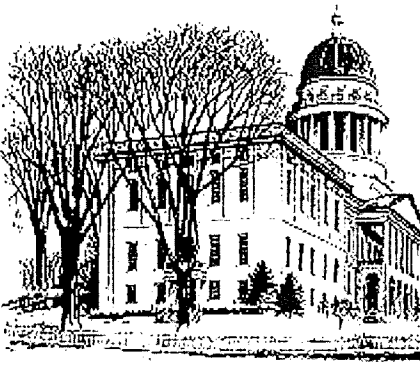


MAINE STATE LEGISLATURE

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**STATE OF MAINE
REVENUE FORECASTING COMMITTEE**

Members:

Jerome Gerard, Chair, Acting State Tax Assessor
James Breece, University of Maine System
Marc Cyr, Principal Analyst, Office of Fiscal and Program Review
Ryan Low, State Budget Officer
Grant Pennoyer, Director, Office of Fiscal and Program Review
Galen Rose, Acting State Economist

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December 1, 2004

TO: Governor John Baldacci
Members, 122nd Legislature

FROM: Revenue Forecasting Committee

RE: Summary of December 2004 Revenue Forecast

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. This memo and attachments summarize the results of the fall revenue forecast. A more detailed report will be available later this month. Provided below is a summary of the forecast for these funds.

Summary of Revenue Revisions

General Fund (\$'s in millions)

	FY05	FY06	FY07	FY08	FY09
Revised Amount	\$2,723.6	\$2,719.1	\$2,828.6	\$2,918.0	\$3,022.8
Annual % Change	1.5%	-0.2%	4.0%	3.2%	3.6%
Net Change from Current Forecast	\$72.0	\$49.2	\$45.0		

Highway Fund (\$'s in millions)

	FY05	FY06	FY07	FY08	FY09
Revised Amount	\$321.4	\$330.4	\$340.2	\$348.8	\$358.1
Annual % Change	3.0%	2.8%	3.0%	2.5%	2.7%
Net Change from Current Forecast	\$3.9	\$10.0	\$10.9		

Fund for a Healthy Maine (\$'s in millions)

	FY05	FY06	FY07	FY08	FY09
Revised Amount	\$48.8	\$49.6	\$60.3	\$72.0	\$73.1
Annual % Change	-0.7%	1.6%	21.5%	19.5%	1.6%
Net Change from Current Forecast	(\$1.6)	(\$3.2)	\$1.7		

FEB 24 2005

The change in the General Fund forecast presented here is driven primarily by the updated economic forecast of the Consensus Economic Forecasting Commission (see attached report). The Commission's November projections are more optimistic about employment growth than its previous forecast. Its forecast of personal income growth is more optimistic as well compared to the previous forecast. That increase is primarily driven by a substantial increase in the calendar year 2004 projection (the growth rate increased from 4.0% to 5.5%), but the longer term projections for growth are less optimistic compared to the previous forecast (calendar years 2005, 2006 and 2007 growth rates were revised downward from 4.5% growth to 4.0%). The 2004 calendar year increase more than offsets the longer-term slower growth and was the primary driver of the increase in the revenue forecast. The Commission also revised its inflation estimate for the 2004 calendar year – increasing it from 2.0% to 2.8%. The longer-term projections for inflation were lowered, resulting in a 2% inflation assumption for calendar year 2005 through calendar year 2009.

Attached for your review are three-page summaries for each of the funds for which we have developed a forecast (General Fund, Highway Fund and Fund for a Healthy Maine), which provide some recent history and projections through the fiscal year ending June 30, 2009. The upward revenue revisions in the General Fund and the Highway Fund will reduce the 2006-2007 structural gap estimates for these funds recently released by the Bureau of the Budget. The increase of General Fund revenue estimates in the 2006-2007 biennium total \$94.2 million. An additional increase of budgeted revenue of \$72.0 million in the current fiscal year (FY05) may also be available to increase the projected balance forward and further reduce the 2006-2007 General Fund structural gap. The Highway Fund structural gap is also reduced by an upward revision of Highway Fund revenue in this forecast - \$20.9 million for the 2006-2007 biennium plus a \$3.9 million upward revision in FY05.

The Fund for a Healthy Maine is revised downward in the short-term (FY05 and FY06) as a result of a revised start date assumption for the "Racino" (video slot machines facility) at the Bangor Raceway. The additional increase in the revenue flow to this fund stems from a new series of payments that begin in FY08 that have been part of the Master Settlement Agreement from the beginning.

The modest growth in the General Fund revenue pattern between FY04 and FY05 and the negative growth between FY05 and FY06 reflect the impact of the 121st Legislature's changes to the revenue pattern, which included a number of substantial "one-time" revenue increases. These include the upfront payment for the lease of the wholesale liquor operation, some delays in tax changes to conform to federal tax changes, Highway Fund contributions to revenue sharing, increases in General Fund share of the Real Estate Transfer Tax and the Tax Amnesty program.

Attachments

cc: Members, Revenue Forecasting Committee
Members, Consensus Economic Forecasting Commission
Jane Lincoln, Governor's Office
Rebecca Wyke, Commissioner - DAFS
Millie MacFarland, Clerk of the House
Joy O'Brien, Secretary of the Senate
David Boulter, Executive Director, Legislative Council
Legislative Staff Office Directors

**Report of the
MAINE CONSENSUS ECONOMIC FORECASTING COMMISSION
October 7, 2004**

Commissioners present:

Charlie Colgan, Muskie School, USM, Chair
Michael Donihue, Colby College
John Davulis, CMP

Staff Support present:

Michael Allen, (MRS), Dana Evans (DOL), John Nyada, (MRS), Galen Rose, (SPO),
Jerome Stanhope, MRS

The Commission met on October 7, 2004 to discuss whether their February 2004 forecast should be revised before the Revenue Forecasting Committee meets in November 2004. The committee made substantial changes to the February forecast, based on changes in current national and State economic conditions and updated forecasts for Maine from the State Planning Office, the New England Economic Project, and Global Insight, Inc. The Commission also extended the forecast out to 2009, to encompass the next two biennia. The table below summarizes those changes for Wage and Salary Employment Growth and Personal Income Growth.

