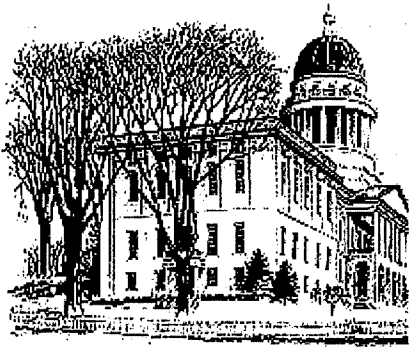


MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)




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
Grant Pennoyer, Director, Office of Fiscal and Program Review
Catherine Reilly, State Economist
Ellen Jane Schneider, State Budget Officer

February 28, 2008

TO: Governor John Baldacci
Members, 123rd Legislature

FROM:  Jerome Gerard, Chair
Revenue Forecasting Committee

RE: Summary of March 2008 Revenue Forecast

The Revenue Forecasting Committee (RFC) met February 25, 2008 to review the revenue forecast and has revised its revenue projections through the fiscal year ending June 30, 2011 for the General Fund, Highway Fund, Fund for a Healthy Maine and the Medicaid Dedicated Revenue Taxes to comply with the statutory March 1st reporting date.

The updated economic forecast of the Consensus Economic Forecasting Commission (CEFC) in its February 1, 2008 report and several additional economic variables were used as inputs to Maine Revenue Services' tax models to help project the major tax revenue sources. After reviewing the tax recommendations of Maine Revenue Services and others from a number of state agencies, the RFC decided to revise downward its December 2007 General Fund revenue forecast for the 2008-2009 biennium by \$94.8 million and its projection for the 2010-2011 biennium by \$139.9 million. In addition, the RFC revised Highway Fund revenue downward by \$4.3 million in the current biennium, and made minor adjustments to its revenue forecast of the Fund for a Healthy Maine and MaineCare dedicated revenue taxes. The table on the next page summarizes the aggregate impact on each of the funds forecast by the RFC. Additional detail is available in the attached tables.

This revenue forecast is driven largely by the deteriorating national economy. The RFC is once again expressing its concerns about the substantial amount of economic risk that still surrounds this forecast. In the short time frame since the January meeting of the CEFC, most national economic forecasts, including the models upon which the CEFC forecast was based, have been updated with much more pessimistic outlooks. While some of the economic variables, primarily corporate profitability and oil prices not established within the CEFC economic forecast, reflect the more pessimistic forecasts, some of the core components of the economic forecast underlying this revenue forecast may not have captured recent events, leaving a greater potential for downside risks when the forecast is revised again later this fall.

Summary of March 2008 Revenue Revisions

General Fund Summary

	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$3,019,595,389	\$3,067,920,438	\$3,136,529,661	\$3,206,392,774	\$3,236,866,340
Annual % Growth	3.0%	1.6%	2.2%	2.2%	1.0%
Net Increase (Decrease)		(\$26,870,994)	(\$67,910,570)	(\$65,977,780)	(\$73,965,529)
Revised Forecast	\$3,019,595,389	\$3,041,049,444	\$3,068,619,091	\$3,140,414,994	\$3,162,900,811
Annual % Growth	3.0%	0.7%	0.9%	2.3%	0.7%

Highway Fund Summary

	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$330,821,083	\$328,637,877	\$339,173,861	\$343,978,189	\$348,933,780
Annual % Growth	1.3%	-0.7%	3.2%	1.4%	1.4%
Net Increase (Decrease)		(\$2,280,838)	(\$1,981,227)	\$2,989,937	\$2,024,366
Revised Forecast	\$330,821,083	\$326,357,039	\$337,192,634	\$346,968,126	\$350,958,146
Annual % Growth	1.3%	-1.3%	3.3%	2.9%	1.1%

Fund for a Healthy Maine Summary

	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$50,950,512	\$61,353,071	\$65,626,578	\$70,567,505	\$69,667,817
Annual % Growth	8.6%	20.4%	7.0%	7.5%	-1.3%
Net Increase (Decrease)		(\$7,318)	(\$12,000)	(\$12,000)	(\$12,000)
Revised Forecast	\$50,950,512	\$61,274,753	\$65,614,578	\$70,555,505	\$69,655,817
Annual % Growth	8.6%	20.3%	7.1%	7.5%	-1.3%

Medicaid/MaineCare Dedicated Revenue Taxes Summary

	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$125,704,185	\$129,627,152	\$131,380,798	\$130,492,181	\$135,020,703
Annual % Growth	6.4%	3.1%	1.4%	-0.7%	3.5%
Net Increase (Decrease)		(\$346,130)	\$1,342,884	\$517,145	\$530,074
Revised Forecast	\$125,704,185	\$129,281,022	\$132,723,682	\$131,009,326	\$135,550,777
Annual % Growth	6.4%	2.8%	2.7%	-1.3%	3.5%

As the Administration and the Legislature develop solutions to close the budget gap created by this and the last forecast, the RFC wants to point out two issues that may exacerbate the current situation. First, the forecast agreed to on Monday assumes an uneventful April 15th. Should the economic forecast for 2007 be too optimistic, it is certainly possible that payments and refunds associated with the 2007 tax year will deviate from this forecast and create a bigger short-fall in this fiscal year, leaving little time for policymakers to make adjustments before the close of the fiscal year. Second, there are some alternative economic scenarios that assume a longer and deeper impact from the housing downturn and oil prices that linger in the range of 90 dollars per barrel, or more, for a prolonged period. If this occurs, it is possible that the US economy could have a so-called "double-dip" recession, where later this year, when the impact of the economic stimulus package wears off, the economy enters another period of slow or declining economic growth.

