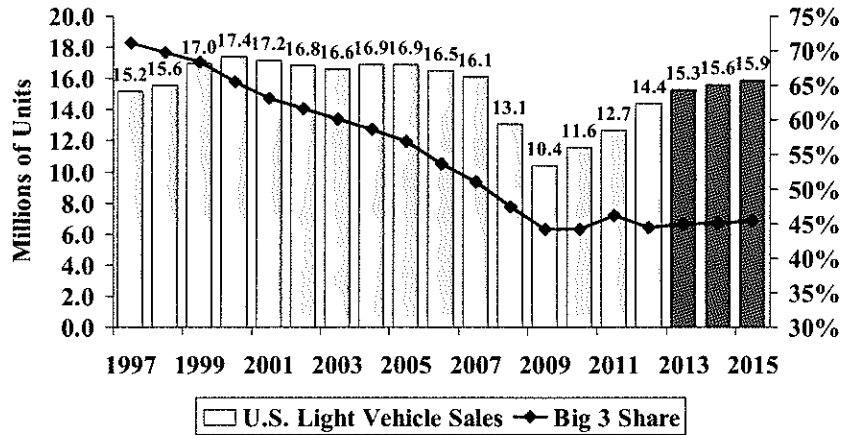
Light Vehicle Sales Forecast

Millions of Units



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Vehicle Sales Up, Big 3 Market Share Stabilizes



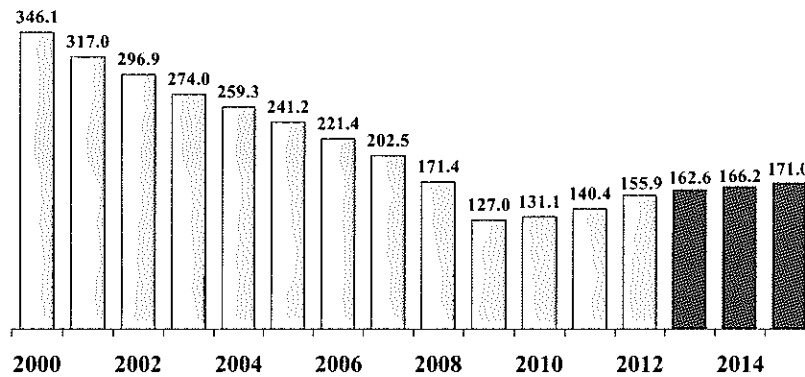
Source: Automotive News.
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Average Agency Forecasts

Michigan Vehicle Employment

Transportation Equipment Employment Edging Up

Thousands

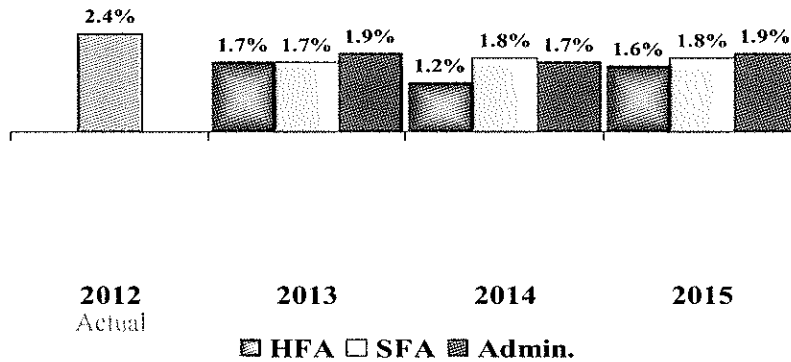


Source: Bureau of Labor Statistics.
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Average Agency Forecasts

Inflation Remains Low

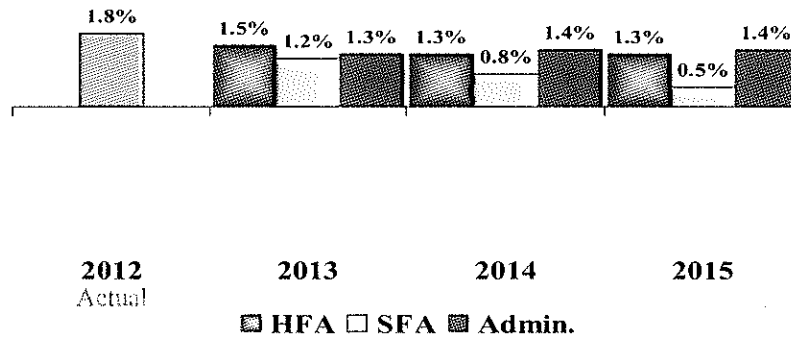
Detroit Consumer Price Index Fiscal Year Growth



