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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: February 20, 2014

SUBJ: Revenues – January

January General Fund revenues were over budget by \$4.8 million or 1.6%. Year-to-date FY14 General Fund revenues are \$6 million over budget (+0.4%). Compared to the first seven months of last fiscal year, revenues are up 3.0% (+\$47.7 million).

Sales & use tax receipts were over budget for the month by \$2.6 million. January revenues (December sales) provide data on the holiday shopping season. Unfortunately the monthly taxable sales report by sector is flawed this month and hasn't been corrected as of yet. Based on the monthly sample and actual tax receipts it appears that December taxable sales were flat relative to a year ago. The revenue forecast assumed a decline of approximately 3%.

Individual income taxes were under budget in December by \$4.1 million, (-2.4%). Stronger than projected final and withholding payments combined with lower than budgeted refunds helped to offset a deficit of \$12.8 million in estimated payments. December and January estimated payments combined were 26% below last year. For the tax year estimated payments were down 7%. Correcting for the state tax cut, estimated payments increased by only 1% over tax year 2012. Given the one-time surge in income in 2012 in anticipation of the federal tax increase estimated payments were relatively strong. Other states experienced a similar decline in the final estimated payment.

Sales & Use Taxes

Revenue was \$2.6 million over budget for the month and \$4.7 million (+0.8%) over budget fiscal year-to-date. Fiscal year-to-date revenue was \$57.5 million (+10.8%) over fiscal year 2013.

Service Provider Tax

Revenue was \$49,687 under budget for the month and \$235,284 (-1.0%) under budget fiscal year-to-date.

Individual Income Tax

Revenue was \$4.1 million under budget for the month and \$2.4 million (+0.3%) over budget fiscal year-to-date. Fiscal year-to-date withholding payments were 0.6% over fiscal year 2013. Estimated payments were down 9.1% and final payments were up 15.3% fiscal year-to-date. Fiscal year-to-date revenue was \$46.3 million (-5.3%) under fiscal year 2013.

Corporate Income Tax

Revenue was \$5 million over budget for the month and \$2.3 million (+2.8%) over budget fiscal year-to-date. Estimated payments were up 4.8% and final payments were down 22.9% fiscal year-to-date. Fiscal year-to-date revenue was \$8.2 million (+10.8%) over fiscal year 2013.

Cigarette & Tobacco Taxes

Cigarette and tobacco products tax revenue was \$32,317 over budget for the month and \$970,917 (+1.2%) over budget fiscal year-to-date.

Insurance Companies Taxes

The Insurance Companies Taxes were \$134,425 under budget for the month and \$345,859 under budget fiscal year-to-date.

Estate Tax

The estate tax was \$159,114 under budget for the month and \$3.6 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 January by \$1.7 million. Year-to-date the tax relief programs are slightly over budget (67,487; +0.1%).

Municipal Revenue Sharing

Revenue sharing was over budget in January and for the fiscal year by \$405,370.

Lottery

Lottery Revenues were under budget for the month by \$1.3 million or 30.6%. Year-to-date lottery receipts are \$2.4 million under budget.

Other Revenues

Other Revenues were over budget by \$543,591 for the month, a variance of 17.3%. Year-to-date other revenues are 911,207 over budget.

Highway Fund

Motor fuel tax receipts exceeded budget in January by \$0.751 million. The Highway Fund as a whole was also over budget for the month by \$0.836 million. Fuel taxes are now \$4.3 million over budget for the fiscal year. Compared to the same seven month period last fiscal year motor fuel excise tax receipts are up 1.7%.

National Economy

A series of less than stellar economic reports since the start of the year have raised concerns that the economic recovery has once again hit a speed bump. Most economists continue to believe that US economic growth has finally settled into a sustained period of growth of 3% or more, and that the harsh winter is the cause of the temporary slowdown. While first quarter 2014 growth will fall far short of 3%, it's expected that spring will bring a rebound and the economy will pick up consistent with most forecasts.

