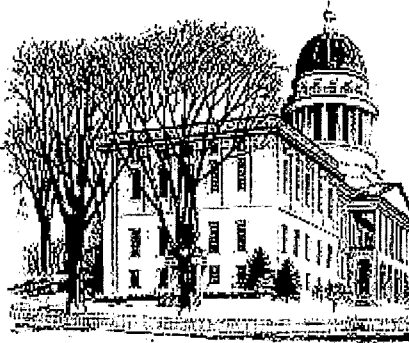


MAINE STATE LEGISLATURE

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STATE OF MAINE
 REVENUE FORECASTING COMMITTEE

Members:

Jerome Gerard, Chair, Acting State Tax Assessor
 James Breece, University of Maine System
 Marc Cyr, Principal Analyst, Office of Fiscal and Program Review
 Grant Pennoyer, Director, Office of Fiscal and Program Review
 Catherine Reilly, State Economist
 Ellen Jane Schneider, State Budget Officer

March 26, 2007

TO: Governor John Baldacci
 Members, 123rd Legislature

FROM:  Jerome Gerard, Chair
 Revenue Forecasting Committee

RE: **March 2007 Revenue Forecast**

The Revenue Forecasting Committee (RFC) reconvened today to finalize its March revenue forecast. The RFC did not conclude its update for the March 1st reporting deadline in order to gain the benefit of a preliminary review of Corporate Income Tax payments that were due on March 15th. Shortly after the December 2006 forecast, Corporate Income Tax began to come in below revised projections. With a full week's processing, it is now clear that the Corporate Income Tax is not likely to perform at the level reflected in the December projections and that a downward adjustment to this revenue line is warranted.

Presented below is a table summarizing the changes to the General Fund, Highway Fund, Fund for a Healthy Maine and MaineCare Dedicated Revenue Taxes. Separate tables summarizing the effect for each of the funds by the major categories are also attached. A more detailed report will be forthcoming in a couple weeks.

General Fund Summary

	FY07	FY08	FY09	FY10	FY11
Current Forecast	\$3,020,947,915	\$3,078,691,800	\$3,162,051,521	\$3,265,921,996	\$3,320,959,326
Annual % Growth	3.0%	1.9%	2.7%	3.3%	1.7%
Net Increase (Decrease)	(\$33,736,442)	(\$21,008,856)	(\$19,583,936)	(\$20,190,670)	(\$11,407,826)
Revised Forecast	\$2,987,211,473	\$3,057,687,944	\$3,142,467,585	\$3,245,731,326	\$3,309,551,500
Annual % Growth	1.9%	2.4%	2.8%	3.3%	2.0%

Highway Fund Summary

	FY07	FY08	FY09	FY10	FY11
Current Forecast	\$330,757,329	\$340,996,299	\$347,196,520	\$350,245,413	\$356,494,765
Annual % Growth	1.3%	3.1%	1.8%	0.9%	1.8%
Net Increase (Decrease)	\$0	(\$2,100,239)	(\$2,912,734)	(\$2,990,234)	(\$3,643,229)
Revised Forecast	\$330,757,329	\$338,896,060	\$344,283,786	\$347,255,179	\$352,851,536
Annual % Growth	1.3%	2.5%	1.6%	0.9%	1.6%

Fund for a Healthy Maine Summary

	FY07	FY08	FY09	FY10	FY11
Current Forecast	\$46,189,344	\$60,408,950	\$62,815,948	\$67,818,647	\$71,548,715
Annual % Growth	-0.6%	30.8%	4.0%	8.0%	5.5%
Net Increase (Decrease)	\$231,280	\$167,761	\$239,938	\$239,938	\$239,938
Revised Forecast	\$46,420,624	\$60,576,711	\$63,055,886	\$68,058,585	\$71,788,653
Annual % Growth	-0.1%	30.5%	4.1%	7.9%	5.5%

Medicaid/MaineCare Dedicated Revenue Taxes Summary

	FY07	FY08	FY09	FY10	FY11
Current Forecast	\$121,526,004	\$122,825,633	\$124,157,752	\$125,523,174	\$126,922,732
Annual % Growth	2.9%	1.1%	1.1%	1.1%	1.1%
Net Increase (Decrease)	\$3,895,963	\$4,244,849	\$4,602,459	\$4,969,007	\$5,344,719
Revised Forecast	\$125,421,967	\$127,070,482	\$128,760,211	\$130,492,181	\$132,267,451
Annual % Growth	6.2%	1.3%	1.3%	1.3%	1.4%

The General Fund revisions, driven primarily by the Corporate Income Tax changes, represent a \$74.3 million decrease of budgeted revenue for the budget period under consideration by this Legislature. The changes to the Corporate Income Tax represent a reversal of a substantial portion of the upward revision that the RFC recommended in its December 2006 forecast. At that time, the indications were that corporate income tax payments were showing very healthy growth consistent with national trends. It now appears that the spike in receipts at the end of FY06 was a timing issue that is being reversed as this fiscal year moves forward.

It is important to note that while Maine's corporate income tax is growing at a slower rate than the nation as a whole, the annual growth rate implicit in this forecast is still a solid 11% between FY05 and FY08. Consistent with most national forecasts, the RFC is forecasting much slower growth in corporate receipts beyond FY08.

