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OFFICE OF
THE GOVERNOR

NO. 14 FY 91/92

DATE May 14, 1992

**AN ORDER ESTABLISHING A CONSENSUS ECONOMIC FORECASTING COMMISSION
AND A REVENUE FORECASTING COMMITTEE**

WHEREAS, past and recent events in the regional economy have focused increased public and governmental attention on the importance of broadening and strengthening the procedures and techniques used in developing a state economic forecast and in estimating state revenues; and,

WHEREAS, it is in the public interest to develop broad public, legislative and executive consensus for state revenue projections and the state economic assumptions on which they depend; and,

WHEREAS, this Administration wants to establish a formalized process for the development of state economic assumptions and state revenue projections from which a consensus can be reached between the Executive and Legislative branches of State Government;

NOW, THEREFORE, I, John R. McKernan, Jr., Governor of the State of Maine, do hereby rescind Executive Order 4 FY 89/90, "An Order Establishing and Advisory Committee on State Revenues" for the purpose of establishing a Consensus Economic Forecasting Commission and a Revenue Forecasting Committee to serve as a more comprehensive approach to consensus forecasting for state economic assumptions and state revenues in the mutual best interests of the Executive and Legislative branches of State Government.

Consensus Economic Forecasting Commission

1. Established, membership.

There is established the Consensus Economic Forecasting Commission for the purpose of providing the Governor, the Legislature, and the Revenue Forecasting Committee with analyses, findings, and recommendations representing state economic assumptions relevant to revenue forecasting. The Commission shall consist of 5 members appointed as follows: two members shall be appointed by the Governor; one member shall be appointed by the President of the Senate; one member shall be appointed by the Speaker of the House; and one member shall be appointed by the previous four members. One of the previous five members shall be selected by a majority vote of the Committee members to serve as the

Chairperson of the Commission. Commission members shall be appointed within 30 days of the effective date of this Executive Order and shall serve until January 1995. Thereafter, the Commission members shall be appointed in January of odd-numbered years. A member may not be a Legislator or an employee of the Executive Branch, the Legislature or the Judicial Department. Each Commission member must have professional credentials and demonstrated expertise in economic forecasting.

All members shall be appointed for terms to coincide with the legislative biennium. Vacancies shall be filled in the same manner as the original appointments, for the balance of the unexpired term.

2. Duties of the Commission.

- a. Duties. The Consensus Economic Forecasting Commission shall develop 5-year and 10-year macro-economic secular trend forecasts and one-year, 2-year, and 4-year economic forecasts.
- b. Biennial Economic Assumptions. The Commission shall submit recommendations for state economic assumptions for the next fiscal biennium and analyze economic assumptions for the current fiscal biennium which must be approved by a majority of the Commission members. No later than November 1st of each even-numbered year, the Commission shall submit to the Governor, the Legislative Council and the Revenue Forecasting Committee, a report which presents the analyses, findings and recommendations for economic assumptions related to revenue forecasting for the next fiscal biennium. In its report, the Commission shall fully describe the methodology employed in reaching its recommendations.
- c. Current Biennium Adjustments. No later than February 1st and November 1st of each year the Commission shall submit to the Governor, the Legislative Council and the Revenue Forecasting Committee, a report which presents the Commission's findings and recommendations for adjustments to the economic assumptions for the current fiscal biennium. In each report the Commission shall fully describe the methodology employed in reaching its recommendations.

3. Contracts.

The Commission may enter into contractual arrangements subject to state purchasing procedures for the procurement of economic forecasting models, data, assumptions and assistance in analyzing the data.

4. Meetings.

The Commission shall meet at least four (4) times a year. Additional meetings may be called by the Chairperson by any three members. All meetings shall be open to the public.

5. Staffing.

The Commission shall receive staff support from the State Planning Office.

Revenue Forecasting Committee

1. Established; membership.

There is established the Revenue Forecasting Committee for the purpose of providing the Governor, the Legislature and the State Budget Officer with analyses, findings and recommendations relating to the projection of revenues for the General Fund and the Highway Fund based on economic assumptions recommended by the Consensus Economic Forecasting Commission. The Committee shall include the Director of the Office of Fiscal and Program Review, the State Budget Officer, the State Tax Assessor, the State Economist and an Economist on the faculty of the University of Maine System selected by the Chancellor. One of the previous five members shall be selected by a majority vote of the Committee members to serve as the Chairperson of the Committee.

2. Duties of the Committee.

- a. Duties; Use of Economic Assumptions. The Revenue Forecasting Committee shall develop current fiscal biennium and ensuing fiscal biennium revenue projections using the economic assumptions recommended by the Consensus Economic Forecasting Commission.
- b. Biennial Revenue Projections. The Committee shall submit recommendations for state revenue projections for the next fiscal biennium and analyze revenue projections for the current fiscal biennium which must be approved by a majority of the Committee members. No later than December 1st of each even-numbered year, the Committee shall submit to the Governor, the Legislative Council, the Joint Standing Committee on Appropriations and Financial Affairs, and the State Budget Officer, a report which presents the analyses, findings and recommendations for General Fund and Highway Fund revenue projections for the next fiscal biennium. In its report the Committee shall fully describe the methodology employed in reaching its recommendations. Revenue projections for other funds of the state may be included in the report at the discretion of the Committee.
- c. Current Biennium Adjustments. No later than March 1st and December 1st of each year the Committee shall submit to the Governor, the Legislative Council, the Joint Standing Committee on Appropriations and Financial Affairs, and the State Budget Officer a report which presents the analyses, findings and recommendations for adjustments to General Fund revenue and Highway Fund revenue for the current fiscal

biennium. In each report the Committee shall fully describe the methodology employed in reaching its recommendations. Revenue adjustments for other funds of the state may be included in the report at the discretion of the Committee.

3. Use of Revenue Forecasts.

The State Budget Officer must consider the revenue projections recommended by the Committee in setting revenue estimates in accordance with Title 5, Section 1665, subsection 3. If the State Budget Officer adjusts the revenue projections recommended by the Committee, he shall submit to the Governor, the Legislative Council and the Joint Standing Committee on Appropriations and Financial Affairs, a report which presents the analyses, findings and recommendations by revenue line explaining the variances from the revenue projections recommended by the Committee.

4. Meetings.

The Committee shall meet no less than four (4) times a year. Additional meetings may be called by a majority vote of the Committee.

5. Staffing.

The Committee shall receive staff assistance from the Bureau of the Budget, the Office of Fiscal and Program Review, the State Planning Office, and the Bureau of Taxation. The Committee may also utilize any other professionals having revenue forecasting, economic and fiscal expertise at the discretion of the Committee.

6. Access to information.

In order to assist the Committee, the Department of Administrative and Financial Services shall provide information and data to the Committee on request. The Committee members will be bound by the confidentiality restrictions concerning certain tax records as described in Title 36, Chapter 7. The State Tax Assessor may disclose any corporate or individualized income tax data, sales and use tax data, business tax data, property tax data or other tax data to the Revenue Forecasting Committee or their staff. This information may be requested in any form, including paper records, computerized data or summary statistics, but may not be transmitted with any identification by taxpayer name, number or address and must be aggregated to include at least three taxpayers.

The effective date of this Order is May 14, 1992.



John R. McKernan, Jr.
Governor