

MAINE STATE LEGISLATURE

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M E M O R A N D U M

TO: Governor Paul R. LePage
Members, Legislative Council
Members, Joint Standing Committee on Appropriations and Financial Affairs
Members, Joint Standing Committee on Taxation

FROM: H. Sawin Millett Jr., Commissioner
Department of Administrative & Financial Services

DATE: August 8, 2013

SUBJ: Revenues - June

June General Fund revenues were over budget by \$27.8 million or 5.9%. For the year, FY13 General Fund revenues were \$46 million over budget (+1.5%). Compared to last fiscal year, revenues were up 2.6% (\$78.9 million).

Most of the monthly and fiscal year surplus came from individual income and estate taxes. Estate tax receipts in June were over budget by \$10.1 million, ending the fiscal year \$8.9 million over budget (+12.6%). Since late last year the Revenue Forecasting Committee (RFC) was aware that estate tax payments for FY13 would be higher than originally projected. The volatile nature of the estate tax required a prudent approach to recognizing this potential increase in revenue. As a result of that new information two adjustments were made to the forecast. First, the supplemental budget bill recognized \$7 million of additional revenue, and second, the May 1st RFC report increased the forecast by another \$5.4 million. Approximately \$30 million of the unprecedented \$79.6 million collected from the estate tax in FY13 should be viewed as one-time.

Individual income tax receipts exceeded the monthly budgeted amount by \$8.1 million (+4.9%) and the annual budget target by \$26.9 million (+2.9%). Most of the monthly and annual surplus came from withholding and estimated payments being higher than projected and refunds being below budget. Withholding receipts were over budget for the fiscal year by \$11.5 million. Flat growth during the first-half of the fiscal year combined with a 2.1% decline during the second-half of the fiscal year resulted in a 1.1% decrease in withholding growth for the fiscal year. The negative growth in the January-June was expected given most of the 2011 income tax cuts

became effective on January 1, 2013, however the forecast was assuming a 3% decrease in withholding after the tax cut. Refunds were under budget for the year by \$7.8 million. One explanation for the lack of refunds is that tax year 2012 liability was stronger than expected, but until we have all 2012 returns filed on extension we don't know that for certain. Estimated payments exceed projections by \$4.8 million for the fiscal year. Similar to withholding the first two estimated payments for tax year 2013 were down 1.7% compared to last tax year, but were down by less than the 8% negative growth target.

Sales & Use Taxes

Revenue was \$2.8 million over budget for the month and \$1.8 million (+0.2%) over budget fiscal year-to-date. Fiscal year-to-date revenue was \$5.5 million (+0.6%) over fiscal year 2012.

Taxable Sales

Total taxable sales for the month of May (June revenue) were up 6.4% from May 2012. The annual rate of change was 1.7%. Building supply sales were up 8.2% for the month and down 4.2% for the year ending in May. Sales of taxable items in food stores were down 0.4% for the month and up 1.5% for the year. General merchandise sales (primarily sales of goods sold in large department and discount stores) were up 7.5% for the month and 1.1% for the year. Sales in other retail stores such as jewelry, drug, sporting goods, book, antique, pet, photo, toy, and craft stores were up 4.2% for the month and 0.4% for the year. Auto/transportation sector sales were up 11.6% for the month and 4.4% for the year. Sales of meals and other prepared foods were up 5.3% for the month and 3.9% for the year. Lodging sales were up 4.2% for the month and 7.0% for the year. Business operating sales (primarily use tax paid by businesses) were up 1.4% for the month and 1.7% for the year.

Service Provider Tax

Revenue was \$148,243 under budget for the month and \$1.4 million (+2.9%) over budget fiscal year-to-date.

Individual Income Tax

Revenue was \$8.1 million over budget for the month and \$26.9 million (+1.8%) over budget fiscal year-to-date. For the fiscal year cash withholding payments were 0.5% under fiscal year 2012. Estimated payments were up 13.9% and final payments were up 28.7% for FY13. Fiscal year-to-date revenue was \$87.6 million (+6.1%) over fiscal year 2012.