Apart from the downward revision to the corporate income tax, the modest changes in the economic forecast resulted in only modest changes to the other categories in the General Fund revenue forecast. However, during the current fiscal year ending June 30, 2007 (FY07), this forecast does represent unanticipated downward revision for budget decision makers. In addition to the Corporate Income Tax change, Individual Income Tax was adjusted downward by \$1.5 million for timing issues related to bonus depreciation recapture and \$5.0 million related to additional Business Equipment Tax Reimbursement changes. The Telecommunications Personal Property Tax (within the Public Utilities Tax category) was adjusted for changes in the valuation of those assets. Income from Investments was adjusted downward by just over \$3.0 million annually to reflect a reduction in cash balances and consequently earnings as a result of utilizing internal borrowing rather than Tax Anticipation Note financing.

These negative adjustments were partially offset by some positive adjustments in the General Fund. Revenue from Liquor Sales and Operations and revenue from Liquor Taxes were adjusted upward as were Racino revenues. Revenue collected by the Department of Health and Human Services was also adjusted upward in each year of the forecast.

The amount of revenue realized by the Milk Handling Fee and the Transfer to the Maine Milk Pool are directly determined by milk prices. Because milk prices are very volatile and difficult to forecast, the committee plans to revisit these revenue sources during each forecast session. These revenue sources were first effective in FY06, but became significant revenue items in FY07 when milk prices dropped. The inverse relationship between milk prices and these

revenue sources increased the magnitude of these revenue items. Milk prices are now projected to be higher than the December forecast, resulting in a decline in magnitude and a net positive increase to revenue for these 2 categories.

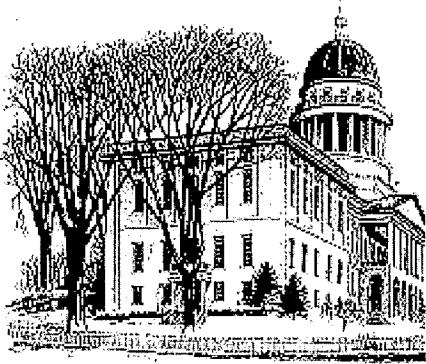
The preliminary assessment of Highway Fund revenue by the RFC was reaffirmed today. There were no changes to the RFC's December forecast for FY07, but some modest downward revisions in Fuel Taxes resulted from the lower inflation projections in the Consensus Economic Forecasting Commission forecast. The adjustments result in a \$5.0 million downward revision for the 2008-2009 biennium.

The Fund for a Healthy Maine received modest upward adjustments in revenue projections from additional interest earnings and from the strong performance of the Racino revenue. Over the 3 year budget period, this will increase revenue by just under \$640,000. MaineCare Dedicated Revenue Taxes were also revised upward in aggregate based on recent experience. As noted in our February letter, the adjustment to the MaineCare Taxes does not take into account a recent federal restriction added to these taxes that must be addressed by legislative action to change the rate of the tax to bring it within the federal restrictions.

Finally, while the adjustments made today certainly create challenges for the Administration and the Legislature as they work toward a biennial budget, it only represents a 1% change in the total annual forecast of General Fund revenues. Nothing in the national or state economies has fundamentally changed during the intervening months between the December and March revenue forecasts to materially affect this forecast. Today's recommendations correct for a misinterpretation of last year's corporate receipts, and should be viewed as such.

Attachments

cc: Members, Revenue Forecasting Committee
Members, Consensus Economic Forecasting Commission
Jane Lincoln, Chief of Staff, Governor's Office
Ryan Low, Deputy Chief of Staff, Governor's Office
Rebecca Wyke, Commissioner, DAFS
Millie MacFarland, Clerk of the House
Joy O'Brien, Secretary of the Senate
David Boulter, Executive Director, Legislative Council
Legislative Staff Office Directors




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Catherine Reilly, State Economist
Ellen Jane Schneider, State Budget Officer

February 26, 2007

TO: Governor John Baldacci
Members, 123rd Legislature

FROM:  Jerome Gerard, Chair
Revenue Forecasting Committee

RE: **March 2007 Revenue Forecast**

The Revenue Forecasting Committee (RFC) reached no final decision at its meeting last Friday, February 23rd. The committee decided to conclude its forecast in one month, after the March 15th corporate income tax filing date.

Apart from issues related to the corporate income tax, the modest changes in the economic forecast resulted in only modest changes to the General Fund revenue forecast. However, Maine's corporate income tax collection experience appears to be substantially underperforming as compared to the nation as a whole. There is a lack of supporting data that might explain Maine's anomalous performance in this regard. More than 80% of Maine corporate filers face a March 15th final corporate income tax filing deadline; it is hoped that an examination of those filings will assist the RFC in developing a better understanding of the State's corporate income tax situation. RFC members agreed to convene again approximately one week after the March 15th deadline to re-examine the forecast.

Should the March final corporate filings fail to indicate an improvement in corporate income tax revenue, the General Fund forecast will likely be adjusted downward for fiscal years 2007, 2008 and 2009. The current level of filings would necessitate a reduction of \$36.7 million over these three fiscal years. However, March final payments may reveal the need for a reduction that is less than or greater than that amount.

A review of the Highway Fund revenue by the RFC led to a preliminary recommendation of no change to the Committee's December forecast for fiscal year 2007 revenue, but some modest downward revisions in Fuel Taxes, a result of the lower inflation projections in the Consensus Economic Forecasting Commission forecast. This adjustment results in a \$5.0 million downward revision for the 2008-2009 biennium.

