

ECONOMIC OUTLOOK
AND
REVENUE ESTIMATES
FOR MICHIGAN



FISCAL YEARS
2002-03 AND 2003-04

HOUSE
FISCAL
AGENCY
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FOREWORD

The House Fiscal Agency (HFA) is pleased to present this report to members of the Michigan House of Representatives. The purpose of the report is to inform members of the final General Fund/General Purpose and School Aid Fund revenue for fiscal year (FY) 2001-02, and the revised revenue estimates for FY 2002-03 and FY 2003-04. The estimates reported herein will be presented to the Consensus Revenue Estimating Conference on October 14, 2003, and will be used to facilitate the consensus estimating process.

This report includes HFA analyses of important factors that will affect state and national economies through the year 2004, estimates of the Countercyclical Budget Stabilization Fund, state compliance with the Constitutional State Revenue Limit, and year-end balance estimates for General Fund/General Purpose and the School Aid Fund.

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EXECUTIVE SUMMARY

According to the National Bureau of Economic Research, the national economic recovery started at the end of 2001. Due to weak economic growth and relatively high productivity increases, however, employment losses continue 21 months after the end of the recession. The House Fiscal Agency (HFA) expects the national recovery to accelerate in the last half of CY 2003 and in CY 2004, with improvement in the manufacturing sector lagging the rest of the economy. Employment gains in Michigan are expected to lag the gains at the national level. Important aspects of the HFA forecast are summarized as follows.

U. S. Forecast

Real GDP growth is forecast to increase 2.4% in calendar year (CY) 2003 and 3.9% in CY 2004.

Inflation, as measured by the Consumer Price Index (CPI), will increase 2.3% in both CY 2003 and CY 2004.

Light vehicle sales totaled 16.7 million units in CY 2002 and are forecast to fall to 16.3 million units in CY 2003, then increase to 16.6 million units in CY 2004.

The *national unemployment rate*, which was 5.8% in CY 2002, is forecast to increase to 6.1% in CY 2003, then fall to 5.9% in CY 2004.

Michigan Forecast

Michigan personal income is forecast to increase 3.3% in CY 2003 and 4.2% in CY 2004.

Inflation, as measured by the Detroit Consumer Price Index, is forecast to increase 2.0% in CY 2003, then grow 1.7% in CY 2004.

Michigan's unemployment rate was 6.3% in CY 2002 and is forecast to increase to 7.0% in CY 2003 and moderately decline to 6.9% in CY 2004.

U State Revenues

Final total baseline GF/GP and SAF revenues were \$18.4 billion in FY 2001-02 and are forecast to decrease 1.2% to \$18.2 billion in FY 2002-03, then increase 3.2% to \$18.8 billion in FY 2003-04. Baseline revenues do not include prior-year fund balances or reflect the effects of recent tax policy changes.

Final total actual GF/GP and SAF revenues were \$18.6 billion in FY 2001-02 and are forecast to decrease \$44.6 million or 0.2% in FY 2002-03 and decrease \$135.7 million or 0.7% to \$18.4 billion in FY 2003-04. Actual revenues are resources available for appropriation.

U State Revenue Limit

Final total state revenues were below the state revenue limit by \$3.9 billion in FY 2001-02 and are estimated to be under the limit by \$4.4 billion in FY 2002-03 and \$5.3 billion in FY 2003-04. Final calculation of the state revenue limit is performed by the Auditor General.

U Year-End Fund Balances

The year-end GF/GP balance was \$114.5 million in FY 2001-02. The year-end balance is estimated to be \$107.2 million for FY 2002-03 and -\$401.9 million for FY 2003-04 .

The School Aid Fund year-end balance was \$237.0 million in FY 2001-02. The year-end balance is estimated to be -\$122.2 million for FY 2002-03 and -\$346.5 million for FY 2003-04.

The Countercyclical Budget Stabilization Fund year-end balance was \$145.2 million in FY 2001-02 and is forecast to be \$0.0 in FY 2002-03 and FY 2003-04.

U Baseline and Actual Revenue Estimates

Table 1 reports GF/GP and SAF revenues in terms of baseline and actual revenues.

Baseline revenues do not include the impact of partial-year policy changes or certain policy changes that have only recently occurred. Baseline estimates are comparable across fiscal years and demonstrate the changes to state revenues that are driven by changes in the economy.

Actual GF/GP revenues capture the effects of all policy changes and represent resources actually available. Actual SAF revenues do not include beginning fund balances or transfers from the BSF or GF/GP.

