

MRS Office of Tax Policy
Presentation for December
2023 Revenue Forecast

STATE OF MAINE

**Undedicated Revenues - General Fund
For the Twelfth Month Ended June 30, 2023
For the Fiscal Year Ending June 30, 2023
Comparison to Budget**

Exhibit I

**PRELIMINARY AND TENTATIVE
FOR VERIFICATION PURPOSES & INTERNAL USE ONLY**

	Month				Fiscal Year to Date				Total Budgeted Fiscal Year Ending 6/30/2023
	Actual	Budget	Variance Over(Under)	Percent Over(Under)	Actual	Budget	Variance Over(Under)	Percent Over(Under)	
Sales and Use Tax	\$ 186,928,833	\$ 182,737,411	\$ 4,191,422	2.3 %	\$ 2,173,045,809	\$ 2,166,711,247	\$ 6,334,562	0.3 %	\$ 2,166,711,247
Service Provider Tax	4,190,892	4,788,753	(597,861)	(12.5)%	51,464,619	52,062,521	(597,902)	(1.1)%	52,062,521
Individual Income Tax	254,972,184	251,066,573	3,905,611	1.6 %	2,473,478,947	2,430,727,867	42,751,080	1.8 %	2,430,727,867
Corporate Income Tax	72,096,389	30,672,078	41,424,311	135.1 %	451,211,056	395,188,198	56,022,858	14.2 %	395,188,198
Cigarette and Tobacco Tax	11,403,062	14,371,195	(2,968,133)	(20.7)%	149,909,124	151,977,357	(2,068,233)	(1.4)%	151,977,357
Insurance Companies Tax	35,956,367	35,765,425	190,942	0.5 %	114,172,706	110,810,000	3,362,706	3.0 %	110,810,000
Estate Tax	220,173	1,499,314	(1,279,141)	(85.3)%	30,117,577	31,400,000	(1,282,423)	(4.1)%	31,400,000
Fines, Forfeits & Penalties	2,260,102	425,400	1,834,702	431.3 %	10,576,399	8,916,686	1,659,713	18.6 %	8,916,686
Income from Investments	8,398,290	3,475,428	4,922,862	141.6 %	33,812,410	29,283,164	4,529,246	15.5 %	29,283,164
Transfer from Lottery Commission	5,467,786	5,115,381	352,405	6.9 %	72,084,673	66,500,000	5,584,673	8.4 %	66,500,000
Transfers for Tax Relief Programs	(436,394)	(203,311)	(233,083)	(114.6)%	(81,514,948)	(81,350,000)	(164,948)	(0.2)%	(81,350,000)
Transfer to Municipal Revenue Sharing	(22,416,979)	(20,053,654)	(2,363,325)	(11.8)%	(263,395,959)	(261,001,187)	(2,394,772)	(0.9)%	(261,001,187)
Other Taxes and Fees	17,079,602	14,124,477	2,955,125	20.9 %	152,641,514	152,448,015	193,499	0.1 %	152,448,015
Other Revenues	11,621,338	12,826,332	(1,204,994)	(9.4)%	11,888,085	10,736,705	1,151,380	10.7 %	10,736,705
Total Collected	\$ 587,741,646	\$ 536,610,802	\$ 51,130,844	9.5 %	\$ 5,379,492,013	\$ 5,264,410,573	\$ 115,081,440	2.2 %	\$ 5,264,410,573

NOTES:

- (1) Included in the above is \$22,416,979 for the month and \$263,395,959 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 2023, laws enacted through the 131st Legislature, 1st Regular Session and 1st Special Session for all laws and any emergency laws.
- (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 Twelfth Month Ended June 30, 2023 and 2022

