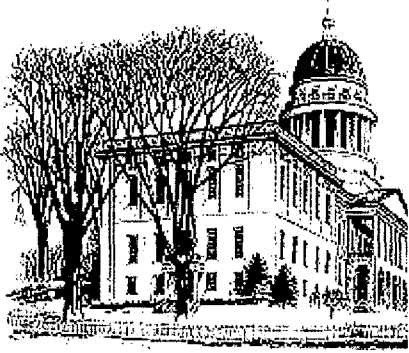


# MAINE STATE LEGISLATURE

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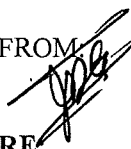
STATE OF MAINE  
REVENUE FORECASTING COMMITTEE

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  
Catherine Reilly, State Economist

December 1, 2006

TO: Governor John Baldacci  
Members-elect, 123<sup>rd</sup> Legislature

FROM:  Jerome Gerard, Chair  
Revenue Forecasting Committee

RE: Summary of December 2006 Revenue Forecast

The Revenue Forecasting Committee (RFC) has concluded its review of the revenue forecast and has revised its revenue projections through the fiscal years ending June 30, 2009 for the General Fund, Highway Fund, Fund for a Healthy Maine and the Medicaid Dedicated Revenue Taxes to comply with the statutory December 1<sup>st</sup> reporting date. As the Legislature enters a new budget biennium, this forecast extends the forecast period through the fiscal year ending June 30, 2011 (FY11).

The changes to this revenue forecast are primarily driven by continuous gains in non-traditional economic measures such as capital gains, dividend income, and business income. The Revenue Forecasting Committee felt comfortable making these changes to the forecast after taking into consideration the recent modest forecast by the Consensus Economic Forecasting Committee of traditional economic measures such as employment, income growth, and inflation which were not significant factors in the adjustments made by the RFC. This memo and attachments summarize the results of the December revenue forecast. A more detailed report will be available early in December. Provided below are the summaries of the aggregate forecast for these funds.

Summary of Revenue Revisions

General Fund Summary

	FY06 Actual	FY07	FY08	FY09	FY10	FY11
Current Forecast	\$2,931,825,687	\$2,934,190,370	\$2,988,997,412	\$3,064,864,549		
Annual % Growth	5.1%	0.1%	1.9%	2.5%		
Net Increase (Decrease)		\$86,417,340	\$87,483,151	\$93,405,601		
Revised Forecast	\$2,931,825,687	\$3,020,607,710	\$3,076,480,563	\$3,158,270,150	\$3,262,017,710	\$3,318,238,572
Annual % Growth	5.1%	3.0%	1.8%	2.7%	3.3%	1.7%

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### Highway Fund Summary

	FY06 Actual	FY07	FY08	FY09	FY10	FY11
Current Forecast	\$326,546,157	\$340,392,025	\$346,268,833	\$353,665,022		
Annual % Growth	0.1%	4.2%	1.7%	2.1%		
Net Increase (Decrease)		(\$9,634,696)	(\$5,272,534)	(\$6,468,502)		
Revised Forecast	\$326,546,157	\$330,757,329	\$340,996,299	\$347,196,520	\$350,245,413	\$356,494,765
Annual % Growth	0.1%	1.3%	3.1%	1.8%	0.9%	1.8%

### Fund for a Healthy Maine Summary

	FY06 Actual	FY07	FY08	FY09	FY10	FY11
Current Forecast	\$46,476,908	\$43,689,284	\$73,861,352	\$75,844,458		
Annual % Growth	-5.4%	-6.0%	69.1%	73.6%		
Net Increase (Decrease)		\$2,500,060	(\$13,452,402)	(\$13,028,510)		
Revised Forecast	\$46,476,908	\$46,189,344	\$60,408,950	\$62,815,948	\$67,818,647	\$71,548,715
Annual % Growth	-5.4%	-0.6%	30.8%	4.0%	8.0%	5.5%

### Medicaid/MaineCare Dedicated Revenue Taxes Summary

	FY06 Actual	FY07	FY08	FY09	FY10	FY11
Current Forecast	\$118,096,040	\$120,142,902	\$121,472,242	\$122,834,815		
Annual % Growth	23.6%	1.7%	1.1%	1.1%		
Net Increase (Decrease)		\$1,383,102	\$1,353,391	\$1,322,937		
Revised Forecast	\$118,096,040	\$121,526,004	\$122,825,633	\$124,157,752	\$125,523,174	\$126,922,732
Annual % Growth	23.6%	2.9%	1.1%	1.1%	1.1%	1.1%

For the **General Fund**, this forecast increases the previous forecast primarily as a result of the recent positive variances in FY06 in the Corporate and Individual Income Tax categories. It was the view of the committee that strong income gains among upper income earners, a continuation of solid corporate profits growth and double-digit stock market gains in 2006 will not only sustain the level of income tax receipts in FY06, but result in modest growth during the upcoming biennium. Positive variances in the current fiscal year led to a substantial revision upward in the Estate Tax in the current year and smaller upward revisions in future years.

Unlike income and estate taxes, the Sales and Use Tax was adjusted down in this forecast. While the recent decline in energy prices has certainly helped household budgets, the on-going correction in the housing market, high consumer debt and a weak market for automobile sales are projected to keep the growth in sales tax receipts well below the growth in household income during the next 12 to 18 months. Insurance Companies Tax was also revised downward.

Other changes worth noting include upward revisions to the Real Estate Transfer Tax, Parimutuel and Gaming Revenue and the State Cost Allocation Program. Notable reductions include revenue from Targeted Case Management at the Department of Health and Human Services and the recently enacted Transfer to the Maine Milk Pool.

