

MAINE STATE LEGISLATURE

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Fiscal Briefing

May 24, 2018

Prepared by the Office of Fiscal & Program Review

1. General Fund Revenue Update (see attached)

Total General Fund Revenue - FY 2018 (\$'s in Millions)						
	Budget	Actual	Var.	% Var.	Prior Year	% Growth
April	\$376.6	\$432.0	\$55.4	14.7%	\$386.5	11.8%
FYTD	\$2,863.4	\$2,934.4	\$71.0	2.5%	\$2,790.6	5.2%

General Fund revenue was over budget by \$55.4 million (14.7%) for the month of April and over budget by \$71.0 million (2.5%) for the fiscal year to date. These positive variances are in addition to the March 2018 revenue forecast, which increased budgeted revenue by \$38.9 million for FY 2018. Individual income tax revenue was over budget by \$40.6 million for the month and over budget by \$41.6 million for the fiscal year to date. This positive variance was primarily the result of final 2017 income tax payments, which were \$28.4 million over budget for April. Income tax withholding payments also exceeded budgeted levels. In its April revenue report, Maine Revenue Services (MRS) noted that because other income tax states and the federal government also experienced strong final 2017 payments in April, better than projected capital gains due to the solid stock market growth in tax year 2017 could be the reason. Sales and use tax revenue (March sales) was under budget by \$1.1 million for the month but over budget by \$2.1 million for the fiscal year to date. Corporate income tax payments were \$15.2 million over budget for the month and \$19.0 million over budget for the fiscal year to date. Both final 2017 and estimated 2018 corporate income tax payments increased significantly over last April, possibly the result of the Tax Cuts and Jobs Act (TCJA) impact on corporate filings for both tax years.

2. Highway Fund Revenue Update (see attached)

Total Highway Fund Revenue - FY 2018 (\$'s in Millions)						
	Budget	Actual	Var.	% Var.	Prior Year	% Growth
April	\$26.7	\$27.7	\$1.0	3.9%	\$27.4	1.2%
FYTD	\$274.8	\$278.4	\$3.5	1.3%	\$276.5	0.7%

Highway Fund revenue was over budget by \$1.0 million (3.9%) for the month of April and over budget by \$3.5 million (1.3%) for the fiscal year to date. These positive variances are in addition to the the March 2018 revenue forecast, which increased budgeted revenue by \$1.6 million for FY 2018. Fuel taxes were over budget by \$0.2 million for the month and \$1.2 million for the fiscal year. Motor vehicle registration and fees were over budget by \$0.8 million for the month and \$2.3 million for the fiscal year.

3. Cash Balances Update

The average balance in the cash pool for April was \$1,074.3 million, up from March's average of \$1,060.3 million and above both last year's average balance for April and the ten-year average for the month. April's cash balances reflect a recovery from March which is typically the low point in the fiscal year for cash balances that are then usually replenished in April and May. General Fund internal borrowing from other funds was not needed in March (last done in April of 2016). The average Highway Fund balance of \$36.9 million in April was up from \$23.3 million in March.

General Fund Revenue
Fiscal Year Ending June 30, 2018 (FY 2018)

Updated 5/15/18

April 2018 Revenue Variance Report

Revenue Category				Fiscal Year-To-Date					FY 2018 Budgeted Totals
	April '18 Budget	April '18 Actual	April '18 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year	
Sales and Use Tax	105,678,937	104,590,689	(1,088,248)	1,183,959,567	1,186,094,154	2,134,587	0.2%	5.6%	1,409,548,328
Service Provider Tax	5,603,040	4,989,675	(613,365)	51,845,174	49,714,424	(2,130,750)	-4.1%	-0.3%	62,224,469
Individual Income Tax	200,450,000	241,093,024	40,643,024	1,285,300,000	1,326,933,333	41,633,333	3.2%	6.1%	1,554,804,704
Corporate Income Tax	33,500,000	48,724,970	15,224,970	128,085,000	147,094,699	19,009,699	14.8%	13.6%	171,924,242
Cigarette and Tobacco Tax	9,251,423	9,587,331	335,908	104,031,076	105,847,845	1,816,769	1.7%	-6.9%	129,032,000
Insurance Companies Tax	7,636,002	12,207,270	4,571,268	38,217,917	40,464,408	2,246,491	5.9%	3.6%	74,150,000
Estate Tax	1,030,000	1,179,036	149,036	10,356,000	11,434,284	1,078,284	10.4%	-3.8%	12,416,710
Other Taxes and Fees *	9,373,791	8,866,789	(507,002)	115,255,104	115,861,711	606,607	0.5%	-2.6%	139,808,638
Fines, Forfeits and Penalties	1,595,791	685,278	(910,513)	15,409,518	15,296,448	(113,070)	-0.7%	-4.2%	18,354,011
Income from Investments	344,181	432,222	88,041	4,234,450	4,424,164	189,714	4.5%	78.3%	5,428,946
Transfer from Lottery Commission	3,738,616	4,227,909	489,293	50,588,314	52,473,179	1,884,865	3.7%	13.2%	59,000,000
Transfers to Tax Relief Programs *	(350,000)	(3,133,095)	(2,783,095)	(63,153,417)	(63,895,602)	(742,185)	-1.2%	-0.1%	(63,768,101)
Transfers for Municipal Revenue Sharing	(2,845,572)	(2,902,428)	(56,856)	(52,209,623)	(52,781,498)	(571,875)	-1.1%	-6.1%	(69,244,574)
Other Revenue *	1,596,601	1,430,163	(166,438)	(8,477,042)	(4,544,415)	3,932,627	46.4%	-243.4%	1,941,056
Totals	376,602,810	431,978,833	55,376,023	2,863,442,038	2,934,417,133	70,975,095	2.5%	5.2%	3,505,620,429

