

# MAINE STATE LEGISLATURE

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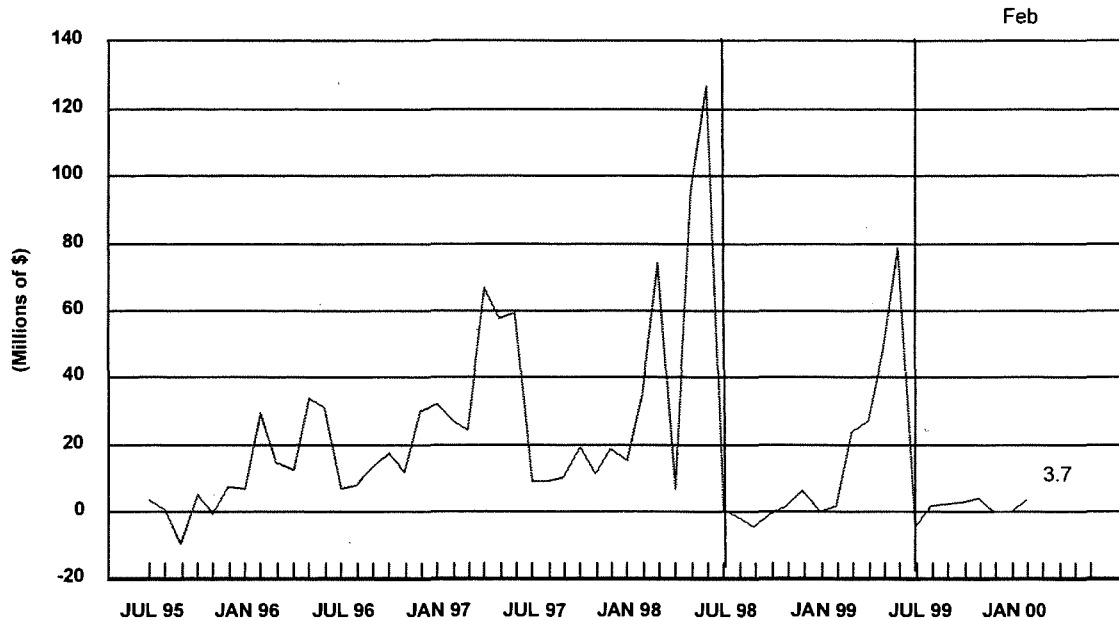


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**REPORT OF THE MAINE STATE  
REVENUE FORECASTING COMMITTEE**

**March 2000**

**General Fund Revenues  
Fiscal Year-to-Date Surplus**



Source: Maine Controller's Office

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State Economist**

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Office of Fiscal & Program Review**

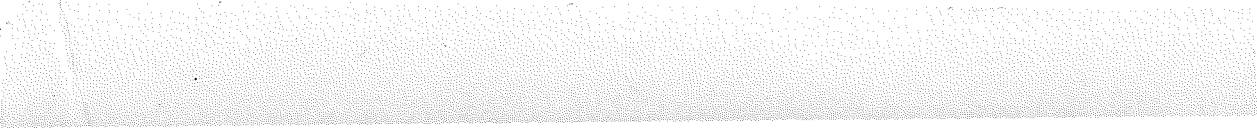
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STATE OF MAINE  
EXECUTIVE DEPARTMENT  
STATE PLANNING OFFICE  
38 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0038

ANGUS S. KING, JR.  
GOVERNOR

EVAN D. RICHERT, AICP  
DIRECTOR

March 30, 2000

To: Governor Angus King  
Honorable Mark W. Lawrence, Chair  
Honorable G. Steven Rowe, Vice-Chair  
Members, Legislative Council  
Senator Michael Michaud  
Representative Elizabeth Townsend  
Senator Richard Ruhlin  
Representative Kenneth Gagnon  
Commissioner Janet Waldron

From: Laurie Lachance  
Chair, Revenue Forecasting Committee

Re: March General Fund Revenue Reprojections, FY00-FY03

\*\*\*\*\*

In *The Report of the Maine State Revenue Forecasting Committee* dated December 1999, Committee members presented significant upward revisions to the General Fund forecast that were driven by solid economic performance and extraordinarily strong capital gain activity in Maine. The Committee also noted at the time that, even though the reprojections were sizable, the risk surrounding the forecast was primarily on the up side and would be reviewed in late February to assess if another revision would be necessary. The Consensus Economic Forecasting Commission met in early February to reaffirm the underlying economic conditions. The Revenue Forecasting Committee then reconvened to examine current economic conditions, individual income tax estimated payments in December and January, and the performance of the large revenue lines.

**At our February meeting, the Revenue Forecasting Committee decided to reproject General Fund revenues upward in each fiscal year through FY2003 by the following:**

<b>FY00</b>	<b>+\$51.7 million</b>
<b>FY01</b>	<b>+\$37.2 million</b>
<b>FY02</b>	<b>+\$44.6 million</b>
<b>FY03</b>	<b>+\$47.6 million</b>

**No changes were made to the Committee's Highway Fund projections.**

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In addition, the Committee decided to review and adopt a baseline forecast of Tobacco Settlement Funds. From this point forward, in addition to our projections of General Fund and Highway Fund growth, the Revenue Forecasting Committee will review and present the State's official forecast of Tobacco Settlement funds.

The attached report details the March changes that the Committee adopted. This report is meant to be an update to the December document and is, therefore, abbreviated. For the full detail of the background of the Economic Commission and the Revenue Committee, the methodology employed and the underlying assumptions, please refer to the December 1999 report.

If you have any questions regarding these reprojections, please feel free to call me (287-1479) or any of the Revenue Forecast Committee Members.

cc: Revenue Forecasting Committee  
Jim Breece Jack Nicholas  
Jim Clair Grant Pennoyer  
Tony Neves  
Consensus Economic Forecasting Commission  
Charlie Colgan Michael Donihue  
John Davulis Leon Bien  
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Sally Tubbesing

## I. SUMMARY

In its report dated December 1999, the Maine State Revenue Forecasting Committee prepared and fully documented the official General Fund and Highway Fund revenue forecasts for FY00 through FY03. At the time of forecast preparation, the Committee recognized that there was a certain degree of risk surrounding its projections, particularly in the areas of possible Y2K disruptions and capital gains estimates. Given that the Maine economy has become increasingly integrated with the national and even global economies and that changes in economic conditions can greatly impact the State's major revenue lines, the Consensus Economic Forecasting Commission reconvened in early 2000 to reexamine the economic assumptions underlying the revenue projections. The Revenue Committee agreed to meet in February to review the findings of the Commission and to assess the performance of the largest revenue lines once another full quarter of data became available.

As is explained below and detailed in the attached appendices, in its February 22 meeting, the Committee decided to make changes to three of the major tax line forecasts: Individual Income Taxes, Estate Taxes, and Income on Investments. Table 1 highlights, and Appendix B provides in detail, the recommendation of the Committee that the original December 1999 General Fund Revenue Projections be revised upwards by \$51.7 million in FY00, and by \$37.2, \$44.6, and \$47.6 million in each of the following three fiscal years. After reviewing the Highway Fund projections, the Committee decided that no reprojection was necessary at this time. This abbreviated report summarizes the February decisions of the Committee. For details of the original, full forecast, the background of the Revenue Forecasting Committee, the forecasting methodology, or the underlying assumptions, please examine the Committee's December 1999 Report.

Please note, the Committee's General Fund Revenue estimates are developed and then the transfer to Municipal Revenue Sharing (MRS) is calculated and explicitly netted out of the total to show the net available to the General Fund.

In addition, the Revenue Forecasting Committee reviewed and adopted as "official" the estimates of the Tobacco Settlement Funds expected to be sent to Maine from FY00 through FY03. From this point forward, the Committee will include this review as part of its regular work.

Overall, the upward revisions detailed in this report, while confirming the ongoing strength of Maine's economy, are primarily due to individual income tax estimated payments in December and January that we believe are related to stronger than expected capital gains activity in Maine.

**TABLE 1**

**Reprojection**  
(millions of dollars)

	<u><b>FY00</b></u>	<u><b>FY01</b></u>	<u><b>FY02</b></u>	<u><b>FY03</b></u>
<b><u>General Fund</u></b>				
March Reprojection	<b>51.7</b>	<b>37.2</b>	<b>44.6</b>	<b>47.6</b>
Ind. Income	32.8	21.9	28.6	30.7
Estate Tax	15.0	7.5	8.5	9.6
Int. On Investments	5.6	8.9	8.9	8.9
Transfer-MRS	(1.7)	(1.1)	(1.4)	(1.6)
<b><u>Fund for a Healthy Maine</u></b>	<b>63.1</b>	<b>47.9</b>	<b>58.0</b>	<b>58.8</b>

## II. CONSENSUS ECONOMIC FORECASTING COMMISSION

The Consensus Economic Forecasting Commission met in September 1998 to prepare the national and state economic projections that would become the basis for the Revenue Forecast Committee's biennial budget revenue forecast. At that time, the Commission found:

*"... that growth over the upcoming 4 years would be modest, at best, but a recession was unlikely. The Commission also concluded that inflation would be kept in check over the foreseeable future and would likely be even lower than they had originally forecast last January (1999). They restated their belief that CPIU would not rise above the 3.5% threshold that triggers the indexing of Maine's individual income tax."*

When the Commission reconvened in February of 2000, they did make some minor adjustments to their original economic projections based on the most recent performance of the economic indicators. By February, the Commission felt that the US economy had successfully avoided any domestic disruptions that may have come about by Y2K and decided to leave unchanged the national forecast underlying these projections.

The Commission did decide to adjust their Maine Wage and Salary Employment forecast slightly upward from 2.5% to 2.6% in 1999 and from 1.1% to 1.7% in 2000 to recognize the stronger than anticipated employment growth that had occurred in 1999. At the same time, the Commission decided to make minor revisions to its total personal income estimates, upward by 0.2 percentage points in 2000 and downward by 0.2 percentage points for both 2001 and 2002. While the outlook for total personal income remained virtually unchanged, the Commission did make somewhat larger changes to the distribution of growth among the various components of personal income, generally upward for Wage and Salary Disbursements and generally downward for growth in Dividends, Interest and Rent. In all, the Commission's February forecast is very close to its November outlook.

The revised economic projections can be seen in Appendix A.

### III. REVENUE LINE REPROJECTIONS

#### A. Individual Income Tax

When the Committee met February 22 to review the year-to-date revenue variances, over half of the estimated \$32.6 million fiscal year-to-date overage was attributable to the Individual Income Tax line. In a cover memo accompanying the recommended reprojections (see Appendix B), Maine Revenue Services shared the following insights:

*"The individual income tax line continues to grow at rates that defy explanation. For the first 7 months of the fiscal year, individual income tax revenues are \$17.7 million (3.1%) over budget. Through January, revenues are 8% greater than last year despite lower estimated payments in the Dec./Jan. time period."*

A significant portion of the YTD variance is attributable to the Committee's original assumption on capital gains activity. In preparing its December Report, the Committee had assumed a 20% reduction in capital gains for Maine during FY00. In February, Tax Year 99 data became available that is consistent with a drop in capital gains of only 9%. The data also indicated a significant increase in withholding for December 1999 and January 2000. With this new information, the Committee adopted an upward revision in the Individual Income Tax line.



#### B. Estate Tax

Surging stock market levels, rising property values and increases in the value of closely held family businesses have all caused personal portfolio values to swell. As a result, the Committee estimates of anticipated collections of Estate Taxes have been far below actual collections. In its December forecast, the Committee revised Estate Tax estimates upward from \$20.2 million to \$23.7 million to account for the favorable market conditions. However, in December and January, back-to-back payments of \$5.2 million were made followed by a \$1.7 million estate payment which have, once again, far exceeded the original forecast. By February 2000, actual Estate Taxes were double the budgeted figures. The Committee decided to reproject Estate Taxes up by \$15 million for FY00 and by an additional \$7.5, \$8.5, and \$9.6 million for the following three years.

#### C. Interest on Investments

When the December Revenue Projections were estimated, the Rainy Day Fund was not yet at its statutory cap. By January, the Rainy Day Fund had reached its cap and all interest accruing on the Fund started to flow into the General Fund as "Interest on Investments". At its February meeting, the Revenue Forecasting Committee spoke with the State Treasurer's Office and received an updated projection of interest earnings given the situation with the Rainy Day Fund. At the suggestion of the Treasurer's Office, the Forecasting Committee reprojected this line upward by \$5.6 million in FY00 and \$8.9 million in each of the three following years. (see Appendix C)

### IV. TOBACCO SETTLEMENT FUNDS

In addition to its review and forecast of General Fund and Highway Fund Revenues, the Revenue Forecasting Committee, from this point forward, will be reviewing and reporting the official projections of Tobacco Settlement Funds that Maine is expected to receive. Appendix D includes the estimates provided to the Committee by the State Treasurer as well as an earlier memo from the Attorney General's Office as to the likely timing and initial estimates of settlement monies.

## V. CONCLUSION

Both the Consensus Economic Forecasting Commission and the Revenue Forecasting Committee met in February 2000 to review the underlying economic assumptions and the accuracy of the December 1999 Revenue Forecast. The Economic Forecasting group noted little change in overall economic conditions and only made minor revisions to the economic outlook. The Revenue Forecasting Committee, facing a positive year-to-date variance of nearly \$33 million (a 2.6% overage), decided to reproject General Fund Revenues upward by \$89 million in the 2000-2001 Biennium and by \$92 million in the 2002-2003 Biennium. General Fund rejections were driven by stronger than anticipated individual income tax estimated payments and withholding as well as three large estate payments. The Committee believes that each of these tax lines (the Individual Income Tax line and the Estate Tax line) are being driven by a surging stock market, rising property values and increasing values of closely held businesses. The third of the three pieces to the upward revision was due to the fact that the Rainy Day Fund had hit its cap in January 2000, forcing interest earnings to flow into the General Fund.

In addition, the Revenue Forecasting Committee reviewed, and officially adopted, the State Treasurer's estimates of Tobacco Settlement Funds expected to arrive in Maine from FY00 through FY03. This is the first time that the Committee has reported on these funds, but will, from this point forward, include a review and, if necessary, reprojected of Tobacco Settlement dollars whenever it meets to review General and Highway Fund forecasts.

Overall, the upward revisions detailed in this report, while confirming the ongoing strength of Maine's economy, are primarily driven by the Committee's view that, once again, capital gains activity in Maine during 1999 was stronger than expected.



**Revenue Forecasting Committee Revenue Projections for  
FY1999-2000 and FY2000-2001**

Source	FY98 Actual	FY99 Actual	% Chg.	FY00 Budget	% Chg.	Recom. Chg.	FY00 Reproject	% Chg.	FY01 Budget	% Chg.	Recom. Chg.	FY01 Reproject	% Chg.
Sales and Use Tax /1	\$833,755,683	\$791,726,882	-5.0%	\$844,900,000	6.7%	\$0	\$844,900,000	6.7%	\$822,700,000	-2.6%	\$0	\$822,700,000	-2.6%
Individual Income Tax /2	\$907,981,057	\$1,004,457,157	10.6%	\$1,065,877,919	6.1%	\$32,760,000	\$1,098,637,919	9.4%	\$1,134,598,509	6.4%	\$21,935,385	\$1,156,533,894	5.3%
Corporate Income Tax	\$107,375,485	\$144,942,751	35.0%	\$141,865,645	-2.1%	\$0	\$141,865,645	-2.1%	\$112,983,316	-20.4%	\$0	\$112,983,316	-20.4%
Cigarette and Tobacco Tax /3	\$45,524,322	\$77,750,154	70.8%	\$75,569,552	-2.8%	\$0	\$75,569,552	-2.8%	\$74,793,880	-1.0%	\$0	\$74,793,880	-1.0%
Public Utilities Tax	\$29,334,895	\$29,670,868	1.1%	\$29,125,000	-1.8%	\$0	\$29,125,000	-1.8%	\$29,400,000	0.9%	\$0	\$29,400,000	0.9%
Insurance Companies Tax	\$39,153,287	\$37,742,517	-3.6%	\$36,864,080	-2.3%	\$0	\$36,864,080	-2.3%	\$36,499,839	-1.0%	\$0	\$36,499,839	-1.0%
Estate Tax	\$34,335,598	\$29,768,114	-13.3%	\$23,725,651	-20.3%	\$15,000,000	\$38,725,651	30.1%	\$25,045,221	5.6%	\$7,500,000	\$32,545,221	-16.0%
Property Tax - Unorg. Territory	\$8,725,314	\$9,372,051	7.4%	\$8,013,110	-14.5%	\$0	\$8,013,110	-14.5%	\$8,736,300	9.0%	\$0	\$8,736,300	9.0%
Income from Investments	\$12,145,209	\$19,760,828	62.7%	\$15,000,000	-24.1%	\$5,638,000	\$20,638,000	4.4%	\$15,000,000	0.0%	\$8,926,086	\$23,926,086	15.9%
Transfer to Municipal Rev. Sharin	(\$94,304,723)	(\$98,997,466)	5.0%	(\$104,684,822)	5.7%	(\$1,670,760)	(\$106,355,582)	7.4%	(\$105,584,372)	0.9%	(\$1,118,706)	(\$106,703,078)	0.3%
Transfer from Liquor Commission	\$20,546,162	\$19,794,778	-3.7%	\$20,149,531	1.8%	\$0	\$20,149,531	1.8%	\$20,378,439	1.1%	\$0	\$20,378,439	1.1%
Transfer from Lottery Commissio	\$40,742,121	\$39,600,544	-2.8%	\$37,801,819	-4.5%	\$0	\$37,801,819	-4.5%	\$37,975,384	0.5%	\$0	\$37,975,384	0.5%
Other Revenues	\$126,545,597	\$131,534,093	3.9%	\$118,953,528	-9.6%	\$0	\$118,953,528	-9.6%	\$120,012,013	0.9%	\$0	\$120,012,013	0.9%
Total Revenue Available	\$2,111,860,007	\$2,237,123,271	5.9%	\$2,313,161,013	3.4%	\$51,727,240	\$2,364,888,253	5.7%	\$2,332,538,529	0.8%	\$37,242,765	\$2,369,781,294	0.2%
											\$88,970,005		

1/ FY99 actual is reduced by \$22,595,032 to account for sales tax revenue transferred to Rainy Day Fund/Sales Tax Reserve.

2/ Includes in FY98 actual \$137,245,402 transferred to the Tax Relief Fund for Maine Residents.

3/ \$28,845,919 credited to the Tobacco Tax Relief Fund in FY98.

