

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: January 10, 2013

SUBJ: Revenues – December

December General Fund revenues were over budget by \$5.1 million or 2.1%. Year-to-date FY14 General Fund revenues are \$1.2 million over budget (+0.1%). Compared to the first-half of last fiscal year, revenues are up 4.0% (+\$51.6 million). Please note that the Controller's December revenue report reflects the December 1st revenue forecast update by the Revenue Forecasting Committee (RFC).

Sales & use tax receipts were over budget for the month by \$2.1 million. December revenues (November sales) provide early data on the holiday shopping season. Year-over-year taxable sales growth for the month was 3.1%, which was well below recent growth of 6% or more, but slightly above budgeted growth. Auto/transportation and building supply establishment sales which have been the drivers of the recent increase in consumer sales slowed in November to 3.8% and 5.4%, respectively.

Individual income taxes were over budget in December by \$6.6 million, (+5.2%). Stronger than projected final and fiduciary payments combined with lower than budgeted refunds were the primary causes of the monthly surplus. Withholding receipts were on budget for the month. Prepayments in December of the final estimated payment due January 15th were over budget by \$470,000. December and January estimated payments need to be combined to fully understand the performance of the final estimated payment relative to budget.

Sales & Use Taxes

Revenue was \$2.1 million over budget for the month and \$2.1 million (+0.4%) over budget fiscal year-to-date. Fiscal year-to-date revenue was \$46.1 million (+10.6%) over fiscal year 2013. The fiscal year growth is affected by the tax increase that was effective October 1st.

Taxable Sales

Total taxable sales for the month of November (December revenue) were up 3.1% from November 2012. The annual rate of change was 3.6%. Building supply sales were up 5.4% for the month and 4.2% for the year ending in November. Sales of taxable items in food stores were up 2.2% for the month and 1.3% for the year. General merchandise sales (primarily sales of goods sold in large department and discount stores) were up 1.8% for the month and 0.7% for the year. Sales in other retail stores such as jewelry, drug, sporting goods, book, antique, pet, photo, toy, and craft stores were up 3.2% for the month and 2.5% for the year. Auto/transportation sector sales were up 3.8% for the month and 6.9% for the year. Sales of meals and other prepared foods were up 5.4% for the month and 3.2% for the year. Lodging sales were up 3.0% for the month and 6.1% for the year. Business operating sales (primarily use tax paid by businesses) were up 0.7% for the month and 4.3% for the year.

Service Provider Tax

Revenue was \$185,598 under budget for the month and \$185,597 (-0.9%) under budget fiscal year-to-date.

Individual Income Tax

Revenue was \$6.6 million over budget for the month and \$6.6 million (+1.0%) over budget fiscal year-to-date. Fiscal year-to-date withholding payments were 2.9% under fiscal year 2013. Estimated payments were up 10.4% and final payments were up 18.5% fiscal year-to-date. Fiscal year-to-date revenue was \$22 million (-3.2%) under fiscal year 2013.

Corporate Income Tax

Revenue was \$2.7 million under budget for the month and \$2.7 million (-3.3%) under budget fiscal year-to-date. Estimated payments were up 3.2% and final payments were down 21.8% fiscal year-to-date. Fiscal year-to-date revenue was \$8.1 million (+11.4%) over fiscal year 2013.

Cigarette & Tobacco Taxes

Cigarette and tobacco products tax revenue was \$1.8 million under budget for the month and \$938,600 (+1.3%) over budget fiscal year-to-date.

Insurance Companies Taxes

The Insurance Companies Taxes were \$28,900 under budget for the month and \$211,434 under budget fiscal year-to-date.

Estate Tax

The estate tax was \$819,257 under budget for the month and \$3.5 million under budget fiscal year-to-date.

Transfers for Tax Relief Programs

Refunds for the Business Equipment Tax Reimbursement (BETR) and Business Equipment Tax Exemption (BETE) were under budget in December by \$0.5 million. Year-to-date the tax relief programs are over budget by \$1.8 million (3.7%).

Municipal Revenue Sharing

Revenue sharing was on budget for the month and for the fiscal year.

Lottery

Lottery Revenues were over budget for the month by \$0.6 million or 13.3%. Year-to-date lottery receipts are \$1.1 million under budget.