For the Fiscal Year Ending June 30, 2023 and 2022

Comparison to To Prior Year

Exhibit II

**PRELIMINARY AND TENTATIVE
FOR VERIFICATION PURPOSES & INTERNAL USE ONLY**

	Month				Fiscal 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	\$ 186,928,833	\$ 212,095,895	\$ (25,167,063)	(11.9)%	\$ 2,173,045,809	\$ 2,078,875,746	\$ 94,170,064	4.5 %
Service Provider Tax	4,190,892	5,192,901	(1,002,009)	(19.3)%	51,464,619	51,328,641	135,978	0.3 %
Individual Income Tax	254,972,184	257,906,645	(2,934,460)	(1.1)%	2,473,478,947	2,580,656,661	(107,177,714)	(4.2)%
Corporate Income Tax	72,096,389	81,477,801	(9,381,412)	(11.5)%	451,211,056	415,817,438	35,393,618	8.5 %
Cigarette and Tobacco Tax	11,403,062	12,191,533	(788,471)	(6.5)%	149,909,124	146,424,162	3,484,963	2.4 %
Insurance Companies Tax	35,956,367	32,149,122	3,807,245	11.8 %	114,172,706	101,673,456	12,499,250	12.3 %
Estate Tax	220,173	538,619	(318,446)	(59.1)%	30,117,577	34,183,165	(4,065,589)	(11.9)%
Fines, Forfeits & Penalties	2,260,102	613,963	1,646,139	268.1 %	10,576,399	4,905,201	5,671,198	115.6 %
Income from Investments	8,398,290	2,582,434	5,815,857	225.2 %	33,812,410	9,023,821	24,788,589	274.7 %
Transfer from Lottery Commission	5,467,786	5,032,611	435,176	8.6 %	72,084,673	71,351,415	733,258	1.0 %
Transfers for Tax Relief Programs	(436,394)	(208,008)	(228,385)	(109.8)%	(81,514,948)	(78,022,118)	(3,492,830)	(4.5)%
Transfer to Municipal Revenue Sharing	(22,416,979)	(20,131,914)	(2,285,065)	(11.4)%	(263,395,959)	(232,362,929)	(31,033,029)	(13.4)%
Other Taxes and Fees	17,079,602	18,236,882	(1,157,280)	(6.3)%	152,641,514	160,147,600	(7,506,085)	(4.7)%
Other Revenues	11,621,338	21,202,508	(9,581,170)	(45.2)%	11,888,085	47,611,311	(35,723,226)	(75.0)%
Total Collected	\$ 587,741,646	\$ 628,880,991	\$ (41,139,345)	(6.5)%	\$ 5,379,492,013	\$ 5,391,613,569	\$ (12,121,557)	(0.2)%

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 Twelfth Month Ended June 30, 2023
 For the Fiscal Year Ending June 30, 2023
 Comparison to Budget

Exhibit V

**PRELIMINARY AND TENTATIVE
 FOR VERIFICATION PURPOSES & INTERNAL USE ONLY**

	Month				Fiscal Year to Date				Total Budgeted Fiscal Year Ending 6/30/2023
	Actual	Budget	Variance Over(Under)	Percent Over(Under)	Actual	Budget	Variance Over(Under)	Percent Over(Under)	
Fuel Taxes	\$ 19,815,241	\$ 27,679,227	\$ (7,863,986)	(28.4)%	\$ 222,424,911	\$ 228,842,987	\$ (6,418,076)	(2.8)%	\$ 228,842,987
Motor Vehicle Registration & Fees	6,644,730	2,962,924	3,681,806	124.3 %	106,855,980	97,356,288	9,499,692	9.8 %	97,356,288
Motor Vehicle Inspection Fees	675,444	35,037	640,407	1,827.8 %	3,136,970	2,777,500	359,470	12.9 %	2,777,500
Miscellaneous Taxes & Fees	214,548	78,701	135,847	172.6 %	1,700,245	1,416,470	283,775	20.0 %	1,416,470
Fines, Forfeits & Penalties	101,191	50,538	50,653	100.2 %	1,212,226	606,412	605,814	99.9 %	606,412
Earnings on Investments	248,954	39,624	209,330	528.3 %	705,724	453,320	252,404	55.7 %	453,320
All Other	715,509	564,666	150,843	26.7 %	13,500,345	13,123,353	376,992	2.9 %	13,123,353
Total Collected	\$ 28,415,617	\$ 31,410,717	\$ (2,995,100)	(9.5)%	\$ 349,536,401	\$ 344,576,330	\$ 4,960,071	1.4 %	\$ 344,576,330

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 Twelfth Month Ended June 30, 2023 and 2022

For the Fiscal Year Ending June 30, 2023 and 2022

Comparison to To Prior Year

**PRELIMINARY AND TENTATIVE
FOR VERIFICATION PURPOSES & INTERNAL USE ONLY**

	Month				Fiscal 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	\$ 19,815,241	\$ 18,925,608	\$ 889,633	4.7 %	\$ 222,424,911	\$ 222,781,779	\$ (356,868)	(0.2)%
Motor Vehicle Registration & Fees	6,644,730	6,765,094	(120,364)	(1.8)%	106,855,980	102,460,134	4,395,846	4.3 %
Motor Vehicle Inspection Fees	675,444	534,446	140,998	26.4 %	3,136,970	2,920,344	216,626	7.4 %
Miscellaneous Taxes & Fees	214,548	194,034	20,514	10.6 %	1,700,245	1,693,892	6,352	0.4 %
Fines, Forfeits & Penalties	101,191	113,662	(12,471)	(11.0)%	1,212,226	1,381,965	(169,739)	(12.3)%
Earnings on Investments	248,954	33,549	215,405	642.1 %	705,724	189,723	516,002	272.0 %
All Other	715,509	530,896	184,613	34.8 %	13,500,345	13,427,987	72,358	0.5 %
Total Collected	\$ 28,415,617	\$ 27,097,289	\$ 1,318,328	4.9 %	\$ 349,536,401	\$ 344,855,823	\$ 4,680,577	1.4 %

