



# Economic Bulletin



The **U.S. unemployment rate** fell in February to a seasonally adjusted 4.6 percent, matching November

1997's 24-year low. February's rate declined from 4.7 percent in December and January. In February 310,000 nonfarm jobs were created; this is the fourth consecutive month in which more than 300,000 jobs were created. The construction sector led the job growth by contributing 41,000 jobs; government was close behind with unusually high growth of 36,000 jobs. The manufacturing sector lost 2,000 jobs, while services added 146,000.

◆ The Conference Board announced that the **index of consumer confidence** jumped to a 30-year high in February, more than offsetting an eight-point drop in January. The index, which measures public perception about the future of the economy, climbed 10 points to 138.3 in February. The reversal could signal that consumers' fears about the Asian crisis, which depressed the index in January, are subsiding. Compared to January, consumers felt better about current economic conditions and had more confidence about the economy's future.

◆ **New home sales** surged 10.3 percent in January, the largest monthly increase in over four years. New single-family homes rose to a seasonally-adjusted annual rate of 877,000 in January from 795,000 in December. The sales increase was due to a strong economy and falling mortgage rates, which dipped below 7 percent in January. New home sales are unlikely to maintain their current rate, however; the warm weather may have inspired consumers to purchase houses earlier in the year than usual, possibly boosting the January numbers and causing a slowdown in sales this spring.



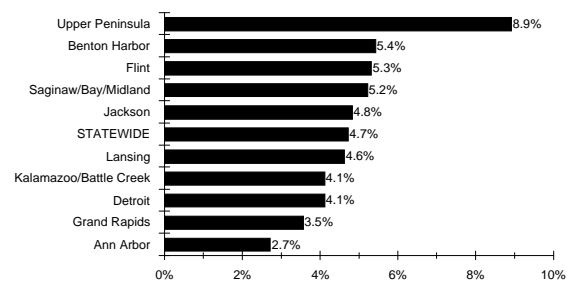
February light **motor vehicle sales** fell 0.7 percent from the year-ago level, the second consecutive monthly

decline. Car sales dipped 4.7 percent while light truck sales gained 4.5 percent. Sales for the Big Three were down 2.2 percent while sales of Japanese models dropped 1.7 percent. Chrysler (3.1 percent) and Ford (0.1 percent) eked out small gains, while GM's sales fell 7.1

percent. On a seasonally-adjusted annual basis, sales were 15.1 million units, down slightly from January (15.2 million units) and about on par with sales for all of 1997.

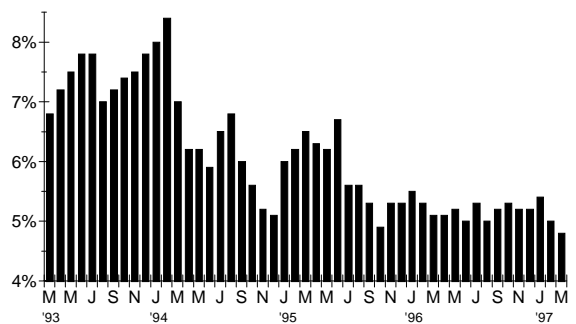
◆ **Michigan's unemployment rate** rose in February to a seasonally-adjusted 4.0 percent from 3.9 percent in January. The rate increase reflects an increase of 4,000 people in the labor force. It also reflects a decline in employment of 1,000 jobs. Despite the slight rate increase, Michigan's rate remains lower than the national average.

## Unemployment Rates in Major Mich. Labor Markets, January 1998 (adjusted rates)



SOURCE: Michigan Employment Security Agency.

## Michigan Monthly Unemployment Rates (seasonally adjusted)



SOURCE: Michigan Employment Security Agency.

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# MONTHLY FOCUS

## 1997 COUNTY POPULATION

The Michigan Information Center released its 1997 population estimates for Michigan counties.

The exhibit shows the 1997 estimated population and its percentage change from 1996. Growth averaged 0.44 percent statewide between 1996 and 1997. The largest growth was in Lake County (3.15 percent); the lowest was in Ontonagon County, which lost 3.25 percent of its population.

Eight counties experienced relatively rapid growth (over 2.0

percent), five of which are in the northern region of the state—Cheboygan, Crawford, Keweenaw, Leelanau, and Otsego. Seventeen counties lost population between 1996 and 1997, nine of which were in the Upper Peninsula. Wayne County lost population in 1997 after making slight gains in 1995 and 1996.