**Revenue Forecasting Committee Revenue Projections for  
FY1999-2000 and FY2000-2001**

Source	FY02 Budget	% Chg.	Recom. Chg.	FY02 Reproject	% Chg.	FY03 Budget	% Chg.	Recom. Chg.	FY03 Reproject	% Chg.
Sales and Use Tax	\$863,500,000	5.0%	\$0	\$863,500,000	5.0%	\$908,900,000	5.3%	\$0	\$908,900,000	5.3%
Individual Income Tax /1	\$1,215,164,491	7.1%	\$28,636,623	\$1,243,801,114	7.5%	\$1,301,346,551	7.1%	\$30,735,712	\$1,332,082,263	7.1%
Corporate Income Tax	\$114,524,136	1.4%	\$0	\$114,524,136	1.4%	\$115,879,783	1.2%	\$0	\$115,879,783	1.2%
Cigarette and Tobacco Tax /2	\$74,004,878	-1.1%	\$0	\$74,004,878	-1.1%	\$74,694,033	0.9%	\$0	\$74,694,033	0.9%
Public Utilities Tax	\$29,400,000	0.0%	\$0	\$29,400,000	0.0%	\$29,400,000	0.0%	\$0	\$29,400,000	0.0%
Insurance Companies Tax	\$36,139,241	-1.0%	\$0	\$36,139,241	-1.0%	\$35,782,248	-1.0%	\$0	\$35,782,248	-1.0%
Estate Tax	\$25,691,578	2.6%	\$8,500,000	\$34,191,578	5.1%	\$26,357,325	2.6%	\$9,550,000	\$35,907,325	5.0%
Property Tax - Unorg. Territory	\$8,356,021	-4.4%	\$0	\$8,356,021	-4.4%	\$8,561,078	2.5%	\$0	\$8,561,078	2.5%
Income from Investments	\$15,000,000	0.0%	\$8,926,086	\$23,926,086	0.0%	\$15,000,000	0.0%	\$8,926,086	\$23,926,086	0.0%
Transfer to Municipal Rev. Sharing	(\$111,852,620)	5.9%	(\$1,460,468)	(\$113,313,088)	6.2%	(\$118,632,443)	6.1%	(\$1,567,521)	(\$120,199,964)	6.1%
Transfer from Liquor Commission	\$20,378,439	0.0%	\$0	\$20,378,439	0.0%	\$20,378,439	0.0%	\$0	\$20,378,439	0.0%
Transfer from Lottery Commission	\$37,975,384	0.0%	\$0	\$37,975,384	0.0%	\$37,975,384	0.0%	\$0	\$37,975,384	0.0%
Other Revenues	\$120,983,514	0.8%	\$0	\$120,983,514	0.8%	\$121,188,007	0.2%	\$0	\$121,188,007	0.2%
Total Revenue Available	\$2,449,265,062	5.0%	\$44,602,242	\$2,493,867,304	5.2%	\$2,576,830,405	5.2%	\$47,644,277	\$2,624,474,682	5.2%
								\$92,246,519		

## **APPENDIX A**

**Maine Consensus Economic Forecasting Commission  
Forecast of Feb. 4, 2000**



**Maine Consensus Economic Forecasting Commission**  
**Forecast of Feb. 4, 2000**

	History					Forecast				
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Rate or Annual Growth Rate										
CPI-u	2.6%	2.8%	3.0%	2.3%	1.6%	2.2%	2.5%	2.5%	2.5%	2.5%
Me. Unemployment Rate	7.4%	5.7%	5.1%	5.4%	4.3%	3.8%	4.0%	4.0%	4.0%	4.0%
3-Month Treasury Bill Rate	4.3%	5.5%	5.0%	5.1%	4.8%	4.7%	5.5%	5.5%	5.5%	5.5%
10-Year Treasury Note Rate	7.1%	6.6%	6.4%	6.4%	5.3%	5.6%	6.5%	6.5%	6.5%	6.5%
Maine Agricultural Empl.(1,000's)	N.A.	14.0	14.0	14.0	N.A.	14.0	14.0	14.0	14.0	14.0
Employment Levels (1,000's)										
Maine Wage & Salary Employment	531.6	538.2	542.5	553.7	569.6	584.2	594.1	601.9	609.7	617.6
Mining	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Construction	21.0	21.7	23.2	23.3	24.8	26.8	26.5	27.6	28.5	29.3
Manufacturing	91.4	91.1	88.3	87.8	86.9	85.4	84.4	84.0	83.5	83.1
Transp/Commun./Publ. Utils.	22.6	22.3	22.6	23.1	23.6	24.3	24.9	25.2	25.4	25.5
Wholesale Trade	23.9	25.1	25.8	26.0	26.7	27.1	27.6	28.1	28.7	29.1
Retail Trade	110.4	111.9	111.4	113.4	116.3	119.5	121.4	123.4	125.6	128.0
FIRE	26.3	26.0	27.0	28.4	29.8	30.9	31.6	31.9	32.0	32.2
Services	141.6	146.8	151.1	158.7	167.8	176.0	183.0	186.2	190.1	194.1
Government	94.1	93.2	92.8	93.0	93.6	94.1	94.7	95.3	95.7	96.2
Annual Growth Rates										
Maine Wage & Salary Employment	2.3%	1.2%	0.8%	2.1%	2.9%	2.6%	1.7%	1.3%	1.3%	1.3%
Mining	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Construction	0.6%	3.0%	7.0%	0.5%	6.5%	8.1%	-1.1%	4.2%	3.3%	2.8%
Manufacturing	0.6%	-0.4%	-3.0%	-0.6%	-1.0%	-1.8%	-1.2%	-0.5%	-0.5%	-0.5%
Transp/Commun./Publ. Utils.	1.9%	-1.4%	1.5%	2.2%	1.9%	2.9%	2.5%	1.2%	0.8%	0.4%
Wholesale Trade	2.9%	4.8%	2.9%	0.6%	3.0%	1.5%	1.8%	1.8%	2.1%	1.4%
Retail Trade	3.2%	1.4%	-0.4%	1.8%	2.6%	2.7%	1.6%	1.6%	1.8%	1.9%
FIRE	2.8%	-1.1%	3.8%	5.2%	4.6%	3.7%	2.2%	1.0%	0.3%	0.6%
Services	5.6%	3.7%	3.0%	5.0%	5.7%	4.9%	4.0%	1.7%	2.1%	2.1%
Government	-1.3%	-1.0%	-0.4%	0.2%	0.7%	0.5%	0.6%	0.7%	0.4%	0.5%
Million \$ - at Seas. Adjusted Annual Rates										
Personal income	23698.5	24658.0	25934.3	27242.8	28619.5	30050.5	31553.0	33067.5	34654.8	36387.5
Wage and salary disbursements	12419.3	12929.5	13460.0	14328.3	15272.8	16167.2	17133.3	18154.1	19250.7	20413.4
Other labor income	1529.3	1506.0	1502.5	1518.3	1544.0	1592.7	1640.8	1686.4	1732.7	1783.0
Non-farm Proprietors' income	1863.5	1945.0	2021.0	2107.3	2256.8	2343.9	2461.1	2579.3	2703.1	2838.2
plus: Dividends, interest, and rent	4000.8	4197.3	4563.3	4717.5	4789.8	4958.3	5080.0	5224.7	5319.5	5458.1
plus: Transfer payments	4762.8	5034.5	5335.8	5613.0	5814.8	6070.2	6342.2	6613.5	6896.3	7204.7
less: Personal contrb. for social insu	1098.8	1167.8	1208.8	1281.3	1348.8	1442.4	1514.5	1620.3	1732.7	1819.4
plus: Adjustment for residence	162.3	201.0	224.8	254.0	280.3	300.5	347.1	363.7	415.9	436.7
Farm Income	122.3	84.0	110.8	61.5	91.3	84.1	82.0	79.4	76.2	72.8
Annual Growth Rates										
Personal income	3.8%	4.0%	5.2%	5.0%	5.1%	5.0%	5.0%	4.8%	4.8%	5.0%
Wage and salary disbursements	3.7%	4.1%	4.1%	6.5%	6.6%	5.9%	6.0%	6.0%	6.0%	6.0%
Other labor income	-5.5%	-1.5%	-0.2%	1.0%	1.7%	3.2%	3.0%	2.8%	2.7%	2.9%
Non-farm Proprietors' income	6.4%	4.4%	3.9%	4.3%	7.1%	3.9%	5.0%	4.8%	4.8%	5.0%
plus: Dividends, interest, and rent	7.6%	4.9%	8.7%	3.4%	1.5%	3.5%	2.5%	2.8%	1.8%	2.6%
plus: Transfer payments	4.2%	5.7%	6.0%	5.2%	3.6%	4.4%	4.5%	4.3%	4.3%	4.5%
less: Personal contrb. for social insu	6.4%	6.3%	3.5%	6.0%	5.3%	6.9%	5.0%	7.0%	6.9%	5.0%
plus: Adjustment for residence	27.0%	23.9%	11.8%	13.0%	10.3%	7.2%	15.5%	4.8%	14.3%	5.0%
Farm Income	-19.2%	-31.3%	31.8%	-44.5%	48.4%	-7.8%	-2.5%	-3.2%	-4.0%	-4.5%

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## **APPENDIX B**

**Revenue Forecasting Committee**

**February 22, 2000**

**Maine Revenue Services**



# **REVENUE FORCASTING COMMITTEE**

February 22, 2000

**Maine Revenue Services**



**DRAFT**

**Revenue Forecasting Committee Revenue Projections for  
FY1999-2000 and FY2000-2001**

**DRAFT**

Source	FY98 Actual	FY99 Actual	% Chg.	FY00 Budget	% Chg.	Recom. Chg.	FY00 Reproject	% Chg.	FY01 Budget	% Chg.	Recom. Chg.	FY01 Reproject	% Chg.
Sales and Use Tax /1	\$833,755,683	\$791,726,882	-5.0%	\$844,900,000	6.7%	\$1,400,000	\$846,300,000	6.9%	\$822,700,000	-2.6%	\$2,220,000	\$824,920,000	-2.5%
Individual Income Tax /2	\$907,981,057	\$1,004,457,157	10.6%	\$1,065,877,919	6.1%	\$32,760,000	\$1,098,637,919	9.4%	\$1,134,598,509	6.4%	\$21,935,385	\$1,156,533,894	5.3%
Corporate Income Tax	\$107,375,485	\$144,942,751	35.0%	\$141,865,645	-2.1%	\$0	\$141,865,645	-2.1%	\$112,983,316	-20.4%	\$0	\$112,983,316	-20.4%
Cigarette and Tobacco Tax /3	\$45,524,322	\$77,750,154	70.8%	\$75,569,552	-2.8%	\$0	\$75,569,552	-2.8%	\$74,793,880	-1.0%	\$0	\$74,793,880	-1.0%
Public Utilities Tax	\$29,334,895	\$29,670,868	1.1%	\$29,125,000	-1.8%	\$0	\$29,125,000	-1.8%	\$29,400,000	0.9%	\$0	\$29,400,000	0.9%
Insurance Companies Tax	\$39,153,287	\$37,742,517	-3.6%	\$36,864,080	-2.3%	\$0	\$36,864,080	-2.3%	\$36,499,839	-1.0%	\$0	\$36,499,839	-1.0%
Estate Tax	\$34,335,598	\$29,768,114	-13.3%	\$23,725,651	-20.3%	\$15,000,000	\$38,725,651	30.1%	\$25,045,221	5.6%	\$8,460,000	\$33,505,221	-13.5%
Property Tax - Unorg. Territory	\$8,725,314	\$9,372,051	7.4%	\$8,013,110	-14.5%	\$0	\$8,013,110	-14.5%	\$8,736,300	9.0%	\$0	\$8,736,300	9.0%
Income from Investments	\$12,145,209	\$19,760,828	62.7%	\$15,000,000	-24.1%	\$0	\$15,000,000	-24.1%	\$15,000,000	0.0%	\$0	\$15,000,000	0.0%
Transfer to Municipal Rev. Sharing	(\$94,304,723)	(\$98,997,466)	5.0%	(\$104,684,822)	5.7%	(\$1,742,160)	(\$106,426,982)	7.5%	(\$105,584,372)	0.9%	(\$1,231,926)	(\$106,816,298)	0.4%
Transfer from Liquor Commission	\$20,546,162	\$19,794,778	-3.7%	\$20,149,531	1.8%	\$0	\$20,149,531	1.8%	\$20,378,439	1.1%	\$0	\$20,378,439	1.1%
Transfer from Lottery Commission	\$40,742,121	\$39,600,544	-2.8%	\$37,801,819	-4.5%	\$0	\$37,801,819	-4.5%	\$37,975,384	0.5%	\$0	\$37,975,384	0.5%
Other Revenues	\$126,545,597	\$131,534,093	3.9%	\$118,953,528	-9.6%	\$0	\$118,953,528	-9.6%	\$120,012,013	0.9%	\$0	\$120,012,013	0.9%
Total Revenue Available	\$2,111,860,007	\$2,237,123,271	5.9%	\$2,313,161,013	3.4%	\$47,417,840	\$2,360,578,853	5.5%	\$2,332,538,529	0.8%	\$31,383,459	\$2,363,921,988	0.1%
											\$78,801,299		

1/ FY99 actual is reduced by \$22,595,032 to account for sales tax revenue transferred to Rainy Day Fund/Sales Tax Reserve.

2/ Includes in FY98 actual \$137,245,402 transferred to the Tax Relief Fund for Maine Residents.

3/ \$28,845,919 credited to the Tobacco Tax Relief Fund in FY98.

**DRAFT****Revenue Forecasting Committee Revenue Projections for  
FY1999-2000 and FY2000-2001**

Source	FY02 Budget	% Chg.	Recom. Chg.	FY02 Reproject	% Chg.	FY03 Budget	% Chg.	Recom. Chg.	FY03 Reproject	% Chg.
Sales and Use Tax	\$863,500,000	5.0%	\$81,000	\$863,581,000	4.7%	\$908,900,000	5.3%	\$8,000	\$908,908,000	5.2%
Individual Income Tax /1	\$1,215,164,491	7.1%	\$28,636,623	\$1,243,801,114	7.5%	\$1,301,346,551	7.1%	\$30,735,712	\$1,332,082,263	7.1%
Corporate Income Tax	\$114,524,136	1.4%	\$0	\$114,524,136	1.4%	\$115,879,783	1.2%	\$0	\$115,879,783	1.2%
Cigarette and Tobacco Tax /2	\$74,004,878	-1.1%	\$0	\$74,004,878	-1.1%	\$74,694,033	0.9%	\$0	\$74,694,033	0.9%
Public Utilities Tax	\$29,400,000	0.0%	\$0	\$29,400,000	0.0%	\$29,400,000	0.0%	\$0	\$29,400,000	0.0%
Insurance Companies Tax	\$36,139,241	-1.0%	\$0	\$36,139,241	-1.0%	\$35,782,248	-1.0%	\$0	\$35,782,248	-1.0%
Estate Tax	\$25,691,578	2.6%	\$9,488,800	\$35,180,378	5.0%	\$26,357,325	2.6%	\$10,568,464	\$36,925,789	5.0%
Property Tax - Unorg. Territory	\$8,356,021	-4.4%	\$0	\$8,356,021	-4.4%	\$8,561,078	2.5%	\$0	\$8,561,078	2.5%
Income from Investments	\$15,000,000	0.0%	\$0	\$15,000,000	0.0%	\$15,000,000	0.0%	\$0	\$15,000,000	0.0%
Transfer to Municipal Rev. Sharing	(\$111,852,620)	5.9%	(\$1,464,599)	(\$113,317,219)	6.1%	(\$118,632,443)	6.1%	(\$1,567,929)	(\$120,200,372)	6.1%
Transfer from Liquor Commission	\$20,378,439	0.0%	\$0	\$20,378,439	0.0%	\$20,378,439	0.0%	\$0	\$20,378,439	0.0%
Transfer from Lottery Commission	\$37,975,384	0.0%	\$0	\$37,975,384	0.0%	\$37,975,384	0.0%	\$0	\$37,975,384	0.0%
Other Revenues	\$120,983,514	0.8%	\$0	\$120,983,514	0.8%	\$121,188,007	0.2%	\$0	\$121,188,007	0.2%
Total Revenue Available	\$2,449,265,062	5.0%	\$36,741,825	\$2,486,006,887	5.2%	\$2,576,830,405	5.2%	\$39,744,247	\$2,616,574,652	5.3%
								\$76,486,072		

STATE OF MAINE  
Undedicated Revenues - General Fund  
For the Seventh Month Ended January 31, 2000

PRELIMINARY AND TENTATIVE  
FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

Jan-00

original: 02-04-00  
revised: 02-08-00

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2000
	Actual	Budget	Variance Over/(under)	Percent Over/(under)	Actual	Budget	Variance Over/(under)	Percent Over/(under)	
Sales and Use Tax	80,415,307	76,941,840	3,473,467	4.5%	463,924,422	467,148,143	(3,223,721)	(0.7%)	844,900,000
Individual Income Tax	145,910,800	129,236,850	16,673,950	12.9%	583,412,799	566,707,487	17,705,312	3.1%	1,065,877,919
Corporate Income Tax	1,238,715	2,090,000	(851,285)	(40.7%)	79,583,804	80,193,662	(609,858)	(0.8%)	141,865,645
Cigarette and Tobacco Tax	6,549,907	5,445,910	1,103,997	20.3%	45,176,624	44,650,968	525,656	1.2%	75,569,552
Public Utilities Tax	0	0	0	-	(199,304)	(150,000)	(49,304)	32.9%	29,125,000
Insurance Companies Tax	(50,986)	127,788	(178,774)	(139.9%)	6,799,556	6,305,091	494,465	7.8%	36,864,080
Estate Tax	7,796,602	1,997,138	5,799,464	290.4%	27,329,035	13,739,964	13,589,071	98.9%	23,725,661
Property Tax - Uninc Territory	0	0	0	-	8,434,846	7,192,888	1,241,958	17.3%	8,013,110
Income from Investments	925,551	1,250,000	(324,449)	(26.0%)	7,460,040	6,666,667	793,373	11.9%	15,000,000
Transfer to Municipal Revenue Sharing	(11,605,806)	(10,621,703)	(984,103)	9.3%	(57,472,972)	(56,765,515)	(707,457)	1.2%	(104,684,822)
Transfer from Liquor Commission	2,053,402	1,289,570	763,832	59.2%	14,271,652	12,371,812	1,899,840	15.4%	20,149,531
Transfer from Lottery Commission	3,184,841	3,097,374	87,467	2.8%	22,668,232	22,130,638	537,594	2.4%	37,801,819
Other Revenues	6,551,546	10,052,922	(3,501,376)	(34.8%)	67,942,714	67,577,847	364,867	0.5%	118,953,528
<b>Total General Fund Revenues</b>	<b>242,969,879</b>	<b>220,907,689</b>	<b>22,062,190</b>	<b>10.0%</b>	<b>1,269,332,249</b>	<b>1,236,769,652</b>	<b>32,562,597</b>	<b>2.6%</b>	<b>2,313,161,013</b>

- NOTES:
- (1) Included in the above is \$11,605,806 for the month and \$57,472,972 year to date, that was set aside for Revenue Sharing with cities and towns.
  - (2) In addition to the amounts above, \$1,151,347 was transferred from the Maine Rainy Day Fund to Municipal Revenue Sharing in accordance with PL 1999 Chapter 528, October 1999.
  - (3) Figures reflect revised estimates of the Revenue Forecasting Committee as of November 1999.
  - (4) This report has been prepared from preliminary month end figures and is subject to change.



STATE OF MAINE  
Undedicated Revenues - General Fund  
For the Seventh Month Ended January 31, 2000 and 1999

PRELIMINARY AND TENTATIVE  
FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

EXHIBIT U

	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	80,415,307	62,689,948	17,725,359	28.3%	463,924,422	438,990,214	24,934,208	5.7%
Individual Income Tax	145,910,800	143,159,737	2,751,063	1.9%	583,412,799	540,362,107	43,050,692	8.0%
Corporate Income Tax	1,238,715	1,256,992	(18,277)	(1.5%)	79,583,804	50,863,032	28,720,772	56.5%
Cigarette and Tobacco Tax	6,549,907	5,623,305	926,602	16.5%	45,176,624	45,230,014	(53,389)	(0.1%)
Public Utilities Tax	0	0	0	-	(199,304)	(150,000)	(49,304)	32.9%
Insurance Companies Tax	(50,986)	6,620	(57,606)	(870.2%)	6,799,556	6,571,072	228,484	3.5%
Estate Tax	7,796,602	12,549,357	(4,752,755)	(37.9%)	27,329,835	23,240,983	4,088,852	17.6%
Property Tax - Unorg Territory	0	0	0	-	8,434,846	7,852,783	582,063	7.4%
Income from Investments	925,551	983,151	(57,600)	(5.9%)	7,460,040	9,154,641	(1,694,601)	(18.5%)
Transfer to Municipal Revenue Sharing	(11,605,806)	(10,562,441)	(1,043,365)	9.9%	(57,472,972)	(52,540,983)	(4,931,989)	9.4%
Transfer from Liquor Commission	2,053,402	1,390,707	662,695	47.7%	14,271,652	12,056,327	2,215,325	18.4%
Transfer from Lottery Commission	3,184,841	2,360,281	824,560	34.9%	22,668,232	22,733,150	(64,918)	(0.3%)
Other Revenues	6,551,546	7,357,595	(806,050)	(11.0%)	67,942,714	63,912,766	4,029,947	6.3%
<b>Total General Fund Revenues</b>	<b>242,969,879</b>	<b>226,815,252</b>	<b>16,154,626</b>	<b>7.1%</b>	<b>1,269,332,249</b>	<b>1,168,276,107</b>	<b>101,056,142</b>	<b>8.7%</b>

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STATE OF MAINE  
Undedicated Revenues - General Fund  
For the Seventh Month Ended January 31, 2000

PRELIMINARY AND TENTATIVE  
FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

EXHIBIT III

Detail of Other Revenues	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2000
	Actual	Budget	Variance Over/(under)	Percent Over/(under)	Actual	Budget	Variance Over/(under)	Percent Over/(under)	
0100's All Others	720,255	577,353	142,902	24.8%	6,158,950	5,748,854	410,096	7.1%	11,641,191
0300's Aeronautical Gas Tax	10,435	65,798	(55,363)	(84.1%)	706,408	556,225	150,183	27.0%	898,000
0400's Alcohol Excise Tax	752,925	718,256	34,669	4.8%	6,723,194	6,594,357	128,837	2.0%	10,676,200
0700's Corporation Taxes	62,670	46,248	16,422	35.5%	507,933	392,648	115,285	29.4%	2,531,200
1000's Banking Taxes	1,009,180	865,500	143,680	16.6%	4,812,750	3,907,800	904,950	23.2%	6,885,000
1100's Alcoholic Beverages	257,160	194,070	63,090	32.5%	1,612,637	1,437,790	174,847	12.2%	2,962,300
1200's Amusement Tax	0	0	0	-	2,640	130	2,510	1930.8%	150,860
1300's Harness Racing Pari-mutuels	81,872	110,000	(28,128)	(25.6%)	771,922	770,150	1,772	0.2%	1,100,750
1400's Business Taxes	(1,138,518)	675,916	(1,814,434)	(268.4%)	2,067,411	2,103,928	(36,517)	(1.7%)	4,453,581
1500's Motor Vehicle Licenses	276,550	275,094	1,456	0.5%	1,112,455	1,125,568	(13,113)	(1.2%)	2,035,833
1700's Inland Fisheries & Wildlife	1,011,260	1,346,114	(334,854)	(24.9%)	8,231,945	8,462,820	(230,875)	(2.7%)	13,502,213
1900's Hospital Excise & Other	71,657	26,648	45,009	168.9%	205,669	167,189	38,480	23.0%	274,335
2000's Fines, Forfeits & Penalties	1,401,640	1,902,830	(501,190)	(26.3%)	14,387,364	13,552,696	834,668	6.2%	23,749,236
2300's Federal Revenues	2,408,002	1,080,933	1,407,069	130.2%	5,794,958	6,082,532	(287,574)	(4.7%)	10,287,157
2300's County Revenues	0	0	0	-	0	0	0	-	
2400's Revenues from Chiles & Taxes	0	167	(167)	(100.0%)	0	1,169	(1,169)	(100.0%)	2,000
2500's Revenues from Private Sources	132,864	155,001	(22,137)	(14.3%)	1,505,456	1,069,001	436,455	40.8%	1,841,000
2600's Current Service Charges	641,203	1,302,944	(661,741)	(50.8%)	9,760,651	10,738,744	(978,093)	(9.0%)	18,011,020
2700's Transfers from Other Funds	(1,241,178)	708,550	(1,949,728)	(275.2%)	3,497,860	4,856,646	(1,358,786)	(28.0%)	7,935,652
2800's Sales of Property & Equipment	13,567	1,500	12,067	804.5%	74,509	9,600	64,909	676.1%	16,000
<b>Total Other Revenues</b>	<b>6,551,546</b>	<b>10,052,922</b>	<b>(3,501,376)</b>	<b>(34.8%)</b>	<b>67,942,714</b>	<b>67,577,847</b>	<b>364,867</b>	<b>0.5%</b>	<b>118,953,528</b>

STATE OF MAINE  
 Unallocated Revenues - General Fund  
 For the Seventh Month Ended January 31, 2000 and 1999.