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 Fourth Month Ended October 31, 2023
For the Fiscal Year Ending June 30, 2024
Comparison to Budget

Exhibit I

PRELIMINARY AND TENTATIVE
FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

	Month				Fiscal Year to Date				Total Budgeted Fiscal Year Ending 6/30/2024
	Actual	Budget	Variance Over(Under)	Percent Over(Under)	Actual	Budget	Variance Over(Under)	Percent Over(Under)	
Sales and Use Tax	\$ 211,048,543	\$ 201,957,888	\$ 9,090,655	4.5 %	\$ 878,910,791	\$ 831,031,451	\$ 47,879,340	5.8 %	\$ 2,190,029,171
Service Provider Tax	4,575,669	4,353,243	222,426	5.1 %	17,855,209	17,025,922	829,287	4.9 %	49,212,224
Individual Income Tax	200,819,122	179,782,254	21,036,868	11.7 %	809,807,875	799,044,613	10,763,262	1.3 %	2,394,473,715
Corporate Income Tax	18,385,611	9,925,617	8,459,994	85.2 %	122,275,352	114,815,689	7,459,663	6.5 %	355,623,000
Cigarette and Tobacco Tax	14,003,194	13,555,342	447,852	3.3 %	56,363,036	55,131,852	1,231,184	2.2 %	156,599,546
Insurance Companies Tax	10,409,205	9,239,091	1,170,114	12.7 %	11,391,964	10,769,535	622,429	5.8 %	114,490,000
Estate Tax	373,468	2,109,502	(1,736,034)	(82.3)%	3,399,514	8,522,488	(5,122,974)	(60.1)%	25,400,000
Fines, Forfeits & Penalties	967,468	778,545	188,923	24.3 %	3,678,436	4,750,631	(1,072,195)	(22.6)%	16,293,650
Income from Investments	4,918,488	2,120,373	2,798,115	132.0 %	14,487,880	6,329,989	8,157,891	128.9 %	26,939,649
Transfer from Lottery Commission	1,967,191	4,905,660	(2,938,469)	(59.9)%	23,689,054	22,075,472	1,613,582	7.3 %	65,000,000
Transfer from Liquor Commission	-	-	-	- %	7,000,000	7,000,000	-	- %	7,000,000
Transfers for Tax Relief Programs	(424,425)	(229,034)	(195,391)	(85.3)%	(3,647,768)	(229,034)	(3,418,734)	(1,492.7)%	(84,490,000)
Transfer to Municipal Revenue Sharing	(29,259,769)	(28,895,422)	(364,347)	(1.3)%	(95,610,429)	(91,767,668)	(3,842,761)	(4.2)%	(252,841,376)
Auto Sales Tax Transfer to Highway Fund	(53,456,007)	(50,006,825)	(3,449,182)	(6.9)%	(107,534,228)	(101,861,600)	(5,672,628)	(5.6)%	(101,861,600)
Other Taxes and Fees	25,005,063	22,645,208	2,359,855	10.4 %	55,370,050	51,371,271	3,998,779	7.8 %	147,241,194
Other Revenues	(9,564,070)	(10,589,323)	1,025,253	9.7 %	(28,134,088)	(29,427,668)	1,293,580	4.4 %	961,158
Total Collected	\$ 399,768,752	\$ 361,652,119	\$ 38,116,633	10.5 %	\$ 1,769,302,648	\$ 1,704,582,943	\$ 64,719,705	3.8 %	\$ 5,110,070,331

NOTES:

- (1) Included in the above is \$29,259,769 for the month and \$95,610,429 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 2023, laws enacted through the 131st Legislature, 1st Regular Session and 1st Special Session for all laws and any emergency laws.
- (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 Fourth Month Ended October 31, 2023 and 2022
For the Fiscal Year Ending June 30, 2024 and 2023
Comparison to To Prior Year**

