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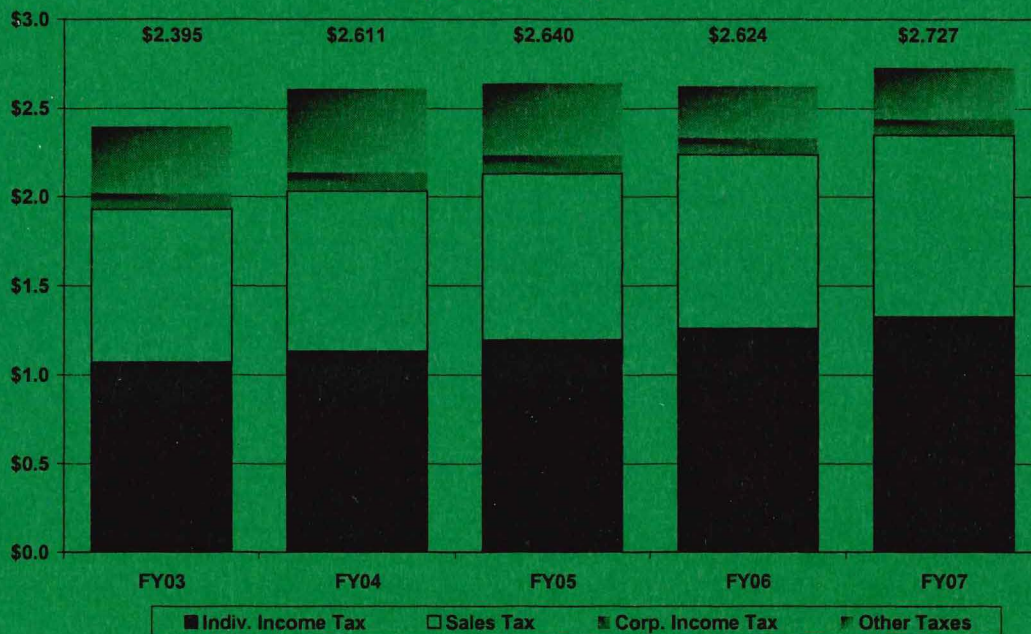
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REPORT OF THE MAINE STATE REVENUE FORECASTING COMMITTEE

December 2003

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GENERAL FUND REVENUES (Billions of \$)



Laurie Lachance, Chair
State Economist

Dr. James Breece
University of Maine System

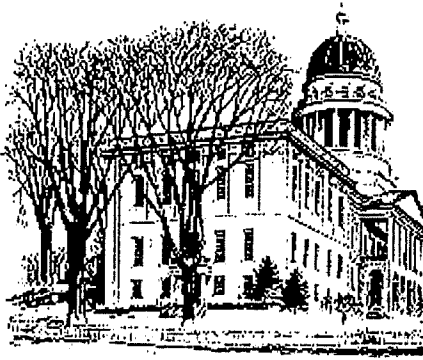
Jerome Gerard
Acting State Tax Assessor

Marc Cyr
Office of Fiscal & Program Review

Keith Todd
State Budget Officer

Grant Pennoyer, Director
Office of Fiscal & Program Review

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STATE OF MAINE REVENUE FORECASTING COMMITTEE

Members:

Laurie Lachance, State Economist, Chair
James Breece, University of Maine System
Marc Cyr, Principal Analyst, Office of Fiscal and Program Review
Jerome Gerard, Acting State Tax Assessor
Grant Pennoyer, Director, Office of Fiscal and Program Review
Keith Todd, State Budget Officer

December 2, 2003

TO: Governor John E. Baldacci
Members, Legislative Council
Members, Joint Standing Committee on Appropriations
Members, Joint Standing Committee on Taxation
Members, Joint Standing Committee on Transportation

FROM: Revenue Forecasting Committee

RE: Revenue Reprojections – December 2003

The Revenue Forecasting Committee is required, in statute, to prepare projections of General Fund, Highway Fund, and Tobacco Settlement Fund revenues on December 1 each year and to review and, if necessary, revise those revenue estimates by March 1. The Committee has concluded the required December 1 review and, through this memo, is notifying you that revisions have been made to all 3 funds. As the table below highlights, General Fund Revenues have been reprojected upward for FY04 and FY05 and downward for both FY06 and FY07. Unlike previous forecast reviews, economic conditions, capital gains assumptions and car sales have had virtually no effect on these projections, as the assumptions underlying this forecast have changed very little from our March 2003 forecast. Instead, changes are driven by the timing of the State's conformity with Federal tax law changes, lower interest rates, and staffing changes at Maine Revenue Services.

Highway Fund Revenues have been reprojected downward in each of the four fiscal years 04-07, due primarily to the weakened demand for diesel and other special fuels as well as lower interest earnings on investments.

Tobacco Settlement Fund projections have also been revised downward to reflect lower national cigarette sales and lower interest earnings.

Revenue Reprojections (millions of dollars)

	FY2004	FY2005	FY2006	FY2007
General Fund	6.7	0.2	(15.0)	(19.7)
Highway Fund	(1.8)	(3.3)	(4.0)	(5.3)
Fund for a Healthy Maine	(0.6)	(1.6)	(1.7)	(1.9)

Attached for your review is a full report of both the Revenue Forecasting Committee and the Consensus Economic Forecasting Commission (Appendix A).

As with any projection, there is risk that surrounds the forecast. The Committee would like to highlight the 2 areas that it feels pose the greatest risk to these projections at this time:

1. When the sales tax model and the income tax model were updated with current data and re-estimated, both models suggested a downward revision in FY04 and FY05. At the time this forecast was prepared, however, the State's Tax Amnesty program was showing great promise but had not yet concluded, and the holiday shopping season, the state's second-largest sales tax season, had not yet begun. Given the fact that year-to-date revenues were running ahead of budget in both tax lines and that the conclusion of the amnesty program and the holiday season would provide us with much better information, the Committee decided NOT to lower the sales and income tax projections at this time. The Committee will review these lines closely in February as we prepare our March 1 report.
2. Automobile sales represent nearly 1/5 of all sales taxes and are subject to highly volatile swings. Despite weakened economic conditions, car sales have continued growing through the past few years, driven by extremely low interest rates and special factory and dealer incentives. Our underlying assumption of 6-7% growth in auto sales is slower than recent experience, but the Committee recognizes that any major jolt to consumer confidence or major changes in car-buying incentive programs could cause dramatic shifts in auto sales.

If you have any questions or concerns, please feel free to call me at 287-1479 or any of the other Committee members.

Attachments

cc: Members, Revenue Forecasting Committee
Members, Consensus Economic Forecasting Commission
Jane Lincoln, Governor's Office
Rebecca Wyke, Commissioner - DAFS

REPORT OF THE MAINE STATE REVENUE FORECASTING COMMITTEE

December 2003

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I. EXECUTIVE SUMMARY

This report summarizes the Maine State Revenue Forecasting Committee's review and reprojection of General Fund, Highway Fund, and Fund for a Healthy Maine (Tobacco Settlement Fund) revenues for FY 2004 through FY 2007.

General Fund: At this time, the Revenue Committee recommends an extremely small (\$6.9 million or 0.1%) upward revision in the biennial General Fund Revenue projections for the FY04/FY05 biennium, and a small downward revision (\$34.7 million or 0.6%) for the FY06/FY07 period. The upward revision to 04/05 is primarily due to a rebound in Corporate Income Taxes, supported by increases in Estate Taxes and "Other Revenue" sources. The downward revision for 06/07 is due, in large part, to the timing of the State's conformity with Federal tax law changes in the Corporate and Estate Tax areas and the sun-setting of funding for additional auditing staff in FY06 which is increasing projected revenue collections through the end of FY05.

Highway Fund: The Revenue Committee revised Highway Fund projections downward by \$5.1 million (0.9%) for the 04/05 biennium and downward by \$9.3 million (1.4%) for 06/07. These downward revisions are due, in large part, to weakness in special fuel sales (diesel) because of tepid economic conditions and a lower inflation forecast which reduces the projected increases in the fuel excise taxes from indexing.

Fund for a Healthy Maine: Tobacco Settlement Funds were revised downward by \$2.2 million (2.2%) over the 04/05 biennium and downward by \$3.6 million (3.5%) for 06/07 due to a decline in national cigarette sales and sustained low interest earnings (lowering Income on Investments for this fund).

TABLE 1

Reprojection for General and Highway Funds
(millions of dollars)

	FY2004	FY2005	FY2006	FY2007
General Fund	6.7	0.2	(15.0)	(19.7)
Highway Fund	(1.8)	(3.3)	(4.0)	(5.3)
Fund for a Healthy Maine	(0.6)	(1.6)	(1.7)	(1.9)

Underlying Assumptions:

Economic: The Consensus Economic Forecasting Commission met on October 3, 2003 to discuss whether their February 2003 forecast (which is the current set of economic assumptions underlying state revenue projections) should be revised. After lengthy discussion, the Committee

decided to leave their February projections virtually unchanged. A small upward revision in the personal income growth rate from 3.2% to 3.5% for 2003 was made, but the growth is forecast to primarily affect transfer payments and thus minimally affect revenues. To summarize the economic outlook that underlies this current revenue forecast: Maine's Personal Income is projected to grow at a relatively modest 4.0% rate in 2004 and accelerate slightly to 4.5% for 2005-2007; employment growth, estimated at 0.0% for 2003, is expected to increase to 0.8% in 2004 and 1% annually thereafter, which is about 1/3 the pace of growth that Maine experienced in the late 1990s; and the Consumer Price Index is assumed to remain in the vicinity of 2% through 2005 before rising slightly to a 2.5% rate. The CEFC revision was so small that it had virtually no effect on revenue projections.

Capital Gains: Maine's exceptional capital gain growth (in excess of 20% annual increases for 5 consecutive years) ended abruptly in tax year 2001, plummeting 53%, and is estimated to have dropped an additional 35% in tax year 2002. This drop-off decimated Individual Income Tax collections, which represented almost half of all General Fund Revenues. The Revenue Forecasting Committee has projected that capital gains for tax year 2003 will stabilize (0.0%) before resuming a moderate growth path in 2004 of 8% annual increases through 2007.

Automobile Sales: Automobile sales' taxes, which represent about 1/5 of all sales taxes, are projected to grow by 6.2% in FY2004 then accelerate slightly to the 7.2% – 7.6% range through the remainder of the forecast period. By comparison, from 1992-2002 auto sales averaged 10% annual growth.

As with any projection, there is risk that surrounds the forecast. The Committee would like to highlight the 2 areas that it feels pose the greatest risk to these projections at this time:

1. When the sales tax model and the income tax model were updated with current data and re-estimated, both models suggested a downward revision in FY04 and FY05. At the time this forecast was prepared, however, the State's Tax Amnesty program was showing great promise but had not yet concluded, and the holiday shopping season, the state's second-largest sales tax season, had not yet begun. Given the fact that year-to-date revenues were running ahead of budget in both tax lines and that the conclusion of the amnesty program and the holiday season would provide us with much better information, the Committee decided NOT to lower the sales and income tax projections at this time. The Committee will review these lines closely in February as we prepare our March 1 report.
2. Automobile sales represent nearly 1/5 of all sales taxes and are subject to highly volatile swings. Despite weakened economic conditions, car sales have continued growing through the past few years, driven by extremely low interest rates and special factory and dealer incentives. Our underlying assumption of 6-7% growth in auto sales is slower than recent experience, but the Committee recognizes that any major jolt to consumer confidence or major changes in car-buying incentive programs could cause dramatic shifts in auto sales.

II. OVERVIEW

A. Background of the Revenue Forecasting Committee

The Revenue Forecasting Committee was established by Governor John R. McKernan, Jr. on May 25, 1992 by Executive Order 14 FY91/92 in order to provide the Governor, the Legislature, and the State Budget Officer with an analysis and recommendations related to the projection of General Fund and Highway Fund revenue. Its creation was in response to a recommendation by the Special Commission on Government Restructuring. Committee membership originally included the State Budget Officer, the State Tax Assessor, the State Economist, the Director of the Office of Fiscal and Program Review, and an economist on the faculty of the University of Maine System selected by the Chancellor.

The original Executive Order calls upon the Revenue Forecasting Committee to submit recommendations for State revenue projections for the upcoming fiscal biennium, as well as adjustments to current biennium General Fund and Highway Fund revenue estimates. In accomplishing its task, the Committee is directed to utilize the economic assumptions developed by the Consensus Economic Forecasting Commission.

In 1995, PL 1995, c. 368 enacted in statute the Consensus Economic Forecasting Commission and the Revenue Forecasting Committee, adopting both the structure and the intent of the original Executive Order.

Public Laws of 1997, chapter 655 enacted a number of changes to Title 5, chapter 151-B. There were three major changes: first, the revenue projections developed by the Committee will no longer be advisory but the actual revenue projections to be used by the Executive Branch in setting budget estimates and out-biennium forecasts; second, the State Budget Officer was empowered to convene a meeting of the Committee to review any new data that might become available; and third, the Committee was expanded from five to six members, with the sixth member being an analyst from the Office of Fiscal and Program Review designated by the Director of that office.

Public Laws of 2001, chapter 2, enacted a further change to the appointment process of the sixth member making that an appointment of a member of non-partisan staff appointed by the Legislative Council.

B. Methodology

Both the General Fund and the Highway Fund revenue projections are actually an aggregation of several individual revenue line forecasts. There are over two dozen revenue lines which comprise total General Fund revenue and a half dozen components which sum to total Highway Fund revenues. Since each of these individual revenue lines

is distinctly different in terms of size (and thus relative importance to total revenue) and factors that influence growth (such as tax law, economic growth, interest rates, size of lottery jackpot, number of patrolmen, etc.), the Committee uses different approaches for evaluating various revenue line forecasts.

In order to ensure that the Committee's review process is as efficient and effective as possible, it divides its revenue line review into three parts:

- Major revenue lines directly tied to economic activity
- Major revenue lines tied to other "non-economic" factors
- Minor revenue lines

In general, major revenue lines directly tied to economic activity are forecast using econometric equations. These equations define a mathematical relationship between historical revenue growth and relevant economic trends, then project revenue growth based on the defined relationship and expected future performance of the economic variable chosen. For example, revenues derived from the collection of individual income tax are very closely tied to growth in Maine personal income. Thus, an equation is estimated that defines income tax revenue in terms of personal income (and other relevant variables), then the forecast of personal income growth in Maine is used to estimate future income tax collections. The Revenue Forecasting Committee then reviews the equation, the underlying economic assumptions, and the overall revenue forecast level to ensure that they are logical and plausible given our knowledge of current economic conditions and revenue growth. It is the Committee's understanding, and truly the spirit of "consensus forecasting", that model results need not be blindly accepted and should be closely examined.

Both the major revenue lines tied to other "non-economic" factors and the minor revenue lines are generally prepared by the department or agency responsible for collecting the particular revenue stream. Their experience with and expertise in tracking revenue growth is used in place of an equation to project future revenue activity. For example, the level of participation in Maine's lottery is not easily or clearly tied to any particular economic indicator, like income or employment. Revenue derived from lottery ticket sales can, however, be projected based on past lottery sales and the likelihood of a large jackpot occurring within a twelve month period. Therefore, the Department of Administrative and Financial Services reviews past lottery trends and estimates the lottery's revenue performance over the upcoming biennium. Additional factors which are reviewed by the Committee include the projected Cost of Goods Sold and Administrative Expense to arrive at an estimated Net Profit to be transferred to the General Fund. The Revenue Forecasting Committee then reviews their forecast to ensure that their logic is sound and to ensure that this particular line forecast is consistent with expectations for other revenue lines.

When preparing a formal review of the biennial budget (in odd numbered years such as 2003) to decide if revisions are necessary, the Revenue Forecasting Committee uses a similar, though streamlined, process. The major tax models are re-estimated using any

updated economic and capital gains assumptions as well as current baseline data. The budget to actual performance of the other revenue lines are examined by a subcommittee of the Budget Office and the Office of Fiscal and Program Review and, when significant variances exist, the subcommittee recommends to the full Committee which agencies should develop and present new projections for our consideration.

C. Underlying Assumptions

1. Current Tax Law

The Revenue Forecasting Committee bases all revenue projections on current tax law. The Committee does not attempt to second-guess how the law may be changed during the upcoming Legislative session.

Since the last time that the Revenue Forecasting Committee prepared a forecast in February 2003, two major tax changes were enacted that significantly alter our original revenue estimates:

Delay in Federal Conformity – The Legislature’s decision to delay conformity with the Federal code in the area of bonus depreciation has altered the forecast for Corporate Income Tax, Individual Income Tax and Estate Tax collections. By delaying conformity with accelerated depreciation of bonus income, Maine is projected to see greater revenues in the FY04/FY05 timeframe and larger losses in FY06/FY07 as greater depreciation is allowed.

Sun-setting of Funding for Maine Revenue Service positions – When the Committee’s original forecast was developed in February 2003, Maine Revenue Services was given 11 new positions with the expectation that these employees would bring in more revenue. The Legislature shortened the timeframe that these positions would be funded, sun-setting the funding in FY2006. This new forecast recognizes the fact that once these positions are eliminated, an estimated $\frac{3}{4}$ of the revenue that they are expected to produce will also disappear.

2. Consensus Economic Forecasting Commission

As directed by the originating Executive Order and the subsequent statute, the Committee closely examined the economic assumptions developed by the Consensus Economic Forecasting Commission. Economic assumptions were used by the Committee in two ways. First, projected employment, income, interest rates and inflation changes were used directly in the sales and income

tax revenue estimating models maintained and operated by the Maine Revenue Service. Second, Committee members assessed revenue trends predicted by models and by other agencies against economic expectations offered by the Consensus Economic Forecasting Commission.

The Consensus Economic Forecasting Commission met October 3, 2003 to prepare the economic assumptions that would become the basis of the Revenue Committee's revenue reprojections. Given that Maine's economic well being is so highly dependent on national economic activity, the Commission examined national economic trends and projections. They concluded 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.

The Economic Forecasting Commission was asked to expand the number of economic variables that it forecasts and provides to Maine Revenue Services to incorporate in their new models. A detailed list of these assumptions can be found in Appendix A. The Revenue Forecasting Committee directly adopted the Economic Commission's forecast and incorporated these assumptions into our revenue forecasting models. The major economic growth assumptions underlying these revenue projections are as follows:

TABLE 2
MAJOR UNDERLYING ECONOMIC ASSUMPTIONS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
ME Wage & Salary Employment	0.0%	0.8%	1.0%	1.0%	1.0%
ME Personal Income (Nominal)	3.5%	4.0%	4.5%	4.5%	4.5%
U.S. Consumer Price Index	2.0%	2.0%	2.0%	2.5%	2.5%

The members of the Consensus Economic Forecast Commission are listed below:

Charles Colgan, Chair - Muskie Institute
Alan Day - Banknorth

Michael Donihue – Colby College
John Dorrer – National Center on Education and the Economy
John Davulis – Central Maine Power Company

3. Capital Gains:

Maine's exceptional capital gain growth (in excess of 20% annual increases for 5 consecutive years) ended abruptly in tax year 2001, plummeting 53%, and is estimated to have dropped an additional 35% in tax year 2002. This drop-off decimated Individual Income Tax collections, which represented almost half of all General Fund Revenues. The Revenue Forecasting Committee has projected that capital gains for tax year 2003 will stabilize (0.0%) before resuming a moderate growth path in 2004 of 8% annual increases through 2007.

4. Automobile Sales:

Automobile sales' taxes, which represent about 1/5 of all sales taxes, are projected to grow by 6.2% in FY2004 then accelerate slightly to the 7.2% – 7.6% range through the remainder of the forecast period. By comparison, from 1992-2002 auto sales averaged 10% annual growth.

III. FY2004 THROUGH FY2007 REVENUE REPROJECTIONS

The Tables that follow include the complete detail of the Revenue Forecasting Committee's Reprojection of General Fund, Highway Fund, and Tobacco Settlement Fund revenues for FY04-FY07. Table 3 (pages 12-15) contains the General Fund projections, Table 4 (pages 16-18) provides the Highway Fund estimates, and Table 5 (pages 19-21) is the Tobacco Settlement projections. The paragraphs below explain the Committee's decision to reproject various revenue lines.

A. General Fund (net of Revenue Sharing)

REPROJECTION	FY04	+\$ 6.7 million
	FY05	+\$ 0.2 million
	FY06	-\$15.0 million
	FY07	-\$19.7 million

The Committee recommends that General Fund revenues be reprojected upward in each of the fiscal years FY04-FY05, and downward for FY06 and FY07. As TABLE 3 shows, five of the individual revenue lines were revised by over a million dollars. Highlights of the Committee's discussions follow:

Sales and Use Tax :

REPROJECTION	FY04	+\$0.0 million
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FY05	+\$0.0 million
FY06	-\$0.6 million
FY07	-\$0.6 million

When the sales tax model was updated with current data, it suggested a downward revision in FY04 and FY05 was necessary. At the time this forecast was prepared, however, the State's Tax Amnesty program was showing great promise but had not yet concluded, and the holiday shopping season, the state's second-largest sales tax season, had not yet begun. Given the fact that year-to-date revenues were running ahead of budget and that the conclusion of the amnesty program and the holiday season would provide us with much better information, the Committee decided NOT to lower the sales tax projections at this time. The Committee will review this line closely in February as we prepare our March 1 report. The small downward revision in FY06 and FY07 recognizes the anticipated loss in sales tax revenues that will result from the elimination of 11 audit/enforcement positions in the Maine Revenue Services.

Individual Income Tax:

REPROJECTION	FY04	+\$ 0.0 million
	FY05	+\$ 0.0 million
	FY06	-\$ 3.1 million
	FY07	-\$ 3.1 million

When the income tax model was updated with current data, it suggested a downward revision in FY04 and FY05 was necessary. At the time this forecast was prepared, however, the State's Tax Amnesty program was showing great promise but had not yet concluded. Given the fact that year-to-date revenues were running ahead of budget and that the conclusion of the amnesty program would provide us with much better information, the Committee decided NOT to lower the income tax projections at this time. The Committee will review this line closely in February as we prepare our March 1 report. The small downward revision in FY06 and FY07 recognizes the anticipated loss in income tax revenues that will result the delayed conformity with the Federal code in the area of accelerated bonus depreciation as well as minor losses expected from the elimination of 11 audit/enforcement positions in the Maine Revenue Services.

Corporate Income Tax:

REPROJECTION	FY04	+\$ 8.4 million
	FY05	+\$ 4.4 million
	FY06	-\$ 7.4 million
	FY07	-\$11.9 million

Fiscal year-to-date October 2003 Corporate Income Tax receipts were significantly above original budget levels (up 8.7% or \$2.2 million), reflecting improved economic

conditions and corporate profits. The Committee's upward projection for FY04 and FY05 in this line is due, in part, to the improved underlying economics and to the delayed conformity to the Federal code with respect to bonus depreciation. The delay in conformity causes State tax collections to be higher in the 04/05 period, and to be lower in the out years of the forecast. The downward revision in FY06 and 07 illustrates this expected swing.

Cigarette and Tobacco Tax:

REPROJECTION	FY04 - \$ 7.3 million
	FY05 - \$ 7.2 million
	FY06 - \$ 7.1 million
	FY07 - \$ 6.9 million

The significant drop in the sale of cigarette stamps due to effective anti-smoking campaigns, increased rolling of cigarettes, and the loss of sales to out-of-state and internet purchases has led to this downward projection in each of the 4 forecast years.

Estate Tax:

REPROJECTION	FY04 +\$2.9 million
	FY05 +\$3.1 million
	FY06 +\$0.3 million
	FY07 +\$0.0 million

Model updates and improving stock market conditions led the Committee to reproject Estate Tax revenues upward through the remainder of the time through which this tax is in place. The Estate Tax will be eliminated for deaths occurring after December 31, 2004.

Income from Investments:

REPROJECTION	FY04 - \$0.4 million
	FY05 - \$1.4 million
	FY06 - \$0.8 million
	FY07 - \$0.7 million

Following a detailed discussion, the Revenue Forecasting Committee accepted the recommendation of the State Treasurer to reproject the Income from Investments downward through the forecast period, reflecting lower than anticipated interest rates.

Other Revenues:

REPROJECTION	FY04 +\$4.1 million
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FY05 +\$2.2 million
FY06 +\$3.7 million
FY07 +\$3.2 million

The upward revision of Other Revenues is primarily due to a one-time anticipated increase in STA-CAP and annual upward revisions in Behavioral and Developmental Services revenues reflecting an increase in their cost allocation. This forecast also recognizes a one-time \$724,000 adjustment to the Real Estate Transfer Tax line in FY04 as well as a major Wall Street settlement in the Banking and Securities revenue line and increased securities revenue throughout the period. Detail of the "Other Revenue" forecast is contained in the fourth page of Table 3 (page of this document)

B. Highway Fund:

REPROJECTION FY04 - \$1.8 million
 FY05 - \$3.3 million
 FY06 - \$4.0 million
 FY07 - \$5.3 million

The Revenue Committee revised Highway Fund projections downward by \$5.1 million (0.9%) for the 04/05 biennium and downward by \$9.3 million (1.4%) for 06/07. These downward revisions are due, in large part, to weakness in special fuel sales (diesel) because of tepid economic conditions and a lower inflation forecast which impacts the indexing of excise tax rates. In addition, lower interest rates led to weaker revenue growth from investment income in this fund, fines were reprojected downward, and there was a correction to properly account for the reimbursements to municipalities from the Municipal Excise Tax Fund. These reductions were only partially offset by an increase in revenue from Motor Vehicle Registrations and Fees.

C. Fund for a Healthy Maine:

REPROJECTION FY04 - \$0.6 million
 FY05 - \$1.6 million
 FY06 - \$1.7 million
 FY07 - \$1.9 million

Tobacco Settlement Funds were revised downward by \$2.2 million (2.2%) over the 04/05 biennium and downward by \$3.6 million (3.5%) for 06/07 due to a decline in national cigarette sales and sustained low interest earnings (lowering Income on Investments for this fund).

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2003

Source	FY99 Actual	FY00 Actual	% Chg.	FY01 Actual	% Chg.	FY02 Actual	% Chg.	FY03 Actual	% Chg.	FY03 Budget	FY03 Variance	% Variance
Sales and Use Tax	\$814,321,914	\$847,355,132	4.1%	\$817,781,460	-3.5%	\$836,134,084	2.2%	\$857,486,801	2.6%	\$861,578,278	(\$4,091,477)	-0.5%
Individual Income Tax	\$1,004,937,795	\$1,074,621,614	6.9%	\$1,167,748,898	8.7%	\$1,069,834,791	-8.4%	\$1,071,701,694	0.2%	\$1,063,483,417	\$8,218,277	0.8%
Corporate Income Tax	\$144,942,751	\$150,045,645	3.5%	\$96,102,796	-36.0%	\$77,366,103	-19.5%	\$91,188,393	17.9%	\$88,170,000	\$3,018,393	3.4%
Cigarette and Tobacco Tax	\$77,750,154	\$78,343,171	0.8%	\$77,501,831	-1.1%	\$97,599,599	25.9%	\$98,414,470	0.8%	\$105,684,505	(\$7,270,035)	-6.9%
Public Utilities Tax	\$29,597,745	\$15,786,931	-46.7%	\$29,777,365	88.6%	\$30,479,783	2.4%	\$29,285,143	-3.9%	\$30,400,000	(\$1,114,857)	-3.7%
Insurance Companies Tax	\$37,730,425	\$42,697,847	13.2%	\$43,576,502	2.1%	\$55,244,333	26.8%	\$71,078,089	28.7%	\$56,646,354	\$14,431,735	25.5%
Estate Tax	\$29,768,114	\$58,803,666	97.5%	\$30,616,759	-47.9%	\$23,420,240	-23.5%	\$30,520,320	30.3%	\$23,821,692	\$6,698,628	28.1%
Property Tax - Unorganized Territory	\$9,372,295	\$9,333,204	-0.4%	\$9,808,431	5.1%	\$10,333,984	5.4%	\$9,930,103	-3.9%	\$10,162,545	(\$232,442)	-2.3%
Income from Investments	\$19,759,308	\$20,312,457	2.8%	\$16,365,950	-19.4%	\$3,829,521	-76.6%	\$2,345,741	-38.7%	\$1,889,000	\$456,741	24.2%
Transfer to Municipal Rev. Sharing	(\$98,997,466)	(\$105,673,142)	6.7%	(\$106,163,291)	0.5%	(\$101,150,084)	-4.7%	(\$103,039,221)	1.9%	(\$102,674,817)	(\$364,404)	0.4%
Transfer from Liquor Commission	\$19,794,778	\$23,226,758	17.3%	\$24,231,271	4.3%	\$25,168,524	3.9%	\$26,073,276	3.6%	\$26,290,223	(\$216,947)	-0.8%
Transfer from Lottery Commission	\$39,600,544	\$38,138,174	-3.7%	\$35,677,299	-6.5%	\$39,317,891	10.2%	\$39,442,111	0.3%	\$39,635,176	(\$193,065)	-0.5%
Other Revenues *	\$131,139,945	\$142,225,349	8.5%	\$147,603,081	3.8%	\$164,081,792	11.2%	\$170,263,271	3.8%	\$167,219,181	\$3,044,090	1.8%
Total - General Fund Revenue	\$2,259,718,302	\$2,395,216,806	6.0%	\$2,390,628,351	-0.2%	\$2,331,660,562	-2.5%	\$2,394,690,190	2.7%	\$2,372,305,554	\$22,384,636	0.9%

Change in Biennial Totals

* See Detail of Revisions on separate page: General Fund Revenue - "Other Revenue" Summary

Updated: 12/2/03

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2003

Source	FY04 Budget	% Chg.	Recom. Chg.	FY04 Revised	% Chg.	FY05 Budget	% Chg.	Recom. Chg.	FY05 Revised	% Chg.
Sales and Use Tax	\$899,259,382	4.9%	\$0	\$899,259,382	4.9%	\$934,416,607	3.9%	\$0	\$934,416,607	3.9%
Individual Income Tax	\$1,132,802,013	5.7%	\$0	\$1,132,802,013	5.7%	\$1,195,104,203	5.5%	\$0	\$1,195,104,203	5.5%
Corporate Income Tax	\$95,277,841	4.5%	\$8,420,000	\$103,697,841	13.7%	\$99,759,101	4.7%	\$4,420,000	\$104,179,101	0.5%
Cigarette and Tobacco Tax	\$104,958,014	6.6%	(\$7,341,074)	\$97,616,940	-0.8%	\$104,139,047	-0.8%	(\$7,219,183)	\$96,919,864	-0.7%
Public Utilities Tax	\$29,500,000	0.7%	(\$600,000)	\$28,900,000	-1.3%	\$28,600,000	-3.1%	(\$550,000)	\$28,050,000	-2.9%
Insurance Companies Tax	\$69,409,975	-2.3%	\$5,333	\$69,415,308	-2.3%	\$65,355,916	-5.8%	(\$8,000)	\$65,347,916	-5.9%
Estate Tax	\$29,213,470	-4.3%	\$2,890,161	\$32,103,631	5.2%	\$28,683,082	-1.8%	\$3,058,827	\$31,741,909	-1.1%
Property Tax - Unorg. Territory	\$10,202,624	2.7%	\$0	\$10,202,624	2.7%	\$10,407,086	2.0%	\$0	\$10,407,086	2.0%
Income from Investments	\$1,652,000	-29.6%	(\$364,115)	\$1,287,885	-45.1%	\$2,418,000	46.4%	(\$1,391,805)	\$1,026,195	-20.3%
Transfer to Municipal Rev. Sharing	(\$108,494,302)	5.3%	(\$429,420)	(\$108,923,722)	5.7%	(\$113,693,278)	4.8%	(\$225,420)	(\$113,918,698)	4.6%
Transfer from Liquor Commission	\$26,356,396	1.1%	\$0	\$26,356,396	1.1%	\$0	#####	\$0	\$0	#####
Transfer from Lottery Commission	\$42,321,885	7.3%	\$0	\$42,321,885	7.3%	\$43,423,093	2.6%	\$0	\$43,423,093	2.6%
Other Revenues	\$271,406,160	59.4%	\$4,082,207	\$275,488,367	61.8%	\$240,651,254	-11.3%	\$2,164,452	\$242,815,706	-11.9%
Total - General Fund Revenue	\$2,603,865,458	8.7%	\$6,663,092	\$2,610,528,550	9.0%	\$2,639,264,111	1.4%	\$248,871	\$2,639,512,982	1.1%
Change in Biennial Totals								\$6,911,963		

* See Detail of Revisions on separate page: General Fund Revenue - "Other Revenue" Summary

