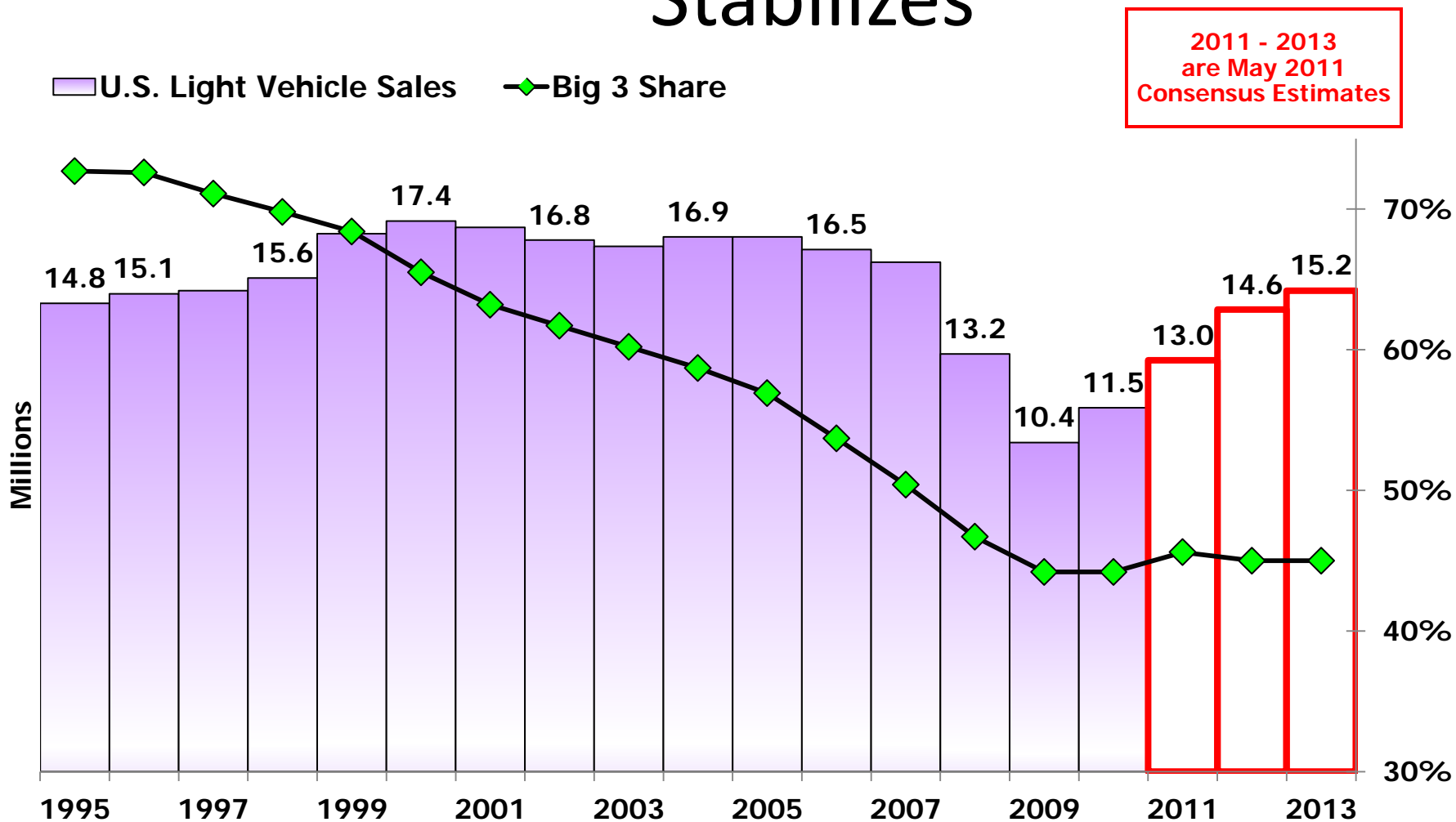


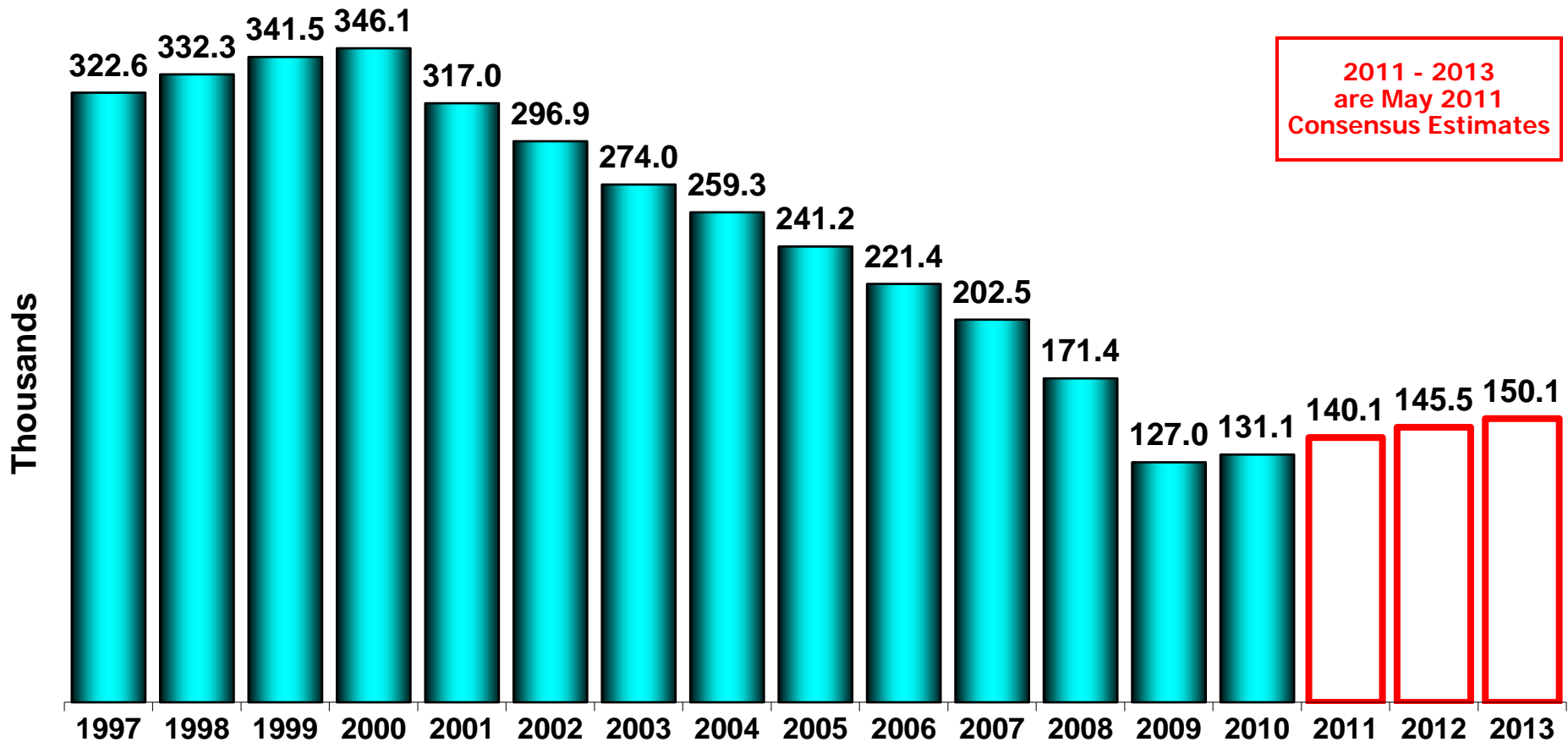
Michigan's 10-Year Recession

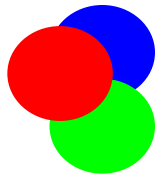
Federal Reserve Bank of Chicago: April 4th, 2013