Exhibit II

**PRELIMINARY AND TENTATIVE
FOR VERIFICATION PURPOSES & INTERNAL USE ONLY**

	Month				Fiscal 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	\$ 211,048,543	\$ 204,119,083	\$ 6,929,461	3.4 %	\$ 878,910,791	\$ 848,275,792	\$ 30,634,999
Service Provider Tax	4,575,669	5,534,994	(959,325)	(17.3)%	17,855,209	17,942,844	(87,635)	(0.5)%
Individual Income Tax	200,819,122	191,647,428	9,171,694	4.8 %	809,807,875	787,235,526	22,572,349	2.9 %
Corporate Income Tax	18,385,611	10,095,617	8,289,994	82.1 %	122,275,352	131,186,078	(8,910,726)	(6.8)%
Cigarette and Tobacco Tax	14,003,194	10,085,649	3,917,545	38.8 %	56,363,036	52,786,484	3,576,553	6.8 %
Insurance Companies Tax	10,409,205	9,410,167	999,038	10.6 %	11,391,964	11,101,180	290,784	2.6 %
Estate Tax	373,468	4,893,999	(4,520,531)	(92.4)%	3,399,514	21,331,868	(17,932,354)	(84.1)%
Fines, Forfeits & Penalties	967,468	116,283	851,186	732.0 %	3,678,436	2,629,461	1,048,975	39.9 %
Income from Investments	4,918,488	1,763,751	3,154,737	178.9 %	14,487,880	4,793,748	9,694,132	202.2 %
Transfer from Lottery Commission	1,967,191	6,675,164	(4,707,973)	(70.5)%	23,689,054	24,050,275	(361,221)	(1.5)%
Transfer from Liquor Commission	-	-	-	- %	7,000,000	-	7,000,000	- %
Transfers for Tax Relief Programs	(424,425)	(229,171)	(195,254)	(85.2)%	(3,647,768)	(1,550,061)	(2,097,707)	(135.3)%
Transfer to Municipal Revenue Sharing	(29,259,769)	(29,343,598)	83,829	0.3 %	(95,610,429)	(96,507,508)	897,079	0.9 %
Auto Sales Tax Transfer to Highway Fund	(53,456,007)	-	(53,456,007)	- %	(107,534,228)	-	(107,534,228)	- %
Other Taxes and Fees	25,005,063	21,068,607	3,936,456	18.7 %	55,370,050	50,488,022	4,882,028	9.7 %
Other Revenues	(9,564,070)	(9,872,960)	308,890	3.1 %	(28,134,088)	(21,275,903)	(6,858,185)	(32.2)%
Total Collected	\$ 399,768,752	\$ 425,965,012	\$ (26,196,261)	(6.1)%	\$ 1,769,302,648	\$ 1,832,487,807	\$ (63,185,159)	(3.4)%

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 Fourth Month Ended October 31, 2023
For the Fiscal Year Ending June 30, 2024
Comparison to Budget

PRELIMINARY AND TENTATIVE
FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

	Month				Fiscal Year to Date				Total Budgeted Fiscal Year Ending 6/30/2024
	Actual	Budget	Variance Over(Under)	Percent Over(Under)	Actual	Budget	Variance Over(Under)	Percent Over(Under)	
Fuel Taxes	\$ 19,172,949	\$ 19,286,308	\$ (113,359)	(0.6)%	\$ 79,675,777	\$ 71,742,651	\$ 7,933,126	11.1 %	\$ 222,871,844
Motor Vehicle Registration & Fees	4,863,013	8,879,677	(4,016,664)	(45.2)%	34,967,361	32,775,560	2,191,801	6.7 %	94,237,008
Motor Vehicle Inspection Fees	33,117	265,215	(232,098)	(87.5)%	556,765	1,060,860	(504,096)	(47.5)%	3,182,600
Miscellaneous Taxes & Fees	56,507	110,169	(53,662)	(48.7)%	392,657	481,246	(88,589)	(18.4)%	1,429,470
Fines, Forfeits & Penalties	82,100	57,293	24,807	43.3 %	363,552	244,640	118,912	48.6 %	606,492
Earnings on Investments	122,838	40,173	82,665	205.8 %	370,721	291,897	78,824	27.0 %	613,276
Auto Sales Tax Transfer	53,456,007	50,006,825	3,449,182	6.9 %	107,534,228	101,861,600	5,672,628	5.6 %	101,861,600
Transfer from Liquor Commission	8,364,754	5,000,000	3,364,754	67.3 %	21,163,538	13,000,000	8,163,538	62.8 %	53,000,000
All Other	208,257	411,402	(203,145)	(49.4)%	1,596,315	2,032,099	(435,784)	(21.4)%	11,911,285
Total Collected	\$ 86,359,543	\$ 84,057,062	\$ 2,302,481	2.7 %	\$ 246,620,915	\$ 223,490,553	\$ 23,130,362	10.3 %	\$ 489,713,575

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 Fourth Month Ended October 31, 2023 and 2022
 For the Fiscal Year Ending June 30, 2024 and 2023
 Comparison to To Prior Year