General Fund

Of the \$94.8 million adjustment to the General Fund revenue for the current biennium, roughly \$75 million is associated with the major tax lines that produce the vast majority of General Fund revenue. These changes to General Fund tax receipts are a reflection of a deteriorating national

economy that has been significantly impacted by a tightening in credit markets as the correction in the residential housing market continues to unfold, and high volatile energy prices that are putting considerable stress on low and middle income households, particularly here in Maine. Taken together, these two factors are limiting household borrowing and drawing disposable income away from taxable goods and services and toward non-taxable energy products. This forecast represents a continuation of the recognition of this further squeeze on disposable income, even taking into account the federal economic stimulus package. As a result, tax lines associated with consumption, such as the sales tax and cigarette excise tax are now projected to be lower in this biennium by \$29.5 million and \$5.6 million, respectively.

The slowing national economy is also beginning to affect corporate profitability. Unlike the previous revenue forecast, this forecast is now based on a national economy that will experience extremely slow growth at best and a mild recession at worst during this calendar year. As a result, corporate profits are estimated to decline by 15% in 2008, which translates into a reduction in corporate income tax receipts of approximately \$23.2 million in the 2008-2009 biennium.

While the individual income tax is not expected to deviate much from the previous forecast in this fiscal year, the forecast for FY09 and beyond is reduced substantially because of the much lower projection of income growth during 2008 by the CEFC.

While Maine has not been as dramatically affected by the sub-prime mortgage crisis as some other states, for the first time since the December 2006 forecast, the RFC projects a reduction in the Real Estate Transfer Tax totaling \$7.3 million for the 2008-2009 biennium.

The majority of the remaining \$12.3 million of net reductions to the General Fund forecast for this biennium is related to revenue collections by the Department of Health and Human Services (DHHS). Of the total \$15.0 million reductions to Targeted Case Management revenue of DHHS, \$12.2 million of this change is associated with the federal Medicaid rule changes.

Highway Fund

Highway Fund revenues were projected lower by \$2.3 million in FY08 and \$2.0 million in FY 2009. High oil prices, which had been expected to return to more normal (lower) levels sooner than what is now expected, lower Fuel Taxes revenue by decreasing demand for diesel fuel and gasoline. The gasoline tax, like other consumption taxes, is the most severely affected, while diesel fuel consumption seems to be less affected by consumer decisions.

The RFC also lowered motor vehicle registration fees and title fees. While some of this is not consumption-driven and is related to competition for long-term trailer registrations and some problems with receipts from municipalities, the bulk of the changes reflect declining motor vehicle sales.

Fund for a Healthy Maine

The Fund for a Healthy Maine (FHM) revenue forecast was revised downward slightly due to a small downward adjustment in interest earnings to reflect lower balances in the fund and an adjustment in FY08 to reflect the effect of winter weather and some FY08 changes to

assumptions for slot machine revenue. The total change to Fund for a Healthy Maine revenue during the 2008-2009 biennium is less than \$0.1million.

Medicaid/MaineCare Dedicated Revenue Taxes

Medicaid/MaineCare Dedicated Revenue Taxes were revised upward on a net basis by \$1.0 million for the 2008-2009 biennium. The adjustments are based on updated trends with an additional quarter of actual experience and, within the Hospital Tax, a delay in the receipt of a tax payment between FY08 and FY09.