Updated: 12/2/03

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2003

Source	FY06 Budget	% Chg.	Recom. Chg.	FY06 Revised	% Chg.	FY07 Budget	% Chg.	Recom. Chg.	FY07 Revised	% Chg.
Sales and Use Tax	\$976,904,193	4.5%	(\$648,000)	\$976,256,193	4.5%	\$1,023,047,061	4.7%	(\$648,000)	\$1,022,399,061	4.7%
Individual Income Tax	\$1,263,783,243	5.7%	(\$3,077,000)	\$1,260,706,243	5.5%	\$1,329,192,731	5.2%	(\$3,077,000)	\$1,326,115,731	5.2%
Corporate Income Tax	\$101,685,952	-2.4%	(\$7,350,000)	\$94,335,952	-9.4%	\$103,785,086	2.1%	(\$11,940,000)	\$91,845,086	-2.6%
Cigarette and Tobacco Tax	\$103,230,241	6.5%	(\$7,104,881)	\$96,125,360	-0.8%	\$102,333,838	-0.9%	(\$6,900,344)	\$95,433,494	-0.7%
Public Utilities Tax	\$27,300,000	-2.7%	(\$540,000)	\$26,760,000	-4.6%	\$26,300,000	-3.7%	(\$425,000)	\$25,875,000	-3.3%
Insurance Companies Tax	\$63,923,969	-2.2%	(\$8,000)	\$63,915,969	-2.2%	\$66,476,733	4.0%	(\$8,000)	\$66,468,733	4.0%
Estate Tax	\$2,382,372	-92.5%	\$252,339	\$2,634,711	-91.7%	\$0	-100.0%	\$0	\$0	-100.0%
Property Tax - Unorganized Territory	\$10,690,713	2.7%	\$0	\$10,690,713	2.7%	\$10,982,067	2.7%	\$0	\$10,982,067	2.7%
Income from Investments	\$2,418,000	135.6%	(\$810,947)	\$1,607,053	56.6%	\$2,418,000	0.0%	(\$666,792)	\$1,751,208	9.0%
Transfer to Municipal Rev. Sharing	(\$121,803,416)	6.9%	\$575,900	(\$121,227,516)	6.4%	(\$127,713,293)	4.9%	\$814,580	(\$126,898,713)	4.7%
Transfer from Liquor Commission	\$0	0.0%	\$0	\$0	0.0%	\$0	0.0%	\$0	\$0	0.0%
Transfer from Lottery Commission	\$43,423,093	0.0%	\$0	\$43,423,093	0.0%	\$43,423,093	0.0%	\$0	\$43,423,093	0.0%
Other Revenues	\$164,792,890	-32.1%	\$3,679,767	\$168,472,657	-30.6%	\$166,855,617	1.3%	\$3,167,308	\$170,022,925	0.9%
Total - General Fund Revenue	\$2,638,731,250	0.0%	(\$15,030,822)	\$2,623,700,428	-0.6%	\$2,747,100,933	4.1%	(\$19,683,248)	\$2,727,417,685	4.0%
Change in Biennial Totals								(\$34,714,070)		

* See Detail of Revisions on separate page: General Fund Revenue - "Other Revenue" Summary

Updated: 12/2/03

REVENUE FORECASTING COMMITTEE
Summary of General Fund "Other Revenue" Changes - December 2003

2004 2005 2006 2007

Other Revenue Variances - Revisions	\$4,082,207	\$2,164,452	\$3,679,767	\$3,167,308	Notes
Detail					
DAFS - STA-CAP Charges	\$1,000,000	\$0	\$0	\$0	One-time adjustment in FY04 based on STA-CAP Variances
DAFS - Real Estate Transfer Tax	\$724,181	\$0	\$0	\$0	One-time adjustment in FY04 based on variances in collections
Agriculture - Harness Racing	(\$113,200)	\$0	\$0	\$0	One-time adjustment in FY04 to adjust for negative variance
Agriculture - Miscellaneous Fees	(\$345,792)	\$0	\$0	\$0	One-time adjustment in FY04 to adjust for negative variance
Attorney General - Fines	\$53,419	\$0	\$0	\$0	One-time adjustment in FY04 based on variances in collections
Behavioral and Developmental Services	\$1,224,559	\$1,131,766	\$624,649	\$93,252	Adjustment for revised cost allocation revenue
Conservation - Park Fees	(\$309,468)	\$0	\$0	\$0	One-time adjustment for FY04 negative variance in park fees
Corrections	\$86,142	\$114,856	\$114,856	\$114,856	Revenue related to rate increase for federal prisoners
Environmental Protection	\$13,500	\$13,500	\$13,500	\$13,500	Revenue item left off the December 2002 Forecast
DHS	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	Adjustment for different account of Food Stamp overpayments
IF&W - Gas Tax Adjustment based on reforec	\$0	\$0	\$2,125	\$550	Adjustment to IF&W Revenue based on Gas Tax Adjustment
Judicial Department - Fine Revenue	\$498,303	\$515,330	\$525,637	\$536,150	Slower growth of fines - offset by revenue shifted from HF
Professional and Financial Reg. - Banking	\$1,269,063	\$300,000	\$300,000	\$300,000	FY04 fine revenue and recognize additional securities revenue growth
Sec. of State - Corporation Fees	\$102,500	\$210,000	\$220,000	\$230,000	Additional license fee growth for foreign corporations
Sec. of State - Archives	(\$21,000)	(\$21,000)	(\$21,000)	(\$21,000)	Decline in fee received from microfilming services
Treasury - Unclaimed Property	\$0	\$0	\$2,000,000	\$2,000,000	Continued revenue from change in unclaimed property law

Updated: 12/2/03

HIGHWAY FUND REVENUE **REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2003**

Source	FY99 Actual	FY00 Actual	% Chg.	FY01 Actual	% Chg.	FY02 Actual	% Chg.	FY03 Actual	% Chg.	FY03 Budget	FY03 Variance	% Variance
Fuel Taxes	\$166,759,976	\$174,691,255	4.8%	\$182,502,097	4.5%	\$184,732,999	1.2%	\$187,901,008	1.7%	\$187,500,000	\$401,008	0.2%
Motor Vehicle Registration & Fees	\$64,296,262	\$74,079,566	15.2%	\$76,317,758	3.0%	\$83,285,014	9.1%	\$83,032,421	-0.3%	\$79,432,966	\$3,599,455	4.5%
Inspection Fees	\$2,138,368	\$2,625,496	22.8%	\$2,491,237	-5.1%	\$3,412,662	37.0%	\$4,169,773	22.2%	\$3,683,907	\$485,866	13.2%
Fines, Forfeits and Penalties	\$1,952,025	\$2,145,602	9.9%	\$2,097,609	-2.2%	\$1,958,350	-6.6%	\$2,531,692	29.3%	\$3,057,180	(\$525,488)	-17.2%
Income from Investments	\$3,031,603	\$3,997,979	31.9%	\$4,241,955	6.1%	\$2,857,209	-32.6%	\$1,338,794	-53.1%	\$1,418,000	(\$79,206)	-5.6%
Other Revenues	\$5,985,729	\$5,379,040	-10.1%	\$5,467,245	1.6%	\$5,737,782	4.9%	\$9,272,396	61.6%	\$9,154,514	\$117,882	1.3%
Total - Highway Fund Revenue	\$244,163,962	\$262,918,937	7.7%	\$273,117,902	3.9%	\$281,984,017	3.2%	\$288,246,084	2.2%	\$284,246,567	\$3,999,517	1.4%
Change in Biennial Totals												

Updated: 12/1/03

HIGHWAY FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2003

Source	FY04 Budget	% Chg.	Recom. Chg.	FY04 Revised	% Chg.	FY05 Budget	% Chg.	Recom. Chg.	FY05 Revised	% Chg.
Fuel Taxes	\$211,786,463	12.7%	(\$1,290,014)	\$210,496,449	12.0%	\$220,565,566	4.1%	(\$2,566,745)	\$217,998,821	3.6%
Motor Vehicle Registration & Fees	\$76,805,062	-7.5%	\$1,600,000	\$78,405,062	-5.6%	\$77,072,714	0.3%	\$1,600,000	\$78,672,714	0.3%
Inspection Fees	\$3,461,771	-17.0%	\$0	\$3,461,771	-17.0%	\$3,470,359	0.2%	\$0	\$3,470,359	0.2%
Fines, Forfeits and Penalties	\$3,118,323	23.2%	(\$995,422)	\$2,122,901	-16.1%	\$3,180,689	2.0%	(\$1,015,330)	\$2,165,359	2.0%
Income from Investments	\$1,128,000	-15.7%	(\$702,783)	\$425,217	-68.2%	\$1,655,000	46.7%	(\$628,805)	\$1,026,195	141.3%
Other Revenues	\$9,091,970	-1.9%	(\$459,053)	\$8,632,917	-6.9%	\$9,086,932	-0.1%	(\$643,000)	\$8,443,932	-2.2%
Total - Highway Fund Revenue	\$305,391,589	5.9%	(\$1,847,272)	\$303,544,317	5.3%	\$315,031,260	3.2%	(\$3,253,880)	\$311,777,380	2.7%
Change in Biennial Totals								(\$5,101,152)		

Other Revenues - Change reflects adjustments to STA-CAP Transfer in FY04 (+\$183,781) and to the Municipal Excise Tax Reimbursement Fund.
Updated: 12/1/03

HIGHWAY FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2003

Source	FY06 Budget	% Chg.	Recom. Chg.	FY06 Revised	% Chg.	FY07 Budget	% Chg.	Recom. Chg.	FY07 Revised	% Chg.
Fuel Taxes	\$228,396,861	4.8%	(\$3,314,061)	\$225,082,800	3.2%	\$237,653,222	4.1%	(\$4,539,326)	\$233,113,896	3.6%
Motor Vehicle Registration & Fees	\$77,828,254	-1.1%	\$1,600,000	\$79,428,254	1.0%	\$78,596,584	1.0%	\$1,600,000	\$80,196,584	1.0%
Inspection Fees	\$3,476,649	0.2%	\$0	\$3,476,649	0.2%	\$3,483,001	0.2%	\$0	\$3,483,001	0.2%
Fines, Forfeits and Penalties	\$3,264,303	50.8%	(\$1,035,637)	\$2,228,666	2.9%	\$3,329,189	2.0%	(\$1,055,950)	\$2,273,239	2.0%
Income from Investments	\$1,655,000	61.3%	(\$628,805)	\$1,026,195	0.0%	\$1,655,000	0.0%	(\$628,805)	\$1,026,195	0.0%
Other Revenues	\$9,121,733	8.0%	(\$643,000)	\$8,478,733	0.4%	\$9,164,261	0.5%	(\$643,000)	\$8,521,261	0.5%
Total - Highway Fund Revenue	\$323,742,800	3.8%	(\$4,021,503)	\$319,721,297	2.5%	\$333,881,257	3.1%	(\$5,267,081)	\$328,614,176	2.8%
Change in Biennial Totals								(\$9,288,584)		

Other Revenues - Change reflects adjustments to STA-CAP Transfer in FY04 (+\$183,781) and to the Municipal Excise Tax Reimbursement Fund Transfer
Updated: 12/1/03

TOBACCO SETTLEMENT REVENUE (FUND FOR A HEALTHY MAINE)

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMER 2003

Source	FY00 Actual	FY01 Actual	% Chg.	FY02 Actual	% Chg.	FY03 Actual *	% Chg.	FY03 Budget	FY03 Variance	% Variance
Initial Payments	\$35,541,456	\$16,839,539	-52.6%	\$16,236,644	-3.6%	\$16,458,172	1.4%	\$16,634,010	(\$175,838)	-1.1%
Base Payments	\$27,422,283	\$30,926,515	12.8%	\$40,055,643	29.5%	\$39,348,861	-1.8%	\$40,251,240	(\$902,379)	-2.2%
Attorney General Reimbursements	\$212,904	\$53,226	-75.0%	\$25,475	-52.1%	\$0	-100.0%	\$0	\$0	0.0%
Income from Investments	\$1,604,300	\$3,605,927	124.8%	\$1,233,998	-65.8%	\$681,756	-44.8%	\$517,115	\$164,641	31.8%
Total - Tobacco Settlement Revenue	\$64,780,943	\$51,425,207	-20.6%	\$57,551,760	11.9%	\$56,488,789	-1.8%	\$57,402,365	(\$913,576)	-1.6%
Change in Biennial Totals										

* FY03 Actual does not include \$514,339 received in July 2003 and \$480,059 received in October 2003 that were related to payments due prior to FY04.

Updated: 12/1/03

TOBACCO SETTLEMENT REVENUE (FUND FOR A HEALTHY MAINE)
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMER 2003

Source	FY04 Budget	% Chg.	Recom. Chg. **	FY04 Revised	% Chg.	FY05 Budget	% Chg.	Recom. Chg.	FY05 Revised	% Chg.
Initial Payments	\$0	-100.0%	\$0	\$0	-100.0%	\$0	0.0%	\$0	\$0	0.0%
Base Payments	\$49,654,499	26.2%	(\$515,649)	\$49,138,850	24.9%	\$50,307,367	1.3%	(\$1,535,240)	\$48,772,127	-0.7%
Attorney General Reimbursements	\$0	0.0%	\$0	\$0	0.0%	\$0	0.0%	\$0	\$0	0.0%
Income from Investments	\$82,601	-87.9%	(\$57,601)	\$25,000	-96.3%	\$134,525	62.9%	(\$109,525)	\$25,000	0.0%
Total - Tobacco Settlement Revenue	\$49,737,100	-12.0%	(\$573,250)	\$49,163,850	-13.0%	\$50,441,892	1.4%	(\$1,644,765)	\$48,797,127	-0.7%
Change in Biennial Totals									(\$2,218,015)	

Updated: 12/1/03

**** FY04 Recommended Change:**

Model Adjustment	(\$1,510,047)
7/3/03 Payment	\$514,339
10/1/03 Payment	\$480,059
Net Adjustment	(\$515,649)

TOBACCO SETTLEMENT REVENUE (FUND FOR A HEALTHY MAINE)

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMER 2003

Source	FY06 Budget	% Chg.	Recom. Chg.	FY06 Revised	% Chg.	FY07 Budget	% Chg.	Recom. Chg.	FY07 Revised	% Chg.
Initial Payments	\$0	0.0%	\$0	\$0	0.0%	\$0	0.0%	\$0	\$0	0.0%
Base Payments	\$51,215,374	1.8%	(\$1,645,684)	\$49,569,690	1.6%	\$52,075,923	1.7%	(\$1,747,640)	\$50,328,283	1.5%
Attorney General Reimbursements	\$0	0.0%	\$0	\$0	0.0%	\$0	0.0%	\$0	\$0	0.0%
Income from Investments	\$134,525	0.0%	(\$109,525)	\$25,000	0.0%	\$134,525	0.0%	(\$109,525)	\$25,000	0.0%
Total - Tobacco Settlement Revenue	\$51,349,899	1.8%	(\$1,755,209)	\$49,594,690	1.6%	\$52,210,448	1.7%	(\$1,857,165)	\$50,353,283	1.5%
Change in Biennial Totals								(\$3,612,374)		

Updated: 12/1/03

V. CONCLUSION

The current outlook for the Maine economy is virtually identical to the February 2003 outlook prepared by the Consensus Economic Forecasting Commission, thus economic conditions have had little affect on the revenue reprojections presented in this report. Overall, the revised General Fund revenue projections are relatively small. Minor upward revisions for FY04 and FY05 and subsequent downward revisions for FY06 and FY07 are primarily due to the Legislature's decision to delay conformity to the Federal tax code with respect to the treatment of bonus depreciation. Changes in auditing/enforcement staff at the Maine Revenue Services over the 4-year period also caused small revisions in total revenue as did a change in the baseline and the outlook for interest rates.

The downward revisions in each of the forecast years for the Highway Fund reflect weaker sales, and thus tax collections, of special fuels, a lower inflation forecast, and lower interest earnings.

The downward revisions of anticipated Tobacco Settlement revenues throughout the forecast period are due, in large part, to lower interest rates and declining national cigarette sales.

APPENDIX A

CONSENSUS ECONOMIC FORECASTING COMMISSION REPORT

**Report of the
MAINE CONSENSUS ECONOMIC FORECASTING COMMISSION
October 28, 2003**

Commissioners Present:

Charlie Colgan, Muskie School, USM, Chair
Michael Donihue, Colby College
John Davulis, CMP
Alan Day, Banknorth Investment Management Group
John Dorrer, National Center on Education and the Economy

Others present:

Michael Allen, MRS
Dana Evans, DOL
Galen Rose, SPO
Jerome Gerard, MRS
Gerry Stanhope, MRS
Laurie Lachance, SPO
Paul Dube, BOB
Grant Pennoyer, OFPR

The Commission met on October 3, 2003 to discuss whether their February 2003 forecast should be revised before the Revenue Forecasting Committee met in November. The committee left the February 2003 forecast largely unchanged. A small upward revision in the personal income growth rate from 3.2% to 3.5% for 2003 was made, but the growth is forecast to primarily affect transfer payments and thus minimally affect revenues. The table on the following page shows the Commission's expected growth rates for employment, personal income and its components, and inflation.

Maine Consensus Economic Forecasting Commission
Forecast of October 2003
 (corrected 10/16/03)

	History								Forecast						
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
	Rate or Annual Growth Rate														
CPI-u	-	2.8%	3.0%	2.3%	1.5%	2.2%	3.4%	2.8%	1.6%	2.0%	2.0%	2.0%	2.5%	2.5%	
Me. Unemployment Rate	7.4	5.7	5.1	5.4	4.4	4.1	3.4	3.9	4.4	4.6	4.7	4.3	4.0	3.9	
3-Month Treasury Bill Rate	4.2%	5.5%	5.0%	5.1%	4.9%	4.8%	6.0%	3.5%	1.6%	1.1%	2.0%	3.9%	5.0%	5.0%	
10-Year Treasury Note Rate	7.1%	6.6%	6.4%	6.4%	5.3%	5.6%	6.0%	5.0%	4.6%	3.9%	4.4%	4.8%	5.8%	5.9%	
Maine Agricultural Empl.(1,000's)	14.5	14.4	14.3	13.8	16.1	13.4	16.1	13.1	14.0	17.0	14.0	14.0	14.0	14.0	
	Employment Levels (1,000's)														
Maine Wage & Salary Employmen	531.6	538.2	542.5	553.7	569.2	586.3	603.5	609.4	607.3	607.4	612.4	618.8	625.2	631.7	
Mining	0.1	0.1	0.1	0.1	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	25.1	28.0	29.4	29.7	29.1	28.8	29.0	29.2	29.4	29.6	
Manufacturing	91.4	91.1	88.3	87.8	87.1	86.2	85.2	81.2	74.3	69.3	66.3	64.3	62.5	60.7	
Transp/Commun./Publ. Utilis.	22.6	22.3	22.6	23.1	23.6	24.1	24.5	24.7	24.6	24.6	25.0	25.5	26.0	26.5	
Wholesale Trade	23.9	25.1	25.8	26.0	26.5	27.0	27.1	26.9	26.8	26.8	27.0	27.2	27.4	27.6	
Retail Trade	110.4	111.9	111.4	113.4	115.8	119.0	122.8	124.4	124.9	125.9	127.3	128.8	130.2	131.6	
FIRE	26.3	26.0	27.0	28.4	29.7	31.4	32.4	33.6	33.5	33.6	33.9	34.3	34.7	35.1	
Services	141.6	146.8	151.1	158.7	166.8	173.9	182.5	187.0	191.3	196.3	201.6	206.9	212.0	217.2	
Government	94.1	93.2	92.8	93.0	94.6	96.7	99.6	101.8	102.7	102.0	102.2	102.5	102.9	103.3	
	Annual Growth Rates														
Maine Wage & Salary Employmen	-	1.2%	0.8%	2.1%	2.8%	3.0%	2.9%	1.0%	-0.3%	0.0%	0.8%	1.0%	1.0%	1.0%	
Mining	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Construction	-	3.0%	7.0%	0.5%	7.5%	11.6%	5.1%	1.0%	-2.0%	-1.0%	0.7%	0.7%	0.7%	0.7%	
Manufacturing	-	-0.4%	-3.0%	-0.6%	-0.8%	-1.1%	-1.2%	-4.6%	-8.5%	-8.7%	-4.3%	-3.0%	-2.8%	-2.9%	
Transp/Commun./Publ. Utilis.	-	-1.4%	1.5%	2.2%	1.9%	2.2%	1.6%	0.8%	-0.4%	0.0%	1.6%	2.0%	2.0%	1.9%	
Wholesale Trade	-	4.8%	2.9%	0.6%	1.8%	2.2%	0.2%	-0.7%	-0.4%	0.0%	0.7%	0.7%	0.7%	0.7%	
Retail Trade	-	1.4%	-0.4%	1.8%	2.2%	2.7%	3.2%	1.3%	0.4%	0.8%	1.1%	1.2%	1.1%	1.1%	
FIRE	-	-1.1%	3.8%	5.2%	4.4%	5.6%	3.3%	3.7%	-0.3%	0.3%	0.9%	1.2%	1.2%	1.2%	
Services	-	3.7%	3.0%	5.0%	5.1%	4.2%	5.0%	2.5%	2.3%	2.6%	2.7%	2.6%	2.5%	2.5%	
Government	-	-1.0%	-0.4%	0.2%	1.8%	2.2%	3.0%	2.2%	0.9%	-0.7%	0.2%	0.3%	0.4%	0.4%	
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
	Million \$ - at Seas. Adjusted Annual Rates														
Personal income	24173.8	25046.3	26434.0	27772.8	29468.5	30679.8	32866.5	34491.5	35990.8	37250.4	38740.4	40483.8	42305.5	44209.3	
Wage and salary disbursements	12408.5	12923.3	13456.5	14315.8	15242.5	16251.0	17217.0	17975.0	18501.0	19056.0	19742.0	20630.4	21662.0	22745.1	
Other labor income	2121.8	2064.8	2104.0	2033.5	2058.5	2143.0	2254.0	2393.3	2623.3	2715.1	2850.8	2993.4	3143.0	3300.2	
Non-farm Proprietors' income	1885.5	1791.8	1959.0	2052.0	2223.3	2374.0	2492.5	2575.3	2682.5	2763.0	2881.8	3011.5	3147.0	3288.6	
plus: Dividends, interest, and rent	4346.8	4691.0	5037.0	5362.0	5824.8	5704.3	6445.3	6723.8	6812.5	6948.8	7254.5	7580.9	7922.1	8278.6	
plus: Transfer payments	4190.5	4401.8	4686.8	4903.3	5010.0	5136.3	5416.3	5875.0	6387.0	6836.8	7139.2	7457.4	7886.4	7920.5	
less: Personal contrib. for social ir	999.8	1050.8	1084.8	1145.0	1210.5	1288.8	1339.8	1420.0	1500.5	1575.5	1654.3	1737.0	1823.9	1915.1	
plus: Adjustment for residence	140.0	183.3	208.3	240.3	274.5	291.3	332.5	345.0	482.0	501.3	521.3	542.2	563.9	586.4	
Farm Income	145.5	113.8	145.0	92.0	125.0	142.5	130.3	112.0	98.0	101.9	106.0	110.2	114.6	119.2	
	Annual Growth Rates														
Personal income	-	3.6%	5.5%	5.1%	6.1%	4.1%	7.1%	4.9%	4.3%	3.5%	4.0%	4.5%	4.5%	4.5%	
Wage and salary disbursements	-	4.1%	4.1%	6.4%	6.5%	6.6%	5.9%	4.4%	2.9%	3.0%	3.6%	4.5%	5.0%	5.0%	
Other labor income	-	-2.7%	1.9%	-3.4%	1.2%	4.1%	5.2%	6.2%	9.6%	3.5%	5.0%	5.0%	5.0%	5.0%	
Non-farm Proprietors' income	-	-5.0%	9.3%	4.7%	8.3%	6.8%	5.0%	3.3%	4.2%	3.0%	4.3%	4.5%	4.5%	4.5%	
plus: Dividends, interest, and rent	-	7.9%	7.4%	6.5%	8.6%	-2.1%	13.0%	4.3%	1.3%	2.0%	4.4%	4.5%	4.5%	4.5%	
plus: Transfer payments	-	5.0%	6.5%	4.6%	2.2%	2.5%	5.5%	8.5%	8.7%	7.0%	4.4%	4.5%	3.1%	3.0%	
less: Personal contrib. for social ir	-	5.1%	3.2%	5.6%	5.7%	6.5%	4.0%	6.0%	5.7%	5.0%	5.0%	5.0%	5.0%	5.0%	
plus: Adjustment for residence	-	30.9%	13.6%	15.4%	14.3%	6.1%	14.2%	3.8%	39.7%	4.0%	4.0%	4.0%	4.0%	4.0%	
Farm Income	-	-21.8%	27.5%	-36.6%	35.9%	14.0%	-8.6%	-14.0%	-12.5%	4.0%	4.0%	4.0%	4.0%	4.0%	

F:\CEFC\CEFC10_2003.XLS

Unemployment Rate is from SPO Fall 2003 Forecast

3 month T-bill and 10yr Treas. Note rates are from Economy.com - August, 2003

In leaving the economic forecast essentially unchanged, the Committee considered the following:

1. Data from the State Planning Office showed that the Maine economy was essentially flat in 2003 and would likely continue that way until the national economy picked up. Housing permits, construction contract awards, residential construction awards, non-farm wage and salary employment, taxable retail sales, and even bankruptcies showed little change over the same periods in 2002.
2. Information from the Maine Department of Labor showed similar trends. Non-farm wage and salary employment was down 1,300 jobs (0.3%) between August of 2002 and the same month of 2003. Most of the job losses were in manufacturing, but these were largely offset by gains in educational and health services. Initial claims for unemployment insurance were declining slightly, suggesting that the rate of job losses was slowing. Dana Evans of the Department suggested that total resident employment would likely be up slightly for the year due to a slightly increased labor participation rate, and that the annual average unemployment rate would probably be around 5%, up somewhat from the 4% of 2002.
3. General Fund revenues for the first two months of the fiscal year were very slightly above budget (\$852,000 or 0.3%). The largest variance from budget was the Corporate Income Tax line, which often shows large variance in July and August. The other major tax lines, Individual Income and the Sales Tax, were on budget through August, and preliminary September data suggested a strong month.
4. Data from the national and Maine economic forecasts reviewed by the Commission is consistent with the earlier forecasts. Global Insights has shown a very strong recovery beginning next year, but this was considered an optimistic forecast. However, Global Insight does not expect Maine will experience a strong recovery. In fact, its forecast for Maine is weaker than a year ago. Both the Colby College and New England Economic Project forecasts for Maine were also largely consistent with the February outlook and did not support significant revisions at this time.
5. Commissioners noted a number of trends which suggested the Maine economy still confronted difficulties. These included:
 - a. Continued loss of manufacturing jobs, particularly in northern and eastern Maine.
 - b. The effects of the looming federal deficit in the out years as the short term direct fiscal stimulus wanes over the next year. Federal debt is being added to high levels of corporate and personal debt.
 - c. National help-wanted advertising has been at its lowest level in 40 years.
 - d. Temporary help services have seen little or no growth.

- e. Unemployment has been drifting upward, and the unemployment rates among college graduates are on par with those of high school graduates. Also, unemployment rates of 20 to 24 year-olds is around 10%, and the rate among those in their fifties is uncharacteristically rising.
 - f. There is evidence that consumption growth is being fueled in part by households pulling equity out of their homes through refinancing, meaning growth is being financed by tapping savings and borrowing against the house as opposed to wage gains.
6. Several positive trends should portend growth in the national economy as measured by the GDP, though growth in the job market remains uncertain. These trends include:
- a. Stock market prices have rebounded somewhat this year and that's putting some wealth back into the New England economy. The Federal Reserve Bank's most recent flow of funds report also had some good news in that it showed household net worth rebounding somewhat.
 - b. No change in the accommodative stance of the Federal Reserve Board is expected in the near future.
 - c. In September, the national job count increased for the first time in 8 months, although the increase was very small.

APPENDIX B

**BACK-UP MATERIALS FOR
REVENUE FORECASTING COMMITTEE MEETING
NOVEMBER 14, 2003**



REVENUE FORECASTING COMMITTEE

November 14, 2003

**Maine Revenue Services
Economic Research Division**

REVENUE FORECASTING COMMITTEE

Appropriations Room

November 14, 2003

10:00-2:00

Agenda

1. Welcome and Introductions
2. Purpose of Meeting
3. Agency Revenue Updates
 - Secretary of State (Motor Vehicle)
 - Treasury (Fund for a Healthy Maine)
 - Other Revenues
3. Revised Consensus Economic Forecast Commission Outlook
4. Update of Current Revenue Performance
5. Review of Major Tax Lines for FY04-07
6. Set Schedule for Forecast Completion
7. Other Issues
8. Adjourn

METRO

FRIDAY, OCTOBER 17, 2003

Virginia Edition

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A Hazy Winter Forecast

By JOHN F. KELLY,
Washington Post Staff Writer

After drought,
deluge and disaster,
only time—not the
forecasters—will
tell what the
weather will do.

Despite the fact that the upcoming winter is
not like last year's colder and snowier
than normal in the Northeast. Then again,
it could be the exact opposite.
Forecasters are split on whether it's some-
where in between, with normal temperatures and
normal precipitation.

Well, don't be lulled by that either.
That was the message yesterday from the Na-
tional Oceanic and Atmospheric Administration,
whose National Weather Service forecasters re-
leased their 2003-04 winter outlook. A dominant
theme of the 12-paragraph statement could be
summed up in a single phrase: Who knows?

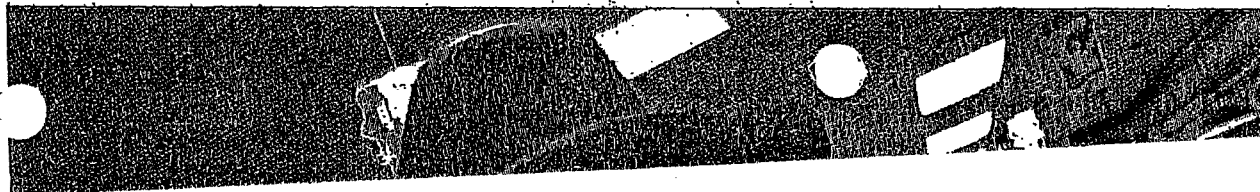
Forecasters made predictions for some areas—
above-normal temperatures in the Southwest and
southern plains, for example—but said the picture
was too cloudy to say much about winter in the
Washington region and much of the rest of the na-
tion. Specifically, the Weather Service anticipates a
33 percent chance of above-normal temperatures
and precipitation for vast stretches of the continent
from December through February, a 33 percent
chance that conditions will be below normal, and a
33 percent chance they'll be about normal.

"Our forecast tools imply large uncertainty in the
northern and eastern parts of the United States,"
said Ed O'Lenic, senior meteorologist and lead
forecaster at NOAA's Climate Prediction Center.