### 1997 Population Estimates, by County

	1997 Population	% Change from 1996		1997 Population	% Change from 1996
Alcona	10,980	1.22	Lapeer	86,893	1.50
Alger	9,958	0.52	Leelanau	18,755	2.10
Allegan	100,585	1.58	Lenawee	97,998	0.88
Alpena	30,638	-0.16	Livingston	141,914	2.93
Antrim	20,975	1.79	Luce	6,584	1.43
Arenac	16,411	0.73	Mackinac	11,113	0.21
Baraga	8,448	-0.20	Macomb	783,451	0.61
Barry	53,533	0.57	Manistee	23,179	0.87
Bay	110,423	-0.25	Marquette	61,792	-0.28
Benzie	14,290	2.25	Mason	27,854	0.68
Berrien	160,713	-0.29	Mecosta	39,178	1.77
Branch	43,628	1.62	Menominee	24,443	-0.38
Calhoun	141,821	1.19	Midland	81,248	0.86
Cass	49,967	0.13	Missaukee	13,682	0.46
Charlevoix	23,630	1.24	Monroe	142,301	1.24
Cheboygan	23,535	2.09	Montcalm	59,647	1.23
Chippewa	37,900	1.42	Montmorency	9,980	1.21
Clare	29,011	1.64	Muskegon	165,882	0.65
Clinton	63,087	1.15	Newaygo	45,059	1.78
Crawford	13,880	2.06	Oakland	1,166,512	0.62
Delta	38,801	-0.07	Oceana	24,599	1.15
Dickinson	27,062	-0.26	Ogemaw	20,955	0.74
Eaton	100,173	0.65	Ontonagon	8,117	-3.25
Emmet	28,339	1.76	Osceola	22,028	-0.02
Genesee	435,393	-0.03	Oscoda	8,844	1.06
Gladwin	24,879	1.18	Otsego	21,800	2.31
Gogebic	17,439	-1.02	Ottawa	220,403	2.22
Grand Traverse	73,161	1.55	Presque Isle	14,392	0.10
Gratiot	40,024	0.31	Roscommon	23,174	1.50
Hillsdale	46,240	0.85	Saginaw	211,278	-0.22
Houghton	35,810	-0.68	Sanilac	42,736	0.72
Huron	35,270	0.03	Schoolcraft	8,748	1.48
Ingham	284,089	-0.29	Shiawassee	72,236	0.04
Ionia	61,112	1.25	St. Clair	157,704	1.28
Iosco	25,129	1.19	St. Joseph	61,234	0.40
Iron	13,067	-0.34	Tuscola	58,087	0.61
Isabella	57,623	0.66	Van Buren	75,686	0.64
Jackson	155,346	0.58	Washtenaw	299,503	1.28
Kalamazoo	229,192	0.07	Wayne	2,127,087	-0.48
Kalkaska	15,451	0.44	Wexford	29,147	1.50
Kent	539,425	0.67			
Keweenaw	2,078	2.82	Michigan	9,773,892	0.44%
Lake	10,153	3.15			

SOURCE: Michigan Information Center Web page, June 1997.

# NEWS FROM THE STATE CAPITOL

## LAWMAKERS DEFEAT DIESEL FUEL HIKE

When Michigan lawmakers raised the gasoline tax from 15 cents to 19 cents per gallon last year, they left some unfinished business—the transportation funding package did not change the tax rate on diesel fuel. The Michigan Senate recently returned to this issue, deciding against a tax increase. To this end, the Senate soundly defeated HB 4841, which would have raised the diesel tax rate from 15 cents to 19 cents per gallon, the same rate as for regular gasoline.

The diesel tax, like the gasoline tax, is paid at the pump when drivers fill their tanks.

Supporters of a higher diesel tax contend that inequities were created last year when taxes were raised 4 cents on regular gasoline but not on diesel fuel. Not enough Senators agreed, however, and HB 4841 was defeated by a two-to-one vote. The bill's defeat is bad news for the governor, who based his proposed FY 1998–99 budget on the assumption that diesel and motor carrier taxes would be raised.

## MOTORISTS TO RECEIVE INSURANCE REBATE

The board of the Michigan Catastrophic Claims Association (MCCA), under pressure from the Michigan House, has decided to refund \$1.2 billion to motorists.

The MCCA pays the medical benefits of severely-injured accident victims whose medical costs exceed \$250,000. Michigan motorists pay into the fund via their auto insurance payments, and these monies are held in stocks and other investments. Due to a spiraling stock market and a declining number of claims for catastrophic injuries, the fund now is well in surplus of the amount needed to pay claims.

To remedy the situation, the MCCA board decided to refund \$1.2 billion, or about \$180 per vehicle, to insured Michigan motorists. These monies would be allocated to auto insurance companies on or before June 30, 1998. The companies will then distribute the refunds to motorists either by issuing a check or by cutting insurance rates.

This month's Economic Bulletin was written by Laurie A. Cummings, Senior Consultant for Economic and Education Policy, and Robert Kleine, Vice President and Senior Economist.