Maine Wage & Salary Employment Growth

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
> Consensus 2/2004	0.8	1.0	1.0	1.0	none	none
> Consensus 11/2004	0.9	1.7	1.5	1.1	1.3	1.3

Maine Total Personal Income Growth

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
> Consensus 2/2004	4.0	4.5	4.5	4.5	none	none
> Consensus 11/2004	5.5	4.0	4.0	4.0	4.0	4.0

Also, the US Consumer Price Index (CPIu) forecast for a 2.0% increase in 2004 was changed to 2.8%, based on historical data through August. Further, while the February forecast called for CPI growth of 2% in 2005 and 2.5% in 2006 and 2007, the revised forecast calls for 2% growth in each year of the 2005-2009 period.

Three forecasts formed the basis for much of the discussion. These were the State Planning Office (SPO) and New England Economic Project (NEEP) forecasts, which were based on underlying U.S. forecasts and a Maine model prepared by Economy.com, and a Global Insight (GI) forecasts. The two underlying forecasts differed, with the Economy.com based forecasts showing stronger employment growth overall than the Global Insight forecast. The two also differed in their outlooks for manufacturing, with Global insight showing a weaker (higher job loss) outlook than Economy.com. Global Insight also expected somewhat stronger personal income growth than the NEEP and SPO forecasts. The Committee concluded the most likely forecast would be for employment growth consistent with the NEEP forecast, but personal income growth slower than the Global Insight forecast.