See WINTER, B7, Col. 1

BY TYLER MALLORY FOR THE WASHINGTON POST

Va. Condo To Borrow



**Revenue Forecasting Committee Recommended Revenue Projections for
FY2004 - FY2007**

Source	FY01 Actual	FY02 Actual	% Chg.	FY03 Actual	% Chg.	FY04 Budget	% Chg.	Recom. Chg.	FY04 Reproject	% Chg.	FY05 Budget	% Chg.	Recom. Chg.	FY05 Reproject	% Chg.
Sales and Use Tax	\$817,781,460	\$836,134,084	2.2%	\$857,486,801	2.6%	\$899,259,382	4.9%	\$0	\$899,259,382	0.0%	\$934,416,607	3.9%	\$0	\$934,416,607	0.0%
Individual Income Tax	\$1,167,748,898	\$1,069,834,791	-8.4%	\$1,071,701,694	0.2%	\$1,132,802,013	5.7%	\$0	\$1,132,802,013	0.0%	\$1,195,104,203	5.5%	\$0	\$1,195,104,203	0.0%
Corporate Income Tax	\$96,102,796	\$77,366,103	-19.5%	\$91,188,393	17.9%	\$95,277,841	4.5%	\$8,420,000	\$103,697,841	8.8%	\$99,759,101	4.7%	\$4,420,000	\$104,179,101	4.4%
Cigarette and Tobacco Tax	\$77,501,831	\$97,599,599	25.9%	\$98,414,470	0.8%	\$104,958,014	6.6%	(\$7,341,074)	\$97,616,940	-7.0%	\$104,139,047	-0.8%	(\$7,219,183)	\$96,919,864	-6.9%
Public Utilities Tax	\$29,777,365	\$30,479,783	2.4%	\$29,285,143	-3.9%	\$29,500,000	0.7%	(\$500,000)	\$29,000,000	-1.7%	\$28,600,000	-3.1%	(\$450,000)	\$28,150,000	-1.6%
Insurance Companies Tax	\$43,576,502	\$55,244,333	26.8%	\$71,078,089	28.7%	\$69,409,975	-2.3%	\$0	\$69,409,975	0.0%	\$65,355,916	-5.8%	\$0	\$65,355,916	0.0%
Estate Tax	\$30,616,759	\$23,420,240	-23.5%	\$30,520,320	30.3%	\$29,213,470	-4.3%	\$2,890,161	\$32,103,631	9.9%	\$28,683,082	-1.8%	\$3,058,827	\$31,741,909	10.7%
Property Tax - Unorg. Territory	\$9,808,431	\$10,333,964	5.4%	\$9,930,103	-3.9%	\$10,202,624	2.7%	\$0	\$10,202,624	0.0%	\$10,407,086	2.0%	\$0	\$10,407,086	0.0%
Income from Investments	\$16,365,950	\$3,829,583	-76.6%	\$2,345,855	-38.7%	\$1,652,000	-29.6%	\$0	\$1,652,000	0.0%	\$2,418,000	46.4%	\$0	\$2,418,000	0.0%
Transfer to Municipal Rev. Sharing	(\$106,163,291)	(\$101,150,084)	-4.7%	(\$103,039,221)	1.9%	(\$108,494,302)	5.3%	(\$429,420)	(\$108,923,722)	0.4%	(\$113,693,278)	4.8%	(\$225,420)	(\$113,918,698)	0.2%
Transfer from Liquor Commission	\$24,231,271	\$25,168,524	3.9%	\$26,073,276	3.6%	\$26,356,396	1.1%	\$0	\$26,356,396	0.0%	\$0	-100.0%	\$0	\$0	0.0%
Transfer from Lottery Commission	\$35,677,299	\$39,317,891	10.2%	\$39,442,111	0.3%	\$42,321,885	7.3%	\$0	\$42,321,885	0.0%	\$43,423,093	2.6%	\$0	\$43,423,093	0.0%
Other Revenues	\$147,603,081	\$164,081,732	11.2%	\$170,263,157	3.8%	\$271,406,160	59.4%	\$0	\$271,406,160	0.0%	\$240,651,254	-11.3%	\$0	\$240,651,254	0.0%
Total Revenue Available	\$2,390,628,351	\$2,331,660,563	-2.5%	\$2,394,690,190	2.7%	\$2,603,865,458	8.7%	\$3,039,667	\$2,606,905,125	0.1%	\$2,639,264,111	1.4%	(\$415,776)	\$2,638,848,335	0.0%
Change in Biennium														\$2,623,891	

Revenue Forecasting Committee Recommended Revenue Projections for FY2003-FY2007

[illegible]

STATE OF MAINE
Undedicated Revenues - General Fund
For the Twelfth Month Ended June 30, 2003

Jun-03

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2003
	Actual	Budget	Variance Over/(under)	Percent Over/(under)	Actual	Budget	Variance Over/(under)	Percent Over/(under)	
Sales and Use Tax	158,099,007	159,256,982	(1,157,975)	(0.7%)	857,486,801	861,578,278	(4,091,477)	(0.5%)	861,578,278
Individual Income Tax	155,964,413	142,266,941	13,697,472	9.6%	1,071,701,694	1,063,483,417	8,218,277	0.8%	1,063,483,417
Corporate Income Tax	19,992,664	17,600,002	2,392,662	13.6%	91,188,393	88,170,000	3,018,393	3.4%	88,170,000
Cigarette and Tobacco Tax	7,124,656	9,750,270	(2,625,614)	(26.9%)	98,414,470	105,684,505	(7,270,035)	(6.9%)	105,684,505
Public Utilities Tax	125,492	-	125,492	-	29,285,143	30,400,000	(1,114,857)	(3.7%)	30,400,000
Insurance Companies Tax	19,886,523	14,058,508	5,828,015	41.5%	71,078,089	56,646,354	14,431,735	25.5%	56,646,354
Estate Tax	6,528,861	5,899,843	629,018	10.7%	30,520,320	23,821,692	6,698,628	28.1%	23,821,692
Property Tax - Unorg Territory	629,518	1,318,801	(689,283)	(52.3%)	9,930,103	10,162,545	(232,442)	(2.3%)	10,162,545
Income from Investments	321,610	210,914	110,696	52.5%	2,345,855	1,889,000	456,855	24.2%	1,889,000
Transfer to Municipal Revenue Sharing	(17,036,860)	(16,275,321)	(761,539)	(4.7%)	(103,039,221)	(102,674,817)	(364,404)	(0.4%)	(102,674,817)
Transfer from Liquor Commission	2,306,031	2,248,858	57,173	2.5%	26,073,276	26,290,223	(216,947)	(0.8%)	26,290,223
Transfer from Lottery Commission	3,413,987	3,549,962	(135,975)	(3.8%)	39,442,111	39,635,176	(193,065)	(0.5%)	39,635,176
Other Revenues	26,654,332	28,184,946	(1,530,614)	(5.4%)	170,263,157	167,219,181	3,043,976	1.8%	167,219,181
Total General Fund Revenues	384,010,232	368,070,706	15,939,526	4.3%	2,394,690,190	2,372,305,554	22,384,636	0.9%	2,372,305,554

NOTES: (1) Included in the above is \$17,036,860 for the month and \$103,039,221 year to date, that was set aside for Revenue Sharing with cities and towns.

(2) Figures reflect estimates of the Maine State Revenue Forecasting Committee approved in June 2003.

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

STATE OF MAINE
Undedicated Revenues - General Fund
For the Fourth Month Ended October 31, 2003
Comparison to Budget

PRELIMINARY AND TENTATIVE
FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

EXHIBIT

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2004
	Actual	Budget	Variance Over/(under)	Percent Over/(under)	Actual	Budget	Variance Over/(under)	Percent Over/(under)	
Sales and Use Tax	83,820,881	82,485,566	1,335,315	1.6%	262,479,453	256,730,636	5,748,817	2.2%	899,259,382
Individual Income Tax	92,060,779	96,777,867	(4,717,088)	(4.9%)	313,481,485	304,979,231	8,502,254	2.8%	1,132,802,013
Corporate Income Tax	6,521,532	3,218,491	3,303,041	102.6%	27,301,436	25,113,459	2,187,977	8.7%	95,277,841
Cigarette and Tobacco Tax	7,613,525	11,424,553	(3,811,028)	(33.4%)	34,941,346	36,825,519	(1,884,173)	(5.1%)	104,958,014
Public Utilities Tax	-	-	-	-	(293,688)	(150,000)	(143,688)	(95.8%)	29,500,000
Insurance Companies Tax	6,349,632	4,214,441	2,135,191	50.7%	8,390,042	7,449,826	940,216	12.6%	69,409,975
Estate Tax	3,498,333	2,476,987	1,021,346	41.2%	4,502,779	4,443,602	59,177	1.3%	29,213,470
Property Tax - Unorg Territory	8,937,092	8,937,093	(1)	(0.0%)	8,937,092	8,937,093	(1)	(0.0%)	10,202,624
Income from Investments	169,321	120,579	48,742	40.4%	699,675	283,424	416,251	146.9%	1,652,000
Transfer to Municipal Revenue Sharing	(9,302,563)	(9,306,578)	4,015	0.0%	(30,766,381)	(29,927,990)	(838,391)	(2.8%)	(108,494,302)
Transfer from Liquor Commission	2,247,217	2,059,024	188,193	9.1%	10,181,350	9,303,266	878,084	9.4%	26,356,396
Transfer from Lottery Commission	3,260,661	4,287,235	(1,026,574)	(23.9%)	13,646,557	14,344,382	(697,825)	(4.9%)	42,321,885
Other Revenues	11,588,849	12,594,932	(1,006,083)	(8.0%)	59,770,476	56,315,709	3,454,767	6.1%	271,406,160
Total Collected	216,765,260	219,290,190	(2,524,930)	(1.2%)	713,271,622	694,648,157	18,623,465	2.7%	2,603,865,458

NOTES: (1) Included in the above is \$9,302,563 for the month and \$30,766,381 year to date, that was set aside for Revenue Sharing with cities and towns.

(2) Figures reflect estimates of the Maine State Revenue Forecasting Committee approved in August 2002.

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

STATE OF MAINE

Undedicated Revenues - General Fund
For the Fourth Month Ended October 31, 2003 and 2002
Comparison to Prior Year

PRELIMINARY AND TENTATIVE

EXHIBIT II

FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

	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	83,820,881	79,478,504	4,342,377	5.5%	262,479,453	247,178,149	15,301,304	6.2%
Individual Income Tax	92,060,779	94,322,529	(2,261,750)	(2.4%)	313,481,485	306,888,094	6,593,391	2.1%
Corporate Income Tax	6,521,532	2,663,808	3,857,724	144.8%	27,301,436	23,236,451	4,064,985	17.5%
Cigarette and Tobacco Tax	7,613,525	10,304,539	(2,691,014)	(26.1%)	34,941,346	35,918,323	(976,977)	(2.7%)
Public Utilities Tax	-	1,124,527	(1,124,527)	(100.0%)	(293,688)	(142,551)	(151,137)	(106.0%)
Insurance Companies Tax	6,349,632	4,525,054	1,824,578	40.3%	8,390,042	7,125,934	1,264,108	17.7%
Estate Tax	3,498,333	1,095,498	2,402,835	219.3%	4,502,779	3,567,544	935,235	26.2%
Property Tax - Unorg Territory	8,937,092	9,300,585	(363,493)	(3.9%)	8,937,092	9,300,585	(363,493)	(3.9%)
Income from Investments	169,321	386,070	(216,749)	(56.1%)	699,675	746,331	(46,656)	(6.3%)
Transfer to Municipal Revenue Sharing	(9,302,563)	(8,999,707)	(302,856)	(3.4%)	(30,766,381)	(29,442,438)	(1,323,943)	(4.5%)
Transfer from Liquor Commission	2,247,217	2,253,353	(6,136)	(0.3%)	10,181,350	9,429,829	751,521	8.0%
Transfer from Lottery Commission	3,260,661	3,622,533	(361,872)	(10.0%)	13,646,557	13,000,646	645,911	5.0%
Other Revenues	11,588,849	11,603,167	(14,318)	(0.1%)	59,770,476	44,275,802	15,494,674	35.0%
Total Collected	216,765,260	211,680,460	5,084,800	2.4%	713,271,622	671,082,699	42,188,923	6.3%

STATE OF MAINE
Undedicated Revenues - General Fund
For the Fourth Month Ended October 31, 2003
Comparison to Budget

PRELIMINARY AND TENTATIVE
FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

EXHIBIT III.

Detail of Other Revenues	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2004
	Actual	Budget	Variance Over/(under)	Percent Over/(under)	Actual	Budget	Variance Over/(under)	Percent Over/(under)	
0100's All Others	2,704,509	1,631,984	1,072,525	65.7%	8,986,110	7,018,317	1,967,793	28.0%	23,034,083
0300's Aeronautical Gas Tax	113,360	98,719	14,641	14.8%	545,090	454,052	91,038	20.1%	1,177,783
0400's Alcohol Excise Tax	1,002,847	953,500	49,347	5.2%	4,857,426	4,676,400	181,026	3.9%	11,885,300
0700's Corporation Taxes	78,350	67,690	10,660	15.7%	369,808	340,667	29,141	8.6%	3,130,200
1000's Banking Taxes	872,670	690,629	182,041	26.4%	3,090,920	2,650,000	440,920	16.6%	8,248,000
1100's Alcoholic Beverages	321,826	239,500	82,326	34.4%	971,846	902,150	69,696	7.7%	3,032,250
1200's Amusements Tax	500	4,000	(3,500)	(87.5%)	500	4,000	(3,500)	(87.5%)	4,000
1300's Harness Racing Parimutuels	78,122	110,000	(31,878)	(29.0%)	360,968	480,000	(119,032)	(24.8%)	1,128,200
1400's Business Taxes	185,555	223,637	(38,082)	(17.0%)	1,139,655	1,201,195	(61,540)	(5.1%)	5,533,523
1500's Motor Vehicle Licenses	364,704	352,039	12,665	3.6%	1,519,700	1,621,433	(101,733)	(6.3%)	4,350,423
1700's Inland Fisheries & Wildlife	1,142,178	1,279,421	(137,243)	(10.7%)	6,925,760	5,188,727	1,737,033	33.5%	15,906,409
1900's Hospital Excise & Other	36,298	30,097	6,201	20.6%	182,709	145,842	36,867	25.3%	546,915
2000's Fines, Forfeits & Penalties	2,843,805	3,880,209	(1,036,404)	(26.7%)	14,877,235	14,033,883	843,352	6.0%	34,717,779
2200's Federal Revenues	247,502	1,822,228	(1,574,726)	(86.4%)	3,950,575	7,250,959	(3,300,384)	(45.5%)	21,839,279
2300's County Revenues	-	-	-	-	-	-	-	-	-
2400's Revenues from Cities & Towns	-	-	-	-	-	-	-	-	5,082,618
2500's Revenues from Private Sources	127,854	200,300	(72,446)	(36.2%)	568,086	669,600	(101,514)	(15.2%)	2,372,000
2600's Current Service Charges	1,929,148	1,952,747	(23,599)	(1.2%)	11,183,643	10,254,310	929,333	9.1%	104,298,176
2700's Transfers from Other Funds	(470,209)	(943,668)	473,459	50.2%	228,285	(628,726)	857,011	136.3%	25,058,322
2800's Sales of Property & Equipment	9,829	1,900	7,929	417.3%	12,161	52,900	(40,739)	(77.0%)	60,900
Total Other Revenues	11,588,849	12,594,932	(1,006,083)	(8.0%)	59,770,476	56,315,709	3,454,767	6.1%	271,406,160

STATE OF MAINE

Undedicated Revenues - General Fund
For the Fourth Month Ended October 31, 2003 and 2002
Comparison to Prior Year

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	2,704,509	874,206	1,830,303	209.4%	8,986,110	3,322,105	5,664,005	170.5%
0300's Aeronautical Gas Tax	113,360	85,742	27,618	32.2%	545,090	312,748	232,342	74.3%
0400's Alcohol Excise Tax	1,002,847	991,094	11,753	1.2%	4,857,426	4,736,923	120,503	2.5%
0700's Corporation Taxes	78,350	57,715	20,635	35.8%	369,808	438,815	(69,007)	(15.7%)
1000's Banking Taxes	872,670	818,950	53,720	6.6%	3,090,920	2,904,170	186,750	6.4%
1100's Alcoholic Beverages	321,826	193,685	128,141	66.2%	971,846	1,021,013	(49,167)	(4.8%)
1200's Amusements Tax	500	2,620	(2,120)	(80.9%)	500	2,620	(2,120)	(80.9%)
1300's Harness Racing Pari-mutuels	78,122	107,375	(29,253)	(27.2%)	360,968	422,783	(61,815)	(14.6%)
1400's Business Taxes	185,555	129,173	56,382	43.6%	1,139,655	855,307	284,348	33.2%
1500's Motor Vehicle Licenses	364,704	171,942	192,762	112.1%	1,519,700	509,405	1,010,295	198.3%
1700's Inland Fisheries & Wildlife	1,142,178	143,187	998,991	697.7%	6,925,760	2,578,943	4,346,817	168.6%
1900's Amnesty, Hosp Excise & Other	36,298	42,256	(5,958)	(14.1%)	182,709	155,639	27,070	17.4%
2000's Fines, Forfeits & Penalties	2,843,805	1,905,531	938,274	49.2%	14,877,235	8,233,950	6,643,285	80.7%
2200's Federal Revenues	247,502	1,722,194	(1,474,692)	(85.6%)	3,950,575	5,354,349	(1,403,774)	(26.2%)
2300's County Revenues	-	-	-	-	-	810	(810)	(100.0%)
2400's Revenues from Cities & Towns	-	-	-	-	-	(32)	32	100.0%
2500's Revenues from Private Sources	127,854	135,723	(7,869)	(5.8%)	568,086	588,622	(20,536)	(3.5%)
2600's Current Service Charges	1,929,148	2,846,070	(916,922)	(32.2%)	11,183,643	8,120,003	3,063,640	37.7%
2700's Transfers from Other Funds	(470,209)	1,372,410	(1,842,619)	(134.3%)	228,285	4,701,718	(4,473,433)	(95.1%)
2800's Sales of Property & Equipment	9,829	3,294	6,535	198.4%	12,161	15,910	(3,749)	(23.6%)
Total Other Revenues	11,588,849	11,603,167	(14,318)	(0.1%)	59,770,476	44,275,801	15,494,675	35.0%

STATE OF MAINE

Undedicated Revenues - Highway Fund
For the Fourth Month Ended October 31, 2003
Comparison to Budget

PRELIMINARY AND TENTATIVE

FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

Exhibit V

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2004
	Actual	Budget	Variance Over/(under)	Percent Over/(under)	Actual	Budget	Variance Over/(under)	Percent Over/(under)	
Fuel Taxes	18,530,531	19,073,387	(542,856)	(2.8%)	57,323,019	55,267,178	2,055,841	3.7%	211,786,463
Motor Vehicle Registration & Fees	5,967,463	5,107,530	859,933	16.8%	25,621,199	23,317,128	2,304,071	9.9%	76,805,062
Inspection Fees	362,818	251,447	111,371	44.3%	1,658,464	1,389,977	268,487	19.3%	3,461,771
All Other	907,068	966,775	(59,707)	(6.2%)	3,210,759	3,695,465	(484,706)	(13.1%)	13,338,293
Total Revenue	25,767,880	25,399,139	368,741	1.5%	87,813,442	83,669,748	4,143,694	5.0%	305,391,589

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

Economic Assumptions

**Report of the
MAINE CONSENSUS ECONOMIC FORECASTING COMMISSION
October 28, 2003**

Commissioners Present:

Charlie Colgan, Muskie School, USM, Chair
Michael Donihue, Colby College
John Davulis, CMP
Alan Day, Bank North Investment Management Group
John Dorrer, Training and Development Corporation

Others present:

Michael Allen, MRS
Dana Evans, DOL
Galen Rose, SPO
Jerome Gerard, MRS
Gerry Stanhope, MRS
Laurie Lachance, SPO
Paul Dube, BOB
Grant Pennoyer, OFPR

The Commission met on October 3, 2003 to discuss whether their February 2003 forecast should be revised before the Revenue Forecasting Committee met in November. The committee left the February 2003 forecast largely unchanged. A small upward revision in the personal income growth rate from 3.2% to 3.5% for 2003 was made, but the growth is forecast to primarily affect transfer payments and thus minimally affect revenues. The table on the following page shows the Commission's expected growth rates for employment, personal income and its components, and inflation.

Maine Consensus Economic Forecasting Commission
Forecast of October 2003
(corrected 10/16/03)

	1994	1995	1996	1997	1998	1999	2000	2001	History 2002	Forecast 2003	2004	2005	2006	2007
	Rate or Annual Growth Rate													
Me. Unemployment Rate	7.4	5.7	5.1	5.4	4.4	4.1	3.4	2.8%	1.6%	2.0%	2.0%	2.0%	2.5%	2.5%
3-Month Treasury Bill Rate	4.2%	5.5%	5.0%	5.1%	4.9%	4.8%	6.0%	3.5%	1.6%	1.1%	2.0%	3.3%	5.0%	5.0%
10-Year Treasury Note Rate	7.1%	6.6%	6.4%	6.4%	5.3%	5.6%	6.0%	5.0%	4.6%	3.9%	4.4%	4.8%	5.8%	5.9%
Maine Agricultural Empl.(1,000's)	14.5	14.4	14.3	13.8	16.1	13.4	16.1	13.1	14.0	17.0	14.0	14.0	14.0	14.0
	Employment Levels (1,000's)													
Maine Wage & Salary Employmen	531.6	538.2	542.5	553.7	569.2	586.3	603.5	609.4	607.3	607.4	612.4	618.8	625.2	631.7
Mining	0.1	0.1	0.1	0.1	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	25.1	28.0	29.4	29.7	29.1	28.8	29.0	29.2	29.4	29.6
Manufacturing	91.4	91.1	88.3	87.8	87.1	86.2	85.2	81.2	74.3	69.3	66.3	64.3	62.5	60.7
Transp/Commun./Publ. Utils.	22.6	22.3	22.6	23.1	23.6	24.1	24.5	24.7	24.6	24.6	25.0	25.5	26.0	26.5
Wholesale Trade	23.9	25.1	25.8	26.0	26.5	27.0	27.1	26.9	26.9	26.8	27.0	27.2	27.4	27.6
Retail Trade	110.4	111.9	111.4	113.4	115.8	119.0	122.8	124.4	124.9	125.9	127.3	128.8	130.2	131.6
FIRE	26.3	26.0	27.0	28.4	29.7	31.4	32.4	33.6	33.5	33.6	33.9	34.3	34.7	35.1
Services	141.6	146.8	151.1	158.7	166.8	173.9	182.5	187.0	191.3	196.3	201.6	206.9	212.0	217.2
Government	94.1	93.2	92.8	93.0	94.6	96.7	99.6	101.8	102.7	102.0	102.2	102.5	102.9	103.3
	Annual Growth Rates													
Maine Wage & Salary Employmen	-	1.2%	0.8%	2.1%	2.8%	3.0%	2.9%	1.0%	-0.3%	0.0%	0.8%	1.0%	1.0%	1.0%
Mining	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Construction	-	3.0%	7.0%	0.5%	7.5%	11.6%	5.1%	1.0%	-2.0%	-1.0%	0.7%	0.7%	0.7%	0.7%
Manufacturing	-	-0.4%	-3.0%	-0.6%	-0.8%	-1.1%	-1.2%	-4.6%	-8.5%	-6.7%	-4.3%	-3.0%	-2.8%	-2.9%
Transp/Commun./Publ. Utils.	-	-1.4%	1.5%	2.2%	1.9%	2.2%	1.6%	0.8%	-0.4%	0.0%	1.6%	2.0%	2.0%	1.9%
Wholesale Trade	-	4.8%	2.9%	0.6%	1.8%	2.2%	0.2%	-0.7%	-0.4%	0.0%	0.7%	0.7%	0.7%	0.7%
Retail Trade	-	1.4%	-0.4%	1.8%	2.2%	2.7%	3.2%	1.3%	0.4%	0.8%	1.1%	1.2%	1.1%	1.1%
FIRE	-	-1.1%	3.8%	5.2%	4.4%	5.6%	3.3%	3.7%	-0.3%	0.3%	0.9%	1.2%	1.2%	1.2%
Services	-	3.7%	3.0%	5.0%	5.1%	4.2%	5.0%	2.5%	2.3%	2.6%	2.7%	2.6%	2.5%	2.5%
Government	-	-1.0%	-0.4%	0.2%	1.8%	2.2%	3.0%	2.2%	0.9%	-0.7%	0.2%	0.3%	0.4%	0.4%
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
	Million \$ - at Seas. Adjusted Annual Rates													
Personal Income	24173.8	25046.3	26434.0	27772.8	29468.5	30679.8	32866.5	34491.5	35990.8	37250.4	38740.4	40483.8	42305.5	44209.3
Wage and salary disbursements	12408.5	12923.3	13456.5	14315.8	15242.5	16251.0	17217.0	17975.0	18501.0	19056.0	19742.0	20630.4	21662.0	22745.1
Other labor income	2121.8	2064.8	2104.0	2033.5	2058.5	2143.0	2254.0	2393.3	2623.3	2715.1	2850.8	2993.4	3143.0	3300.2
Non-farm Proprietors' Income	1885.5	1791.8	1959.0	2052.0	2223.3	2374.0	2492.5	2575.3	2682.5	2763.0	2881.8	3011.5	3147.0	3288.6
Dividends, Interest, and rent	4346.8	4691.0	5037.0	5362.0	5824.8	5704.3	6445.3	6723.8	6812.5	6948.8	7254.5	7580.9	7922.1	8278.6
Transfer payments	4190.5	4401.8	4686.8	4903.3	5010.0	5136.3	5416.3	5875.0	6387.0	6836.8	7139.2	7457.4	7686.4	7920.5
less: Personal contrib. for social ir	999.8	1050.8	1084.8	1145.0	1210.5	1288.8	1339.8	1420.0	1500.5	1575.5	1654.3	1737.0	1823.9	1915.1
plus: Adjustment for residence	140.0	183.3	208.3	240.3	274.5	291.3	332.5	345.0	482.0	501.3	521.3	542.2	563.9	596.4
Farm Income	145.5	113.8	145.0	92.0	125.0	142.5	130.3	112.0	98.0	101.9	106.0	110.2	114.6	119.2
	Annual Growth Rates													
Personal Income	-	3.6%	5.5%	5.1%	6.1%	4.1%	7.1%	4.9%	4.3%	3.5%	4.0%	4.5%	4.5%	4.5%
Wage and salary disbursements	-	4.1%	4.1%	6.4%	6.5%	6.6%	5.9%	4.4%	2.9%	3.0%	3.6%	4.5%	5.0%	5.0%
Other labor income	-	-2.7%	1.9%	-3.4%	1.2%	4.1%	5.2%	6.2%	9.6%	3.5%	5.0%	5.0%	5.0%	5.0%
Non-farm Proprietors' income	-	-5.0%	9.3%	4.7%	8.3%	6.8%	5.0%	3.3%	4.2%	3.0%	4.3%	4.5%	4.5%	4.5%
plus: Dividends, interest, and rent	-	7.9%	7.4%	6.5%	8.6%	-2.1%	13.0%	4.3%	1.3%	2.0%	4.4%	4.5%	4.5%	4.5%
plus: Transfer payments	-	5.0%	6.5%	4.6%	2.2%	2.5%	5.5%	8.5%	8.7%	7.0%	4.4%	4.5%	3.1%	3.0%
less: Personal contrib. for social ir	-	5.1%	3.2%	5.6%	5.7%	6.5%	4.0%	6.0%	5.7%	5.0%	5.0%	5.0%	5.0%	5.0%
plus: Adjustment for residence	-	30.9%	13.8%	15.4%	14.3%	6.1%	14.2%	3.8%	39.7%	4.0%	4.0%	4.0%	4.0%	4.0%
Farm Income	-	-21.8%	27.5%	-36.6%	35.9%	14.0%	-8.6%	-14.0%	-12.5%	4.0%	4.0%	4.0%	4.0%	4.0%

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Unemployment Rate is from SPO Fall 2003 Forecast

3 month T-bill and 10yr Treas. Note rates are from Economy.com - August, 2003

In leaving the economic forecast essentially unchanged, the Committee considered the following:

1. Data from the State Planning Office showed that the Maine economy was essentially flat in 2003 and would likely continue that way until the national economy picked up. Housing permits, construction contract awards, residential construction awards, non-farm wage and salary employment, taxable retail sales, and even bankruptcies showed little change over the same periods in 2002.
2. Information from the Maine Department of Labor showed similar trends. Non-farm wage and salary employment was down 1,300 jobs (0.3%) between August of 2002 and the same month of 2003. Most of the job losses were in manufacturing, but these were largely offset by gains in educational and health services. Initial claims for unemployment insurance were declining slightly, suggesting that the rate of job losses was slowing. Dana Evans of the Department suggested that total resident employment would likely be up slightly for the year due to a slightly increased labor participation rate, and that the annual average unemployment rate would probably be around 5%, up somewhat from the 4% of 2002.
3. General Fund revenues for the first two months of the fiscal year were very slightly above budget (\$852,000 or 0.3%). The largest variance from budget was the Corporate Income Tax line, which often shows large variance in July and August. The other major tax lines, Individual Income and the Sales Tax, were on budget through August, and preliminary September data suggested a strong month.
4. Data from the national and Maine economic forecasts reviewed by the Commission is consistent with the earlier forecasts. Global Insights has shown a very strong recovery beginning next year, but this was considered an overly optimistic forecast. Both the Colby College and New England Economic Project forecasts for Maine were also largely consistent with the February outlook and did not support significant revisions at this time.
5. Commissioners noted a number of trends which suggested the Maine economy still confronted difficulties. These included:
 - a. Continued loss of manufacturing jobs, particularly in northern and eastern Maine.
 - b. The effects of the looming federal deficit in the out years as the short term direct fiscal stimulus wanes over the next year. Federal debt is being added to high levels of corporate and personal debt.
 - c. National help-wanted advertising has been at its lowest level in 40 years.
 - d. Temporary help services have seen little or no growth.

- e. Unemployment has been drifting upward, and the unemployment rates among college graduates are on par with those of high school graduates. Also, unemployment rates of 20 to 24 year-olds is around 10%, and the rate among those in their fifties is uncharacteristically rising.
 - f. There is evidence that consumption growth is being fueled in part by households pulling equity out of their homes through refinancing, meaning growth is being financed by tapping savings and borrowing against the house as opposed to wage gains.
6. Several positive trends should portend growth in the national economy as measured by the GDP, though growth in the job market remains uncertain. These trends include:
- a. Stock market prices have rebounded somewhat this year and that's putting some wealth back into the New England economy. The Federal Reserve Bank's most recent flow of funds report also had some good news in that it showed households' net worth rebounding somewhat.
 - b. No change in the accommodative stance of the Federal Reserve Board is expected in the near future.
 - c. In September, the national job count increased for the first time in 8 months, although the increase was very small.

U.S. Macro Outlook

By Mark Zandi, November 5, 2003

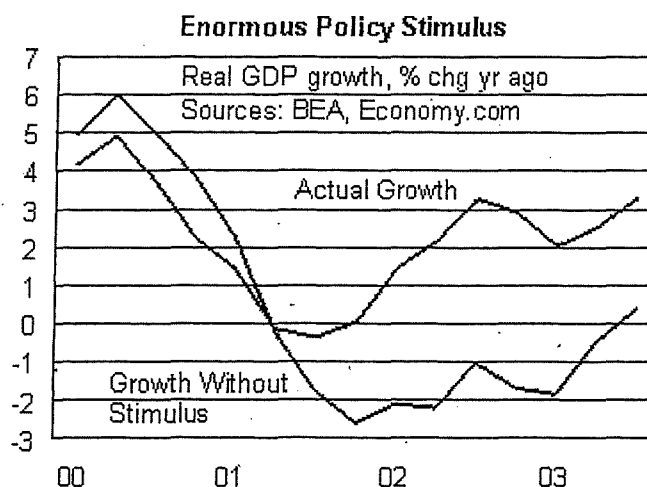
[View the Macro Forecast Here](#)

The U.S. economy's performance has markedly improved in recent months. Demand and production have rebounded with real GDP growth surging over 7% (annualized) in the third quarter and solidly over 3% for the past year. Stronger consumer spending, homebuilding, business IT investment, and even exports are adding to growth.

Even the long languishing job market is firming in response. Judging by recently lower initial and continuing claims for unemployment insurance, the job-letting is abating and hiring has strengthened. More temp jobs and an increase in hours worked in manufacturing signal an even better job market in coming months.

A quick measurable improvement in the job market is necessary for the recent economic revival to be sustained for very long. The principal sources of growth to date, including highly stimulatory monetary and fiscal policies and a powerful replacement cycle in business information technology spending, are more or less temporary. As these sources of growth fade by mid next year, more jobs and the resulting greater wages and salaries will be needed to fill the void.

The stimulus by monetary and fiscal policy is as substantial as has been experienced since World War II. This is evident from the swing in the federal fiscal situation from a nearly \$250 billion surplus in fiscal year 2000 to a def. of \$375 billion in the just ended FY 2003. The real federal funds rate target has fallen from close to 4% to negative 1% over the same period. As determined by a simulation of Economy.com's macroeconomic model, without this policy stimulus the economy would have only now been emerging from recession (see chart).



The most recent round of tax cuts is providing a substantial economic boost. Taxpayers are benefiting from lower tax withholding schedules while most families with children received rebate checks this past summer. Large businesses are benefiting from accelerated depreciation schedules, and small businesses from larger investment write-offs. Economy.com estimates that reduced tax burdens contributed nearly one percentage point to annualized real GDP growth in the third quarter and about the same to growth over the past year. Taxpayers will continue to benefit from substantial tax breaks through next April.

The federal government is also writing increasingly larger checks for everything from defense and homeland security to Medicare and infrastructure spending. Real federal outlays are rising at a double-digit rate only experienced during the height of the Vietnam War, Korean War, and World War II. While greater federal spending added only modestly to third quarter growth, it has contributed some three quarters of a percentage

point to growth over the past year.

Aggressively easier monetary policy is also supporting growth. Automakers have been able to offer popular 0% financing deals only because their own borrowing costs are so low. These juiced-up deals added over half a percentage point to growth in the third quarter and a quarter of a point to growth over the past year.

Extraordinarily low mortgage rates have also been the principal force driving home sales and single family homebuilding to record highs, and even more importantly to igniting a mortgage borrowing binge. So far this year, homeowners have pulled out an astonishing annualized \$750 billion in cash secured by the equity in their homes. This has occurred through traditional home equity loans, cash-out refinancings and soaring home sales. The cash taken out this year is an estimated \$150 billion more than taken out in 2002, which was \$175 billion more than taken out in 2001. This extra cash fueled well over two percentage points of annualized real GDP growth in the third quarter and just under that over the past year. This source of cash is highly vulnerable to even a small rise in mortgage rates, however.

Adding to the economy's recent growth has been a powerful replacement cycle in IT. Business spending on computer hardware and software is rebounding rapidly, as businesses have to replace the IT they purchased during the Y2K investment boom. According to the BEA, the economic life of much of this IT is just over two years. Some three-quarters of the increase in IT spending from the bottom in such spending after 9/11 is such replacement demand. Increased IT investment added just under one percentage point to annualized real GDP growth in the third quarter and a half point over the past year. Replacement demand will become less potent as next year wears on, however, as businesses will need to replace a much smaller stock of IT added in the 2001 bust.

To ensure that the economy's revival does not fade with these temporary sources of growth, **it is necessary for businesses to resume expanding their activities.** This would include a stronger broader-based increase in investment, a rebuilding of depleted inventories, increased advertising and travel, and most critically an increase in payrolls.

The preconditions for this to happen are seemingly in place. The excesses of the late 1990s have been largely worked off. Rapid rates of depreciation and previously weak investment are reducing unused IT capacity. Corporate balance sheets have also been largely repaired due to cautious corporate borrowing and low interest rates. Businesses are currently financing their investment out of cashflow, with little need for external funding sources.

Most fundamentally, **the economy is being supported by extraordinarily robust productivity gains**, the benefits of which are largely accruing to businesses in the form of rising profit margins. Corporate profits have returned to their late 1990s record peak.

With stronger profits, better balance sheets, and surging demand, history strongly suggests that businesses will soon step-up their activities and a self-reinforcing virtuous economic rebound will assert itself. **Real GDP growth is expected to accelerate from nearly 3% this year to close to 4% in 2004.** The rise in payrolls will be sufficient to result in a declining jobless rate by this time next year.

There are of course reasons to be concerned that history is not reliable, however. Senior managers have been put through much in the past several years from terrorism, to wars, to corporate scandals. They may lack the confidence necessary to aggressively expand. This caution is evident, for example, in the continued paring of inventories and investment outside of the replacement demand driven IT purchases.