*A significant portion of the committee's deliberations focused on the latest data from state and federal income tax returns that show the vast majority of recent taxable income gains have gone to households with incomes greater than \$100,000 a year. The source of these gains has been from bonus income, capital gains, dividend, and business income that traditionally go to upper-income taxpayers. In addition, the recent increases in corporate income tax receipts are unprecedented. Any shock to the U.S. economy, either internally or externally, could result in a reversal of these revenues that is disproportionate to the underlying impact on traditional economic measures. It is with this understanding that the committee once again wants to*

*convey to the Administration and the Legislature that there is a high level of risk that surrounds this forecast.*

For the **Highway Fund**, this forecast decreases FY07 budgeted revenue by \$9.6 million and decreases the previous projections for the 2008-2009 biennium by \$11.7 million. The downward revisions to Fuel Taxes are the major driver of the Highway Fund changes. Higher fuel prices have decreased demand for gasoline and diesel fuel. The tax models have added fuel prices as an additional variable to help better capture the effect on fuel tax revenue. The forecast also recognizes the effect on the Highway Fund investment earnings of cash balances that have been drained by budget problems in the Department of Transportation's capital program.

The **Fund for a Healthy Maine (FHM)** revenue forecast was revised downward for the 2008-2009 biennium primarily based on an assumed continued delay in the receipt of tobacco settlement payments pending the outcome of litigation concerning the Master Settlement Agreement. The FHM revenue forecast also reflects a negative adjustment resulting from changes in the Global Insight's economic modeling for the forecast period. These negative adjustments are partially offset by assumed increases resulting from the FHM's share of the projected increase in gaming revenue from slot machines operated in association with the commercial race track in Bangor, and from assumed income from investments. The net result for the 2008-2009 biennium revenue forecast for the Fund for a Healthy Maine is a downward revision of \$26.5 million (\$13.5 million in FY08 and \$13.0 million in FY09). The projections for the 2010-2011 biennium are for growth of 8.0% and 5.5%, respectively, and assume for projection purposes that the State will prevail in the legal proceedings.

*Note: The growth expected in the 2008-2009 biennium in tobacco settlement payments from the addition of the 10 annual "Strategic Contributions Payments" that begin in FY08 was already reflected in the base forecast.*

In aggregate, the forecast for **Medicaid/MaineCare Dedicated Revenue Taxes** was revised upward for the forecast period. This revision was driven primarily by an upward adjustment in service provider tax dedicated revenue (i.e., that portion of the tax applied to private non-medical institutions (PNMI's), community support, day habilitation, personal support and residential training services) based on actual FY06 revenue and FY07 collections to date. The revised forecast also assumes a slight upward adjustment in hospital tax revenue. These positive adjustments in the MaineCare tax forecast are partially offset by downward revisions in nursing facility and residential treatment facility tax revenue based on actual experience.

#### Attachments

cc: Members, Revenue Forecasting Committee  
Members, Consensus Economic Forecasting Commission  
Jane Lincoln, Chief of Staff, 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

# GENERAL FUND REVENUE

## REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2006

Source	FY99 Actual	FY00 Actual	% Chg.	FY01 Actual	% Chg.	FY02 Actual	% Chg.	FY03 Actual	% Chg.	FY04 Actual	% Chg.	FY05 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	2.6%	917,243,245	7.0%	896,576,322	-2.3%
Service Provider Tax	0	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A	44,645,517	N/A
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	0.2%	1,156,715,909	7.9%	1,270,225,329	9.8%
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%	111,616,051	22.4%	135,862,913	21.7%
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%	96,604,646	-1.8%	96,350,704	-0.3%
Public Utilities Tax	29,670,868	15,786,931	-46.8%	29,776,778	88.6%	30,479,783	2.4%	29,285,143	-3.9%	27,991,188	-4.4%	25,403,214	-9.2%
Insurance Companies Tax	37,730,425	42,697,847	13.2%	43,576,501	2.1%	55,244,333	26.8%	71,078,089	28.7%	72,206,153	1.6%	75,669,053	4.8%
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%	32,075,501	5.1%	32,255,727	0.6%
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	-3.9%	10,709,308	7.8%	10,622,666	-0.8%
Income from Investments	19,760,828	20,312,457	2.8%	16,365,950	-19.4%	3,829,583	-76.6%	2,345,855	-38.7%	2,310,207	-1.5%	5,854,625	153.4%
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%	(111,464,335)	-8.2%	(119,712,814)	-7.4%
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	0.3%	41,272,645	4.6%	49,328,102	19.5%
Other Revenues **	150,860,081	165,451,560	9.7%	172,027,974	4.0%	189,250,254	10.0%	196,336,434	3.7%	326,259,040	66.2%	267,763,694	-17.9%
<b>Total - General Fund Revenue</b>	<b>2,259,718,302</b>	<b>2,395,216,806</b>	<b>6.0%</b>	<b>2,390,628,351</b>	<b>-0.2%</b>	<b>2,331,660,562</b>	<b>-2.5%</b>	<b>2,394,690,190</b>	<b>2.7%</b>	<b>2,683,539,557</b>	<b>12.1%</b>	<b>2,790,845,053</b>	<b>4.0%</b>

### \* Detail of Property Tax Reimbursement Programs Deducted from Individual Income Tax Revenue

- Maine Resident Property Tax Program												(26,030,227)	N/A
- Business Equipment Tax Reimbursement (BETR)												0	N/A