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 2004
Revised 10/15/2004

	HISTORY						FORECAST					
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Rate or Annual Growth Rate												
%-u	1.6%	2.2%	3.4%	2.8%	1.6%	2.3%	2.8%	2.0%	2.0%	2.0%	2.0%	2.0%
me. Unemployment Rate	4.4	4.1	3.4	4.0	4.4	5.0	4.3	4.2	4.1	4.1	4.0	4.0
3-Month Treasury Bill Rate	4.9%	4.8%	6.0%	3.5%	1.6%	1.1%	1.2	2.8	4.1	4.7	4.6	
10-Year Treasury Note Rate	5.3%	5.6%	6.0%	5.0%	4.6%	4.0%	4.5	5.0	5.7	5.7	5.5	
Maine Agricultural Empl.(1,000's)												
	16	13.0	16.0	12.0	14.0	16.0	13.0	14.0	14.0	14.0	14	14.0
Employment Levels (1,000's)												
Maine Wage & Salary Employment	569.1	586.3	603.5	608.1	606.5	606.1	611.3	621.4	630.9	638.2	646.7	655.4
Natural Resources	2.7	2.7	2.7	2.7	2.6	2.5	2.6	2.7	2.6	2.6	2.6	2.6
Construction	25	27.8	29.2	29.8	29.4	30.4	31.5	30.1	29.1	29.2	29.5	29.9
Manufacturing	81.1	80.6	79.5	74.6	68	63.8	61.3	61.1	60.7	60.4	60.1	59.8
Trade/Transp//Publ. Utils.	115.9	119.5	122.7	123.6	123.2	123.0	124.0	125.2	127.1	127.6	128.3	129.0
Information	11.1	11.7	12.1	12.2	11.6	11.2	11.3	11.6	11.8	12.0	12.3	12.5
Financial Activities	31.2	32.8	34.1	35.1	35.1	35.0	35.4	36.3	37.2	38.0	38.6	39.1
Prof. & Business Services	46.6	48.3	51.8	51.8	51.4	50.6	51.0	53.8	55.7	57.0	58.4	59.8
Education & Health Services	90	94.2	97.5	100.7	104.9	106.8	109.0	112.7	115.9	118.4	121.8	125.1
Leisure & Hospitality Services	53.2	54.3	55.9	56.5	57.3	58.3	59.3	61.2	63.2	64.8	66.4	68.2
Other Services	17.7	18	18.3	19.1	19.8	21.0	21.8	22.3	22.6	22.9	23.2	23.6
Government	94.6	96.7	99.6	102	103.1	103.5	104.1	104.5	104.8	105.2	105.5	105.8
Annual Growth Rates												
Maine Wage & Salary Employment	-	3.0%	2.9%	0.8%	-0.3%	-0.1%	0.9%	1.7%	1.5%	1.1%	1.3%	1.3%
Natural Resources	-	0.0%	0.0%	0.0%	-3.7%	-3.8%	5.9%	1.2%	-2.0%	-1.3%	-0.5%	-0.3%
Construction	-	11.2%	5.0%	2.1%	-1.3%	3.4%	3.7%	-4.6%	-3.2%	0.3%	1.0%	1.4%
Manufacturing	-	-0.6%	-1.4%	-6.2%	-8.8%	-6.2%	-3.9%	-0.4%	-0.5%	-0.6%	-0.5%	-0.5%
Trade/Transp//Publ. Utils.	-	3.1%	2.7%	0.7%	-0.3%	-0.2%	0.8%	1.0%	1.5%	0.4%	0.5%	0.5%
Information	-	5.4%	3.4%	0.8%	-4.9%	-3.4%	0.7%	2.8%	1.8%	2.0%	2.0%	1.9%
Financial Activities	-	5.1%	4.0%	2.9%	0.0%	-0.3%	1.0%	2.6%	2.7%	2.1%	1.5%	1.2%
Prof. & Business Services	-	3.6%	7.2%	0.0%	-0.8%	-1.6%	0.7%	5.6%	3.5%	2.3%	2.5%	2.4%
Education & Health Services	-	4.7%	3.5%	3.3%	4.2%	1.8%	2.0%	3.4%	2.9%	2.1%	2.9%	2.7%
Leisure & Hospitality Services	-	2.1%	2.9%	1.1%	1.4%	1.7%	1.7%	3.1%	3.3%	2.6%	2.5%	2.8%
Other Services	-	1.7%	1.7%	4.4%	3.7%	6.1%	3.8%	2.2%	1.5%	1.3%	1.4%	1.4%
Government	-	2.2%	3.0%	2.4%	1.1%	0.4%	0.6%	0.4%	0.4%	0.3%	0.3%	0.3%
Maine Personal Income												
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Million \$ - at Seas. Adjusted Annual Rates												
Personal Income	29709.75	31016.25	33173.25	35102.25	36295.5	37781.5	39859.5	41453.9	43112.0	44836.5	46630.0	48495.2
Wage and salary disbursements	15204	16234.0	17194.8	17978.3	18500.0	19169.3	20166.1	21154.2	22190.7	23211.5	24279.2	25396.1
Supplements to Wages & Salaries	3359.75	3554	3772.75	4056.5	4451.25	4731	4977.0	5136.3	5295.5	5454.4	5596.2	5741.7
Non-farm Proprietors' income	2,131	2227.5	2347.0	2768.0	2806.5	3010.8	3197.4	3418.0	3612.9	3800.7	3983.2	4174.4
Farm Proprietors' income	55.5	77.0	57.0	26.8	-3.5	-33.8	39.8	41.4	43.0	44.8	46.6	48.5
Dividends, interest, and rent	5745	5618.5	6178.5	6342.0	6217.3	6100.0	6520.9	6547.0	6579.7	6764.0	6960.1	7155.0
Transfer payments	5122	5279.3	5588.3	6017.3	6464.3	7003.8	7396.0	7710.7	8005.7	8338.5	8674.3	9005.7
less: Personal contrb. for social insur.	2418	2554.8	2665.8	2812.0	2848.8	2926.3	3089.0	3203.4	3358.5	3522.5	3688.7	3852.2
Adjustment for residence	511	580.3	700.5	725.5	707.8	726.5	699.7	714.9	737.9	768.5	802.0	836.7
Farm Income	138	153.8	145.8	117.0	90.5	80.0	79.7	82.9	86.2	89.7	93.3	97.0
Annual Growth Rates												
Personal Income	-	4.4%	7.0%	5.8%	3.4%	4.1%	5.5%	4.0%	4.0%	4.0%	4.0%	4.0%
Wage and salary disbursements	-	6.8%	5.9%	4.6%	2.9%	3.6%	5.2%	4.9%	4.9%	4.6%	4.6%	4.6%
Supplements to Wages & Salaries	-	5.8%	6.2%	7.5%	9.7%	6.3%	5.2%	3.2%	3.1%	3.0%	2.6%	2.6%
Non-farm Proprietors' income	-	4.5%	5.4%	17.9%	1.4%	7.3%	6.2%	6.9%	5.7%	5.2%	4.8%	4.8%
Farm Proprietors' income	-	38.7%	-26.0%	-53.1%	Not Available - negative base values			4.0%	3.9%	4.2%	4.0%	4.1%
Dividends, interest, and rent	-	-2.2%	10.0%	2.8%	-2.0%	-1.9%	6.9%	0.4%	0.5%	2.8%	2.9%	2.8%
Transfer payments	-	3.1%	5.9%	7.7%	7.4%	8.3%	5.6%	4.3%	3.8%	4.2%	4.0%	3.8%
less: Personal contrb. for social insur.	-	5.7%	4.3%	5.5%	1.3%	2.7%	5.6%	3.7%	4.8%	4.9%	4.7%	4.4%
Adjustment for residence	-	13.5%	20.7%	3.6%	-2.4%	2.6%	-3.7%	2.2%	3.2%	4.2%	4.4%	4.3%
Farm Income	-	11.4%	-5.2%	-19.7%	-22.6%	-11.6%	-0.4%	4.0%	4.0%	4.0%	4.0%	4.0%

In deliberating its October 2004 forecast, the Committee considered the following:

1) The State Planning Office reported that the Maine and national economies continued to make modest progress through the summer, but job growth was still quite slow.

US real Gross Domestic Product advanced at an annual rate of 3.3% in the second quarter, the slowest growth rate of the past five quarters. National job growth also continued to be slow.

The Maine economy has been on a similar track. The Maine Coincident Economic Index, which approximates Gross State Product growth, rose at an annual rate of 2.7% through July. And, payroll job growth through August was up only 0.7% over the same period of last year, adding 5,800 jobs since yearend (seasonally adjusted). Maine's seasonally adjusted unemployment rate stood at 4.5% in August, while the national rate was 5.4%.

Maine taxable retail sales for the first 7 months were up a surprisingly strong 6.5% over the same period of last year (growth in 2003 was 4.6%).

Housing permits slowed dramatically in July and August compared to last year, falling 2.8% and 0.9% respectively. In contrast, year-over-year growth in March thru June was 30% to 55% each month.

Contract awards for residential construction also appeared to be slowing. Year-over-year growth in January and February (seasonally adjusted) was 45%, but then slowed to only 1% growth in June. Awards did bounce back to 27% in July, but the trend appears to be in the other direction.