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2007

Source	FY04 Actual	% Chg.	FY05 Actual	% Chg.	FY06 Actual	% Chg.	FY07 Budget	% Chg.	Recom. Chg.	FY07 Revised	% Chg.
Sales and Use Tax	917,243,245	7.0%	896,576,322	-2.3%	946,174,276	5.5%	974,740,367	3.0%	0	974,740,367	3.0%
Service Provider Tax	0	N/A	44,645,517	N/A	47,028,430	5.3%	48,911,765	4.0%	0	48,911,765	4.0%
Individual Income Tax *	1,156,715,909	7.9%	1,270,225,329	9.8%	1,254,506,663	-1.2%	1,333,646,508	6.3%	(6,527,000)	1,327,119,508	5.8%
Corporate Income Tax	111,616,051	22.4%	135,862,913	21.7%	188,015,558	38.4%	199,398,755	6.1%	(27,320,000)	172,078,755	-8.5%
Cigarette and Tobacco Tax	96,604,646	-1.8%	96,350,704	-0.3%	156,951,370	62.9%	164,502,981	4.8%	0	164,502,981	4.8%
Public Utilities Tax	27,991,188	-4.4%	25,403,214	-9.2%	20,627,030	-18.8%	19,695,000	-4.5%	(2,803,254)	16,891,746	-18.1%
Insurance Companies Tax	72,206,153	1.6%	75,669,053	4.8%	76,065,864	0.5%	76,336,389	0.4%	0	76,336,389	0.4%
Estate Tax	32,075,501	5.1%	32,255,727	0.6%	75,330,514	133.5%	52,465,498	-30.4%	0	52,465,498	-30.4%
Prop. Tax - Unorganized Territory	10,709,308	7.8%	10,622,666	-0.8%	11,559,305	8.8%	11,597,312	0.3%	0	11,597,312	0.3%
Income from Investments	2,310,207	-1.5%	5,854,625	153.4%	8,271,869	41.3%	4,565,000	-44.8%	(3,047,681)	1,517,319	-81.7%
Transfer to Municipal Rev. Sharing	(111,464,335)	-8.2%	(119,712,814)	-7.4%	(124,222,180)	-3.8%	(130,391,566)	-5.0%	1,726,197	(128,665,369)	-3.6%
Transfer from Lottery Commission	41,272,645	4.6%	49,328,102	19.5%	50,879,647	3.1%	50,334,250	-1.1%	0	50,334,250	-1.1%
Other Revenues **	326,259,040	66.2%	267,763,694	-17.9%	220,637,339	-17.6%	215,145,656	-2.5%	4,235,296	219,380,952	-0.6%
Total - General Fund Revenue	2,683,539,557	12.1%	2,790,845,053	4.0%	2,931,825,687	5.1%	3,020,947,915	3.0%	(33,736,442)	2,987,211,473	1.9%
Change in Biennial Totals									(33,736,442)		

*** Detail of Property Tax Reimbursement Programs Deducted from Individual Income Tax Revenue**

- Maine Resident Property Tax Program			(26,030,227)	N/A	(42,796,070)	-64.4%	(44,957,021)	-5.0%	0	(44,957,021)	-5.0%
- Business Equipment Tax Reimbursement (BETR)			0	N/A	(67,065,810)	N/A	(62,000,708)	7.6%	(5,000,000)	(67,000,708)	0.1%
- Municipal Business Equipment Tax Reimbursement			0	N/A	0	N/A	0	N/A	0	0	N/A

**** Detail of Other Revenues:**

- Real Estate Transfer Tax	22,196,221	106.1%	24,113,439	8.6%	24,595,580	2.0%	22,309,074	-9.3%	0	22,309,074	-9.3%
- Milk Handling Fee	0	N/A	0	N/A	1,867,527	N/A	3,485,207	86.6%	(1,055,032)	2,430,175	30.1%
- Liquor Sales and Operations	102,182,743	291.9%	49,845,027	-51.2%	2,560,044	-94.9%	3,750,000	46.5%	650,000	4,400,000	71.9%
- Liquor Taxes and Fees	17,485,024	2.0%	17,432,377	-0.3%	18,814,733	7.9%	19,027,489	1.1%	937,238	19,964,727	6.1%
- Finance Industry Fees	9,572,280	3.0%	18,641,800	94.7%	20,471,110	9.8%	20,567,380	0.5%	0	20,567,380	0.5%
- Corporation Fees & Licenses	3,600,455	3.4%	5,637,743	56.6%	6,385,451	13.3%	5,815,012	-8.9%	0	5,815,012	-8.9%
- Hunting and Fishing License Fees	16,898,278	21.1%	16,691,165	-1.2%	16,840,079	0.9%	15,705,573	-6.7%	0	15,705,573	-6.7%
- Boat, ATV and Snowmobile Fees	3,974,511	60.0%	4,148,890	4.4%	3,476,885	-16.2%	3,870,938	11.3%	0	3,870,938	11.3%
- Parimutuel and Gaming Revenue	1,036,539	-4.6%	1,362,611	31.5%	5,262,230	286.2%	7,566,052	43.8%	490,489	8,056,541	53.1%
- Fines, Forfeits and Penalties	38,219,275	41.6%	35,506,972	-7.1%	37,781,055	6.4%	42,453,483	12.4%	(535,000)	41,918,483	11.0%
- Targeted Case Management (HHS)	34,762,095	4.6%	34,518,055	-0.7%	25,687,188	-25.6%	22,977,870	-10.5%	632,024	23,609,894	-8.1%
- HHS Services Rendered	9,481,895	89.2%	7,966,194	-16.0%	9,613,394	20.7%	9,890,228	2.9%	1,790,795	11,681,023	21.5%
- State Cost Allocation Program	10,438,262	-5.0%	12,891,574	23.5%	13,281,561	3.0%	14,592,926	9.9%	0	14,592,926	9.9%
- Unclaimed Property Transfer	16,763,948	104.9%	10,000,000	-40.3%	14,880,517	48.8%	13,703,693	-7.9%	0	13,703,693	-7.9%
- Education Efficiency Fund Transfer	0	N/A	0	N/A	0	N/A	0	N/A	0	0	N/A
- Tourism Transfer	(7,213,282)	N/A	(7,554,190)	-4.7%	(7,762,689)	-2.8%	(8,221,338)	-5.9%	0	(8,221,338)	-5.9%
- Transfer to Maine Milk Pool	0	N/A	0	N/A	(2,616,160)	N/A	(12,574,554)	-380.6%	1,576,667	(10,997,887)	-320.4%
- Other Miscellaneous	46,860,796	69.5%	36,562,039	-22.0%	29,498,834	-19.3%	30,226,623	2.5%	(251,885)	29,974,738	1.6%
IF&W Total Revenue ***	21,902,902	24.5%	21,817,659	-0.4%	21,530,955	-1.3%	20,764,533	-3.6%	0	20,764,533	-3.6%