### \*\* 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	17.0%	22,196,221	106.1%	24,113,439	8.6%
- Milk Handling Fee	0	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A
- 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	3.6%	102,182,743	291.9%	49,845,027	-51.2%
- 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	3.7%	17,485,024	2.0%	17,432,377	-0.3%
- Finance Industry Fees	7,691,753	8,724,430	13.4%	9,811,430	12.5%	9,356,930	-4.6%	9,293,280	-0.7%	9,572,280	3.0%	18,641,800	94.7%
- Corporation Fees & Licenses	3,113,991	3,128,892	0.5%	3,313,312	5.9%	3,390,039	2.3%	3,482,107	2.7%	3,600,455	3.4%	5,637,743	56.6%
- 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	-6.1%	16,898,278	21.1%	16,691,165	-1.2%
- 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	14.5%	3,974,511	60.0%	4,148,890	4.4%
- 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	-1.7%	1,036,539	-4.6%	1,362,611	31.5%
- 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	1.5%	38,219,275	41.6%	35,506,972	-7.1%
- 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	-2.5%	34,762,095	4.6%	34,518,055	-0.7%
- HHS Services Rendered	4,713,768	5,161,768	9.5%	4,489,121	-13.0%	5,045,757	12.4%	5,012,333	-0.7%	9,481,895	89.2%	7,966,194	-16.0%
- 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	7.4%	10,438,262	-5.0%	12,891,574	23.5%
- Unclaimed Property Transfer	4,400,000	10,200,000	131.8%	2,550,000	-75.0%	7,841,073	207.5%	8,180,260	4.3%	16,763,948	104.9%	10,000,000	-40.3%
- Education Efficiency Fund Transfer	0	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A
- Tourism Transfer	0	0	N/A	0	N/A	0	N/A	0	N/A	(7,213,282)	N/A	(7,554,190)	-4.7%
- Transfer to Maine Milk Pool	0	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A
- Other Miscellaneous	20,766,874	18,290,913	-11.9%	27,070,758	48.0%	23,672,304	-12.6%	27,639,339	16.8%	46,860,796	69.5%	36,562,039	-22.0%
<b>IF&amp;W Total Revenue ***</b>	<b>16,848,540</b>	<b>17,129,376</b>	<b>1.7%</b>	<b>16,619,119</b>	<b>-3.0%</b>	<b>17,895,675</b>	<b>7.7%</b>	<b>17,595,575</b>	<b>-1.7%</b>	<b>21,902,902</b>	<b>24.5%</b>	<b>21,817,659</b>	<b>-0.4%</b>

\*\*\* IF&W Revenue is a component of the Other Revenue line but is not included in the Detail of Other Revenue as a separate category because it is buried within the Other Revenue detail categories classified above.

# GENERAL FUND REVENUE

## REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2006

Source	FY06 Actual	% Chg.	FY06 Budget	FY06 Variance	% Var.	FY07 Budget	% Chg.	Recom. Chg.	FY07 Revised	% Chg.
Sales and Use Tax	946,174,276	5.5%	930,641,080	15,533,196	1.7%	978,142,183	3.4%	(3,401,816)	974,740,367	3.0%
Service Provider Tax	47,028,430	5.3%	46,494,165	534,265	1.1%	48,911,765	4.0%	0	48,911,765	4.0%
Individual Income Tax *	1,254,506,663	-1.2%	1,228,307,845	26,198,818	2.1%	1,274,529,688	1.6%	59,042,583	1,333,572,271	6.3%
Corporate Income Tax	188,015,558	38.4%	175,150,000	12,865,558	7.3%	167,718,997	-10.8%	31,491,003	199,210,000	6.0%
Cigarette and Tobacco Tax	156,951,370	62.9%	151,738,325	5,213,045	3.4%	165,466,882	5.4%	(963,901)	164,502,981	4.8%
Public Utilities Tax	20,627,030	-18.8%	21,440,000	(812,970)	-3.8%	20,495,000	-0.6%	(800,000)	19,695,000	-4.5%
Insurance Companies Tax	76,065,864	0.5%	72,141,931	3,923,933	5.4%	79,644,425	4.7%	(3,308,036)	76,336,389	0.4%
Estate Tax	75,330,514	133.5%	70,099,322	5,231,192	7.5%	38,288,045	-49.2%	14,177,453	52,465,498	-30.4%
Prop. Tax - Unorganized Territory	11,559,305	8.8%	11,278,476	280,829	2.5%	11,597,312	0.3%	0	11,597,312	0.3%
Income from Investments	8,271,869	41.3%	6,563,582	1,708,287	26.0%	6,163,582	-25.5%	(1,598,582)	4,565,000	-44.8%
Transfer to Municipal Rev. Sharing	(124,222,180)	-3.8%	(121,410,248)	(2,811,932)	2.3%	(125,934,433)	-1.4%	(4,443,720)	(130,378,153)	-5.0%
Transfer from Lottery Commission	50,879,647	3.1%	50,334,250	545,397	1.1%	50,334,250	-1.1%	0	50,334,250	-1.1%
Other Revenues **	220,637,339	-17.6%	214,104,153	6,533,186	3.1%	218,832,674	-0.8%	(3,777,644)	215,055,030	-2.5%
<b>Total - General Fund Revenue</b>	<b>2,931,825,687</b>	<b>5.1%</b>	<b>2,856,882,881</b>	<b>74,942,806</b>	<b>2.6%</b>	<b>2,934,190,370</b>	<b>0.1%</b>	<b>86,417,340</b>	<b>3,020,607,710</b>	<b>3.0%</b>
<b>Change in Biennial Totals</b>								<b>86,417,340</b>		