Another impediment may be the growing prevalence of global out-sourcing of U.S. production and jobs. Off-shoring describes the out-sourcing of previously U.S.-based production and jobs to overseas enterprises, whether they are affiliates of U.S.-based firms or are other third party firms. The goods and services produced overseas are then imported back into this country. Off-shoring is not new to manufacturing, but it is new to a wide-range of other information and service businesses.

Adding to the worries is that **policymakers have very few options to respond if the economy does indeed weaken again.** The large and rapidly growing federal budget deficit, which is now expected to approach \$500 billion in the coming fiscal year, and the very low federal funds rate, make it difficult for

policymakers to provide even more economic stimulus.

Even if job growth does soon resume in earnest and the recovery evolves into a sustained rebound as anticipated, growth next year and the year after will be restrained. Unemployment will fall, but only slowly. Limiting the economy's prospects is an expected measurable fall-off in vehicle and housing activity. There has been substantial forward-buying in both markets, the implications of which will become apparent once interest rates begin to rise. Long-term interest rates are expected to rise beginning early next year with the resumption of job growth. The Federal Reserve will be slower to resume tightening monetary policy, waiting perhaps to after next November's presidential election.

The economy will also have to continue to contend with a widening trade and current account deficit. Despite the recently weaker dollar, the U.S. economy is sure to import increasingly more than it exports as it leads the global economic rebound. The European and Latin American economies remain just barely out of recession. Besides, the U.S. dollar remains strong or is strengthening against many key currencies, including the Chinese yuan and Mexican peso. State government budget woes will remain a problem as well, as state policymakers are cutting programs and raising taxes.

Thus, while the most likely near-term economic outlook is a sanguine one, **the risks remain decidedly on the downside.**

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Forecast Date: 11/04/2003

An "F" after a date denotes a forecast data point.

	Units	03Q3	03Q4 F	04Q1 F	04Q2 F	04Q3 F		2002	2003 F	2004 F
Composition of Economic Activity-SAAR										
Gross Domestic Product	bcw\$	9797.2	9881.5	9976.9	10085.6	10178.1		9439.9	9715.0	10123.6
<i>Change</i>	%AR	7.2	3.5	3.9	4.4	3.7		2.4	2.9	4.2
Final Sales	bcw\$	9832.9	9875.3	9957.2	10049.4	10136.2		9434.7	9725.6	10089.3
<i>Change</i>	%AR	7.9	1.7	3.4	3.8	3.5		1.7	3.1	3.7
Final Domestic Sales	bcw\$	10355.6	10419.9	10516.3	10617.4	10707.8		9923.3	10256.5	10657.0
<i>Change</i>	%AR	6.5	2.5	3.8	3.9	3.4		2.4	3.4	3.9
Personal Expenditures										
Consumption	bcw\$	6842.1	6880.1	6935.9	6997.2	7059.5		6576.0	6781.8	7027.5
<i>Change</i>	%AR	6.6	2.2	3.3	3.6	3.6		3.1	3.1	3.6
Durables	bcw\$	1126.6	1124.3	1130.2	1136.0	1140.1		999.9	1079.4	1137.3
<i>Change</i>	%AR	26.9	-0.8	2.1	2.1	1.5		7.3	8.0	5.4
Motor Vehicles	bcw\$	437.5	426.6	425.9	426.5	424.6		382.4	410.5	424.9
<i>Change</i>	%AR	38.9	-9.6	-0.7	0.6	-1.8		5.6	7.4	3.5
Nondurables	bcw\$	2023.8	2036.3	2049.9	2064.1	2076.9		1929.5	2006.2	2069.9
<i>Change</i>	%AR	7.9	2.5	2.7	2.8	2.5		3.2	4.0	3.2
Services	bcw\$	3748.6	3776.4	3812.7	3854.0	3899.4		3675.5	3742.0	3877.1
<i>Change</i>	%AR	2.2	3.0	3.9	4.4	4.8		2.2	1.8	3.6
Investment										
Fixed Investment	bcw\$	1669.1	1695.2	1726.6	1759.3	1781.1		1577.3	1641.9	1765.8
<i>Change</i>	%AR	13.9	6.4	7.6	7.8	5.0		-3.1	4.1	7.5
Nonresidential	bcw\$	1224.9	1255.5	1292.1	1333.6	1363.2		1183.4	1211.4	1344.0
<i>Change</i>	%AR	11.1	10.4	12.2	13.5	9.2		-5.7	2.4	10.9
Structures	bcw\$	211.9	211.6	212.1	213.3	215.3		226.4	211.9	214.7
<i>Change</i>	%AR	-2.4	-0.6	0.9	2.3	3.8		-16.4	-6.4	1.3
Equipment	bcw\$	1036.0	1066.9	1103.0	1143.3	1170.9		971.1	1020.6	1152.3
<i>Change</i>	%AR	15.4	12.5	14.2	15.4	10.0		-1.7	5.1	12.9
Residential	bcw\$	431.6	439.8	434.6	425.8	418.0		388.2	422.2	421.9
<i>Change</i>	%AR	20.4	7.8	-4.6	-7.9	-7.1		3.9	8.8	-0.1
Single Family	bcw\$	224.9	231.4	226.5	220.4	215.1		200.5	221.8	217.8
<i>Change</i>	%AR	17.1	12.1	-8.2	-10.3	-9.3		4.1	10.6	-1.8
Multifamily	bcw\$	27.7	28.2	28.4	28.0	27.6		26.3	27.4	27.8
<i>Change</i>	%AR	14.1	7.4	2.9	-5.5	-5.6		7.5	4.4	1.2
Other	bcw\$	179.0	180.2	179.7	177.4	175.3		161.4	172.9	176.4
<i>Change</i>	%AR	26.2	2.7	-1.1	-5.0	-4.7		3.2	7.2	2.0

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(ok, maybe just the other stuff)

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Inventory Change	bcw\$	-35.8	6.2	19.7	36.2	41.9		5.1	-10.6	34.3
NonFarm	bcw\$	-36.1	5.2	18.1	34.2	40.3		4.1	-11.0	32.7
Farm	bcw\$	0.3	1.0	1.6	2.0	1.6		1.1	0.5	1.6
Trade										
Net Exports	bcw\$	-522.6	-544.6	-559.1	-568.0	-571.6		-488.6	-530.9	-567.7
Exports	bcw\$	1079.3	1091.8	1109.3	1130.7	1155.3		1058.8	1071.2	1144.1
Change	%AR	9.3	4.7	6.6	7.9	9.0		-1.6	1.2	6.8
Merchandise	bcw\$	764.6	774.0	786.3	801.4	818.9		757.0	760.9	810.9
Change	%AR	7.5	5.0	6.5	7.9	9.0		-3.6	0.5	6.6
Services	bcw\$	313.5	316.6	321.8	328.1	335.2		301.5	309.4	332.0
Change	%AR	13.2	4.0	6.7	8.1	8.9		3.2	2.6	7.3
Imports	bcw\$	1602.0	1636.4	1668.4	1698.7	1726.9		1547.4	1602.1	1711.8
Change	%AR	0.1	8.9	8.1	7.5	6.8		3.7	3.5	6.8
Merchandise	bcw\$	1371.4	1401.9	1429.8	1455.9	1480.0		1320.1	1372.8	1467.0
Change	%AR	-2.6	9.2	8.2	7.5	6.8		3.9	4.0	6.9
Services	bcw\$	231.2	235.1	239.2	243.4	247.5		227.2	230.2	245.4
Change	%AR	13.7	6.9	7.2	7.2	6.9		2.1	1.3	6.6
Government										
Expenditures and Investment	bcw\$	1778.3	1778.5	1787.7	1794.8	1801.1		1712.8	1766.5	1797.6
Change	%AR	1.3	0.0	2.1	1.6	1.4		4.4	3.1	1.8
Federal Defense	bcw\$	450.2	449.6	456.9	461.4	464.9		400.0	439.9	462.6
Change	%AR	0.0	-0.5	6.7	4.0	3.1		9.3	10.0	5.2
Federal Nondefense	bcw\$	222.0	223.6	225.8	228.1	230.3		213.3	222.0	229.1
Change	%AR	4.3	2.9	4.0	4.1	3.9		4.3	4.1	3.2
State & Local	bcw\$	1107.6	1106.8	1106.5	1106.8	1107.4		1099.7	1105.8	1107.3
Change	%AR	1.3	-0.3	-0.1	0.1	0.2		2.8	0.6	0.1
Government Balance										
NIPA Basis	b\$	-425.2	-450.1	-464.8	-480.2	-475.3		-202.1	-386.4	-463.3
Unified Budget	b\$	-104.5	-184.5	-154.2	-33.1	-110.1		-230.7	-450.5	-414.1
Consumers										
Personal Saving Rate	%AR	3.3	3.5	3.7	3.9	4.1		3.7	3.4	4.0
Retail Sales & Food Services	b\$	3837.2	3865.3	3899.5	3935.3	3968.5		3578.2	3777.0	3950.9
Change	%AR	12.2	3.0	3.6	3.7	3.4		3.1	5.6	4.6
Total Vehicle Sales	m	17.6	16.2	16.5	16.4	16.3		16.7	16.5	16.4
Housing Starts	m	1.87	1.79	1.74	1.70	1.64		1.71	1.78	1.67
Producers										
Industrial Production	1992=100	110.3	111.5	112.8	114.0	115.2		110.4	110.4	114.6
Change	%AR	3.3	4.4	4.7	4.3	4.3		-0.7	0.0	3.7
Capacity Utilization	%	72.3	73.2	74.3	75.5	76.7		73.3	72.5	76.0
Labor Markets										
Total Employment	m	129.8	130.0	130.3	130.6	131.0		130.4	130.0	130.9
Change	%AR	-0.4	0.6	0.8	1.1	1.3		-1.1	-0.3	0.7
Unemployment Rate	%	6.2	6.2	6.3	6.3	6.2		5.8	6.1	6.2
Prices										
Consumer Price	1982=100	184.5	185.3	185.7	186.1	186.6		179.9	184.1	186.4

Index										
Change	%AR	2.3	1.7	0.9	0.9	1.0		1.6	2.3	1.2
Producer Price Index	1982=100	138.1	139.0	139.9	141.9	144.6		131.1	138.1	143.3
Change	%AR	2.7	2.5	2.7	5.8	8.1		-2.3	5.3	3.8
West Texas Intermediate	\$/Bbl	30.2	29.2	28.1	27.0	26.1		26.1	30.6	26.6
Financial Markets										
Federal Funds	%	1.02	1.00	1.00	1.03	1.41		1.67	1.13	1.35
Prime Rate	%	4.00	4.00	4.00	4.03	4.41		4.67	4.12	4.36
10-Year Treasury	%	4.23	4.34	4.55	4.77	4.91		4.61	4.03	4.80
FRB Broad Index	Jan 97=100	119.5	113.4	117.0	121.4	123.8		127.2	119.1	121.0
Change	%AR	-0.5	-19.0	13.3	15.9	8.0		0.9	-6.3	1.6

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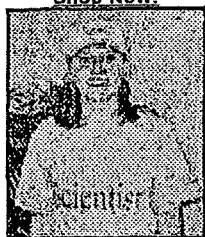
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Economy.com's U.S. Regional Outlook

By Steve Cochrane, October 15, 2003

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The South and West will continue to lead the economy into a stronger recovery through the rest of this year and next. Near-term strength will remain concentrated among the defense-intensive economies of Southern California, the Southwest, portions of the Southeast and the Gulf Coast, and the greater Washington, DC area.

Other sources of strength also will begin to support other regions. Distribution services and improved travel patterns by this fall will contribute to recoveries in Orange County, Fort Worth, Atlanta and Miami. Indeed, Atlanta has posted sizable employment gains in recent months. Some tech production centers will be expanding by late next year. **Even hard-hit Silicon Valley may be at least stabilizing by mid-2004.**

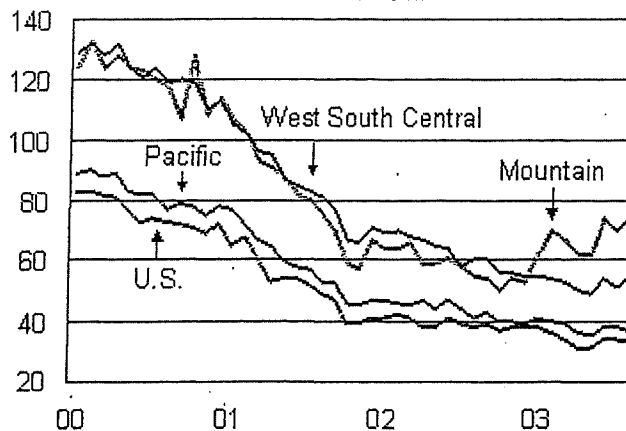
The Midwest will be reined in by a slower pace of auto production, although more diversified economies in the region will begin to expand next year as well if spending on industrial equipment persists. While the region will improve in step with national trends, the pace is expected to lag the U.S. both in the near and the long term. In the Northeast, the Mid-Atlantic region will have the better prospects, as New York and southern New England await improvement in the financial service and money management industries.

Labor market conditions are nearly uniformly flat throughout the country. **States still struggling to emerge from recession remain concentrated in the Midwest and Southeast, along with southern New England and New York.** Estimates of industrial production do indicate some improvement over the past two months in the Midwest and the West, however. This is indicative of some renewed demand for industrial and tech-based manufactured goods.

While industrial production may rise and service-producing industries enjoy stronger demand, each of the regional economies must see some improvements in labor market conditions in order to establish a sustained recovery with rising income growth. Leading indicators for the labor market, however, are not rising in any robust or uniform fashion.

As an indicator of hiring intentions, regional help-wanted advertising can provide a window to near-term labor market performance. **There is only one region—the Mountain West—that has seen a significant improvement in help-wanted advertising since the beginning of this year (see chart).** This reflects the relatively robust economies still seen in Arizona, Nevada and New Mexico, and a surge in the ad index for Salt Lake City despite no turnaround yet in actual hiring there. These small economies are among the few with stable, although moderate, rates of job growth at the moment. The Pacific and West South Central (Texas and the Oil Patch) regions show tentative gains in help-wanted ads since May, indicating some potential growth. Elsewhere in the U.S., help-wanted advertising is either flat or still declining.

U.S. Industry Outlook

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These trends are consistent with the assumption that the West and the South will be the first regions to emerge from the lethargic trends of the past two years. Defense spending, which is concentrated in the two regions, continued migration to the regions, energy exploration and rising business investment in information technology support these regions. Indeed, Austin, San Antonio, Albuquerque, Phoenix and much of Southern California benefit from these trends. Employment in IT services is rising in Seattle and San Diego, and is steady in Silicon Valley.

Another indicator of near-term labor market conditions is the number of new claims for unemployment insurance. The evidence of improvement here is also limited, but claims have fallen moderately in the South and West over the past two months. This is further evidence that economic forces will drive the West and the South to economic expansion before the Northeast and the Midwest. **A still-elevated level of continuing claims in the Midwest indicates that this region likely remains the most stressed in terms of a lack of job creation.** Further evidence of this is the rapidly rising rate of mortgage and consumer credit defaults in the Midwest region.

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US Regional Forecast - State Employment Growth

Forecast Date: 10/15/2003

*An "F" after a date denotes a forecast data point.

	Annualized % Change							% Change	
	03Q1	03Q2	03Q3	03Q4F	04Q1F	04Q2F	04Q3F	2003F	2004F
New England	-1.4	0.4	-0.8	0.4	0.7	1.2	1.1	-0.8	0.6
Connecticut	-1.0	-0.6	-2.2	0.4	0.9	1.2	1.0	-1.0	0.4
Maine	-0.1	0.5	-0.5	-0.1	0.2	0.5	0.7	-0.2	0.3
Massachusetts	-2.4	0.8	-0.5	0.5	0.8	1.4	1.2	-1.2	0.8
New Hampshire	-1.4	-0.4	-0.2	0.5	0.7	1.0	1.3	-0.4	0.7
Rhode Island	0.0	0.7	0.9	0.9	1.2	1.7	1.8	0.4	1.2
Vermont	3.1	2.5	-0.7	0.2	0.1	0.6	0.7	1.2	0.4
Middle Atlantic	-1.0	0.5	-0.2	0.4	0.7	1.1	1.1	-0.3	0.7
New Jersey	-0.6	2.4	0.5	0.8	1.2	1.4	1.5	0.5	1.2
New York	-0.9	-0.5	-0.1	0.4	0.7	1.0	0.9	-0.6	0.6
Pennsylvania	-1.4	0.8	-0.8	0.2	0.4	1.0	1.3	-0.4	0.5
South Atlantic	-0.4	1.3	0.0	1.0	1.3	1.7	1.9	0.4	1.3
Delaware	-4.4	0.6	-1.5	0.6	0.8	2.3	2.1	-0.8	1.0
District of Columbia	1.8	-2.0	-1.3	0.7	0.8	1.2	1.3	-0.1	0.5
Florida	0.4	1.8	1.1	1.2	1.4	1.7	2.0	1.2	1.6
Georgia	-0.3	0.8	3.3	1.1	1.7	2.4	2.8	0.5	2.1
Maryland	-0.2	3.7	0.2	1.1	1.2	1.5	1.5	0.7	1.3
North Carolina	0.2	1.1	-2.8	1.2	1.3	1.7	2.1	-0.3	1.0
South Carolina	-3.6	-2.9	-3.1	0.8	1.2	1.0	1.1	-1.2	0.3
Virginia	-1.6	2.4	-0.5	0.6	1.0	1.8	1.7	0.1	1.1
West Virginia	2.4	-1.0	-1.5	-0.5	-0.0	0.6	0.6	-0.2	-0.1
East North Central	-2.3	-0.4	-0.5	0.4	0.5	1.1	1.2	-0.8	0.5
Illinois	-2.6	-2.7	0.7	0.2	0.4	1.0	1.1	-0.8	0.5
Indiana	-2.2	-1.5	0.4	0.4	0.4	1.0	0.9	-0.8	0.5
Michigan	-3.1	0.2	-3.7	0.8	0.7	1.3	1.4	-1.3	0.4
Ohio	-2.7	1.2	-0.1	0.5	0.5	1.3	1.4	-0.8	0.8
Wisconsin	0.1	1.9	0.3	0.2	0.3	0.7	1.0	0.2	0.6
West North Central	-2.4	1.4	-1.4	0.1	0.3	0.9	1.0	-0.7	0.4
Iowa	-0.3	0.1	-1.2	0.4	0.4	0.6	0.7	-0.3	0.3
Kansas	-1.1	-0.3	-1.0	-0.3	0.2	0.8	1.2	-0.4	0.2
Minnesota	-1.9	-0.3	-0.1	-0.1	0.4	0.8	1.1	-0.6	0.4
Missouri	-4.1	4.0	-3.8	-0.0	0.3	1.2	1.0	-1.4	0.3
Nebraska	-2.2	2.4	-2.0	0.5	0.2	0.7	1.0	-0.3	0.4
North Dakota	-2.4	2.6	-2.3	0.1	0.6	0.4	0.5	-0.1	0.3
South Dakota	-6.1	3.5	6.3	1.1	0.1	1.0	0.8	0.7	1.6
East South Central	-0.6	-0.6	-0.7	0.5	0.9	1.1	1.3	-0.3	0.7

Alabama	-2.0	-0.9	-0.7	0.5	0.9	0.6	0.9	-0.7	0.5
Kentucky	0.3	-3.1	-1.9	0.3	0.9	0.9	1.4	-0.8	0.3
Mississippi	-0.6	-0.3	0.1	1.4	1.3	1.5	1.5	-0.0	1.2
Tennessee	-0.3	1.3	-0.3	0.2	0.8	1.5	1.5	0.1	0.8
West South Central	-0.1	0.5	0.2	0.6	0.8	1.2	1.4	0.1	0.9
Arkansas	-0.2	0.5	-0.1	-0.0	0.3	0.6	0.9	0.1	0.4
Louisiana	0.4	-0.3	-0.4	-0.0	0.1	0.8	0.4	-0.1	0.2
Oklahoma	-1.7	2.0	-1.9	0.0	0.4	0.7	1.1	-0.4	0.4
Texas	0.0	0.5	0.7	1.0	1.1	1.4	1.7	0.3	1.2
Mountain	-0.0	1.7	0.7	1.4	1.4	1.9	2.0	0.6	1.6
Arizona	0.6	1.5	1.7	2.3	1.7	2.9	2.7	1.0	2.2
Colorado	-1.8	1.5	-1.8	0.8	1.2	2.1	2.2	-0.6	1.2
Idaho	-3.6	2.6	4.2	0.2	-0.0	0.4	0.8	0.5	1.0
Montana	-1.9	5.2	-1.2	0.1	0.5	0.8	1.2	0.6	0.7
Nevada	0.6	3.1	5.5	2.6	2.4	2.1	1.9	2.1	2.8
New Mexico	2.9	2.0	1.0	0.8	1.1	1.4	1.7	1.8	1.3
Utah	2.1	-0.7	-1.8	1.1	1.5	1.3	1.6	-0.1	0.9
Wyoming	0.9	0.9	-0.9	0.3	-0.2	-0.0	0.3	0.3	0.0
Pacific	-0.1	-0.8	-0.5	1.1	1.1	1.2	1.5	-0.0	0.9
Alaska	-0.8	-0.5	2.2	0.3	0.8	1.2	0.7	1.0	0.9
California	-0.1	-0.8	-0.6	1.2	1.2	1.3	1.5	-0.1	0.9
Hawaii	1.8	0.6	2.9	1.4	1.3	0.6	1.1	2.1	1.3
Oregon	-0.2	-2.5	-1.0	0.8	1.1	0.9	1.3	-0.7	0.6
Washington	-0.5	-0.2	-0.4	0.8	0.5	1.3	1.9	0.1	0.8
United States	-0.3	-0.7	-0.4	0.6	0.8	1.1	1.3	-0.3	0.7

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Assumptions Used in Sales & Excise Model

- (1) Total Personal Income
- (2) Inflation (CPI-U)
- (3) Total Employment Growth
 - (a) Growth by Sector

Assumptions Used in Individual Income Tax Model

- (4) Total Personal Income
 - (a) Growth by Component
- (5) Inflation (CPI-U)
- (6) Total Employment Growth
- (7) Unemployment Rate
- (8) 3-Month Treasury Bill Rate
- (9) 10-Year Treasury Note Rate

Assumptions Used in Corporate Income Tax Model

- (10) Inflation (CPI-U)
- (11) Total Employment Growth
 - (a) Growth by Sector

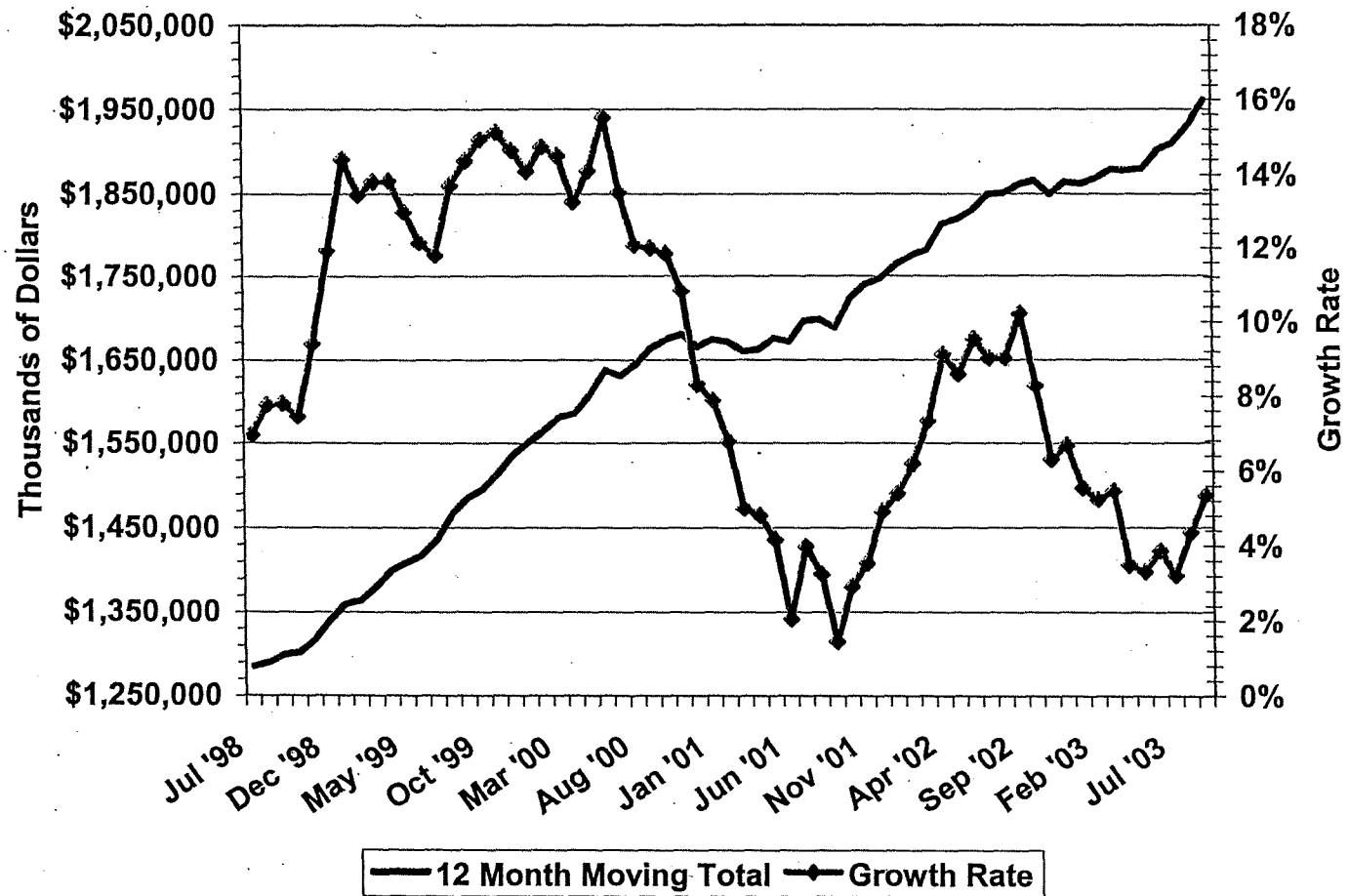
Sales & Use Tax

11/14/20038:57 AM

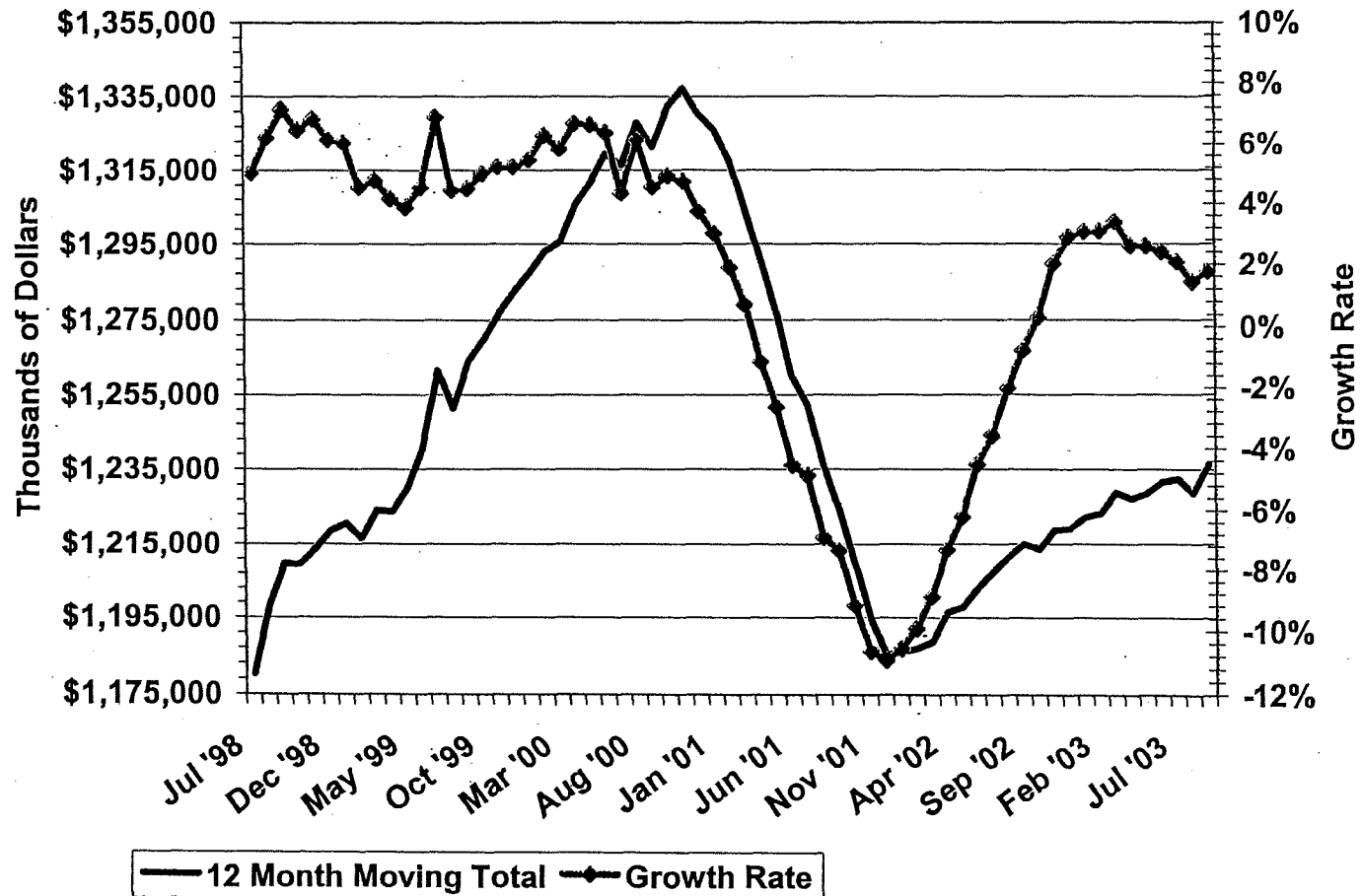
**Maine Revenue Services
Taxable Sales by Sector
In Thousands of Dollars**

	Sep '03	% Ch.	Sep '02	% Ch.	Sep '01	Average Last 3 Mos. Vs. Last Yr. % Change	Moving Total Last 12 Mos. Vs. Prior % Change	YTD Growth CY'03 vs. '02 Thru. Sept. % Change
Building Supply	\$198,192	17%	\$169,698	6%	\$159,969	11%	5%	7%
Food Store	\$115,965	7%	\$108,356	3%	\$104,805	1%	2%	2%
General Merchandise	\$243,468	-1%	\$246,184	17%	\$210,706	2%	3%	2%
Other Retail	\$144,563	7%	\$134,984	17%	\$115,012	5%	4%	4%
Auto/Transportation	\$316,983	5%	\$300,601	16%	\$258,801	5%	0%	4%
Restaurant/lodging	\$211,398	-6%	\$225,116	15%	\$196,537	0%	1%	1%
Consumer Sales	\$1,230,568	4%	\$1,184,938	13%	\$1,045,830	4%	2%	3%
Business Operating	\$153,924	7%	\$144,275	5%	\$137,809	2%	2%	2%
Total	\$1,384,493	4%	\$1,329,213	12%	\$1,183,638	4%	2%	3%

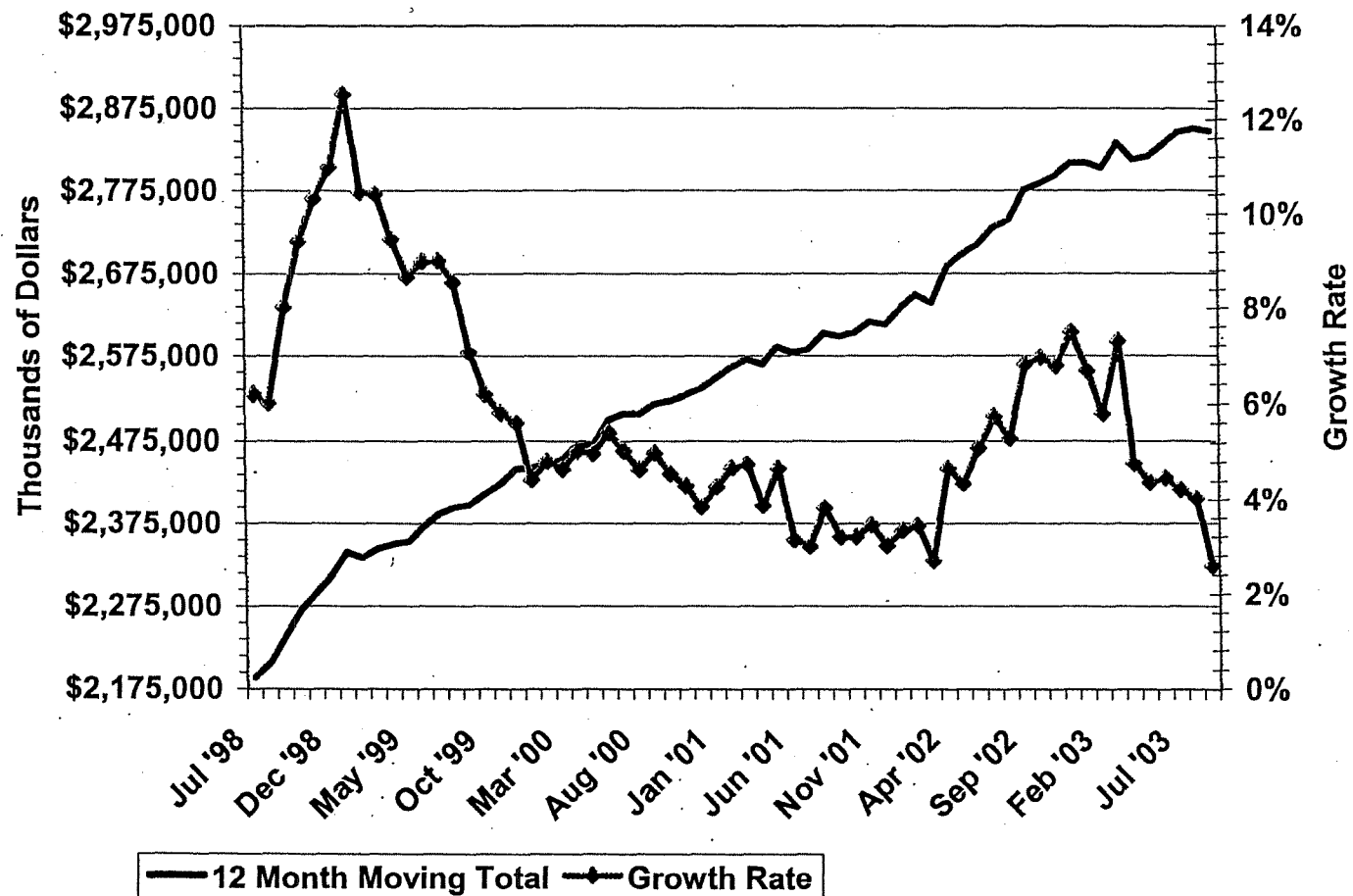
Building Supply Taxable Sales July 1998 to Date