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Michigan Wage and Salary Employment

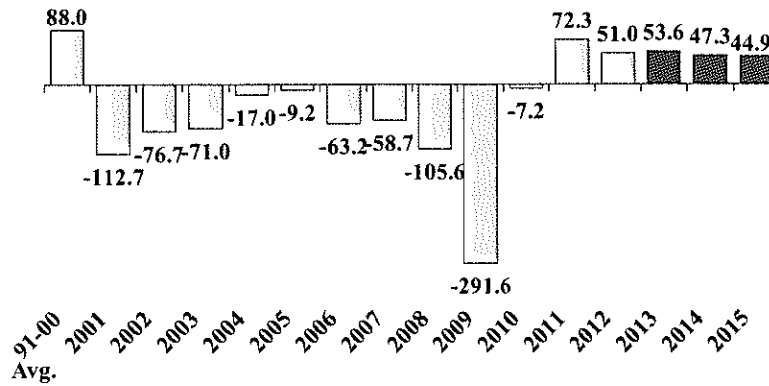
Annual Percent Change



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Michigan Job Gains Expected Through 2015

Change in Michigan Wage and Salary Employment
Thousands

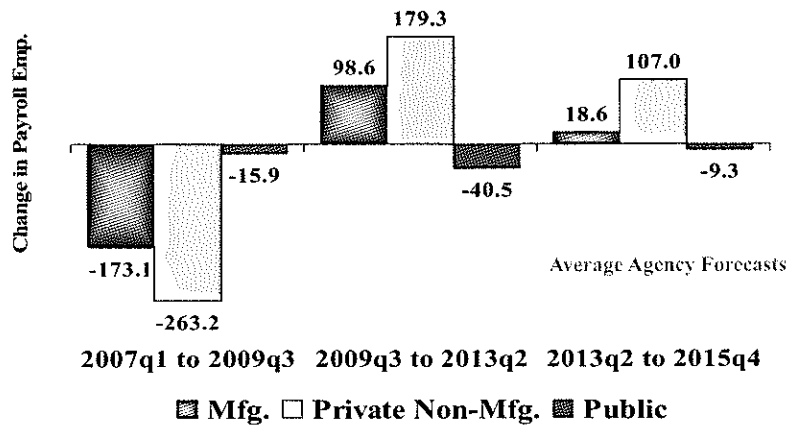


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Average Agency Forecasts

Dynamics of Michigan Payroll Employment

Thousands of Jobs



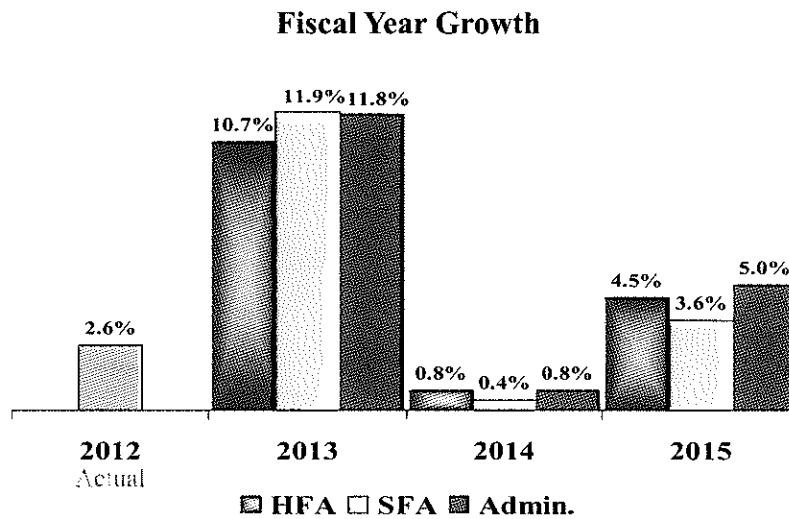
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Forecast of Major Taxes

- Stronger than expected increases in annual payments and withholding in FY 2013.
- Sales tax collections will continue to grow throughout the forecast period.
- SET stops declining in FY 2013.
- MBT/CIT revenue is stronger than expected, but will still be down sharply in FY 2013 and then grow in FY 2014 and FY 2015.