PRELIMINARY AND TENTATIVE
 FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

	Month				Fiscal 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	\$ 19,172,949	\$ 19,813,995	\$ (641,046)	(3.2)%	\$ 79,675,777	\$ 80,794,359	\$ (1,118,582)	(1.4)%
Motor Vehicle Registration & Fees	4,863,013	9,835,259	(4,972,246)	(50.6)%	34,967,361	36,791,280	(1,823,919)	(5.0)%
Motor Vehicle Inspection Fees	33,117	217,397	(184,280)	(84.8)%	556,765	409,513	147,252	36.0 %
Miscellaneous Taxes & Fees	56,507	149,158	(92,651)	(62.1)%	392,657	588,913	(196,256)	(33.3)%
Fines, Forfeits & Penalties	82,100	104,953	(22,853)	(21.8)%	363,552	448,165	(84,613)	(18.9)%
Earnings on Investments	122,838	44,708	78,131	174.8 %	370,721	109,287	261,434	239.2 %
Auto Sales Tax Transfer	53,456,007	-	53,456,007	- %	107,534,228	-	107,534,228	- %
Transfer from Liquor Commission	8,364,754	-	8,364,754	- %	21,163,538	-	21,163,538	- %
All Other	208,257	436,556	(228,300)	(52.3)%	1,596,315	2,174,608	(578,293)	(26.6)%
Total Collected	\$ 86,359,543	\$ 30,602,026	\$ 55,757,517	182.2 %	\$ 246,620,915	\$ 121,316,124	\$ 125,304,790	103.3 %