*** IF&W Revenue is a component of the Other Revenue line but is not included in the Detail of Other Revenue because it includes Other Revenue classified above.

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2007

Source	FY08 Budget	% Chg.	Recom. Chg.	FY08 Revised	% Chg.	FY09 Budget	% Chg.	Recom. Chg.	FY09 Revised	% Chg.
Sales and Use Tax	1,005,068,924	3.1%	0	1,005,068,924	3.1%	1,046,414,548	4.1%	0	1,046,414,548	4.1%
Service Provider Tax	51,181,910	4.6%	0	51,181,910	4.6%	53,452,742	4.4%	0	53,452,742	4.4%
Individual Income Tax *	1,378,915,055	3.4%	2,296,000	1,381,211,055	4.1%	1,405,890,341	2.0%	6,824,000	1,412,714,341	2.3%
Corporate Income Tax	212,797,650	6.7%	(26,460,000)	186,337,650	8.3%	223,637,116	5.1%	(30,520,000)	193,117,116	3.6%
Cigarette and Tobacco Tax	163,774,241	-0.4%	0	163,774,241	-0.4%	162,497,725	-0.8%	0	162,497,725	-0.8%
Public Utilities Tax	18,520,000	-6.0%	(1,043,013)	17,476,987	3.5%	17,460,000	-5.7%	(995,603)	16,464,397	-5.8%
Insurance Companies Tax	76,751,673	0.5%	0	76,751,673	0.5%	77,169,754	0.5%	0	77,169,754	0.5%
Estate Tax	44,973,169	-14.3%	0	44,973,169	-14.3%	51,854,974	15.3%	0	51,854,974	15.3%
Prop. Tax - Unorganized Territory	11,958,218	3.1%	0	11,958,218	3.1%	12,332,279	3.1%	0	12,332,279	3.1%
Income from Investments	4,500,000	-1.4%	(3,076,000)	1,424,000	-6.2%	4,500,000	0.0%	(3,076,000)	1,424,000	0.0%
Transfer to Municipal Rev. Sharing	(137,694,104)	-5.6%	1,256,528	(136,437,576)	-6.0%	(142,519,951)	-3.5%	1,232,192	(141,287,759)	-3.6%
Transfer from Lottery Commission	49,834,250	-1.0%	0	49,834,250	-1.0%	49,834,250	0.0%	0	49,834,250	0.0%
Other Revenues **	198,110,814	-7.9%	6,022,629	204,133,443	-7.0%	199,527,743	0.7%	6,951,475	206,479,218	1.1%
Total - General Fund Revenue	3,078,691,800	1.9%	(21,003,856)	3,057,687,944	2.4%	3,162,051,521	-2.7%	(19,583,936)	3,142,467,585	2.8%
Change in Biennial Totals								(40,587,792)		
* Detail of Property Tax Reimbursement Programs Deducted from Individual Income Tax Revenue										
- Maine Resident Property Tax Program	(46,253,766)	-2.9%	0	(46,253,766)	-2.9%	(47,573,249)	-2.9%	0	(47,573,249)	-2.9%
- BETR - Business Equipment Tax Reimb.	(68,490,826)	-10.5%	0	(68,490,826)	-2.2%	(69,059,334)	-0.8%	0	(69,059,334)	-0.8%
- Municipal Business Equip. Tax Reimb.	0	N/A	0	0	N/A	(11,373,516)	N/A	0	(11,373,516)	N/A
* Detail of Other Revenues:										
- Real Estate Transfer Tax	14,565,275	-34.7%	0	14,565,275	-34.7%	15,314,869	5.1%	0	15,314,869	5.1%
- Milk Handling Fee	3,022,775	-13.3%	(2,523,298)	499,477	-79.4%	3,390,107	12.2%	(2,890,630)	499,477	0.0%
- Liquor Sales and Operations	4,250,000	13.3%	250,000	4,500,000	2.3%	4,250,000	0.0%	250,000	4,500,000	0.0%
- Liquor Taxes and Fees	19,105,388	0.4%	937,238	20,042,626	0.4%	19,185,186	0.4%	937,238	20,122,424	0.4%
- Finance Industry Fees	20,565,980	0.0%	0	20,565,980	0.0%	20,565,980	0.0%	0	20,565,980	0.0%
- Corporation Fees & Licenses	6,079,012	4.5%	0	6,079,012	4.5%	6,343,012	4.3%	0	6,343,012	4.3%
- Hunting and Fishing License Fees	16,300,487	3.8%	0	16,300,487	3.8%	16,300,487	0.0%	0	16,300,487	0.0%
- Boat, ATV and Snowmobile Fees	3,870,938	0.0%	0	3,870,938	0.0%	3,870,938	0.0%	0	3,870,938	0.0%
- Parimutuel and Gaming Revenue	7,447,834	-1.6%	301,303	7,749,137	-3.8%	10,773,016	44.6%	448,481	11,221,497	44.8%
- Fines, Forfeits and Penalties	40,621,808	-4.3%	0	40,621,808	-3.1%	40,696,808	0.2%	0	40,696,808	0.2%
- Targeted Case Management (HHS)	23,244,657	1.2%	365,237	23,609,894	0.0%	23,516,483	1.2%	93,411	23,609,894	0.0%
- HHS Services Rendered	9,890,228	0.0%	1,783,855	11,674,083	-0.1%	9,890,228	0.0%	1,783,855	11,674,083	0.0%
- State Cost Allocation Program	15,640,940	7.2%	0	15,640,940	7.2%	17,566,608	12.3%	0	17,566,608	12.3%
- Unclaimed Property Transfer	22,835,500	66.6%	0	22,835,500	66.6%	25,210,825	10.4%	0	25,210,825	10.4%
- Education Efficiency Fund Transfer	(14,907,337)	N/A	0	(14,907,337)	N/A	(21,473,917)	-44.0%	0	(21,473,917)	-44.0%
- Tourism Transfer	(8,607,905)	-4.7%	0	(8,607,905)	-4.7%	(8,999,364)	-4.5%	0	(8,999,364)	-4.5%
- Transfer to Maine Milk Pool	(9,604,800)	23.6%	4,940,400	(4,664,400)	57.6%	(10,810,000)	-12.5%	6,421,600	(4,388,400)	5.9%
- Other Miscellaneous	23,790,034	-21.3%	(32,106)	23,757,928	-20.7%	23,936,477	0.6%	(92,480)	23,843,997	0.4%
IF&W Total Revenue ***	21,369,439	2.9%	(2,147)	21,367,292	2.9%	21,376,597	0.0%	(3,093)	21,373,504	0.0%