* Additional detail by subcategory for these categories is presented on the following page.

General Fund Revenue
Fiscal Year Ending June 30, 2018 (FY 2018)

Updated 5/15/18

April 2018 Revenue Variance Report

Revenue Category	April '18			Fiscal Year-To-Date					FY 2018 Budgeted Totals
	Budget	Actual	Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year	
Detail of Other Taxes and Fees:									
- Property Tax - Unorganized Territory	0	0	0	12,220,827	12,220,827	(0)	0.0%	6.3%	13,812,702
- Real Estate Transfer Tax	972,092	1,177,156	205,064	12,572,812	13,279,233	706,421	5.6%	-8.1%	14,951,635
- Liquor Taxes and Fees	1,403,145	1,963,185	560,040	19,176,920	19,173,654	(3,266)	0.0%	3.7%	21,955,688
- Corporation Fees and Licenses	1,456,288	891,381	(564,907)	5,347,284	5,309,571	(37,713)	-0.7%	-8.5%	9,838,649
- Telecommunication Excise Tax	0	0	0	6,250,000	6,221,980	(28,020)	-0.4%	-0.4%	6,250,000
- Finance Industry Fees	2,195,998	1,733,750	(462,248)	23,499,994	23,976,165	476,171	2.0%	-1.7%	27,891,990
- Milk Handling Fee	750,151	771,763	21,612	3,568,850	3,700,687	131,837	3.7%	-5.3%	5,069,152
- Racino Revenue	686,614	652,984	(33,631)	6,865,676	6,893,033	27,357	0.4%	-2.6%	8,238,907
- Boat, ATV and Snowmobile Fees	347,859	297,229	(50,630)	2,959,525	2,629,796	(329,729)	-11.1%	-1.4%	4,523,561
- Hunting and Fishing License Fees	822,655	483,385	(339,270)	12,742,555	12,563,084	(179,471)	-1.4%	-1.8%	16,024,459
- Other Miscellaneous Taxes and Fees	738,989	895,957	156,968	10,050,661	9,893,682	(156,979)	-1.6%	-15.3%	11,251,895
Subtotal - Other Taxes and Fees	9,373,791	8,866,789	(507,002)	115,255,104	115,861,711	606,607	0.5%	-2.6%	139,808,638
Detail of Other Revenue:									
- Liquor Sales and Operations	2,565	11,908	9,343	23,940.00	40,922	16,982	70.9%	24.1%	28,500
- Targeted Case Management (DHHS)	140,958	35,686	(105,272)	918,084	548,252	(369,832)	-40.3%	-66.2%	1,200,000
- State Cost Allocation Program	1,371,837	1,247,719	(124,118)	14,486,417	14,217,428	(268,989)	-1.9%	-11.2%	17,807,410
- Unclaimed Property Transfer	0	0	0	0	0	0	N/A	N/A	6,200,000
- Tourism Transfer	0	0	0	(16,076,775)	(16,076,758)	17	0.0%	-10.2%	(16,076,775)
- Transfer to Maine Milk Pool	(2,118,110)	(1,909,845)	208,265	(13,175,294)	(12,895,953)	279,341	2.1%	-0.4%	(16,845,537)
- Transfer to STAR Transportation Fund	0	0	0	(8,900,000)	(8,899,944)	56	0.0%	-12.5%	(8,900,000)
- Other Miscellaneous Revenue	2,199,351	2,044,696	(154,655)	14,246,586	18,521,639	4,275,053	30.0%	-11.1%	18,527,458
Subtotal - Other Revenue	1,596,601	1,430,163	(166,438)	(8,477,042)	(4,544,415)	3,932,627	46.4%	-243.4%	1,941,056
Detail of Transfers to Tax Relief Programs:									
- Me. Resident Prop. Tax Program (Circuitbreaker)	0	347	347	0	8,728	8,728	N/A	-18.3%	0
- BETR - Business Equipment Tax Reimb.	0	(3,183,536)	(3,183,536)	(26,800,000)	(28,297,770)	(1,497,770)	-5.6%	10.1%	(26,800,000)
- BETE - Municipal Bus. Equip. Tax Reimb.	(350,000)	50,094	400,094	(36,353,417)	(35,606,561)	746,856	2.1%	-9.9%	(36,968,101)
Subtotal - Tax Relief Transfers	(350,000)	(3,133,095)	(2,783,095)	(63,153,417)	(63,895,602)	(742,185)	-1.2%	-0.1%	(63,768,101)
Inland Fisheries and Wildlife Revenue - Total	1,255,454	867,693	(387,761)	16,572,208	16,209,219	(362,989)	-2.2%	-1.0%	21,497,968