PRELIMINARY AND TENTATIVE  
 FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

EXHIBIT IV

Detail of Other Revenues	Month				Year to Date			
	Current Year	Prior Year	Variance Over/(under)	Percent Over/(under)	Current Year	Prior Year	Variance Over/(under)	Percent Over/under
0100's All Others	720,255	1,122,514	(402,259)	(35.8%)	6,158,950	7,477,908	(1,318,958)	(17.6%)
0300's Aeronautical Gas Tax	10,435	131,345	(120,910)	(92.1%)	706,408	727,758	(21,349)	(2.9%)
0400's Alcohol Excise Tax	752,925	709,451	43,474	6.1%	6,723,194	6,457,989	265,205	4.1%
0700's Corporation Taxes	62,670	57,005	5,665	9.9%	507,933	610,016	(102,083)	(16.7%)
1000's Banking Taxes	1,009,180	986,290	22,890	2.3%	4,812,750	4,400,380	412,370	9.4%
1100's Alcoholic Beverages	257,160	185,980	71,180	38.3%	1,612,637	1,401,492	211,145	15.1%
1200's Amusements Tax	0	0	0	-	2,640	4,724	(2,084)	(44.1%)
1300's Harness Racing Pari-mutuels	81,872	123,599	(41,727)	(33.8%)	771,922	828,372	(56,450)	(6.8%)
1400's Business Taxes	(1,138,518)	650,909	(1,789,426)	(274.9%)	2,067,411	2,564,105	(496,694)	(19.4%)
1500's Motor Vehicle Licenses	276,550	408,194	(131,645)	(32.3%)	1,112,455	1,166,249	(53,794)	(4.6%)
1700's Inland Fisheries & Wildlife	1,011,260	1,197,800	(186,540)	(15.6%)	8,231,945	8,365,072	(133,126)	(1.6%)
1900's Hospital Excise & Other	71,657	54,408	17,249	31.7%	205,669	198,946	6,723	3.4%
2000's Fines, Forfeits & Penalties	1,401,640	1,733,561	(331,921)	(19.1%)	14,387,364	13,805,402	581,962	4.2%
2200's Federal Revenues	2,488,002	83,395	2,404,608	2883.4%	5,794,958	1,085,662	4,709,296	433.8%
2300's County Revenues	0	4,184	(4,184)	(100.0%)	0	26,192	(26,192)	(100.0%)
2400's Revenues from Cities & Towns	0	0	0	-	0	0	0	-
2500's Revenues from Private Sources	132,864	172,622	(39,757)	(23.0%)	1,505,456	1,350,323	155,133	11.5%
2600's Current Service Charges	641,203	753,827	(112,624)	(14.9%)	9,768,651	8,951,053	817,599	9.1%
2700's Transfers from Other Funds	(1,241,178)	(1,077,559)	(163,619)	15.2%	3,497,860	3,889,202	(391,342)	(10.1%)
2800's Sales of Property & Equipment	13,567	60,070	(46,503)	(77.4%)	74,509	601,923	(527,414)	(87.6%)
<b>Total Other Revenues</b>	<b>6,551,546</b>	<b>7,357,595</b>	<b>(806,050)</b>	<b>(11.0%)</b>	<b>67,942,714</b>	<b>63,912,766</b>	<b>4,029,947</b>	<b>6.3%</b>

TOTAL P.05

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# Economic Assumptions



Maine Consensus Economic Forecasting Commission  
Forecast of Feb. 4, 2000

	History					Forecast				
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Rate or Annual Growth Rate										
CPI-u	2.6%	2.8%	3.0%	2.3%	1.6%	2.2%	2.5%	2.5%	2.5%	2.5%
Me. Unemployment Rate	7.4%	5.7%	5.1%	5.4%	4.3%	3.8%	4.0%	4.0%	4.0%	4.0%
3-Month Treasury Bill Rate	4.3%	5.5%	5.0%	5.1%	4.8%	4.7%	5.5%	5.5%	5.5%	5.5%
10-Year Treasury Note Rate	7.1%	6.6%	6.4%	6.4%	5.3%	5.6%	6.5%	6.5%	6.5%	6.5%
Maine Agricultural Empl.(1,000's)	N.A.	14.0	14.0	14.0	N.A.	14.0	14.0	14.0	14.0	14.0
Employment Levels (1,000's)										
Maine Wage & Salary Employment	531.6	538.2	542.5	553.7	569.6	584.2	594.1	601.9	609.7	617.6
Mining	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Construction	21.0	21.7	23.2	23.3	24.8	26.8	26.5	27.6	28.5	29.3
Manufacturing	91.4	91.1	88.3	87.8	86.9	85.4	84.4	84.0	83.5	83.1
Transp/Commun./Publ. Utils.	22.6	22.3	22.6	23.1	23.6	24.3	24.9	25.2	25.4	25.5
Wholesale Trade	23.9	25.1	25.8	26.0	26.7	27.1	27.6	28.1	28.7	29.1
Retail Trade	110.4	111.9	111.4	113.4	116.3	119.5	121.4	123.4	125.6	128.0
FIRE	26.3	26.0	27.0	28.4	29.8	30.9	31.6	31.9	32.0	32.2
Services	141.6	146.8	151.1	158.7	167.8	176.0	183.0	186.2	190.1	194.1
Government	94.1	93.2	92.8	93.0	93.6	94.1	94.7	95.3	95.7	96.2
Annual Growth Rates										
Maine Wage & Salary Employment	2.3%	1.2%	0.8%	2.1%	2.9%	2.6%	1.7%	1.3%	1.3%	1.3%
Mining	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Construction	0.6%	3.0%	7.0%	0.5%	6.5%	8.1%	-1.1%	4.2%	3.3%	2.8%
Manufacturing	0.6%	-0.4%	-3.0%	-0.6%	-1.0%	-1.8%	-1.2%	-0.5%	-0.5%	-0.5%
Transp/Commun./Publ. Utils.	1.9%	-1.4%	1.5%	2.2%	1.9%	2.9%	2.5%	1.2%	0.8%	0.4%
Wholesale Trade	2.9%	4.8%	2.9%	0.6%	3.0%	1.5%	1.8%	1.8%	2.1%	1.4%
Retail Trade	3.2%	1.4%	-0.4%	1.8%	2.6%	2.7%	1.6%	1.6%	1.8%	1.9%
FIRE	2.8%	-1.1%	3.8%	5.2%	4.6%	3.7%	2.2%	1.0%	0.3%	0.6%
Services	5.6%	3.7%	3.0%	5.0%	5.7%	4.9%	4.0%	1.7%	2.1%	2.1%
Government	-1.3%	-1.0%	-0.4%	0.2%	0.7%	0.5%	0.6%	0.7%	0.4%	0.5%
Million \$ - at Seas. Adjusted Annual Rates										
Personal income	23698.5	24658.0	25934.3	27242.8	28619.5	30050.5	31553.0	33067.5	34654.8	36387.5
Wage and salary disbursements	12419.3	12929.5	13460.0	14328.3	15272.8	16167.2	17133.3	18154.1	19250.7	20413.4
Other labor income	1529.3	1506.0	1502.5	1518.3	1544.0	1592.7	1640.8	1686.4	1732.7	1783.0
Non-farm Proprietors' income	1863.5	1945.0	2021.0	2107.3	2256.8	2343.9	2461.1	2579.3	2703.1	2838.2
plus: Dividends, interest, and rent	4000.8	4197.3	4563.3	4717.5	4789.8	4958.3	5080.0	5224.7	5319.5	5458.1
plus: Transfer payments	4762.8	5034.5	5335.8	5613.0	5814.8	6070.2	6342.2	6613.5	6896.3	7204.7
less: Personal contrb. for social insur	1098.8	1167.8	1208.8	1281.3	1348.8	1442.4	1514.5	1620.3	1732.7	1819.4
plus: Adjustment for residence	162.3	201.0	224.8	254.0	280.3	300.5	347.1	363.7	415.9	436.7
Farm Income	122.3	84.0	110.8	61.5	91.3	84.1	82.0	79.4	76.2	72.8
Annual Growth Rates										
Personal income	3.8%	4.0%	5.2%	5.0%	5.1%	5.0%	5.0%	4.8%	4.8%	5.0%
Wage and salary disbursements	3.7%	4.1%	4.1%	6.5%	6.6%	5.9%	6.0%	6.0%	6.0%	6.0%
Other labor income	-5.5%	-1.5%	-0.2%	1.0%	1.7%	3.2%	3.0%	2.8%	2.7%	2.9%
Non-farm Proprietors' income	6.4%	4.4%	3.9%	4.3%	7.1%	3.9%	5.0%	4.8%	4.8%	5.0%
plus: Dividends, interest, and rent	7.6%	4.9%	8.7%	3.4%	1.5%	3.5%	2.5%	2.8%	1.8%	2.6%
plus: Transfer payments	4.2%	5.7%	6.0%	5.2%	3.6%	4.4%	4.5%	4.3%	4.3%	4.5%
less: Personal contrb. for social insur	6.4%	6.3%	3.5%	6.0%	5.3%	6.9%	5.0%	7.0%	6.9%	5.0%
plus: Adjustment for residence	27.0%	23.9%	11.8%	13.0%	10.3%	7.2%	15.5%	4.8%	14.3%	5.0%
Farm Income	-19.2%	-31.3%	31.8%	-44.5%	48.4%	-7.8%	-2.5%	-3.2%	-4.0%	-4.5%

R:\CEFC\CEFC0200.123

(income adjustments in R:\Revenues\incforc0200.123)



# Sales & Use Tax



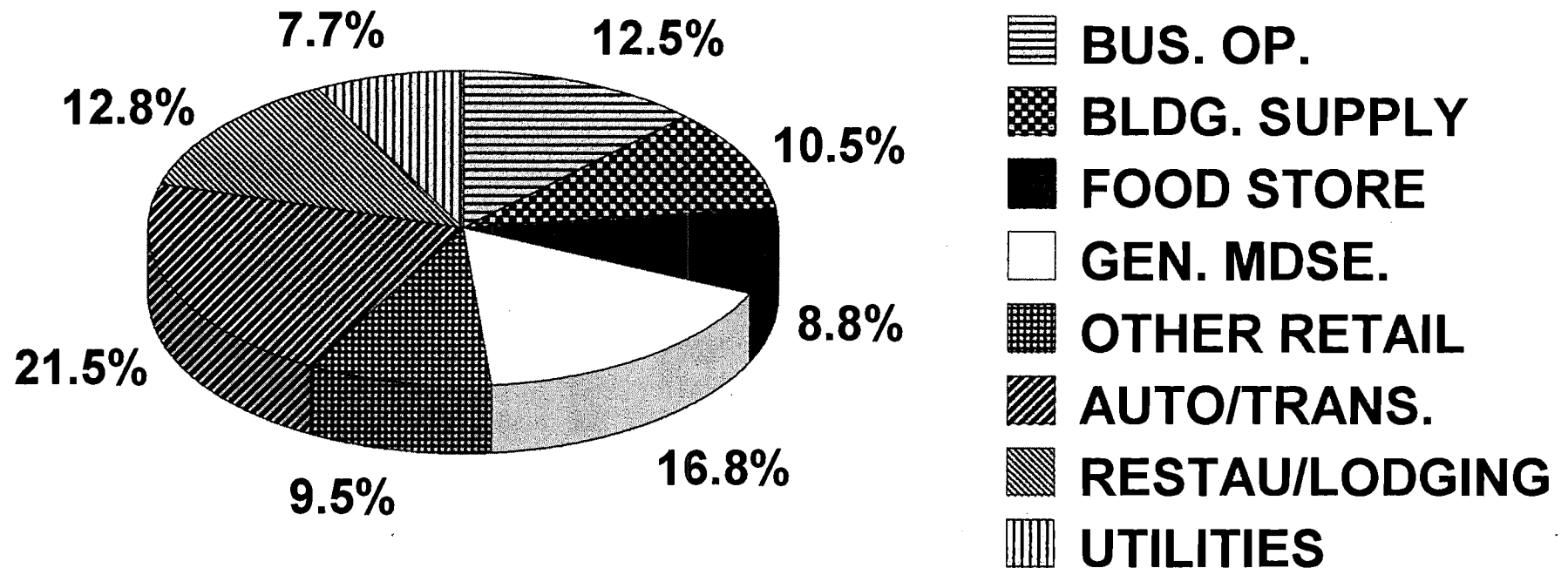


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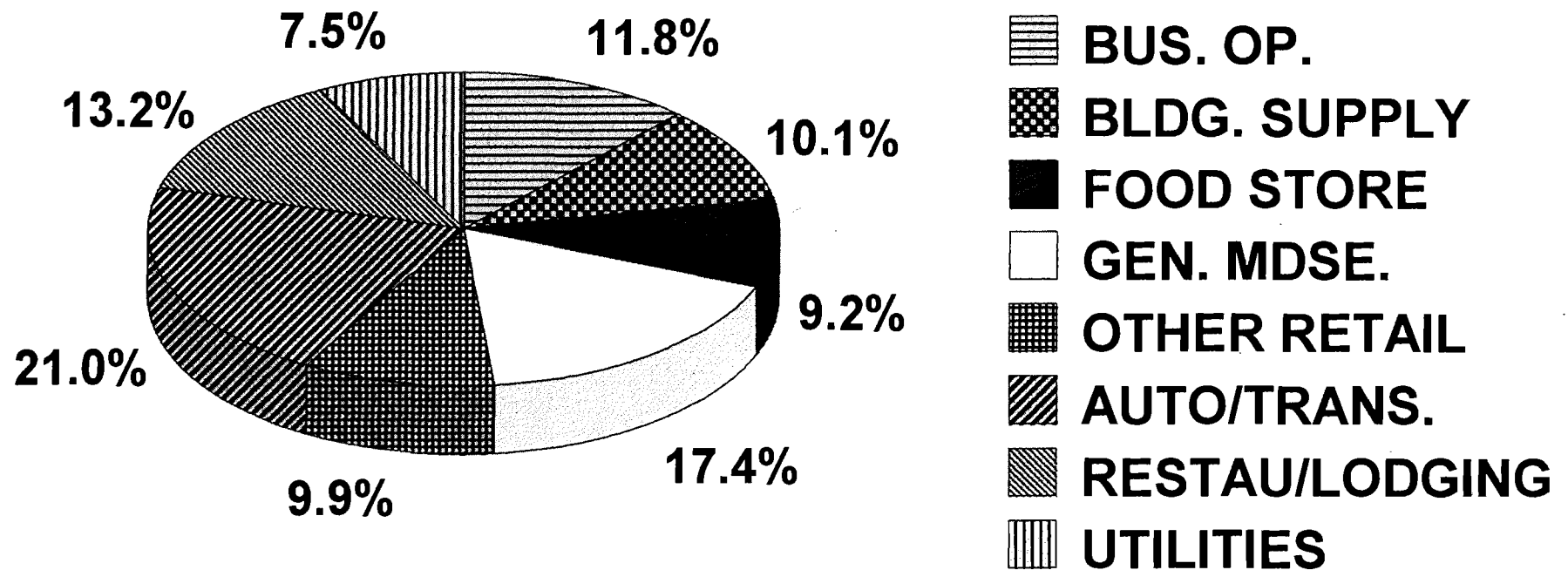
**Maine Revenue Services  
Taxable Sales by Sector  
In Thousands of Dollars**

	Dec '99	% Ch.	Dec '98	% Ch.	Dec '97	Average Last 3 Mos. Vs. Last Yr. % Change	Moving Total Last 12 Mos. Vs. Prior % Change
Building Supply	\$141,614	18%	\$120,464	25%	\$96,558	14%	15%
Food Store	\$120,126	5%	\$114,660	5%	\$109,516	6%	5%
General Merchandise	\$326,559	6%	\$308,607	7%	\$287,267	6%	6%
Other Retail	\$182,557	2%	\$178,609	2%	\$175,403	2%	5%
Auto/Transportation	\$234,613	13%	\$207,496	15%	\$179,918	11%	12%
Restaurant/lodging	\$116,435	3%	\$113,028	11%	\$101,683	5%	7%
Consumer Sales	\$1,121,904	8%	\$1,042,863	10%	\$950,345	7%	8%
Business Operating	\$187,061	5%	\$178,959	21%	\$148,395	2%	15%
Total	\$1,308,965	7%	\$1,221,822	11%	\$1,098,740	7%	9%
Utilities	\$98,779	40%	\$70,551	-26%	\$94,828		
Total including Utilities	\$1,407,744	9%	\$1,292,373	8%	\$1,193,568		

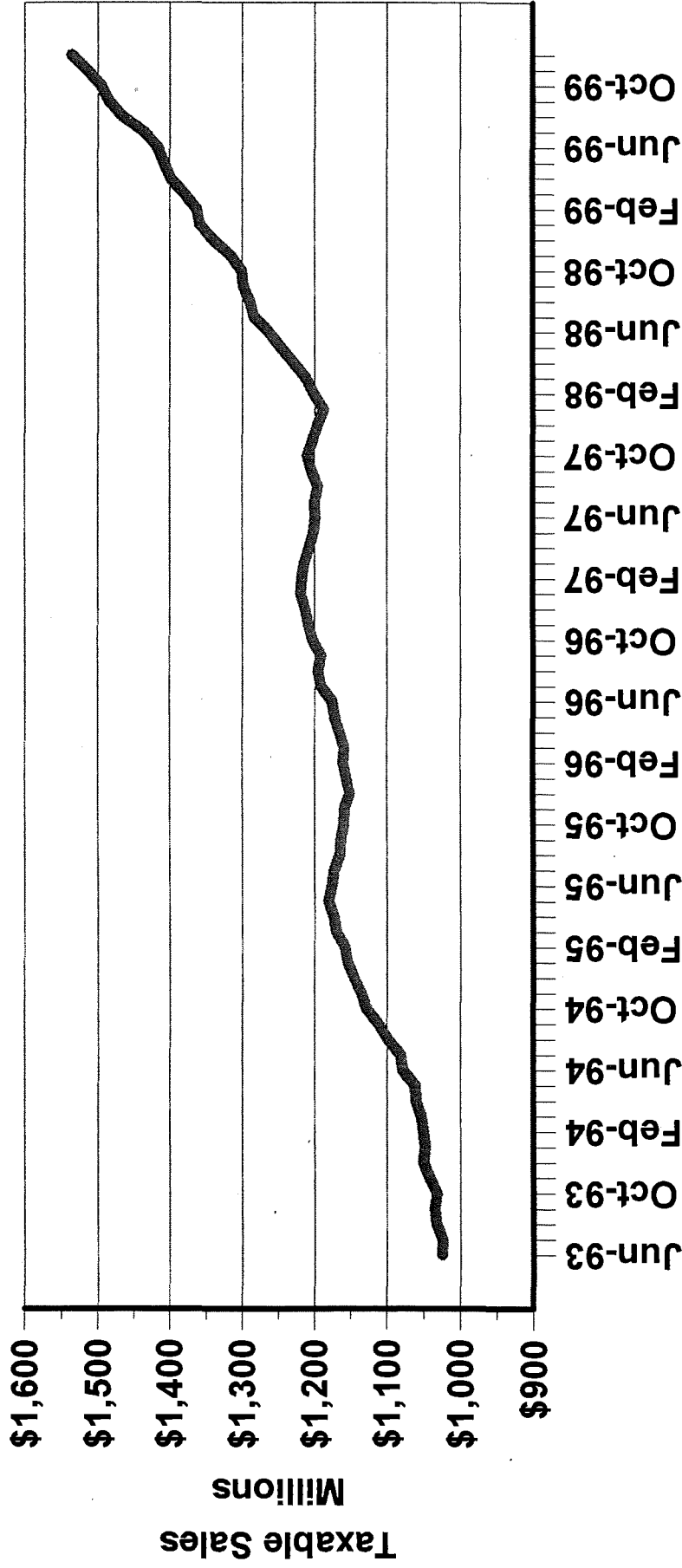
# 1999 MAINE TAXABLE SALES BY PRODUCT GROUP