### INFORMATION OF INTEREST

Hovey, Harold, *CQ's State Fact Finder: Rankings Across America 1998*, State Policy Research, Inc. and Congressional Quarterly (Washington, D.C.: CQ, 1996). 614/447-9443.

This 400-page book supplies data and rankings for all 50 states and the District of Columbia. It replaces the widely-circulated annual publication *States in Profile*, a less comprehensive version of *State Fact Finder*. The data provide a one-year snapshot of major indicators of state economic, social, and physical well-being. They are intended to answer questions about the best states in which to live and do business and which states have the best policies. Some of the subjects covered include population, economics, environment and recreation, government, taxes, education, health, crime, transportation, and social welfare. Technical notes and referrals to sources of additional information are provided for each table of data.

Senate Fiscal Agency, *Status of Lawsuits Against the State of Michigan, FY 1996-97 Update*, (Lansing, MI: SFA), January 1998. 517/373-2768.

This 50-page report contains information on payments of court judgements and settlements by State of Michigan departments and agencies. It provides a payment history by department for FY 1987–88 to FY 1996–97. The report provides additional detail for FY 1996–97, discussing those departments or agencies that paid judgements and settlements over \$500,000. It also provides detailed information submitted by each department, including the plaintiffs, total amount paid per case including interest, funding source, county in which the lawsuit originated, and a brief summary of the case.

# MICHIGAN REVENUE REPORT

After a slow start, state revenue collections appear to be almost back on track. Total January collections increased 2 percent, and February collections were up 2.9 percent from the year-ago level. Revenue growth was dampened by weakness in the single business tax (SBT) and state property tax. However, sales, use, and withholding tax collections fared better, increasing 5.7 percent in January and 4.2 percent in February.

Personal income tax withholding collections were up 7.2 percent in January and 5.2 percent in February. Gross collections were even stronger, due mainly to a 29.1 percent increase in quarterly payments in January.

Sales tax collections increased 4.5 percent in January and 4.8 percent in February. Motor vehicle sales have been a little weaker than other sales, increasing only 3.4 percent in January and 2.9 percent in February. Use tax revenue, which can vary widely from month to month, was up only 1.4 percent in January and declined 3.5 percent in February. Year-to-date collections are up only 0.3 percent.

SBT collections (including insurance) continue to be very weak.

January and February collections combined were down 4.5 percent from the year-ago level.

Lottery sales were up 5.8 percent in January and 10.9 percent in February. Year-to-date collections are up a robust 7.5 percent, well above projections.

The consensus revenue estimating conference was held on January 15, and the participants agreed to a GF/GP revenue estimate for FY 1997–98 of \$8,583.7 million, an increase of 2.9 percent from FY 1996–97. Excluding an estimated \$121 million in tax cuts, the increase would be 4.4 percent. School aid fund revenue growth is forecast at 4.2 percent before tax cuts and 3.9 percent after tax cuts.

## February 1998 Revenue Collections (millions)

Source	February Collections	Percentage Change Year-ago	Percentage Change Year-to-date	February 1997 Actual	FY 1997–98 Consensus Est. Less Tax Cuts (% Change)
Income tax					
Withholding	\$495.8	5.2%	5.1%	\$471.3	4.3%
Quarterly	9.8	188.2	21.4	3.4	4.4
Annual	8.4	31.3	21.3	6.4	-4.2
Subtotal: gross income tax	514.0	6.8	6.8	481.1	3.7
Sales tax	389.7	4.8	3.6	372.0	4.6
Motor vehicles	53.4	2.9	7.6	51.9	—
Other	336.3	5.1	3.0	320.1	—
Use tax	80.3	-3.5	0.3	83.2	5.0
Subtotal: sales/use/withholding	965.8	4.2	4.1	926.5	3.9
Tobacco tax	41.8	1.0	-2.7	41.4	-3.1
SBT	253.3	14.3	-1.5	221.6	5.0
Insurance	22.6	-9.2	-19.3	24.9	12.5
Subtotal: SBT + insurance	275.9	11.9	-3.1	246.5	5.5
State education property tax	178.7	-5.5	-6.4	189.1	5.0
Real estate transfer tax	19.0	30.1	11.4	14.6	0.6
Estate/inheritance tax	3.4	-2.9	35.1	3.5	4.4
Intangibles tax	0.1	-90.9	-63.4	1.1	-39.6
Severance tax	1.4	-58.8	-18.1	3.4	-2.9
TOTAL	\$1,504.3	4.8%	2.9%	\$1,435.9	3.9%
Gross lottery sales (prel.)	\$134.9	10.9%	7.5%	\$121.6	

SOURCE: Senate Fiscal Agency.

NOTE: November is the first month of the new fiscal year for all revenue sources except the lottery.