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 - MARCH 2008

Source	FY04 Actual	% Chg.	FY05 Actual	% Chg.	FY06 Actual	% Chg.	FY07 Actual	% Chg.	FY07 Budget	FY07 Variance	% Var.
Sales and Use Tax	917,243,245	7.0%	896,576,322	-2.3%	946,174,276	5.5%	971,455,721	2.7%	974,740,367	(3,284,646)	-0.3%
Service Provider Tax	0	N/A	44,645,517	N/A	47,028,430	5.3%	49,400,532	5.0%	48,911,765	488,767	1.0%
Individual Income Tax *	1,156,715,909	7.9%	1,270,225,329	9.8%	1,254,506,663	-1.2%	1,353,934,495	7.9%	1,347,436,142	6,498,353	0.5%
Corporate Income Tax	111,616,051	22.4%	135,862,913	21.7%	188,015,558	38.4%	183,851,533	-2.2%	172,038,386	11,813,147	6.9%
Cigarette and Tobacco Tax	96,604,646	-1.8%	96,350,704	-0.3%	156,951,370	62.9%	158,953,466	1.3%	158,502,981	450,485	0.3%
Public Utilities Tax	27,991,188	-4.4%	25,403,214	-9.2%	20,627,030	-18.8%	16,317,029	-20.9%	16,891,746	(574,717)	-3.4%
Insurance Companies Tax	72,206,153	1.6%	75,669,053	4.8%	76,065,864	0.5%	74,452,542	-2.1%	76,336,389	(1,883,847)	-2.5%
Estate Tax	32,075,501	5.1%	32,255,727	0.6%	75,330,514	133.5%	54,820,038	-27.2%	55,465,498	(645,460)	-1.2%
Prop. Tax - Unorganized Territory	10,709,308	7.8%	10,622,666	-0.8%	11,559,305	8.8%	11,376,293	-1.6%	11,597,312	(221,019)	-1.9%
Income from Investments	2,310,207	-1.5%	5,854,625	153.4%	8,271,869	41.3%	1,215,836	-85.3%	1,517,319	(301,483)	-19.9%
Transfer to Municipal Rev. Sharing	(111,464,335)	-8.2%	(119,712,814)	-7.4%	(124,222,180)	-3.8%	(130,490,756)	-5.0%	(129,699,458)	(791,298)	0.6%
Transfer from Lottery Commission	41,272,645	4.6%	49,328,102	19.5%	50,879,647	3.1%	50,624,741	-0.5%	50,334,250	290,491	0.6%
Other Revenues **	326,259,040	66.2%	267,763,694	-17.9%	220,637,339	-17.6%	223,683,920	1.4%	220,834,877	2,849,043	1.3%
Total - General Fund Revenue	2,683,539,557	12.1%	2,790,845,053	4.0%	2,931,825,687	5.1%	3,019,595,389	3.0%	3,004,907,574	14,687,815	0.5%
Change in Biennial Totals											

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

- Maine Resident Property Tax Program			(26,030,227)	N/A	(42,796,070)	-64.4%	(44,440,759)	-3.8%	(44,957,021)	516,262	-1.1%
- Business Equipment Tax Reimbursement (BETR)			0	N/A	(67,065,810)	N/A	(66,553,092)	0.8%	(67,000,708)	447,616	-0.7%
- Municipal Business Equipment Tax Reimbursement			0	N/A	0	N/A	0	N/A	0	0	N/A

**** Detail of Other Revenues:**

- Real Estate Transfer Tax	22,196,221	106.1%	24,113,439	8.6%	24,595,580	2.0%	22,206,638	-9.7%	22,309,074	(102,436)	-0.5%
- Milk Handling Fee	0	N/A	0	N/A	1,867,527	N/A	2,561,972	37.2%	2,430,175	131,797	5.4%
- Liquor Sales and Operations	102,182,743	291.9%	49,845,027	-51.2%	2,560,044	-94.9%	4,440,935	73.5%	4,400,000	40,935	0.9%
- Liquor Taxes and Fees	17,485,024	2.0%	17,432,377	-0.3%	18,814,733	7.9%	20,283,406	7.8%	19,964,727	318,679	1.6%
- Finance Industry Fees	9,572,280	3.0%	18,641,800	94.7%	20,471,110	9.8%	22,004,030	7.5%	21,567,380	436,650	2.0%
- Corporation Fees & Licenses	3,600,455	3.4%	5,637,743	56.6%	6,385,451	13.3%	6,639,084	4.0%	5,815,012	824,072	14.2%
- Hunting and Fishing License Fees	16,898,278	21.1%	16,691,165	-1.2%	16,840,079	0.9%	16,401,841	-2.6%	15,705,573	696,268	4.4%
- Boat, ATV and Snowmobile Fees	3,974,546	60.0%	4,148,936	4.4%	3,477,043	-16.2%	4,162,079	19.7%	3,636,271	525,808	14.5%
- Parimutuel and Gaming Revenue	1,036,539	-4.6%	1,362,611	31.5%	5,262,230	286.2%	8,604,917	63.5%	8,389,322	215,595	2.6%
- Fines, Forfeits and Penalties	38,219,275	41.6%	35,506,972	-7.1%	37,781,055	6.4%	41,415,132	9.6%	41,918,483	(503,351)	-1.2%
- Targeted Case Management (HHS)	34,762,095	4.6%	34,518,055	-0.7%	25,687,188	-25.6%	23,550,288	-8.3%	23,609,894	(59,606)	-0.3%
- HHS Services Rendered	9,481,895	89.2%	7,966,194	-16.0%	9,613,394	20.7%	11,125,914	15.7%	11,681,023	(555,109)	-4.8%
- State Cost Allocation Program	10,438,262	-5.0%	12,891,574	23.5%	13,281,561	3.0%	15,428,622	16.2%	14,592,926	835,696	5.7%
- Unclaimed Property Transfer	16,763,948	104.9%	10,000,000	-40.3%	14,880,517	48.8%	10,499,528	-29.4%	13,703,693	(3,204,165)	-23.4%
- Tourism Transfer	(7,213,282)	N/A	(7,554,190)	-4.7%	(7,762,689)	-2.8%	(8,221,338)	-5.9%	(8,221,338)	0	0.0%
- Transfer to Maine Milk Pool	0	N/A	0	N/A	(2,616,160)	N/A	(10,158,802)	-288.3%	(10,997,887)	839,085	-7.6%
- Other Miscellaneous	46,860,761	69.5%	36,561,993	-22.0%	29,498,676	-19.3%	32,739,674	11.0%	30,330,549	2,409,125	7.9%
IF&W Total Revenue ***	21,902,902	24.5%	21,817,659	-0.4%	21,530,955	-1.3%	21,663,828	0.6%	20,764,533	899,295	4.3%

