

MAINE STATE LEGISLATURE

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M E M O R A N D U M

TO: Governor Paul R. LePage
Members, Legislative Council
Members, Joint Standing Committee on Appropriations and Financial Affairs
Members, Joint Standing Committee on Taxation

FROM: H. Sawin Millett Jr., Commissioner
Department of Administrative & Financial Services

DATE: August 12, 2013

SUBJ: Revenues - July

July General Fund revenues were over budget by \$1.6 million or 0.7%. Compared to the same month last fiscal year, revenues were down 0.5% (-\$1.2 million).

Sales and use tax receipts were essentially on budget for the month of July (June sales). Sales and use revenue increased by 3.7% compared to a year ago. While the taxable sales report shows much slower year-over year growth (+1.6%), seasonal adjustments bring sales growth closer into alignment with revenue growth. While June sales growth slowed from April and May, it's consistent with the projected forecast for the national and state economies.

Corporate income tax revenue was under budget in July by \$3.8 million. Most of the negative variance was from final payments and refunds. The next big month for corporate is September when the third estimated payment is due for calendar year filers.

Sales & Use Taxes

Revenue was \$196,631 over budget for the first month of fiscal year 2014. Fiscal year-to-date revenue was \$3.5 million (+3.7%) over fiscal year 2013.

Taxable Sales

Total taxable sales for the month of June (July revenue) were up 1.6% from June 2012. The annual rate of change was 1.6%. Building supply sales were up 6.4% for the month and down 2.5% for the year ending in June. Sales of taxable items in food stores were down 1.0% for the month and up 1.4% for the year. General merchandise sales (primarily sales of goods sold in large department and discount stores) were up 1.4% for the month and 1.0% for the year. Sales in other retail stores such as jewelry, drug, sporting goods, book, antique, pet, photo, toy, and craft stores were up 0.3% for the month and 0.4% for the year. Auto/transportation sector sales were up 1.9% for the month and 4.3% for the year. Sales of meals and other prepared foods were up 1.7% for the month and 3.2% for the year. Lodging sales were up 2.5% for the month and 5.5% for the year. Business operating sales (primarily use tax paid by businesses) were down 0.7% for the month and up 0.2% for the year.

Service Provider Tax

Revenue was \$224,397 under budget for the first month of fiscal year 2014.

Individual Income Tax

Revenue was \$3.3 million over budget for the first month of fiscal year 2014. Fiscal year-to-date withholding payments were 5.3% under fiscal year 2013. Estimated payments were up 0.8% and final payments were up 31.6% fiscal year-to-date. Fiscal year-to-date revenue was \$5.1 million (-5.3%) under fiscal year 2013.

Corporate Income Tax

Revenue was \$3.8 million under budget for the first month of fiscal year 2014. Estimated payments were down 8.1% and final payments were down 41.2% fiscal year-to-date. Fiscal year-to-date revenue was \$3.9 million (-40.9%) under fiscal year 2013.

Cigarette & Tobacco Taxes

Cigarette and tobacco products tax revenue was \$1.4 million over budget for the first month of fiscal year 2014.

Insurance Companies Taxes

The Insurance Companies Taxes were \$378,252 under budget for the first month of fiscal year 2014.

Estate Tax

The estate tax was \$507,004 under budget for the first month of fiscal year 2014.

Transfers for Tax Relief Programs

Refunds for the tax & rent, Business Equipment Tax Reimbursement (BETR) and Business Equipment Tax Exemption (BETE) were over budget in July by \$0.5 million. All of the variance was associated with tax & rent refunds remaining from the 2012 program year.

Municipal Revenue Sharing

Revenue sharing was over budget for the month by \$0.7 million.

Lottery

Lottery Revenues were over budget for the month by \$0.2 million or 5.4

Other Revenues

Other Revenues were over budget by \$0.7 million for the month, a variance of 9.7%.

Highway Fund

Motor fuel tax receipts were over budget in July by \$1.1 million. The Highway Fund as a whole was also over budget for the month by \$1.1 million. Compared to the same month last fiscal year, both motor fuel taxes and total Highway Fund revenues were flat.

National Economy

The Bureau of Economic Analysis released their preliminary estimate of second quarter GDP growth and it was a disappointing 1.7% annualized growth rate. In addition, the first quarter growth rate was reduced from 1.8% to only 1.1%. For the last four quarters US economic growth have averaged 1.4%. With the tax increases and sequestration now in place the economy has absorbed the impact of those fiscal policy changes and appears once again to move into a sustained period of stronger economic growth. Uncertainty remains a problem in a number of areas going forward; US fiscal policy, the direction of US monetary policy and who will replace Fed Chair Bernanke and the European recession and debt crisis.