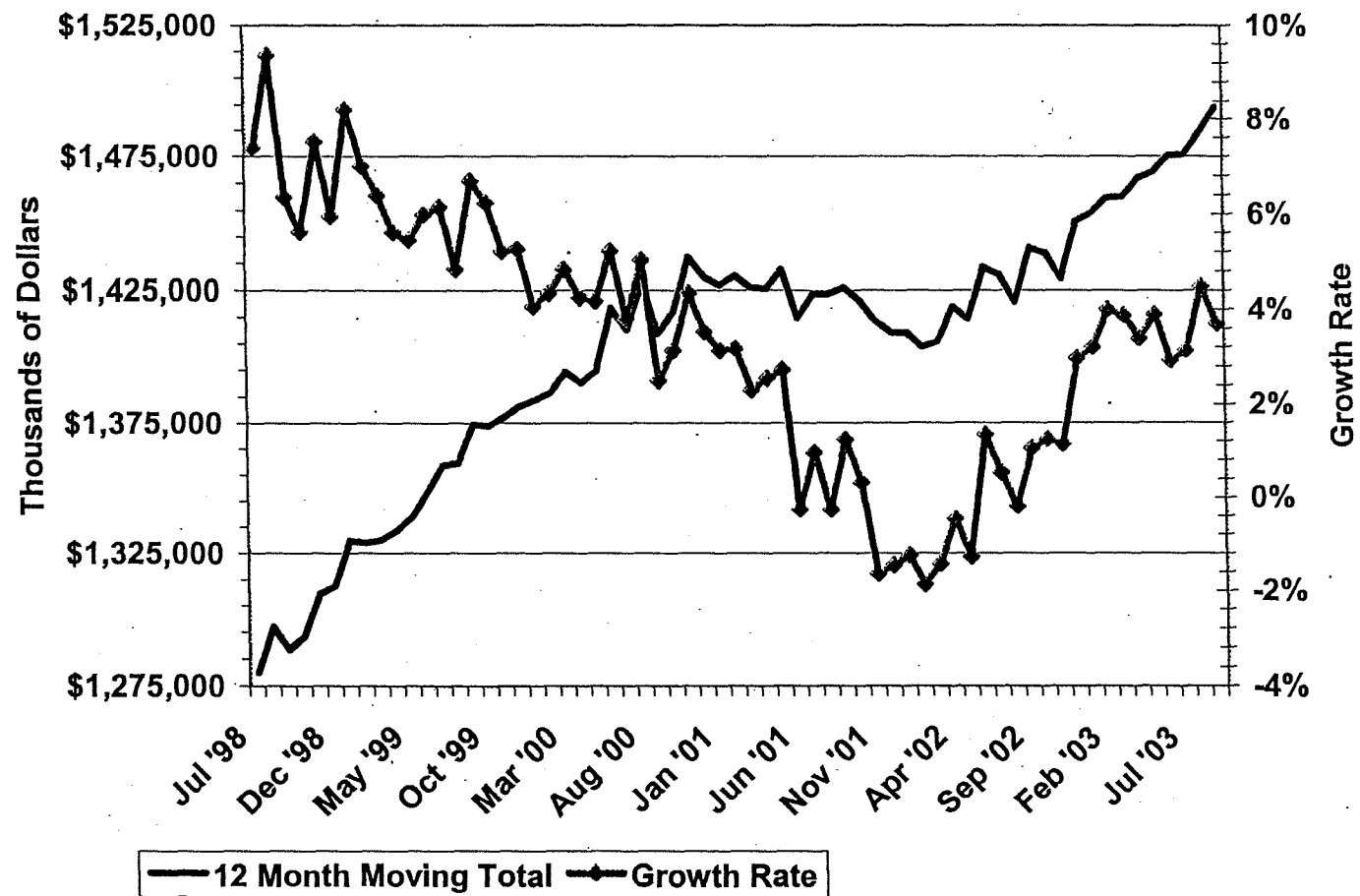
Food Store Taxable Sales July 1998 to Date



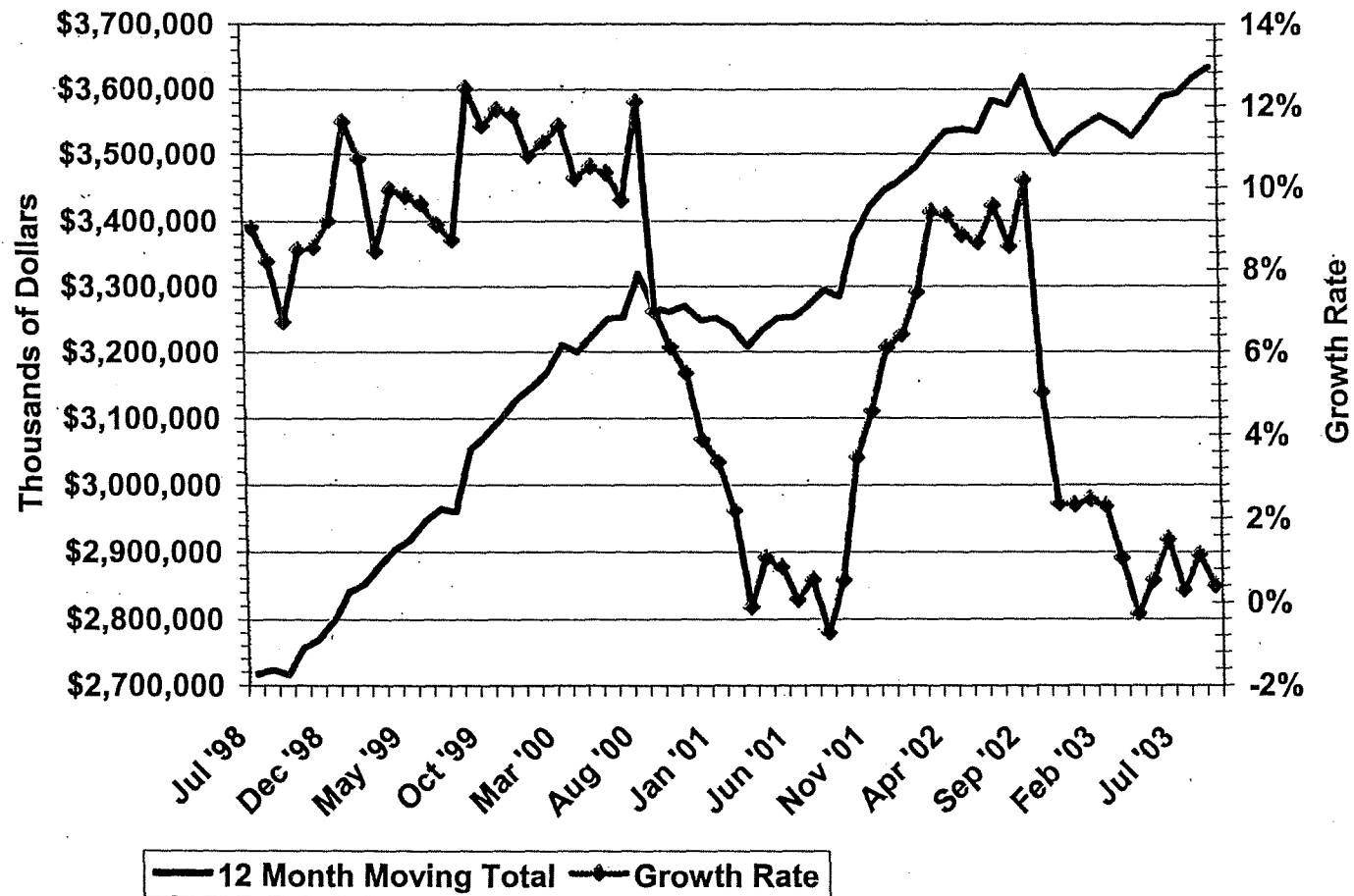
General Merchandise Taxable Sales July 1998 to Date



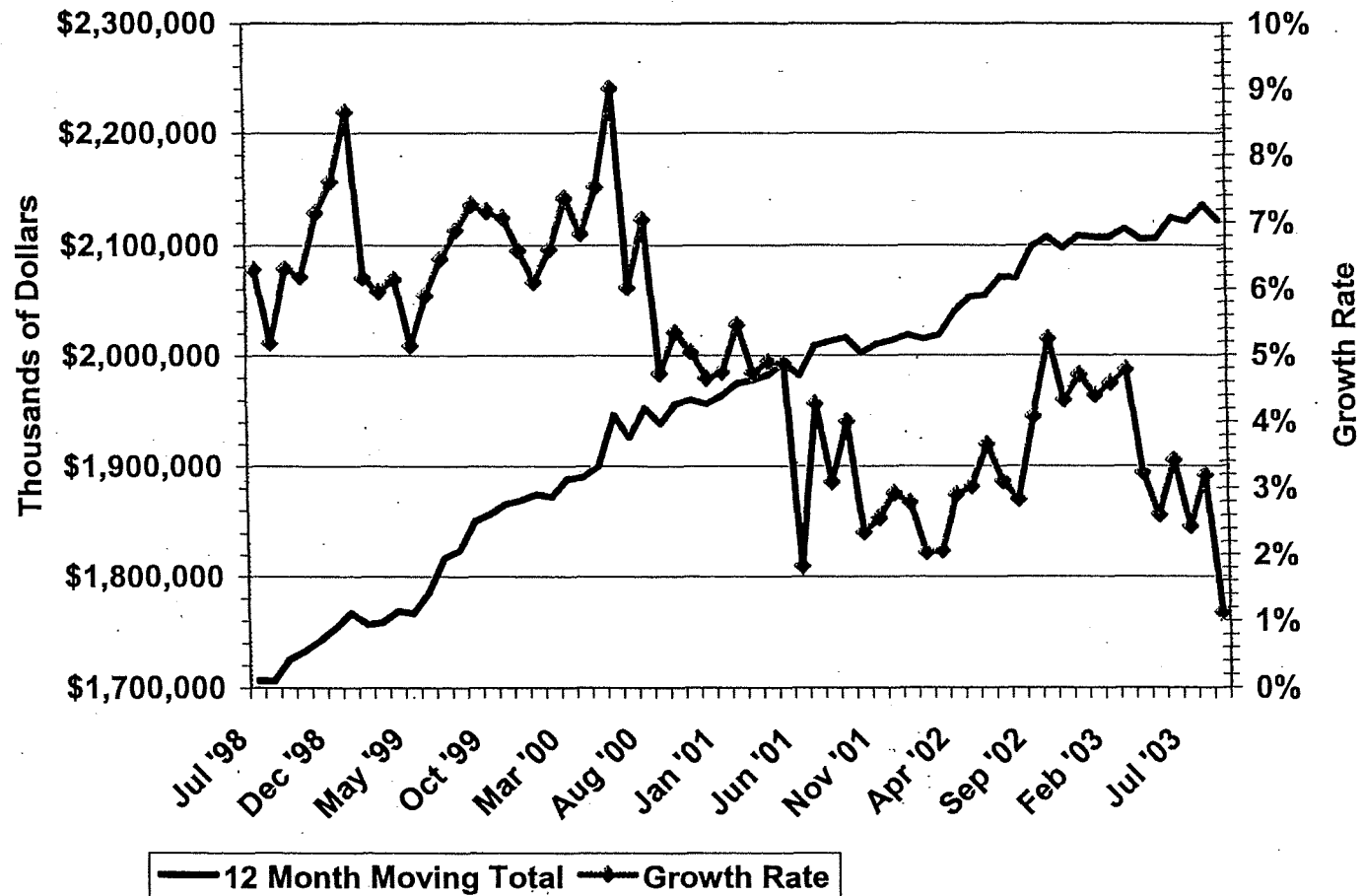
Other Retail Taxable Sales July 1998 to Date



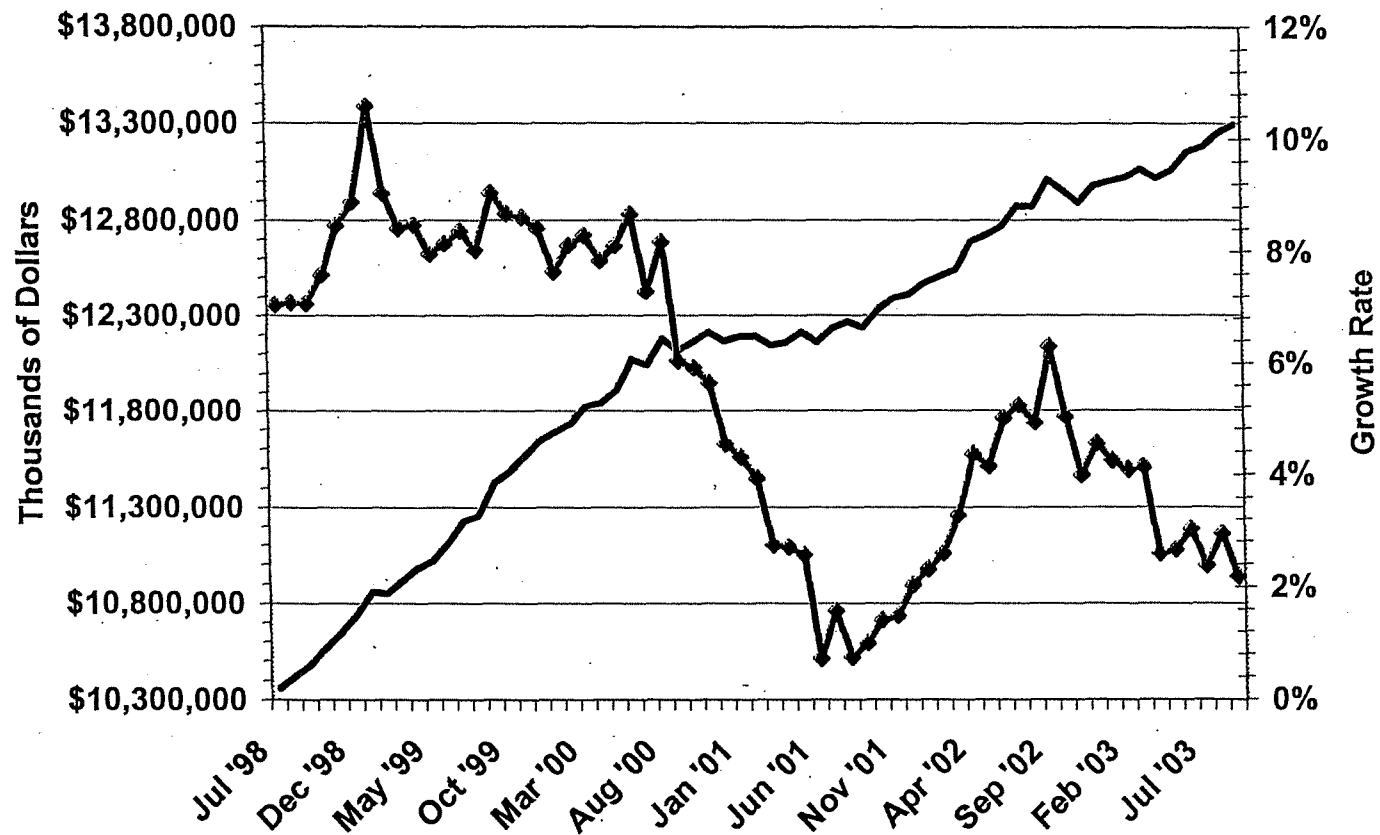
Auto/Transportation Taxable Sales July 1998 to Date



Restaurant/Lodging Taxable Sales July 1998 to Date

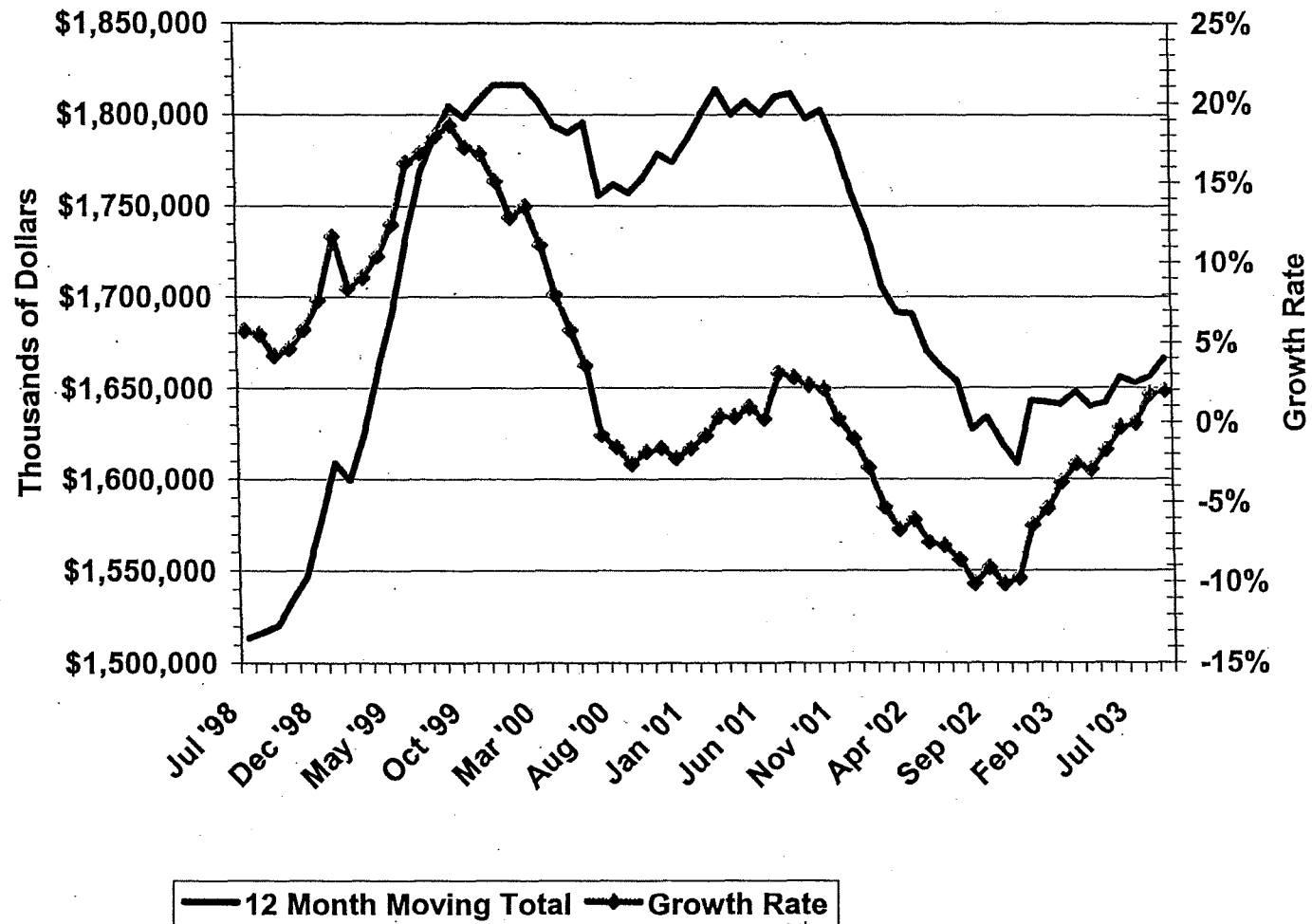


Total Consumer Taxable Sales July 1998 to Date

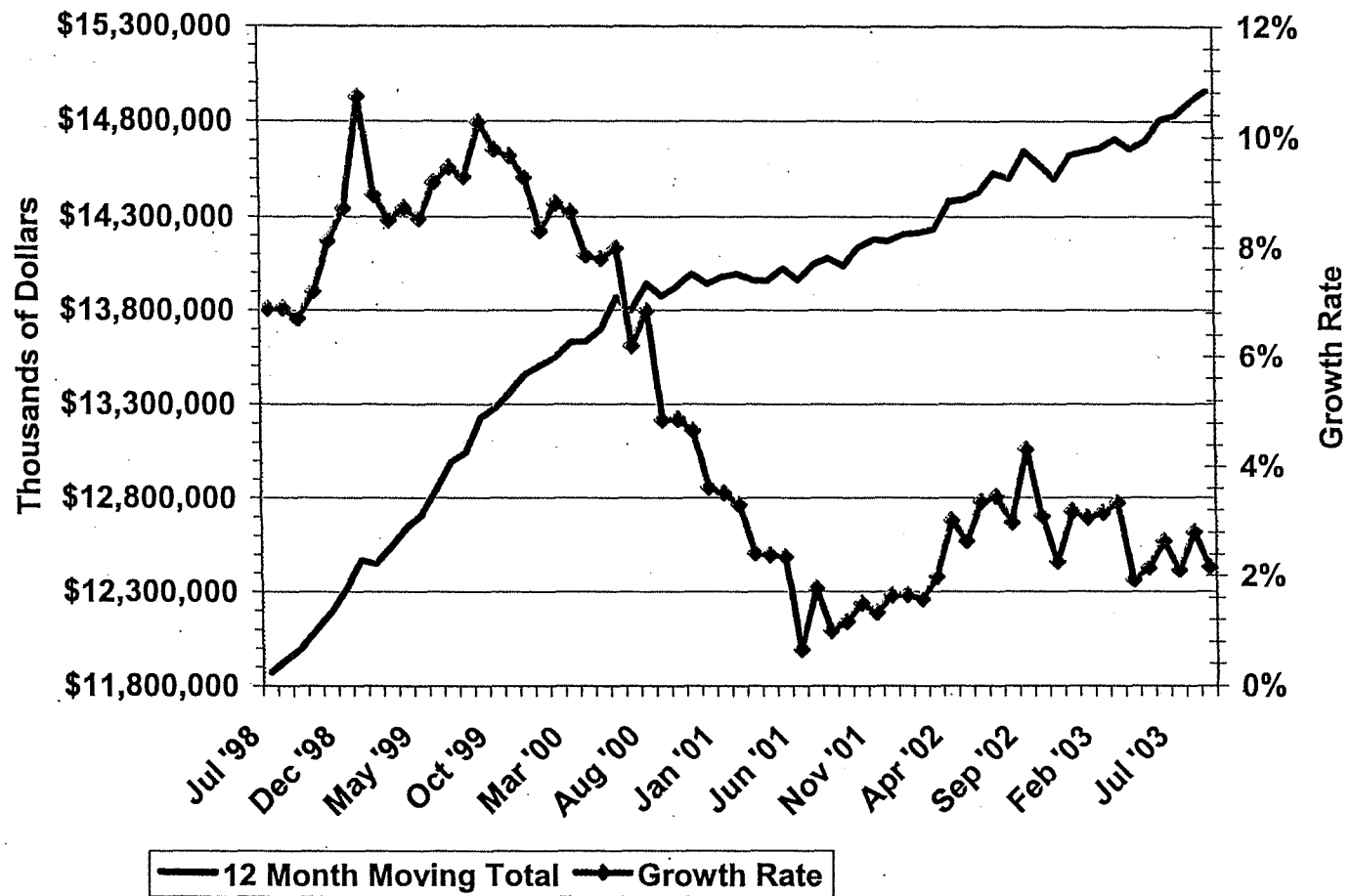


— 12 Month Moving Total ◆ Growth Rate

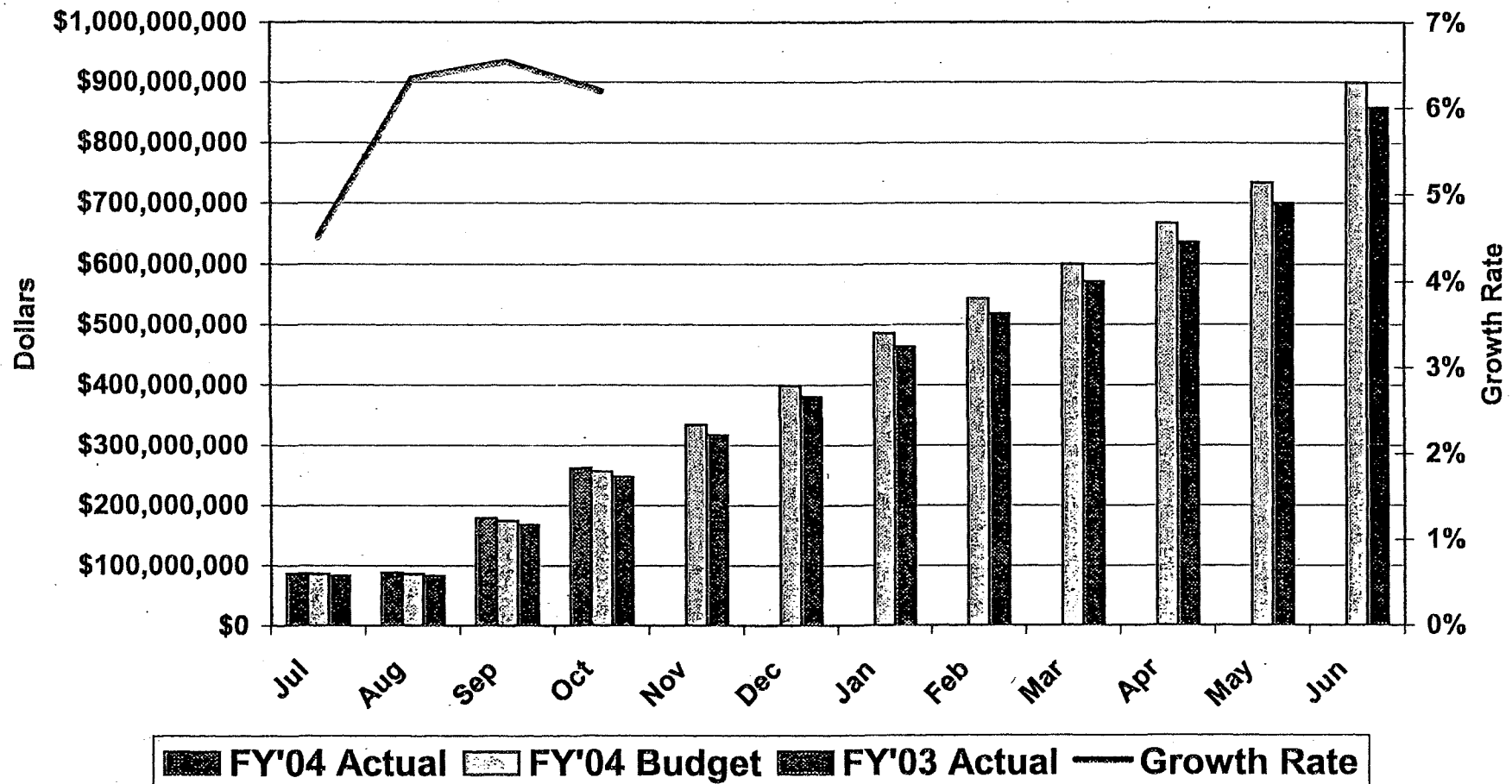
Business Operating Taxable Sales July 1998 to Date



Total Taxable Sales July 1998 to Date



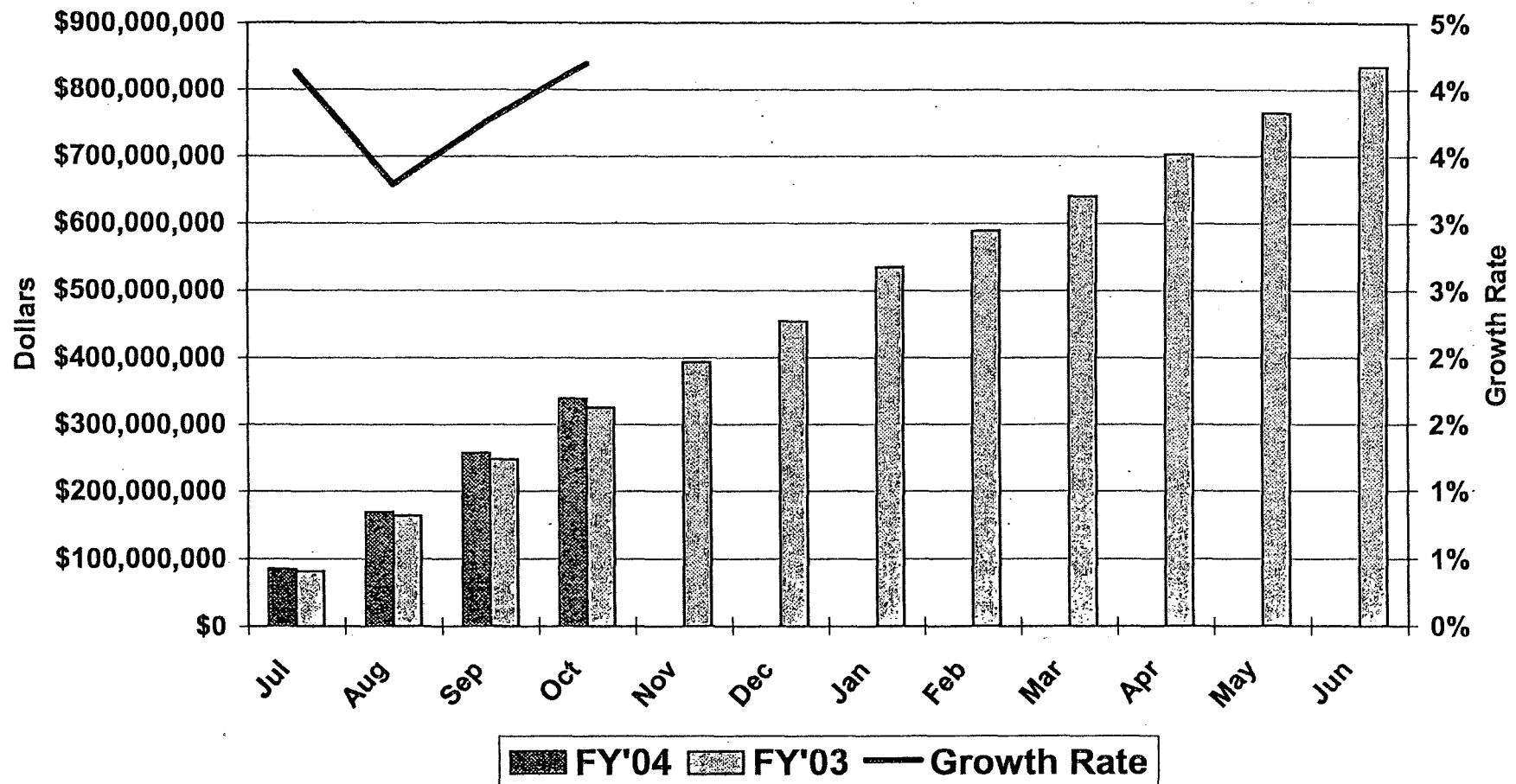
YTD Sales & Use Tax Revenue **FY'04 Actual, Budget & FY'03 Actual**



Maine Revenue Services
Sales & Use Tax Revenue

Month	FY'04 Actual	FY'04 Budget	FY'03 Actual	FY'02 Actual	FY'04 Actual vs. Budget	FY'04 Budget vs. FY'03 Actual	FY'04 Actual vs. FY'03 Actual	FY'03 Actual vs. FY'02 Actual
Jul	\$86,508,519	\$85,899,957	\$82,777,437	\$72,280,489	0.7%	3.8%	4.5%	14.5%
Aug	\$1,346,518	\$61,698	-\$158,083	\$4,670,668	2082.4%	-139.0%	-951.8%	-103.4%
Sep	\$90,803,534	\$88,283,415	\$85,080,291	\$82,252,577	2.9%	3.8%	6.7%	3.4%
Oct	\$83,820,881	\$82,485,566	\$79,478,504	\$72,582,241	1.6%	3.8%	5.5%	9.5%
Nov	\$0	\$76,842,291	\$69,672,169	\$74,098,924	-100.0%	10.3%	-100.0%	-6.0%
Dec	\$0	\$65,047,185	\$62,847,522	\$65,261,934	-100.0%	3.5%	-100.0%	-3.7%
Jan	\$0	\$86,236,157	\$82,697,288	\$78,460,545	-100.0%	4.3%	-100.0%	5.4%
Feb	\$0	\$58,206,893	\$55,341,288	\$53,082,712	-100.0%	5.2%	-100.0%	4.3%
Mar	\$0	\$56,258,398	\$53,469,265	\$55,289,002	-100.0%	5.2%	-100.0%	-3.3%
Apr	\$0	\$67,447,322	\$64,219,064	\$61,849,966	-100.0%	5.0%	-100.0%	3.8%
May	\$0	\$66,736,636	\$63,963,049	\$62,035,207	-100.0%	4.3%	-100.0%	3.1%
Jun	\$0	\$165,753,864	\$158,099,007	\$154,269,819	-100.0%	4.8%	-100.0%	2.5%
Total	\$262,479,452	\$899,259,382	\$857,486,801	\$836,134,084	-70.8%	4.9%	-69.4%	2.6%
YTD Oct	\$262,479,452	\$256,730,636	\$247,178,149	\$231,785,975	2.2%	3.9%	6.2%	6.6%

Sales Tax Cash Receipts Year-to-Date FY'04 & FY'03



Maine Revenue Services
Sales Tax Cash Receipts

	FY'04	FY'03	YTD FY'04	YTD FY'03	Growth Rate	YTD Growth Rate
Jul	\$84,729,296	\$81,366,691	\$84,729,296	\$81,366,691	4.1%	4.1%
Aug	\$84,085,177	\$82,079,587	\$168,814,473	\$163,446,278	2.4%	3.3%
Sep	\$87,679,293	\$83,725,289	\$256,493,766	\$247,171,567	4.7%	3.8%
Oct	\$82,085,673	\$77,789,075	\$338,579,439	\$324,960,642	5.5%	4.2%
Nov	\$0	\$67,741,148	\$338,579,439	\$392,701,790	-100.0%	-13.8%
Dec	\$0	\$60,660,537	\$338,579,439	\$453,362,327	-100.0%	-25.3%
Jan	\$0	\$81,604,916	\$338,579,439	\$534,967,243	-100.0%	-36.7%
Feb	\$0	\$53,804,028	\$338,579,439	\$588,771,271	-100.0%	-42.5%
Mar	\$0	\$52,127,464	\$338,579,439	\$640,898,735	-100.0%	-47.2%
Apr	\$0	\$62,341,843	\$338,579,439	\$703,240,578	-100.0%	-51.9%
May	\$0	\$61,532,437	\$338,579,439	\$764,773,015	-100.0%	-55.7%
Jun	\$0	\$69,942,271	\$338,579,439	\$834,715,286	-100.0%	-59.4%

Vehicle Sales - AutoData - United States

Updated: 11/3/2003 ET

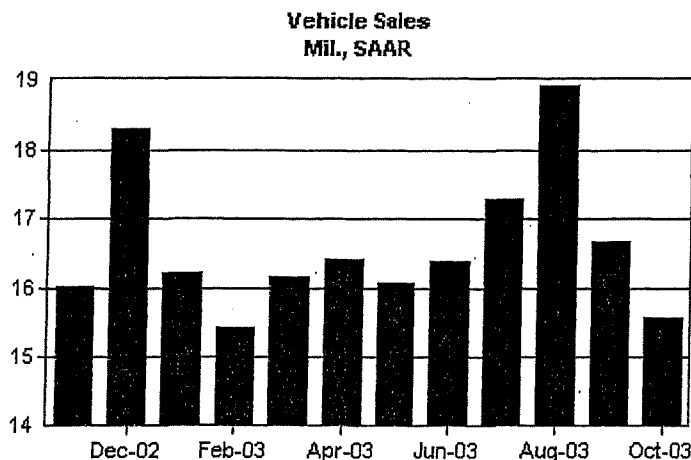
Release Date: 11/3/2003

Coverage: Oct. 2003

Actual: 15.6 Million

Next Release: 12/2/2003

Analysis by: Sophia Koropecyk



File Take

Vehicle sales fell below expectations in October as consumers took a breather from the strong summer pace. Sales fell to 15.6 million units on a seasonally adjusted annualized pace, from 16.7 million in September.