### \* Detail of Property Tax Reimbursement Programs Deducted from Individual Income Tax Revenue

- Maine Resident Property Tax Program	(42,796,070)	-64.4%	(44,328,964)	1,532,894	-3.5%	(46,095,820)	-7.7%	1,138,799	(44,957,021)	-5.0%
- BETR - Business Equipment Tax Reimb.	(67,065,810)	N/A	(71,463,191)	4,397,381	-6.2%	(68,146,508)	-1.6%	6,145,800	(62,000,708)	7.6%

### \* Detail of Other Revenues:

- Real Estate Transfer Tax	24,595,580	2.0%	22,504,918	2,090,662	9.3%	19,498,121	-20.7%	2,810,953	22,309,074	-9.3%
- Milk Handling Fee	1,867,527	N/A	1,200,000	667,527	55.6%	1,300,000	-30.4%	2,185,207	3,485,207	86.6%
- Liquor Sales and Operations	2,560,044	-94.9%	2,534,391	25,653	1.0%	3,500,000	36.7%	250,000	3,750,000	46.5%
- Liquor Taxes and Fees	18,814,733	7.9%	18,436,397	378,336	2.1%	18,908,202	0.5%	119,287	19,027,489	1.1%
- Finance Industry Fees	20,471,110	9.8%	19,912,310	558,800	2.8%	19,912,310	-2.7%	655,070	20,567,380	0.5%
- Corporation Fees & Licenses	6,385,451	13.3%	5,528,707	856,744	15.5%	5,530,767	-13.4%	284,245	5,815,012	-8.9%
- Hunting and Fishing License Fees	16,840,079	0.9%	16,144,351	695,728	4.3%	16,300,487	-3.2%	(594,914)	15,705,573	-6.7%
- Boat, ATV and Snowmobile Fees	3,476,885	-16.2%	3,870,938	(394,053)	-10.2%	3,870,938	11.3%	0	3,870,938	11.3%
- Parimutuel and Gaming Revenue	5,262,230	286.2%	4,436,150	826,080	18.6%	4,703,935	-10.6%	2,862,117	7,566,052	43.8%
- Fines, Forfeits and Penalties	37,781,055	6.4%	40,542,996	(2,761,941)	-6.8%	42,205,883	11.7%	247,600	42,453,483	12.4%
- Targeted Case Management (HHS)	25,687,188	-25.6%	31,907,681	(6,220,493)	-19.5%	30,271,042	17.8%	(7,293,172)	22,977,870	-10.5%
- HHS Services Rendered	9,613,394	20.7%	6,375,675	3,237,719	50.8%	5,103,343	-46.9%	4,786,885	9,890,228	2.9%
- State Cost Allocation Program	13,281,561	3.0%	11,537,222	1,744,339	15.1%	11,721,512	-11.7%	2,871,414	14,592,926	9.9%
- Unclaimed Property Transfer	14,880,517	48.8%	9,550,000	5,330,517	55.8%	13,678,320	-8.1%	0	13,678,320	-8.1%
- Education Efficiency Fund Transfer	0	N/A	0	0	N/A	0	N/A	0	0	N/A
- Tourism Transfer	(7,762,689)	-2.8%	(7,762,689)	0	0.0%	(8,102,087)	-4.4%	(119,251)	(8,221,338)	-5.9%
- Transfer to Maine Milk Pool	(2,616,160)	N/A	(306,871)	(2,309,289)	752.5%	(1,300,000)	50.3%	(11,274,554)	(12,574,554)	-380.6%
- Other Miscellaneous	29,498,834	-19.3%	27,691,977	1,806,857	6.5%	31,729,901	7.6%	(1,568,531)	30,161,370	2.2%
<b>IF&amp;W Total Revenue ***</b>	<b>21,530,955</b>	<b>-1.3%</b>	<b>21,187,395</b>	<b>343,560</b>	<b>1.6%</b>	<b>21,366,004</b>	<b>-0.8%</b>	<b>(601,471)</b>	<b>20,764,533</b>	<b>-3.6%</b>

\*\*\* 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.