Tables 2 and 3 report HFA's recommended GF/GP and SAF revisions for FY 2002-03 and FY 2003-04.

Table 1
HFA REVENUE ESTIMATES (Millions of Dollars)

	<u>Final FY 2001-02</u>	<u>HFA Estimate FY 2002-03</u>	<u>HFA Estimate FY 2003-04</u>
<u>BASELINE</u>			
GF/GP	\$8,280.2	\$8,095.1	\$8,343.4
SAF	<u>10,105.3</u>	<u>10,075.2</u>	<u>10,411.0</u>
TOTAL	\$18,385.5	\$18,170.3	\$18,754.5
<u>ACTUAL</u>			
GF/GP	\$8,427.0	\$7,872.6	\$7,838.9
SAF	<u>10,133.9</u>	<u>10,643.6</u>	<u>10,541.7</u>
TOTAL	\$18,560.9	\$18,516.2	\$18,380.5

NOTE: Numbers may not add due to rounding.

Table 2

FISCAL YEAR 2002-03 HFA RECOMMENDED REVISIONS (Millions of Dollars)

	<u>May 2003 Consensus</u>	<u>HFA October 2003 Recommendation</u>	<u>Recommended Revision</u>
<u>BASELINE</u>			
GF/GP	\$8,313.8	\$8,095.1	(\$218.7)
SAF	<u>10,209.0</u>	<u>10,075.2</u>	<u>(133.8)</u>
TOTAL	\$18,522.8	\$18,170.3	(\$352.5)
<u>ACTUAL</u>			
GF/GP	\$8,083.8	\$7,872.6	(\$211.2)
SAF	<u>10,765.7</u>	<u>10,643.6</u>	<u>(122.2)</u>
TOTAL	\$18,849.6	\$18,516.2	(\$333.4)

NOTE: Numbers may not add due to rounding.

Table 3

FISCAL YEAR 2003-04 HFA RECOMMENDED REVISIONS (Millions of Dollars)

	<u>May 2003 Consensus</u>	<u>HFA October 2003 Recommendation</u>	<u>Recommended Revision</u>
<u>BASELINE</u>			
GF/GP	\$8,670.5	\$8,343.4	(\$327.1)
SAF	<u>10,629.7</u>	<u>10,411.0</u>	<u>(218.6)</u>
TOTAL	\$19,300.2	\$18,754.5	(\$545.7)
<u>ACTUAL</u>			
GF/GP	\$8,158.7	\$7,838.9	(\$319.8)
SAF	<u>10,749.0</u>	<u>10,541.7</u>	<u>(207.3)</u>
TOTAL	\$18,907.7	\$18,380.5	(\$527.2)

NOTE: Numbers may not add due to rounding.



ECONOMIC REVIEW AND FORECAST

This section presents the economic forecast used by the House Fiscal Agency to produce its updated revenue forecast for FY 2002-03 and FY 2003-04.

The longest U.S. economic expansion on record ended in March 2001 as the economy slid into a recession that ended just eight months later. Although the recession was modest and one of the shortest on record, economic growth remained weak throughout CY 2002 as real GDP grew by 2.4%. It is forecast that real GDP will grow by only 2.4% in CY 2003. Economic growth is then expected to accelerate at a 3.9% rate in CY 2004. **Table 4**, at the end of this section, presents historical and forecasted values for many key economic variables for both the U.S. and Michigan.

Figure 1 (next page) shows the Institute for Supply Management (ISM) Index dating back to January 1999. An index number above 50 indicates a growing manufacturing sector, while a number below 50 suggests that the manufacturing sector is contracting.

The index reached a peak in December 1999, and then began a downward trend. It fell below 50 in August 2000, and remained below 50 until February 2002. After peaking in June 2002, the index dropped again and remained very close to 50 before jumping to 55.2 in December. Since then, the index steadily declined to a level of 45.4 in April 2003 before rebounding back to 54.7 in August.

A very similar story is portrayed in **Figure 2**, which shows the University of Michigan Index of Consumer Sentiment. Consumer sentiment is a driving force behind personal consumption expenditures, which represent 70% of GDP.

Thus, even though the ISM index began to fall in early 2000, consumers remained cautiously optimistic about the economy.

The consumer sentiment index remained at historically high levels throughout most of CY 2000, then nosedived in December 2000 and continued falling until February 2001. Like the ISM index, consumer sentiment rebounded somewhat through August 2001 before plunging again in September 2001. Following the September 2001 drop, consumer sentiment generally increased for the next eight months before reaching a peak in May 2002. Concern about the state of the economy caused the index to drop for next five months, hitting a ten-year low in October 2002.