Vehicle Sales, (Mil., SAAR)

	Oct-03	Sep-03	Aug-03	Jul-03	Jun-03	May-03	Apr-03	Mar-03
Total Vehicle Sales	15.6	16.7	18.9	17.3	16.4	16.1	16.4	16.2
Autos	7.0	7.5	8.3	7.8	7.6	7.3	7.5	7.7
Light Trucks	8.6	9.1	10.7	9.5	8.8	8.8	8.9	8.4
General Motors Vehicle Sales	4.3	4.7	5.6	5.3	4.7	4.4	4.6	4.3
Ford Vehicle Sales	3.3	3.7	3.6	3.3	3.3	3.3	3.4	3.2
Daimler Chrysler Vehicle Sales	2.0	1.9	2.3	2.0	2.2	2.2	2.2	2.2
Honda Vehicle Sales	1.2	1.4	1.7	1.5	1.2	1.3	1.4	1.4
Toyota Vehicle Sales	1.8	1.8	2.2	1.9	1.8	1.9	1.8	1.9
Nissan Vehicle Sales	0.8	0.9	0.9	0.8	0.8	0.7	0.7	0.8

Source: [Economy.com's Data Store](#)

Data Provider: Autodata Corp.

The Numbers

- Vehicle sales weakened in October to a pace of 15.6 million units (SAAR). Sales for the first nine months of the year averaged 16.6 million units (SAAR). The pace of sales was 1% stronger than in October 2002.

U.S. brand market share remained unchanged at 61%. Big Three sales declined for the last two months and are down 1.5% from a year ago. Among the Big Three only Chrysler enjoyed stronger sales (by 11%) compared to the same month a year ago.

- Honda's sales were off from a year ago, while Toyota and Nissan unit sales have grown in double digits over the past year. Toyota did not beat Chrysler in October, however, as it had in August. Toyota's sales

accounted for 11.6% of all sales, while Chrysler's accounted for 12.7%.

- Imported vehicles made up 19% of sales. They have averaged 20% of all sales so far this year.
- The share of light trucks sold continued to trend upward, reaching 55% boosted by strong demand for Ford redesigned F-150 pick-up truck. Ford sold 12% more of the truck, which accounts for more unit sales than any other light vehicle, in October than a year ago.

Behind The Numbers

Consumer spending on motor vehicles had been pumped up during the third quarter by incentive spending to clear out 2003 inventory, the introduction of new models, and tax rebate checks. Third quarter sales borrowed a bit from October sales. The October pace of sales of 15.6 million units (SAAR) is slightly below the trend pace of between 16 million and 16.5 million units.

There is little doubt that incentives will stay high in the near term, as vehicle manufacturers will need to pile on sales inducement just to keep sales from falling. To support sales, manufacturers are offering new deals on 2004 model year vehicles.

Low interest rate financing continues to support vehicle sales. While the average bank rate in October was around 7%, loans can be found for under 4%. Captive auto finance companies continue to offer low rates as part of incentive packages. In October, 0% financing was still widely available from both U.S. and international manufacturers. Moreover, the Fed has indicated that rates could remain low for yet some time. The longer maturity loans, most recently averaging 63 months, have also been bringing down monthly payments, bolstering the affordability of purchasing a new vehicle.

Other ways to shore up sales is through hyper introduction of vehicles. More than 50 models are being introduced this year and next year more than 60 new models will be introduced. This year's number is about twice as high as the average for the last 10 years. For example, Chrysler announced plans to roll out 25 new models at an accelerated pace in an effort to grab more precious market share.

The lack of pricing power has spurred more cost-cutting moves and other initiatives by the Big Three. General Motors is imposing a new aggressive cost cutting plan on its suppliers, requiring a 20% decline in cost over the next three years. In addition, vehicle manufacturers expect to do more sourcing abroad and are pressuring their suppliers to do the same. In particular, manufacturers expect to buy considerably more parts from China over the next few years.

Vehicle sales are expected to pick up somewhat from the October pace during the balance of the year. High affordability, tax cuts, favorable demographic trends with the maturation of the echo-boom generation, and an improving economy will support sales. As in other components of consumer demand, sustained sales will depend on how quickly the labor market improves. If job growth fails to accelerate, vehicle sales could be weaker than expected. However, a pace lower than 15 million is unlikely unless the economy reverts into recession, which is also not likely.

This analysis can be found on The Dismal Scientist at:

<http://www.economy.com/dismal/pro/release.asp?rk=1878F44A-CADD-40E7-9B50-8084958E08C9>

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11/4/2003

Maine Revenue Services
Model Sales Tax Revenue for Selected Categories from the Fall 2003 Forecast
(millions of dollars)

Fiscal Years	2003	2004		2005		2006		2007	
Personal Consumption									
Total autos and trucks	\$177.8	\$188.9	6.2%	\$202.9	7.4%	\$218.3	7.6%	\$234.0	7.2%
New Domestic Autos	\$51.4	\$54.70	6.4%	\$58.8	7.5%	\$63.4	7.8%	\$68.0	7.3%
New Foreign Autos	\$28.2	\$30.00	6.4%	\$32.3	7.7%	\$34.8	7.7%	\$37.4	7.5%
Used Autos	\$31.2	\$33.20	6.4%	\$35.7	7.5%	\$38.5	7.8%	\$41.3	7.3%
Auto Lease, repair, etc.	\$7.8	\$8.10	3.8%	\$8.4	3.7%	\$8.7	3.6%	\$9.1	4.6%
Recreational Vehicles	\$4.4	\$4.70	6.8%	\$5.1	8.5%	\$5.4	5.9%	\$5.8	7.4%
New & Used Trucks	\$54.8	\$58.20	6.2%	\$62.6	7.6%	\$67.5	7.8%	\$72.4	7.3%
Restaurants	\$107.6	\$111.50	3.6%	\$116.1	4.1%	\$121.2	4.4%	\$126.4	4.3%
Lodging	\$31.0	\$32.70	5.5%	\$34.7	6.1%	\$37.0	6.6%	\$39.3	6.2%
Furniture	\$11.4	\$11.90	4.4%	\$12.5	5.0%	\$13.1	4.8%	\$13.8	5.3%
Jewelry and watches	\$9.4	\$9.80	4.3%	\$10.3	5.1%	\$10.9	5.8%	\$11.5	5.5%
Nonprescription drugs	\$16.7	\$17.2	3.0%	\$17.6	2.3%	\$18.2	3.4%	\$18.7	2.7%
Toilet articles and preps	\$12.0	\$12.6	5.0%	\$13.3	5.6%	\$14.1	6.0%	\$15.0	6.4%
Toys & sports supplies	\$8.5	\$8.7	2.4%	\$9.0	3.4%	\$9.4	4.4%	\$9.7	3.2%
Video & audio products	\$13.2	\$13.8	4.5%	\$14.4	4.3%	\$15.2	5.6%	\$16.0	5.3%
Shoe & other footwear	\$8.5	\$8.7	2.4%	\$9.0	3.4%	\$9.3	3.3%	\$9.7	4.3%
Business Intermediate	\$202.7	\$206.0	1.6%	\$212.0	2.9%	\$218.4	3.0%	\$225.6	3.3%
Business Investment	\$52.0	\$52.9	1.7%	\$54.4	2.8%	\$56.1	3.1%	\$58.1	3.6%
Personal consumption	\$602.8	\$630.2	4.5%	\$662.9	5.2%	\$699.0	5.4%	\$736.3	5.3%
Total	\$857.5	\$889.1	3.7%	\$929.3	4.5%	\$973.5	4.8%	\$1,020.0	4.8%

Sales & Use Tax: Baseline Forecast FY04 - FY07

	FY00	FY01	Biennium	FY02	FY03	Biennium	FY04	FY05	Biennium	FY06	FY07	Biennium
Actuals & February, 2003 Forecast /1	\$847,355,132	\$817,781,460	\$1,665,136,592	\$836,134,084	\$857,486,801	\$1,693,620,885	\$899,259,382	\$934,416,607	\$1,833,675,989	\$976,904,193	\$1,023,047,061	\$1,999,951,254
Growth Rate		-3.5%		2.2%	2.6%	1.7%	4.9%	3.9%	8.3%	4.5%	4.7%	9.1%
Technical Adjustments to Prior Forecast /2	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,340,000)	(\$4,500,000)	(\$8,840,000)	(\$5,188,500)	(\$4,658,500)	(\$9,847,000)
Economic Assumptions /3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Adjustments to Prior Forecast	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,340,000)	(\$4,500,000)	(\$8,840,000)	(\$5,188,500)	(\$4,658,500)	(\$9,847,000)
New Forecast	\$847,355,132	\$817,781,460	\$1,665,136,592	\$836,134,084	\$857,486,801	\$1,693,620,885	\$894,919,382	\$929,916,607	\$1,824,835,989	\$971,715,693	\$1,018,388,561	\$1,990,104,254
Growth Rate	7.0%	-3.5%		2.2%	2.6%	1.7%	4.4%	3.9%	7.7%	4.5%	4.8%	9.1%

1/ February, 2003 forecast with FY00, FY01, FY02 and FY03 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 shows the incremental change in baseline revenues as a result of the new economic forecast released by the Consensus Economic Forecasting Committee.

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Maine Revenue Services
Transfers to the Tourism Marketing _Promotion Fund
Fall 2003 Forecast

5% of the tax on meals and lodging is dedicated to the
Tourism Marketing Promotion Fund. Transfer is to be made
after revenue sharing.

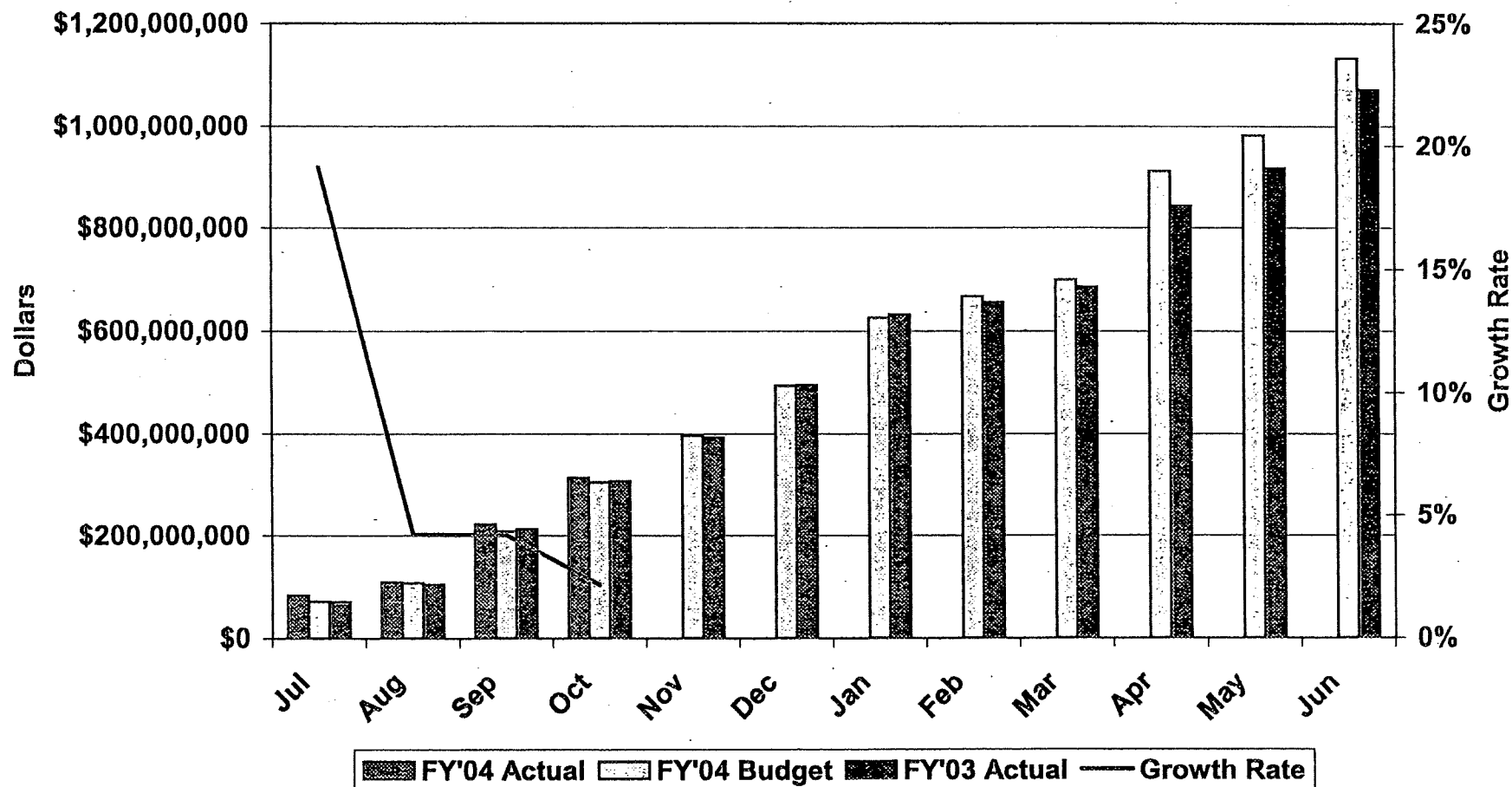
Actual FY'03 meals/lodge tax revenue	\$152,018,584	
General Fund portion	\$144,265,636	94.9%
FY'04 Transfer to Tourism - budget	\$7,629,960	
Actual transfer	\$7,213,282	5.0%
Variance	(\$416,678)	

	FY'04	FY'05	FY'06	FY'07
Meals and lodging revenue	\$157,900,000	\$164,800,000	\$172,700,000	\$180,600,000
Growth rate		4.4%	4.8%	4.6%
General Fund	\$149,847,100	\$156,395,200	\$163,719,600	\$171,208,800
General Fund	94.9%	94.9%	94.8%	94.8%

	FY'05	FY'06	FY'07	FY'08
5% to Tourism Fund	\$7,492,355	\$7,819,760	\$8,185,980	\$8,560,440
Current budget	\$7,876,700	\$8,256,300	\$8,640,645	
Variance	(\$384,345)	(\$436,540)	(\$454,665)	

Individual Income Tax

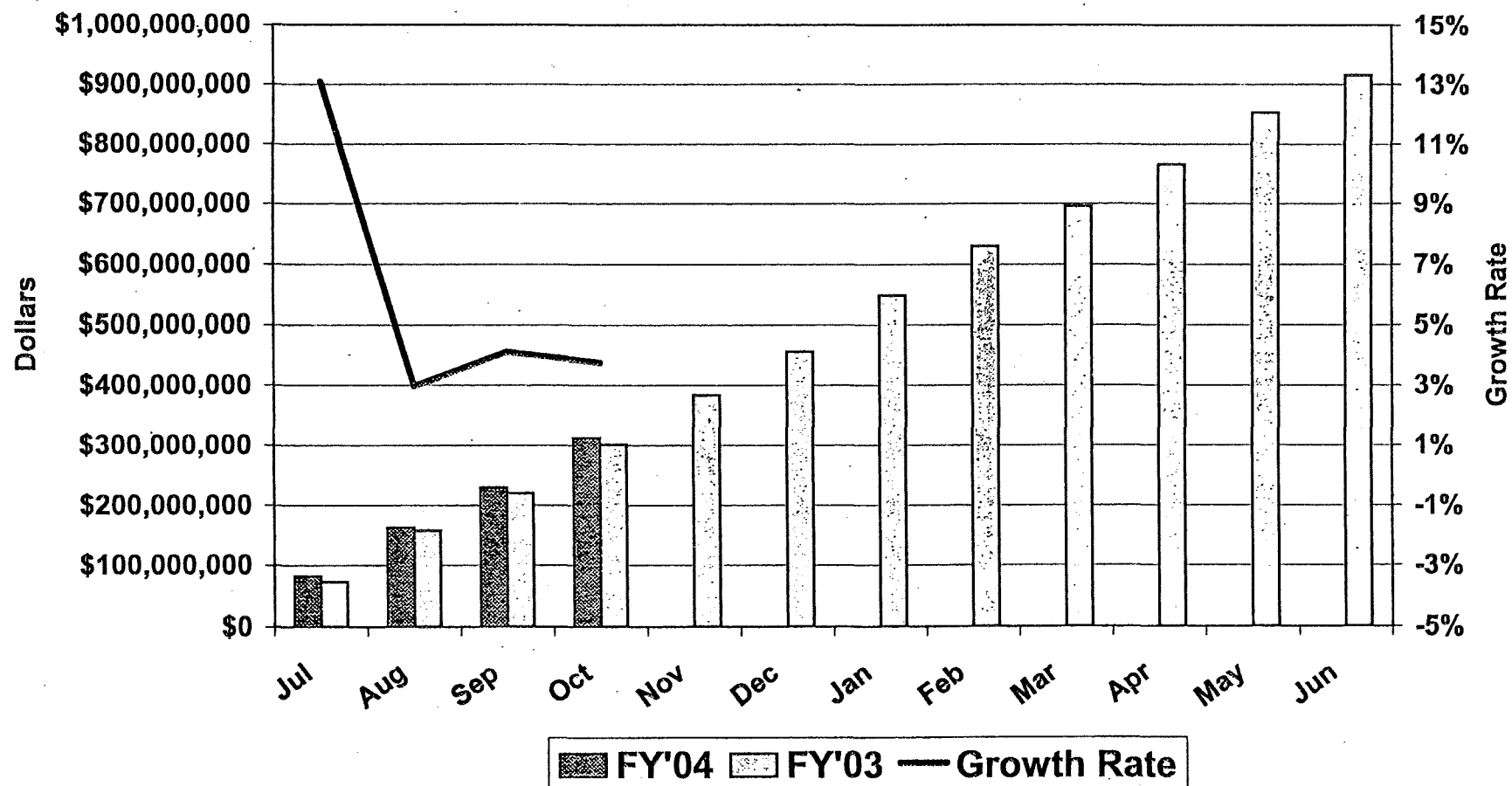
YTD Individual Income Tax Revenue FY'04 Actual, Budget & FY'03 Actual



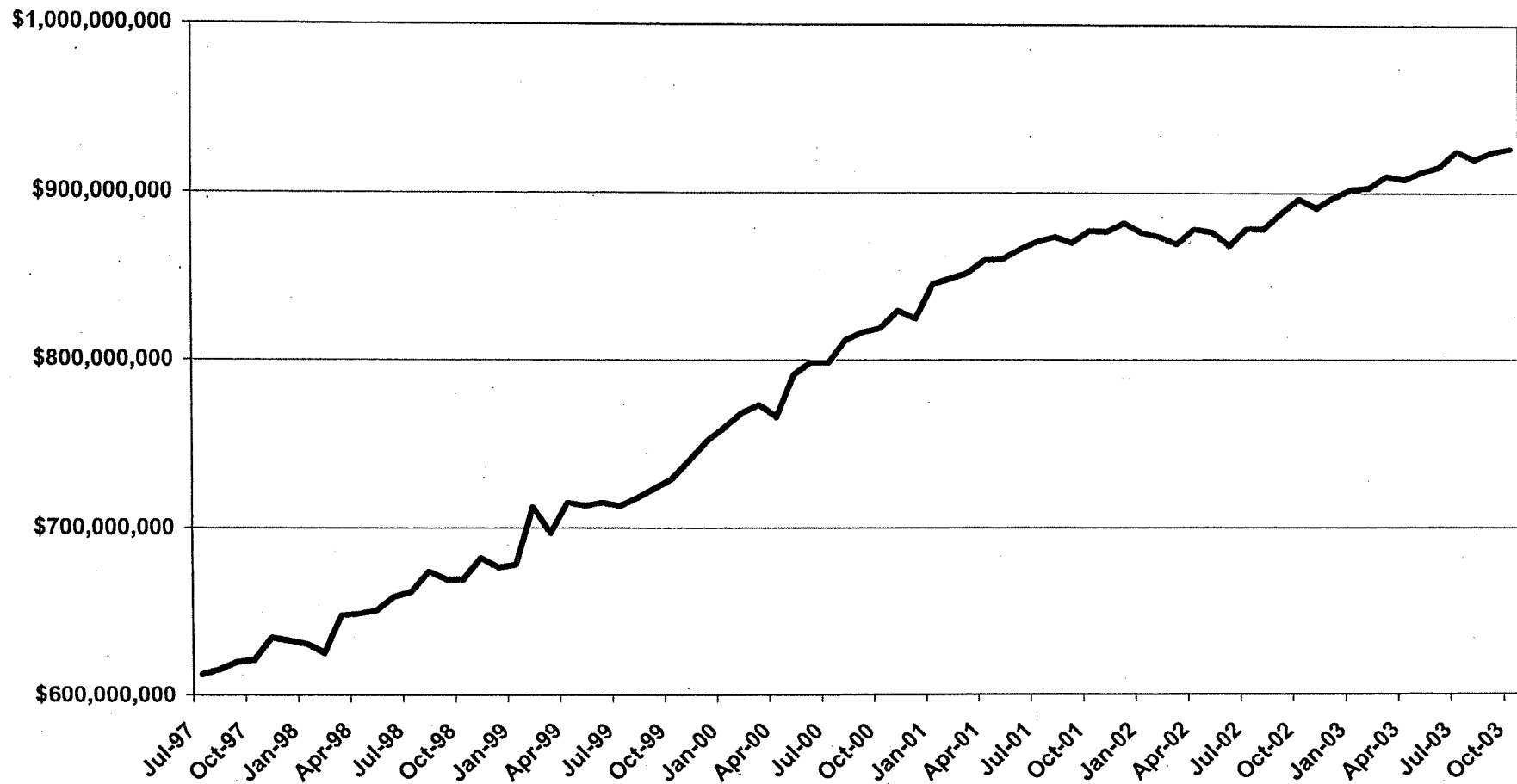
Maine Revenue Services
Individual Income Tax Revenue

	FY'04 Actual	FY'04 Budget	FY'03 Actual	FY'02 Actual	FY'04 Actual vs. Budget	FY'04 Budget vs. FY'03 Actual	FY'04 Actual vs. FY'03 Actual	FY'03 Actual vs. FY'02 Actual
Jul	\$83,052,540	\$71,127,568	\$69,726,689	\$70,270,171	16.8%	2.0%	19.1%	-0.8%
Aug	\$25,716,284	\$36,440,443	\$34,659,319	\$33,503,806	-29.4%	5.1%	-25.8%	3.4%
Sep	\$112,651,883	\$100,633,353	\$108,179,557	\$103,495,962	11.9%	-7.0%	4.1%	4.5%
Oct	\$92,060,779	\$96,777,867	\$94,322,529	\$84,228,918	-4.9%	2.6%	-2.4%	12.0%
Nov	\$0	\$91,199,586	\$85,520,020	\$91,853,830	-100.0%	6.6%	-100.0%	-6.9%
Dec	\$0	\$97,502,055	\$102,691,680	\$94,174,292	-100.0%	-5.1%	-100.0%	9.0%
Jan	\$0	\$131,464,570	\$136,119,438	\$138,942,427	-100.0%	-3.4%	-100.0%	-2.0%
Feb	\$0	\$41,918,050	\$23,555,164	\$31,861,661	-100.0%	78.0%	-100.0%	-26.1%
Mar	\$0	\$32,637,185	\$30,943,003	\$21,945,214	-100.0%	5.5%	-100.0%	41.0%
Apr	\$0	\$210,571,425	\$156,819,229	\$188,439,509	-100.0%	34.3%	-100.0%	-16.8%
May	\$0	\$71,395,492	\$73,200,655	\$61,993,253	-100.0%	-2.5%	-100.0%	18.1%
Jun	\$0	\$151,134,419	\$155,964,413	\$149,125,749	-100.0%	-3.1%	-100.0%	4.6%
Total	\$313,481,486	\$1,132,802,013	\$1,071,701,696	\$1,069,834,792	-72.3%	5.7%	-70.7%	0.2%
YTD Oct	\$313,481,486	\$304,979,231	\$306,888,094	\$291,498,857	2.8%	-0.6%	2.1%	5.3%

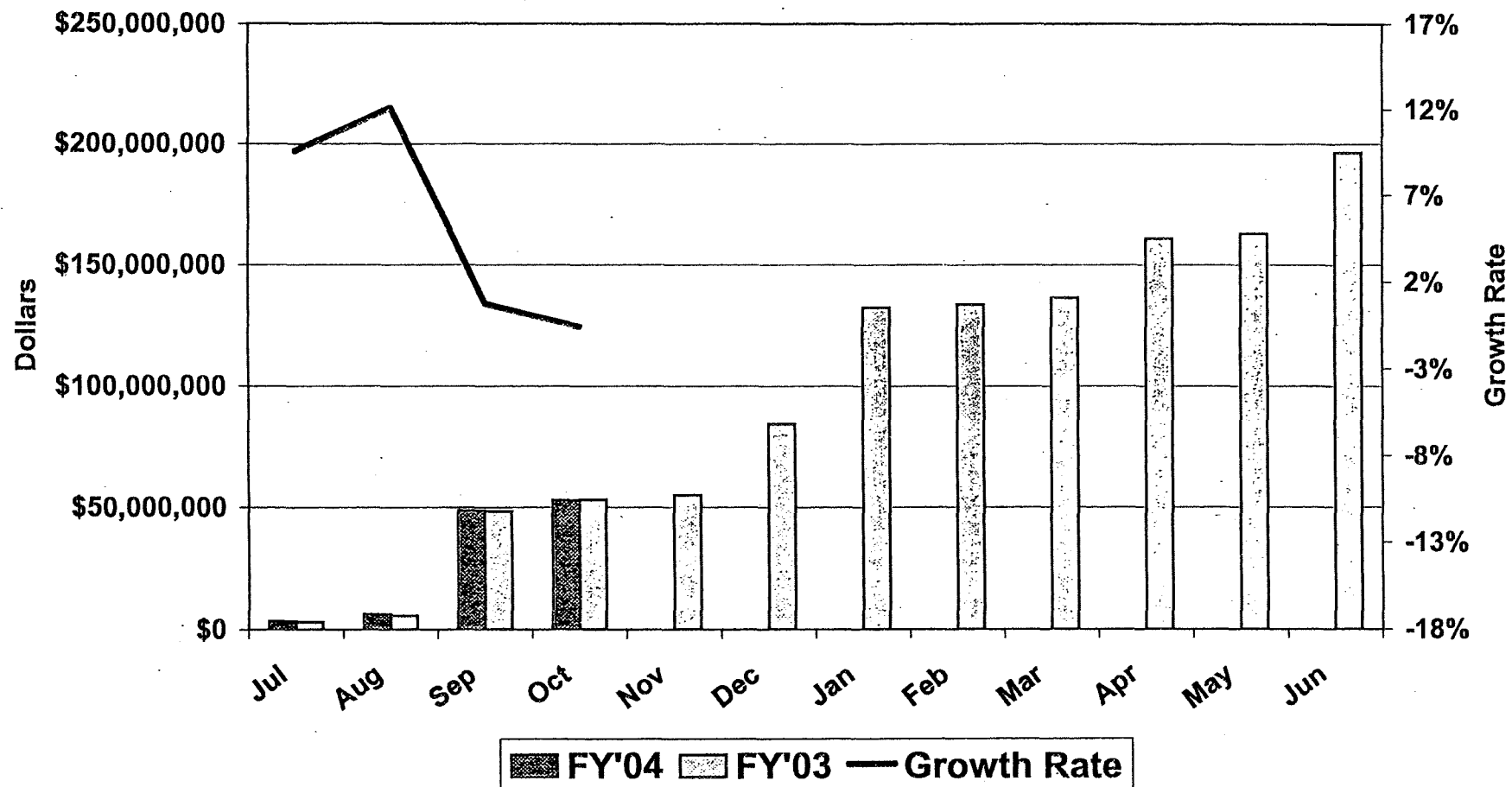
1040 Withholding Year-to-Date FY'04 & FY'03