Existing (as opposed to new-) home sales for the first half-year were up 17%, pushing the average price up 12.4% over the same period.

Over the past year, bankruptcies have been flat at annual rates of about 4,600, slightly above the previous record rates of early 1999.

In sum, the Maine and national economies are both growing at slow to moderate rates, with only a few sectors showing strong growth.

2. General Fund revenues through the first 2 months of the fiscal year (July and August) were \$22.2 million over budget. Individual income tax revenues were \$14.9 million over budget, but Revenue Services economists reported that much of this was due to timing issues, and the surplus amount would likely be smaller after September. Sales tax revenues were \$4.6 million over budget, but high heating oil prices this winter are expected to keep this surplus from expanding much further, at least through the winter. Corporate income tax revenues were \$5.7 million over budget.

3. Commissioners noted a number of positive trends which may impact the Maine economy going forward. These included:

- a. The value of the US dollar is still falling, which should benefit exporters and tourism.
 - b. US monetary and fiscal policies are still stimulative, which is helping to maintain strong consumer spending.
 - c. The recent national trend of producing more without increasing labor input has probably approached its limit, meaning employment growth rates should increase.
4. Several important negative trends were also noted by Commissioners. These included:
- a. US labor market job openings and turnover rates are still weak, with no positive signs. In fact, seasonally adjusted payroll employment in August was still below the average for 2000.
 - b. World oil prices have been volatile and extremely high in recent months, topping \$55/barrel at one point. While the national forecasts studied suggest prices will fall somewhat, to the \$35 to \$40 per barrel range over the next couple years, this level is still well above the norm of the past few years.
 - c. The SPO and NEEP Maine forecasts called for personal income growth in the 3.8% to 4% range in the 2005-2009 period. This is about a half-percentage point below the CEFC February forecast. The primary cause of this slower growth was slower forecast growth for Supplements to Wages and Salaries (formerly termed Other Labor Income) and Transfer Payments.

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECMEBER 2004

Source	FY99 Actual	FY00 Actual	% Chg.	FY01 Actual	% Chg.	FY02 Actual	% Chg.	FY03 Actual	% Chg.
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	4.9%
Service Provider Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Individual Income Tax	1,004,937,795	1,074,622,161	6.9%	1,167,749,567	8.7%	1,069,834,791	-8.4%	1,071,701,694	-8.2%
Corporate Income Tax	144,942,751	150,045,645	3.5%	96,102,796	-36.0%	77,366,103	-19.5%	91,188,393	-5.1%
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	27.0%
Public Utilities Tax	29,670,868	15,786,931	-46.8%	29,776,778	88.6%	30,479,783	2.4%	29,285,143	-1.7%
Insurance Companies Tax	37,730,425	42,697,847	13.2%	43,576,501	2.1%	55,244,333	26.8%	71,078,089	63.1%
Estate Tax	29,768,114	58,803,666	97.5%	30,616,759	-47.9%	23,420,240	-23.5%	30,520,320	-0.3%
Prop. Tax - Unorganized Territory	9,372,295	9,333,204	-0.4%	9,808,431	5.1%	10,333,984	5.4%	9,930,103	1.2%
Income from Investments	19,760,828	20,312,457	2.8%	16,365,950	-19.4%	3,829,583	-76.6%	2,345,855	-85.7%
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)	-2.9%
Transfer from Lottery Commission	39,600,544	38,138,174	-3.7%	35,483,595	-7.0%	39,317,891	10.8%	39,442,111	11.2%
Other Revenues *	150,860,081	165,451,560	9.7%	172,027,974	4.0%	189,250,254	10.0%	196,336,434	14.1%
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	0.2%

Change in Biennial Totals

* Detail of Other Revenues:

- Real Estate Transfer Tax	12,022,820	9,320,476	-22.5%	9,048,762	-2.9%	9,208,923	1.8%	10,770,668	19.0%
- Commercial Forestry Excise Tax	3,093,662	3,078,166	-0.5%	2,943,380	-4.4%	3,681,764	25.1%	3,172,724	7.8%
- Liquor Sales and Operations	19,794,778	23,226,758	17.3%	24,231,271	4.3%	25,168,524	3.9%	26,073,276	7.6%
- Liquor Taxes and Fees	15,202,482	16,004,965	5.3%	15,925,822	-0.5%	16,528,396	3.8%	17,141,878	7.6%
- Banking Fees/Assessments	7,691,753	8,724,430	13.4%	9,811,430	12.5%	9,356,930	-4.6%	9,293,280	-5.3%
- Corporation Fees & Licenses	3,113,991	3,128,892	0.5%	3,313,312	5.9%	3,390,039	2.3%	3,482,107	5.1%
- Hunting and Fishing License Fees	13,873,219	14,028,485	1.1%	13,681,818	-2.5%	14,857,760	8.6%	13,958,510	2.0%
- Boat, ATV and Snowmobile Fees	2,052,897	2,223,168	8.3%	2,143,124	-3.6%	2,169,025	1.2%	2,483,836	15.9%
- Parimutuel and Gaming Revenue	1,149,511	1,081,230	-5.9%	1,094,337	1.2%	1,105,430	1.0%	1,086,936	-0.7%
- Fines, Forfeits and Penalties	25,621,009	26,154,983	2.1%	26,525,142	1.4%	26,588,960	0.2%	26,991,935	1.8%
- Targeted Case Management (HHS)	13,480,692	20,016,381	48.5%	26,098,790	30.4%	34,085,690	30.6%	33,235,104	27.3%
- HHS Services Rendered	4,386,157	4,892,920	11.6%	4,023,508	-17.8%	4,604,354	14.4%	4,774,087	18.7%
- State Cost Allocation Program	6,976,288	7,889,111	13.1%	6,044,287	-23.4%	10,231,443	69.3%	10,986,971	81.8%
- Unclaimed Property Transfer	4,400,000	10,200,000	131.8%	2,550,000	-75.0%	7,841,073	207.5%	8,180,260	220.8%
- Tourism Transfer	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
- Clean Elections Fund Transfer	(2,276,990)	(2,522,795)	10.8%	(2,274,557)	-9.8%	(2,248,226)	-1.2%	(2,302,904)	1.2%
- Other Miscellaneous	18,000,823	15,481,595	-14.0%	26,867,549	73.5%	20,431,943	-24.0%	24,704,860	-8.0%
IF&W Total Revenue **	16,863,077	17,129,376	1.6%	16,619,119	-3.0%	17,895,675	7.7%	17,595,575	5.9%