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

Sales & Use Tax and Service Provider Tax

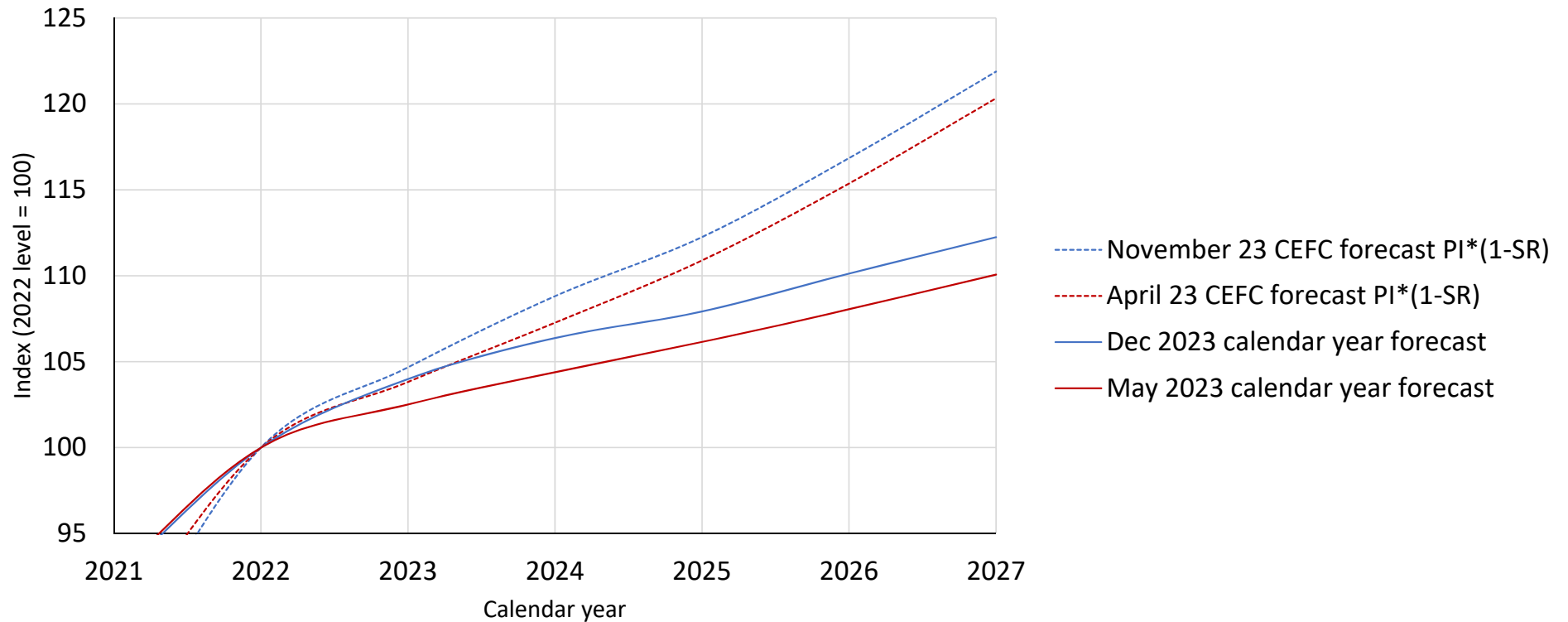
Sales Tax History and Forecast

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Variance/ Revision (\$)	Variance/ Revision (%)
2019	\$1,503.8	5.6%		
2020	\$1,555.7	3.5%		
2021	\$1,804.2	16.0%		
2022	\$2,078.9	15.2%		
2023	\$2,173.0	4.5%	\$6.3	0.3%
2024	\$2,247.4	3.4%	\$57.4	2.6%
2025	\$2,280.3	1.5%	\$43.2	1.9%
2026	\$2,320.5	1.8%	\$46.7	2.1%
2027	\$2,373.2	2.3%	\$52.8	2.3%

- Main source of revision: Unexpected resilience of consumer spending
- FY24 revenue through October \$47.9 million over budget

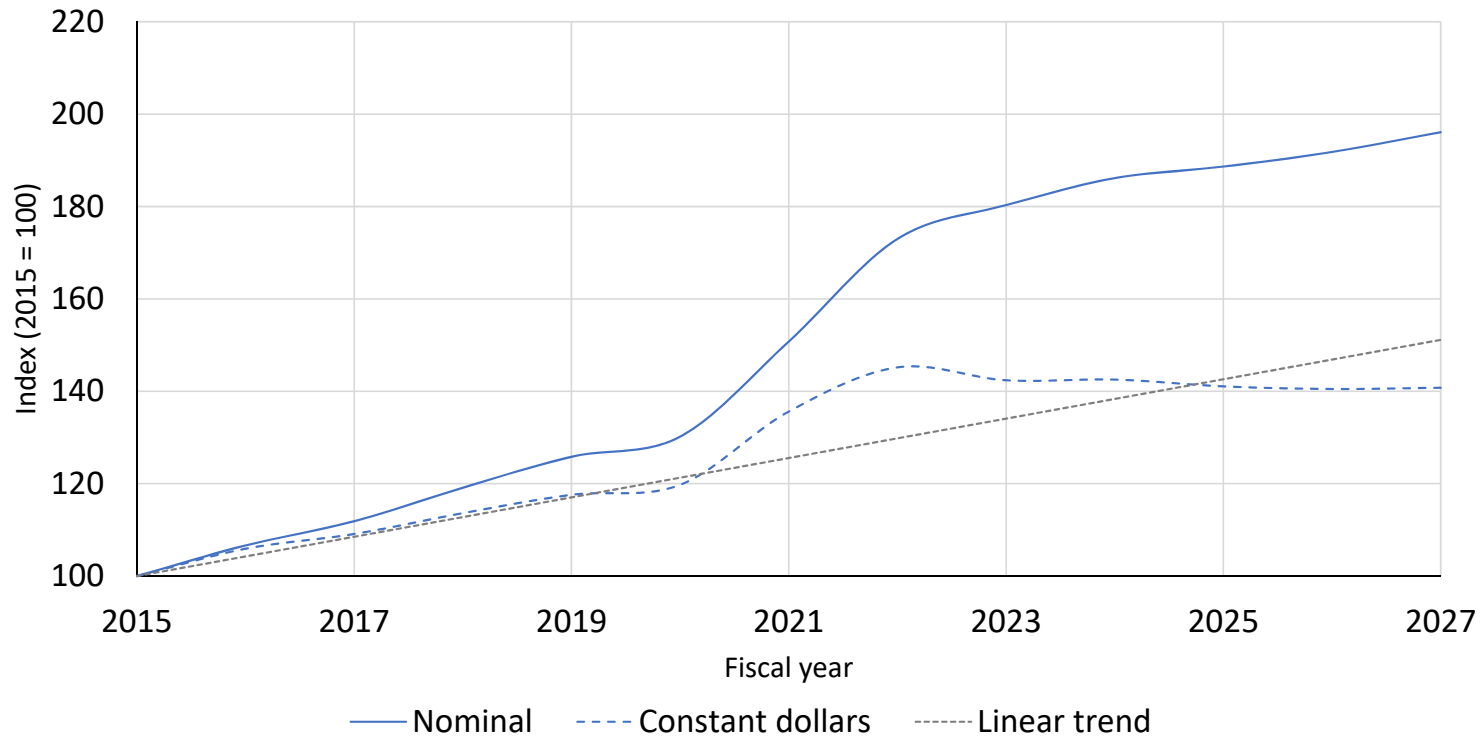
Forecast of Revenue and Consumer Spending



- New CEFC forecast features greater consumer spending growth in CY2023-24 compared to previous forecast.