Consumer sentiment declined during the first three months of 2003, and actually dropped below the October 2002 trough. However, perhaps in response to a shorter-than-expected

war in Iraq, the index rose sharply in April and May before settling back somewhat.

A significant factor in the variation of both of these indices over the past two years is the performance of the labor market. Although the

recession officially ended in November 2001, increases in employment have not materialized as would normally be the case. In fact, in the 21 months since the recession ended, Michigan has lost 111,600 jobs—58,300 of which were in the manufacturing sector.

Figure 1

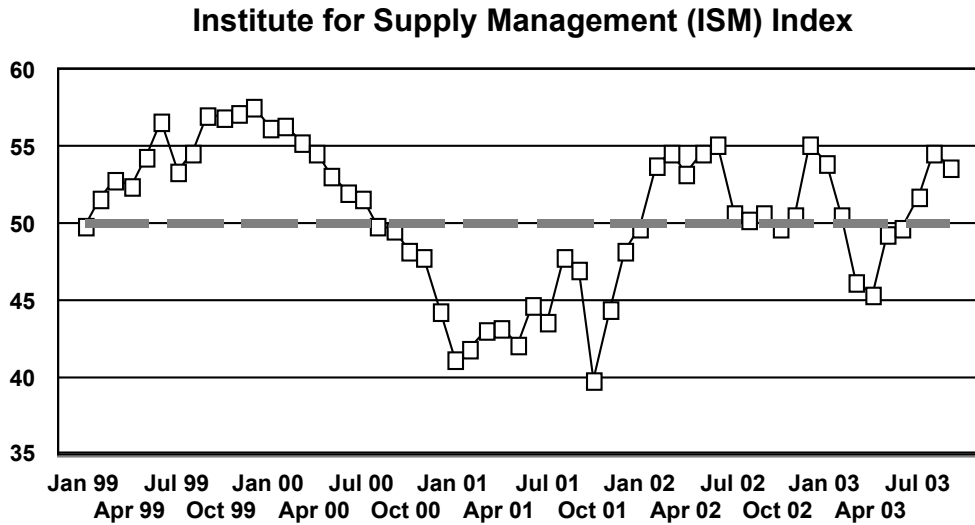


Figure 2

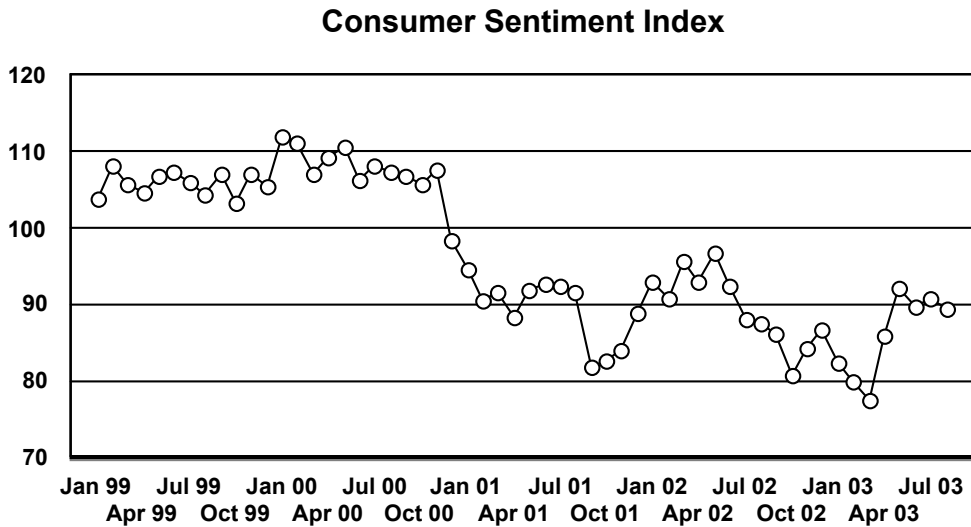


Figure 3 shows the growth rates in total non-farm employment for both Michigan and the U.S. for a 21-month period following each of the past seven recessions. In all instances except for the most recent period, employment changes were positive and reasonably robust. In addition, the growth rate in employment in Michigan always exceeded that of the U.S. as a whole. The average growth rate for Michigan during these periods was 6.5%, while the average growth rate for the U.S. was 5.6%.

The current period, however, presents a much more troubling scenario. Not only have the Michigan and national economies continued to lose jobs, but Michigan’s employment growth rate is even more negative than that of the U.S. In contrast to the 6.5% average growth rate in employment following the previous six recessions, employment in Michigan has actually dropped by 4.0% in the past 21 months—significantly below the 1.8% decline for the U.S.