Maine Economy

Maine taxable sales slowed in June after two months relatively strong growth. As indicated earlier in this report, the June taxable sales report when adjusted for filing delays shows moderate growth that is expected to continue. The current revenue forecast assumes on-going growth of 3.5% for the remainder of the fiscal year. Slightly stronger economic growth and steady energy prices will make that growth target achievable. Any setbacks to the national economy or spike in energy prices will quickly impact consumer and business activity and bring sales tax growth back to the flat growth experienced during the final months of 2012 and early months of 2013.

HSM:mja

Attachments

cc: John McGough
Grant Pennoyer
Maureen Dawson
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Jim Breece
Jerome Gerard
Melissa Gott
Terry Brann

STATE OF MAINE

Undedicated Revenues - General Fund
 For the First Month Ended July 31, 2013
 For the Fiscal Year Ending June 30, 2014
 Comparison to Budget

EXHIBIT I

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2014
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
Sales and Use Tax	98,057,431	97,860,800	196,631	0.2%	98,057,431	97,860,800	196,631	0.2%	1,097,901,379
Service Provider Tax	4,094,753	4,319,150	(224,397)	(5.2%)	4,094,753	4,319,150	(224,397)	(5.2%)	50,591,819
Individual Income Tax	90,735,095	87,404,357	3,330,738	3.8%	90,735,095	87,404,357	3,330,738	3.8%	1,369,627,772
Corporate Income Tax	5,647,577	9,487,795	(3,840,218)	(40.5%)	5,647,577	9,487,795	(3,840,218)	(40.5%)	180,143,079
Cigarette and Tobacco Tax	14,198,026	12,755,996	1,442,030	11.3%	14,198,026	12,755,996	1,442,030	11.3%	135,900,000
Insurance Companies Tax	653,301	1,031,553	(378,252)	(36.7%)	653,301	1,031,553	(378,252)	(36.7%)	80,715,000
Estate Tax	3,843,966	4,350,970	(507,004)	(11.7%)	3,843,966	4,350,970	(507,004)	(11.7%)	27,553,982
Fines, Forfeits & Penalties	2,194,247	2,113,432	80,815	3.8%	2,194,247	2,113,432	80,815	3.8%	24,402,335
Income from Investments	(3)	-	(3)	-	(3)	-	(3)	-	77,710
Transfer from Lottery Commission	4,521,009	4,288,457	232,552	5.4%	4,521,009	4,288,457	232,552	5.4%	55,750,000
Transfers for Tax Relief Programs	(499,371)	-	(499,371)	-	(499,371)	-	(499,371)	-	(60,780,498)
Transfer to Municipal Revenue Sharing	(8,880,137)	(8,214,235)	(665,902)	(8.1%)	(8,880,137)	(8,214,235)	(665,902)	(8.1%)	(64,864,310)
Other Taxes and Fees	10,183,271	8,446,751	1,736,520	20.6%	10,183,271	8,446,751	1,736,520	20.6%	127,428,615
Other Revenues	(6,510,416)	(7,213,367)	702,951	9.7%	(6,510,416)	(7,213,367)	702,951	9.7%	36,803,082
Total Collected	<u>218,238,749</u>	<u>216,631,659</u>	<u>1,607,090</u>	<u>0.7%</u>	<u>218,238,749</u>	<u>216,631,659</u>	<u>1,607,090</u>	<u>0.7%</u>	<u>3,061,249,965</u>

NOTES: (1) Included in the above is \$8,880,137 for the month and \$8,880,137 year-to-date, that was set aside for Revenue Sharing with cities and towns

(2) Figures reflect estimates of the Maine State Revenue Forecasting Committee approved in May 2013

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

STATE OF MAINE

Undedicated Revenues - General Fund
 For the First Month Ended July 31, 2013 and 2012
 For the Fiscal Years Ending June 30, 2014 and 2013
 Comparison to Prior Year