*** 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 - MARCH 2008

Source	FY08 Budget	% Chg.	Recom. Chg.	FY08 Revised	% Chg.	FY09 Budget	% Chg.	Recom. Chg.	FY09 Revised	% Chg.
Sales and Use Tax	985,065,063	1.4%	(6,827,961)	978,237,102	0.7%	1,030,088,524	4.6%	(22,731,976)	1,007,356,548	3.0%
Service Provider Tax	51,181,910	3.6%	0	51,181,910	3.6%	53,452,742	4.4%	0	53,452,742	4.4%
Individual Income Tax *	1,400,953,225	3.5%	(421,000)	1,400,532,225	3.4%	1,412,984,780	0.9%	(18,092,000)	1,394,892,780	-0.4%
Corporate Income Tax	194,600,000	5.8%	(12,430,000)	182,170,000	-0.9%	199,984,298	2.8%	(10,814,298)	189,170,000	3.8%
Cigarette and Tobacco Tax	157,706,180	-0.8%	(2,920,000)	154,786,180	-2.6%	156,088,502	-1.0%	(2,680,000)	153,408,502	-0.9%
Public Utilities Tax	17,476,987	7.1%	0	17,476,987	7.1%	16,464,397	-5.8%	0	16,464,397	-5.8%
Insurance Companies Tax	76,751,673	3.1%	0	76,751,673	3.1%	77,169,754	0.5%	0	77,169,754	0.5%
Estate Tax	45,258,169	-17.4%	(695,929)	44,562,240	-18.7%	50,709,673	12.0%	(1,184,791)	49,524,882	11.1%
Prop. Tax - Unorganized Territory	12,611,986	10.9%	0	12,611,986	10.9%	12,353,336	-2.1%	0	12,353,336	-2.1%
Income from Investments	901,571	-25.8%	50,447	952,018	-21.7%	(4,024,682)	-546.4%	0	(4,024,682)	-522.8%
Transfer to Municipal Rev. Sharing	(134,221,812)	-2.9%	1,003,627	(133,218,185)	-2.1%	(138,102,080)	-2.9%	2,633,552	(135,468,528)	-1.7%
Transfer from Lottery Commission	49,834,250	-1.6%	(1,000,000)	48,834,250	-3.5%	49,834,250	0.0%	1,000,000	50,834,250	4.1%
Other Revenues **	209,801,236	-6.2%	(3,630,178)	206,171,058	-7.8%	219,526,167	4.6%	(16,041,057)	203,485,110	-1.3%
Total - General Fund Revenue	3,067,920,438	1.6%	(26,870,994)	3,041,049,444	0.7%	3,136,529,661	2.2%	(67,910,570)	3,068,619,091	0.9%
Change in Biennial Totals								(94,781,564)		
* Detail of Property Tax Reimbursement Programs Deducted from Individual Income Tax Revenue										
- Maine Resident Property Tax Program	(46,253,766)	-4.1%	0	(46,253,766)	-4.1%	(47,573,249)	-2.9%	0	(47,573,249)	-2.9%
- BETR - Business Equipment Tax Reimb.	(68,490,826)	-2.9%	0	(68,490,826)	-2.9%	(69,059,334)	-0.8%	0	(69,059,334)	-0.8%
- Municipal Business Equip. Tax Reimb.	0	N/A	0	0	N/A	(11,373,516)	N/A	0	(11,373,516)	N/A
** Detail of Other Revenues:										
- Real Estate Transfer Tax	19,565,275	-11.9%	(2,560,982)	17,004,293	-23.4%	20,314,869	3.8%	(4,768,654)	15,546,215	-8.6%
- Milk Handling Fee	558,818	-78.2%	215,506	774,324	-69.8%	2,381,714	326.2%	(70)	2,381,644	207.6%
- Liquor Sales and Operations	4,500,000	1.3%	1,034,300	5,534,300	24.6%	4,500,000	0.0%	1,050,000	5,550,000	0.3%
- Liquor Taxes and Fees	20,042,626	-1.2%	355,000	20,397,626	0.6%	20,122,424	0.4%	75,000	20,197,424	-1.0%
- Finance Industry Fees	21,565,980	-2.0%	863,830	22,429,810	1.9%	21,365,980	-0.9%	0	21,365,980	-4.7%
- Corporation Fees & Licenses	6,646,012	0.1%	0	6,646,012	0.1%	7,467,012	12.4%	0	7,467,012	12.4%
- Hunting and Fishing License Fees	16,240,944	-1.0%	0	16,240,944	-1.0%	16,249,867	0.1%	0	16,249,867	0.1%
- Boat, ATV and Snowmobile Fees	3,636,271	-12.6%	0	3,636,271	-12.6%	3,636,271	0.0%	0	3,636,271	0.0%
- Parimutuel and Gaming Revenue	8,631,176	0.3%	(60,594)	8,570,582	-0.4%	12,824,311	48.6%	(41,970)	12,782,341	49.1%
- Fines, Forfeits and Penalties	41,182,968	-0.6%	1,438,750	42,621,718	2.9%	41,287,968	0.3%	1,162,285	42,450,253	-0.4%
- Targeted Case Management (HHS)	20,045,007	-14.9%	(3,576,797)	16,468,210	-30.1%	20,045,007	0.0%	(11,435,305)	8,609,702	-47.7%
- HHS Services Rendered	4,363,607	-60.8%	(295,877)	4,067,730	-63.4%	4,363,607	0.0%	(295,877)	4,067,730	0.0%
- State Cost Allocation Program	15,140,940	-1.9%	0	15,140,940	-1.9%	17,566,608	16.0%	0	17,566,608	16.0%
- Unclaimed Property Transfer	9,775,369	-6.9%	0	9,775,369	-6.9%	9,775,369	0.0%	0	9,775,369	0.0%
- Tourism Transfer	(8,708,437)	-5.9%	0	(8,708,437)	-5.9%	(8,911,584)	-2.3%	(78,293)	(8,989,877)	-3.2%
- Transfer to Maine Milk Pool	(347,260)	96.6%	(378,009)	(725,269)	92.9%	(2,338,875)	-573.5%	41,430	(2,297,445)	-216.8%
- Other Miscellaneous	26,961,940	-17.6%	(665,305)	26,296,635	-19.7%	28,875,619	7.1%	(1,749,603)	27,126,016	3.2%
IF&W Total Revenue ***	21,298,620	-1.7%	(103,495)	21,195,125	-2.2%	21,321,007	0.1%	(104,508)	21,216,499	0.1%