## 1998 MAINE TAXABLE SALES BY PRODUCT GROUP



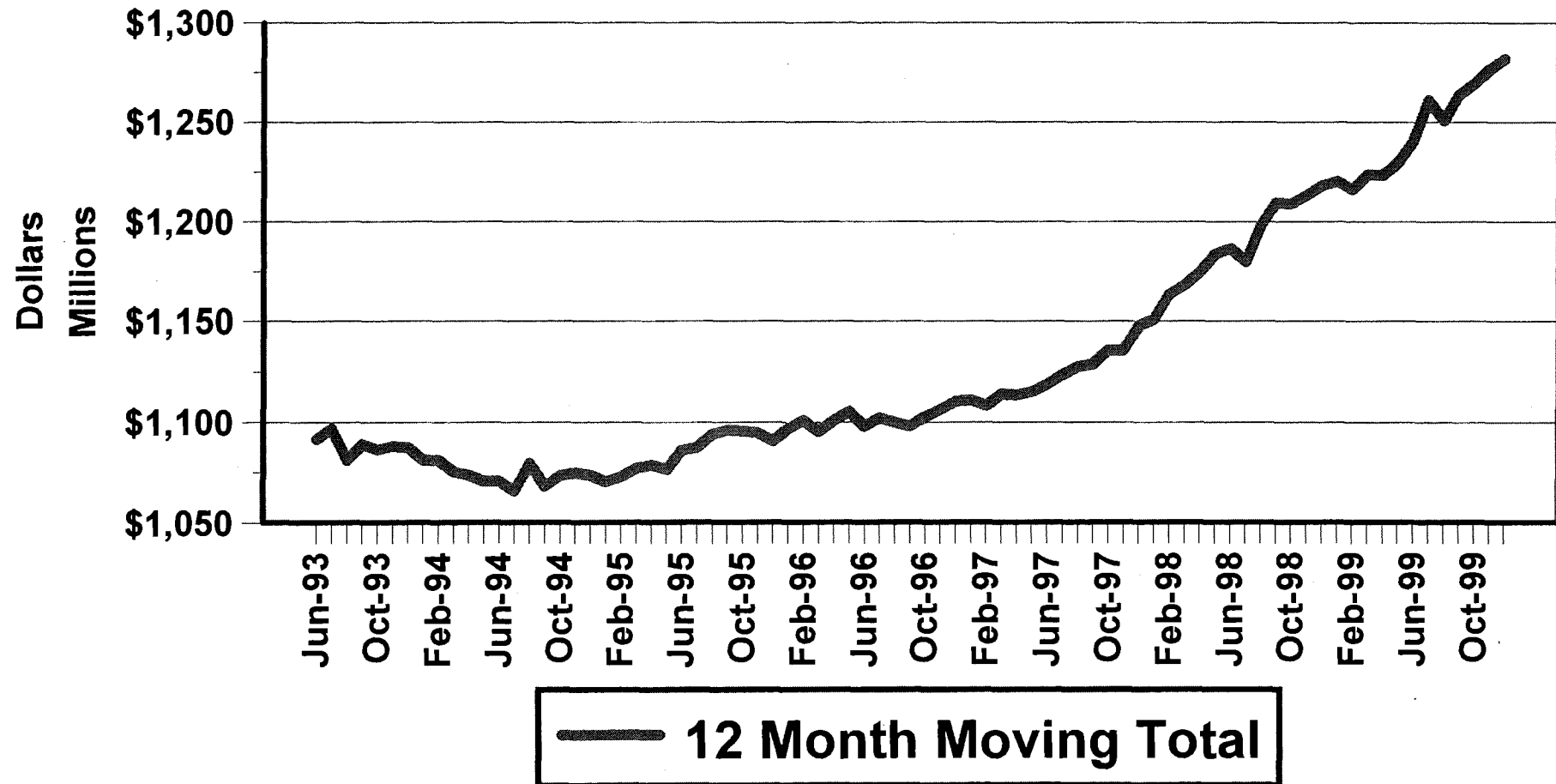
# **Building Supply Taxable Sales 12 Month Moving Total June 1993 to Date**



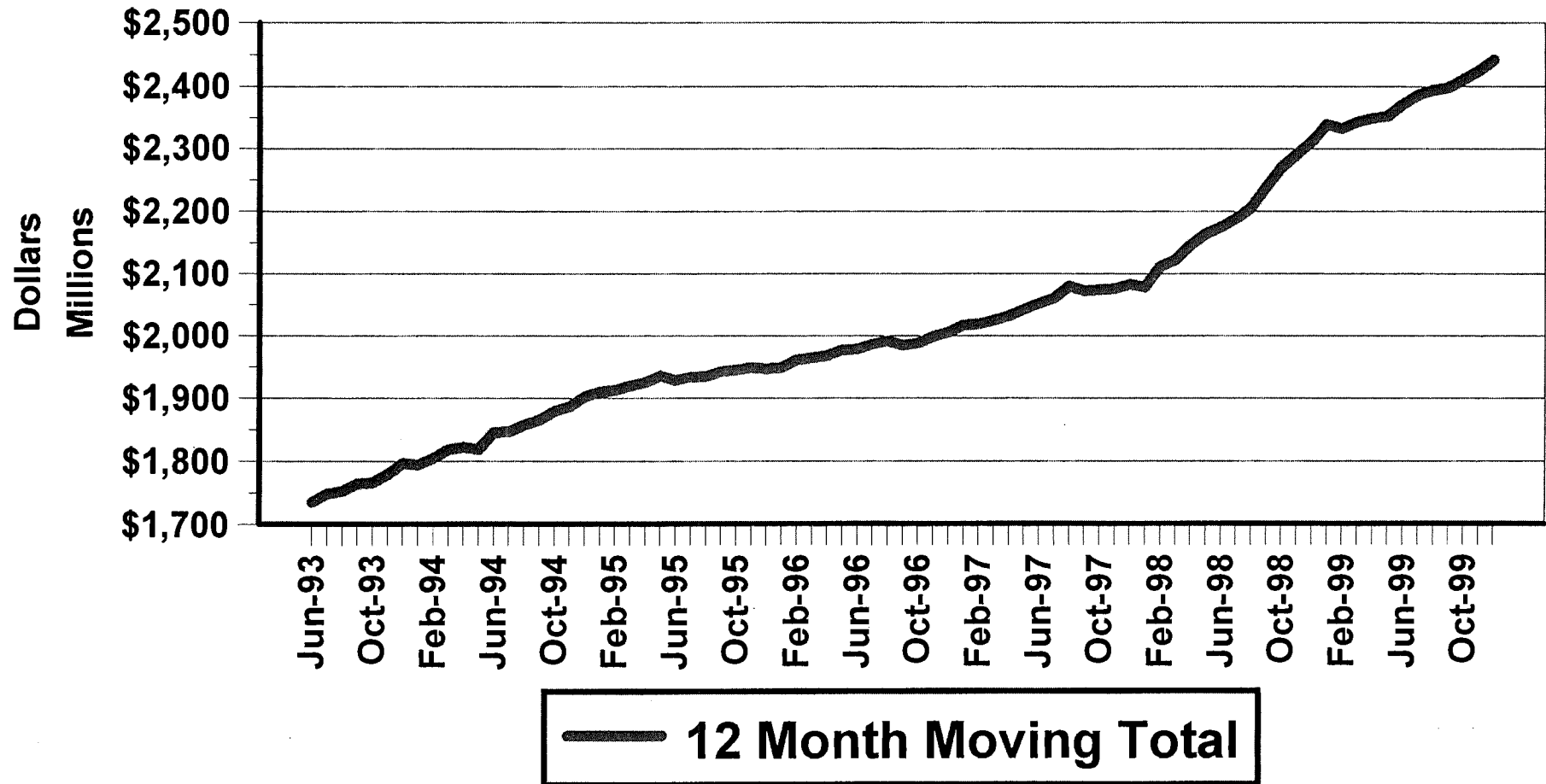
**— 12 Month Moving Total**

# ***Food Store Taxable Sales***

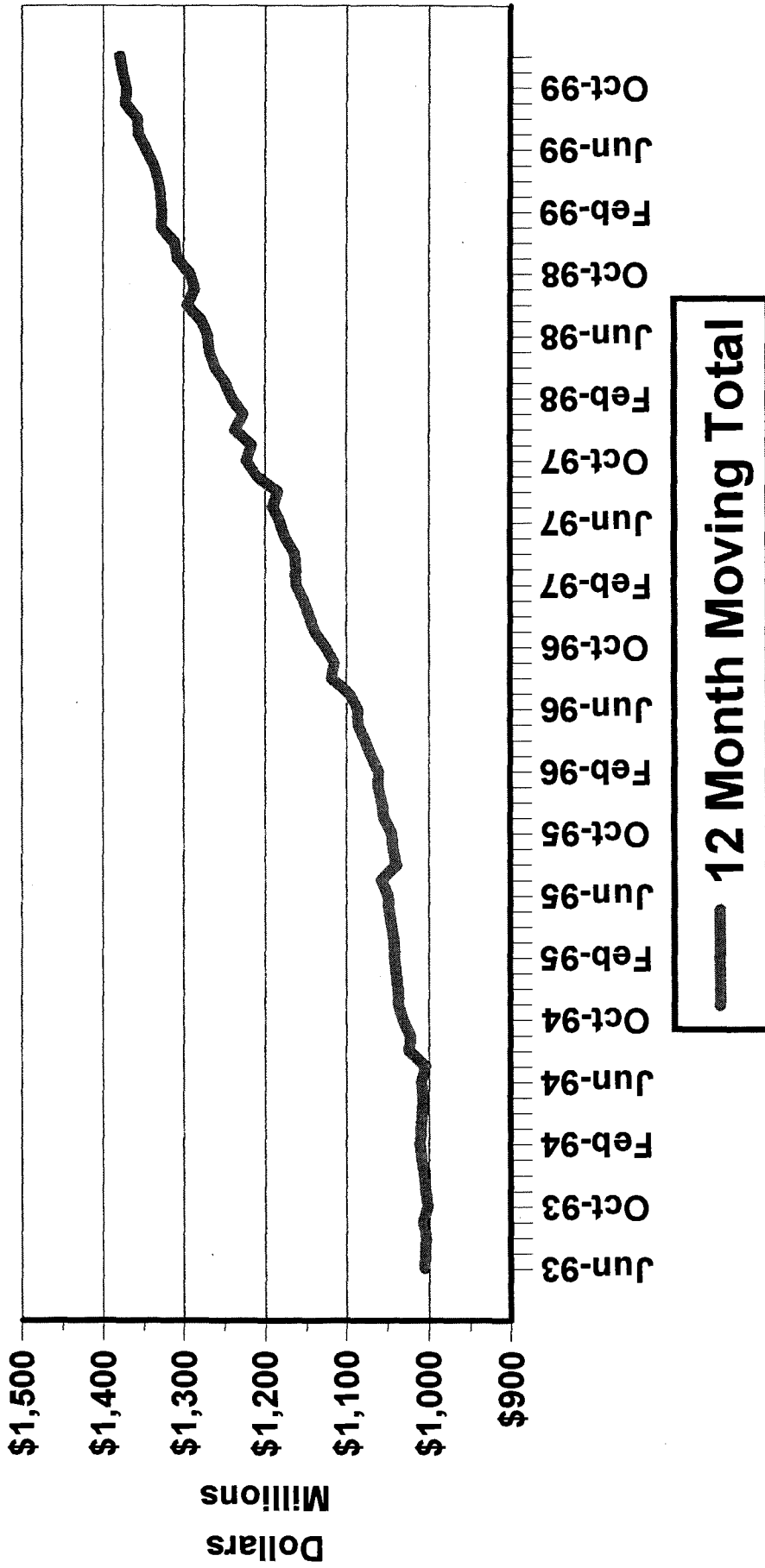
## ***12 Month Moving Total June 1993 to Date***



# ***General Merchandise Taxable Sales 12 Month Moving Total June 1993 to Date***

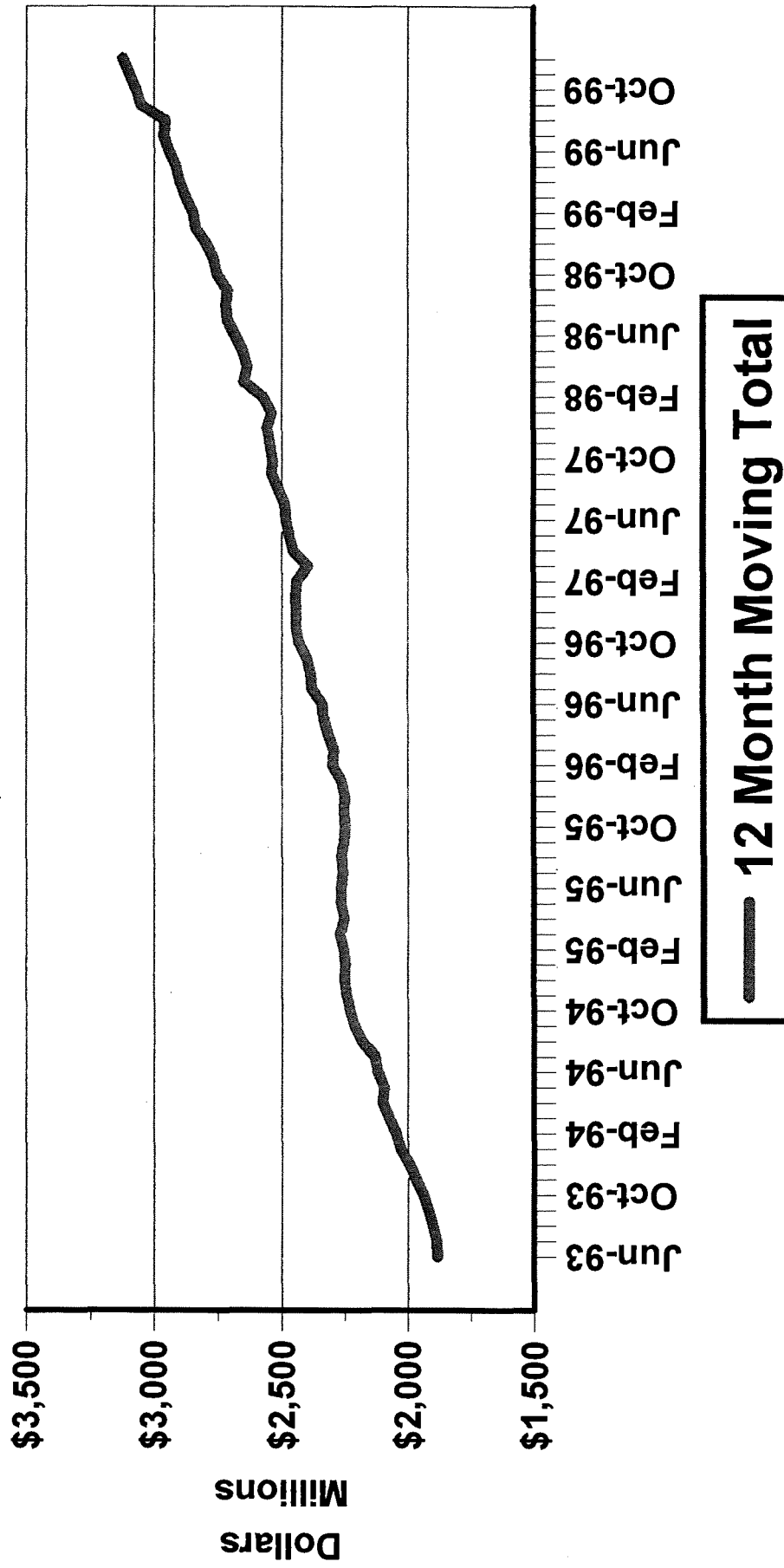


# Other Retail Taxable Sales 12 Month Moving Total June 1993 to Date

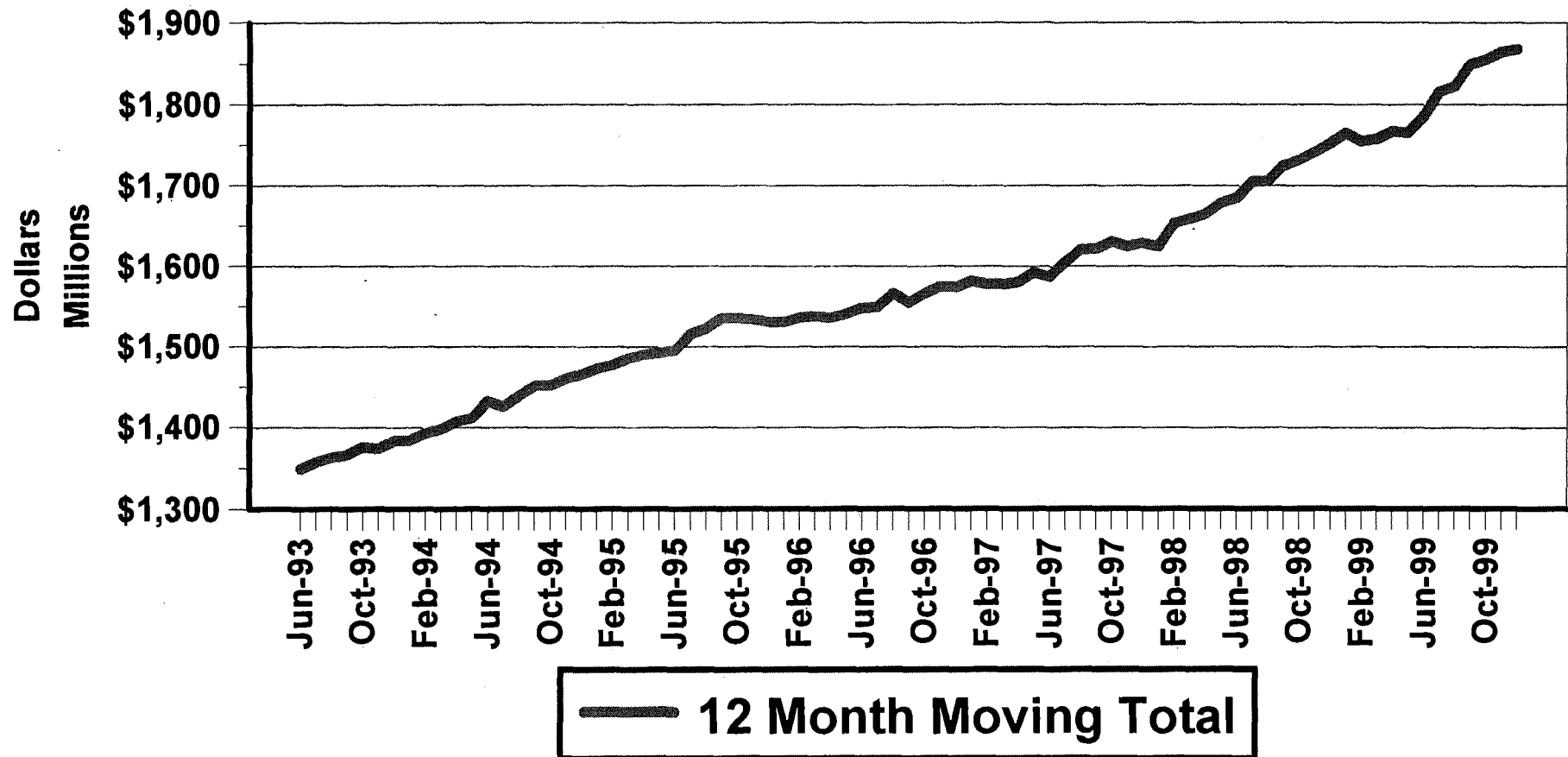




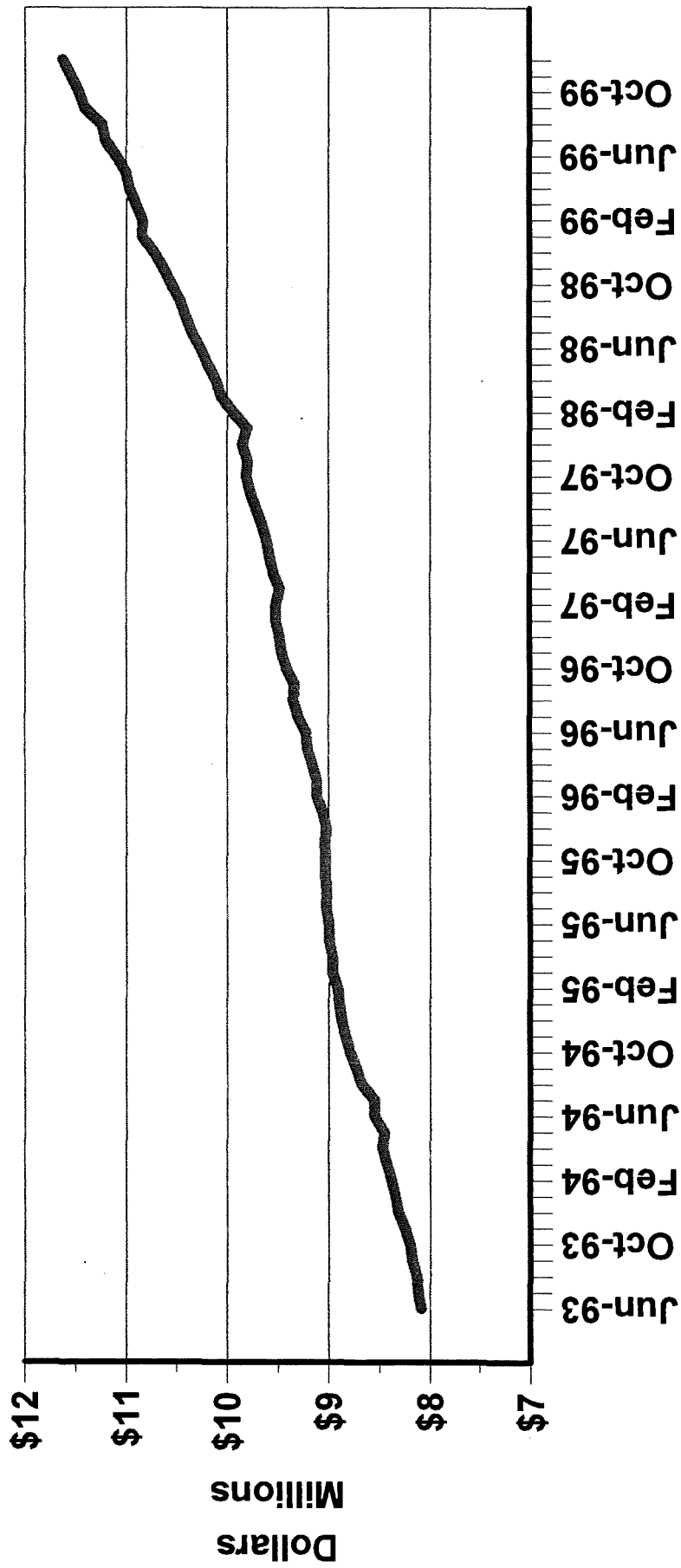
# Auto/Transportation Taxable Sales 12 Month Moving Total June 1993 to Date