# GENERAL FUND REVENUE

## REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2006

Source	FY08 Budget	% Chg.	Recom. Chg.	FY08 Revised	% Chg.	FY09 Budget	% Chg.	Recom. Chg.	FY09 Revised	% Chg.	FY10 Projection	% Chg.	FY11 Projection	% Chg.
Sales and Use Tax	1,021,976,075	4.5%	(16,907,151)	1,005,068,924	3.1%	1,066,862,892	4.4%	(20,448,344)	1,046,414,548	4.1%	1,087,398,354	3.9%	1,132,180,055	4.1%
Service Provider Tax	51,181,910	4.6%	0	51,181,910	4.6%	53,452,742	4.4%	0	53,452,742	4.4%	55,590,852	4.0%	57,814,486	4.0%
Individual Income Tax *	1,312,272,758	3.0%	66,172,650	1,378,445,408	3.4%	1,341,599,725	2.2%	63,284,176	1,404,883,901	1.9%	1,458,034,297	3.8%	1,511,832,971	3.7%
Corporate Income Tax	164,793,426	-1.7%	46,876,574	211,670,000	6.3%	165,828,165	0.6%	55,561,835	221,390,000	4.6%	229,610,000	3.7%	240,240,000	4.6%
Cigarette and Tobacco Tax	164,396,738	-0.6%	(622,497)	163,774,241	-0.4%	163,198,120	-0.7%	(700,395)	162,497,725	-0.8%	161,043,480	-0.9%	159,641,550	-0.9%
Public Utilities Tax	19,320,000	-5.7%	(800,000)	18,520,000	-6.0%	18,260,000	-5.5%	(800,000)	17,460,000	-5.7%	16,400,000	-6.1%	16,200,000	-1.2%
Insurance Companies Tax	81,149,288	1.9%	(4,397,615)	76,751,673	0.5%	82,684,299	1.9%	(5,514,545)	77,169,754	0.5%	77,594,734	0.6%	78,021,464	0.5%
Estate Tax	41,859,092	9.3%	3,114,077	44,973,169	-14.3%	46,807,535	11.8%	5,047,439	51,854,974	15.3%	56,852,600	9.6%	4,771,020	-91.6%
Prop. Tax - Unorganized Territory	11,958,218	3.1%	0	11,958,218	3.1%	12,332,279	3.1%	0	12,332,279	3.1%	12,702,247	3.0%	13,083,315	3.0%
Income from Investments	6,163,582	0.0%	(1,663,582)	4,500,000	-1.4%	6,163,582	0.0%	(1,663,582)	4,500,000	0.0%	4,500,000	0.0%	4,500,000	0.0%
Transfer to Municipal Rev. Sharing	(132,611,656)	-5.3%	(4,999,388)	(137,611,044)	-5.5%	(137,234,088)	-3.5%	(5,116,678)	(142,350,766)	-3.4%	(148,312,939)	-4.2%	(154,416,786)	-4.1%
Transfer from Lottery Commission	49,834,250	-1.0%	0	49,834,250	-1.0%	49,834,250	0.0%	0	49,834,250	0.0%	49,834,250	0.0%	49,834,250	0.0%
Other Revenues **	196,703,731	-10.1%	710,083	197,413,814	-8.2%	195,075,048	-0.8%	3,755,695	198,830,743	0.7%	200,769,835	1.0%	204,536,247	1.9%
<b>Total - General Fund Revenue</b>	<b>2,988,997,412</b>	<b>1.9%</b>	<b>87,483,151</b>	<b>3,076,480,563</b>	<b>1.8%</b>	<b>3,064,864,549</b>	<b>2.5%</b>	<b>93,405,601</b>	<b>3,158,270,150</b>	<b>2.7%</b>	<b>3,262,017,710</b>	<b>3.3%</b>	<b>3,318,238,572</b>	<b>1.7%</b>
<b>Change in Biennial Totals</b>								<b>180,888,752</b>						

### \* Detail of Property Tax Reimbursement Programs Deducted from Individual Income Tax Revenue

- Maine Resident Property Tax Program	(48,440,013)	-5.1%	2,186,247	(46,253,766)	-2.9%	(51,389,085)	-6.1%	3,815,836	(47,573,249)	-2.9%	(48,073,804)	-1.1%	(50,473,026)	-5.0%
- BETR - Business Equipment Tax Reimb.	(77,707,000)	-14.0%	9,216,174	(68,490,826)	-10.5%	(79,646,983)	-2.5%	10,587,649	(69,059,334)	-0.8%	(65,653,487)	4.9%	(60,047,934)	8.5%

### \* Detail of Other Revenues:

- Real Estate Transfer Tax	11,880,718	-39.1%	2,684,557	14,565,275	-34.7%	11,951,403	0.6%	3,363,466	15,314,869	5.1%	16,907,180	10.4%	18,867,770	11.6%
- Milk Handling Fee	1,300,000	0.0%	1,722,775	3,022,775	-13.3%	1,300,000	0.0%	2,090,107	3,390,107	12.2%	3,340,145	-1.5%	3,390,107	1.5%
- Liquor Sales and Operations	3,500,000	0.0%	750,000	4,250,000	13.3%	3,500,000	0.0%	750,000	4,250,000	0.0%	4,500,000	5.9%	4,500,000	0.0%
- Liquor Taxes and Fees	19,260,253	1.9%	(154,865)	19,105,388	0.4%	19,625,039	1.9%	(439,853)	19,185,186	0.4%	19,266,104	0.4%	19,348,758	0.4%
- Finance Industry Fees	19,910,910	0.0%	655,070	20,565,980	0.0%	19,910,910	0.0%	655,070	20,565,980	0.0%	20,565,980	0.0%	20,565,980	0.0%
- Corporation Fees & Licenses	5,530,772	0.0%	548,240	6,079,012	4.5%	5,530,772	0.0%	812,240	6,343,012	4.3%	6,343,012	0.0%	6,343,012	0.0%
- Hunting and Fishing License Fees	16,300,487	0.0%	0	16,300,487	3.8%	16,300,487	0.0%	0	16,300,487	0.0%	16,300,487	0.0%	16,300,487	0.0%
- Boat, ATV and Snowmobile Fees	3,870,938	0.0%	0	3,870,938	0.0%	3,870,938	0.0%	0	3,870,938	0.0%	3,870,938	0.0%	3,870,938	0.0%
- Parimutuel and Gaming Revenue	4,910,732	4.4%	2,537,102	7,447,834	-1.6%	6,918,240	40.9%	3,854,776	10,773,016	44.6%	11,425,598	6.1%	11,604,610	1.6%
- Fines, Forfeits and Penalties	40,515,208	-4.0%	106,600	40,621,808	-4.3%	40,520,208	0.0%	176,600	40,696,808	0.2%	40,710,808	0.0%	40,715,808	0.0%
- Targeted Case Management (HHS)	30,786,872	1.7%	(7,542,215)	23,244,657	1.2%	31,262,056	1.5%	(7,745,573)	23,516,483	1.2%	23,793,745	1.2%	24,076,553	1.2%
- HHS Services Rendered	5,100,696	-0.1%	4,789,532	9,890,228	0.0%	5,100,696	0.0%	4,789,532	9,890,228	0.0%	9,890,228	0.0%	9,890,228	0.0%
- State Cost Allocation Program	10,721,512	-8.5%	4,919,428	15,640,940	7.2%	10,721,512	0.0%	6,845,096	17,566,608	12.3%	16,442,672	-6.4%	17,447,328	6.1%
- Unclaimed Property Transfer	22,835,500	66.9%	0	22,835,500	66.9%	25,210,825	10.4%	0	25,210,825	10.4%	26,471,366	5.0%	27,794,935	5.0%
- Education Efficiency Fund Transfer	(14,907,337)	N/A	0	(14,907,337)	N/A	(21,473,917)	-44.0%	0	(21,473,917)	-44.0%	(21,960,963)	-2.3%	(22,716,399)	-3.4%
- Tourism Transfer	(8,530,087)	-5.3%	(77,818)	(8,607,905)	-4.7%	(8,991,780)	-5.4%	(7,584)	(8,999,364)	-4.5%	(9,418,380)	-4.7%	(9,847,824)	-4.6%
- Transfer to Maine Milk Pool	(1,300,000)	0.0%	(8,304,800)	(9,604,800)	23.6%	(1,300,000)	0.0%	(9,510,000)	(10,810,000)	-12.5%	(10,810,000)	0.0%	(10,810,000)	0.0%
- Other Miscellaneous	25,016,557	-21.2%	(1,923,523)	23,093,034	-23.4%	25,117,659	0.4%	(1,878,182)	23,239,477	0.6%	23,130,915	-0.5%	23,193,956	0.3%
<b>IF&amp;W Total Revenue ***</b>	<b>21,374,565</b>	<b>0.0%</b>	<b>(5,126)</b>	<b>21,369,439</b>	<b>2.9%</b>	<b>21,382,908</b>	<b>0.0%</b>	<b>(6,311)</b>	<b>21,376,597</b>	<b>0.0%</b>	<b>21,382,802</b>	<b>0.0%</b>	<b>21,389,885</b>	<b>0.0%</b>