Figure 3

**Percent Change in Employment
21 Months After the End of the Recession**

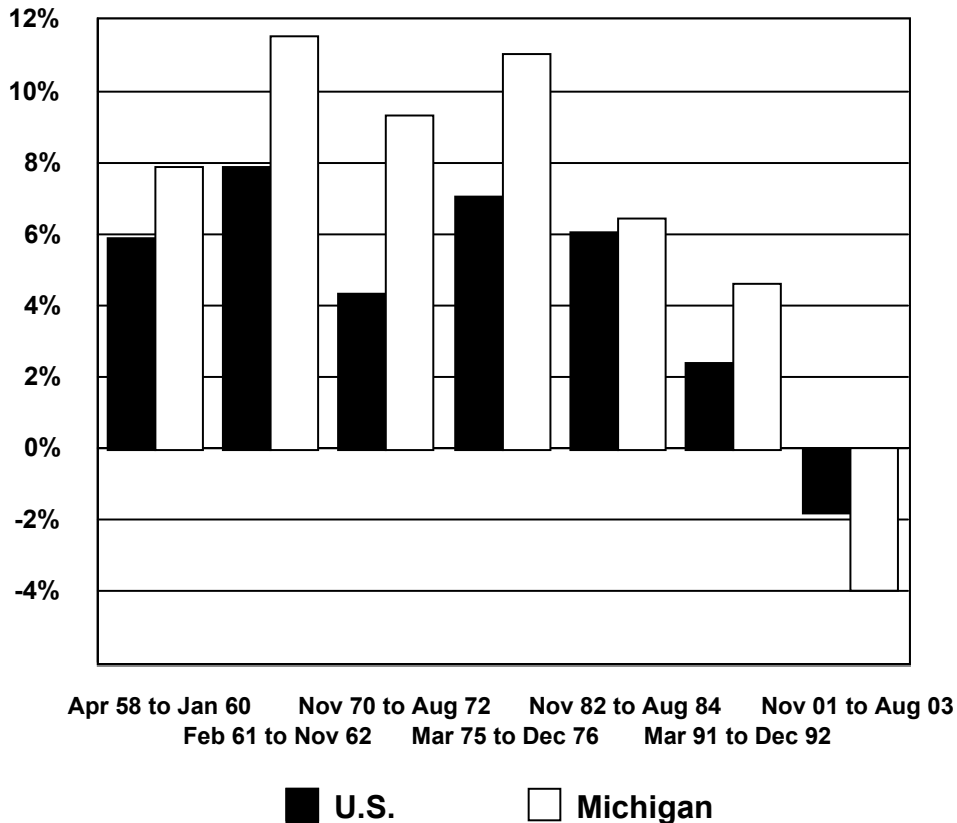


Table 4

ECONOMIC VARIABLES

<u>Variable</u>	<u>U.S.</u>			
	<u>Actual</u>		<u>Forecast</u>	
	<u>CY 2001</u>	<u>CY 2002</u>	<u>CY 2003</u>	<u>CY 2004</u>
Real GDP Growth	0.3%	2.4%	2.4%	3.9%
Rate of Interest, 3-Month Treasury Bill	3.4%	1.6%	1.0%	1.2%
Rate of Interest, 30-Year Conventional Mortgage	7.0%	6.5%	5.8%	5.5%
Housing Starts (thousands of units)	1,602.8	1,711.0	1,682.4	1,660.5
Light Vehicle Sales (millions of units)	17.0	16.7	16.3	16.6
Automobiles	8.4	8.1	7.6	7.6
Light Trucks	8.6	8.6	8.7	9.0
Import Share of Light Vehicle Sales	18.1%	19.7%	20.3%	19.5%
U.S. CPI-U—Percentage Change	2.9%	1.6%	2.3%	2.3%
U.S. Personal Income Growth	3.3%	2.8%	3.3%	4.7%
Unemployment Rate	4.8%	5.8%	6.1%	5.9%

Michigan

<u>Variable</u>	<u>Actual</u>		<u>Forecast</u>	
	<u>CY 2001</u>	<u>CY 2002</u>	<u>CY 2003</u>	<u>CY 2004</u>
Detroit CPI-U—Percentage Change	2.7%	2.6%	2.0%	1.7%
Michigan Personal Income Growth	1.3%	2.7%	3.3%	4.2%
Michigan Wage and Salary Income Growth	-1.3%	0.8%	2.2%	3.9%
Unemployment Rate	5.3%	6.3%	7.0%	6.9%
Wage and Salary Employment Growth	-2.5%	-1.7%	-1.0%	0.9%
Manufacturing Employment Growth	-6.4%	-6.2%	-2.4%	0.7%
Services Employment Growth	-1.3%	0.5%	-0.8%	1.5%



RISKS AND UNCERTAINTIES

An economic forecast is based on the best information available at the time the forecast is made. Because information and foresight are not perfect, there are always risks and uncertainties in any forecast. The key risks in this forecast stem predominantly from uncertainties surrounding the labor market and the manufacturing sector.