# ***Restaurant/Lodging Taxable Sales 12 Month Moving Total June 1993 to Date***

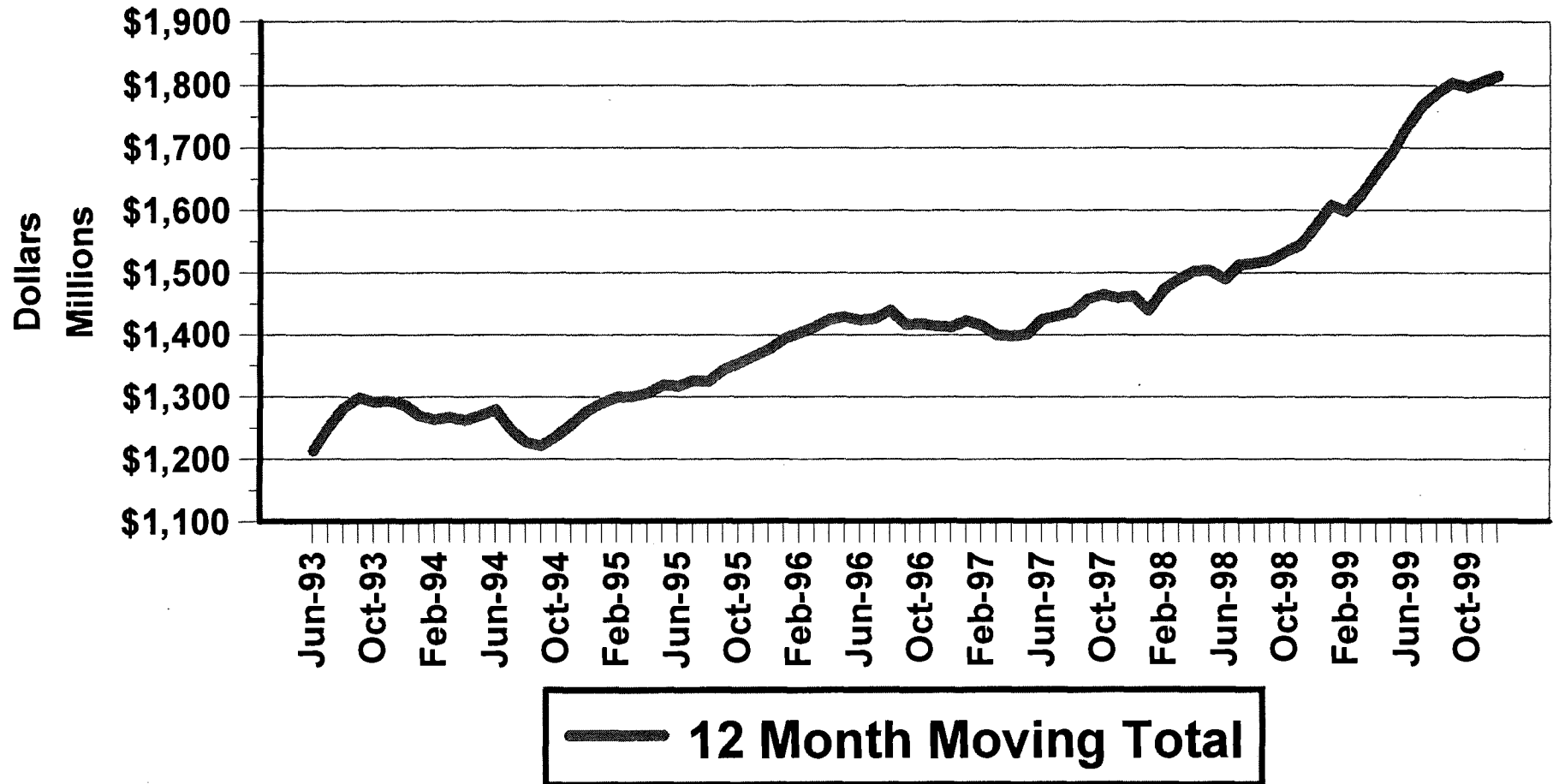


# **Total Consumer Taxable Sales 12 Month Moving Total June 1993 to Date**



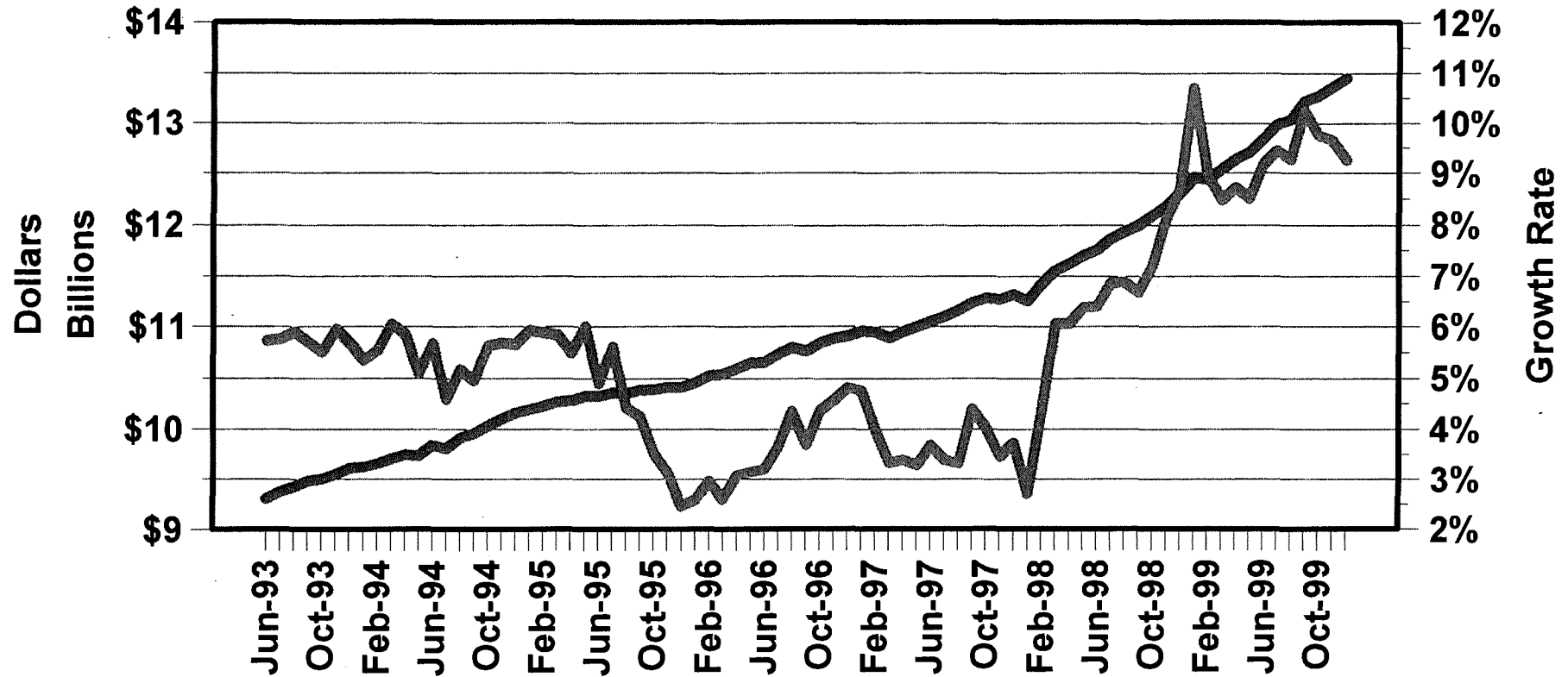
— 12 Month Moving Total

# ***Business Operating Taxable Sales 12 Month Moving Total June 1993 to Date***



# Total Taxable Sales

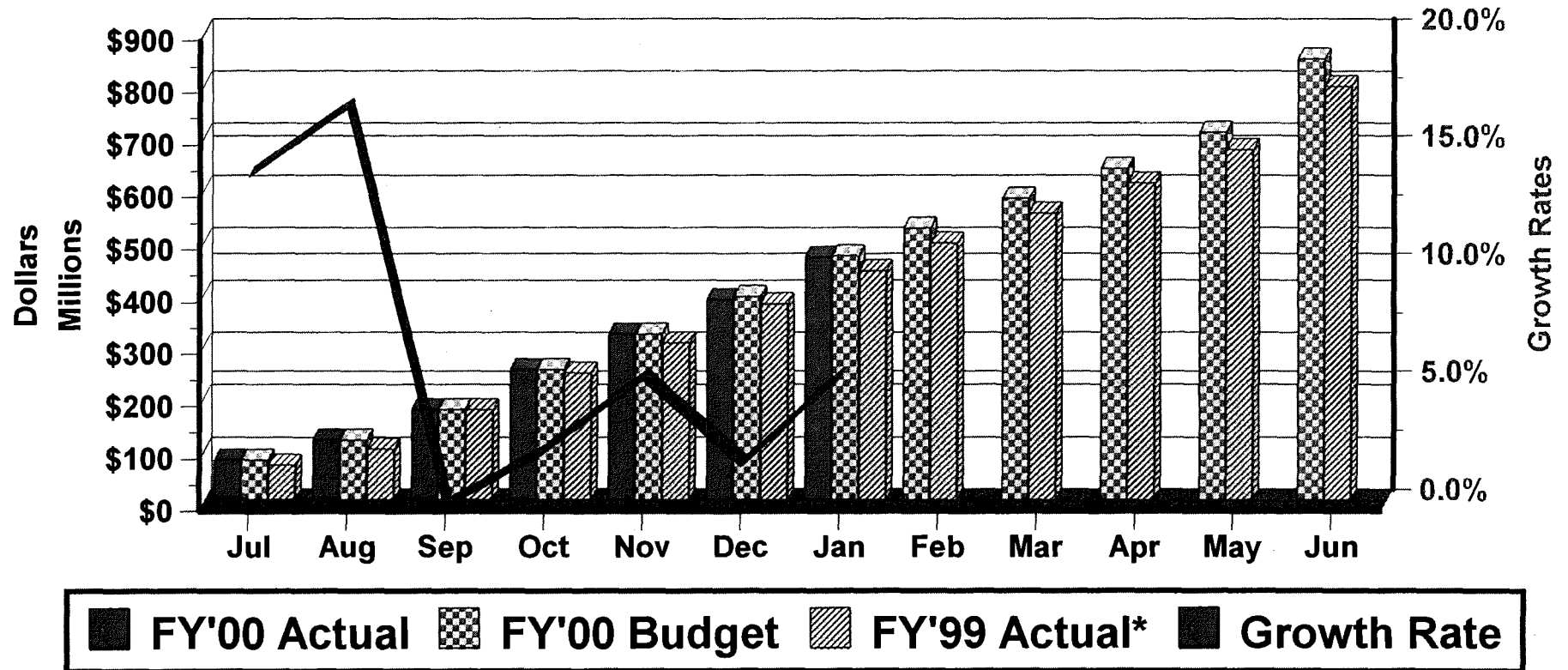
## 12 Month Moving Total June 1993 to Date



12 Month Moving Total
  Growth Rate

# Sales & Use Tax Revenue

## YTD FY'00 Actual, Budget & FY'99 Actual



**Maine Revenue Services**

**Sales & Use Tax Revenue**

For comparison purposes FY'98 actuals include \$15 Million that was set aside for reserves.

Month	FY'00 Actual	FY'00 Budget	FY'99 Actual*	FY'98 Actual	FY'00 Actual vs. Budget	FY'00 Budget vs. FY'99 Actual	FY'00 Actual vs. FY'99 Actual	FY'99 Actual vs. FY'98 Actual
Jul	\$77,293,490	\$77,293,491	\$67,673,847	\$77,865,764	-0.0%	14.2%	14.2%	-13.1%
Aug	\$38,767,209	\$38,767,209	\$31,435,254	\$75,228,808	0.0%	23.3%	23.3%	-58.2%
Sep	\$57,806,856	\$57,806,856	\$74,502,286	\$76,218,759	0.0%	-22.4%	-22.4%	-2.3%
Oct	\$75,842,595	\$75,842,595	\$69,984,970	\$71,759,721	0.0%	8.4%	8.4%	-2.5%
Nov	\$69,253,992	\$69,217,150	\$58,498,537	\$57,998,903	0.1%	18.3%	18.4%	0.9%
Dec	\$64,544,974	\$71,279,002	\$74,205,371	\$75,442,376	-9.4%	-3.9%	-13.0%	-1.6%
Jan	\$80,415,307	\$76,941,840	\$62,689,948	\$65,135,982	4.5%	22.7%	28.3%	-3.8%
Feb		\$53,003,612	\$52,208,866	\$46,772,208		1.5%		11.6%
Mar		\$56,743,761	\$57,564,446	\$59,291,984		-1.4%		-2.9%
Apr		\$57,529,081	\$58,427,197	\$55,361,556		-1.5%		5.5%
May		\$68,826,690	\$63,512,937	\$65,661,244		8.4%		-3.3%
Jun		\$141,648,713	\$121,023,224	\$122,018,376		17.0%		-0.8%
=====								
Total	\$463,924,423	\$844,900,000	\$791,726,883	\$848,755,682		6.7%		-6.7%
=====								
YTD Jan	\$463,924,423	\$467,148,143	\$438,990,213	\$499,650,313	-0.7%	6.4%	5.7%	-12.1%
=====								

\*FY'99 actuals do not include \$22.6 million transferred to the Maine Rainy Day Fund/Sales Tax Reserve.

**Sales & Use Tax: Baseline Forecast FY00 - FY03**

	FY98	FY99	Biennium	FY00	FY01	Biennium	FY02	FY03	Biennium
Actuals & November, 1999 Forecast /1	\$833,755,683	\$791,726,882	\$1,625,482,565	\$844,900,000	\$822,700,000	\$1,667,600,000	\$863,500,000	\$908,900,000	\$1,772,400,000
Growth Rate		-5.0%		6.7%	-2.6%	2.6%	5.0%	5.3%	6.3%
Technical Adjustments to Prior Forecast /2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Economic Assumptions /3	\$0	\$0	\$0	\$1,400,000	\$2,220,000	\$3,620,000	\$81,000	\$8,000	\$89,000
Enacted Legislation /4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Adjustments to Prior Forecast	\$0	\$0	\$0	\$1,400,000	\$2,220,000	\$3,620,000	\$81,000	\$8,000	\$89,000
New Forecast	\$833,755,683	\$791,726,882	\$1,625,482,565	\$846,300,000	\$824,920,000	\$1,671,220,000	\$863,581,000	\$908,908,000	\$1,772,489,000
Growth Rate		-5.0%		6.9%	-2.5%	2.8%	4.7%	5.2%	6.1%

1/ November, 1999 forecast with FY98 and FY99 actuals. FY99 includes the revenue transferred to the Maine Rainy Day Fund and Sales Tax Reserve.

2/ Technical adjustments refer to all changes in the forecast that are not related to changes from new economic assumptions. Examples of technical changes may be new data, model updates and changes, and court cases that affect revenues.

3/ This line shows the incremental change in baseline revenues as a result of a new economic forecast.

4/ This line shows the incremental change in baseline revenues as a result of legislation passed by the 119th Legislature

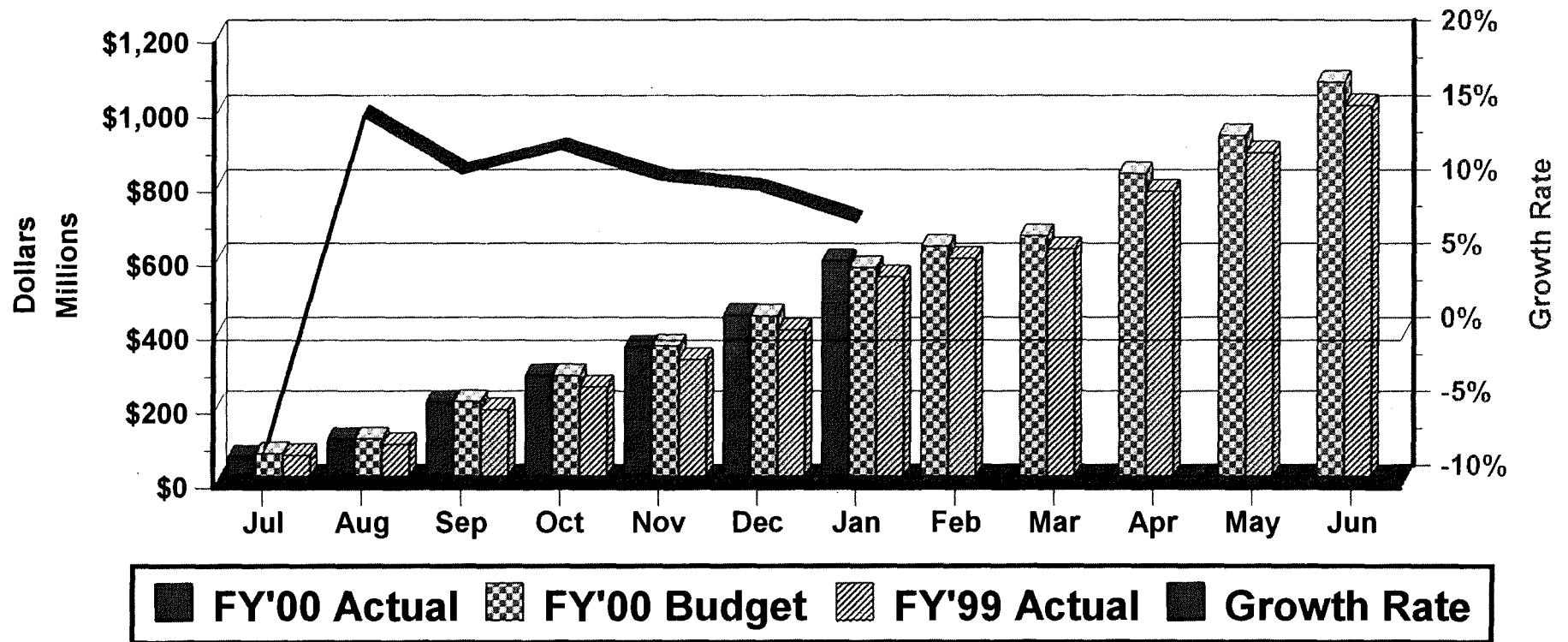




# Individual Income Tax



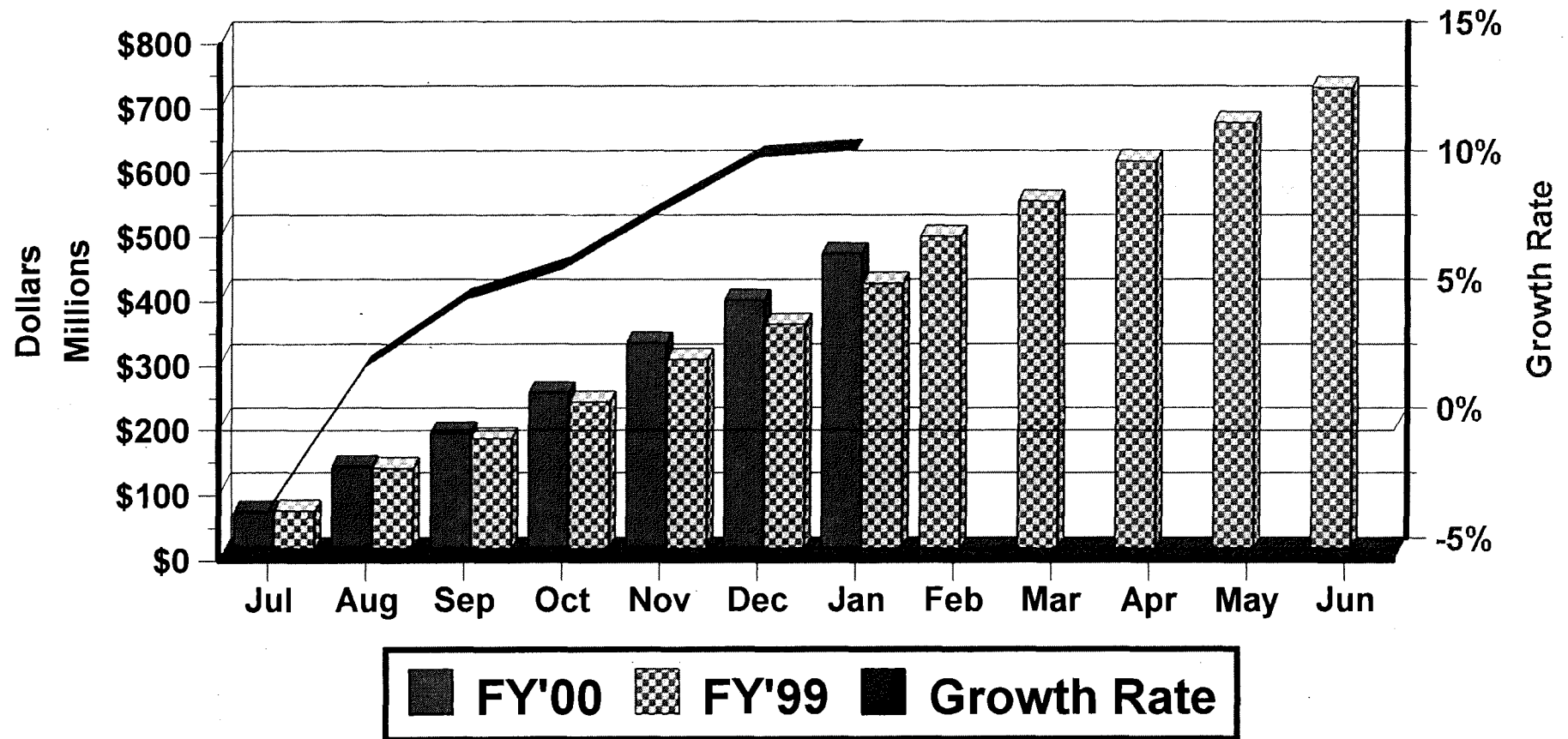
# Individual Income Tax Revenue YTD FY'00 Actual, Budget & FY'99 Actual