Maine Economy

Similar to the rest of the nation holiday and post-holiday sales were weak in Maine, although not as weak as projected. The cold snowy winter is likely diverting discretionary dollars toward heating costs. Without the taxable sales report it's difficult to determine what sectors performed better or worse than forecasted during the holiday. Once the home heating season ends and spring activity begins consumer spending is expected to pick up again, but not to the levels seen during the late summer and fall of last year

HSM:mja

Attachments

cc: John McGough
Jonathan Nass
Grant Pennoyer
Maureen Dawson
Marc Cyr
David Boulter
Amanda Rector
Jim Breece

Jerome Gerard
Melissa Gott
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STATE OF MAINE

Undedicated Revenues - General Fund
 For the Seventh Month Ended January 31, 2014
 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	105,368,761	102,778,743	2,590,018	2.5%	588,402,289	583,686,706	4,715,583	0.8%	1,108,677,783
Service Provider Tax	4,432,728	4,482,415	(49,687)	(1.1%)	24,325,974	24,561,258	(235,284)	(1.0%)	49,317,427
Individual Income Tax	165,891,144	170,006,486	(4,115,342)	(2.4%)	828,071,175	825,624,921	2,446,254	0.3%	1,380,685,000
Corporate Income Tax	5,661,738	619,000	5,042,738	814.7%	84,601,488	82,275,164	2,326,324	2.8%	169,706,958
Cigarette and Tobacco Tax	10,732,810	10,700,493	32,317	0.3%	82,086,693	81,115,776	970,917	1.2%	135,900,000
Insurance Companies Tax	(86,116)	48,309	(134,425)	(278.3%)	12,840,921	13,186,780	(345,859)	(2.6%)	80,715,000
Estate Tax	1,950,251	2,109,365	(159,114)	(7.5%)	9,178,449	12,788,430	(3,609,981)	(28.2%)	27,553,982
Fines, Forfeits & Penalties	1,773,123	1,664,519	108,604	6.5%	12,927,697	13,291,724	(364,027)	(2.7%)	23,431,666
Income from Investments	15,594	(2,740)	18,334	669.1%	153,221	114,273	38,948	34.1%	13,818
Transfer from Lottery Commission	2,977,568	4,288,457	(1,310,889)	(30.6%)	29,710,510	32,163,457	(2,452,947)	(7.6%)	55,750,000
Transfers for Tax Relief Programs	(9,007,668)	(10,704,627)	1,696,959	15.9%	(58,323,031)	(58,255,544)	(67,487)	(0.1%)	(61,540,498)
Transfer to Municipal Revenue Sharing	(5,701,275)	(5,295,904)	(405,371)	(7.7%)	(37,924,005)	(37,518,636)	(405,369)	(1.1%)	(64,795,934)
Other Taxes and Fees	11,083,991	10,185,163	898,828	8.8%	70,439,728	68,417,813	2,021,915	3.0%	127,884,891
Other Revenues	3,682,182	3,138,591	543,591	17.3%	8,560,911	7,649,704	911,207	11.9%	41,077,521
Total Collected	<u>298,774,831</u>	<u>294,018,270</u>	<u>4,756,561</u>	<u>1.6%</u>	<u>1,655,052,020</u>	<u>1,649,101,826</u>	<u>5,950,194</u>	<u>0.4%</u>	<u>3,074,377,614</u>