Corporate Income Tax

Revenue was \$2.6 million over budget for the month and \$965,341 (+0.6%) over budget fiscal year-to-date. Estimated payments were down 11.6% and final payments were down 30.5% fiscal year-to-date. Fiscal year-to-date revenue was \$60.1 million (-25.9%) under fiscal year 2012.

Cigarette & Tobacco Taxes

Cigarette and tobacco products tax revenue was \$1.7 million under budget for the month and \$228,176 (-0.2%) under budget fiscal year-to-date.

Insurance Companies Taxes

The Insurance Companies Taxes were \$82,147 under budget for the month and \$1.1 million under budget fiscal year-to-date.

Estate Tax

The estate tax was \$10.1 million over budget for the month and \$8.9 million over budget fiscal year-to-date.

Transfers for Tax Relief Programs

Refunds for the tax & rent, Business Equipment Tax Reimbursement (BETR) and Business Equipment Tax Exemption (BETE) were under budget in June by \$0.163 million, and ended the fiscal year \$0.412 million under budget.

Municipal Revenue Sharing

Revenue sharing was over budget for the month by \$0.303 million. Year-to-date revenue sharing was over budget by approximately \$0.887 million.

Lottery

Lottery Revenues were under budget for the month by \$1.1 million or 21.9%. For the fiscal year lottery receipts were over budget by \$0.4 million.

Other Revenues

Other Revenues were over budget by \$4.9 million for the month, a variance of 54.5%. For the fiscal year other revenues were \$5.4 million over budget.

Highway Fund

Motor fuel tax receipts were over budget in June and for the fiscal year by \$1.2 million. The Highway Fund as a whole was also over budget for the month by \$0.7 million. Fiscal year-to-date the total Highway Fund was over budget by \$3.4 million (+1.1%).

HSM:mja

Attachments

cc: John McGough
Grant Pennoyer
Maureen Dawson
Marc Cyr
David Boulter
Amanda Rector
Jim Breece
Jerome Gerard
Melissa Gott
Terry Brann

STATE OF MAINE

Undedicated Revenues - General Fund
 For the Twelfth Month Ended June 30, 2013
 For the Fiscal Year Ending June 30, 2013
 Comparison to Budget

EXHIBIT I

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2013
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
Sales and Use Tax	182,161,137	179,398,489	2,762,648	1.5%	986,747,637	984,910,746	1,836,891	0.2%	984,910,746
Service Provider Tax	8,365,658	8,513,901	(148,243)	(1.7%)	50,139,878	48,739,710	1,400,168	2.9%	48,739,710
Individual Income Tax	174,365,208	166,291,777	8,073,431	4.9%	1,521,862,756	1,495,000,000	26,862,756	1.8%	1,495,000,000
Corporate Income Tax	35,169,072	32,538,601	2,630,471	8.1%	171,987,073	171,021,732	965,341	0.6%	171,021,732
Cigarette and Tobacco Tax	12,304,126	13,966,295	(1,662,169)	(11.9%)	137,951,824	138,180,000	(228,176)	(0.2%)	138,180,000
Insurance Companies Tax	24,985,566	25,067,713	(82,147)	(0.3%)	79,609,419	80,715,000	(1,105,581)	(1.4%)	80,715,000
Estate Tax	33,234,039	23,151,895	10,082,144	43.5%	79,083,058	70,230,328	8,852,730	12.6%	70,230,328
Fines, Forfeits & Penalties	2,104,573	2,575,210	(470,637)	(18.3%)	23,748,503	24,552,639	(804,136)	(3.3%)	24,552,639
Income from Investments	73,802	59,193	14,609	24.7%	148,434	83,883	64,551	77.0%	83,883
Transfer from Lottery Commission	3,946,501	5,052,889	(1,106,388)	(21.9%)	52,908,602	52,550,000	358,602	0.7%	52,550,000
Transfers for Tax Relief Programs	(872,071)	(1,034,800)	162,729	15.7%	(111,674,333)	(112,086,562)	412,229	0.4%	(112,086,562)
Transfer to Municipal Revenue Sharing	(10,402,586)	(10,099,751)	(302,835)	(3.0%)	(95,974,153)	(95,086,810)	(887,343)	(0.9%)	(95,086,810)
Other Taxes and Fees	16,303,339	13,458,088	2,845,251	21.1%	153,796,137	150,894,327	2,901,810	1.9%	150,894,327
Other Revenues	14,039,289	9,087,996	4,951,293	54.5%	44,049,007	38,637,097	5,411,910	14.0%	38,637,097
Total Collected	<u>495,777,655</u>	<u>468,027,496</u>	<u>27,750,159</u>	<u>5.9%</u>	<u>3,094,383,842</u>	<u>3,048,342,090</u>	<u>46,041,752</u>	<u>1.5%</u>	<u>3,048,342,090</u>