** IF&W Revenue is a component of the Other Revenue line but is not included in the Detail of Other Revenue because it includes Other Revenue classified above.

Updated: 12/01/04

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECMEBER 2004

Source	FY04 Actual	% Chg.	FY04 Budget	FY04 Variance	% Var.	FY05 Budget	% Chg.	Recom. Chg.	FY05 Revised	% Chg.
Sales and Use Tax	917,243,245	7.0%	905,721,382	11,521,863	1.3%	896,092,063	-2.3%	18,617,937	914,710,000	-0.3%
Service Provider Tax	0	0.0%	0	0	0.0%	46,700,000	#DIV/0!	0	46,700,000	#DIV/0!
Individual Income Tax	1,156,715,909	7.9%	1,130,761,691	25,954,218	2.3%	1,166,441,294	0.8%	29,664,902	1,196,106,196	3.4%
Corporate Income Tax	111,616,051	22.4%	103,752,841	7,863,210	7.6%	104,391,604	-6.5%	18,960,000	123,351,604	10.5%
Cigarette and Tobacco Tax	96,604,646	-1.8%	97,616,940	(1,012,294)	-1.0%	96,919,864	0.3%	(900,000)	96,019,864	-0.6%
Public Utilities Tax	27,991,188	-4.4%	28,900,000	(908,812)	-3.1%	28,050,000	0.2%	(1,375,000)	26,675,000	-4.7%
Insurance Companies Tax	72,206,153	1.6%	69,415,308	2,790,845	4.0%	65,848,416	-8.8%	12,767,456	78,615,872	8.9%
Estate Tax	32,075,501	5.1%	32,103,631	(28,130)	-0.1%	31,941,909	-0.4%	(2,899,142)	29,042,767	-9.5%
Prop. Tax - Unorganized Territory	10,709,308	7.8%	10,202,624	506,684	5.0%	10,580,086	-1.2%	0	10,580,086	-1.2%
Income from Investments	2,310,207	-1.5%	1,287,885	1,022,322	79.4%	1,020,345	-55.8%	3,064,390	4,084,735	76.8%
Transfer to Municipal Rev. Sharing	(111,464,335)	8.2%	(109,152,033)	(2,312,302)	2.1%	(112,894,875)	1.3%	(3,429,383)	(116,324,258)	4.4%
Transfer from Lottery Commission	41,272,645	4.6%	42,321,885	(1,049,240)	-2.5%	52,074,827	26.2%	217,923	52,292,750	26.7%
Other Revenues *	326,259,040	66.2%	307,544,057	18,714,983	6.1%	264,442,965	-18.9%	(2,740,774)	261,702,191	-19.8%
Total - General Fund Revenue	2,683,539,557	12.1%	2,620,476,211	63,063,346	2.4%	2,651,608,498	-1.2%	71,948,309	2,723,556,807	1.5%
Change in Biennial Totals								71,948,309		

*** Detail of Other Revenues:**

- Real Estate Transfer Tax	22,196,221	106.1%	20,320,702	1,875,519	9.2%	18,622,132	-16.1%	3,184,214	21,806,346	-1.8%
- Commercial Forestry Excise Tax	2,907,340	-8.4%	3,400,250	(492,910)	-14.5%	3,451,254	18.7%	(101,254)	3,350,000	15.2%
- Liquor Sales and Operations	102,182,743	291.9%	102,056,396	126,347	0.1%	55,569,357	-45.6%	(5,569,357)	50,000,000	-51.1%
- Liquor Taxes and Fees	17,485,024	2.0%	16,816,841	668,183	4.0%	16,828,285	-3.8%	532,302	17,360,587	-0.7%
- Banking Fees/Assessments	9,572,280	3.0%	8,848,000	724,280	8.2%	15,423,000	61.1%	15,440	15,438,440	61.3%
- Corporation Fees & Licenses	3,600,455	3.4%	3,230,200	370,255	11.5%	5,451,707	51.4%	0	5,451,707	51.4%
- Hunting and Fishing License Fees	16,898,278	21.1%	16,706,409	191,869	1.1%	16,102,032	-4.7%	2,450	16,104,482	-4.7%
- Boat, ATV and Snowmobile Fees	3,974,511	60.0%	3,834,349	140,162	3.7%	4,239,724	6.7%	0	4,239,724	6.7%
- Parimutuel and Gaming Revenue	1,036,539	-4.6%	1,015,000	21,539	2.1%	3,709,324	257.9%	(2,494,424)	1,214,900	17.2%
- Fines, Forfeits and Penalties	38,219,275	41.6%	36,882,295	1,336,980	3.6%	35,368,943	-7.5%	46,771	35,415,714	-7.3%
- Targeted Case Management (HHS)	34,762,095	4.6%	33,223,004	1,539,091	4.6%	34,263,590	-1.4%	1,040,242	35,303,832	1.6%
- HHS Services Rendered	8,892,183	86.3%	6,983,887	1,908,296	27.3%	6,494,534	-27.0%	119,642	6,614,176	-25.6%
- State Cost Allocation Program	10,438,262	-5.0%	10,482,077	(43,815)	-0.4%	10,692,505	2.4%	0	10,692,505	2.4%
- Unclaimed Property Transfer	16,763,948	104.9%	10,547,000	6,216,948	58.9%	10,000,000	-40.3%	0	10,000,000	-40.3%
- Tourism Transfer	(7,213,282)	N/A	(7,213,282)	0	0.0%	(7,876,700)	9.2%	322,511	(7,554,189)	4.7%
- Clean Elections Fund Transfer	(2,247,659)	-2.4%	(2,300,000)	52,341	-2.3%	(2,300,000)	2.3%	50,000	(2,250,000)	0.1%
- Other Miscellaneous	37,329,886	51.1%	38,133,662	(803,776)	-2.1%	28,226,578	-24.4%	483,200	28,709,778	-23.1%
IF&W Total Revenue **	21,902,902	24.5%	21,654,401	248,501	1.1%	21,461,399	-2.0%	(16,663)	21,444,736	-2.1%