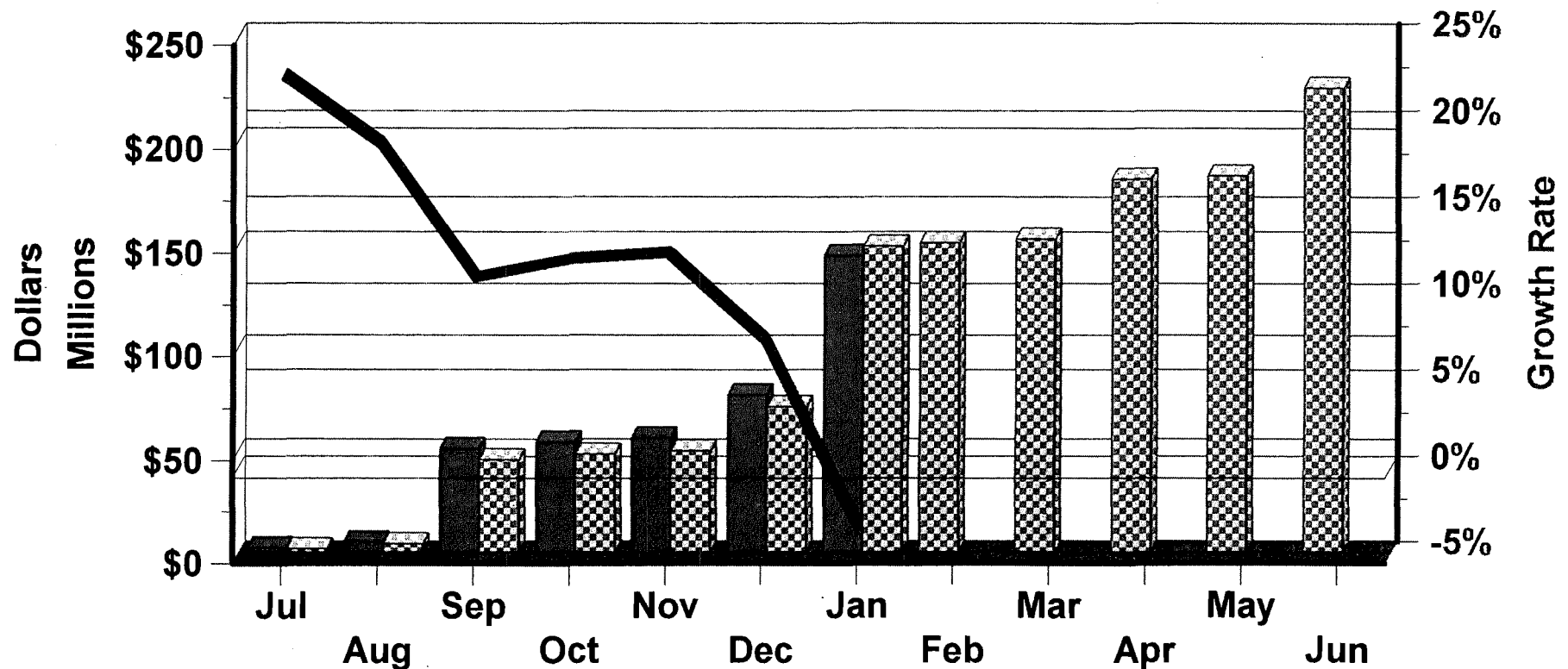
Maine Revenue Services  
Individual Income Tax Revenue

	FY'00 Actual	FY'00 Budget	FY'99 Actual	FY'98 Actual	FY'00 Actual vs. Budget	FY'00 Budget vs. FY'99 Actual	FY'00 Actual vs. FY'99 Actual	FY'99 Actual vs. FY'98 Actual
Jul	\$54,316,169	\$63,221,678	\$58,827,308	\$59,756,255	-14.1%	7.5%	-7.7%	-1.6%
Aug	\$46,470,040	\$40,294,342	\$28,718,303	\$32,276,745	15.3%	40.3%	61.8%	-11.0%
Sep	\$100,597,688	\$99,731,538	\$93,476,497	\$83,693,251	0.9%	6.7%	7.6%	11.7%
Oct	\$72,588,985	\$71,085,803	\$61,672,182	\$65,467,941	2.1%	15.3%	17.7%	-5.8%
Nov	\$77,304,291	\$80,763,211	\$74,179,495	\$61,456,450	-4.3%	8.9%	4.2%	20.7%
Dec	\$86,224,827	\$81,374,066	\$80,328,585	\$78,141,707	6.0%	1.3%	7.3%	2.8%
Jan	\$145,910,800	\$129,236,850	\$143,159,737	\$113,603,842	12.9%	-9.7%	1.9%	26.0%
Feb		\$58,636,403	\$50,755,498	\$37,398,751		15.5%		35.7%
Mar		\$28,134,537	\$24,738,255	\$42,695,181		13.7%		-42.1%
Apr		\$168,169,508	\$156,997,571	\$78,094,468		7.1%		101.0%
May		\$101,862,450	\$103,351,381	\$129,923,729		-1.4%		-20.5%
Jun		\$143,367,533	\$128,252,345	\$125,472,738		11.8%		2.2%
=====								
Total	\$583,412,800	\$1,065,877,919	\$1,004,457,157	\$907,981,058	-45.3%	6.1%	-41.9%	10.6%
=====								
YTD Jan	\$583,412,800	\$565,707,488	\$540,362,107	\$494,396,191	3.1%	4.7%	8.0%	9.3%
=====								

# 1040 Withholding Year-to-Date FY'00 & FY'99

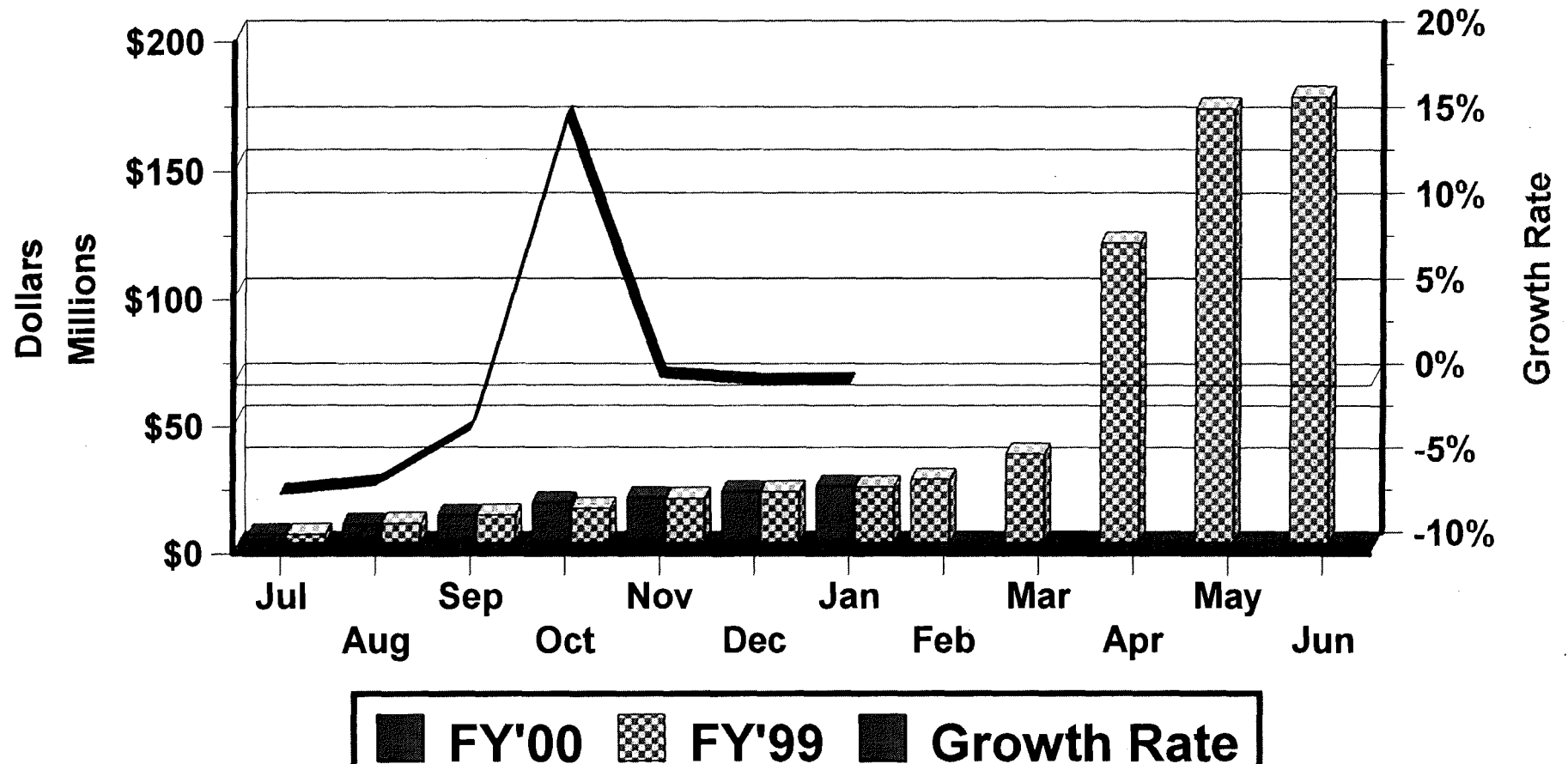


# 1040 Estimated Payments Year-to-Date FY'00 & FY'99



FY'00
  FY'99
  Growth Rate

# 1040 Final Payments Year-to-Date FY'00 & FY'99





# **Maine Revenue Services**

## **Individual Income Tax Withholding, Estimated Payments and Final Payments**

### **1040 Withholding**

### **1040 Estimated Payments**

### **1040 Final Payments**

	FY'00	FY'99	Growth Rate	FY'00	FY'99	Growth Rate	FY'00	FY'99	Growth Rate
Jul	\$57,480,363	\$59,340,551	-3.1%	\$2,615,116	\$2,125,362	23.0%	\$3,277,640	\$3,505,428	-6.5%
Aug	\$69,102,306	\$64,184,769	7.7%	\$2,651,269	\$2,294,421	15.6%	\$4,228,872	\$4,477,480	-5.6%
Sep	\$51,578,863	\$46,017,116	12.1%	\$45,511,884	\$41,174,800	10.5%	\$3,395,808	\$3,219,032	5.5%
Oct	\$62,981,291	\$57,397,358	9.7%	\$3,384,618	\$2,581,499	31.1%	\$4,915,710	\$2,464,585	99.5%
Nov	\$77,276,766	\$66,480,364	16.2%	\$1,890,727	\$1,529,931	23.6%	\$1,899,959	\$3,974,524	-52.2%
Dec	\$66,352,885	\$54,385,096	22.0%	\$20,396,768	\$21,217,198	-3.9%	\$2,574,896	\$2,639,271	-2.4%
Jan	\$71,635,561	\$63,816,906	12.3%	\$67,396,258	\$77,678,239	-13.2%	\$1,969,834	\$1,964,027	0.3%
Feb		\$72,495,906			\$1,419,291			\$2,868,627	
Mar		\$54,623,638			\$2,062,140			\$10,057,752	
Apr		\$62,855,545			\$28,521,350			\$83,096,629	
May		\$58,989,357			\$1,537,541			\$51,946,612	
Jun		\$53,996,722			\$42,519,095			\$4,688,647	

### **Year-To-Date**

### **1040 Withholding**

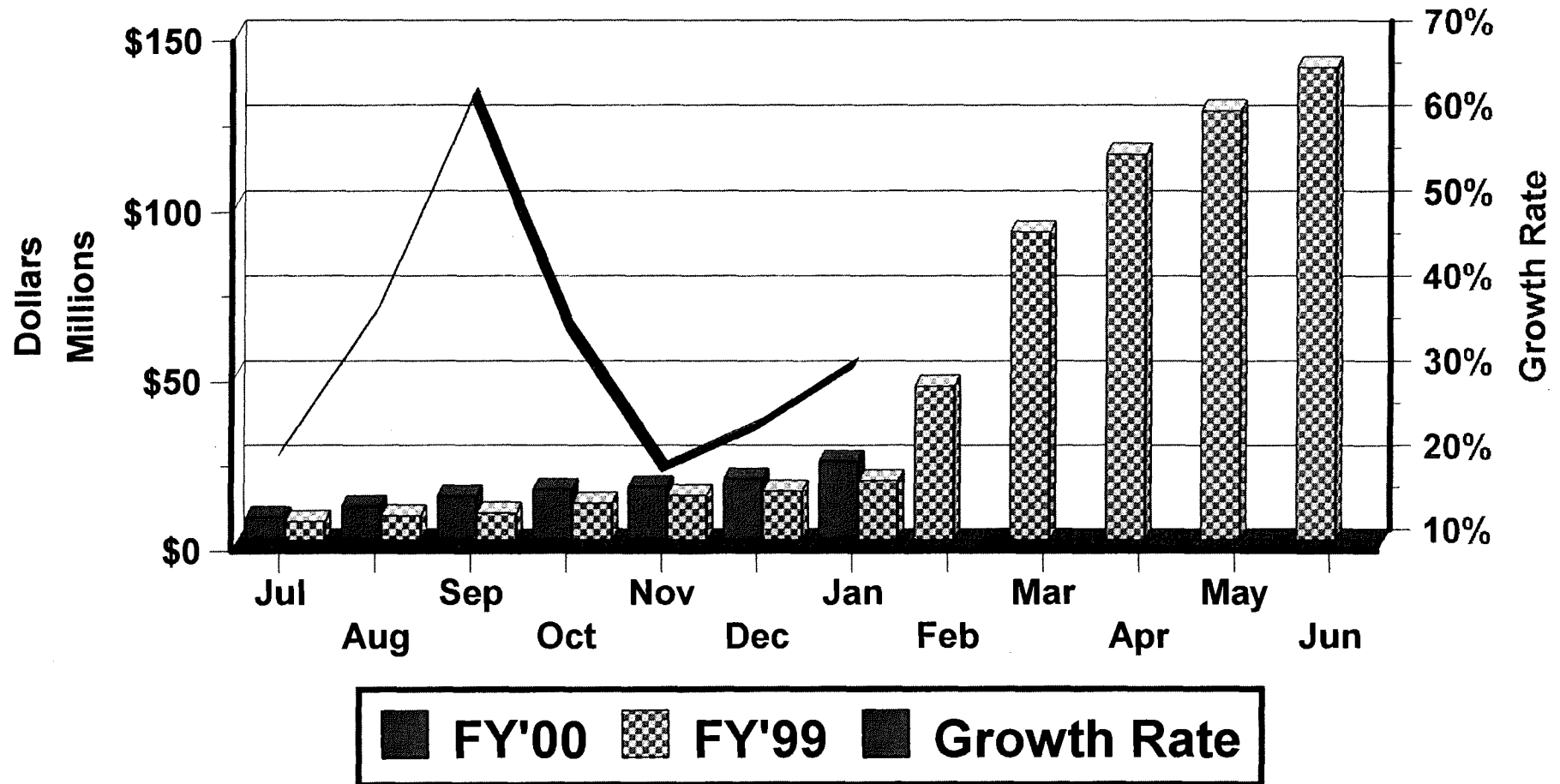
### **1040 Estimated Payments**

### **1040 Final Payments**

	FY'00	FY'99	Growth Rate	FY'00	FY'99	Growth Rate	FY'00	FY'99	Growth Rate
Jul	\$57,480,363	\$59,340,551	-3.1%	\$2,615,116	\$2,125,362	23.0%	\$3,277,640	\$3,505,428	-6.5%
Aug	\$126,582,669	\$123,525,320	2.5%	\$5,266,385	\$4,419,783	19.2%	\$7,506,512	\$7,982,908	-6.0%
Sep	\$178,161,532	\$169,542,436	5.1%	\$50,778,269	\$45,594,583	11.4%	\$10,902,320	\$11,201,940	-2.7%
Oct	\$241,142,823	\$226,939,794	6.3%	\$54,162,887	\$48,176,082	12.4%	\$15,818,030	\$13,666,525	15.7%
Nov	\$318,419,589	\$293,420,158	8.5%	\$56,053,614	\$49,706,013	12.8%	\$17,717,989	\$17,641,049	0.4%
Dec	\$384,772,474	\$347,805,254	10.6%	\$76,450,382	\$70,923,211	7.8%	\$20,292,885	\$20,280,320	0.1%
Jan	\$456,408,035	\$411,622,160	10.9%	\$143,846,640	\$148,601,450	-3.2%	\$22,262,719	\$22,244,347	0.1%
Feb		\$484,118,066			\$150,020,741			\$25,112,974	
Mar		\$538,741,704			\$152,082,881			\$35,170,726	
Apr		\$601,597,249			\$180,604,231			\$118,267,355	
May		\$660,586,606			\$182,141,772			\$170,213,967	
Jun		\$714,583,328			\$224,660,867			\$174,902,614	

# Individual Income Tax Refunds

## Year-to-Date FY'00 and FY'99



**Maine Revenue Services  
Individual Income Tax Refunds**

Month	Year-To-Date						Growth Rate
	FY'00 Actual	FY'00 Budget	FY'99 Actual	FY'00 Actual	FY'00 Budget	FY'99 Actual	
Jul	\$6,895,322	\$6,900,000	\$5,680,209	\$6,895,322	\$6,900,000	\$5,680,209	21%
Aug	\$3,184,468	\$3,180,000	\$1,622,240	\$10,079,790	\$10,080,000	\$7,302,449	38%
Sep	\$3,191,971	\$3,190,000	\$822,488	\$13,271,761	\$13,270,000	\$8,124,937	63%
Oct	\$1,931,094	\$1,930,000	\$3,045,105	\$15,202,855	\$15,200,000	\$11,170,042	36%
Nov	\$752,963	\$2,136,394	\$2,190,163	\$15,955,818	\$17,336,394	\$13,360,206	19%
Dec	\$2,219,777	\$1,209,648	\$1,240,202	\$18,175,595	\$18,546,042	\$14,600,408	24%
Jan	\$5,278,370	\$3,131,426	\$3,206,648	\$23,453,965	\$21,677,468	\$17,807,056	32%
Feb		\$26,343,888	\$28,034,492		\$48,021,356	\$45,841,548	
Mar		\$43,308,219	\$45,417,588		\$91,329,575	\$91,259,136	
Apr		\$21,193,130	\$22,754,658		\$112,522,705	\$114,013,794	
May		\$11,301,335	\$12,609,288		\$123,824,040	\$126,623,082	
Jun		\$12,079,377	\$12,689,506		\$135,903,417	\$139,312,589	

**Individual Income Tax: Baseline Forecast FY00 - FY03**

	<b>FY98</b>	<b>FY99</b>	<b>Biennium</b>	<b>FY00</b>	<b>FY01</b>	<b>Biennium</b>	<b>FY02</b>	<b>FY03</b>	<b>Biennium</b>
Actuals & November, 1999 Forecast /1	\$907,981,058	\$1,004,457,157	\$1,912,438,215	\$1,065,877,919	\$1,134,598,509	\$2,200,476,428	\$1,215,164,491	\$1,301,346,551	\$2,516,511,042
Growth Rate		10.6%		6.1%	6.4%	15.1%	7.1%	7.1%	14.4%
Technical Adjustments to Prior Forecast /2	\$0	\$0	\$0	\$23,850,000	\$19,591,038	\$43,441,038	\$23,328,360	\$26,099,558	\$49,427,917
TY1999 Withholding /3	\$0	\$0	\$0	\$5,670,000	\$500,043	\$6,170,043	\$1,711,283	\$3,019,702	\$4,730,985
TY1999 Estimated Payments /4	\$0	\$0	\$0	\$18,180,000	\$19,090,995	\$37,270,995	\$21,617,077	\$23,079,856	\$44,696,933
New Economic Assumptions /5	\$0	\$0	\$0	\$2,910,000	\$8,344,347	\$11,254,347	\$5,308,263	\$4,636,154	\$9,944,417
Adjustment to 2000 Withholding /6	\$0	\$0	\$0	\$6,000,000	(\$6,000,000)	\$0	\$0	\$0	\$0
Total Adjustments to Prior Forecast	\$0	\$0	\$0	\$32,760,000	\$21,935,385	\$54,695,385	\$28,636,623	\$30,735,712	\$59,372,335
New Forecast	\$907,981,058	\$1,004,457,157	\$1,912,438,215	\$1,098,637,919	\$1,156,533,894	\$2,255,171,813	\$1,243,801,114	\$1,332,082,263	\$2,575,883,377
Growth Rate	17.5%	10.6%		9.4%	5.3%	17.9%	7.5%	7.1%	14.2%

1/ November, 1999 forecast with FY98 and FY99 actuals.