Highway Fund Revenue
Fiscal Year Ending June 30, 2018 (FY 2018)

Updated 5/15/18

April 2018 Revenue Variance Report

Revenue Category	April '18 Budget	April '18 Actual	April '18 Variance	Fiscal Year-To-Date					FY 2018 Budgeted Totals
				Budget	Actual	Variance	% Variance	% Change from Prior Year	
Fuel Taxes:									
- Gasoline Tax	15,477,168	15,609,321	132,153	169,279,059	171,986,820	2,707,761	1.6%	1.5%	201,172,900
- Special Fuel and Road Use Taxes	3,675,523	3,806,464	130,941	38,043,254	36,794,450	(1,248,804)	-3.3%	-7.3%	46,206,300
- Transcap Transfers - Fuel Taxes	(1,399,484)	(1,426,908)	(27,424)	(15,248,710)	(15,404,437)	(155,727)	-1.0%	0.2%	(18,176,136)
- Other Fund Gasoline Tax Distributions	(383,007)	(390,342)	(7,335)	(4,241,570)	(4,305,599)	(64,029)	-1.5%	-1.0%	(5,030,731)
Subtotal - Fuel Taxes	17,370,200	17,598,535	228,335	187,832,033	189,071,234	1,239,201	0.7%	-0.2%	224,172,333
Motor Vehicle Registration and Fees:									
- Motor Vehicle Registration Fees	5,865,233	5,983,658	118,425	52,780,157	53,675,012	894,855	1.7%	0.0%	67,175,787
- License Plate Fees	233,597	225,539	(8,058)	2,682,694	2,899,117	216,423	8.1%	0.5%	3,458,710
- Long-term Trailer Registration Fees	421,226	834,940	413,714	10,058,910	11,112,282	1,053,372	10.5%	8.0%	10,884,523
- Title Fees	1,055,559	1,276,800	221,241	11,368,434	11,717,926	349,492	3.1%	2.6%	13,696,264
- Motor Vehicle Operator License Fees	765,592	784,596	19,004	7,106,815	6,998,741	(108,074)	-1.5%	-5.5%	8,836,689
- Transcap Transfers - Motor Vehicle Fees	0	0	0	(11,260,806)	(11,413,650)	(152,844)	-1.4%	-0.8%	(15,600,414)
Subtotal - Motor Vehicle Reg. & Fees	8,341,207	9,105,533	764,326	72,736,204	74,989,428	2,253,224	3.1%	0.8%	88,451,559
Motor Vehicle Inspection Fees	202,451	94,106	(108,345)	2,797,399	2,646,872	(150,527)	-5.4%	-2.8%	3,202,500
Other Highway Fund Taxes and Fees	115,120	117,098	1,978	1,045,389	1,123,680	78,291	7.5%	1.5%	1,293,729
Fines, Forfeits and Penalties	47,204	57,522	10,318	602,775	616,509	13,734	2.3%	0.3%	739,039
Interest Earnings	2,287	25,385	23,098	279,723	208,804	(70,919)	-25.4%	-16.4%	218,841
Other Highway Fund Revenue	591,903	709,932	118,029	9,514,404	9,696,093	181,689	1.9%	20.6%	10,602,160
Totals	26,670,372	27,708,110	1,037,738	274,807,927	278,352,619	3,544,692	1.3%	0.7%	328,680,161