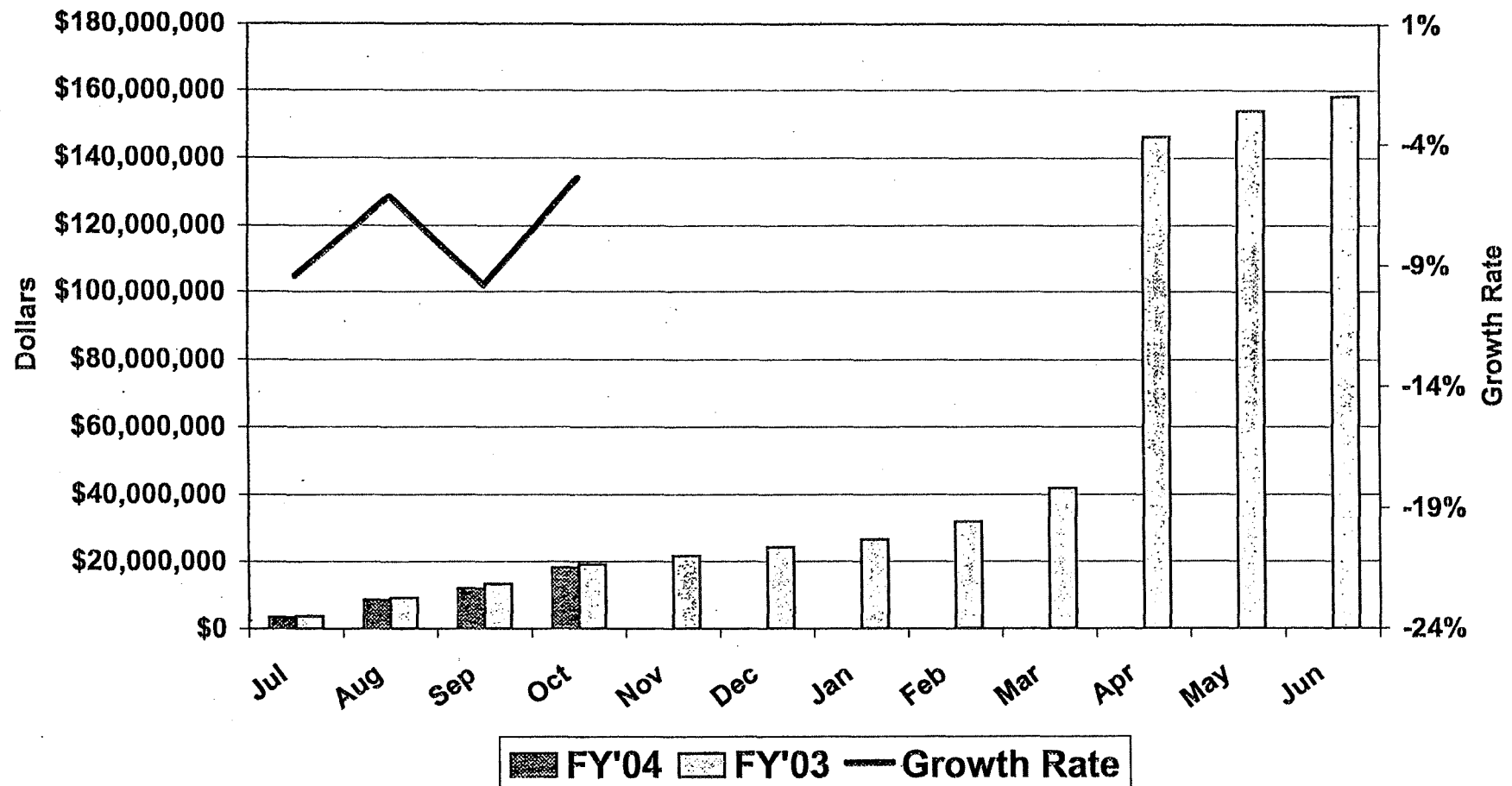
Withholding Tax Revenue 12 Month Moving Total



1040 Estimated Payments Year-to-Date FY'04 & FY'03



1040 Final Payments Year-to-Date FY'04 & FY'03



Maine Revenue Services

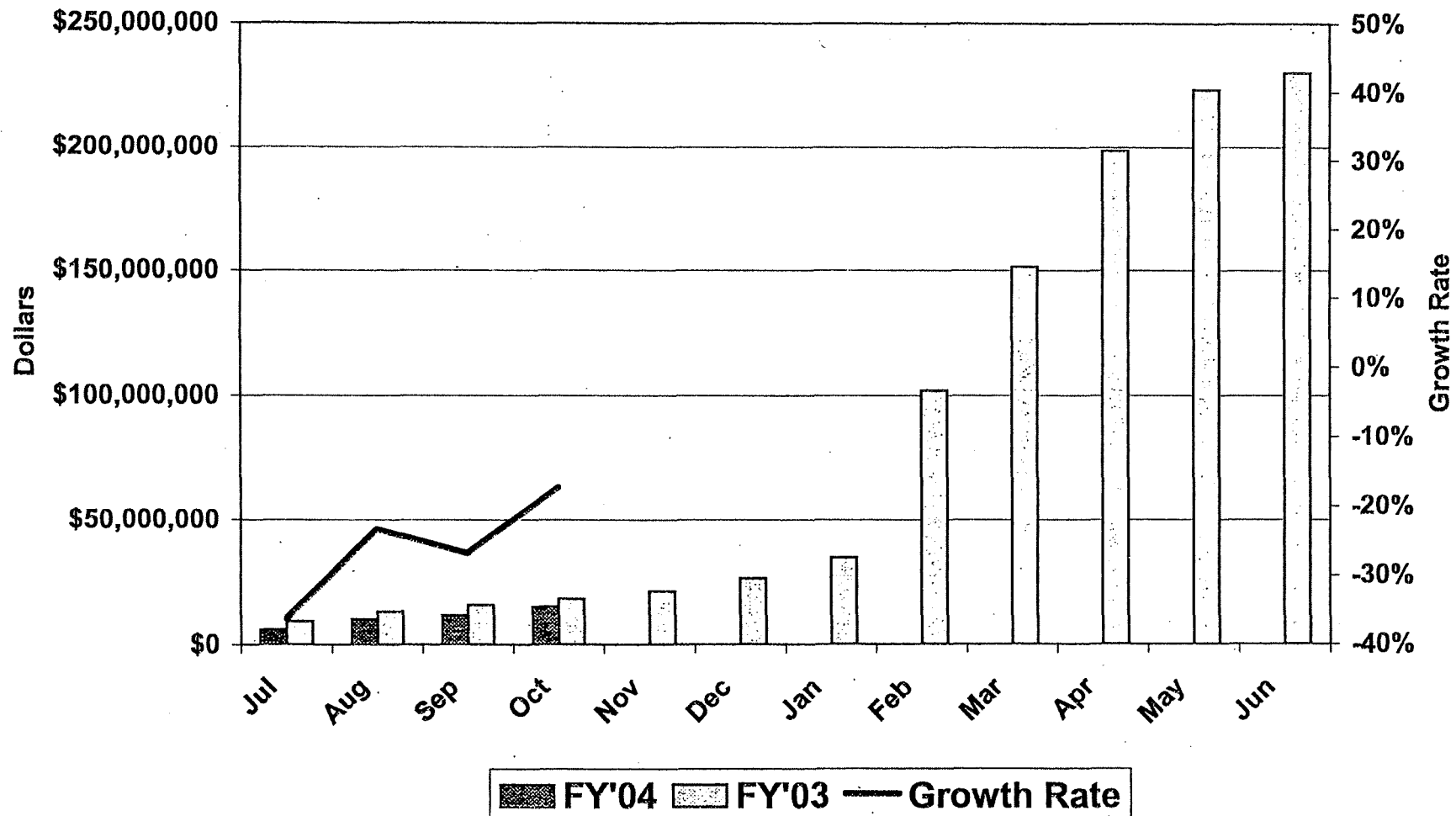
Individual Income Tax Withholding, Estimated Payments and Final Payments

	1040 Withholding			1040 Estimated Payments			1040 Final Payments		
	FY'04	FY'03	Growth Rate	FY'04	FY'03	Growth Rate	FY'04	FY'03	Growth Rate
Jul	\$81,694,654	\$72,248,530	13.1%	\$3,406,891	\$3,110,013	9.5%	\$3,361,303	\$3,713,299	-9.5%
Aug	\$80,845,219	\$85,624,527	-5.6%	\$2,985,959	\$2,593,870	15.1%	\$5,305,039	\$5,522,568	-3.9%
Sep	\$66,453,554	\$62,102,971	7.0%	\$42,224,742	\$42,560,826	-0.8%	\$3,325,857	\$4,069,704	-18.3%
Oct	\$83,273,521	\$81,023,720	2.8%	\$4,210,273	\$4,881,400	-13.7%	\$6,068,268	\$5,785,554	4.9%
Nov	\$0	\$82,098,531	-100.0%	\$0	\$1,889,592	-100.0%	\$0	\$2,465,284	-100.0%
Dec	\$0	\$72,954,239	-100.0%	\$0	\$29,291,668	-100.0%	\$0	\$2,486,591	-100.0%
Jan	\$0	\$91,194,061	-100.0%	\$0	\$47,966,953	-100.0%	\$0	\$2,367,216	-100.0%
Feb	\$0	\$82,677,660	-100.0%	\$0	\$1,337,388	-100.0%	\$0	\$5,412,529	-100.0%
Mar	\$0	\$65,408,134	-100.0%	\$0	\$2,759,630	-100.0%	\$0	\$10,017,113	-100.0%
Apr	\$0	\$70,633,546	-100.0%	\$0	\$24,267,755	-100.0%	\$0	\$104,485,393	-100.0%
May	\$0	\$86,737,709	-100.0%	\$0	\$1,975,523	-100.0%	\$0	\$7,721,153	-100.0%
Jun	\$0	\$62,550,634	-100.0%	\$0	\$33,750,609	-100.0%	\$0	\$4,142,454	-100.0%

Year-To-Date

	1040 Withholding			1040 Estimated Payments			1040 Final Payments		
	FY'04	FY'03	Growth Rate	FY'04	FY'03	Growth Rate	FY'04	FY'03	Growth Rate
Jul	\$81,694,654	\$72,248,530	13.1%	\$3,406,891	\$3,110,013	9.5%	\$3,361,303	\$3,713,299	-9.5%
Aug	\$162,539,873	\$157,873,057	3.0%	\$6,392,850	\$5,703,883	12.1%	\$8,666,342	\$9,235,867	-6.2%
Sep	\$228,993,427	\$219,976,028	4.1%	\$48,617,592	\$48,264,709	0.7%	\$11,992,199	\$13,305,571	-9.9%
Oct	\$312,266,948	\$300,999,748	3.7%	\$52,827,865	\$53,146,109	-0.6%	\$18,060,467	\$19,091,125	-5.4%
Nov	\$312,266,948	\$383,098,279	-18.5%	\$52,827,865	\$55,035,701	-4.0%	\$18,060,467	\$21,556,409	-16.2%
Dec	\$312,266,948	\$456,052,518	-31.5%	\$52,827,865	\$84,327,369	-37.4%	\$18,060,467	\$24,043,000	-24.9%
Jan	\$312,266,948	\$547,246,579	-42.9%	\$52,827,865	\$132,294,322	-60.1%	\$18,060,467	\$26,410,216	-31.6%
Feb	\$312,266,948	\$629,924,239	-50.4%	\$52,827,865	\$133,631,710	-60.5%	\$18,060,467	\$31,822,745	-43.2%
Mar	\$312,266,948	\$695,332,373	-55.1%	\$52,827,865	\$136,391,340	-61.3%	\$18,060,467	\$41,839,858	-56.8%
Apr	\$312,266,948	\$765,965,919	-59.2%	\$52,827,865	\$160,659,095	-67.1%	\$18,060,467	\$146,325,251	-87.7%
May	\$312,266,948	\$852,703,628	-63.4%	\$52,827,865	\$162,634,618	-67.5%	\$18,060,467	\$154,046,404	-88.3%
Jun	\$312,266,948	\$915,254,262	-65.9%	\$52,827,865	\$196,385,227	-73.1%	\$18,060,467	\$158,188,858	-88.6%

Individual Income Tax Refunds Year-to-Date FY'04 & FY'03



**Maine Revenue Services
Individual Income Tax Refunds**

	Month	Year-To-Date			
	FY'04	FY'03	FY'04	FY'03	Growth Rate
Jul	\$5,867,003	\$9,218,744	\$5,867,003	\$9,218,744	-36%
Aug	\$4,084,763	\$3,779,181	\$9,951,766	\$12,997,925	-23%
Sep	\$1,464,736	\$2,632,145	\$11,416,502	\$15,630,070	-27%
Oct	\$3,594,225	\$2,531,605	\$15,010,727	\$18,161,675	-17%
Nov	\$0	\$3,091,356	\$15,010,727	\$21,253,031	-29%
Dec	\$0	\$5,319,477	\$15,010,727	\$26,572,508	-44%
Jan	\$0	\$8,066,307	\$15,010,727	\$34,638,815	-57%
Feb	\$0	\$67,204,147	\$15,010,727	\$101,842,962	-85%
Mar	\$0	\$49,640,283	\$15,010,727	\$151,483,246	-90%
Apr	\$0	\$46,990,533	\$15,010,727	\$198,473,779	-92%
May	\$0	\$24,855,956	\$15,010,727	\$223,329,735	-93%
Jun	\$0	\$7,178,329	\$15,010,727	\$230,508,064	-93%

	Wage&Salary	Pct.Chg	Dividend&Int	PctChg
995	12176.	0.00	1060.	0.00
996	12731.	4.55	1121.	5.77
997	13485.	5.93	1185.	5.71
998	14424.	6.96	1185.	0.04
999	15261.	5.80	1217.	2.71
000	16250.	6.49	1356.	11.38
001	16975.	4.46	1245.	-8.19
002	17446.	2.77	1261.	1.31
003	17946.	2.87	1287.	2.02
004	18564.	3.44	1344.	4.42
005	19363.	4.30	1404.	4.49
006	20289.	4.78	1467.	4.47
007	21260.	4.79	1532.	4.44
008	22278.	4.79	1599.	4.42
009	23345.	4.79	1670.	4.40
010	24464.	4.79	1743.	4.37

	Returns w/div	Pct.Chg.	PensAGI	PctChg
995	0.1155	0.00	978.	0.00
996	0.1231	6.58	1047.	7.01
997	0.1288	4.63	1125.	7.52
998	0.1329	3.18	1204.	6.98
999	0.1405	5.72	1299.	7.89
000	0.1519	8.11	1409.	8.51
001	0.1437	-5.40	1441.	2.23
002	0.1433	-0.25	1508.	4.64
003	0.1433	0.00	1564.	3.76
004	0.1443	0.65	1631.	4.29
005	0.1455	0.82	1710.	4.81
006	0.1467	0.82	1792.	4.80
007	0.1479	0.82	1878.	4.78
008	0.1491	0.82	1967.	4.77
009	0.1503	0.82	2061.	4.76
010	0.1515	0.83	2158.	4.75

	Capital Gains	Pct.Chg.	Part. Inc.	PctChg
995	526.	0.00	523.	0.00
996	767.	45.84	556.	6.31
997	1177.	53.53	594.	6.69
998	1502.	27.57	620.	4.47
999	1812.	20.64	654.	5.51
000	2206.	21.75	691.	5.53
001	1030.	-53.29	699.	1.25
002	670.	-35.00	707.	1.16
003	670.	0.00	720.	1.78
004	723.	8.03	748.	3.90
005	786.	8.70	778.	3.99
006	852.	8.36	809.	3.98
007	921.	8.07	841.	3.98
008	993.	7.80	874.	3.98
009	1068.	7.56	909.	3.97
010	1146.	7.35	945.	3.97

	UnemployAGI	Pct.Chg.	Num.Marr/Jnt	PctChg.
995	93.	0.00	0.2560	0.00
996	83.	-10.71	0.2548	-0.47
997	95.	15.07	0.2532	-0.63
998	77.	-19.15	0.2540	0.32
999	79.	2.59	0.2549	0.35
000	73.	-7.19	0.2570	0.82
001	100.	35.96	0.2588	0.70
002	116.	15.83	0.2580	-0.29
003	124.	7.41	0.2580	0.00
004	131.	5.41	0.2601	0.78
005	123.	-5.97	0.2626	0.97
006	119.	-3.72	0.2651	0.97
007	120.	1.25	0.2677	0.97
008	121.	1.20	0.2703	0.97
009	126.	4.03	0.2730	0.97
010	131.	4.06	0.2756	0.97

	Num.Single	Pct.Chg.	NumDepen	PctChg
95	0.2330	0.00	0.3150	0.00
96	0.2357	1.16	0.3138	-0.38
97	0.2389	1.36	0.3133	-0.16
98	0.2447	2.43	0.3152	0.61
99	0.2522	3.06	0.3184	1.02
00	0.2612	3.57	0.3226	1.32
01	0.2634	0.84	0.3257	0.96
02	0.2627	-0.27	0.3249	-0.26
03	0.2627	0.00	0.3249	0.00
04	0.2646	0.72	0.3271	0.68
05	0.2670	0.90	0.3299	0.85
06	0.2694	0.90	0.3327	0.86
07	0.2718	0.90	0.3355	0.86
08	0.2742	0.90	0.3384	0.86
09	2767	0.90	0.3413	0.86
10	2792	0.90	0.3443	0.86

	Num.Itemiz	Pct.Chg.	0<AGI<15	PctChg
95	0.1500	0.00	1288.	0.00
96	0.1531	2.07	1435.	11.41
97	0.1556	1.63	1378.	-3.98
98	0.1618	3.98	1339.	-2.80
99	0.1684	4.08	1305.	-2.53

000	0.1876	11.40	1289.	-1.26
001	0.1913	1.97	1276.	-0.98
002	0.1950	1.95	1314.	2.99
003	0.1987	1.86	1366.	3.94
004	0.2045	2.94	1438.	5.25
005	0.2116	3.45	1528.	6.31
006	0.2190	3.50	1632.	6.79
007	0.2267	3.55	1742.	6.71
008	0.2349	3.59	1857.	6.60
009	0.2435	3.64	1978.	6.52
010	0.2524	3.69	2105.	6.42

	15<AGI<30	PctChg	30<AGI<50	PctChg
995	3161.	0.00	4139.	0.00
996	3139.	-0.68	4225.	2.09
997	3148.	0.27	4292.	1.59
998	3186.	1.20	4408.	2.69
999	3230.	1.39	4503.	2.15
000	3368.	4.28	4654.	3.35
001	3392.	0.71	4735.	1.75
002	3237.	-4.56	4724.	-0.24
003	3177.	-1.87	4818.	2.00
004	3030.	-4.62	4878.	1.25
005	2865.	-5.44	4952.	1.51
006	2669.	-6.87	5008.	1.12
007	2483.	-6.97	5053.	0.91
008	2291.	-7.74	5067.	0.28
009	2115.	-7.68	5064.	-0.06
010	1947.	-7.91	5032.	-0.64

	50<AGI<75	PctChg	75<AGI<100	PctChg
995	3486.	0.00	1357.	0.00
996	3553.	1.94	1483.	9.32
997	3857.	8.54	1745.	17.63
998	4120.	6.83	2013.	15.36
999	4386.	6.45	2250.	11.80
000	4636.	5.69	2548.	13.26
001	4799.	3.51	2721.	6.78
002	4875.	1.60	2828.	3.92
003	4982.	2.19	2953.	4.41
004	5129.	2.95	3171.	7.41
005	5304.	3.42	3433.	8.23
006	5481.	3.34	3724.	8.48
007	5653.	3.13	4006.	7.59
008	5811.	2.79	4284.	6.94
009	5965.	2.66	4550.	6.21
010	6112.	2.47	4806.	5.63

	100<AGI<200	PctChg	AGI<200	PctChg
995	1408.	0.00	1512.	0.00
996	1552.	10.22	1848.	22.24
997	1853.	19.40	2362.	27.81
998	2170.	17.14	3103.	31.39
999	2512.	15.74	3405.	9.73
000	2894.	15.20	4187.	22.99
001	2916.	0.76	3224.	-23.01
002	3012.	3.29	3139.	-2.63
003	3154.	4.73	3270.	4.18
004	3463.	9.79	3537.	8.16
005	3862.	11.53	3862.	9.19
006	4362.	12.94	4244.	9.90
007	4911.	12.59	4659.	9.77
008	5532.	12.64	5124.	9.98
009	6199.	12.07	5632.	9.92
010	6924.	11.69	6194.	9.99

	15<Ret<30	PctChg	30<Ret<50	PctChg
995	0.1460	0.00	0.1060	0.00
996	0.1426	-2.33	0.1065	0.47
997	0.1426	0.00	0.1077	1.13
998	0.1440	0.98	0.1104	2.51
999	0.1456	1.11	0.1126	1.99
000	0.1495	2.68	0.1147	1.87
001	0.1496	0.07	0.1165	1.57
002	0.1429	-4.51	0.1167	0.16
003	0.1363	-4.57	0.1172	0.44
004	0.1294	-5.11	0.1189	1.43
005	0.1215	-6.06	0.1206	1.46
006	0.1126	-7.35	0.1220	1.12
007	0.1042	-7.43	0.1228	0.68
008	0.0959	-8.00	0.1229	0.11
009	0.0883	-7.91	0.1224	-0.45
010	0.0812	-8.02	0.1210	-1.10

	50<Ret<75	PctChg	75<Ret<100	PctChg
95	0.0580	0.00	0.0160	0.00
96	0.0584	0.69	0.0173	8.12
97	0.0631	8.05	0.0203	17.34
98	0.0671	6.34	0.0234	15.27
99	0.0713	6.26	0.0261	11.54
00	0.0744	4.35	0.0293	12.26
01	0.0769	3.36	0.0314	7.17
02	0.0784	1.97	0.0334	6.31
03	0.0801	2.09	0.0355	6.20
04	0.0824	2.92	0.0379	7.03
05	0.0850	3.19	0.0408	7.65

006	0.0878	3.24	0.0441	8.05
007	0.0903	2.89	0.0473	7.06
008	0.0928	2.73	0.0504	6.63
009	0.0951	2.46	0.0533	5.80
010	0.0972	2.29	0.0561	5.25

10C	<200	PctChg	Ret<200	PctChg
995	0.0110	0.00	0.0030	0.00
996	0.0116	5.45	0.0039	30.00
997	0.0139	19.83	0.0048	23.08
998	0.0162	16.55	0.0056	16.67
999	0.0188	16.05	0.0066	17.86
000	0.0215	14.36	0.0076	15.15
001	0.0219	1.86	0.0068	-10.53
002	0.0236	7.69	0.0072	5.51
003	0.0255	7.99	0.0076	5.78
004	0.0280	9.89	0.0082	7.95
005	0.0312	11.44	0.0089	8.96
006	0.0352	12.97	0.0098	10.04
007	0.0396	12.37	0.0108	9.86
008	0.0446	12.52	0.0119	10.38
009	0.0498	11.72	0.0131	10.26
010	0.0554	11.29	0.0145	10.47

Num.AgedExem	PctChg	Num.NonRes.	PctChg
995	0.0760	0.00	0.0343
996	0.0783	2.98	0.0391
997	0.0786	0.47	0.0395
998	0.0790	0.47	0.0392
999	0.0794	0.47	0.0415
000	0.0798	0.47	0.0413
001	0.0800	0.35	0.0404
002	0.0803	0.35	0.0403
003	0.0806	0.35	0.0403
004	0.0809	0.35	0.0406
005	0.0812	0.35	0.0409
006	0.0824	1.56	0.0413
007	0.0837	1.56	0.0416
008	0.0850	1.56	0.0420
009	0.0863	1.56	0.0424
010	0.0877	1.56	0.0427

AGINon.Res.	PctChg
995	3876.
996	4601.
997	7526.
998	13083.
999	10025.
000	6000.
001	7500.
002	10500.
003	10651.
004	10871.
005	11146.
006	11457.
007	11786.
008	12131.
009	12496.
010	12879.

Total AGI	PctChg	Total Returns	PctChg
995	16349.	0.00	0.5338
996	17235.	5.42	0.5376
997	18633.	8.11	0.5478
998	20339.	9.15	0.5616
999	21591.	6.16	0.5768
000	23576.	9.20	0.5920
001	23063.	-2.18	0.5973
002	23129.	0.29	0.5957
003	23720.	2.56	0.5957
004	24647.	3.91	0.6000
005	25807.	4.71	0.6055
006	27120.	5.09	0.6110
007	28507.	5.11	0.6166
008	29965.	5.11	0.6222
009	31503.	5.13	0.6279
010	33121.	5.14	0.6336

Pop 0-19	PctChg	Pop20-64	PctChg
995	314.3840	763.3300	0.00
996	311.2708	770.0106	0.88
997	307.1483	776.7586	0.88
998	302.7896	782.2848	0.71
999	301.7490	791.3344	1.16
000	301.2380	790.2830	-0.13
001	300.2310	795.7974	0.70
002	299.2275	801.3543	0.70
003	298.2275	806.9540	0.70
004	297.2310	812.5968	0.70
005	296.2380	818.2830	0.70
006	295.8340	824.1788	0.72
007	295.4320	830.1263	0.72
008	295.0320	836.1258	0.72
009	294.6340	842.1779	0.72
010	294.2380	848.2830	0.72

Pop 64 +	PctChg
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Individual Income Tax: Baseline Forecast FY04 - FY07

	FY00	FY01	Biennium	FY02	FY03	Biennium	FY04	FY05	Biennium	FY06	FY07	Biennium
Actuals & February, 2003 Forecast /1	\$1,074,621,614	\$1,167,748,898	\$2,242,370,512	\$1,069,834,791	\$1,071,701,694	\$2,141,536,485	\$1,132,802,013	\$1,195,104,203	\$2,327,906,216	\$1,263,783,243	\$1,329,192,731	\$2,592,975,974
Growth Rate	7.0%	8.7%	9.4%	-8.4%	0.2%	-4.5%	5.7%	5.5%	8.7%	5.7%	5.2%	11.4%
Technical Adjustments to Prior Forecast /2	\$0	\$0	\$0	\$0	\$0	\$0	(\$13,087,953)	(\$14,004,110)	(\$27,092,063)	(\$17,921,356)	(\$18,996,638)	(\$36,917,994)
TY01, TY02 & TY03 Calibration /3	\$0	\$0	\$0	\$0	\$0	\$0	(\$13,087,953)	(\$14,004,110)	(\$27,092,063)	(\$17,921,356)	(\$18,996,638)	(\$36,917,994)
New Economic Assumptions /4	\$0	\$0	\$0	\$0	\$0	\$0	\$4,050,000	\$4,440,000	\$4,050,000	\$3,470,000	\$3,678,200	\$7,148,200
Total Adjustments to Prior Forecast	\$0	\$0	\$0	\$0	\$0	\$0	(\$9,037,953)	(\$9,564,110)	(\$18,602,063)	(\$14,451,356)	(\$15,318,438)	(\$29,769,794)
New Forecast	\$1,074,621,614	\$1,167,748,898	\$2,242,370,512	\$1,069,834,791	\$1,071,701,694	\$2,141,536,485	\$1,123,764,060	\$1,185,540,093	\$2,309,304,153	\$1,249,331,887	\$1,313,874,293	\$2,563,206,180
Growth Rate	7.0%	8.7%	9.4%	-8.4%	0.2%	-4.5%	4.9%	5.5%	7.8%	5.4%	5.2%	11.0%

1/ February, 2003 forecast with FY00, FY01, FY02 and FY03 actuals.

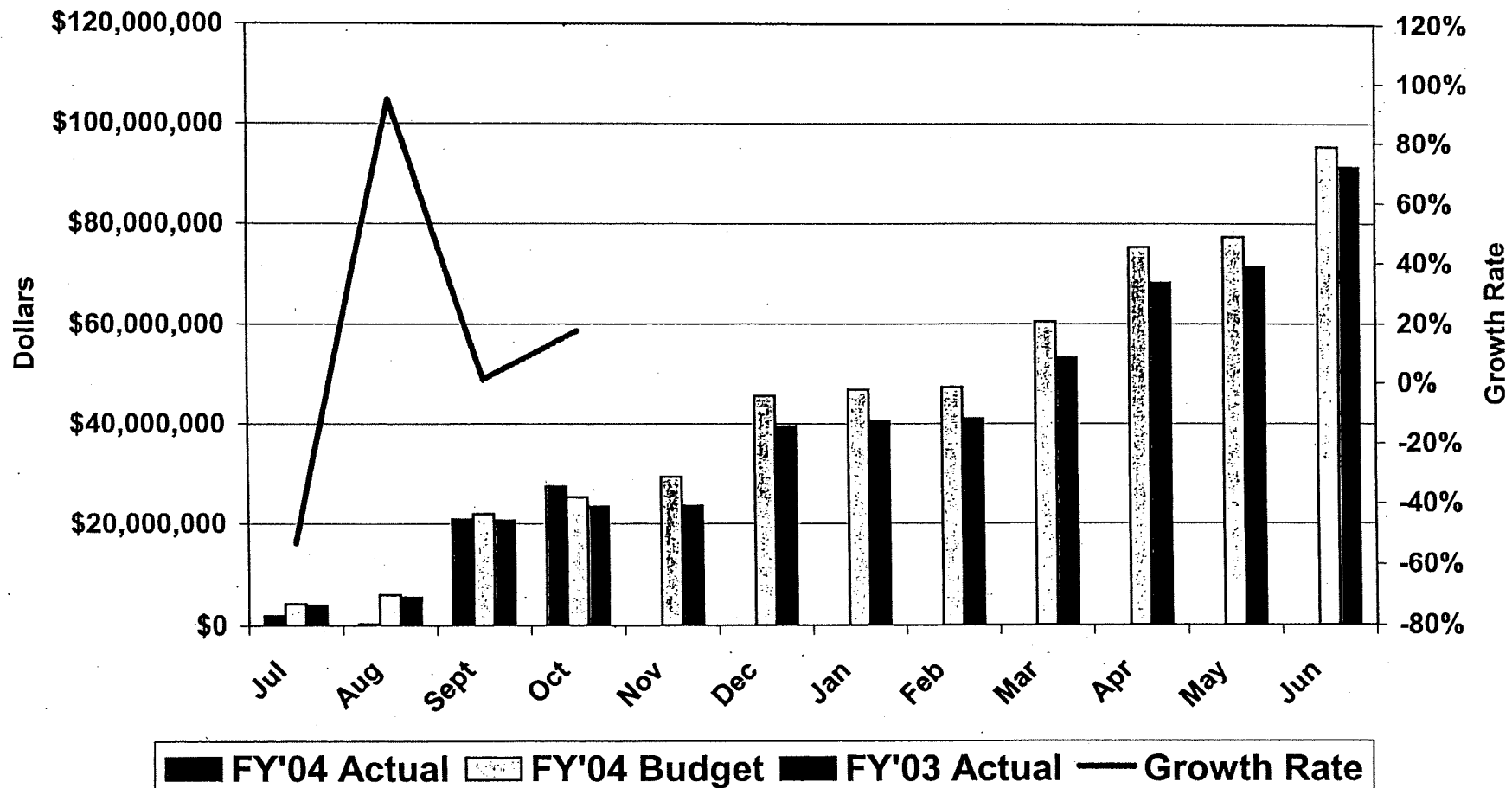
2/ Technical adjustments refer to all changes in the forecast that are not related to changes from new economic assumptions. Examples of technical changes may be new data, model updates and changes, and court cases that affect revenues.

3/ Reflects the impact of calibrating income tax model to actual data for tax years 2001, 2002 and 2003.