Sales Up; Big 3 Market Share Stabilizes

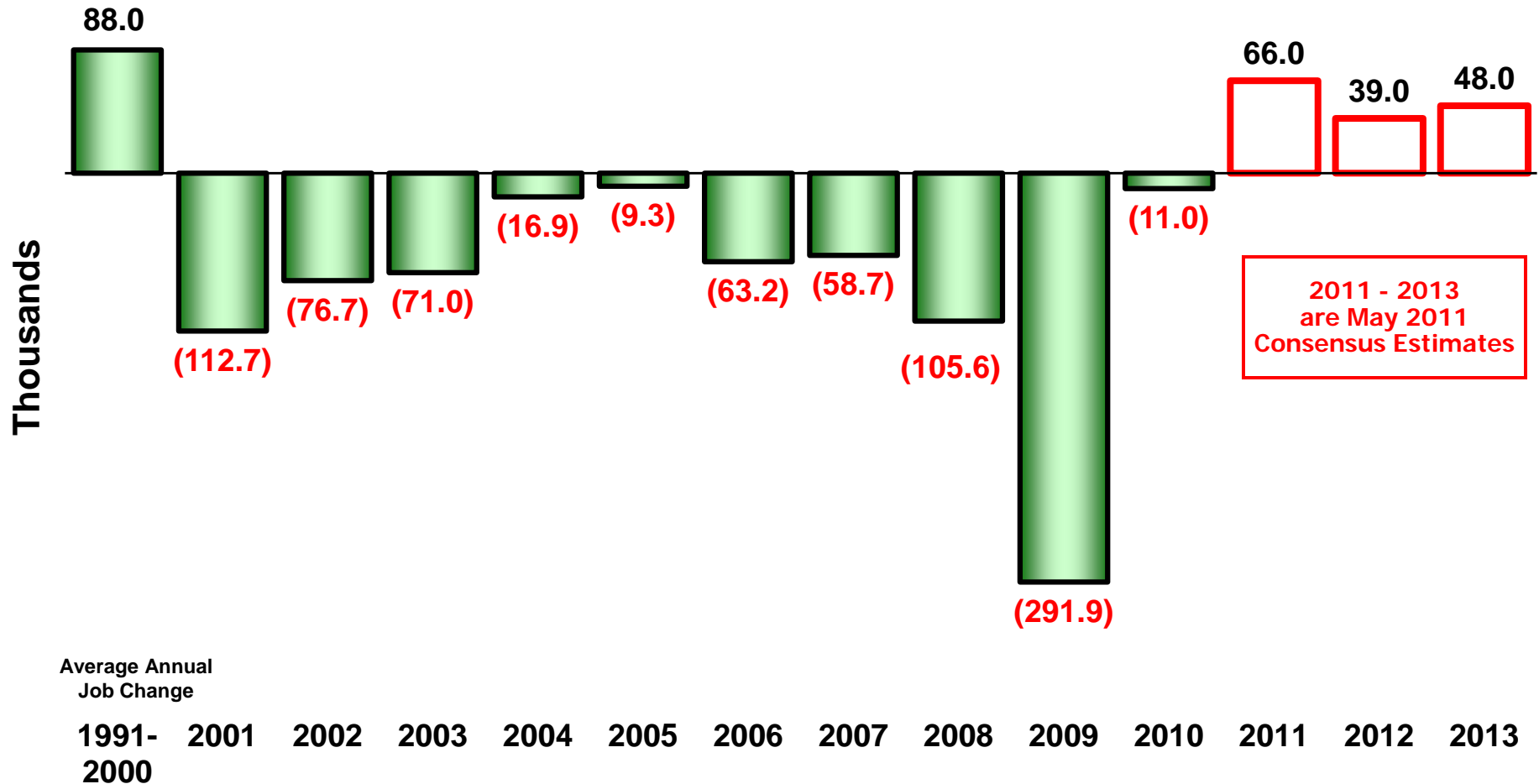


Michigan Vehicle Employment

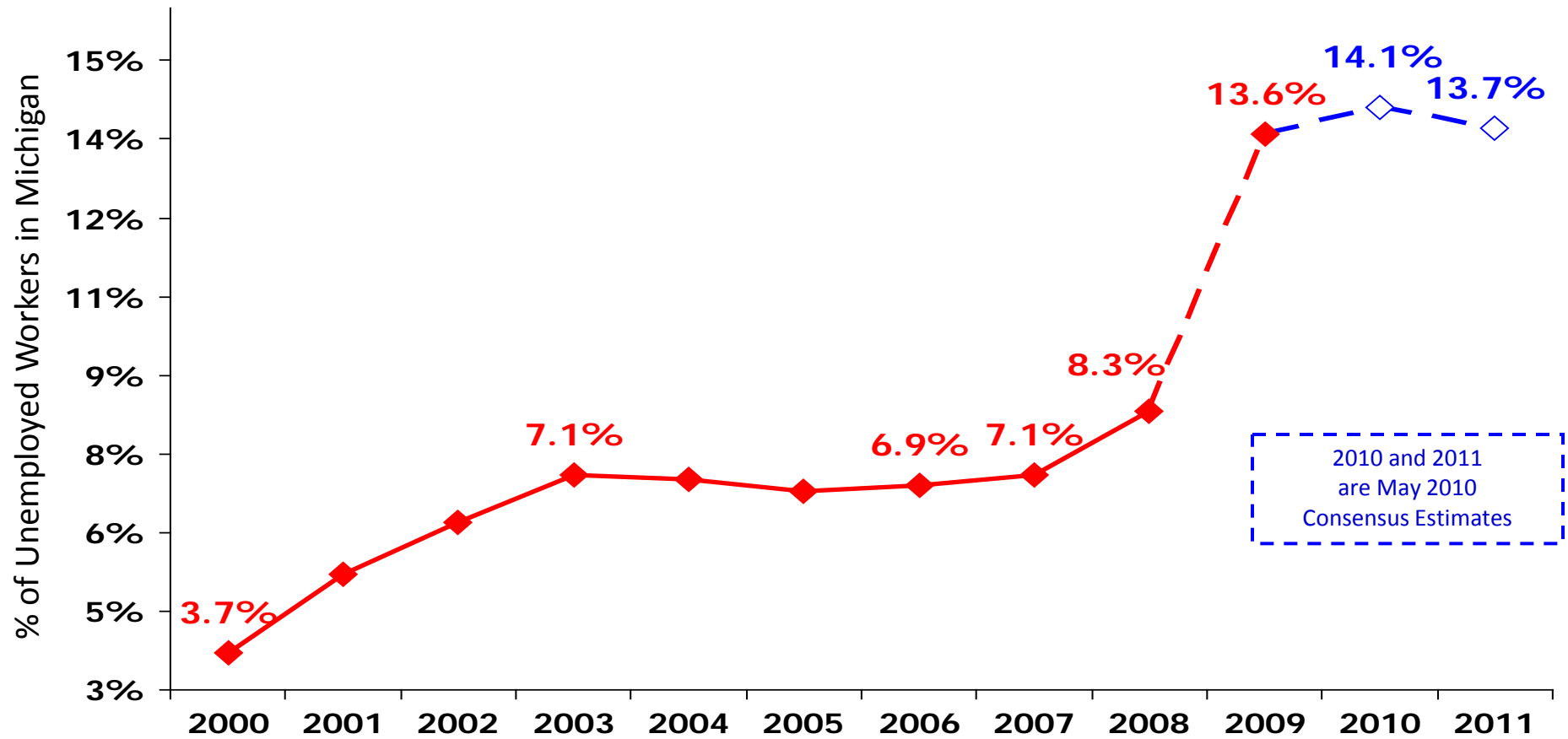




Job Change in Michigan