*** IF&W Revenue is a component of the Other Revenue line but is not included in the Detail of Other Revenue because it includes Other Revenue classified above.

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2007

Source	FY10 Projection	% Chg.	Recom. Chg.	FY10 Revised	% Chg.	FY11 Projection	% Chg.	Recom. Chg.	FY11 Revised	% Chg.
Sales and Use Tax	1,087,398,354	3.9%	0	1,087,398,354	3.9%	1,132,180,055	4.1%	0	1,132,180,055	4.1%
Service Provider Tax	55,590,852	4.0%	0	55,590,852	4.0%	57,814,486	4.0%	0	57,814,486	4.0%
Individual Income Tax *	1,459,028,563	3.8%	7,340,000	1,466,368,563	3.8%	1,512,436,698	3.7%	4,951,000	1,517,387,698	3.5%
Corporate Income Tax	231,998,947	3.7%	(31,240,000)	200,758,947	4.0%	241,771,035	4.2%	(19,240,000)	222,531,035	10.8%
Cigarette and Tobacco Tax	161,043,480	-0.9%	0	161,043,480	-0.9%	159,641,550	-0.9%	0	159,641,550	-0.9%
Public Utilities Tax	16,400,000	-6.1%	(948,193)	15,451,807	-6.2%	16,200,000	-1.2%	(948,193)	15,251,807	-1.3%
Insurance Companies Tax	77,594,734	0.6%	0	77,594,734	0.6%	78,021,464	0.5%	0	78,021,464	0.5%
Estate Tax	56,852,600	9.6%	0	56,852,600	9.6%	4,771,020	-91.6%	0	4,771,020	-91.6%
Prop. Tax - Unorganized Territory	12,702,247	3.0%	0	12,702,247	3.0%	13,083,315	3.0%	0	13,083,315	3.0%
Income from Investments	4,500,000	0.0%	(3,076,000)	1,424,000	0.0%	4,500,000	0.0%	(3,076,000)	1,424,000	0.0%
Transfer to Municipal Rev. Sharing	(148,488,866)	-4.2%	1,242,800	(147,246,066)	-4.2%	(154,527,794)	-4.1%	743,028	(153,784,766)	-4.4%
Transfer from Lottery Commission	49,834,250	0.0%	0	49,834,250	0.0%	49,834,250	0.0%	0	49,834,250	0.0%
Other Revenues **	201,466,835	1.0%	6,490,723	207,957,558	0.7%	205,233,247	1.9%	6,162,339	211,395,586	1.7%
Total - General Fund Revenue	3,265,921,996	3.3%	(20,190,670)	3,245,731,326	3.3%	3,320,959,326	1.7%	(11,407,826)	3,309,551,500	2.0%
Change in Biennial Totals								(31,598,496)		

*** Detail of Property Tax Reimbursement Programs Deducted from Individual Income Tax Revenue**

- Maine Resident Property Tax Program	(48,073,804)	-1.1%	0	(48,073,804)	-1.1%	(50,473,026)	-5.0%	0	(50,473,026)	-5.0%
- BETR - Business Equipment Tax Reimb.	(65,653,487)	4.9%	0	(65,653,487)	4.9%	(60,047,934)	8.5%	0	(60,047,934)	8.5%
- Municipal Business Equip. Tax Reimb.	(21,538,412)	-89.4%	0	(21,538,412)	-89.4%	(27,486,069)	-27.6%	0	(27,486,069)	-27.6%