NOTES: (1) Included in the above is \$5,701,275 for the month and \$37,924,005 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 Seventh Month Ended January 31, 2014 and 2013
 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	105,368,761	94,026,716	11,342,045	12.1%	588,402,289	530,938,851	57,463,438	10.8%
Service Provider Tax	4,432,728	4,392,551	40,177	0.9%	24,325,974	25,132,327	(806,353)	(3.2%)
Individual Income Tax	165,891,144	190,219,572	(24,328,428)	(12.8%)	828,071,175	874,415,767	(46,344,591)	(5.3%)
Corporate Income Tax	5,661,738	5,530,038	131,700	2.4%	84,601,488	76,384,396	8,217,092	10.8%
Cigarette and Tobacco Tax	10,732,810	11,295,505	(562,695)	(5.0%)	82,086,693	82,620,310	(533,616)	(0.6%)
Insurance Companies Tax	(86,116)	79,734	(165,850)	(208.0%)	12,840,921	14,409,720	(1,568,799)	(10.9%)
Estate Tax	1,950,251	3,287,531	(1,337,280)	(40.7%)	9,178,449	30,445,922	(21,267,473)	(69.9%)
Fines, Forfeits & Penalties	1,773,123	1,935,258	(162,135)	(8.4%)	12,927,697	13,306,060	(378,363)	(2.8%)
Income from Investments	15,594	2,976	12,618	424.0%	153,221	77,271	75,950	98.3%
Transfer from Lottery Commission	2,977,568	3,888,325	(910,757)	(23.4%)	29,710,510	30,620,864	(910,355)	(3.0%)
Transfers for Tax Relief Programs	(9,007,668)	(17,588,893)	8,581,225	48.8%	(58,323,031)	(101,898,306)	43,575,275	42.8%
Transfer to Municipal Revenue Sharing	(5,701,275)	(8,228,275)	2,526,999	30.7%	(37,924,005)	(53,647,284)	15,723,278	29.3%
Other Taxes and Fees	11,083,991	10,838,282	245,709	2.3%	70,439,728	77,697,187	(7,257,458)	(9.3%)
Other Revenues	3,682,182	2,996,393	685,789	22.9%	8,560,911	6,875,823	1,685,088	24.5%
Total Collected	298,774,831	302,675,713	(3,900,882)	(1.3%)	1,655,052,020	1,607,378,906	47,673,113	3.0%