*** 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.

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2008

Source	FY10 Projection	% Chg.	Recom. Chg.	FY10 Revised	% Chg.	FY11 Projection	% Chg.	Recom. Chg.	FY11 Revised	% Chg.
Sales and Use Tax	1,079,368,008	4.8%	(35,583,027)	1,043,784,981	3.6%	1,129,584,645	4.7%	(44,045,075)	1,085,539,570	4.0%
Service Provider Tax	55,590,852	4.0%	0	55,590,852	4.0%	57,814,486	4.0%	0	57,814,486	4.0%
Individual Income Tax *	1,432,186,735	1.4%	(14,835,000)	1,417,351,735	1.6%	1,461,052,033	2.0%	(13,122,000)	1,447,930,033	2.2%
Corporate Income Tax	204,175,313	2.1%	(1,045,313)	203,130,000	7.4%	204,200,000	0.0%	(2,070,000)	202,130,000	-0.5%
Cigarette and Tobacco Tax	154,354,033	-1.1%	(1,094,958)	153,259,075	-0.1%	152,782,116	-1.0%	(1,452,319)	151,329,797	-1.3%
Public Utilities Tax	15,451,807	-6.2%	0	15,451,807	-6.2%	15,251,807	-1.3%	0	15,251,807	-1.3%
Insurance Companies Tax	77,594,734	0.6%	0	77,594,734	0.6%	78,021,464	0.5%	0	78,021,464	0.5%
Estate Tax	54,569,248	7.6%	(527,510)	54,041,738	9.1%	5,145,335	-90.6%	(606,439)	4,538,896	-91.6%
Prop. Tax - Unorganized Territory	12,739,356	3.1%	0	12,739,356	3.1%	13,137,280	3.1%	0	13,137,280	3.1%
Income from Investments	901,571	122.4%	0	901,571	122.4%	901,571	0.0%	0	901,571	0.0%
Transfer to Municipal Rev. Sharing	(145,228,685)	-5.2%	2,676,094	(142,552,591)	-5.2%	(149,767,136)	-3.1%	3,080,328	(146,686,808)	-2.9%
Transfer from Lottery Commission	49,834,250	0.0%	1,000,000	50,834,250	0.0%	49,834,250	0.0%	1,000,000	50,834,250	0.0%
Other Revenues **	214,855,552	-2.1%	(16,568,066)	198,287,486	-2.6%	218,908,490	1.9%	(16,750,024)	202,158,466	2.0%
Total - General Fund Revenue	3,206,392,774	2.2%	(65,977,780)	3,140,414,994	2.3%	3,236,866,341	1.0%	(73,965,529)	3,162,900,812	0.7%
Change in Biennial Totals								(139,943,309)		

