



STATE OF MAINE
REVENUE FORECASTING COMMITTEE

Members:

Michael Allen, Chair, Associate Commissioner of Tax Policy
James Breece, University of Maine System
Marc Cyr, Principal Analyst, Office of Fiscal and Program Review
Melissa Gott, State Budget Officer
Grant Pennoyer, Director, Office of Fiscal and Program Review
Amanda Rector, State Economist

February 28, 2014

TO: Governor Paul LePage
Members, 126th Legislature

FROM: Michael Allen, Chair 
Revenue Forecasting Committee

RE: **Revenue Forecast Committee's March 2014 Report**

The Revenue Forecasting Committee (RFC) has concluded its mid-session update of the current revenue forecast to comply with this year's statutory reporting date of March 1st. The body of the RFC's March 2014 report and most appendices have been posted to the RFC's web page and are available through the link below. The full report with all appendices will be posted to that web page when compiled and sent to the printer. A limited number of copies of the full report will be available in the Office of Fiscal and Program Review, Room 226 of the State House, when they return from the printer.

http://www.maine.gov/legis/ofpr/revenue_forecasting_committee/current/index.htm.

While the volatility of both the economic and revenue forecasts has subsided in the last year, there are still risks to these forecasts. The Consensus Economic Forecasting Commission remains concerned that the Maine forecasts provided by the national forecasting firms are overly optimistic because they do not adequately address the issue of an aging population and little or no population growth. Ad hoc adjustments were added in the November and February forecasts to try and adjust for the demographic issues, but these assumptions were not fully integrated into the aggregate economic model, potentially creating a disconnect between variables in the economic model. The Revenue Forecasting Committee and the Consensus Economic Forecasting Commission will be working with these firms to address this issue over the summer.

cc: Members, Revenue Forecasting Committee
Members, Consensus Economic Forecasting Commission
John McGough, Chief of Staff, Governor's Office
Sawin Millett, Commissioner, DAFS
Clerk of the House
Secretary of the Senate
David Boulter, Executive Director, Legislative Council
Legislative Staff Office Directors