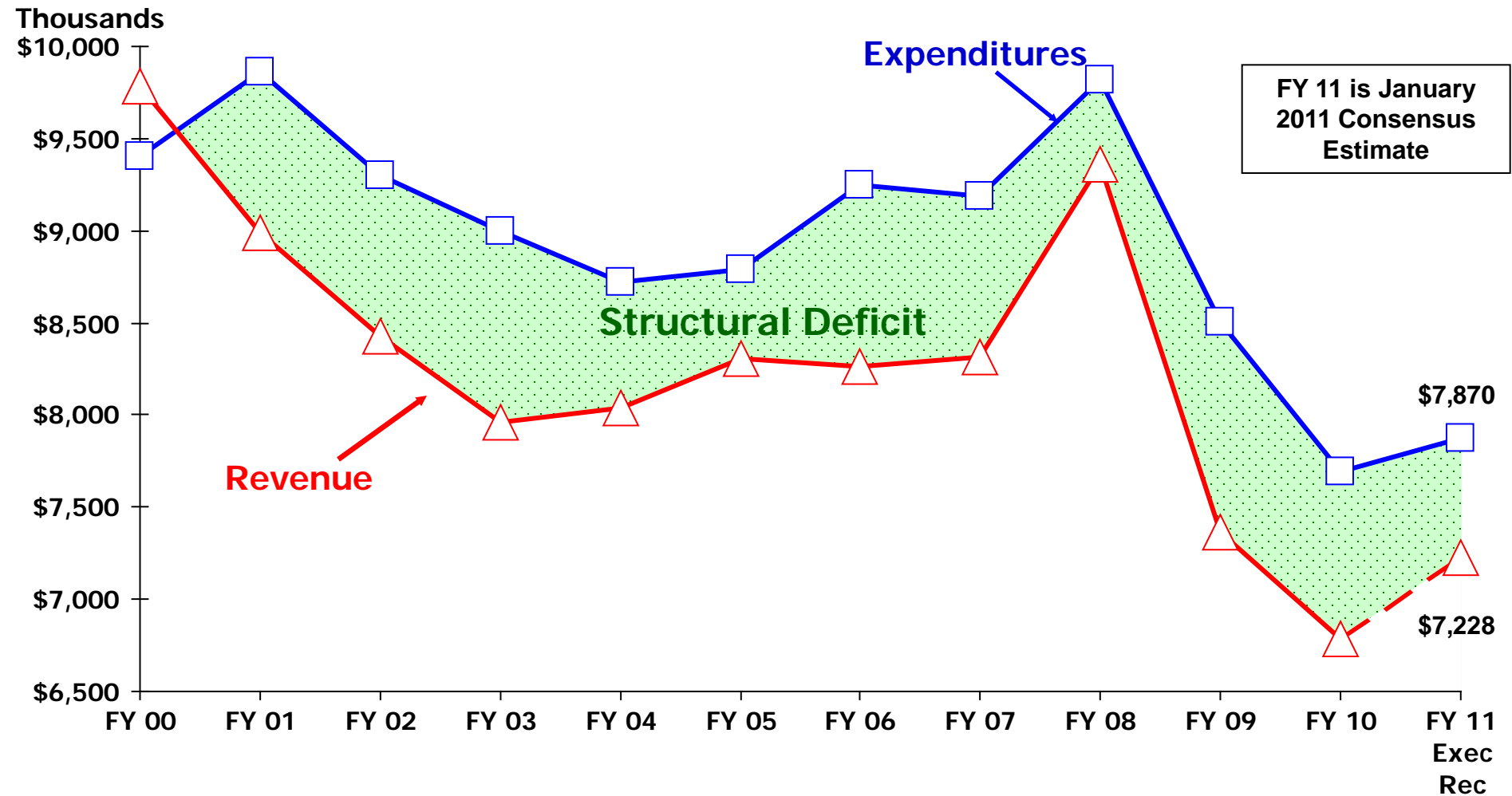
Michigan Unemployment Rate



Structural Problems Began in Earnest in 2001

<u>Funding Source</u>	<u>\$ Amount in Millions</u>
■ Withdrawn from the BSF	\$1,264.0
■ SAF surplus	\$870.0
■ One-time revenue from changing SET collection dates	\$454.0
■ Other one-time revenue from various fund shifts and property sales	\$689.0
Total One-Time Revenue June 2001 to December 2002	\$3,277.0