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

- Maine Resident Property Tax Program	(48,073,804)	-1.1%	0	(48,073,804)	-1.1%	(50,473,026)	-5.0%	0	(50,473,026)	-5.0%
- BETR - Business Equipment Tax Reimb.	(65,653,487)	4.9%	0	(65,653,487)	4.9%	(60,047,934)	8.5%	0	(60,047,934)	8.5%
- Municipal Business Equip. Tax Reimb.	(21,538,412)	-89.4%	0	(21,538,412)	-89.4%	(27,486,069)	-27.6%	0	(27,486,069)	-27.6%

**** Detail of Other Revenues:**

- Real Estate Transfer Tax	16,907,180	-16.8%	(5,290,155)	11,617,025	-25.3%	18,867,770	11.6%	(5,438,955)	13,428,815	15.6%
- Milk Handling Fee	2,381,714	0.0%	(70)	2,381,644	0.0%	2,381,714	0.0%	(70)	2,381,644	0.0%
- Liquor Sales and Operations	4,500,000	0.0%	1,050,000	5,550,000	0.0%	4,500,000	0.0%	1,050,000	5,550,000	0.0%
- Liquor Taxes and Fees	20,203,342	0.4%	75,000	20,278,342	0.4%	20,285,996	0.4%	75,000	20,360,996	0.4%
- Finance Industry Fees	21,365,980	0.0%	0	21,365,980	0.0%	21,365,980	0.0%	0	21,365,980	0.0%
- Corporation Fees & Licenses	8,024,012	7.5%	0	8,024,012	7.5%	8,591,012	7.1%	0	8,591,012	7.1%
- Hunting and Fishing License Fees	16,249,867	0.0%	0	16,249,867	0.0%	16,249,867	0.0%	0	16,249,867	0.0%
- Boat, ATV and Snowmobile Fees	3,636,271	0.0%	0	3,636,271	0.0%	3,636,271	0.0%	0	3,636,271	0.0%
- Parimutuel and Gaming Revenue	13,574,624	5.9%	(58,500)	13,516,124	5.7%	14,157,955	4.3%	(58,500)	14,099,455	4.3%
- Fines, Forfeits and Penalties	41,351,968	0.2%	1,062,285	42,414,253	-0.1%	41,406,968	0.1%	1,062,285	42,469,253	0.1%
- Targeted Case Management (HHS)	20,045,007	0.0%	(11,435,306)	8,609,701	0.0%	20,045,007	0.0%	(11,435,305)	8,609,702	0.0%
- HHS Services Rendered	4,363,607	0.0%	(295,877)	4,067,730	0.0%	4,363,607	0.0%	(295,877)	4,067,730	0.0%
- State Cost Allocation Program	16,442,672	-6.4%	0	16,442,672	-6.4%	17,447,328	6.1%	0	17,447,328	6.1%
- Unclaimed Property Transfer	9,775,369	0.0%	0	9,775,369	0.0%	9,775,369	0.0%	0	9,775,369	0.0%
- Tourism Transfer	(9,365,681)	-5.1%	12,337	(9,353,344)	-4.0%	(9,811,800)	-4.8%	(18,012)	(9,829,812)	-5.1%
- Transfer to Maine Milk Pool	(2,338,875)	0.0%	41,430	(2,297,445)	0.0%	(2,338,875)	0.0%	41,430	(2,297,445)	0.0%
- Other Miscellaneous	27,738,495	-3.9%	(1,729,210)	26,009,285	-4.1%	27,984,321	0.9%	(1,732,020)	26,252,301	0.9%
IF&W Total Revenue ***	21,329,704	0.0%	(100,039)	21,229,665	0.1%	21,335,160	0.0%	(101,444)	21,233,716	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.

HIGHWAY FUND REVENUE
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2008

Source	FY04 Actual	% Chg.	FY05 Actual	% Chg.	FY06 Actual	% Chg.	FY07 Actual	% Chg.	FY07 Budget	FY07 Variance	% Chg.
Fuel Taxes	212,600,843	13.1%	220,484,728	3.7%	221,575,309	0.5%	226,824,018	2.4%	227,484,941	(660,923)	-0.3%
Motor Vehicle Registration & Fees	82,577,755	-0.5%	84,645,422	2.5%	87,658,962	3.6%	87,291,874	-0.4%	86,476,317	815,557	0.9%
Inspection Fees	4,708,196	12.9%	4,260,059	-9.5%	4,373,692	2.7%	4,342,519	-0.7%	4,379,756	(37,237)	-0.9%
Fines, Forfeits and Penalties	1,918,703	-24.2%	1,518,580	-20.9%	1,809,813	19.2%	1,668,000	-7.8%	2,018,239	(350,239)	-17.4%
Income from Investments	720,046	-46.2%	1,440,739	100.1%	1,833,806	27.3%	1,105,987	-39.7%	795,000	310,987	39.1%
Other Revenues	9,502,442	2.5%	13,728,627	44.5%	9,294,574	-32.3%	9,588,686	3.2%	9,603,076	(14,390)	-0.1%
Total - Highway Fund Revenue	312,027,986	8.3%	326,078,155	4.5%	326,546,157	0.1%	330,821,083	1.3%	330,757,329	63,754	0.0%