NOTES: (1) Included in the above is \$10,402,586 for the month and \$95,974,153 year-to-date, that was set aside for Revenue Sharing with cities and towns

(2) Figures reflect estimates of the Maine State Revenue Forecasting Committee approved in May 2013

(3) This report has been prepared from preliminary month end figures and is subject to change

STATE OF MAINE

Undedicated Revenues - General Fund
 For the Twelfth Month Ended June 30, 2013 and 2012
 For the Fiscal Years Ending June 30, 2013 and 2012
 Comparison to Prior Year

EXHIBIT II

	Month				Year to Date			
	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)
Sales and Use Tax	182,161,137	175,880,871	6,280,266	3.6%	986,747,637	981,257,805	5,489,831	0.6%
Service Provider Tax	8,365,658	8,346,962	18,697	0.2%	50,139,878	48,255,501	1,884,377	3.9%
Individual Income Tax	174,365,208	179,034,038	(4,668,830)	(2.6%)	1,521,862,756	1,434,217,189	87,645,567	6.1%
Corporate Income Tax	35,169,072	40,891,761	(5,722,689)	(14.0%)	171,987,073	232,117,995	(60,130,922)	(25.9%)
Cigarette and Tobacco Tax	12,304,126	11,415,556	888,570	7.8%	137,951,824	139,729,147	(1,777,323)	(1.3%)
Insurance Companies Tax	24,985,566	23,547,937	1,437,629	6.1%	79,609,419	82,985,771	(3,376,352)	(4.1%)
Estate Tax	33,234,039	8,913,865	24,320,174	272.8%	79,083,058	44,865,567	34,217,491	76.3%
Fines, Forfeits & Penalties	2,104,573	2,643,015	(538,442)	(20.4%)	23,748,503	25,120,959	(1,372,457)	(5.5%)
Income from Investments	73,802	72,358	1,444	2.0%	148,434	155,531	(7,097)	(4.6%)
Transfer from Lottery Commission	3,946,501	3,794,389	152,113	4.0%	52,908,602	53,785,567	(876,965)	(1.6%)
Transfers for Tax Relief Programs	(872,071)	(1,158,299)	286,228	24.7%	(111,674,333)	(115,336,149)	3,661,816	3.2%
Transfer to Municipal Revenue Sharing	(10,402,586)	(9,707,414)	(695,173)	(7.2%)	(95,974,153)	(96,876,964)	902,811	0.9%
Other Taxes and Fees	16,303,339	11,350,326	4,953,013	43.6%	153,796,137	131,943,407	21,852,730	16.6%
Other Revenues	14,039,289	14,664,017	(624,728)	(4.3%)	44,049,007	53,316,896	(9,267,888)	(17.4%)
Total Collected	495,777,655	469,689,381	26,088,273	5.6%	3,094,383,842	3,015,538,222	78,845,620	2.6%