Other Revenues

Other Revenues were over budget by \$0.095 million for the month, a variance of 9.9%.

Highway Fund

Motor fuel tax receipts exceeded budget in December by \$0.317 million. The Highway Fund as a whole was also over budget for the month by \$0.225 million. Compared to the same six month period last fiscal year motor fuel excise tax receipts are up 1.4%.

National Economy

A string of positive data releases on fourth quarter economic activity was broken when the December employment release reported only 74,000 net new jobs and a significant drop in labor force participation. The quick assessment by most economists is that the jobs report is inconsistent with most other economic indicators and that it's either an aberration or a figure that will be revised upward in the near future. The majority review remains that the US economy may finally have turned the corner on anemic and uneven economic growth, and 2014 is on track to be a period of sustained growth in the 3-4% range.

Maine Economy

The November taxable sales report indicates that as expected consumer spending slowed during the early stages of the holiday shopping season, but not by as much as budgeted. Year-over-year taxable sales growth slowed to 3.1% in November, after consistently growing in the mid to high single digits since the spring. Auto/transportation sales which have been increasing at double-digit rates only grew by 3.8% in November. Building supply store sales increased by 5.4% compared to November 2013; solid growth, but much less than the 11.6% averaged over the

previous three month period. National data on December sales indicate a mild holiday shopping season. Auto sales in December were one of the slowest of the year.

HSM:mja

Attachments

cc: John McGough
Jonathan Nass
Grant Pennoyer
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David Boulter
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Jim Breece
Jerome Gerard
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STATE OF MAINE

Undedicated Revenues - General Fund
 For the Sixth Month Ended December 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	83,272,126	81,146,562	2,125,564	2.6%	483,033,527	480,907,963	2,125,564	0.4%	1,108,677,783
Service Provider Tax	3,937,449	4,123,047	(185,598)	(4.5%)	19,893,246	20,078,843	(185,597)	(0.9%)	49,317,427
Individual Income Tax	133,156,697	126,583,902	6,572,795	5.2%	662,180,031	655,618,435	6,561,596	1.0%	1,380,685,000
Corporate Income Tax	30,996,557	33,712,922	(2,716,365)	(8.1%)	78,939,749	81,656,164	(2,716,415)	(3.3%)	169,706,958
Cigarette and Tobacco Tax	8,729,162	10,488,000	(1,758,838)	(16.8%)	71,353,883	70,415,283	938,600	1.3%	135,900,000
Insurance Companies Tax	5,124	34,024	(28,900)	(84.9%)	12,927,037	13,138,471	(211,434)	(1.6%)	80,715,000
Estate Tax	1,290,108	2,109,365	(819,257)	(38.8%)	7,228,198	10,679,065	(3,450,867)	(32.3%)	27,553,982
Fines, Forfeits & Penalties	1,632,173	1,564,450	67,723	4.3%	11,154,574	11,627,205	(472,631)	(4.1%)	23,431,666
Income from Investments	13,187	(1,743)	14,930	856.6%	137,627	117,013	20,614	17.6%	13,818
Transfer from Lottery Commission	4,859,512	4,288,457	571,055	13.3%	26,732,942	27,875,000	(1,142,058)	(4.1%)	55,750,000
Transfers for Tax Relief Programs	(23,394,660)	(23,859,754)	465,094	1.9%	(49,315,363)	(47,550,917)	(1,764,446)	(3.7%)	(61,540,498)
Transfer to Municipal Revenue Sharing	(5,215,578)	(5,215,580)	2	0.0%	(32,222,730)	(32,222,732)	2	0.0%	(64,795,934)
Other Taxes and Fees	8,312,457	7,579,246	733,211	9.7%	59,355,738	58,232,650	1,123,088	1.9%	127,884,891
Other Revenues	1,054,297	959,156	95,141	9.9%	4,878,729	4,511,113	367,616	8.1%	41,077,521
Total Collected	<u>248,648,611</u>	<u>243,512,054</u>	<u>5,136,557</u>	<u>2.1%</u>	<u>1,356,277,189</u>	<u>1,355,083,556</u>	<u>1,193,633</u>	<u>0.1%</u>	<u>3,074,377,614</u>