Labor Market

Recovery from the most recent national recession has been characterized by weak economic growth and high productivity gains with continued losses in the job market. Since the official end of the recession (November 2001), total non-farm employment in the U.S. has fallen in 16 of 21 months, while Michigan has seen employment losses each month during the same period.

This forecast assumes that the national labor market will start to post employment gains beginning with the fourth quarter of 2003. The Michigan labor market will lag the national market and will post modest employment gains in the first quarter of 2004. If the labor market does not turn around as estimated, both the national economy and Michigan's economy could grow slower than anticipated and revenue growth would be adversely affected.

Manufacturing Sector

The manufacturing sector at the national level has generally improved over the last few months, but the Midwest manufacturing sector

still remains weak. The Chicago Fed reported the following: "While July marked the third consecutive monthly increase in factory output for the nation, it was the sixth consecutive monthly decline in Midwest manufacturing production. July output in the region was 5.1% lower than a year earlier, while output in the nation was 1.6% below year-ago levels."

Exports affect the manufacturing sector, and the value of the dollar relative to other currencies affects the competitiveness of U.S. manufacturers in the world market. This forecast assumes that as the economy improves and the value of the dollar declines, the manufacturing sector at both the national and state level will improve. If this does not occur, revenue growth will be slower than estimated.

Michigan manufacturing employment is forecast to increase slightly in CY 2004. If the manufacturing sector improves sooner than forecast, then Michigan's employment and revenue will be higher than estimated.



GF/GP AND SAF REVENUES

Revenue estimates are based on the economic performance of key components of national and state economies discussed in the preceding section. This section explains October 2003 House Fiscal Agency revenue estimates for GF/GP and School Aid Fund (SAF) revenue by major revenue sources. It provides revenue estimates, year-end balances for the major funds and the budget stabilization fund, and the state revenue limit calculation.

Table 5
GF/GP REVENUE ESTIMATES (Millions of Dollars)

	Final			Fiscal Year 2003-04 over 2002-03	
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>%Change</u>	<u>\$Change</u>
Personal Income Taxes	\$4,233.5	\$4,155.1	\$4,283.0	3.1%	\$127.9
Sales and Use Taxes	956.4	869.5	942.6	8.4%	73.1
SBT and Insurance Taxes	2,176.2	2,185.8	2,272.0	3.9%	86.2
Other Taxes	<u>585.1</u>	<u>655.7</u>	<u>659.8</u>	0.6%	<u>4.2</u>
GF/GP Baseline Tax Revenues	\$7,951.2	\$7,866.1	\$8,157.4	3.7%	\$291.4
Non-Tax Revenue	<u>329.0</u>	<u>229.0</u>	<u>186.0</u>	-18.8%	<u>(43.0)</u>
Total GF/GP Baseline Revenues	\$8,280.2	\$8,095.1	\$8,343.4	3.1%	\$248.4
Adjustments to Baseline	<u>146.8</u>	<u>(222.4)</u>	<u>(504.6)</u>	126.8%	<u>(\$282.1)</u>
Actual GF/GP Revenues	\$8,427.0	\$7,872.6	\$7,838.9	-0.4%	<u>(\$33.8)</u>

NOTE: Numbers may not add due to rounding.

GF/GP Revenue by Source

U GF/GP Baseline Tax Revenues

Baseline GF/GP tax revenues totaled \$7,951.2 million in FY 2001-02. *General Fund/General*

Purpose baseline tax revenues are estimated to decrease \$85.1 million or 1.1% to \$7,866.1 million in FY 2002-03 and increase \$291.4 million or 3.7% to \$8,157.4 million in FY 2003-04.

U Total GF/GP Baseline Revenues

Total baseline GF/GP revenues include baseline tax revenues and non-tax revenues. *Final total GF/GP baseline revenues* were \$8,280.2 million in FY 2001-02. General Fund/General Purpose baseline revenues are estimated to decrease by 2.2% to \$8,095.1 million in FY 2002-03 and increase 3.1% or \$248.4 million to \$8,343.4 million in FY 2003-04.