HIGHWAY FUND REVENUE
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2008

Source	FY08 Budget	% Chg.	Recom. Chg.	FY08 Revised	% Chg.	FY09 Budget	% Chg.	Recom. Chg.	FY09 Revised	% Chg.
Fuel Taxes	223,609,445	-1.4%	(240,727)	223,368,718	-1.5%	235,120,126	5.1%	(901,973)	234,218,153	4.9%
Motor Vehicle Registration & Fees	87,770,064	0.5%	(1,816,583)	85,953,481	-1.5%	86,666,967	-1.3%	(700,000)	85,966,967	0.0%
Inspection Fees	4,433,458	2.1%	35,000	4,468,458	2.9%	4,489,821	1.3%	(15,000)	4,474,821	0.1%
Fines, Forfeits and Penalties	2,018,239	21.0%	(223,190)	1,795,049	7.6%	2,018,239	0.0%	(223,190)	1,795,049	0.0%
Income from Investments	1,000,000	-9.6%	0	1,000,000	-9.6%	1,000,000	0.0%	0	1,000,000	0.0%
Other Revenues	9,806,671	2.3%	(35,338)	9,771,333	1.9%	9,878,708	0.7%	(141,064)	9,737,644	-0.3%
Total - Highway Fund Revenue	328,637,877	-0.7%	(2,280,838)	326,357,039	-1.3%	339,173,861	3.2%	(1,981,227)	337,192,634	3.3%
Change in Biennial Totals								(4,262,065)		

HIGHWAY FUND REVENUE
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2008

Source	FY10 Projection	% Chg.	Recom. Chg.	FY10 Revised	% Chg.	FY11 Projection	% Chg.	Recom. Chg.	FY11 Revised	% Chg.
Fuel Taxes	242,529,081	3.2%	3,135,254	245,664,335	4.9%	246,918,052	1.8%	1,991,262	248,909,314	1.3%
Motor Vehicle Registration & Fees	84,017,913	-3.1%	234,241	84,252,154	-2.0%	84,539,803	0.6%	412,968	84,952,771	0.8%
Inspection Fees	4,496,057	0.1%	(15,000)	4,481,057	0.1%	4,502,326	0.1%	(15,000)	4,487,326	0.1%
Fines, Forfeits and Penalties	2,018,239	0.0%	(223,190)	1,795,049	0.0%	2,018,239	0.0%	(223,190)	1,795,049	0.0%
Income from Investments	1,000,000	0.0%	0	1,000,000	0.0%	1,000,000	0.0%	0	1,000,000	0.0%
Other Revenues	9,916,899	0.4%	(141,368)	9,775,531	0.4%	9,955,360	0.4%	(141,674)	9,813,686	0.4%
Total - Highway Fund Revenue	343,978,189	1.4%	2,989,937	346,968,126	2.9%	348,933,780	1.4%	2,024,366	350,958,146	1.1%
Change in Biennial Totals								5,014,303		

**FUND FOR A HEALTHY MAINE REVENUE
(TOBACCO SETTLEMENT REVENUE)
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2008**

Source	FY04 Actual	% Chg.	FY05 Actual	% Chg.	FY06 Actual	% Chg.	FY07 Actual	% Chg.	FY07 Budget	FY07 Variance	% Chg.
Initial Payments	0	-100.0%	0	N/A	0	N/A	0	N/A	0	0	N/A
Base Payments	48,952,964	24.4%	49,033,129	0.2%	45,011,759	-8.2%	47,113,687	4.7%	46,749,694	363,993	0.8%
Racino Revenue **	0	N/A	0	N/A	1,771,173	N/A	3,538,805	99.8%	3,570,300	(31,495)	-0.9%
Income from Investments	54,830	-92.0%	91,444	66.8%	124,780	36.5%	297,803	138.7%	90,000	207,803	230.9%
Attorney General Reimbursements and Other Income	0	N/A	220	N/A	39	-82.2%	217	453.5%	0	217	N/A
Total - Tobacco Settlement Revenue	49,007,794	-13.2%	49,124,793	0.2%	46,907,751	-4.5%	50,950,512	8.6%	50,409,994	540,518	-1.1%

** 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 - MARCH 2008**

Source	FY08 Budget	% Chg.	Recom. Chg.	FY08 Revised	% Chg.	FY09 Budget	% Chg.	Recom. Chg.	FY09 Revised	% Chg.
Initial Payments	0	N/A	0	0	N/A	0	N/A	0	0	N/A
Base Payments	57,439,281	33.5%	0	57,439,281	22.9%	59,109,609	2.9%	0	59,109,609	2.9%
Racino Revenue **	3,833,790	23.8%	(66,318)	3,767,472	5.5%	6,436,969	67.9%	0	6,436,969	70.9%
Income from Investments	80,000	14.3%	(12,000)	68,000	-24.4%	80,000	0.0%	(12,000)	68,000	0.0%
Attorney General Reimbursements and Other Income	0	N/A	0	0	N/A	0	N/A	0	0	N/A
Total - Tobacco Settlement Revenue	61,353,071	32.8%	(78,318)	61,274,753	21.6%	65,626,578	7.0%	(12,000)	65,614,578	7.1%
Change in Biennial Totals								(90,318)		