NOTES: (1) Included in the above is \$5,215,578 for the month and \$32,222,730 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 December 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 Sixth Month Ended December 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	83,272,126	74,154,275	9,117,851	12.3%	483,033,527	436,912,135	46,121,393	10.6%
Service Provider Tax	3,937,449	4,046,339	(108,890)	(2.7%)	19,893,246	20,739,776	(846,530)	(4.1%)
Individual Income Tax	133,156,697	133,562,448	(405,751)	(0.3%)	662,180,031	684,196,195	(22,016,164)	(3.2%)
Corporate Income Tax	30,996,557	32,828,494	(1,831,937)	(5.6%)	78,939,749	70,854,358	8,085,392	11.4%
Cigarette and Tobacco Tax	8,729,162	9,764,868	(1,035,706)	(10.6%)	71,353,883	71,324,804	29,079	0.0%
Insurance Companies Tax	5,124	15,931	(10,807)	(67.8%)	12,927,037	14,329,986	(1,402,949)	(9.8%)
Estate Tax	1,290,108	1,606,758	(316,650)	(19.7%)	7,228,198	27,158,391	(19,930,193)	(73.4%)
Fines, Forfeits & Penalties	1,632,173	1,453,756	178,417	12.3%	11,154,574	11,370,802	(216,227)	(1.9%)
Income from Investments	13,187	4,050	9,138	225.6%	137,627	74,295	63,332	85.2%
Transfer from Lottery Commission	4,859,512	5,703,495	(843,983)	(14.8%)	26,732,942	26,732,539	402	0.0%
Transfers for Tax Relief Programs	(23,394,660)	(27,333,435)	3,938,775	14.4%	(49,315,363)	(84,309,413)	34,994,050	41.5%
Transfer to Municipal Revenue Sharing	(5,215,578)	(6,386,273)	1,170,694	18.3%	(32,222,730)	(45,419,009)	13,196,279	29.1%
Other Taxes and Fees	8,312,457	7,350,904	961,553	13.1%	59,355,738	66,858,905	(7,503,167)	(11.2%)
Other Revenues	1,054,297	3,407,212	(2,352,916)	(69.1%)	4,878,729	3,879,430	999,299	25.8%
Total Collected	248,648,611	240,178,822	8,469,789	3.5%	1,356,277,189	1,304,703,193	51,573,996	4.0%

STATE OF MAINE

Undedicated Revenues - General Fund
 For the Sixth Month Ended December 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	958,478	791,777	166,701	21.1%	16,353,700	16,130,946	222,754	1.4%	26,487,214
0300s Aeronautical Gas Tax	20,528	20,471	57	0.3%	140,207	137,245	2,962	2.2%	254,932
0400s Alcohol Excise Tax	1,390,246	1,481,979	(91,733)	(6.2%)	9,765,271	8,642,922	1,122,349	13.0%	17,464,997
0700s Corporation Taxes	148,788	152,475	(3,688)	(2.4%)	1,404,025	1,342,174	61,851	4.6%	8,313,649
0800s Public Utilities	-	-	-	-	(1,169,972)	-	(1,169,972)	-	8,000,000
1000s Banking Taxes	2,902,650	2,028,653	873,997	43.1%	13,027,500	12,179,983	847,517	7.0%	24,851,990
1100s Alcoholic Beverages	532,284	364,912	167,372	45.9%	2,762,135	2,670,082	92,053	3.4%	4,897,840
1200s Amusements Tax	-	-	-	-	-	-	-	-	-
1300s Harness Racing Pari-mutuel	651,516	750,104	(98,588)	(13.1%)	4,445,898	4,729,682	(283,784)	(6.0%)	9,183,964
1400s Business Taxes	687,991	448,207	239,784	53.5%	2,764,109	2,672,307	91,802	3.4%	7,506,522
1500s Motor Vehicle Licenses	403,778	290,717	113,061	38.9%	2,006,054	2,009,466	(3,412)	(0.2%)	4,411,202
1700s Inland Fisheries & Wildlife	591,529	1,214,344	(622,815)	(51.3%)	7,668,132	7,489,852	178,280	2.4%	16,101,822
1900s Other Licenses	24,668	35,607	(10,939)	(30.7%)	188,677	227,991	(39,314)	(17.2%)	410,759
Total Other Taxes & Fees	8,312,457	7,579,246	733,211	9.7%	59,355,738	58,232,650	1,123,088	1.9%	127,884,891
<u>Detail of Other Revenues</u>									
2200s Federal Revenues	9,683	29,502	(19,819)	(67.2%)	194,454	228,000	(33,546)	(14.7%)	405,000
2300s County Revenues	-	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	937	22,712	(21,775)	(95.9%)	155,683	136,272	19,411	14.2%	272,545
2500s Revenues from Private Sources	133,496	40,659	92,837	228.3%	865,979	774,738	91,241	11.8%	9,836,326
2600s Current Service Charges	1,262,348	1,567,102	(304,754)	(19.4%)	12,558,040	12,713,697	(155,657)	(1.2%)	24,674,968
2700s Transfers from Other Funds	(361,822)	(715,243)	353,421	49.4%	(8,939,177)	(9,380,114)	440,937	4.7%	5,764,182
2800s Sales of Property & Equipment	9,654	14,424	(4,770)	(33.1%)	43,750	38,520	5,230	13.6%	124,500
Total Other Revenues	1,054,297	959,156	95,141	9.9%	4,878,729	4,511,113	367,616	8.1%	41,077,521