STATE OF MAINE

Undedicated Revenues - General Fund
 For the Seventh Month Ended January 31, 2014
 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	1,012,531	922,201	90,330	9.8%	17,366,231	17,053,147	313,084	1.8%	26,487,214
0300s Aeronautical Gas Tax	21,408	20,476	932	4.5%	161,614	157,721	3,893	2.5%	254,932
0400s Alcohol Excise Tax	1,317,677	1,439,769	(122,092)	(8.5%)	11,082,949	10,082,691	1,000,258	9.9%	17,464,997
0700s Corporation Taxes	271,253	273,575	(2,322)	(0.8%)	1,675,278	1,615,749	59,529	3.7%	8,313,649
0800s Public Utilities	-	-	-	-	(1,169,972)	-	(1,169,972)	-	8,000,000
1000s Banking Taxes	2,714,000	2,528,653	185,347	7.3%	15,741,500	14,708,636	1,032,864	7.0%	24,851,990
1100s Alcoholic Beverages	409,186	525,565	(116,379)	(22.1%)	3,171,321	3,195,647	(24,326)	(0.8%)	4,897,840
1200s Amusements Tax	-	-	-	-	-	-	-	-	-
1300s Harness Racing Pari-mutuel	741,373	742,390	(1,017)	(0.1%)	5,187,271	5,472,072	(284,801)	(5.2%)	9,183,964
1400s Business Taxes	1,111,840	938,427	173,413	18.5%	3,875,949	3,610,734	265,215	7.3%	7,506,522
1500s Motor Vehicle Licenses	489,147	482,687	6,460	1.3%	2,495,201	2,492,153	3,048	0.1%	4,411,202
1700s Inland Fisheries & Wildlife	2,958,437	2,279,675	678,762	29.8%	10,626,569	9,769,527	857,042	8.8%	16,101,822
1900s Other Licenses	37,139	31,745	5,394	17.0%	225,817	259,736	(33,919)	(13.1%)	410,759
Total Other Taxes & Fees	11,083,991	10,185,163	898,828	8.8%	70,439,728	68,417,813	2,021,915	3.0%	127,884,891
<u>Detail of Other Revenues</u>									
2200s Federal Revenues	70,577	29,499	41,078	139.3%	265,031	257,499	7,532	2.9%	405,000
2300s County Revenues	-	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	(35)	22,712	(22,747)	(100.2%)	155,648	158,984	(3,336)	(2.1%)	272,545
2500s Revenues from Private Sources	132,139	38,470	93,669	243.5%	998,118	813,208	184,910	22.7%	9,836,326
2600s Current Service Charges	1,849,165	1,555,279	293,886	18.9%	14,407,205	14,268,976	138,229	1.0%	24,674,968
2700s Transfers from Other Funds	1,598,727	1,485,392	113,335	7.6%	(7,340,450)	(7,894,722)	554,272	7.0%	5,764,182
2800s Sales of Property & Equipment	31,609	7,239	24,370	336.6%	75,359	45,759	29,600	64.7%	124,500
Total Other Revenues	3,682,182	3,138,591	543,591	17.3%	8,560,911	7,649,704	911,207	11.9%	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 Seventh Month Ended January 31, 2014 and 2013
 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	1,012,531	1,175,175	(162,644)	(13.8%)	17,366,231	15,186,488	2,179,743	14.4%
0300s Aeronautical Gas Tax	21,408	21,141	267	1.3%	161,614	160,460	1,154	0.7%
0400s Alcohol Excise Tax	1,317,677	1,030,294	287,383	27.9%	11,082,949	10,297,255	785,694	7.6%
0700s Corporation Taxes	271,253	295,073	(23,820)	(8.1%)	1,675,278	1,694,996	(19,718)	(1.2%)
0800s Public Utilities	-	-	-	-	(1,169,972)	(403,834)	(766,138)	(189.7%)
1000s Banking Taxes	2,714,000	2,453,670	260,330	10.6%	15,741,500	14,440,670	1,300,830	9.0%
1100s Alcoholic Beverages	409,186	447,948	(38,762)	(8.7%)	3,171,321	2,913,177	258,144	8.9%
1200s Amusements Tax	-	-	-	-	-	-	-	-
1300s Harness Racing Pari-mutuel	741,373	958,038	(216,665)	(22.6%)	5,187,271	8,148,727	(2,961,455)	(36.3%)
1400s Business Taxes	1,111,840	979,303	132,536	13.5%	3,875,949	5,266,247	(1,390,298)	(26.4%)
1500s Motor Vehicle Licenses	489,147	542,189	(53,042)	(9.8%)	2,495,201	2,510,566	(15,365)	(0.6%)
1700s Inland Fisheries & Wildlife	2,958,437	2,899,024	59,413	2.0%	10,626,569	10,212,704	413,865	4.1%
1900s Other Licenses	37,139	36,427	713	2.0%	225,817	7,269,730	(7,043,913)	(96.9%)
Total Other Taxes & Fees	11,083,991	10,838,282	245,709	2.3%	70,439,728	77,697,187	(7,257,458)	(9.3%)
<u>Detail of Other Revenues</u>								
2200s Federal Revenues	70,577	57,241	13,336	23.3%	265,031	276,696	(11,665)	(4.2%)
2300s County Revenues	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	(35)	(7,669)	7,635	99.5%	155,648	135,039	20,609	15.3%
2500s Revenues from Private Sources	132,139	137,594	(5,455)	(4.0%)	998,118	780,856	217,262	27.8%
2600s Current Service Charges	1,849,165	1,496,293	352,873	23.6%	14,407,205	15,825,043	(1,417,837)	(9.0%)
2700s Transfers from Other Funds	1,598,727	1,312,935	285,792	21.8%	(7,340,450)	(10,216,119)	2,875,669	28.1%
2800s Sales of Property & Equipment	31,609	-	31,609	-	75,359	74,308	1,051	1.4%
Total Other Revenues	3,682,182	2,996,393	685,789	22.9%	8,560,911	6,875,823	1,685,088	24.5%