\*\*\* 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.

# HIGHWAY FUND REVENUE

## REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2006

Source	FY99 Actual	FY00 Actual	% Chg.	FY01 Actual	% Chg.	FY02 Actual	% Chg.	FY03 Actual	% Chg.	FY04 Actual	% Chg.	FY05 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%	212,600,843	13.1%	220,484,728	3.7%
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%	82,577,755	-0.5%	84,645,422	2.5%
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%	4,708,196	12.9%	4,260,059	-9.5%
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%	1,918,703	-24.2%	1,518,580	-20.9%
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%	720,046	-46.2%	1,440,739	100.1%
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%	9,502,442	2.5%	13,728,627	44.5%
<b>Total - Highway Fund Revenue</b>	<b>244,163,962</b>	<b>262,918,938</b>	<b>7.7%</b>	<b>273,117,902</b>	<b>3.9%</b>	<b>281,984,017</b>	<b>3.2%</b>	<b>288,246,084</b>	<b>2.2%</b>	<b>312,027,986</b>	<b>8.3%</b>	<b>326,078,155</b>	<b>4.5%</b>

# HIGHWAY FUND REVENUE

## REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2006

Source	FY06 Actual	% Chg.	FY06 Budget	FY06 Variance	% Var.	FY07 Budget	% Chg.	Recom. Chg.	FY07 Revised	% Chg.
Fuel Taxes	221,575,309	0.5%	226,776,993	(5,201,684)	-2.3%	234,769,382	6.0%	(7,284,441)	227,484,941	2.7%
Motor Vehicle Registration & Fees	87,658,962	3.6%	87,172,358	486,604	0.6%	88,406,317	0.9%	(1,930,000)	86,476,317	-1.3%
Inspection Fees	4,373,692	2.7%	4,397,970	(24,278)	-0.6%	4,414,756	0.9%	(35,000)	4,379,756	0.1%
Fines, Forfeits and Penalties	1,809,813	19.2%	1,973,665	(163,852)	-8.3%	2,018,239	11.5%	0	2,018,239	11.5%
Income from Investments	1,833,806	27.3%	1,300,000	533,806	41.1%	1,350,000	-26.4%	(555,000)	795,000	-56.6%
Other Revenues	9,294,574	-32.3%	9,286,173	8,401	0.1%	9,433,331	1.5%	169,745	9,603,076	3.3%
<b>Total - Highway Fund Revenue</b>	<b>326,546,157</b>	<b>0.1%</b>	<b>330,907,159</b>	<b>(4,361,002)</b>	<b>-1.3%</b>	<b>340,392,025</b>	<b>4.2%</b>	<b>(9,634,696)</b>	<b>330,757,329</b>	<b>1.3%</b>
<b>Change in Biennial Totals</b>								<b>(9,634,696)</b>		