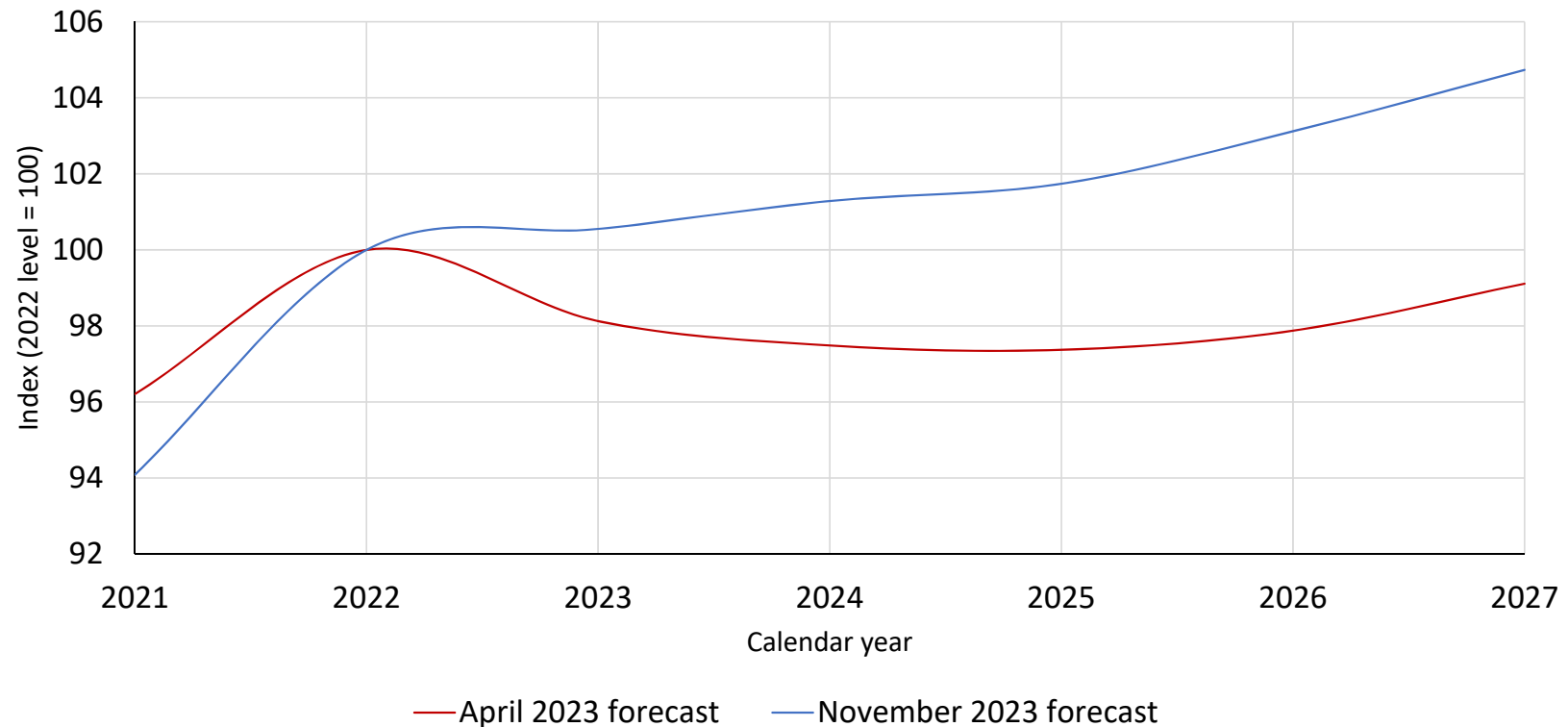
Sales & Use Tax Revenue by Fiscal Year

Actual and December 2023 forecast recommendations (2015=100)



- 7.7% average annual growth in nominal revenue FY 2015 – 2023
- 2.0% average annual growth in nominal revenue FY 2023 – 2027

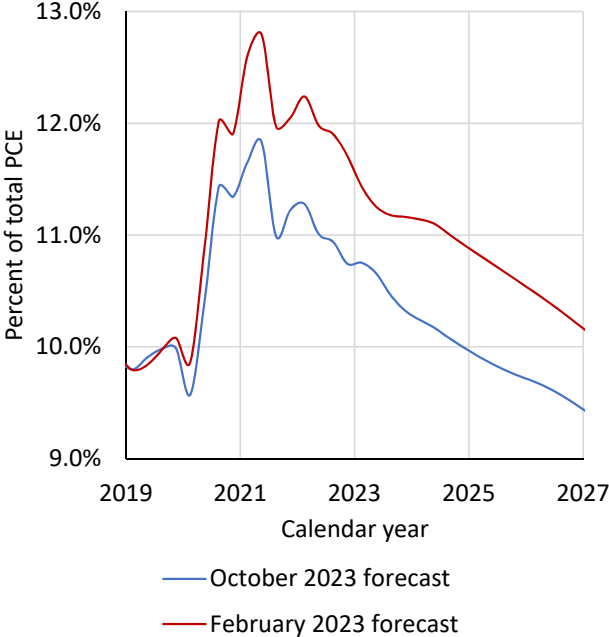
CEFC forecast—Real consumer spending by calendar year