U Actual GF/GP Revenues

Actual GF/GP revenues take tax changes into account and are available for expenditure each year. *Final actual GF/GP revenues* were \$8,427.0 million in FY 2001-02; they are forecast to decline by 6.6% or \$554.4 million to \$7,872.6 million in FY 2002-03 and decrease 0.4% or \$33.8 million to \$7,838.9 million in FY 2003-04.

SAF Revenue by Source

U Total SAF Baseline Revenues

Total SAF baseline revenues were \$10,105.2 million in FY 2001-02. *School Aid Fund baseline revenues* are forecast to decrease \$29.9 million or 0.3% to \$10,075.2 million in FY 2002-03 and increase \$335.8 million or 3.3% to \$10,411.0 million in FY 2003-04.

U Actual SAF Revenues

Actual SAF revenues take tax changes into account. *Actual SAF revenues* totaled \$10,133.8 million in FY 2001-02; revenues are forecast to increase \$509.8 million or 5.0% to \$10,643.6 million in FY 2002-03 and decline \$101.9 million or 1.0% to \$10,541.7 million in FY 2003-04.

HFA Estimates of Year-End Balances

Table 7 reports House Fiscal Agency estimates of year-end balances for GF/GP, the SAF, and the BSF. *Fiscal Year 2002-03 estimates* are based on year-to-date appropriations and HFA revenue estimates. Final FY 2000-01 and FY 2001-02 figures are included.

Budget Stabilization Fund estimates are based on current balance estimates provided by the Michigan Department of Treasury and HFA estimates of future deposits and interest earned.

School Aid Fund revenues are restricted; hence, any year-end balance is carried forward to the subsequent year.

Table 6

SCHOOL AID FUND REVENUE ESTIMATES
(Millions of Dollars)

	Final	Fiscal Year 2003-04 over 2002-03			
		FY 2001-02	FY 2002-03	FY 2003-04	% Change
Sales and Use Tax	\$5,129.9	\$5,073.1	\$5,266.9	3.8%	193.8
Income Tax Earmark	1,860.4	1,856.4	1,917.5	3.3%	61.1
State Education Tax	1,583.7	1,651.0	1,726.0	4.5%	75.0
Lottery & Casinos	705.4	669.0	676.5	1.1%	7.5
Tobacco Taxes	379.9	371.0	363.4	-2.1%	(7.6)
Real Estate Transfer Tax	253.1	256.0	256.0	0.0%	0.0
Other Taxes	<u>192.7</u>	<u>198.7</u>	<u>204.7</u>	3.0%	<u>6.0</u>
Baseline SAF Revenues	\$10,105.2	\$10,075.2	\$10,411.0	3.3%	\$335.8
Adjustments to Baseline	<u>28.6</u>	<u>568.3</u>	<u>130.7</u>	-77.0%	<u>(\$437.7)</u>
Actual SAF Revenues	\$10,133.8	\$10,643.6	\$10,541.7	-1.0%	(\$101.9)

NOTE: Numbers may not add due to rounding.

BSF Year-End Balances

The Counter-Cyclical Budget and Economic Stabilization Fund (BSF), or the state's rainy day fund, is a reserve of cash to contribute to or withdraw from throughout the economic cycles. **Table 8** shows deposits, withdrawals, interest earnings, and the year-end balance from FY 1989-90 through FY 2001-2002. It also includes HFA estimates for FY 2002-03 and FY 2003-04. **Figure 9** depicts the BSF fund balance and fund balance as a percent of total GF/GP and SAF revenues from FY 1990-91 through FY 2003-04.

U FY 2001-02

The BSF balance at the end of FY 2001-02 was \$145.2 million. Withdrawals consisted of the following: \$382.0 million to the SAF (\$32.0 million for the Durant settlement), \$452.8 million to GF/GP to ensure a zero balance, and \$35.0 million to the State Trunkline fund for

transportation purposes. In FY 2001-02, no deposits were made into the BSF and interest earnings were \$20.8 million.

U FY 2002-03 and FY 2003-04

The BSF balance is estimated to be eliminated at the end of FY 2002-03. Under current law, withdrawals consist of the following: \$32.0 million to the SAF for the Durant settlement and \$207.0 million to GF/GP. However, the previous year-end balance plus the interest earnings are estimated to be enough to support only a \$148.8 million withdrawal. Due to the trigger calculation, as determined by adjusted Michigan personal income growth, no pay-ins or withdrawals are estimated for FY 2003-04.