*** Detail of Other Revenues:**

- Real Estate Transfer Tax	16,907,180	10.4%	0	16,907,180	10.4%	18,867,770	11.6%	0	18,867,770	11.6%
- Milk Handling Fee	3,340,145	-1.5%	(2,840,668)	499,477	0.0%	3,390,107	1.5%	(2,890,630)	499,477	0.0%
- Liquor Sales and Operations	4,500,000	5.9%	0	4,500,000	0.0%	4,500,000	0.0%	0	4,500,000	0.0%
- Liquor Taxes and Fees	19,266,104	0.4%	937,238	20,203,342	0.4%	19,348,758	0.4%	937,238	20,285,996	0.4%
- Finance Industry Fees	20,565,980	0.0%	0	20,565,980	0.0%	20,565,980	0.0%	0	20,565,980	0.0%
- Corporation Fees & Licenses	6,343,012	0.0%	0	6,343,012	0.0%	6,343,012	0.0%	0	6,343,012	0.0%
- Hunting and Fishing License Fees	16,300,487	0.0%	0	16,300,487	0.0%	16,300,487	0.0%	0	16,300,487	0.0%
- Boat, ATV and Snowmobile Fees	3,870,938	0.0%	0	3,870,938	0.0%	3,870,938	0.0%	0	3,870,938	0.0%
- Parimutuel and Gaming Revenue	11,425,598	6.1%	465,171	11,890,769	6.0%	11,604,610	1.6%	470,475	12,075,085	1.6%
- Fines, Forfeits and Penalties	40,710,808	0.0%	0	40,710,808	0.0%	40,715,808	0.0%	0	40,715,808	0.0%
- Targeted Case Management (HHS)	23,793,745	1.2%	(183,851)	23,609,894	0.0%	24,076,553	1.2%	(466,659)	23,609,894	0.0%
- HHS Services Rendered	9,890,228	0.0%	1,783,855	11,674,083	0.0%	9,890,228	0.0%	1,783,855	11,674,083	0.0%
- State Cost Allocation Program	16,442,672	-6.4%	0	16,442,672	-6.4%	17,447,328	6.1%	0	17,447,328	6.1%
- Unclaimed Property Transfer	26,471,366	5.0%	0	26,471,366	5.0%	27,794,935	5.0%	0	27,794,935	5.0%
- Education Efficiency Fund Transfer	(21,960,963)	-2.3%	0	(21,960,963)	-2.3%	(22,716,399)	-3.4%	0	(22,716,399)	-3.4%
- Tourism Transfer	(9,418,380)	-4.7%	0	(9,418,380)	-4.7%	(9,847,824)	-4.6%	0	(9,847,824)	-4.6%
- Transfer to Maine Milk Pool	(10,810,000)	0.0%	6,421,600	(4,388,400)	0.0%	(10,810,000)	0.0%	6,421,600	(4,388,400)	0.0%
- Other Miscellaneous	23,827,915	-0.5%	(92,622)	23,735,293	-0.5%	23,890,956	0.3%	(93,540)	23,797,416	0.3%
IF&W Total Revenue ***	21,382,802	0.0%	(3,228)	21,379,574	0.0%	21,389,885	0.0%	(4,146)	21,385,739	0.0%

*** IF&W Revenue is a component of the Other Revenue line but is not included in the Detail of Other Revenue because it includes Other Revenue classified above.

HIGHWAY FUND REVENUE
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2007

Source	FY04 Actual	% Chg.	FY05 Actual	% Chg.	FY05 Budget	FY06 Actual	% Chg.	FY07 Budget	% Chg.	Recom. Chg.	FY07 Revised	% Chg.
Fuel Taxes	212,600,843	13.1%	220,484,728	3.7%	220,838,729	221,575,309	0.5%	227,484,941	2.7%	0	227,484,941	2.7%
Motor Vehicle Registration & Fees	82,577,755	-0.5%	84,645,422	2.5%	81,378,234	87,658,962	3.6%	86,476,317	-1.3%	0	86,476,317	-1.3%
Inspection Fees	4,708,196	12.9%	4,260,059	-9.5%	4,281,459	4,373,692	2.7%	4,379,756	0.1%	0	4,379,756	0.1%
Fines, Forfeits and Penalties	1,918,703	-24.2%	1,518,580	-20.9%	1,890,359	1,809,813	19.2%	2,018,239	11.5%	0	2,018,239	11.5%
Income from Investments	720,046	-46.2%	1,440,739	100.1%	1,059,903	1,833,806	27.3%	795,000	-56.6%	0	795,000	-56.6%
Other Revenues	9,502,442	2.5%	13,728,627	44.5%	13,817,473	9,294,574	-32.3%	9,603,076	3.3%	0	9,603,076	3.3%
Total - Highway Fund Revenue	312,027,986	8.3%	326,078,155	4.5%	323,266,157	326,546,157	0.1%	330,757,329	1.3%	0	330,757,329	1.3%
Change in Biennial Totals										0		

HIGHWAY FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2007

Source	FY08 Budget	% Chg.	Recom. Chg.	FY08 Revised	% Chg.	FY09 Budget	% Chg.	Recom. Chg.	FY09 Revised	% Chg.
Fuel Taxes	236,650,637	4.0%	(2,100,239)	234,550,398	3.1%	242,698,100	2.6%	(2,912,734)	239,785,366	2.2%
Motor Vehicle Registration & Fees	86,908,059	0.5%	0	86,908,059	0.5%	86,789,607	-0.1%	0	86,789,607	-0.1%
Inspection Fees	4,433,458	1.2%	0	4,433,458	1.2%	4,489,821	1.3%	0	4,489,821	1.3%
Fines, Forfeits and Penalties	2,018,239	0.0%	0	2,018,239	0.0%	2,018,239	0.0%	0	2,018,239	0.0%
Income from Investments	795,000	0.0%	0	795,000	0.0%	795,000	0.0%	0	795,000	0.0%
Other Revenues	10,190,906	6.1%	0	10,190,906	6.1%	10,405,753	2.1%	0	10,405,753	2.1%
Total - Highway Fund Revenue	340,996,299	3.1%	(2,100,239)	338,896,060	2.5%	347,196,520	1.8%	(2,912,734)	344,283,786	1.6%
Change in Biennial Totals								(5,012,973)		