STATE OF MAINE

Undedicated Revenues - General Fund
 For the Twelfth Month Ended June 30, 2013
 For the Fiscal Year Ending June 30, 2013
 Comparison to Budget

EXHIBIT III

	<u>Month</u>				<u>Year to Date</u>				<u>Total Budgeted Fiscal Year Ending 6-30-2013</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance Over/(Under)</u>	<u>Percent Over/(Under)</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Over/(Under)</u>	<u>Percent Over/(Under)</u>	
<u>Detail of Other Taxes & Fees</u>									
0100s All Others	5,514,986	3,768,874	1,746,112	46.3%	28,037,514	27,217,407	820,107	3.0%	27,217,407
0300s Aeronautical Gas Tax	22,217	19,884	2,333	11.7%	259,685	258,889	796	0.3%	258,889
0400s Alcohol Excise Tax	1,650,286	1,459,489	190,797	13.1%	17,517,642	17,349,326	168,316	1.0%	17,349,326
0700s Corporation Taxes	2,052,133	1,193,270	858,863	72.0%	8,933,147	7,847,099	1,086,048	13.8%	7,847,099
0800s Public Utilities	-	-	-	-	10,076,113	10,000,000	76,113	0.8%	10,000,000
1000s Banking Taxes	1,905,800	1,906,189	(389)	(0.0%)	25,070,880	24,351,990	718,890	3.0%	24,351,990
1100s Alcoholic Beverages	518,323	407,709	110,614	27.1%	5,377,180	4,547,838	829,342	18.2%	4,547,838
1200s Amusements Tax	-	-	-	-	-	-	-	-	-
1300s Harness Racing Pari-mutuel	1,089,670	1,006,994	82,676	8.2%	13,694,200	13,400,644	293,556	2.2%	13,400,644
1400s Business Taxes	1,074,415	1,229,776	(155,361)	(12.6%)	9,984,081	10,835,987	(851,906)	(7.9%)	10,835,987
1500s Motor Vehicle Licenses	442,800	493,738	(50,938)	(10.3%)	4,254,936	4,410,602	(155,666)	(3.5%)	4,410,602
1700s Inland Fisheries & Wildlife	1,998,399	1,954,230	44,169	2.3%	16,078,543	16,214,189	(135,646)	(0.8%)	16,214,189
1900s Other Licenses	34,309	17,935	16,374	91.3%	14,512,215	14,460,356	51,859	0.4%	14,460,356
Total Other Taxes & Fees	16,303,339	13,458,088	2,845,251	21.1%	153,796,137	150,894,327	2,901,810	1.9%	150,894,327
<u>Detail of Other Revenues</u>									
2200s Federal Revenues	49,292	29,501	19,791	67.1%	413,967	354,000	59,967	16.9%	354,000
2300s County Revenues	-	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	62,829	66,336	(3,507)	(5.3%)	247,608	267,201	(19,593)	(7.3%)	267,201
2500s Revenues from Private Sources	170,075	74,199	95,876	129.2%	10,174,658	10,082,709	91,949	0.9%	10,082,709
2600s Current Service Charges	4,776,053	4,172,609	603,444	14.5%	28,728,337	27,255,218	1,473,119	5.4%	27,255,218
2700s Transfers from Other Funds	8,961,728	4,715,351	4,246,377	90.1%	4,368,006	138,809	4,229,197	3046.8%	138,809
2800s Sales of Property & Equipment	19,312	30,000	(10,688)	(35.6%)	116,431	539,160	(422,729)	(78.4%)	539,160
Total Other Revenues	14,039,289	9,087,996	4,951,293	54.5%	44,049,007	38,637,097	5,411,910	14.0%	38,637,097

NOTE: This report has been prepared from preliminary month end figures and is subject to change

STATE OF MAINE

Undedicated Revenues - General Fund
 For the Twelfth Month Ended June 30, 2013 and 2012
 For the Fiscal Years Ending June 30, 2013 and 2012
 Comparison to Prior Year