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

Corporate Income Tax

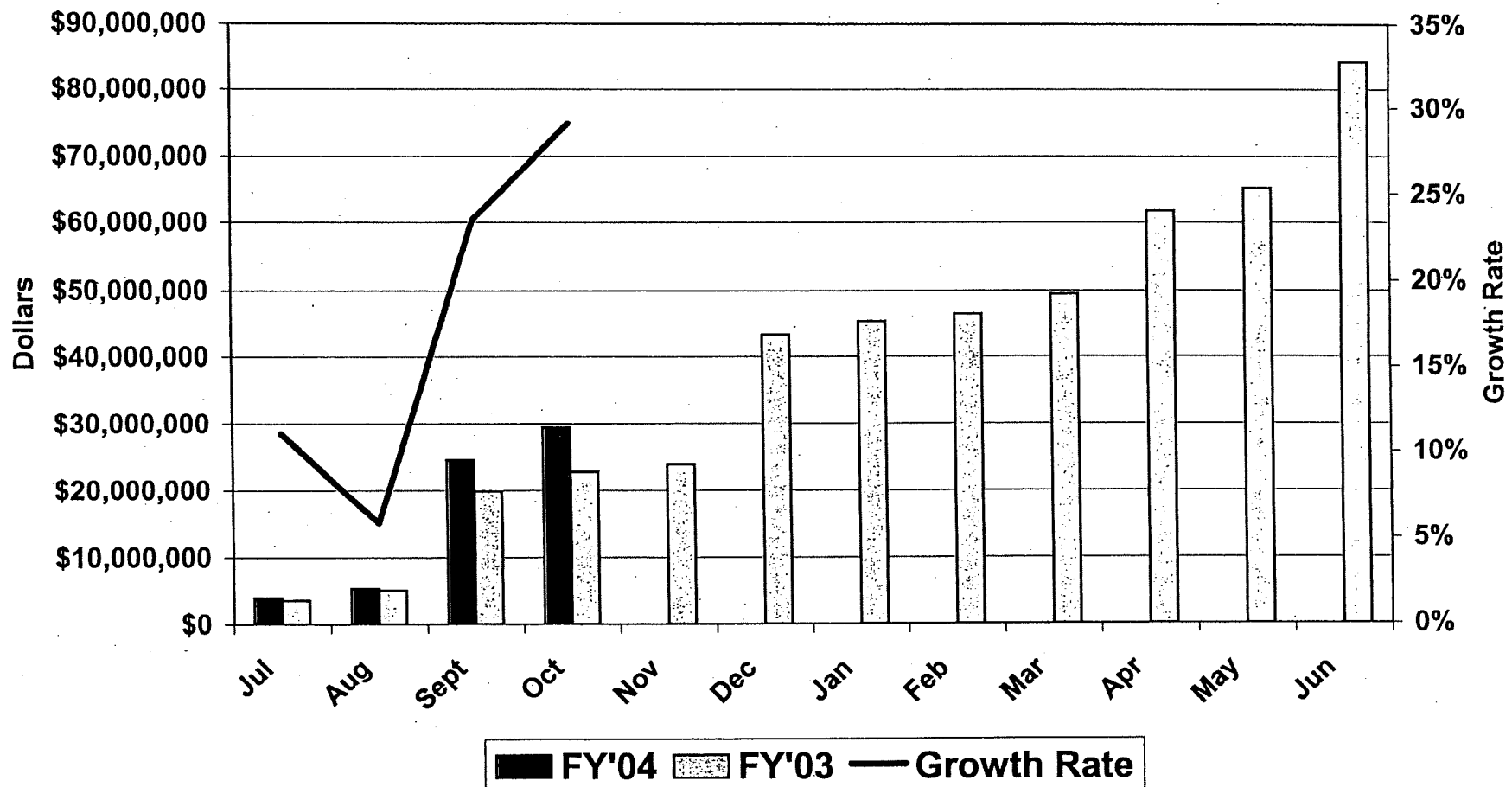
YTD Corporate Income Tax Revenue FY'04 Actual, Budget & FY'03 Actual



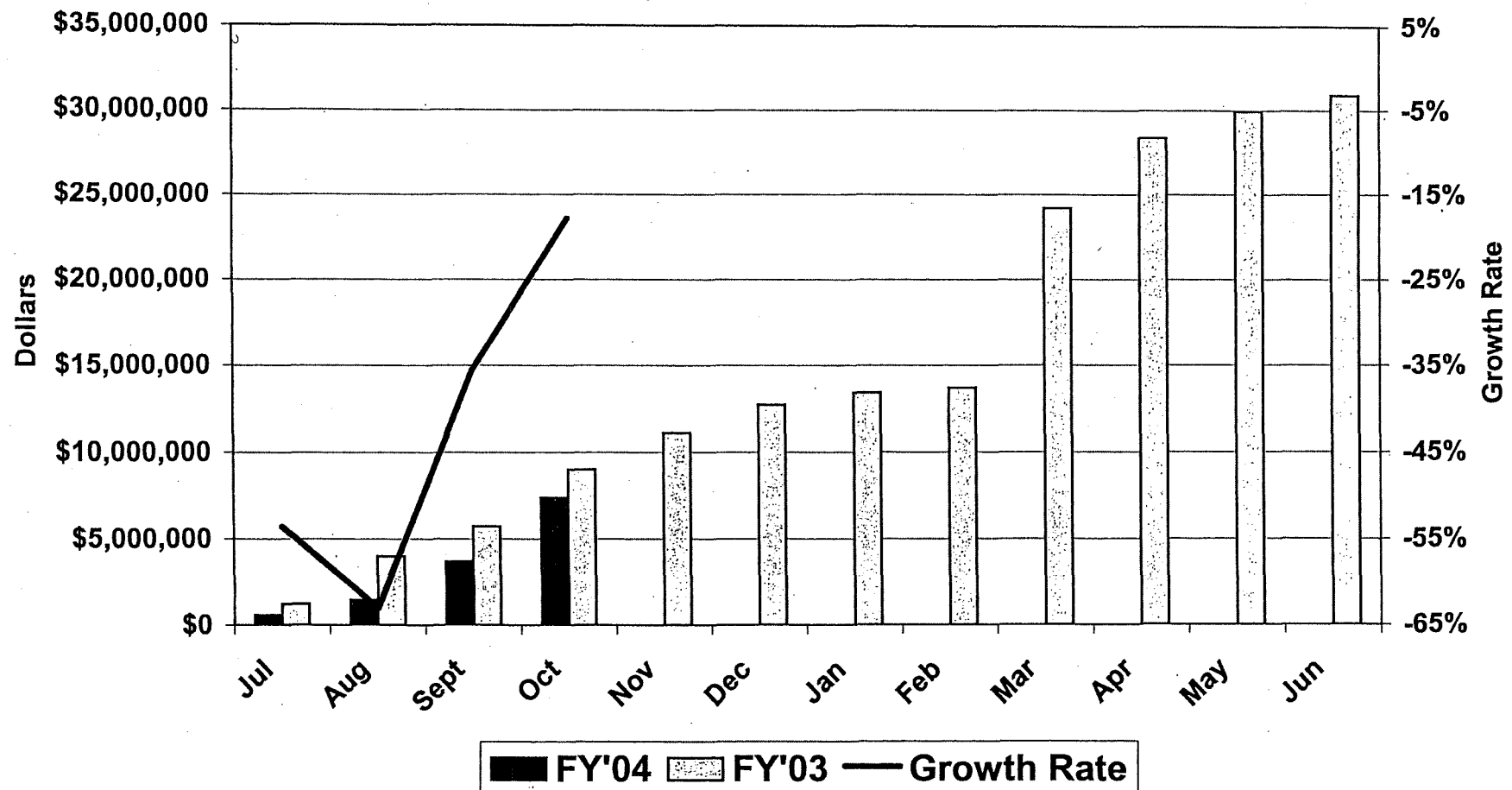
Maine Revenue Services
Corporate Income Tax Revenue

	FY'04 Actual	FY'04 Budget	FY'03 Actual	FY'02 Actual	FY'04 Actual vs. Budget	FY'04 Budget vs. FY'03 Actual	FY'04 Actual vs. FY'03 Actual	FY'03 Actual vs. FY'02 Actual
Jul	\$1,844,586.0	\$4,211,506.0	\$3,930,812	\$2,132,217	-56.2%	7.1%	-53.1%	84.4%
Aug	-\$1,544,295.0	\$1,780,747.0	\$1,548,950	\$847,663	-186.7%	-15.0%	199.7%	82.7%
Sept	\$20,479,613.0	\$15,902,715.0	\$15,092,881	\$14,416,498	28.8%	5.4%	35.7%	4.7%
Oct	\$6,521,532.0	\$3,218,491.0	\$2,663,808	\$2,642,360	102.6%	20.8%	144.8%	0.8%
Nov	\$0.0	\$4,089,206.0	\$187,515	-\$1,509,948	-100.0%	2080.7%	-100.0%	-112.4%
Dec	\$0.0	\$16,285,332.0	\$15,957,743	\$19,033,816	-100.0%	2.1%	-100.0%	-16.2%
Jan	\$0.0	\$1,172,270.0	\$1,148,689	-\$161,129	-100.0%	2.1%	-100.0%	-812.9%
Feb	\$0.0	\$510,264.0	\$438,595	-\$2,437,165	-100.0%	16.3%	-100.0%	-118.0%
Mar	\$0.0	\$13,266,871.0	\$12,157,668	\$11,694,303	-100.0%	9.1%	-100.0%	4.0%
Apr	\$0.0	\$14,797,663.0	\$14,923,752	\$13,664,871	-100.0%	-0.8%	-100.0%	9.2%
May	\$0.0	\$2,081,473.0	\$3,145,317	\$808,213	-100.0%	-33.8%	-100.0%	289.2%
Jun	\$0.0	\$17,961,303.0	\$19,992,664	\$16,234,404	-100.0%	-10.2%	-100.0%	23.1%
Total	\$27,301,436	\$95,277,841	\$91,188,394	\$77,366,103	-71.3%	4.5%	-70.1%	17.9%
YTD Oct	\$27,301,436	\$25,113,459	\$23,236,451	\$20,038,738	8.7%	8.1%	17.5%	16.0%

Corporate Estimated Payments Year-to-Date FY'04 & FY'03



Corporate Final Payments Year-to-Date FY'04 & FY'03



Maine Revenue Services

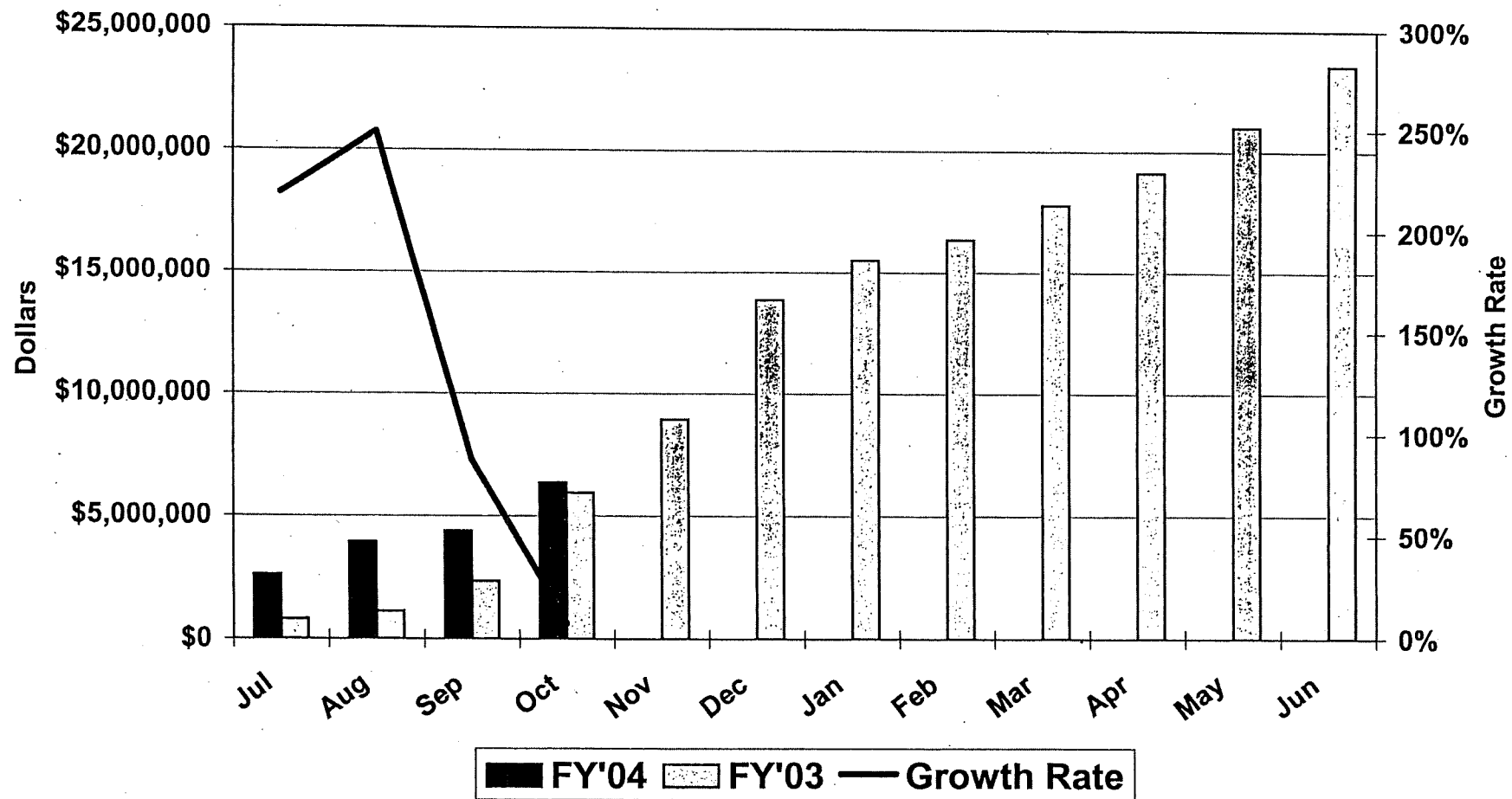
Corporate Income Tax Estimated Payments

	Month			Year-To-Date		
	FY'04	FY'03	Growth Rate	FY'04	FY'03	Growth Rate
Jul	\$3,895,349	\$3,507,596	11.1%	\$3,895,349	\$3,507,596	11.1%
Aug	\$1,387,756	\$1,486,057	-6.6%	\$5,283,105	\$4,993,653	5.8%
Sept	\$19,185,202	\$14,832,649	29.3%	\$24,468,307	\$19,826,302	23.4%
Oct	\$4,879,297	\$2,907,602	67.8%	\$29,347,604	\$22,733,904	29.1%
Nov	\$0	\$1,101,899	-100.0%	\$29,347,604	\$23,835,803	23.1%
Dec	\$0	\$19,452,083	-100.0%	\$29,347,604	\$43,287,886	-32.2%
Jan	\$0	\$2,118,324	-100.0%	\$29,347,604	\$45,406,210	-35.4%
Feb	\$0	\$1,088,146	-100.0%	\$29,347,604	\$46,494,356	-36.9%
Mar	\$0	\$2,997,828	-100.0%	\$29,347,604	\$49,492,184	-40.7%
Apr	\$0	\$12,280,079	-100.0%	\$29,347,604	\$61,772,263	-52.5%
May	\$0	\$3,421,719	-100.0%	\$29,347,604	\$65,193,982	-55.0%
Jun	\$0	\$19,035,990	-100.0%	\$29,347,604	\$84,229,972	-65.2%

Corporate Income Tax Final Payments and Back Taxes

	Month			Year-To-Date		
	FY'04	FY'03	Growth Rate	FY'04	FY'03	Growth Rate
Jul	\$580,674	\$1,251,959	-53.6%	\$580,674	\$1,251,959	-53.6%
Aug	\$886,852	\$2,722,822	-67.4%	\$1,467,526	\$3,974,781	-63.1%
Sept	\$2,210,849	\$1,736,002	27.4%	\$3,678,375	\$5,710,783	-35.6%
Oct	\$3,708,549	\$3,291,515	12.7%	\$7,386,924	\$9,002,298	-17.9%
Nov	\$0	\$2,102,685	-100.0%	\$7,386,924	\$11,104,983	-33.5%
Dec	\$0	\$1,580,648	-100.0%	\$7,386,924	\$12,685,631	-41.8%
Jan	\$0	\$696,532	-100.0%	\$7,386,924	\$13,382,163	-44.8%
Feb	\$0	\$268,538	-100.0%	\$7,386,924	\$13,650,701	-45.9%
Mar	\$0	\$10,530,553	-100.0%	\$7,386,924	\$24,181,254	-69.5%
Apr	\$0	\$4,136,823	-100.0%	\$7,386,924	\$28,318,077	-73.9%
May	\$0	\$1,623,801	-100.0%	\$7,386,924	\$29,941,878	-75.3%
Jun	\$0	\$941,509	-100.0%	\$7,386,924	\$30,883,387	-76.1%

Corporate Income Tax Refunds Year-to-Date FY'04 & FY'03



**Maine Revenue Services
Corporate Income Tax Refunds**

	Month		Year-to-Date		Growth Rate
	FY'04	FY'03	FY'04	FY'03	
Jul	\$2,588,881	\$811,913	\$2,588,881	\$811,913	219%
Aug	\$1,331,611	\$313,063	\$3,920,492	\$1,124,976	248%
Sep	\$450,469	\$1,205,259	\$4,370,961	\$2,330,235	88%
Oct	\$1,993,169	\$3,607,239	\$6,364,130	\$5,937,474	7%
Nov	\$0	\$3,013,129	\$6,364,130	\$8,950,603	-29%
Dec	\$0	\$4,864,737	\$6,364,130	\$13,815,340	-54%
Jan	\$0	\$1,682,305	\$6,364,130	\$15,497,645	-59%
Feb	\$0	\$853,056	\$6,364,130	\$16,350,701	-61%
Mar	\$0	\$1,436,898	\$6,364,130	\$17,787,599	-64%
Apr	\$0	\$1,355,791	\$6,364,130	\$19,143,390	-67%
May	\$0	\$1,840,313	\$6,364,130	\$20,983,703	-70%
Jun	\$0	\$2,532,153	\$6,364,130	\$23,515,856	-73%

Corporate Income Tax: General Fund Baseline Forecast FY04 - FY07

	FY00	FY01	Biennium	FY02	FY03	Biennium	FY04	FY05	Biennium	FY06	FY07	Biennium
Actuals & February, 2003 Forecast /1	\$150,045,645	\$96,102,796	\$246,148,441	\$77,366,103	\$91,188,393	\$168,554,496	\$95,277,841	\$99,759,101	\$109,398,084	\$101,685,952	\$103,785,086	\$205,471,038
Growth Rate		-36.0%		-19.5%	17.9%	-31.5%	4.5%	4.7%	-35.1%	1.9%	2.1%	87.8%
Technical Adjustments to Prior Forecast /2	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,820,000)	\$0	(\$4,820,000)	(\$2,250,000)	(\$2,250,000)	(\$4,500,000)
Economic Assumptions /3	\$0	\$0	\$0	\$0	\$0	\$0	\$13,240,000	\$4,420,000	\$17,660,000	(\$5,100,000)	(\$9,690,000)	(\$14,790,000)
Total Adjustments to Prior Forecast	\$0	\$0	\$0	\$0	\$0	\$0	\$8,420,000	\$4,420,000	\$12,840,000	(\$7,350,000)	(\$11,940,000)	(\$19,290,000)
New Forecast	\$150,045,645	\$96,102,796	\$246,148,441	\$77,366,103	\$91,188,393	\$168,554,496	\$103,697,841	\$104,179,101	\$207,876,942	\$94,335,952	\$91,845,086	\$186,181,038
Growth Rate	3.5%	-36.0%		-19.5%	17.9%	-31.5%	13.7%	0.5%	23.3%	-9.4%	-2.6%	-10.4%

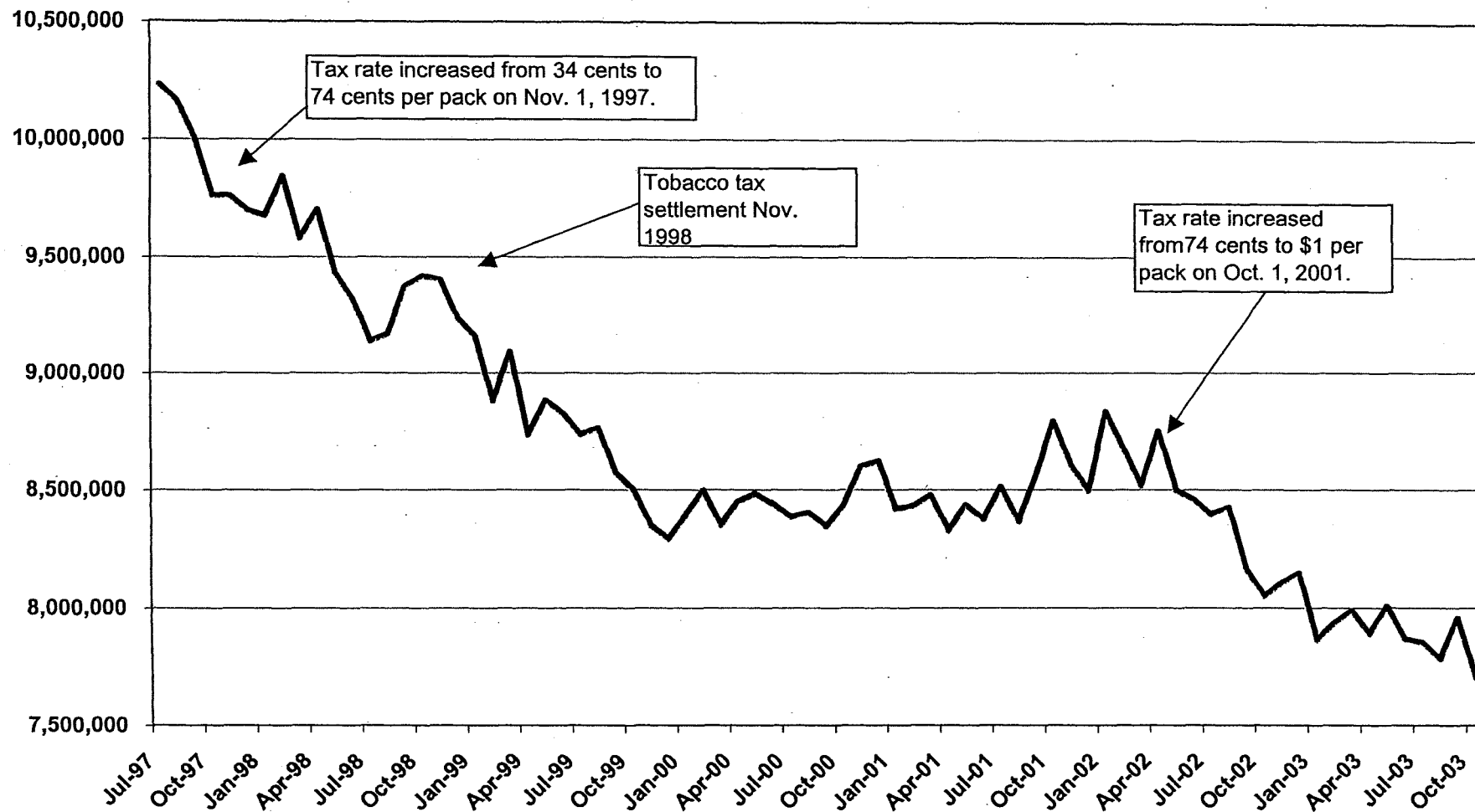
1/ February, 2003 forecast with FY00, FY01, FY02 and FY03 actuals.

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 revenue

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

Cigarette & Tobacco Taxes

Packages of Cigarettes Sold Derived from Revenue 12 Month Moving Average Jul '97 to Date



11/12/2003

**Maine Revenue Services
Cigarette and Tobacco Tax
Fall 2003 Forecast**

	FY'02	FY'03	FY'04	FY'05	FY'06	FY'07
Cigarette Tax						
Actual '02, '03 & current budget	\$94,081,937	\$94,397,943 0.3%	\$101,262,271 7.3%	\$100,350,910 -0.9%	\$99,347,401 -1.0%	\$98,353,927 -1.0%
Fall 2003 forecast			\$93,500,000	\$92,700,000	\$91,800,000	\$91,000,000
Variance			(\$7,762,271)	(\$7,650,910)	(\$7,547,401)	(\$7,353,927)
Tobacco Products Tax						
Actual '02, '03 & current budget	\$3,517,662	\$4,016,527 14.2%	\$3,695,743 -8.0%	\$3,788,137 2.5%	\$3,882,840 2.5%	\$3,979,911 2.5%
Fall 2003 forecast			\$4,116,940 2.5%	\$4,219,864 2.5%	\$4,325,360 2.5%	\$4,433,494 2.5%
Variance			\$421,197	\$431,727	\$442,520	\$453,583
Total Cigarette & Tobacco Taxes						
Actual '02, '03 & current budget	\$97,599,599	\$98,414,470 0.8%	\$104,958,014 6.6%	\$104,139,047 -0.8%	\$103,230,241 -0.9%	\$102,333,838 -0.9%
Fall 2003 forecast			\$97,616,940 -0.8%	\$96,919,864 -0.7%	\$96,125,360 -0.8%	\$95,433,494 -0.7%
Variance			(\$7,341,074)	(\$7,219,183)	(\$7,104,881)	(\$6,900,344)

Estate Tax

Deaths Occurring in 1999

Number of Estates with Positive Liability =		297
Total Liability =	\$42.4M	
Liability of Top 10 Estates =	\$29.2M	68.9%
Average Liability of Top 5 Estates =	\$5M	
Liability of Top 5 Estates =	\$24.9M	58.7%

Deaths Occurring in 2000

Number of Estates with Positive Liability =		373
Total Liability =	\$23.9M	
Liability of Top 10 Estates =	\$9.1M	38.1%
Average Liability of Top 5 Estates =	\$1.4M	
Liability of Top 5 Estates =	\$7M	29.3%

Deaths Occurring in 2001

Number of Estates with Positive Liability =		405
Total Liability =	\$24.6M	
Liability of Top 10 Estates =	\$8.9M	36.2%
Average Liability of Top 5 Estates =	\$1.4M	
Liability of Top 5 Estates =	\$6.9M	28.0%

Deaths Occurring in 2002

Number of Estates with Positive Liability =		208
Total Liability =	\$25.6M	
Liability of Top 10 Estates =	\$12.9M	50.4%
Average Liability of Top 5 Estates =	\$1.9M	
Liability of Top 5 Estates =	\$9.5M	37.1%

Estate Tax: General Fund Baseline Forecast FY04 - FY07

	FY00	FY01	Biennium	FY02	FY03	Biennium	FY04	FY05	Biennium	FY06	FY07	Biennium
Actuals & February, 2003 Forecast /1	\$58,803,666	\$30,616,759	\$89,420,425	\$23,420,240	\$30,520,320	\$53,940,560	\$29,213,470	\$28,683,082	\$57,896,552	\$2,382,372	\$0	\$2,382,372
Growth Rate		-47.9%		-23.5%	30.3%	-39.7%	-4.3%	-1.8%	7.3%	-91.7%	-100.0%	-95.9%
Technical Adjustments to Prior Forecast /2	\$0	\$0	\$0	\$0	\$0	\$0	\$2,890,161	\$3,058,827	\$5,948,988	\$252,339	\$0	\$252,339
Economic Assumptions /3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Adjustments to Prior Forecast	\$0	\$0	\$0	\$0	\$0	\$0	\$2,890,161	\$3,058,827	\$5,948,988	\$252,339	\$0	\$252,339
New Forecast	\$58,803,666	\$30,616,759	\$89,420,425	\$23,420,240	\$30,520,320	\$53,940,560	\$32,103,631	\$31,741,909	\$63,845,540	\$2,634,711	\$0	\$2,634,711
Growth Rate	97.5%	-47.9%		-23.5%	30.3%	-39.7%	5.2%	-1.1%	18.4%	-91.7%	-100.0%	-95.9%

1/ February, 2003 forecast with FY00, FY01, FY02 and FY03 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 shows the incremental change in baseline revenues as a result of a new economic forecast.

Other Taxes

11/12/2003

**Maine Revenue Services
Fall 2003 Forecast**

	FY'02	FY'03	FY'04	FY'05	FY'06	FY'07
Telecommunications Property Tax						
Actual and current budget	\$30,040,999	\$29,119,156	\$29,100,000	\$28,200,000	27,300,000	26,300,000
New forecast			\$28,600,000	\$27,750,000	26,760,000	25,875,000
Variance			(\$500,000)	(\$450,000)	(\$540,000)	(\$425,000)
Real Estate Transfer Tax - General Fund						
Actual and current budget	\$9,208,923	\$10,770,668	\$18,430,521	\$18,622,132	\$11,344,575	\$11,571,466
New forecast			\$19,154,702			
Variance			\$724,181	\$0	\$0	\$0
Real Estate Transfer Tax - H.O.M.E. Fund						
Actual and current budget	\$9,208,498	\$10,758,160	\$2,080,521	\$2,272,132	\$9,967,575	\$10,166,926
New forecast			\$2,804,702			
Variance			\$724,181	\$0	\$0	\$0
Real Estate Transfer Tax - Total						
Actual and current budget	\$18,417,421	\$21,528,828	\$20,511,042	\$20,894,264	\$21,312,149	\$21,738,392
Growth rate		16.9%	-4.7%	1.9%	2.0%	2.0%
New forecast			\$21,959,405	\$20,894,264	\$21,312,149	\$21,738,392
Growth rate			2.0%	-4.9%	2.0%	2.0%
Variance			\$1,448,363	\$0	\$0	\$0
Railroad Tax - General Fund						
Actual and current budget	\$438,784	\$165,987	\$400,000	\$400,000	\$0	\$0
New forecast			\$300,000	\$300,000	\$0	\$0
Variance			(\$100,000)	(\$100,000)	\$0	\$0

Highway Fund

11/13/2003

Maine Revenue Services

Fall 2003 Highway Fund Motor Fuel Tax Revenue Forecast 2004 - 2007

Gasoline Tax Revenue	FY'02	FY'03	FY'04	FY'05	FY'06	FY'07
Actual & current budget	\$148,160,900	\$151,498,395	\$167,983,385	\$173,881,901	\$179,118,790	\$185,202,944
Growth rate		2.3%	10.9%	3.5%	3.0%	3.4%
Tax rate per gallon	\$0.220	\$0.220	\$0.246	\$0.251	\$0.256	\$0.261
Percentage Increase in tax rate			11.8%	2.0%	2.0%	2.0%
Fall 2003 forecast			\$170,439,450	\$175,676,983	\$180,191,011	\$185,567,998
Growth rate				3.1%	2.6%	3.0%
Variance			\$2,456,065	\$1,795,082	\$1,072,221	\$365,054
Special Fuel Tax Revenue	FY'02	FY'03	FY'04	FY'05	FY'06	FY'07
Actual & current budget	\$36,572,099	\$36,402,613	\$43,803,078	\$46,683,665	\$49,278,071	\$52,450,278
Growth rate		-0.5%	20.3%	6.6%	5.6%	6.4%
Tax rate per gallon	\$0.230	\$0.230	\$0.257	\$0.262	\$0.268	\$0.273
Percentage Increase in tax rate			11.8%	2.0%	2.0%	2.0%
Fall 2003 forecast			\$40,056,999	\$42,321,838	\$44,891,789	\$47,545,898
Growth rate				5.7%	6.1%	5.9%
Variance			(\$3,746,079)	(\$4,361,827)	(\$4,386,282)	(\$4,904,380)
Total Motor Fuel Tax Revenue	FY'02	FY'03	FY'04	FY'05	FY'06	FY'07
Actual & current budget	\$184,732,999	\$187,901,008	\$211,786,463	\$220,565,566	\$228,396,861	\$237,653,222
Growth rate		1.7%	12.7%	4.1%	3.6%	4.1%
Fall 2003 forecast			\$210,496,449	\$217,998,821	\$225,082,800	\$233,113,896
Growth rate				3.6%	3.2%	3.6%
Variance			(\$1,290,014)	(\$2,566,745)	(\$3,314,061)	(\$4,539,326)

Gasoline Tax Revenue Net to Highway Fund - FY 2003

MONTH	ACTUAL	BUDGET	DIFF	Y-T-D DIFF
July	\$12,773,082	\$13,060,901	(\$287,819)	(\$287,819)
August	\$1,294,627	\$608,429	\$686,198	\$398,379
September	\$15,509,893	\$14,618,940	\$890,953	\$1,289,332
October	\$12,633,975	\$13,034,039	(\$400,064)	\$889,268
November	\$12,652,958	\$12,933,931	(\$280,973)	\$608,295
December	\$12,030,284	\$10,304,801	\$1,725,483	\$2,333,778
January	\$12,175,545	\$12,931,927	(\$756,382)	\$1,577,396
February	\$11,230,252	\$11,665,909	(\$435,657)	\$1,141,739
March	\$11,368,952	\$10,377,232	\$991,720	\$2,133,459
April	\$11,994,831	\$10,176,426	\$1,818,405	\$3,951,864
May	\$11,323,933	\$12,519,710	(\$1,195,777)	\$2,756,087
June	\$26,510,065	\$27,367,755	(\$857,690)	\$1,898,397
Total	\$151,498,397	\$149,600,000	\$1,898,397	

Gasoline Tax Revenue Net to Highway Fund - FY 2004

MONTH	ACTUAL	BUDGET	DIFF	Y-T-D DIFF
July	\$13,443,814	\$13,029,490	\$414,324	\$414,324
August	\$3,619,107	\$1,372,033	\$2,247,074	\$2,661,398
September	\$16,819,493	\$16,773,264	\$46,229	\$2,707,627
October	\$14,486,445	\$14,813,135	(\$326,690)	\$2,380,937
Y-T-DATE	\$48,368,859	\$45,987,922	\$2,380,937	
November	\$0	\$14,476,644	(\$14,476,644)	(\$12,095,707)
December	\$0	\$12,809,952	(\$12,809,952)	(\$24,905,659)
January	\$0	\$14,053,947	(\$14,053,947)	(\$38,959,606)
February	\$0	\$12,492,592	(\$12,492,592)	(\$51,452,198)
March	\$0	\$12,609,726	(\$12,609,726)	(\$64,061,924)
April	\$0	\$12,427,791	(\$12,427,791)	(\$76,489,715)
May	\$0	\$13,030,928	(\$13,030,928)	(\$89,520,643)
June	\$0	\$30,093,883	(\$30,093,883)	(\$119,614,526)
Total	\$48,368,859	\$167,983,385	(\$119,614,526)	

Special Fuel Tax - FY 2003

MONTH	ACTUAL	BUDGET	DIFF	Y-T-D DIFF
July	\$3,324,083	\$3,514,988	(\$190,905)	(\$190,905)
August	(\$3,038,680)	(\$2,898,118)	(\$140,562)	(\$331,467)
September	\$3,567,136	\$3,708,308	(\$141,172)	(\$472,639)
October	\$3,444,608	\$3,676,806	(\$232,198)	(\$704,837)
November	\$2,513,174	\$3,579,428	(\$1,066,254)	(\$1,771,091)
December	\$4,196,418	\$2,729,875	\$1,466,543	(\$304,548)
January	\$3,138,983	\$3,288,605	(\$149,622)	(\$454,170)
February	\$2,390,613	\$2,966,174	(\$575,561)	(\$1,029,731)
March	\$3,953,450	\$2,724,411	\$1,229,039	\$199,308
April	\$2,475,032	\$3,251,900	(\$776,868)	(\$577,560)
May	\$1,580,346	\$2,558,317	(\$977,971)	(\$1,555,531)
June	\$8,857,449	\$8,799,306	\$58,143	(\$1,497,388)
Total	\$36,402,612	\$37,900,000	(\$1,497,388)	

Special Fuel Tax - FY 2004

MONTH	ACTUAL	BUDGET	DIFF	Y-T-D DIFF
July	\$3,639,510	\$3,709,093	(\$69,583)	(\$69,583)
August	(\$3,028,582)	(\$2,958,481)	(\$70,101)	(\$139,684)
September	\$4,299,147	\$4,268,392	\$30,755	(\$108,929)
October	\$4,044,085	\$4,260,252	(\$216,167)	(\$325,096)
Y-T-DATE	\$8,954,160	\$9,279,256	(\$325,096)	
November	\$0	\$3,598,726	(\$3,598,726)	(\$3,923,822)
December	\$0	\$4,089,649	(\$4,089,649)	(\$8,013,471)
January	\$0	\$3,745,563	(\$3,745,563)	(\$11,759,034)
February	\$0	\$2,969,905	(\$2,969,905)	(\$14,728,939)
March	\$0	\$3,978,604	(\$3,978,604)	(\$18,707,543)
April	\$0	\$3,451,144	(\$3,451,144)	(\$22,158,687)
May	\$0	\$2,458,082	(\$2,458,082)	(\$24,616,769)
June	\$0	\$10,232,148	(\$10,232,148)	(\$34,848,917)
Total	\$8,954,160	\$43,803,077	(\$34,848,917)	