GF/GP Revenue and Expenditures

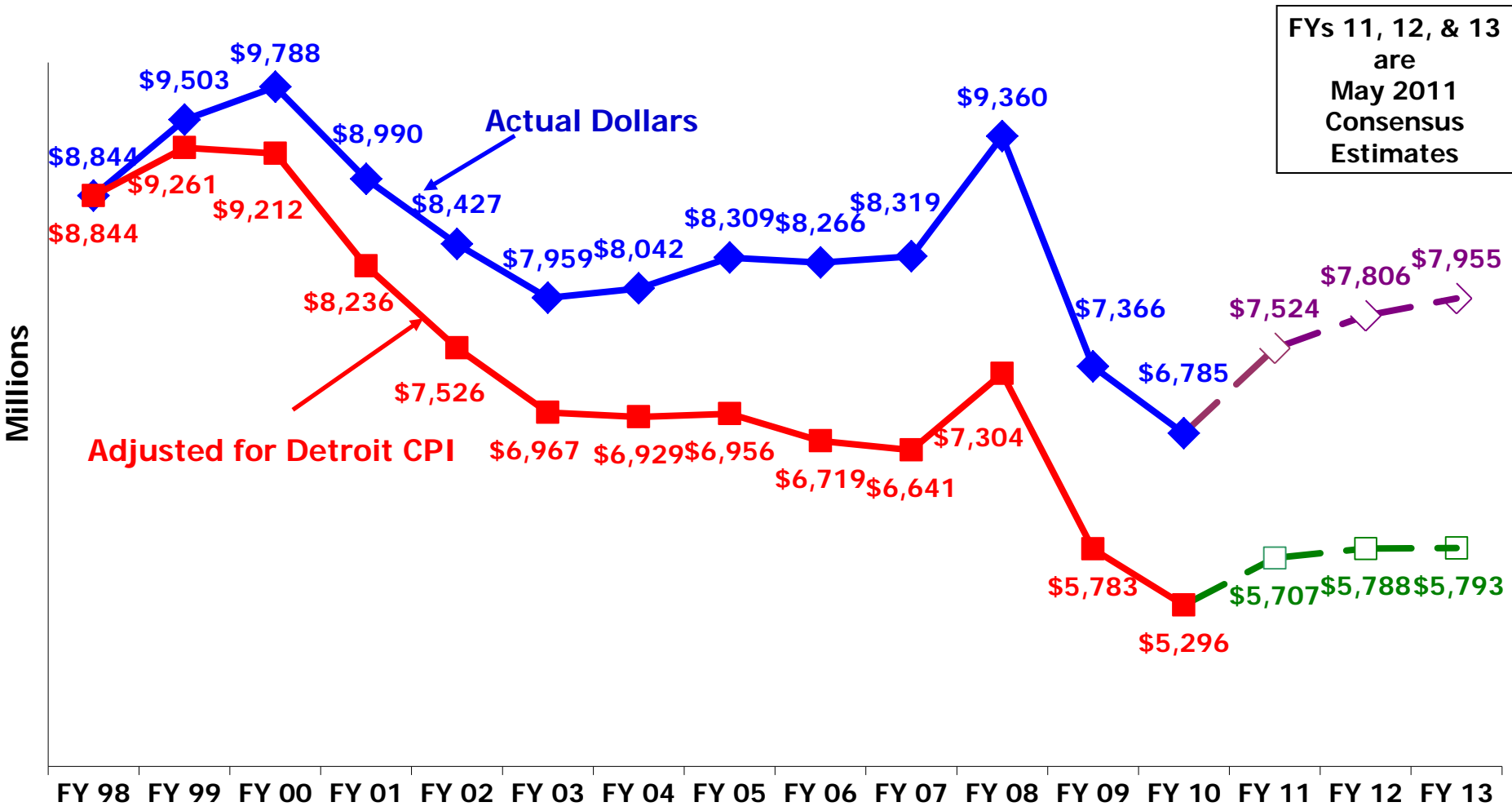


One-Time Funding Sources Utilized in FY 2010-11 Budget

<u>Funding Source</u>	<u>\$ Amount by Affected Fund (Millions)</u>
	<u>GF/GP</u>
■ Federal Funds	\$976.5
■ Tax Amnesty (\$88.8M in FY11 plus assumed \$20.5M loss in FY12)	\$109.3
■ Unclaimed Property (difference between FY11 and FY12)	\$107.0
■ Debt Service Restructuring (difference between FY11 and FY12)	\$162.2
■ Early Retirement (one-time replacement savings minus 3% phase-in)	\$24.0
■ County Revenue Sharing: Projected FY 2011-12 Increase	\$40.0
Total One-Time Funding Sources	\$1,419.0