** IF&W Revenue is a component of the Other Revenue line but is not included in the Detail of Other Revenue because it includes Other Revenue classified above.

Updated: 12/01/04

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECMEBER 2004

Source	FY06 Budget	% Chg.	Recom. Chg.	FY06 Revised	% Chg.	FY07 Budget	% Chg.	Recom. Chg.	FY07 Revised	% Chg.	FY08 Projection	% Chg.	FY09 Projection	% Chg.
Sales and Use Tax	938,017,771	4.7%	16,900,729	954,918,500	4.4%	982,396,736	4.7%	11,948,093	994,344,829	4.1%	1,035,560,000	4.1%	1,079,780,000	4.3%
Service Provider Tax	48,801,500	4.5%	0	48,801,500	4.5%	51,095,171	4.7%	0	51,095,171	4.7%	53,200,000	4.1%	55,300,000	3.9%
Individual Income Tax	1,234,170,264	5.8%	12,318,794	1,246,489,058	4.2%	1,298,609,002	5.2%	7,478,575	1,306,087,577	4.8%	1,369,690,017	4.9%	1,431,374,517	4.5%
Corporate Income Tax	96,655,057	-7.4%	16,450,000	113,105,057	-8.3%	94,163,219	-2.6%	12,620,000	106,783,219	-5.6%	93,010,000	-12.9%	93,010,000	0.0%
Cigarette and Tobacco Tax	96,125,360	-0.8%	(900,000)	95,225,360	-0.8%	95,433,494	-0.7%	(900,000)	94,533,494	-0.7%	93,822,164	-0.8%	93,012,607	-0.9%
Public Utilities Tax	26,760,000	-4.6%	(1,320,000)	25,440,000	-4.6%	25,875,000	-3.3%	(1,380,000)	24,495,000	-3.7%	23,320,000	-4.8%	22,260,000	-4.5%
Insurance Companies Tax	64,416,469	-2.2%	12,725,462	77,141,931	-1.9%	66,969,233	4.0%	12,675,192	79,644,425	3.2%	81,149,288	1.9%	82,684,299	1.9%
Estate Tax	32,646,239	2.2%	(2,545,836)	30,100,403	3.6%	34,585,012	5.9%	(2,964,951)	31,620,061	5.0%	33,911,834	7.2%	35,361,666	4.3%
Prop. Tax - Unorganized Territory	10,690,713	1.0%	0	10,690,713	1.0%	10,982,067	2.7%	0	10,982,067	2.7%	11,311,529	3.0%	11,650,874	3.0%
Income from Investments	1,607,053	57.5%	4,439,493	6,046,546	48.0%	1,751,208	9.0%	4,295,338	6,046,546	0.0%	6,046,546	0.0%	6,046,546	0.0%
Transfer to Municipal Rev. Sharing	(120,517,519)	6.8%	(2,374,815)	(122,892,334)	5.6%	(126,165,736)	4.7%	(1,666,425)	(127,832,161)	4.0%	(132,675,921)	3.8%	(138,292,155)	4.2%
Transfer from Lottery Commission	52,389,690	0.6%	444,560	52,834,250	1.0%	51,700,617	-1.3%	1,133,633	52,834,250	0.0%	52,834,250	0.0%	52,834,250	0.0%
Other Revenues *	188,159,829	-28.8%	(6,933,635)	181,226,194	-30.8%	196,259,727	4.3%	1,735,717	197,995,444	9.3%	196,870,050	-0.6%	197,751,979	0.4%
Total - General Fund Revenue	2,669,922,426	0.7%	49,204,752	2,719,127,178	-0.2%	2,783,654,750	4.3%	44,975,172	2,828,629,922	4.0%	2,918,049,757	3.2%	3,022,774,583	3.6%
Change in Biennial Totals								94,179,924						