EXHIBIT IV

	Month				Year to Date			
	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)
<u>Detail of Other Taxes & Fees</u>								
0100s All Others	5,514,986	462,469	5,052,517	1092.5%	28,037,514	23,480,035	4,557,479	19.4%
0300s Aeronautical Gas Tax	22,217	22,363	(145)	(0.7%)	259,685	265,353	(5,668)	(2.1%)
0400s Alcohol Excise Tax	1,650,286	1,732,313	(82,027)	(4.7%)	17,517,642	17,352,100	165,542	1.0%
0700s Corporation Taxes	2,052,133	1,707,141	344,992	20.2%	8,933,147	8,496,444	436,702	5.1%
0800s Public Utilities	-	57,407	(57,407)	(100.0%)	10,076,113	10,869,966	(793,852)	(7.3%)
1000s Banking Taxes	1,905,800	1,928,700	(22,900)	(1.2%)	25,070,880	24,692,010	378,870	1.5%
1100s Alcoholic Beverages	518,323	371,732	146,591	39.4%	5,377,180	4,826,626	550,554	11.4%
1200s Amusements Tax	-	-	-	-	-	-	-	-
1300s Harness Racing Pari-mutuel	1,089,670	1,594,579	(504,909)	(31.7%)	13,694,200	9,650,355	4,043,845	41.9%
1400s Business Taxes	1,074,415	1,554,924	(480,509)	(30.9%)	9,984,081	11,773,506	(1,789,425)	(15.2%)
1500s Motor Vehicle Licenses	442,800	518,008	(75,208)	(14.5%)	4,254,936	4,180,476	74,460	1.8%
1700s Inland Fisheries & Wildlife	1,998,399	1,347,881	650,518	48.3%	16,078,543	15,874,952	203,592	1.3%
1900s Other Licenses	34,309	52,808	(18,499)	(35.0%)	14,512,215	481,584	14,030,631	2913.4%
Total Other Taxes & Fees	16,303,339	11,350,326	4,953,013	43.6%	153,796,137	131,943,407	21,852,730	16.6%
<u>Detail of Other Revenues</u>								
2200s Federal Revenues	49,292	41,244	8,047	19.5%	413,967	1,904,402	(1,490,435)	(78.3%)
2300s County Revenues	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	62,829	50,949	11,880	23.3%	247,608	281,586	(33,978)	(12.1%)
2500s Revenues from Private Sources	170,075	121,358	48,717	40.1%	10,174,658	9,649,760	524,898	5.4%
2600s Current Service Charges	4,776,053	6,244,249	(1,468,196)	(23.5%)	28,728,337	35,931,330	(7,202,992)	(20.0%)
2700s Transfers from Other Funds	8,961,728	8,194,799	766,928	9.4%	4,368,006	5,399,732	(1,031,726)	(19.1%)
2800s Sales of Property & Equipment	19,312	11,418	7,895	69.1%	116,431	150,086	(33,655)	(22.4%)
Total Other Revenues	14,039,289	14,664,017	(624,728)	(4.3%)	44,049,007	53,316,896	(9,267,888)	(17.4%)

NOTE: This report has been prepared from preliminary month end figures and is subject to change

STATE OF MAINE

Undedicated Revenues - Highway Fund
 For the Twelfth Month Ended June 30, 2013
 For the Fiscal Year Ending June 30, 2013
 Comparison to Budget