HIGHWAY FUND REVENUE
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2007

Source	FY10		Recom. Chg.	FY09 Revised	% Chg.	FY11		Recom. Chg.	FY09 Revised	% Chg.
	Projection	% Chg.				Projection	% Chg.			
Fuel Taxes	248,058,193	3.5%	(2,990,234)	245,067,959	2.2%	253,922,031	2.4%	(3,643,229)	250,278,802	2.1%
Motor Vehicle Registration & Fees	84,433,980	-2.7%	0	84,433,980	-2.7%	84,774,764	0.4%	0	84,774,764	0.4%
Inspection Fees	4,496,057	0.1%	0	4,496,057	0.1%	4,502,326	0.1%	0	4,502,326	0.1%
Fines, Forfeits and Penalties	2,018,239	0.0%	0	2,018,239	0.0%	2,018,239	0.0%	0	2,018,239	0.0%
Income from Investments	795,000	0.0%	0	795,000	0.0%	795,000	0.0%	0	795,000	0.0%
Other Revenues	10,443,944	0.4%	0	10,443,944	0.4%	10,482,405	0.4%	0	10,482,405	0.4%
Total - Highway Fund Revenue	350,245,413	1.7%	(2,990,234)	347,255,179	0.9%	356,494,765	1.8%	(3,643,229)	352,851,536	1.6%
Change in Biennial Totals								(6,633,463)		

**FUND FOR A HEALTHY MAINE REVENUE
(TOBACCO SETTLEMENT REVENUE)
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2007**

Source	FY04 Actual	% Chg.	FY05 Actual	% Chg.	FY06 Actual	% Chg.	FY07 Budget	% Chg.	Recom. Chg.	FY07 Revised	% Chg.
Initial Payments	0	-100.0%	0	N/A	0	N/A	0	N/A	0	0	N/A
Base Payments	48,952,964	24.4%	49,033,129	0.2%	45,011,759	-8.2%	43,021,643	-4.4%	0	43,021,643	-4.4%
Racino Revenue **	0	N/A	0	N/A	1,771,173	N/A	3,097,701	74.9%	211,280	3,308,981	86.8%
Income from Investments	54,830	-92.0%	91,444	66.8%	124,780	36.5%	70,000	-43.9%	20,000	90,000	-27.9%
Attorney General Reimbursements and Other Income	0	N/A	220	N/A	39	-82.2%	0	N/A	0	0	N/A
Total - Tobacco Settlement Revenue	49,007,794	-13.2%	49,124,793	0.2%	46,907,751	-4.5%	46,189,344	-1.5%	231,280	46,420,624	-1.0%
Change in Biennial Totals									231,280		

** Racino Revenue includes a portion of the State's share of proceeds from slot machines at commercial race tracks.

**FUND FOR A HEALTHY MAINE REVENUE
(TOBACCO SETTLEMENT REVENUE)
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2007**

Source	FY08 Budget	% Chg.	Recom. Chg.	FY08 Revised	% Chg.	FY09 Budget	% Chg.	Recom. Chg.	FY09 Revised	% Chg.
Initial Payments	0	N/A	0	0	N/A	0	N/A	0	0	N/A
Base Payments	57,286,505	33.2%	0	57,286,505	33.2%	58,092,962	1.4%	0	58,092,962	1.4%
Racino Revenue **	3,052,445	-1.5%	147,761	3,200,206	-3.3%	4,652,986	52.4%	219,938	4,872,924	52.3%
Income from Investments	70,000	0.0%	20,000	90,000	0.0%	70,000	0.0%	20,000	90,000	0.0%
Attorney General Reimbursements and	0	N/A	0	0	N/A	0	N/A	0	0	N/A
Total - Tobacco Settlement Revenue	60,408,950	30.8%	167,761	60,576,711	30.5%	62,815,948	4.0%	239,938	63,055,886	4.1%
Change in Biennial Totals								407,699		

** Racino Revenue includes a portion of the State's share of proceeds from slot machines at commercial race tracks.

**FUND FOR A HEALTHY MAINE REVENUE
(TOBACCO SETTLEMENT REVENUE)
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2007**

Source	FY10 Projection	% Chg.	Recom. Chg.	FY10 Revised	% Chg.	FY11 Projection	% Chg.	Recom. Chg.	FY11 Revised	% Chg.
Initial Payments	0	N/A	0	0	N/A	0	N/A	0	0	N/A
Base Payments	62,928,997	8.3%	0	62,928,997	8.3%	66,659,065	5.9%	0	66,659,065	5.9%
Racino Revenue **	4,819,650	-1.1%	219,938	5,039,588	3.4%	4,819,650	0.0%	219,938	5,039,588	0.0%
Income from Investments	70,000	-22.2%	20,000	90,000	0.0%	70,000	0.0%	20,000	90,000	0.0%
Attorney General Reimbursements and Other Income	0	N/A	0	0	N/A	0	N/A	0	0	N/A
Total - Tobacco Settlement Revenue	67,818,647	7.6%	239,938	68,058,585	7.9%	71,548,715	5.5%	239,938	71,788,653	5.5%
Change in Biennial Totals								479,876		