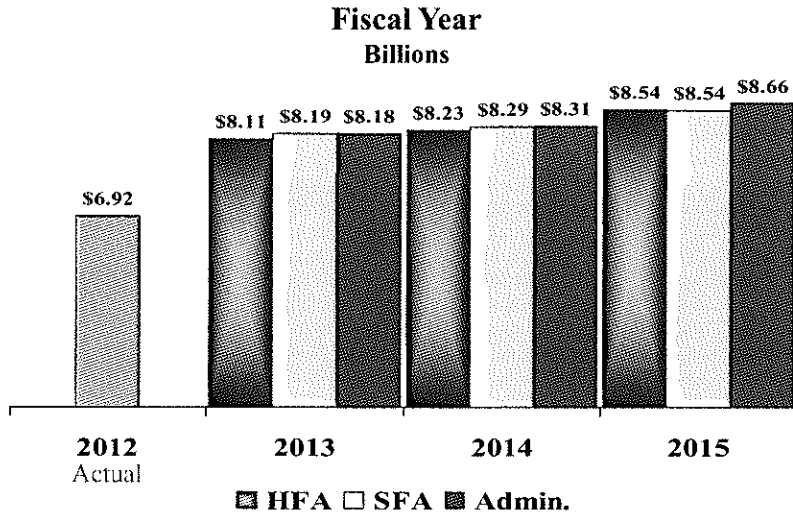
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Baseline Income Tax Growth



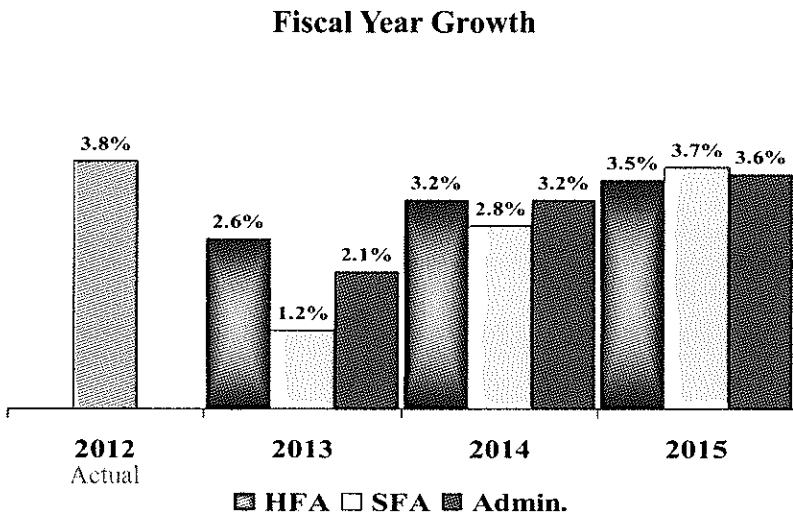
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Net Income Tax Revenue Estimates



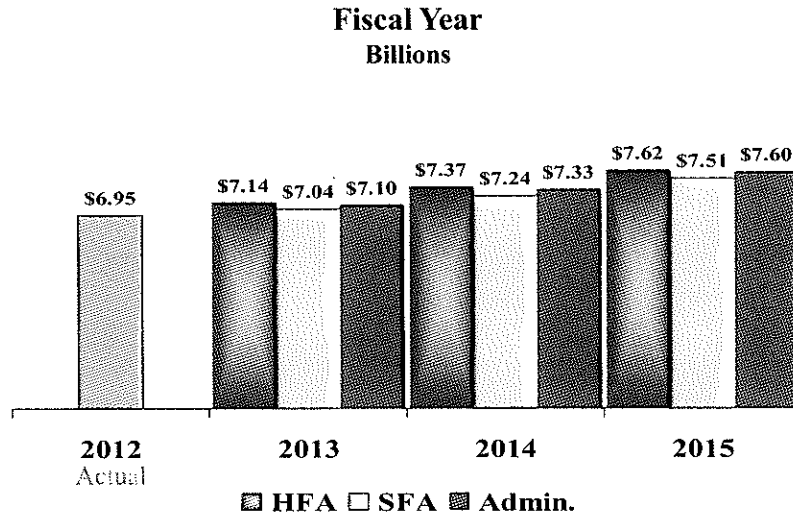
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Baseline Sales Tax Growth