*** Detail of Other Revenues:**

- Real Estate Transfer Tax	11,344,575	-39.1%	660,343	12,004,918	-44.9%	11,571,466	2.0%	242,974	11,814,440	-1.6%	11,884,726	0.6%	11,955,435	0.6%
- Commercial Forestry Excise Tax	3,503,023	1.5%	(103,023)	3,400,000	1.5%	3,555,568	1.5%	(105,568)	3,450,000	1.5%	3,500,000	1.4%	3,500,000	0.0%
- Liquor Sales and Operations	0	-100.0%	0	0	-100.0%	0	#DIV/0!	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
- Liquor Taxes and Fees	16,828,285	0.0%	852,908	17,681,193	1.8%	16,828,285	0.0%	1,185,713	18,013,998	1.9%	18,370,609	2.0%	18,740,046	2.0%
- Banking Fees/Assessments	16,048,000	4.1%	15,440	16,063,440	4.0%	16,048,000	0.0%	15,440	16,063,440	0.0%	16,062,040	0.0%	16,062,040	0.0%
- Corporation Fees & Licenses	5,453,707	0.0%	0	5,453,707	0.0%	5,455,707	0.0%	0	5,455,707	0.0%	5,455,707	0.0%	5,455,707	0.0%
- Hunting and Fishing License Fees	14,456,100	-10.2%	602,450	15,058,550	-6.5%	14,456,100	0.0%	102,450	14,558,550	-3.3%	14,558,550	0.0%	14,558,550	0.0%
- Boat, ATV and Snowmobile Fees	2,818,369	-33.5%	0	2,818,369	-33.5%	2,818,369	0.0%	0	2,818,369	0.0%	2,818,369	0.0%	2,818,369	0.0%
- Parimutuel and Gaming Revenue	5,398,758	45.5%	(3,796,308)	1,602,450	31.9%	11,952,605	121.4%	2,111,734	14,064,339	777.7%	14,243,305	1.3%	14,455,619	1.5%
- Fines, Forfeits and Penalties	37,708,504	6.6%	(121,000)	37,587,504	6.1%	38,392,739	1.8%	(124,000)	38,268,739	1.8%	38,278,064	0.0%	38,283,064	0.0%
- Targeted Case Management (HHS)	34,696,519	1.3%	136,013	34,832,532	-1.3%	35,138,179	1.3%	(121,994)	35,016,185	0.5%	35,479,326	1.3%	35,951,731	1.3%
- HHS Services Rendered	6,510,108	0.2%	(875,378)	5,634,730	-14.8%	6,551,470	0.6%	(892,606)	5,658,864	0.4%	5,658,864	0.0%	5,658,864	0.0%
- State Cost Allocation Program	9,829,675	-8.1%	(292,453)	9,537,222	-10.8%	10,056,943	2.3%	(335,431)	9,721,512	1.9%	9,721,512	0.0%	9,721,512	0.0%
- Unclaimed Property Transfer	7,000,000	-30.0%	0	7,000,000	-30.0%	7,000,000	0.0%	0	7,000,000	0.0%	7,000,000	0.0%	7,000,000	0.0%
- Tourism Transfer	(8,247,600)	4.7%	311,587	(7,936,013)	5.1%	(8,631,540)	4.7%	368,772	(8,262,768)	4.1%	(8,608,314)	4.2%	(8,968,080)	4.2%
- Clean Elections Fund Transfer	(2,300,000)	0.0%	(1,950,000)	(4,250,000)	88.9%	(2,300,000)	0.0%	2,050,000	(250,000)	-94.1%	(2,250,000)	800.0%	(2,250,000)	0.0%
- Other Miscellaneous	16,564,206	-41.3%	(4,012,627)	12,551,579	-56.3%	16,434,296	-0.8%	(342,995)	16,091,301	28.2%	13,838,978	-14.0%	13,591,042	-1.8%
IF&W Total Revenue **	18,464,994	-14.0%	608,033	19,073,027	-11.1%	18,485,611	0.1%	108,227	18,593,838	-2.5%	18,601,669	0.0%	18,609,705	0.0%

** IF&W Revenue is a component of the Other Revenue line but is not included in the Detail of Other Revenue because it includes Other Revenue classified above.

Updated: 12/01/04

HIGHWAY FUND REVENUE
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2004

Source	FY99 Actual	FY00 Actual	% Chg.	FY01 Actual	% Chg.	FY02 Actual	% Chg.	FY03 Actual	% Chg.
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%
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%
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%
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%
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%
Other Revenues	5,985,729	5,379,040	-10.1%	5,467,245	1.6%	5,737,781	4.9%	9,272,396	61.6%
Total - Highway Fund Revenue	244,163,962	262,918,938	7.7%	273,117,902	3.9%	281,984,017	3.2%	288,246,084	2.2%
Change in Biennial Totals									

Updated: 12/01/04

HIGHWAY FUND REVENUE
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2004

Source	FY04 Actual	% Chg.	FY04 Budget	FY04 Var.	% Var	FY05 Budget	% Chg.	Recom. Chg.	FY05 Revised	% Chg.
Fuel Taxes	212,600,843	13.1%	210,496,449	2,104,394	1.0%	218,638,488	2.8%	2,200,241	220,838,729	3.9%
Motor Vehicle Registration & Fees	82,577,755	-0.5%	79,605,062	2,972,693	3.7%	78,693,539	-4.7%	159,695	78,853,234	-4.5%
Inspection Fees	4,708,196	12.9%	3,461,771	1,246,425	36.0%	3,470,359	-26.3%	911,100	4,381,459	-6.9%
Fines, Forfeits and Penalties	1,918,703	-24.2%	2,122,901	(204,198)	-9.6%	2,165,359	12.9%	0	2,165,359	12.9%
Income from Investments	720,046	-46.2%	425,217	294,829	69.3%	1,026,195	42.5%	(79,810)	946,385	31.4%
Other Revenues	9,502,442	2.5%	8,632,917	869,525	10.1%	13,443,932	41.5%	756,145	14,200,077	49.4%
Total - Highway Fund Revenue	312,027,986	8.3%	304,744,317	7,283,669	2.4%	317,437,872	1.7%	3,947,371	321,385,243	3.0%
Change in Biennial Totals								3,947,371		