EXHIBIT II

	Month				Year to Date			
	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)
Sales and Use Tax	98,057,431	94,551,497	3,505,934	3.7%	98,057,431	94,551,497	3,505,934	3.7%
Service Provider Tax	4,094,753	4,235,263	(140,509)	(3.3%)	4,094,753	4,235,263	(140,509)	(3.3%)
Individual Income Tax	90,735,095	95,844,041	(5,108,945)	(5.3%)	90,735,095	95,844,041	(5,108,945)	(5.3%)
Corporate Income Tax	5,647,577	9,560,554	(3,912,977)	(40.9%)	5,647,577	9,560,554	(3,912,977)	(40.9%)
Cigarette and Tobacco Tax	14,198,026	12,559,928	1,638,098	13.0%	14,198,026	12,559,928	1,638,098	13.0%
Insurance Companies Tax	653,301	3,052,599	(2,399,298)	(78.6%)	653,301	3,052,599	(2,399,298)	(78.6%)
Estate Tax	3,843,966	4,807,912	(963,946)	(20.0%)	3,843,966	4,807,912	(963,946)	(20.0%)
Fines, Forfeits & Penalties	2,194,247	2,122,828	71,420	3.4%	2,194,247	2,122,828	71,420	3.4%
Income from Investments	(3)	0	(4)	(832.6%)	(3)	0	(4)	(832.6%)
Transfer from Lottery Commission	4,521,009	4,543,660	(22,651)	(0.5%)	4,521,009	4,543,660	(22,651)	(0.5%)
Transfers for Tax Relief Programs	(499,371)	(367,185)	(132,186)	(36.0%)	(499,371)	(367,185)	(132,186)	(36.0%)
Transfer to Municipal Revenue Sharing	(8,880,137)	(13,727,712)	4,847,575	35.3%	(8,880,137)	(13,727,712)	4,847,575	35.3%
Other Taxes and Fees	10,183,271	9,525,854	657,417	6.9%	10,183,271	9,525,854	657,417	6.9%
Other Revenues	(6,510,416)	(7,267,805)	757,389	10.4%	(6,510,416)	(7,267,805)	757,389	10.4%
Total Collected	218,238,749	219,441,433	(1,202,683)	(0.5%)	218,238,749	219,441,433	(1,202,683)	(0.5%)

STATE OF MAINE

Undedicated Revenues - General Fund
 For the First Month Ended July 31, 2013
 For the Fiscal Year Ending June 30, 2014
 Comparison to Budget

EXHIBIT III

	<u>Month</u>				<u>Year to Date</u>				<u>Total Budgeted Fiscal Year Ending 6-30-2014</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance Over/(Under)</u>	<u>Percent Over/(Under)</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Over/(Under)</u>	<u>Percent Over/(Under)</u>	
<u>Detail of Other Taxes & Fees</u>									
0100s All Others	1,196,498	912,560	283,938	31.1%	1,196,498	912,560	283,938	31.1%	26,487,214
0300s Aeronautical Gas Tax	22,981	21,856	1,125	5.1%	22,981	21,856	1,125	5.1%	254,932
0400s Alcohol Excise Tax	1,844,363	1,380,989	463,374	33.6%	1,844,363	1,380,989	463,374	33.6%	17,099,326
0700s Corporation Taxes	461,174	348,285	112,889	32.4%	461,174	348,285	112,889	32.4%	7,847,099
0800s Public Utilities	-	-	-	-	-	-	-	-	10,000,000
1000s Banking Taxes	2,323,600	1,945,992	377,608	19.4%	2,323,600	1,945,992	377,608	19.4%	23,851,990
1100s Alcoholic Beverages	310,248	332,160	(21,912)	(6.6%)	310,248	332,160	(21,912)	(6.6%)	4,547,838
1200s Amusements Tax	-	-	-	-	-	-	-	-	-
1300s Harness Racing Pari-mutuel	768,478	950,431	(181,953)	(19.1%)	768,478	950,431	(181,953)	(19.1%)	8,923,813
1400s Business Taxes	405,516	551,664	(146,148)	(26.5%)	405,516	551,664	(146,148)	(26.5%)	7,408,553
1500s Motor Vehicle Licenses	346,598	393,065	(46,467)	(11.8%)	346,598	393,065	(46,467)	(11.8%)	4,411,202
1700s Inland Fisheries & Wildlife	2,473,290	1,589,872	883,418	55.6%	2,473,290	1,589,872	883,418	55.6%	16,214,189
1900s Other Licenses	30,524	19,877	10,647	53.6%	30,524	19,877	10,647	53.6%	382,459
Total Other Taxes & Fees	10,183,271	8,446,751	1,736,520	20.6%	10,183,271	8,446,751	1,736,520	20.6%	127,428,615
<u>Detail of Other Revenues</u>									
2200s Federal Revenues	29,970	29,499	471	1.6%	29,970	29,499	471	1.6%	354,000
2300s County Revenues	-	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	71,217	22,712	48,505	213.6%	71,217	22,712	48,505	213.6%	272,545
2500s Revenues from Private Sources	117,740	101,928	15,812	15.5%	117,740	101,928	15,812	15.5%	9,764,696
2600s Current Service Charges	2,233,704	1,941,491	292,213	15.1%	2,233,704	1,941,491	292,213	15.1%	23,633,123
2700s Transfers from Other Funds	(8,963,421)	(9,308,997)	345,576	3.7%	(8,963,421)	(9,308,997)	345,576	3.7%	2,708,118
2800s Sales of Property & Equipment	375	-	375	-	375	-	375	-	70,600
Total Other Revenues	(6,510,416)	(7,213,367)	702,951	9.7%	(6,510,416)	(7,213,367)	702,951	9.7%	36,803,082