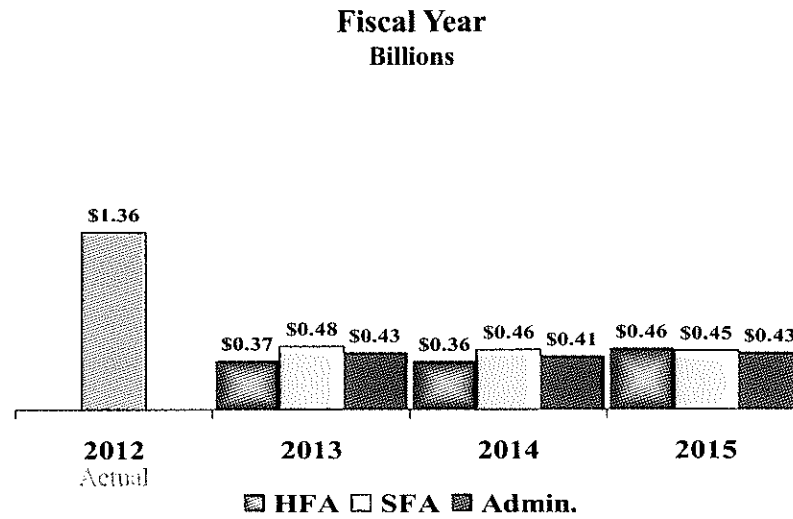
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Net Sales Tax Revenue Estimates



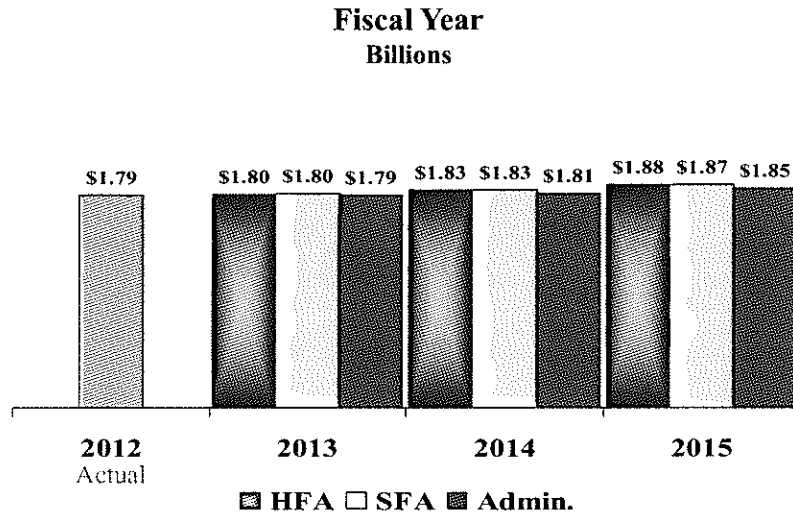
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Net MBT/CIT Revenue Estimates