** 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 - MARCH 2008**

Source	FY10 Projection	% Chg.	Recom. Chg.	FY10 Revised	% Chg.	FY11 Projection	% Chg.	Recom. Chg.	FY11 Revised	% Chg.
Initial Payments	0	N/A	0	0	N/A	0	N/A	0	0	N/A
Base Payments	63,876,892	8.1%	0	63,876,892	8.1%	62,792,929	-1.7%	0	62,792,929	-1.7%
Racino Revenue **	6,610,613	2.7%	0	6,610,613	2.7%	6,794,888	2.8%	0	6,794,888	2.8%
Income from Investments	80,000	0.0%	(12,000)	68,000	0.0%	80,000	0.0%	(12,000)	68,000	0.0%
Attorney General Reimbursements and Other Income	0	N/A	0	0	N/A	0	N/A	0	0	N/A
Total - Tobacco Settlement Revenue	70,567,505	7.5%	(12,000)	70,555,505	7.5%	69,667,817	-1.3%	(12,000)	69,655,817	-1.3%
	0							(24,000)		

** 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 - MARCH 2008

Source	FY04 Actual	% Chg.	FY05 Actual**	% Chg.	FY06 Actual***	% Chg.	FY07 Actual	% Chg.	FY07 Budget	FY07	
										Variance	% Chg.
Nursing Facility Tax	30,501,448	38.3%	29,241,327	-4.1%	31,397,376	7.4%	30,061,513	-4.3%	29,858,844	202,668	0.7%
Residential Treatment Facility (ICFs/MR) Tax	1,617,662	3.4%	1,958,739	21.1%	1,868,534	-4.6%	1,880,205	0.6%	1,932,036	(51,831)	-2.7%
Hospital Tax *	16,383,319	N/A	48,907,135	198.5%	54,050,888	10.5%	59,807,056	10.6%	59,481,377	325,679	0.5%
Service Provider Tax - Private Non-Medical Institutions (PNMIs)	0	N/A	15,430,099	N/A	30,779,242	99.5%	33,955,412	10.3%	34,149,711	(194,299)	-0.6%
Total - Health Care Provider Taxes	48,502,429	105.4%	95,537,301	97.0%	118,096,040	23.6%	125,704,185	6.4%	125,421,968	282,217	0.2%
Change in Biennial Totals											

* 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 - MARCH 2008**

Source	FY08 Budget	% Chg.	Recom. Chg.	FY08 Revised	% Chg.	FY09 Budget	% Chg.	Recom. Chg.	FY09 Revised	% Chg.
Nursing Facility Tax	30,813,051	2.5%	1,391,679	32,204,730	7.1%	31,583,377	2.5%	1,426,471	33,009,848	2.5%
Residential Treatment Facility (ICFs/MR) Tax	1,927,210	2.5%	(280,201)	1,647,009	-12.4%	1,975,390	2.5%	(287,206)	1,688,184	2.5%
Hospital Tax *	59,481,377	-0.5%	(838,355)	58,643,022	-1.9%	59,481,377	0.0%	838,355	59,481,377	1.4%
Service Provider Tax - Private Non-Medical Institutions (PNMIs)	37,405,514	10.2%	(619,253)	36,786,261	8.3%	38,340,654	2.5%	(634,736)	37,705,918	2.5%
Total - Health Care Provider Taxes	129,627,152	3.1%	(346,130)	129,281,022	2.8%	131,380,798	1.4%	1,342,884	131,885,327	2.0%
Change in Biennial Totals								996,754		

* 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 - MARCH 2008

Source	FY10 Projection	% Chg.	Recom. Chg.	FY10 Revised	% Chg.	FY11 Projection	% Chg.	Recom. Chg.	FY11 Revised	% Chg.
Nursing Facility Tax	32,372,961	2.5%	1,462,133	33,835,094	2.5%	33,182,285	2.5%	1,498,686	34,680,971	2.5%
Residential Treatment Facility (ICFs/MR) Tax	2,024,775	2.5%	(294,386)	1,730,389	2.5%	2,075,394	2.5%	(301,745)	1,773,649	2.5%
Hospital Tax *	59,481,377	0.0%	0	59,481,377	0.0%	59,481,377	0.0%	0	59,481,377	0.0%
Service Provider Tax - Private Non-Medical Institutions (PNMIs)	39,299,168	2.5%	(650,602)	38,648,566	2.5%	40,281,647	2.5%	(666,867)	39,614,780	2.5%
Total - Health Care Provider Taxes	133,178,281	1.4%	517,145	133,695,426	1.4%	135,020,703	1.4%	530,074	135,550,777	1.4%
Change in Biennial Totals								1,047,219		

* 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).