# HIGHWAY FUND REVENUE

## REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2006

Source	FY08 Budget	% Chg.	Recom. Chg.	FY08 Revised	% Chg.	FY09 Budget	% Chg.	Recom. Chg.	FY09 Revised	% Chg.	FY10 Projection	% Chg.	FY11 Projection	% Chg.
Fuel Taxes	242,572,894	3.3%	(5,922,257)	236,650,637	4.0%	249,714,882	2.9%	(7,016,782)	242,698,100	2.6%	248,058,193	2.2%	253,922,031	2.4%
Motor Vehicle Registration & Fees	86,238,059	-2.5%	670,000	86,908,059	0.5%	86,369,607	0.2%	420,000	86,789,607	-0.1%	84,433,980	-2.7%	84,774,764	0.4%
Inspection Fees	4,468,458	1.2%	(35,000)	4,433,458	1.2%	4,524,821	1.3%	(35,000)	4,489,821	1.3%	4,496,057	0.1%	4,502,326	0.1%
Fines, Forfeits and Penalties	2,018,239	0.0%	0	2,018,239	0.0%	2,018,239	0.0%	0	2,018,239	0.0%	2,018,239	0.0%	2,018,239	0.0%
Income from Investments	1,350,000	0.0%	(555,000)	795,000	0.0%	1,350,000	0.0%	(555,000)	795,000	0.0%	795,000	0.0%	795,000	0.0%
Other Revenues	9,621,183	2.0%	569,723	10,190,906	6.1%	9,687,473	0.7%	718,280	10,405,753	2.1%	10,443,944	0.4%	10,482,405	0.4%
<b>Total - Highway Fund Revenue</b>	<b>346,268,833</b>	<b>1.7%</b>	<b>(5,272,534)</b>	<b>340,996,299</b>	<b>3.1%</b>	<b>353,665,022</b>	<b>2.1%</b>	<b>(6,468,502)</b>	<b>347,196,520</b>	<b>1.8%</b>	<b>350,245,413</b>	<b>0.9%</b>	<b>356,494,765</b>	<b>1.8%</b>
<b>Change in Biennial Totals</b>								<b>(11,741,036)</b>						

**FUND FOR A HEALTHY MAINE REVENUE  
(TOBACCO SETTLEMENT REVENUE)  
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2006**

Source	FY00 Actual	FY01 Actual	% Chg.	FY02 Actual	% Chg.	FY03 Actual *	% Chg.	FY04 Actual	% Chg.	FY05 Actual	% Chg.
Initial Payments	35,541,456	16,839,539	-52.6%	16,236,644	-3.6%	16,458,172	1.4%	0	-100.0%	0	N/A
Base Payments	27,422,283	30,926,515	12.8%	40,055,643	29.5%	39,348,861	-1.8%	48,952,964	24.4%	49,033,349	0.2%
Attorney General Reimbursements	212,904	53,226	-75.0%	25,475	-52.1%	0	-100.0%	0	N/A	0	N/A
Racino Revenue **	0	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A
Income from Investments	1,604,300	3,605,927	124.8%	1,233,998	-65.8%	681,756	-44.8%	54,830	-92.0%	91,444	66.8%
<b>Total - Tobacco Settlement Revenue</b>	<b>64,780,943</b>	<b>51,425,207</b>	<b>-20.6%</b>	<b>57,551,760</b>	<b>11.9%</b>	<b>56,488,789</b>	<b>-1.8%</b>	<b>49,007,794</b>	<b>-13.2%</b>	<b>49,124,793</b>	<b>0.2%</b>

\* 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.

\*\* Racino Revenue includes a portion of the State's share of proceeds from slot machines at commercial race tracks.

**FUND FOR A HEALTHY MAINE REVENUE  
(TOBACCO SETTLEMENT REVENUE)  
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2006**

Source	FY06 Actual	% Chg.	FY06 Budget	FY06 Variance	% Var.	FY07 Budget	% Chg.	Recom. Chg.	FY07 Revised	% Chg.
Initial Payments	0	N/A	0	0	N/A	0	N/A	0	0	N/A
Base Payments	45,011,759	-8.2%	41,652,662	3,359,097	8.1%	41,765,543	-7.2%	1,256,100	43,021,643	-4.4%
Attorney General Reimbursements	0	N/A	0	0	N/A	0	N/A	0	0	N/A
Racino Revenue **	1,340,369	N/A	1,675,960	(335,591)	-20.0%	1,898,741	41.7%	1,198,960	3,097,701	131.1%
Income from Investments	124,780	36.5%	25,000	99,780	399.1%	25,000	-80.0%	45,000	70,000	-43.9%
<b>Total - Tobacco Settlement Revenue</b>	<b>46,476,908</b>	<b>-5.4%</b>	<b>43,353,622</b>	<b>3,123,286</b>	<b>7.2%</b>	<b>43,689,284</b>	<b>-6.0%</b>	<b>2,500,060</b>	<b>46,189,344</b>	<b>-0.6%</b>
<b>Change in Biennial Totals</b>								<b>2,500,060</b>		

\*\* Racino Revenue includes a portion of the State's share of proceeds from slot machines at commercial race tracks.

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

Source	FY08 Budget	% Chg.	Recom. Chg.	FY08 Revised	% Chg.	FY09 Projection	% Chg.	Recom. Chg.	FY09 Revised	% Chg.	FY10 Projection	% Chg.	FY11 Projection	% Chg.
Initial Payments	0	N/A	0	0	N/A	0	N/A	0	0	N/A	0	N/A	0	N/A
Base Payments	71,821,621	72.0%	(14,535,116)	57,286,505	33.2%	72,653,908	1.2%	(14,560,946)	58,092,962	1.4%	62,928,997	8.3%	66,659,065	5.9%
Attorney General Reimbursements	0	N/A	0	0	N/A	0	N/A	0	0	N/A	0	N/A	0	N/A
Racino Revenue **	1,994,731	5.1%	1,057,714	3,052,445	-1.5%	3,145,550	57.7%	1,507,436	4,652,986	52.4%	4,819,650	3.6%	4,819,650	0.0%
Income from Investments	45,000	80.0%	25,000	70,000	0.0%	45,000	0.0%	25,000	70,000	0.0%	70,000	0.0%	70,000	0.0%
<b>Total- Tobacco Settlement Revenue</b>	<b>73,861,352</b>	<b>69.1%</b>	<b>(13,452,402)</b>	<b>60,408,950</b>	<b>30.8%</b>	<b>75,844,458</b>	<b>2.7%</b>	<b>(13,028,510)</b>	<b>62,815,948</b>	<b>4.0%</b>	<b>67,818,647</b>	<b>8.0%</b>	<b>71,548,715</b>	<b>5.5%</b>
								<b>(26,480,912)</b>						