May 2013 Consensus Conference

Net SET Revenue Estimates



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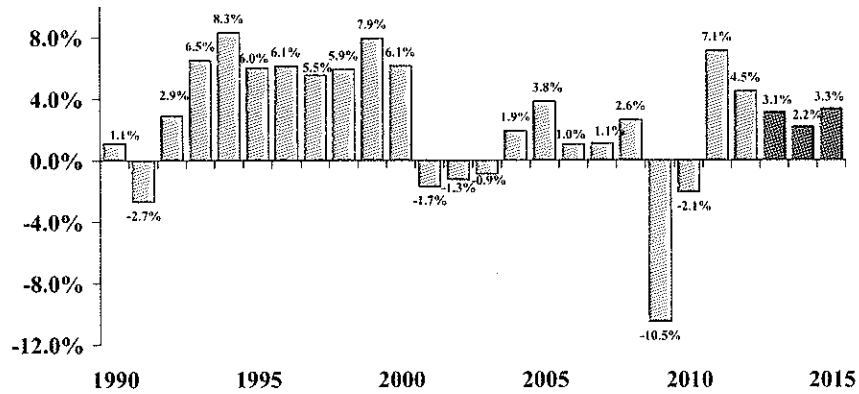
GF-GP and School Aid Fund Revenue

- 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

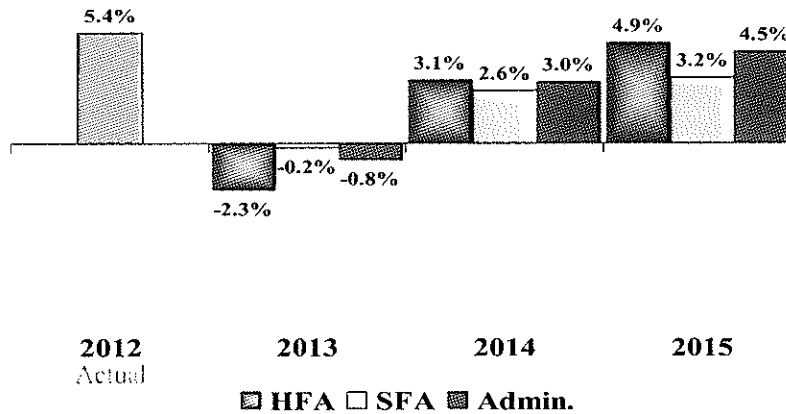


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Average Agency Forecasts

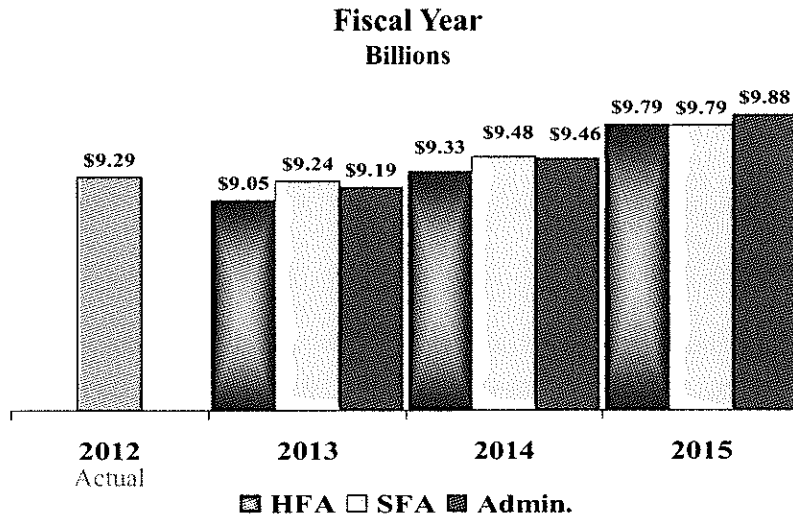
GF-GP Net Revenue Growth

Fiscal Year Growth



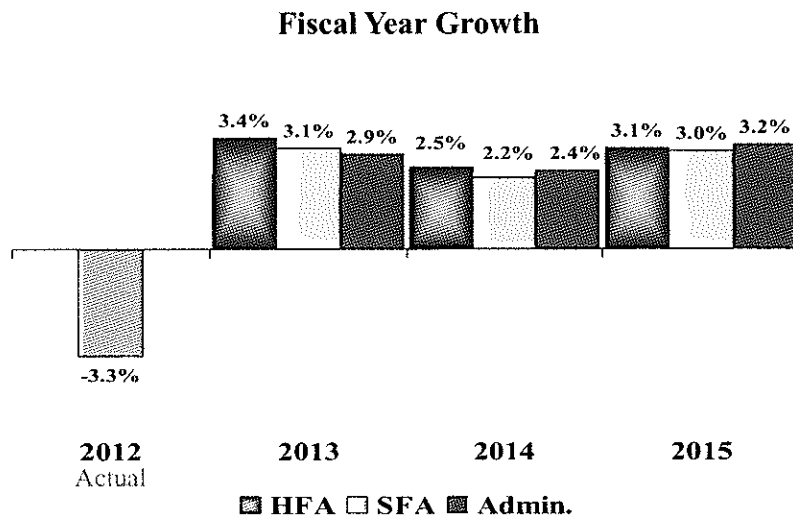
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GF-GP Net Revenue Estimates