EXHIBIT V

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2013
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
Fuel Taxes	39,199,683	37,977,538	1,222,145	3.2%	214,539,829	213,301,215	1,238,614	0.6%	213,301,215
Motor Vehicle Registration & Fees	4,961,529	5,806,213	(844,684)	(14.5%)	89,333,202	87,785,489	1,547,713	1.8%	87,785,489
Motor Vehicle Inspection Fees	327,496	248,560	78,936	31.8%	3,495,704	2,982,500	513,204	17.2%	2,982,500
Miscellaneous Taxes & Fees	192,297	137,446	54,851	39.9%	1,309,810	1,276,365	33,445	2.6%	1,276,365
Fines, Forfeits & Penalties	87,802	91,131	(3,329)	(3.7%)	1,030,267	1,039,868	(9,601)	(0.9%)	1,039,868
Earnings on Investments	22,468	(2,155)	24,623	1142.6%	105,414	99,513	5,901	5.9%	99,513
All Other	762,019	556,761	205,258	36.9%	9,011,474	8,920,662	90,812	1.0%	8,920,662
Total Collected	45,553,293	44,815,494	737,799	1.6%	318,825,700	315,405,612	3,420,088	1.1%	315,405,612

NOTE: This report has been prepared from preliminary month end figures and is subject to change

STATE OF MAINE

Undedicated Revenues - Highway Fund
 For the Twelfth Month Ended June 30, 2013 and 2012
 For the Fiscal Years Ending June 30, 2013 and 2012
 Comparison to Prior Year

EXHIBIT VI

	Month				Year to Date			
	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)
Fuel Taxes	39,199,683	39,700,002	(500,320)	(1.3%)	214,539,829	219,463,118	(4,923,289)	(2.2%)
Motor Vehicle Registration & Fees	4,961,529	5,449,852	(488,322)	(9.0%)	89,333,202	83,563,402	5,769,800	6.9%
Motor Vehicle Inspection Fees	327,496	372,749	(45,254)	(12.1%)	3,495,704	2,997,951	497,753	16.6%
Miscellaneous Taxes & Fees	192,297	158,272	34,025	21.5%	1,309,810	1,361,888	(52,078)	(3.8%)
Fines, Forfeits & Penalties	87,802	95,401	(7,600)	(8.0%)	1,030,267	1,044,271	(14,004)	(1.3%)
Earnings on Investments	22,468	34,773	(12,306)	(35.4%)	105,414	141,082	(35,668)	(25.3%)
All Other	762,019	598,881	163,138	27.2%	9,011,474	8,630,697	380,777	4.4%
Total Collected	45,553,293	46,409,930	(856,637)	(1.8%)	318,825,700	317,202,409	1,623,291	0.5%

NOTE: This report has been prepared from preliminary month end figures and is subject to change

**Maine Revenue Services
Taxable Sales by Sector
In Thousands of Dollars**

	May '13	% Ch.	May '12	% Ch.	May ' 11	Average Last 3 Mos. Vs. Last Yr. % Change	Moving Total Last 12 Mos. Vs. Prior % Change	YTD Growth CY'13 vs. '12 Thru. May % Change
Building Supply	\$208,556.4	8.2%	\$192,837.3	3.3%	\$186,711.6	5.6%	-4.2%	1.8%
Food Store	\$134,499.3	-0.4%	\$135,046.5	8.4%	\$124,565.9	0.3%	1.5%	0.7%
General Merchandise	\$251,770.0	7.5%	\$234,106.2	0.6%	\$232,779.1	2.0%	1.1%	1.1%
Other Retail	\$170,664.1	4.2%	\$163,732.0	1.3%	\$161,615.5	2.4%	0.4%	2.3%
Auto/Transportation	\$370,132.0	11.6%	\$331,602.4	9.7%	\$302,183.6	7.4%	4.4%	5.9%
Restaurant	\$182,375.2	5.3%	\$173,160.7	7.7%	\$160,802.5	4.3%	3.9%	2.7%
Lodging	\$49,981.2	4.2%	\$47,971.9	10.4%	\$43,439.7	3.6%	7.0%	4.0%
Consumer Sales	\$1,367,978.2	7.0%	\$1,278,457.0	5.5%	\$1,212,097.9	4.2%	1.7%	2.9%
Business Operating	\$166,011.3	1.4%	\$163,703.7	4.3%	\$156,910.1	-1.0%	1.7%	1.2%
Total	\$1,533,989.5	6.4%	\$1,442,160.7	5.3%	\$1,369,008.0	3.5%	1.7%	2.6%