\*\* Racino Revenue includes a portion of the State's share of proceeds from slot machines at commercial race tracks.

**MEDICAID/MAINECARE DEDICATED REVENUE TAXES**  
**REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2006**

Source	FY03 Actual	FY04 Actual	% Chg.	FY05 Actual **	% Chg.
Nursing Facility Tax	22,048,469	30,501,448	38.3%	29,241,327	-4.1%
Residential Treatment Facility (ICFs/MR) Tax	1,565,094	1,617,662	3.4%	1,958,739	21.1%
Hospital Tax *	0	16,383,319	N/A	48,907,135	198.5%
Service Provider Tax - Private Non-Medical Institutions (PNMIs)	0	0	N/A	15,430,099	N/A
<b>Total - Health Care Provider Taxes</b>	<b>23,613,563</b>	<b>48,502,429</b>	<b>105.4%</b>	<b>95,537,301</b>	<b>97.0%</b>

\* Reflects revenue from the hospital tax first enacted under PL 2003, c. 513 and amended under PL 2003, c. 673, but does not include revenue from previous hospital taxes and assessments.

\*\* The hospital tax rate increased from 0.74% of net operating revenue in FY 04 to 2.23% in FY 05.

\*\*\*The MaineCare service provider tax was expanded in FY06 to include: community support services (effective 6/29/05), day habilitation services (effective 7/1/05), personal support services (effective 7/1/05) and residential training services (effective 7/1/05).

# **MEDICAID/MAINECARE DEDICATED REVENUE TAXES** **REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2006**

Source	FY06 Actual ***	% Chg.	FY06 Budget ***	FY06 Variance	% Chg.	FY07 Budget	% Chg.	Recom. Chg.	FY07 Revised	% Chg.
Nursing Facility Tax	31,397,376	7.4%	32,400,000	(1,002,624)	-3.1%	33,210,000	5.8%	(1,027,690)	32,182,310	2.5%
Residential Treatment Facility (ICFs/MR) Tax	1,868,534	-4.6%	2,005,216	(136,682)	-6.8%	2,055,346	10.0%	(140,100)	1,915,246	2.5%
Hospital Tax *	54,050,888	10.5%	53,672,418	378,470	0.7%	55,819,315	3.3%	393,609	56,212,924	4.0%
Service Provider Tax - Private Non-Medical Institutions (PNMIs)	30,779,242	99.5%	28,621,455	2,157,787	7.5%	29,058,241	-5.6%	2,157,283	31,215,524	1.4%
<b>Total - Health Care Provider Taxes</b>	<b>118,096,040</b>	<b>23.6%</b>	<b>116,699,089</b>	<b>1,396,951</b>	<b>1.2%</b>	<b>120,142,902</b>	<b>1.7%</b>	<b>1,383,102</b>	<b>121,526,004</b>	<b>2.9%</b>
<b>Change in Biennial Totals</b>								<b>\$1,383,102</b>		

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## MEDICAID/MAINECARE DEDICATED REVENUE TAXES

### REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2006

Source	FY08 Budget	% Chg.	Recom. Chg.	FY08 Revised	% Chg.	FY09 Budget	% Chg.	Recom. Chg.	FY09 Revised	% Chg.	FY10 Forecast	% Chg.	FY11 Forecast	% Chg.
Nursing Facility Tax	34,040,250	2.5%	(1,053,382)	32,986,868	2.5%	34,891,256	2.5%	(1,079,716)	33,811,540	2.5%	34,656,828	2.5%	35,523,249	2.5%
Residential Treatment Facility (ICFs/MR) Tax	2,106,730	2.5%	(143,602)	1,963,128	2.5%	2,159,398	2.5%	(147,192)	2,012,206	2.5%	2,062,511	2.5%	2,114,074	2.5%
Hospital Tax *	55,819,315	0.0%	393,609	56,212,924	0.0%	55,819,315	0.0%	393,609	56,212,924	0.0%	56,212,924	0.0%	56,212,924	0.0%
Service Provider Tax - Private Non-Medical Institutions (PNMIs)	29,505,947	1.5%	2,156,766	31,662,713	1.4%	29,964,846	1.6%	2,156,236	32,121,082	1.4%	32,590,911	1.5%	33,072,485	1.5%
<b>Total Health Care Provider Taxes</b>	<b>121,472,242</b>	<b>1.1%</b>	<b>1,353,391</b>	<b>122,826,633</b>	<b>1.1%</b>	<b>122,834,315</b>	<b>1.1%</b>	<b>1,322,937</b>	<b>124,157,752</b>	<b>1.1%</b>	<b>125,523,174</b>	<b>1.1%</b>	<b>126,922,732</b>	<b>1.1%</b>
<b>Change in Biennial Totals</b>								<b>\$2,676,328</b>						

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