A complete list of BSF historical data is available from the HFA upon request.

Table 7
YEAR-END BALANCE ESTIMATES
(Millions of Dollars)

	<u>Final FY 2000-01</u>	<u>Final FY 2001-02</u>	<u>Estimated FY 2002-03</u>	<u>Estimated FY 2003-04</u>
General Fund/General Purpose	\$28.0	\$114.5	\$107.2	(\$401.9)
School Aid Fund	\$694.8	\$237.0	(\$122.2)	(\$346.5)
Budget Stabilization Fund	\$994.1	\$145.2	0.0	\$0.0

Table 8

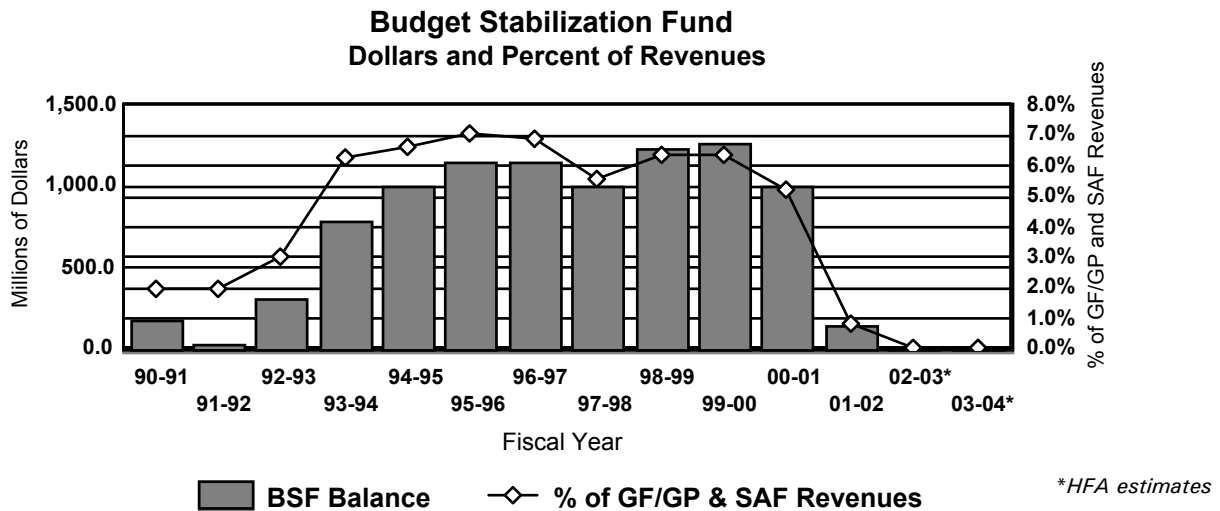
BUDGET STABILIZATION FUND: FY 1989-90 through FY 2003-04
(Millions of Dollars)

<u>Fiscal Year</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Interest Earned</u>	<u>Balance</u>
1989-90	\$0.0	\$69.9	\$35.8	\$385.1
1990-91	0.0	230.0	27.1	182.2
1991-92	0.0	170.1	8.1	20.1
1992-93	282.6	0.0	0.7	303.4
1993-94	460.2	0.0	11.9	775.5
1994-95	260.1	90.4	57.7	1,003.0
1995-96	91.3	0.0	59.2	1,153.6
1996-97	0.0	69.0	67.8	1,152.4
1997-98	0.0	212.0	60.1	1,000.5
1998-99	244.4	73.7	51.2	1,222.5
1999-2000	100.0	132.0	73.9	1,264.4
2000-01	0.0	337.0	66.7	994.2
2001-02	0.0	869.8	20.8	145.2
2002-03*	0.0	148.8	3.6	0.0
2003-04*	0.0	0.0	0.0	0.0

* HFA Estimates

NOTE: Numbers may not add due to rounding

Figure 4



Compliance with the State Revenue Limit

Article IX, Section 26 of the *Michigan Constitution*, which was approved by the vote of the people in 1978, sets a limit on the amount of revenue collected by the state in any fiscal year. As provided for in the Constitution, the revenue limit is calculated as 9.49% of total state personal income (which is the broadest measure of state economic activity) in the previous full calendar year prior to the fiscal year in which the revenues are measured.

The revenue to be considered in the revenue limit includes not only state taxes, but also fees, licenses, and interest earned. Federal aid is not included in the revenue limit calculation.