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 Seventh Month Ended January 31, 2014
 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	17,705,682	16,955,166	750,516	4.4%	113,161,706	108,888,050	4,273,656	3.9%	210,011,240
Motor Vehicle Registration & Fees	7,516,797	7,897,662	(380,865)	(4.8%)	46,859,863	46,466,357	393,506	0.8%	84,362,917
Motor Vehicle Inspection Fees	711,362	345,215	366,147	106.1%	1,961,381	2,276,005	(314,625)	(13.8%)	2,982,500
Miscellaneous Taxes & Fees	81,297	71,518	9,779	13.7%	687,526	751,011	(63,485)	(8.5%)	1,313,165
Fines, Forfeits & Penalties	67,436	67,825	(389)	(0.6%)	605,785	609,001	(3,216)	(0.5%)	1,007,998
Earnings on Investments	1,080	8,286	(7,206)	(87.0%)	32,388	59,392	(27,004)	(45.5%)	100,825
All Other	574,957	477,086	97,871	20.5%	6,235,083	6,147,041	88,042	1.4%	8,797,218
Total Collected	26,658,610	25,822,758	835,852	3.2%	169,543,732	165,196,857	4,346,875	2.6%	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 Seventh Month Ended January 31, 2014 and 2013
 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	17,705,682	17,086,714	618,969	3.6%	113,161,706	111,228,511	1,933,196	1.7%
Motor Vehicle Registration & Fees	7,516,797	7,912,028	(395,231)	(5.0%)	46,859,863	50,472,278	(3,612,415)	(7.2%)
Motor Vehicle Inspection Fees	711,362	365,771	345,591	94.5%	1,961,381	2,271,346	(309,965)	(13.6%)
Miscellaneous Taxes & Fees	81,297	65,334	15,962	24.4%	687,526	707,788	(20,262)	(2.9%)
Fines, Forfeits & Penalties	67,436	78,668	(11,231)	(14.3%)	605,785	628,892	(23,108)	(3.7%)
Earnings on Investments	1,080	8,374	(7,295)	(87.1%)	32,388	43,509	(11,121)	(25.6%)
All Other	574,957	551,692	23,265	4.2%	6,235,083	6,029,700	205,383	3.4%
Total Collected	26,658,610	26,068,580	590,030	2.3%	169,543,732	171,382,024	(1,838,292)	(1.1%)

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**

	Dec. '13	% Ch.	Dec. '12	% Ch.	Dec.' 11	Average Last 3 Mos. Vs. Last Yr. % Change	Nov. & Dec. 13 vs. Nov. & Dec. 12	Moving Total Last 12 Mos. Vs. Prior % Change	YTD Growth CY'13 vs. '12 Thru. Dec. % Change
Building Supply	\$175,092.7	-0.6%	\$176,218.8	-15.0%	\$207,387.1	5.4%	2.6%	5.8%	5.8%
Food Store	\$145,259.8	2.9%	\$141,189.9	-0.7%	\$142,157.5	3.4%	2.8%	1.7%	1.7%
General Merchandise	\$358,337.2	-4.3%	\$374,454.4	-3.2%	\$386,992.9	-0.5%	-1.5%	0.6%	0.6%
Other Retail	\$263,411.7	-4.1%	\$274,672.4	-4.7%	\$288,070.3	0.7%	-1.2%	2.8%	2.8%
Auto/Transportation	\$302,420.1	4.4%	\$289,723.9	-3.6%	\$300,453.6	5.6%	4.3%	7.6%	7.6%
Restaurant	\$160,996.5	-2.4%	\$164,873.9	-0.9%	\$166,372.6	2.6%	1.8%	3.3%	3.3%
Lodging	\$24,554.7	-31.8%	\$36,023.8	0.7%	\$35,776.6	-7.1%	-18.2%	4.8%	4.8%
Consumer Sales	\$1,430,072.7	-1.9%	\$1,457,157.1	-4.6%	\$1,527,210.6	2.5%	0.8%	4.0%	4.0%
Business Operating	\$239,346.7	-7.9%	\$259,887.0	-3.9%	\$270,377.2	-2.0%	-4.7%	3.6%	3.6%
Total	\$1,669,419.4	-2.8%	\$1,717,044.1	-4.5%	\$1,797,587.8	1.9%	0.0%	3.9%	3.9%