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 Sixth Month Ended December 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	958,478	871,228	87,250	10.0%	16,353,700	14,011,314	2,342,387	16.7%
0300s Aeronautical Gas Tax	20,528	20,421	107	0.5%	140,207	139,320	887	0.6%
0400s Alcohol Excise Tax	1,390,246	978,948	411,299	42.0%	9,765,271	9,266,961	498,310	5.4%
0700s Corporation Taxes	148,788	157,394	(8,606)	(5.5%)	1,404,025	1,399,923	4,102	0.3%
0800s Public Utilities	-	89,636	(89,636)	(100.0%)	(1,169,972)	(403,834)	(766,138)	(189.7%)
1000s Banking Taxes	2,902,650	2,164,400	738,250	34.1%	13,027,500	11,987,000	1,040,500	8.7%
1100s Alcoholic Beverages	532,284	484,922	47,362	9.8%	2,762,135	2,465,229	296,906	12.0%
1200s Amusements Tax	-	-	-	-	-	-	-	-
1300s Harness Racing Pari-mutuel	651,516	1,158,495	(506,979)	(43.8%)	4,445,898	7,190,689	(2,744,791)	(38.2%)
1400s Business Taxes	687,991	491,557	196,435	40.0%	2,764,109	4,286,944	(1,522,835)	(35.5%)
1500s Motor Vehicle Licenses	403,778	269,472	134,306	49.8%	2,006,054	1,968,377	37,677	1.9%
1700s Inland Fisheries & Wildlife	591,529	627,304	(35,775)	(5.7%)	7,668,132	7,313,680	354,453	4.8%
1900s Other Licenses	24,668	37,128	(12,460)	(33.6%)	188,677	7,233,303	(7,044,626)	(97.4%)
Total Other Taxes & Fees	8,312,457	7,350,904	961,553	13.1%	59,355,738	66,858,905	(7,503,167)	(11.2%)
<u>Detail of Other Revenues</u>								
2200s Federal Revenues	9,683	85,680	(75,996)	(88.7%)	194,454	219,455	(25,001)	(11.4%)
2300s County Revenues	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	937	1,033	(95)	(9.2%)	155,683	142,708	12,974	9.1%
2500s Revenues from Private Sources	133,496	134,060	(564)	(0.4%)	865,979	643,262	222,718	34.6%
2600s Current Service Charges	1,262,348	2,109,546	(847,198)	(40.2%)	12,558,040	14,328,750	(1,770,710)	(12.4%)
2700s Transfers from Other Funds	(361,822)	1,065,594	(1,427,416)	(134.0%)	(8,939,177)	(11,529,053)	2,589,876	22.5%
2800s Sales of Property & Equipment	9,654	11,300	(1,646)	(14.6%)	43,750	74,308	(30,558)	(41.1%)
Total Other Revenues	1,054,297	3,407,212	(2,352,916)	(69.1%)	4,878,729	3,879,430	999,299	25.8%