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

STATE OF MAINE

Undedicated Revenues - General Fund
 For the First Month Ended July 31, 2013 and 2012
 For the Fiscal Years Ending June 30, 2014 and 2013
 Comparison to Prior Year

EXHIBIT IV

	Month				Year to Date			
	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)
<u>Detail of Other Taxes & Fees</u>								
0100s All Others	1,196,498	959,536	236,962	24.7%	1,196,498	959,536	236,962	24.7%
0300s Aeronautical Gas Tax	22,981	22,985	(3)	(0.0%)	22,981	22,985	(3)	(0.0%)
0400s Alcohol Excise Tax	1,844,363	1,839,153	5,210	0.3%	1,844,363	1,839,153	5,210	0.3%
0700s Corporation Taxes	461,174	486,591	(25,417)	(5.2%)	461,174	486,591	(25,417)	(5.2%)
0800s Public Utilities	-	-	-	-	-	-	-	-
1000s Banking Taxes	2,323,600	1,796,250	527,350	29.4%	2,323,600	1,796,250	527,350	29.4%
1100s Alcoholic Beverages	310,248	330,152	(19,904)	(6.0%)	310,248	330,152	(19,904)	(6.0%)
1200s Amusements Tax	-	-	-	-	-	-	-	-
1300s Harness Racing Pari-mutuel	768,478	943,770	(175,292)	(18.6%)	768,478	943,770	(175,292)	(18.6%)
1400s Business Taxes	405,516	1,074,978	(669,461)	(62.3%)	405,516	1,074,978	(669,461)	(62.3%)
1500s Motor Vehicle Licenses	346,598	410,173	(63,575)	(15.5%)	346,598	410,173	(63,575)	(15.5%)
1700s Inland Fisheries & Wildlife	2,473,290	1,639,247	834,043	50.9%	2,473,290	1,639,247	834,043	50.9%
1900s Other Licenses	30,524	23,020	7,504	32.6%	30,524	23,020	7,504	32.6%
Total Other Taxes & Fees	10,183,271	9,525,854	657,417	6.9%	10,183,271	9,525,854	657,417	6.9%
<u>Detail of Other Revenues</u>								
2200s Federal Revenues	29,970	2,832	27,138	958.2%	29,970	2,832	27,138	958.2%
2300s County Revenues	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	71,217	51,165	20,052	39.2%	71,217	51,165	20,052	39.2%
2500s Revenues from Private Sources	117,740	66,164	51,576	78.0%	117,740	66,164	51,576	78.0%
2600s Current Service Charges	2,233,704	2,149,413	84,290	3.9%	2,233,704	2,149,413	84,290	3.9%
2700s Transfers from Other Funds	(8,963,421)	(9,537,379)	573,958	6.0%	(8,963,421)	(9,537,379)	573,958	6.0%
2800s Sales of Property & Equipment	375	-	375	-	375	-	375	-
Total Other Revenues	(6,510,416)	(7,267,805)	757,389	10.4%	(6,510,416)	(7,267,805)	757,389	10.4%

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

STATE OF MAINE

Undedicated Revenues - Highway Fund
 For the First Month Ended July 31, 2013
 For the Fiscal Year Ending June 30, 2014
 Comparison to Budget