2/ Technical adjustments refer to all changes in the forecast that are not related to changes from new economic assumptions. Examples of technical changes may be new data, model updates and changes, and court cases that affect revenues.

3/ Reflects upward adjustments to withholding to match actual revenues associated with tax year 1999.

4/ Reflects upward adjustments to estimated payments to match actual revenues associated with tax year 1999.

5/ This line shows the incremental change in baseline revenues as a result of the new economic forecast released by the Consensus Economic Forecasting Committee on February 4, 2000.

6/ Increases January, 2000 withholding to produce estimated withholding revenues consistent with actual experience.

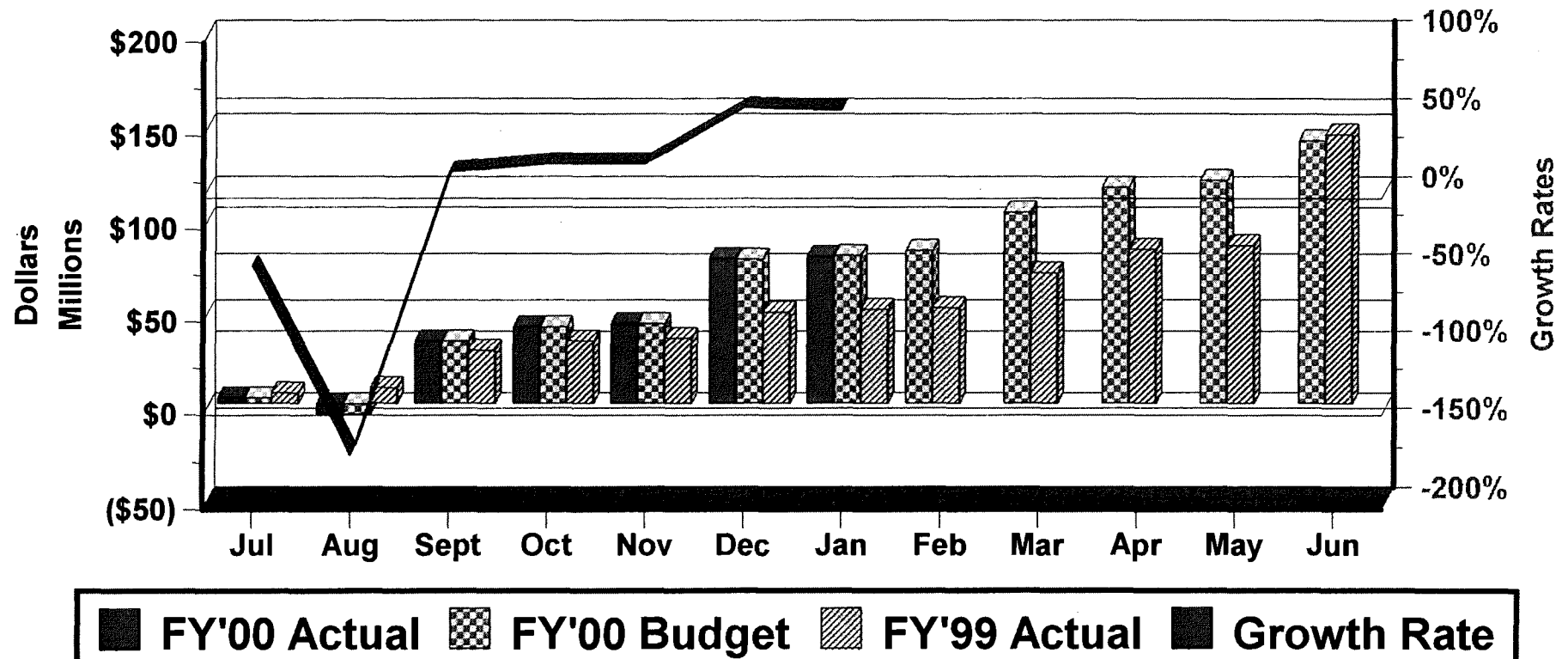


# Corporate Income Tax



# Corporate Income Tax Revenue

## YTD FY'00 Actual, Budget & FY'99 Actual

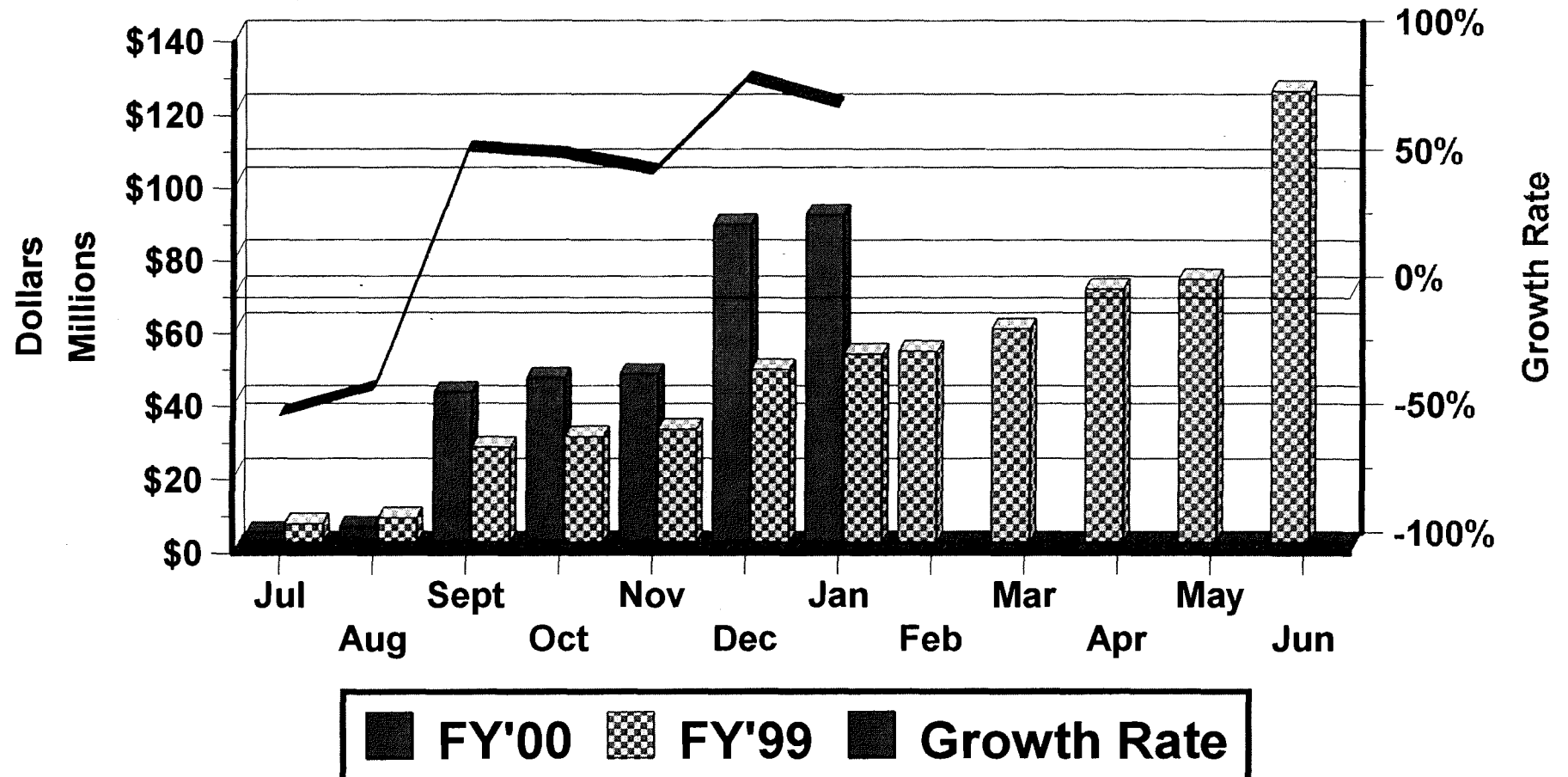




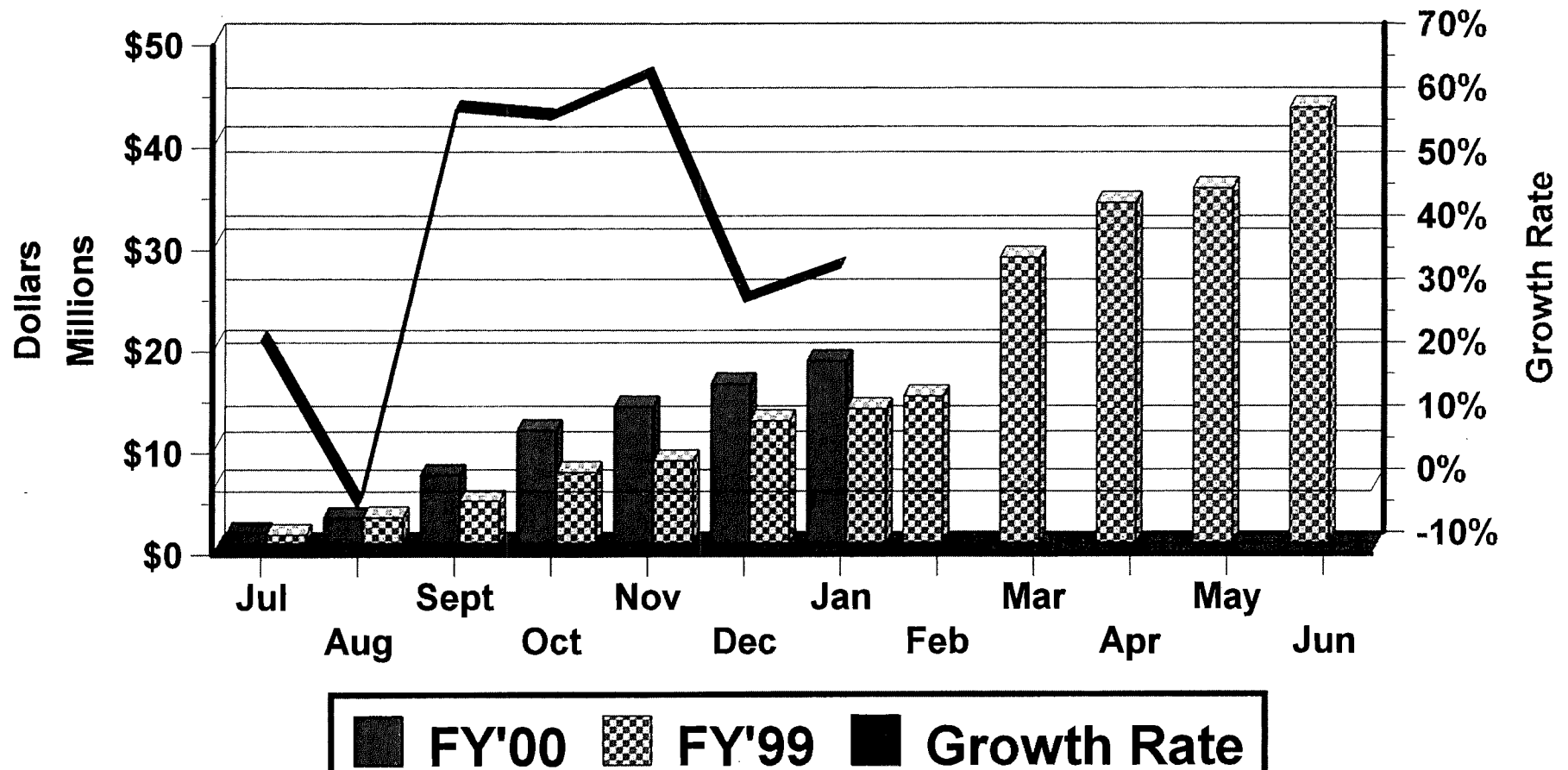
Maine Revenue Services  
Corporate Income Tax Revenue

	FY'00 Actual	FY'00 Budget	FY'99 Actual	FY'98 Actual	FY'00 Actual vs. Budget	FY'00 Budget vs. FY'99 Actual	FY'00 Actual vs. FY'99 Actual	FY'99 Actual vs. FY'98 Actual
Jul	\$3,321,499	\$3,321,499	\$5,926,964	\$10,274,400	0.0%	-44.0%	-44.0%	-42.3%
Aug	(\$9,205,311)	(\$9,205,311)	\$3,022,705	\$4,655,609	0.0%	-404.5%	-404.5%	-35.1%
Sept	\$39,738,669	\$39,738,669	\$20,007,234	\$22,751,024	0.0%	98.6%	98.6%	-12.1%
Oct	\$7,768,805	\$7,768,805	\$5,046,837	\$3,131,856	0.0%	53.9%	53.9%	61.1%
Nov	\$1,681,339	\$1,770,000	\$1,413,369	\$2,877,020	-5.0%	25.2%	19.0%	-50.9%
Dec	\$35,040,088	\$34,710,000	\$14,188,932	\$8,239,129	1.0%	144.6%	147.0%	72.2%
Jan	\$1,238,715	\$2,090,000	\$1,256,992	\$3,413,861	-40.7%	66.3%	-1.5%	-63.2%
Feb		\$2,700,000	\$934,041	\$3,084,444		189.1%		-69.7%
Mar		\$20,300,000	\$18,933,428	\$15,222,464		7.2%		24.4%
Apr		\$13,620,000	\$12,710,994	\$9,230,972		7.2%		37.7%
May		\$3,700,000	\$2,023,134	\$3,521,620		82.9%		-42.6%
Jun		\$21,351,983	\$59,478,121	\$20,973,087		-64.1%		183.6%
=====								
Total	\$79,583,804	\$141,865,645	\$144,942,751	\$107,375,485		-2.1%		35.0%
=====								
YTD Jan	\$79,583,804	\$80,193,662	\$50,863,033	\$55,342,899	-0.8%	57.7%	56.5%	-8.1%
=====								

# Corporate Estimated Payments Year-to-Date FY'00 & FY'99



# Corporate Final Payments Year-to-Date FY'00 & FY'99



## **Maine Revenue Services**

### **Corporate Income Tax Estimated Payments**

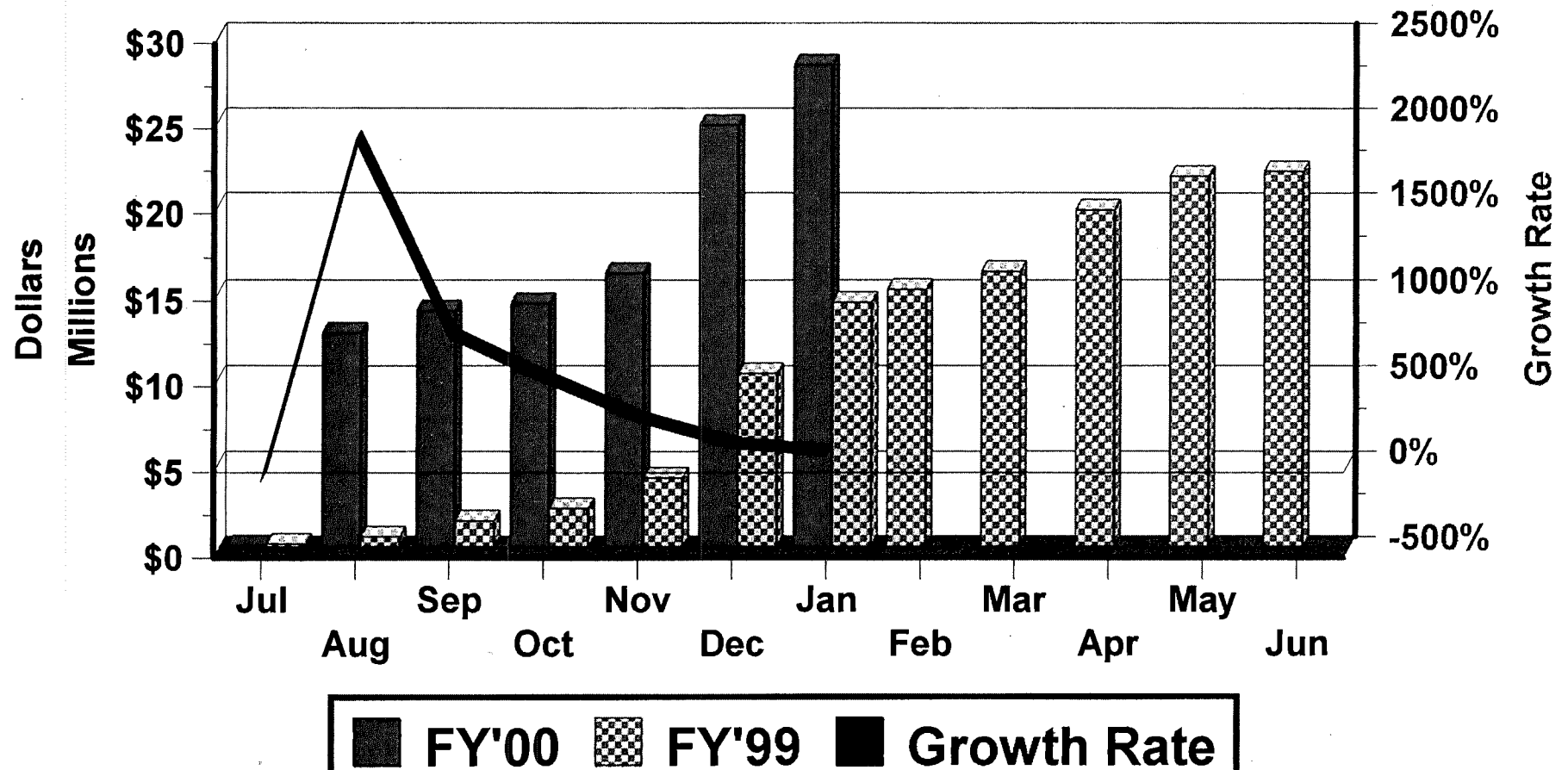
	Month			Year-To-Date		
	FY'00	FY'99	Growth Rate	FY'00	FY'99	Growth Rate
Jul	\$2,813,386	\$5,264,153	-46.6%	\$2,813,386	\$5,264,153	-46.6%
Aug	\$1,458,405	\$1,468,434	-0.7%	\$4,271,791	\$6,732,587	-36.6%
Sept	\$36,763,603	\$19,328,687	90.2%	\$41,035,394	\$26,061,274	57.5%
Oct	\$3,859,183	\$2,903,813	32.9%	\$44,894,577	\$28,965,087	55.0%
Nov	\$1,084,852	\$1,980,871	-45.2%	\$45,979,429	\$30,945,958	48.6%
Dec	\$41,243,714	\$16,363,319	152.0%	\$87,223,143	\$47,309,277	84.4%
Jan	\$2,627,529	\$4,215,947	-37.7%	\$89,850,672	\$51,525,224	74.4%
Feb		\$793,552			\$52,318,776	
Mar		\$6,230,662			\$58,549,438	
Apr		\$10,909,571			\$69,459,009	
May		\$2,667,748			\$72,126,757	
Jun		\$51,635,605			\$123,762,362	

### **Corporate Income Tax Final Payments and Back Taxes**

	Month			Year-To-Date		
	FY'00	FY'99	Growth Rate	FY'00	FY'99	Growth Rate
Jul	\$1,100,009	\$888,923	23.7%	\$1,100,009	\$888,923	23.7%
Aug	\$1,456,822	\$1,735,107	-16.0%	\$2,556,831	\$2,624,030	-2.6%
Sept	\$4,268,371	\$1,646,036	159.3%	\$6,825,202	\$4,270,066	59.8%
Oct	\$4,350,297	\$2,781,185	56.4%	\$11,175,499	\$7,051,251	58.5%
Nov	\$2,343,265	\$1,143,212	105.0%	\$13,518,764	\$8,194,463	65.0%
Dec	\$2,255,172	\$3,951,183	-42.9%	\$15,773,936	\$12,145,646	29.9%
Jan	\$2,265,565	\$1,191,776	90.1%	\$18,039,501	\$13,337,422	35.3%
Feb		\$1,239,084			\$14,576,506	
Mar		\$13,677,478			\$28,253,984	
Apr		\$5,328,047			\$33,582,031	
May		\$1,430,302			\$35,012,333	
Jun		\$7,922,062			\$42,934,395	

# Corporate Income Tax Refunds

## Year-to-Date FY'00 & FY'99



**Maine Revenue Services  
Corporate Income Tax Refunds**

	Month			Year-to-Date			Growth Rate
	FY'00 Actual	FY'00 Budget	FY'99 Actual	FY'00 Actual	FY'00 Budget	FY'99 Actual	
Jul	\$99,090	\$124,437	\$222,049	\$99,090	\$124,437	\$222,049	-55%
Aug	\$12,433,299	\$12,433,299	\$394,390	\$12,532,389	\$12,557,736	\$616,439	1933%
Sep	\$1,286,522	\$1,879,696	\$946,371	\$13,818,911	\$14,437,432	\$1,562,810	784%
Oct	\$429,288	\$1,085,852	\$705,400	\$14,248,199	\$15,523,284	\$2,268,209	528%
Nov	\$1,751,376	\$2,259,597	\$1,784,368	\$15,999,575	\$17,782,881	\$4,052,578	295%
Dec	\$8,601,300	\$7,098,530	\$6,109,541	\$24,600,875	\$24,881,411	\$10,162,119	142%
Jan	\$3,583,376	\$4,900,797	\$4,150,357	\$28,184,251	\$29,782,208	\$14,312,476	97%
Feb		\$193,772	\$758,916		\$29,975,980	\$15,071,392	
Mar		\$948,861	\$1,038,450		\$30,924,841	\$16,109,841	
Apr		\$3,773,131	\$3,521,310		\$34,697,972	\$19,631,151	
May		\$2,611,358	\$1,974,665		\$37,309,330	\$21,605,816	
Jun		\$81,903	\$281,913		\$37,391,233	\$21,887,729	



# Estate Tax





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**DEATH AND TAXES:** Estate and gift tax revenues soar, exceeding earlier forecasts.