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 Sixth Month Ended December 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	17,765,166	17,448,359	316,807	1.8%	95,456,024	91,932,884	3,523,140	3.8%	210,011,240
Motor Vehicle Registration & Fees	3,801,105	3,494,320	306,785	8.8%	39,343,066	38,568,695	774,371	2.0%	84,362,917
Motor Vehicle Inspection Fees	224,328	569,890	(345,562)	(60.6%)	1,250,019	1,930,790	(680,771)	(35.3%)	2,982,500
Miscellaneous Taxes & Fees	90,075	90,997	(922)	(1.0%)	606,230	679,493	(73,263)	(10.8%)	1,313,165
Fines, Forfeits & Penalties	98,219	98,219	0	0.0%	538,348	541,176	(2,828)	(0.5%)	1,007,998
Earnings on Investments	3,881	8,286	(4,405)	(53.2%)	31,308	51,106	(19,798)	(38.7%)	100,825
All Other	432,670	479,999	(47,329)	(9.9%)	5,660,126	5,669,955	(9,829)	(0.2%)	8,797,218
Total Collected	22,415,443	22,190,070	225,373	1.0%	142,885,122	139,374,099	3,511,023	2.5%	308,575,863

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 Sixth Month Ended December 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	17,765,166	18,057,881	(292,715)	(1.6%)	95,456,024	94,141,797	1,314,227	1.4%
Motor Vehicle Registration & Fees	3,801,105	1,918,865	1,882,239	98.1%	39,343,066	42,560,251	(3,217,184)	(7.6%)
Motor Vehicle Inspection Fees	224,328	566,835	(342,507)	(60.4%)	1,250,019	1,905,575	(655,556)	(34.4%)
Miscellaneous Taxes & Fees	90,075	78,447	11,628	14.8%	606,230	642,454	(36,224)	(5.6%)
Fines, Forfeits & Penalties	98,219	90,827	7,392	8.1%	538,348	550,225	(11,876)	(2.2%)
Earnings on Investments	3,881	6,686	(2,805)	(42.0%)	31,308	35,134	(3,826)	(10.9%)
All Other	432,670	472,971	(40,301)	(8.5%)	5,660,126	5,478,008	182,118	3.3%
Total Collected	22,415,443	21,192,512	1,222,931	5.8%	142,885,122	145,313,443	(2,428,321)	(1.7%)

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**

	Nov. '13	% Ch.	Nov. '12	% Ch.	Nov. ' 11	Average Last 3 Mos. Vs. Last Yr. % Change	Moving Total Last 12 Mos. Vs. Prior % Change	YTD Growth CY'13 vs. '12 Thru. Nov. % Change
Building Supply	\$176,865.2	5.4%	\$167,772.8	-13.5%	\$193,986.2	10.3%	4.2%	6.3%
Food Store	\$124,893.8	2.2%	\$122,199.7	1.4%	\$120,505.7	2.8%	1.3%	1.5%
General Merchandise	\$290,422.6	1.8%	\$285,418.6	1.7%	\$280,758.6	0.5%	0.7%	1.2%
Other Retail	\$169,182.8	3.2%	\$164,008.6	-1.1%	\$165,865.1	6.2%	2.5%	3.7%
Auto/Transportation	\$285,577.8	3.8%	\$275,045.9	5.8%	\$259,965.5	9.4%	6.9%	7.8%
Restaurant	\$149,467.4	5.4%	\$141,799.5	5.6%	\$134,265.0	3.1%	3.2%	3.5%
Lodging	\$22,852.0	3.0%	\$22,182.6	5.4%	\$21,046.2	6.8%	6.1%	6.3%
Consumer Sales	\$1,219,261.6	3.5%	\$1,178,427.7	0.2%	\$1,176,392.3	5.6%	3.5%	4.4%
Business Operating	\$151,810.2	0.7%	\$150,807.1	4.2%	\$144,686.0	6.2%	4.3%	5.6%
Total	\$1,371,071.8	3.1%	\$1,329,234.8	0.6%	\$1,321,078.3	5.7%	3.6%	4.6%