EXHIBIT V

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2014
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
Fuel Taxes	18,962,720	17,868,911	1,093,809	6.1%	18,962,720	17,868,911	1,093,809	6.1%	210,011,240
Motor Vehicle Registration & Fees	8,803,456	8,230,246	573,210	7.0%	8,803,456	8,230,246	573,210	7.0%	83,282,917
Motor Vehicle Inspection Fees	168,034	500,050	(332,016)	(66.4%)	168,034	500,050	(332,016)	(66.4%)	2,982,500
Miscellaneous Taxes & Fees	105,152	126,348	(21,196)	(16.8%)	105,152	126,348	(21,196)	(16.8%)	1,313,165
Fines, Forfeits & Penalties	86,027	92,773	(6,746)	(7.3%)	86,027	92,773	(6,746)	(7.3%)	1,039,868
Earnings on Investments	-	10,204	(10,204)	(100.0%)	-	10,204	(10,204)	(100.0%)	122,453
All Other	348,883	524,589	(175,706)	(33.5%)	348,883	524,589	(175,706)	(33.5%)	9,025,866
Total Collected	<u>28,474,272</u>	<u>27,353,121</u>	<u>1,121,151</u>	<u>4.1%</u>	<u>28,474,272</u>	<u>27,353,121</u>	<u>1,121,151</u>	<u>4.1%</u>	<u>307,778,009</u>

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

STATE OF MAINE

Undedicated Revenues - Highway Fund
 For the First Month Ended July 31, 2013 and 2012
 For the Fiscal Years Ending June 30, 2014 and 2013
 Comparison to Prior Year

EXHIBIT VI

	Month				Year to Date			
	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)
Fuel Taxes	18,962,720	18,949,989	12,731	0.1%	18,962,720	18,949,989	12,731	0.1%
Motor Vehicle Registration & Fees	8,803,456	8,433,982	369,475	4.4%	8,803,456	8,433,982	369,475	4.4%
Motor Vehicle Inspection Fees	168,034	496,828	(328,794)	(66.2%)	168,034	496,828	(328,794)	(66.2%)
Miscellaneous Taxes & Fees	105,152	109,752	(4,600)	(4.2%)	105,152	109,752	(4,600)	(4.2%)
Fines, Forfeits & Penalties	86,027	93,858	(7,831)	(8.3%)	86,027	93,858	(7,831)	(8.3%)
Earnings on Investments	-	-	-	-	-	-	-	-
All Other	348,883	385,422	(36,539)	(9.5%)	348,883	385,422	(36,539)	(9.5%)
Total Collected	<u>28,474,272</u>	<u>28,469,830</u>	<u>4,442</u>	<u>0.0%</u>	<u>28,474,272</u>	<u>28,469,830</u>	<u>4,442</u>	<u>0.0%</u>

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

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

	June '13	% Ch.	June '12	% Ch.	June ' 11	Average Last 3 Mos. Vs. Last Yr. % Change	Moving Total Last 12 Mos. Vs. Prior % Change	YTD Growth CY'13 vs. '12 Thru. June % Change
Building Supply	\$229,658.9	6.4%	\$215,755.2	-9.6%	\$238,638.8	8.9%	-2.5%	2.9%
Food Store	\$152,578.7	-1.0%	\$154,052.0	0.8%	\$152,787.5	-0.3%	1.4%	0.4%
General Merchandise	\$281,805.2	1.4%	\$277,956.3	1.9%	\$272,810.5	2.0%	1.0%	1.1%
Other Retail	\$217,627.7	0.3%	\$216,930.7	0.0%	\$216,937.8	2.1%	0.4%	1.9%
Auto/Transportation	\$367,496.2	1.9%	\$360,764.3	3.5%	\$348,559.2	7.5%	4.3%	5.1%
Restaurant	\$220,619.7	1.7%	\$216,986.5	9.3%	\$198,464.3	3.3%	3.2%	2.5%
Lodging	\$87,430.6	2.5%	\$85,258.8	16.6%	\$73,103.6	3.6%	5.5%	3.5%
Consumer Sales	\$1,557,217.0	1.9%	\$1,527,703.8	1.8%	\$1,501,301.7	4.4%	1.8%	2.7%
Business Operating	\$212,594.7	-0.7%	\$214,013.6	16.7%	\$183,438.3	3.2%	0.2%	0.8%
Total	\$1,769,811.7	1.6%	\$1,741,717.4	3.4%	\$1,684,740.0	4.3%	1.6%	2.4%