Implications of Exceeding the State Revenue Limit

Article IX, Section 26, *Constitution of the State of Michigan*, provides that:

. . . For any fiscal year in the event that Total State Revenues exceed the limit established in this section by 1% or more, the excess revenues shall be

refunded pro rata based on the liability reported on the Michigan income tax and single business tax (or its successor tax or taxes) annual returns filed following the close of such fiscal year. If the excess is less than 1%, this excess may be transferred to the State Budget Stabilization Fund

Furthermore, the state is prohibited from spending any current-year revenue in excess of the limit established in Section 26 by Article IX, Section 28.

The final FY 1999-2000 revenue limit calculation indicated that state revenue collections exceeded the revenue limit but the excess was under 1% of the revenue limit. However, the final FY 2000-01 revenue limit calculations show that state revenue collections were well below the limit. In addition, for both FY 2002-03 and FY 2003-04, state revenues are estimated to be substantially below the revenue limit, by \$4.43 billion and \$5.28 billion respectively.

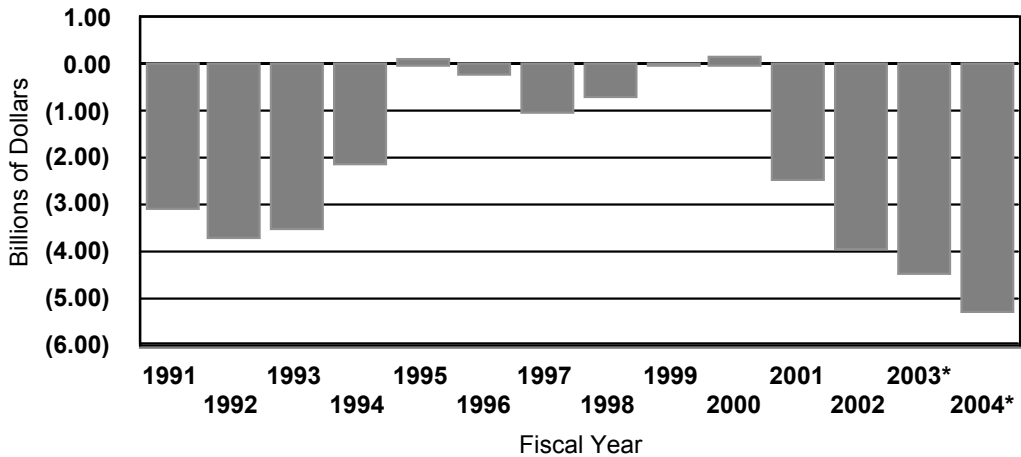
Table 9
COMPLIANCE WITH THE STATE REVENUE LIMIT
(Millions of Dollars)

<u>Revenue Limit Calculations</u>	<u>Final FY 2000-01</u>	<u>Final FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>
Personal Income				
Calendar Year	CY 1999	CY 2000	CY 2001	CY 2002
Amount	\$277,296	\$289,390	\$295,108	\$303,745
X Limit Ratio	9.49%	9.49%	9.49%	9.49%
State Revenue Limit	\$26,315.4	\$27,463.1	\$28,005.7	\$28,825.4
Total Revenues Subject to Revenue Limit	23,909.2	23,546.0	23,573.9	23,540.6
Amount (Under) Over State Revenue Limit	\$2,406.2	(\$3,917.1)	(\$4,431.8)	(\$5,284.8)

NOTE: Numbers may not add due to rounding.

Figure 5

**Constitutional Revenue Limit
Amount Under or Over Limit**



* HFA Estimates

Table 10

**CONSTITUTIONAL REVENUE LIMIT: FY 1979-80 through FY 2003-04
(Billions of Dollars)**

Fiscal Year	(Under) or Over Limit	Fiscal Year	(Under) or Over Limit
1979-80	(\$0.53)	1991-92	(\$3.69)
1980-81	(\$1.17)	1992-93	(\$3.48)
1981-82	(\$1.41)	1993-94	(\$2.11)
1982-83	(\$1.32)	1994-95	\$0.11
1983-84	(\$0.24)	1995-96	(\$0.18)
1984-85	(\$0.01)	1996-97	(\$0.98)
1985-86	(\$0.37)	1997-98	(\$0.64)
1986-87	(\$0.84)	1998-99	\$0.02
1987-88	(\$1.35)	1999-2000	\$0.16
1988-89	(\$1.03)	2000-01	(\$2.41)
1989-90	(\$1.76)	2001-02	(\$3.92)
1990-91	(\$3.04)	2002-03*	(\$4.43)
		2003-04*	(\$5.28)

*HFA Estimates

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