** Racino Revenue includes a portion of the State's share of proceeds from slot machines at commercial race tracks.

MEDICAID/MAINECARE DEDICATED REVENUE TAXES
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2007

Source	FY04 Actual	% Chg.	FY05 Actual **	% Chg.	FY06 Actual ***	% Chg.	FY07 Budget	% Chg.	Recom. Chg.	FY07 Revised	% Chg.
Nursing Facility Tax	30,501,448	38.3%	29,241,327	-4.1%	31,397,376	7.4%	32,182,310	2.5%	(2,323,466)	29,858,844	-4.9%
Residential Treatment Facility (ICFs/MR) Tax	1,617,662	3.4%	1,958,739	21.1%	1,868,534	-4.6%	1,915,247	2.5%	16,789	1,932,036	3.4%
Hospital Tax *	16,383,319	N/A	48,907,135	198.5%	54,050,888	10.5%	56,212,924	4.0%	3,268,453	59,481,377	10.0%
Service Provider Tax - Private Non-Medical Institutions (PNMIs)	0	N/A	15,430,099	N/A	30,779,242	99.5%	31,215,524	1.4%	2,934,187	34,149,711	11.0%
Total - Health Care Provider Taxes	48,502,429	105.4%	95,537,301	97.0%	118,096,040	23.6%	121,526,005	2.9%	3,895,963	125,421,968	6.2%
Change in Biennial Totals									3,895,963		

* Reflects revenue from the hospital tax first enacted under PL 2003, c. 513 and amended under PL 2003, c. 673, but does not include revenue from previous hospital taxes and assessments.

** The hospital tax rate increased from 0.74% of net operating revenue in FY 04 to 2.23% in FY 05.

***The MaineCare service provider tax was expanded in FY06 to include: community support services (effective 6/29/05), day habilitation services (effective 7/1/05), personal support services (effective 7/1/05) and residential training services (effective 7/1/05).

**MEDICAID/MAINECARE DEDICATED REVENUE TAXES
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2007**

Source	FY08 Budget	% Chg.	Recom. Chg.	FY08 Revised	% Chg.	FY09 Budget	% Chg.	Recom. Chg.	FY09 Revised	% Chg.
Nursing Facility Tax	32,986,868	2.5%	(2,381,553)	30,605,315	2.5%	33,811,540	2.5%	(2,441,091)	31,370,449	2.5%
Residential Treatment Facility (ICFs/MR) Tax	1,963,128	2.5%	17,209	1,980,337	2.5%	2,012,206	2.5%	17,639	2,029,845	2.5%
Hospital Tax *	56,212,924	0.0%	3,268,453	59,481,377	0.0%	56,212,924	0.0%	3,268,453	59,481,377	0.0%
Service Provider Tax - Private Non-Medical Institutions (PNMIs)	31,662,713	1.4%	3,340,740	35,003,453	2.5%	32,121,082	1.4%	3,757,458	35,878,540	2.5%
Total - Health Care Provider Taxes	122,825,633	1.1%	4,244,849	127,070,482	1.3%	124,157,752	1.1%	4,602,459	128,760,211	1.3%
Change in Biennial Totals								8,847,308		

* Reflects revenue from the hospital tax first enacted under PL 2003, c. 513 and amended under PL 2003, c. 673, but does not include revenue from previous hospital taxes and assessments.

** The hospital tax rate increased from 0.74% of net operating revenue in FY 04 to 2.23% in FY 05.

***The MaineCare service provider tax was expanded in FY06 to include: community support services (effective 6/29/05), day habilitation services (effective 7/1/05), personal support services (effective 7/1/05) and residential training services (effective 7/1/05).

MEDICAID/MAINECARE DEDICATED REVENUE TAXES
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2007

Source	FY10 Forecast	% Chg.	Recom. Chg.	FY10 Revised	% Chg.	FY11 Forecast	% Chg.	Recom. Chg.	FY11 Revised	% Chg.
Nursing Facility Tax	34,656,828	10.5%	(2,502,119)	32,154,709	2.5%	35,523,249	2.5%	(2,564,672)	32,958,577	2.5%
Residential Treatment Facility (ICFs/MR) Tax	2,062,511	1.6%	18,080	2,080,591	2.5%	2,114,074	2.5%	18,532	2,132,606	2.5%
Hospital Tax *	56,212,924	-5.5%	3,268,453	59,481,377	0.0%	56,212,924	0.0%	3,268,453	59,481,377	0.0%
Service Provider Tax - Private Non-Medical Institutions (PNMIs)	32,590,911	-9.2%	4,184,593	36,775,504	2.5%	33,072,485	1.5%	4,622,406	37,694,891	2.5%
Total - Health Care Provider Taxes	125,523,174	-2.5%	4,969,007	130,492,181	1.3%	126,922,732	1.1%	5,344,719	132,267,451	1.4%
Change in Biennial Totals								10,313,726		

* Reflects revenue from the hospital tax first enacted under PL 2003, c. 513 and amended under PL 2003, c. 673, but does not include revenue from previous hospital taxes and assessments.

** The hospital tax rate increased from 0.74% of net operating revenue in FY 04 to 2.23% in FY 05.

***The MaineCare service provider tax was expanded in FY06 to include: community support services (effective 6/29/05), day habilitation services (effective 7/1/05), personal support services (effective 7/1/05) and residential training services (effective 7/1/05).