Updated: 12/01/04

HIGHWAY FUND REVENUE
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2004

Source	FY06 Budget	% Chg.	Recom. Chg.	FY06 Revised	% Chg.	FY07 Budget	% Chg.	Recom. Chg.	FY07 Revised	% Chg.	FY08 Projection	% Chg.	FY09 Projection	% Chg.
Fuel Taxes	225,731,796	2.2%	3,929,517	229,661,313	4.0%	233,785,781	3.6%	4,109,796	237,895,577	3.6%	246,582,716	3.7%	255,630,113	3.7%
Motor Vehicle Registration & Fees	79,458,666	0.8%	3,630,492	83,089,158	5.4%	80,217,409	1.0%	4,073,908	84,291,317	1.4%	84,118,459	-0.2%	84,249,547	0.2%
Inspection Fees	3,476,649	-20.7%	921,321	4,397,970	0.4%	3,483,001	0.2%	931,755	4,414,756	0.4%	4,468,458	1.2%	4,524,821	1.3%
Fines, Forfeits and Penalties	2,228,666	2.9%	20,000	2,248,666	3.8%	2,273,239	2.0%	20,000	2,293,239	2.0%	2,293,239	0.0%	2,293,239	0.0%
Income from Investments	1,026,195	8.4%	530,283	1,556,478	64.5%	1,026,195	0.0%	530,283	1,556,478	0.0%	1,556,478	0.0%	1,556,478	0.0%
Other Revenues	8,478,733	-40.3%	994,863	9,473,596	-33.3%	8,521,261	0.5%	1,237,603	9,758,864	3.0%	9,824,716	0.7%	9,891,006	0.7%
Total - Highway Fund Revenue	320,400,705	-0.3%	10,026,476	330,427,181	2.8%	329,306,886	2.8%	10,903,345	340,210,231	3.0%	348,844,066	2.5%	358,145,204	2.7%
Change in Biennial Totals								20,929,821						

Updated: 12/01/04

**TOBACCO SETTLEMENT REVENUE
(FUND FOR A HEALTHY MAINE)
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECMEBER 2004**

Source	FY00 Actual	FY01 Actual	% Chg.	FY02 Actual	% Chg.	FY03 Actual *	% Chg.
Initial Payments	35,541,456	16,839,539	-52.6%	16,236,644	-3.6%	16,458,172	1.4%
Base Payments	27,422,283	30,926,515	12.8%	40,055,643	29.5%	39,348,861	-1.8%
Attorney General Reimbursements	212,904	53,226	-75.0%	25,475	-52.1%	0	-100.0%
Other Sources **	0	0	0.0%	0	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%
Total - Tobacco Settlement Revenue	64,780,943	51,425,207	-20.6%	57,551,760	11.9%	56,488,789	-1.8%

* 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.

** Other Sources includes a portion of the State's share of proceeds from slot machines at commercial race tracks.

Updated: 12/01/04

**TOBACCO SETTLEMENT REVENUE
(FUND FOR A HEALTHY MAINE)**

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECMEBER 2004

Source	FY04 Actual	% Chg.	FY04 Budget	FY04 Variance	% Var	FY05 Budget	% Chg.	Recom. Chg.	FY05 Revised	% Chg.
Initial Payments	0	-100.0%	0	0	0.0%	0	0.0%	0	0	0.0%
Base Payments	48,952,964	24.4%	49,138,850	(185,886)	-0.4%	48,772,127	-0.4%	0	48,772,127	-0.7%
Attorney General Reimbursements	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%
Other Sources **	0	0.0%	0	0	0.0%	1,584,893	0.0%	(1,584,893)	0	0.0%
Income from Investments	54,830	-92.0%	25,000	29,830	119.3%	25,000	-54.4%	20,000	45,000	80.0%
Total - Tobacco Settlement Revenue	49,007,794	-13.2%	49,163,850	(156,056)	-0.3%	50,382,020	2.8%	(1,564,893)	48,817,127	-0.7%
Change in Biennial Totals								(1,564,893)		

Updated: 12/01/04

**TOBACCO SETTLEMENT REVENUE
(FUND FOR A HEALTHY MAINE)**

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECMEBER 2004

Source	FY06 Budget	% Chg.	Recom. Chg.	FY06 Revised	% Chg.	FY07 Budget	% Chg.	Recom. Chg.	FY07 Revised	% Chg.	FY08 Forecast	% Chg.	FY09 Forecast	% Chg.
Initial Payments	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0.0%
Base Payments	49,569,690	1.6%	0	49,569,690	1.6%	50,328,283	1.5%	0	50,328,283	1.5%	61,877,959	22.9%	62,803,705	1.5%
Attorney General Reimbursements	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0.0%
Other Sources **	3,233,160	104.0%	(3,233,160)	0	#DIV/0!	8,244,600	155.0%	1,648,920	9,893,520	#DIV/0!	10,091,340	2.0%	10,293,120	2.0%
Income from Investments	25,000	0.0%	20,000	45,000	0.0%	25,000	0.0%	20,000	45,000	0.0%	45,000	0.0%	45,000	0.0%
Total - Tobacco Settlement Revenue	52,827,850	4.9%	(3,213,160)	49,614,690	1.6%	58,597,883	10.9%	1,668,920	60,266,803	21.5%	72,014,299	19.5%	73,141,825	1.6%
Change in Biennial Totals								(1,544,240)						

Updated: 12/01/04