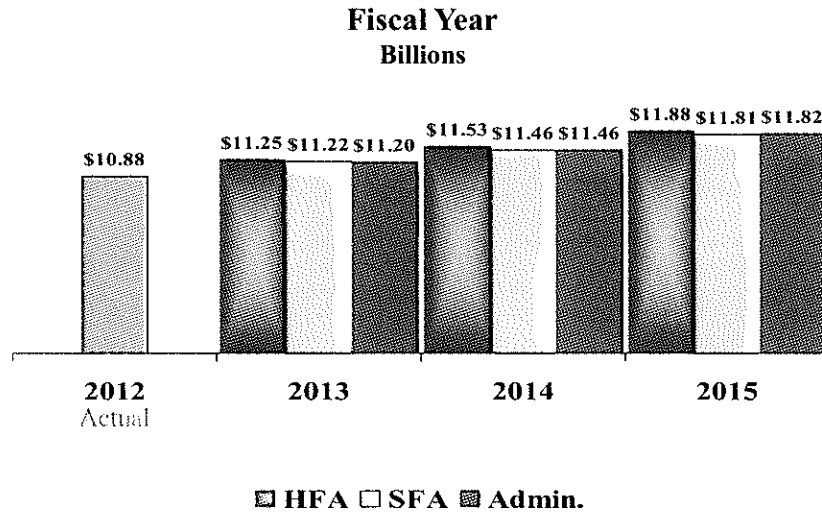
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School Aid Fund Net Growth



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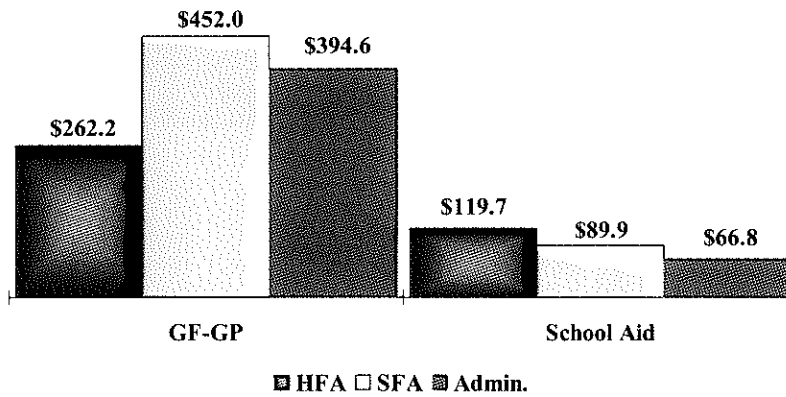
School Aid Fund Net Revenue Estimates



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FY 2013 Changes Since January

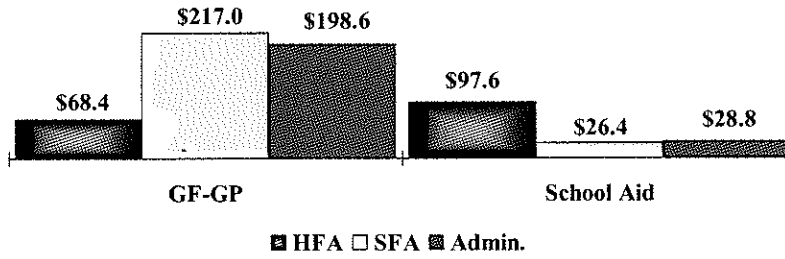
Change From January Consensus Estimates Millions



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FY 2014 Changes Since January