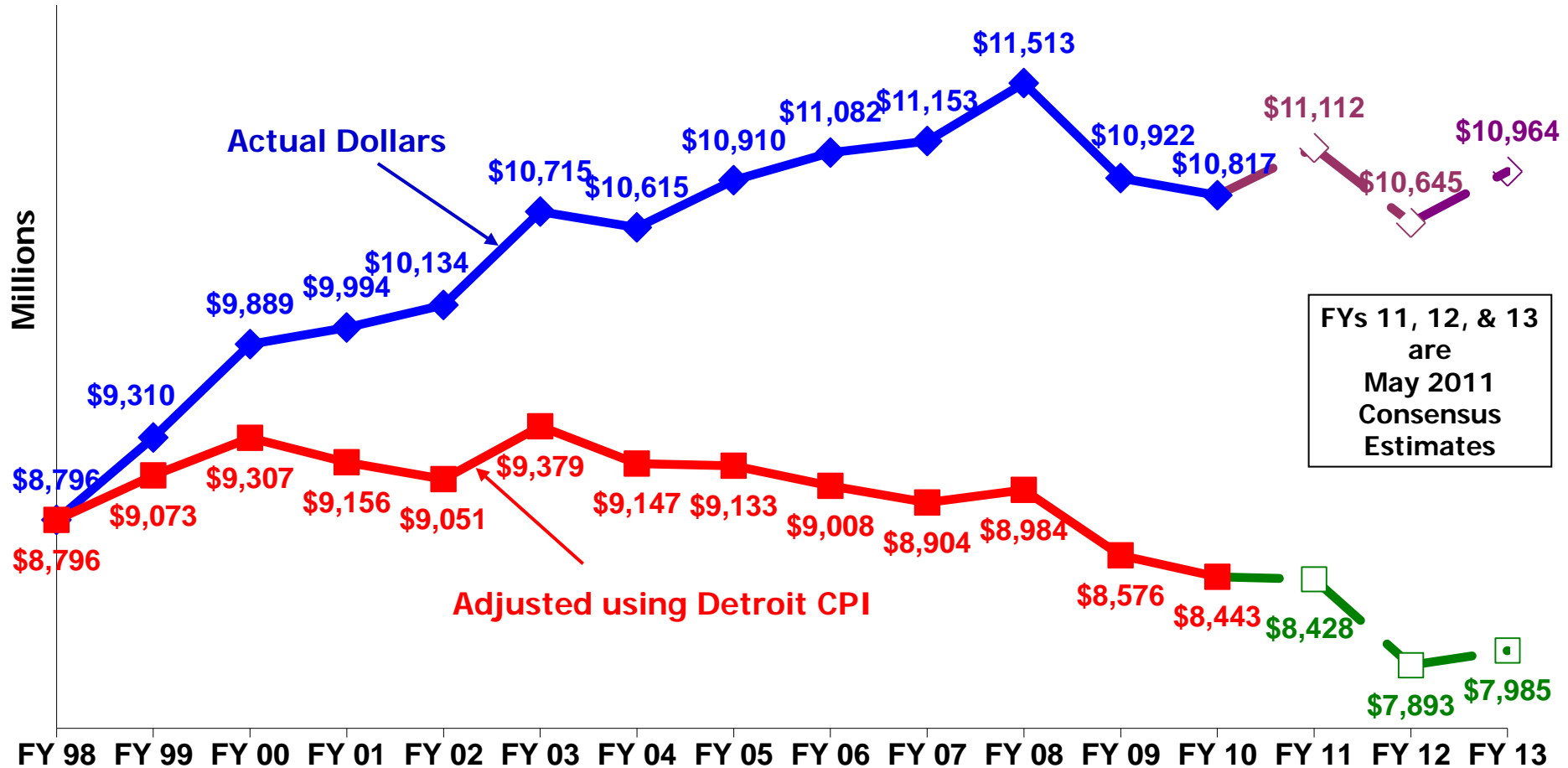
Inflation Adjusted GF/GP Revenue Down 40% Since FY 2000

FYs 11, 12, & 13
are
May 2011
Consensus
Estimates



Note: Consensus estimates adjusted to include the tax plan.