President Clinton's new budget shows estate and gift tax revenues totaled a record \$27.8 billion in the year ended Sept. 30, 1999. That was up sharply from \$24.1 billion the previous year and more than double the \$12.6 billion collected in 1993. These results are far above the administration's previous forecasts. For example, only two years ago, the administration projected 1999 revenue of about \$20.5 billion — roughly \$7 billion less than ultimately collected.

These large gains primarily reflect soaring prices of stocks, real estate and art in recent years, says Joshua Rubenstein, a lawyer at Rosenman & Colin in New York. The Treasury projects further sharp revenue increases in coming years, even though the basic estate and gift tax exclusion, now \$675,000, is scheduled to rise in stages to \$1 million by 2006. GOP leaders are pressing for more "death tax" relief. Yet less than 2% of Americans who die each year leave estates large enough to be subject to the tax.

**THE OUTLOOK BRIGHTENS** for state-tax cuts this year, a survey says.

The economy's continued strength bodes well for widespread state-tax reductions, says a new report by Nicholas W. Jenny and Donald J. Boyd of the Center for the Study of the States. Early reports show many states are collecting more revenue than projected, says the center, a unit of the Nelson A. Rockefeller Institute of Government in Albany, N.Y. Also, it is an election year for many state legislators and governors.

Among the states whose financial outlook has markedly improved is California, the report says. Last year, 19 states approved "significant" reductions, and many more states enacted smaller cuts, it says. Among the biggest tax cutters was Minnesota, led by Gov. Jesse Ventura.

*Tax increases last year were "few and minor," the report adds.*

**SIMPLIFY:** Sen. Daniel Patrick Moynihan, a New York Democrat, calls for a national commission to simplify tax laws. He says it is common in the last hours of a Congress for the White House and lawmakers to agree on a "1,200-page monster; we vote for it; nobody knows what is in it."

**CORPORATE INCOME TAXES** represented only 10.1% of U.S. government receipts in fiscal 1999. That was down from 11% in 1998 and the third consecutive yearly decline, according to the president's budget.

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**Estate Tax: General Fund Baseline Forecast FY00 - FY03**

	<b>FY98</b>	<b>FY99</b>	<b>Biennium</b>	<b>FY00</b>	<b>FY01</b>	<b>Biennium</b>	<b>FY02</b>	<b>FY03</b>	<b>Biennium</b>
Actuals & November, 1999 Forecast /1	<b>\$34,335,598</b>	<b>\$29,768,114</b>	<b>\$64,103,712</b>	<b>\$23,725,651</b>	<b>\$25,045,221</b>	<b>\$48,770,872</b>	<b>\$25,691,578</b>	<b>\$26,357,325</b>	<b>\$52,048,903</b>
Growth Rate		-13.3%		-20.3%	5.6%	-23.9%	2.6%	2.6%	6.7%
Technical Adjustments to Prior Forecast /2	\$0	\$0	\$0	\$15,000,000	\$7,500,000	\$22,500,000	\$8,500,000	\$9,550,000	\$18,050,000
(i) Revenues Through February /3	\$0	\$0	\$0	\$15,000,000	\$7,500,000	\$22,500,000	\$8,500,000	\$9,550,000	\$18,050,000
Enacted Legislation /4	\$0	\$0	\$0	\$0	\$960,000	\$960,000	\$988,800	\$1,018,464	\$2,007,264
Total Adjustments to Prior Forecast	\$0	\$0	\$0	\$15,000,000	\$8,460,000	\$23,460,000	\$9,488,800	\$10,568,464	\$20,057,264
New Forecast	<b>\$34,335,598</b>	<b>\$29,768,114</b>	<b>\$64,103,712</b>	<b>\$38,725,651</b>	<b>\$33,505,221</b>	<b>\$72,230,872</b>	<b>\$35,180,378</b>	<b>\$36,925,789</b>	<b>\$72,106,167</b>
Growth Rate		-13.3%		30.1%	-13.5%	12.7%	5.0%	5.0%	-0.2%

1/ November, 1999 forecast with FY98 and FY99 actuals.

2/ Technical adjustments refer to all changes in the forecast that are not related to changes from new economic assumptions. Examples of technical changes may be new data, model updates and changes, and court cases that affect revenues.

3/ This line reflects a surplus through October that is not expected to erode over the remainder of the fiscal year.

4/ This line shows the incremental change in baseline revenues as a result of legislation passed by the 119th Legislature

## **APPENDIX C**

### **General Fund Investment Earnings Projection for FY2000 and FY 2001**



**General Fund Investment Earnings Projection for FY 2000 and FY 2001**FY 2000

1st 6 months (actual) 8,622,963 with additional 2,531,666 to Rainy Day Fd  
Last 6 months (projected) 12,015,037  
20,638,000

- 1) assumes that in last 6 months the available balances will increase by 8.6546% over the 1st 6 months as occurred in FY 1999. That is a 19+% increase in available balances over FY 1999.
- 2) assumes Rainy Day Fd stays at its cap of \$134,227,396 for remainder of FY 2000 and all related earnings are credited to the Gen Fd.
- 3) assumes 5.8% average interest rate over last 6 months (Jan through June 2000)

FY 2001

12 months projected 23,926,086 with nothing to Rainy Day from earnings

- 1) assumes Rainy Day cap is not raised and all related earnings are credited to the Gen Fd.
- 2) assumes that extra revenues become extra expenditures if cap is not raised.
- 3) assumes same average balances are available in FY 2001 as were projected in FY 2000.
- 4) assumes 6.0% average interest rate for year.

Alternative FY 2001

12 months projected 15,872,442 with additional 8,053,644 to Rainy Day plus 6% of anything over 134,227,396

- 1) assumes Rainy Day cap is raised to either 7% or 10% of revenues and surplus dollars are not great enough at the end of FY 2000 to allow any Rainy Day earnings to go to the Gen Fd during FY 2001.
- 2) same as assumptions 3 and 4 above.



## **APPENDIX D**

**Fiscal Year 2000 and Fiscal Year 2001  
Tobacco Settlement Payments**







DALE MCCORMICK  
TREASURER OF STATE

STATE OF MAINE  
OFFICE OF THE TREASURER  
39 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0039

MARC A. CYR  
DEPUTY TREASURER OF STATE

**Fiscal Year 2000 and Fiscal Year 2001**  
**Tobacco Settlement Payments**

<u>Date of Pymt</u>	<u>Amount of Pymt</u>	<u>(actual or estimated)</u>
12/14/99	\$18,995,496.82	(actual - received 12/14/99)
01/10/00	\$16,545,959.59	(actual - received 12/31/99)
04/15/00	\$27,548,352.00	(estimated)*
01/10/01	\$16,947,371.00	(estimated)*
04/15/01	\$30,911,299.00	(estimated)*
Estimated Total for Fiscal Year 2000 & FY 2001	\$110,948,478.41	

- 
- Maine's January and April payments during FY 2000 and FY 2001 are subject to one major adjustment: the volume adjustment.
  - While not finally determined at this time, the volume adjustment for FY 2000 appears to be within 1% of the original Moody's projections. (Moody's predicted a 12.00% decline in domestic shipments from the base year of 1997. Experience through the end of October 1999 indicates that the actual number may be a 13% decline).
  - Moody's projected that in FY 2001 the volume adjustment will decrease by an additional 2.00%.
  - Moody's model, which is conservative, has been the most accurate thus far and it would be prudent to continue following their projections for FY 2000 and FY 2001, especially considering each year's volume adjustment must take into consideration the previous year's adjustment.

\*Estimated payments: for FY 2000 (base payment + 3% upward inflation adjustment - 12.00% downward volume adjustment.  
for FY 2001 (base payment + 3% upward inflation adjustment - 2.00% downward volume adjustment.



STATE OF MAINE  
OFFICE OF THE TREASURER  
39 STATE HOUSE STATION  
AUGUSTA, MAINE \*  
04333-0039

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DEPUTY TREASURER OF STATE

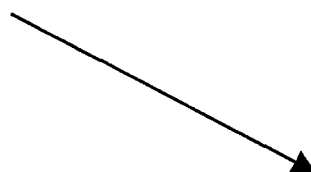
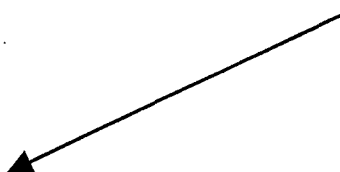
## Flow of Tobacco Settlement Payments

Participating Manufacturers  
(PM's)



Tobacco Settlement  
Payments (TSP's)  
to the State of Maine  
in the Current Biennium

<u>Date of Pymt</u>	<u>Amount of Pymt</u>	<u>(actual or estimated)</u>
12/14/99	<b>\$18,995,496.82</b>	(actual - received 12/14/99)
01/10/00	<b>\$16,545,959.59</b>	(actual - received 12/31/99)
04/15/00	\$27,548,352.00	(estimated)
01/10/01	\$16,947,371.00	(estimated)
04/15/01	\$30,911,299.00	(estimated)



Fund for a Healthy Maine  
(90% of TSP allocated to this fund)

12/14/99	<b>\$17,095,947.14</b>
01/10/00	<b>\$14,891,363.63</b>
04/15/00	\$24,793,516.80
01/10/01	\$15,252,633.90
04/15/01	\$27,820,169.10
Available for Allocation in Current Biennium	
	<b>\$99,853,630.57</b>

Trust Fund for a Healthy Maine  
(10% of TSP deposited into Trust)

12/14/99	<b>\$1,899,549.68</b>
01/10/00	<b>\$1,654,595.96</b>
04/15/00	\$2,754,835.20
01/10/01	\$1,694,737.10
04/15/01	\$3,091,129.90

STATE OF MAINE  
DEPARTMENT OF ATTORNEY GENERAL  
MEMORANDUM

TO: The Honorable Angus S. King, Jr., Commissioner Kevin Concannon, The Honorable G. Steven Rowe, The Honorable Mark W. Lawrence, Senate Majority Leader Chellie Pingree, Senate Republican Leader Jane A. Amero, House Majority Leader Michael V. Saxl, House Republican Leader Thomas W. Murphy, Jr., The Honorable Michael Michaud, The Honorable Elizabeth Townsend, and Treasurer Dale McCormick

FROM: Andrew Ketterer, Attorney General

DATE: January 6, 2000

SUBJECT: Tobacco Update

\*\*\*\*\*

I am writing to provide an update of tobacco related issues regarding the Master Settlement Agreement.

As you are all aware, on December 14, 1999, the State of Maine received its first initial payment of almost \$19 million, which represented the 1998 payment. As you know, no payment was to be forthcoming in 1999, with payments resuming in 2000. That payment was subject to no adjustments, other than a deduction with respect to potential tax liability. All settling states saw an IRS deduction from their first payment. Approximately \$90,000 was deducted from Maine's payment for the IRS. All the settling states, including Maine, are presently working to obtain a ruling from the IRS that there should be no withholding, and, if successful, that amount will be returned to Maine. Until that matter is resolved, the IRS deduction will be taken from each payment.

Over the next four years (2000, 2001, 2002, 2003), Maine will receive two payments each year: the first payment in January and a second payment in April. In 2004 and each year thereafter, Maine will receive one annual payment. The January, 2000 payment was received early, with a disbursement of approximately \$16.5 million on or about December 31, 1999. That disbursement was subject to the IRS withholding and certain other adjustments, as will all future payments, as hereinafter described.

The January payments for 2000, 2001, 2002 and 2003 are subject to one major adjustment, being the volume adjustment. With the 1997 year as the base period, any upward or downward change in the volume of cigarettes that are shipped is reflected in the payment. Thus, for the January, 2000, payment, which has already been received, the base amount, assuming no change in volume from 1997, was approximately \$19 million. However, due to the decrease in the volume of cigarettes shipped in 1999, the base payment was downwardly adjusted to approximately \$16.5 million. The 13% decrease

was arrived at by agreement because the last two months of 1999 figures were not in. Any small adjustment to reflect the actual figure for those two months will be reflected in the April, 2000 payment. The base January payments range from \$19 million in 2000 to \$20.7 million in 2003, with each payment subject to volume adjustment.

The April payments, which continue in perpetuity, are effected by a number of additional adjustments. For the years 2000-2003, the April base payment ranges from \$30.3 million to \$43.7 million. In 2004, the January payment ceases, and is consolidated into the April annual payment. Therefore, for example, for the years 2004-2007, the base payment each year is \$53.8 million. In 2008, the April annual payment increases slightly to \$54.9 million. For the years 2008-2017, Maine receives an additional \$11.4 million each year out of the Strategic Contribution Fund - for a total each year of \$66.4 million. The Strategic Contribution Fund payments continue for ten years, and reflect the contribution made by this office to the overall settlement.

As indicated, all of the April payments are subject to adjustments. In particular, there is an upward adjustment for inflation. The base payment amount is increased by the rate of inflation or 3%, whichever is greater. These April payments are also adjusted by volume, as described above, as well as the non-participating manufacturer adjustment. The latter is reflective of any market share lost by those manufacturers participating in the settlement to non-participating manufacturers. This adjustment kicks in after a loss of 2% of market share and is potentially great. However, a state is generally immune from that adjustment if it enacts and enforces the tobacco manufacturers escrow statute. Maine has enacted such a statute (22 M.R.S.A. §§ 1580-G, *et seq.*), and we are in the process of seeking to enforce it. It calls for non-participating manufacturers to put amounts in escrow accounts in order to pay for potential future tobacco claims against them. We may expect enforcement actions in the spring against non-participating manufacturers who do not wish to abide by the statute, with potential constitutional challenges to the statute. If the statute is struck down, there can be up to a 65% decrease in Maine's payments.

Thus, the April payments likely will be upwardly adjusted for inflation, almost certainly downwardly adjusted for volume, and potentially downwardly adjusted due to a shift to non-participating manufacturers market share. The April payment for 2000 is scheduled to be \$30 million and we expect that that will be upwardly adjusted by 3% and then downwardly adjusted by at least 13%. Further, again, all of the disbursements will be subject to some tax deductions until the matter with the IRS has been resolved.

The attached chart may be helpful to you. If you have any questions, please call on me or Paul Stern of this office. Thank you.

Attachment

cc: Marc Cyr, Treasury  
Adam Krae, Treasury  
Chuck Dow, Speaker's Office  
Kay Rand, Governor's Office

## PAYMENTS UNDER THE MSA

PAYMENT DATE	Amount	
1998	\$ 18,995,496.82	Paid on 12/14/99. Base amount of \$19,086,000 subject to IRS Withholding
1999	No Payment	
1/10/00	\$ 16,545,959.59	Paid on 12/31/99. Base amount of \$19,018,344.36 subject to downward IRS Withholding and 13% Volume Adjustment
4/15/00	\$ 30,310,486.32	Subject to upward Inflation Adjustment, and downward IRS Withholding, Volume and NPM Adjustments
1/10/01	\$ 19,588,894.69	Subject to downward IRS Withholding and Volume Adjustment
4/15/01	\$ 33,678,318.14	Subject to upward Inflation Adjustment, and downward IRS Withholding, Volume and NPM Adjustments
1/10/02	\$ 20,176,561.53	Subject to downward IRS Withholding and Volume Adjustment
4/15/02	\$ 43,781,813.58	Subject to upward Inflation Adjustment, and downward IRS Withholding, Volume and NPM Adjustments
1/10/03	\$ 20,781,858.38	Subject to downward IRS Withholding and Volume Adjustment
4/15/03	\$ 43,781,813.58	Subject to upward Inflation Adjustment, and downward IRS Withholding, Volume and NPM Adjustments
4/15/2004-2007	\$ 53,885,309.02	Subject to upward Inflation Adjustment, and downward IRS Withholding, Volume and NPM Adjustments
4/15/2008-2017	\$ 66,390,489.27	Subject to upward Inflation Adjustment, and downward IRS Withholding, Volume and NPM Adjustments
4/15/2018-Perpetuity	\$ 61,578,814.00	Subject to upward Inflation Adjustment, and downward IRS Withholding, Volume and NPM Adjustments

TOTAL P.00



OFPR

3/8/00

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## PRELIMINARY REVENUE ESTIMATES: Tobacco Settlement

Fiscal Year	2/00 RFC Estimate <sup>1</sup>		2/00 TRE Estimate <sup>2</sup>	
	Annual	Biennial	Annual	Biennial
1999-00	\$63,779,219		\$63,089,809	
2000-01	\$47,858,671	\$111,637,890	\$47,858,670	\$110,948,479
2001-02	\$57,983,737			
2002-03	\$58,848,418	\$116,832,155		
2003-04	\$51,703,870			
2004-05	\$52,475,463	\$104,179,333		

Notes: <sup>1</sup> See State Treasurer's 12/99 presentation to the RFC; Based on Paine Webber's  
 "middle assumption" (between WEFA's 10/99 estimate & Moody's 11/98 estimate.

<sup>2</sup> Distributed by State Treasurer to HHS Committee on 2/2/00.





## State of Maine

## Calculation of Tobacco Settlement Payments - State Specific Adjustments

Date	Maine's Allocable Share 0.7693505% (Initial & Base) & 1.3240418% (Strategic Contribution)				Less:	Plus/(Less):	Less:	Less:	Less:	Final Maine Payments
	Adj. Initial Payments	Adj. Base Payments	Adj. Strategic Contribution	Total Payments	NPM Adjustment	Miscalculated/ Disputed Payments Offset	Federal Tobacco Legislation Offset	Litigating Releasing Parties Offset	"Claim- Over" Offset	
1/4/99	18,464,412	-	-	18,464,412	-	-	-	-	-	18,464,412
1/10/00	16,781,787	-	-	16,781,787	-	-	-	-	-	16,781,787
4/15/00	-	27,548,352	-	27,548,352	-	-	-	-	-	27,548,352
1/10/01	16,947,371	-	-	16,947,371	-	-	-	-	-	16,947,371
4/15/01	-	30,911,299	-	30,911,299	-	-	-	-	-	30,911,299
1/10/02	17,200,009	-	-	17,200,009	-	-	-	-	-	17,200,009
4/15/02	-	40,783,729	-	40,783,729	-	-	-	-	-	40,783,729
1/10/03	17,456,503	-	-	17,456,503	-	-	-	-	-	17,456,503
4/15/03	-	41,391,915	-	41,391,915	-	-	-	-	-	41,391,915
4/15/04	-	51,703,870	-	51,703,870	-	-	-	-	-	51,703,870
4/15/05	-	52,475,463	-	52,475,463	-	-	-	-	-	52,475,463
4/15/06	-	53,258,863	-	53,258,863	-	-	-	-	-	53,258,863
4/15/07	-	54,054,258	-	54,054,258	-	-	-	-	-	54,054,258
4/15/08	-	55,950,617	11,606,595	67,557,212	-	-	-	-	-	67,557,212
4/15/09	-	56,786,855	11,780,067	68,566,922	-	-	-	-	-	68,566,922
4/15/10	-	57,635,924	11,956,201	69,592,126	-	-	-	-	-	69,592,126
4/15/11	-	58,498,033	12,135,040	70,633,073	-	-	-	-	-	70,633,073
4/15/12	-	59,373,390	12,316,627	71,690,017	-	-	-	-	-	71,690,017
4/15/13	-	60,262,210	12,501,007	72,763,217	-	-	-	-	-	72,763,217
4/15/14	-	61,164,710	12,688,225	73,852,936	-	-	-	-	-	73,852,936
4/15/15	-	62,081,113	12,878,327	74,959,440	-	-	-	-	-	74,959,440
4/15/16	-	63,011,642	13,071,360	76,083,002	-	-	-	-	-	76,083,002
4/15/17	-	63,956,529	13,267,370	77,223,899	-	-	-	-	-	77,223,899
4/15/18	-	72,740,824	-	72,740,824	-	-	-	-	-	72,740,824
4/15/19	-	73,832,569	-	73,832,569	-	-	-	-	-	73,832,569
4/15/20	-	74,941,199	-	74,941,199	-	-	-	-	-	74,941,199
4/15/21	-	76,066,991	-	76,066,991	-	-	-	-	-	76,066,991
4/15/22	-	77,210,225	-	77,210,225	-	-	-	-	-	77,210,225
4/15/23	-	78,371,187	-	78,371,187	-	-	-	-	-	78,371,187
4/15/24	-	79,550,167	-	79,550,167	-	-	-	-	-	79,550,167
4/15/25	-	80,747,462	-	80,747,462	-	-	-	-	-	80,747,462
4/15/26	-	81,963,373	-	81,963,373	-	-	-	-	-	81,963,373
4/15/27	-	83,198,207	-	83,198,207	-	-	-	-	-	83,198,207
4/15/28	-	84,452,275	-	84,452,275	-	-	-	-	-	84,452,275
4/15/29	-	85,725,896	-	85,725,896	-	-	-	-	-	85,725,896
4/15/30	-	87,019,393	-	87,019,393	-	-	-	-	-	87,019,393
4/15/31	-	88,333,097	-	88,333,097	-	-	-	-	-	88,333,097
	86,850,082	2,075,001,636	124,200,822	2,286,052,540	-	-	-	-	-	2,286,052,540

↑ includes Inflation  
Volume  
Previously Settled States  
Strategic Contribution Point