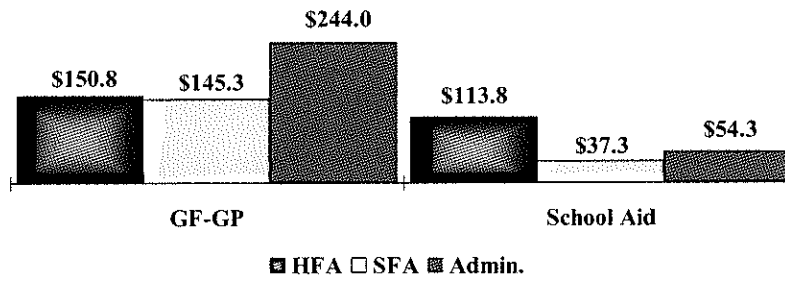
Change From January Consensus Estimates
Millions



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FY 2015 Changes Since January

Change From January Consensus Estimates
Millions



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Revenue Forecast Comparison

Millions

Revenue	FY 2013			FY 2014			FY 2015		
		House Fiscal	Senate Fiscal		House Fiscal	Senate Fiscal		House Fiscal	Senate Fiscal
	Treasury	Agency	Agency	Treasury	Agency	Agency	Treasury	Agency	Agency
GF-GP	\$9,187	\$9,055	\$9,244	\$9,463	\$9,333	\$9,481	\$9,884	\$9,791	\$9,785
School Aid	\$11,195	\$11,247	\$11,218	\$11,461	\$11,530	\$11,459	\$11,823	\$11,883	\$11,806
Combined	\$20,382	\$20,302	\$20,462	\$20,924	\$20,863	\$20,940	\$21,707	\$21,674	\$21,591
Difference From Adjusted January									
GF-GP	\$395	\$262	\$452	\$199	\$68	\$217	\$244	\$151	\$146
School Aid	\$67	\$120	\$90	\$29	\$98	\$26	\$54	\$114	\$37
Combined	\$461	\$382	\$542	\$227	\$166	\$244	\$298	\$265	\$183

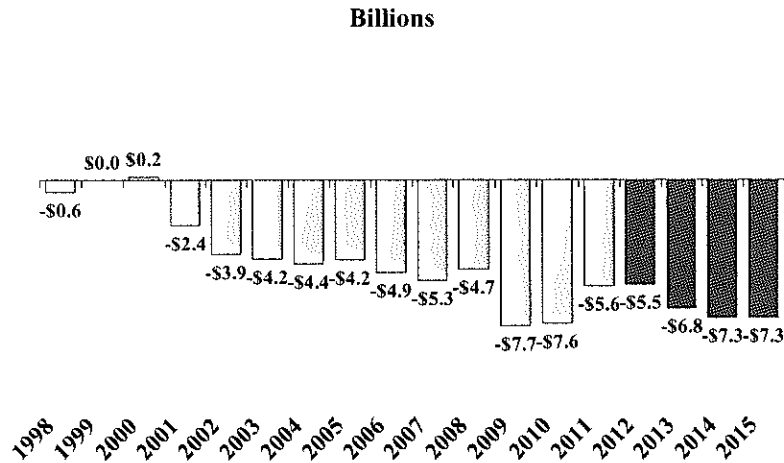
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Budget Stabilization Fund

- In FY 2012, \$363 million was transferred into the BSF, bringing the balance to \$365 million.
- In FY 2013, an additional \$140 million has been appropriated to the BSF. The Agencies show no calculated pay-ins or pay-outs in FY 2013.
- In FY 2014, the Agencies estimate no calculated pay-ins or pay-outs.
- In FY 2015, the Agencies estimate calculated pay-ins ranging from \$0 to \$49 million and no calculated pay-outs.

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Constitutional Revenue Limit Calculation



Forecast Risks

- Federal Government fiscal uncertainty.
- European financial risks.
- Consumer behavior.
- Oil and gasoline prices.
- Rest of world growth.
- Financial and housing markets uncertainties.
- MBT/CIT refund/credit issue.

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Economic and Revenue Forecasts

FY 2013 * FY 2014 * FY 2015



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May 15, 2013

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