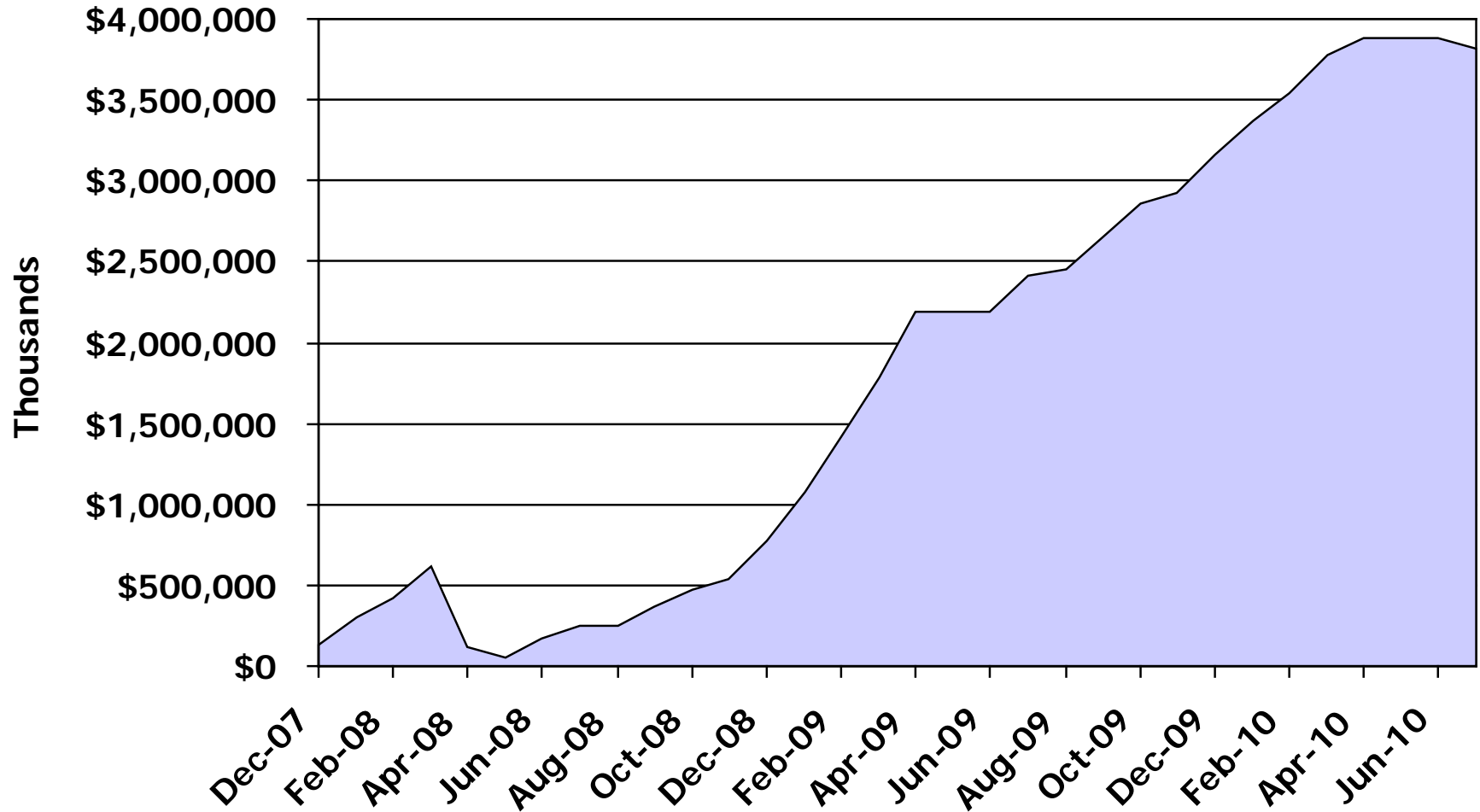
Inflation Adjusted SAF Net Revenue Down 8.7% Since FY 2000



Note: Consensus estimates adjusted to include the tax plan.

Monthly Outstanding Title 12 Advances

December 2007 - July 2010



Michigan Business Tax History

- Corporate Franchise Fee: 1921 – 1957
- BAT a modified “subtractive” VAT: 1957 – 1967
- Business income Tax and Financial Institutions Tax 1967 – 1975
- Single Business Tax 1975 – 2007
- Michigan Business Tax 2007 – 2012
- Corporate Income Tax 2012 - ?

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