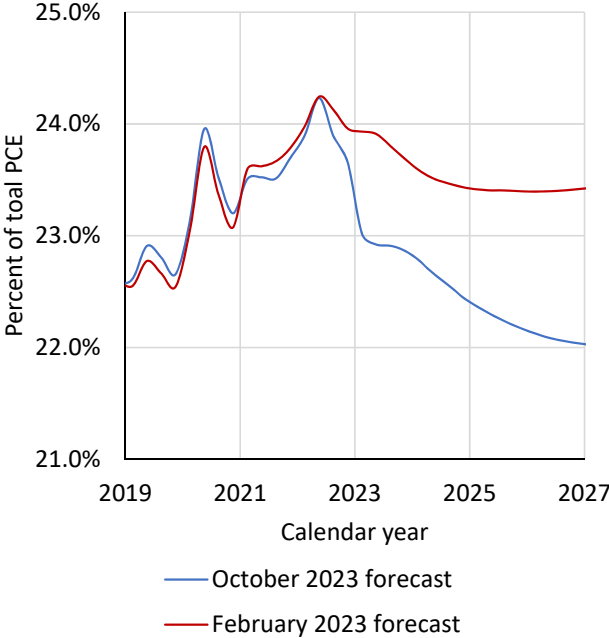
- Lower inflation, higher personal income, and lower personal saving in new CEFC forecast imply continuing, though modest, growth in real spending

PCE Composition – Moody’s baseline forecast

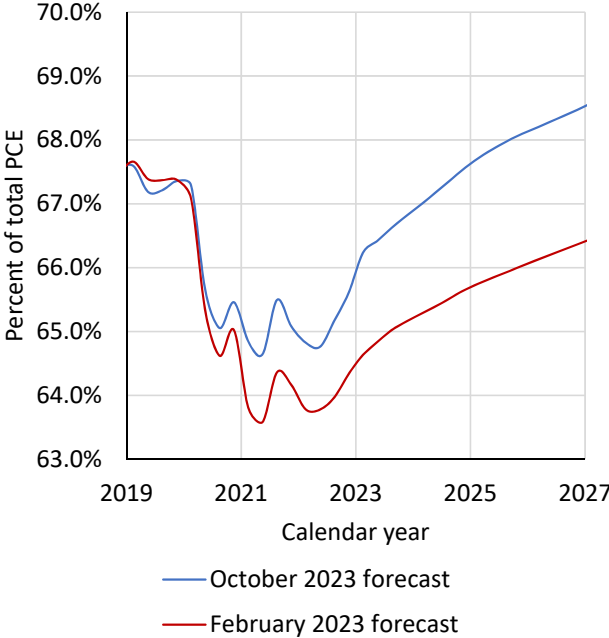
Durable goods



Nondurable goods



Services



- Continuing shift from goods to services causes real sales tax revenue to keep declining despite continued growth in total real spending

Source of Forecast Adjustments

\$million
(%)

	2023	2024	2025	2026	2027
Non-auto 5.5% Sales	\$6.7 (0.5%)	\$13.5 (1.0%)	\$9.0 (0.7%)	\$12.6 (0.9%)	\$20.1 (1.4%)
Auto Sales 5.5%	-\$0.9 (-0.3%)	\$13.5 (4.7%)	\$17.8 (6.1%)	\$18.6 (6.4%)	\$18.6 (6.3%)
Lodging 9%	\$2.6 (1.6%)	\$1.9 (1.1%)	\$2.8 (1.6%)	\$3.4 (1.9%)	\$5.0 (2.8%)
Prepared Food 8%	\$5.5 (1.6%)	\$21.0 (6.2%)	\$19.5 (5.6%)	\$19.1 (5.3%)	\$18.7 (5.0%)
Short-term auto rental 10%	-\$0.01 (-0.1%)	\$2.2 (13.8%)	\$2.1 (13.4%)	\$2.0 (12.8%)	\$1.7 (10.2%)
Adult use cannabis 10%	-\$0.3 (-1.4%)	-\$5.1 (-18.2%)	-\$7.7 (-23.0%)	-\$10.5 (-27.0%)	-\$13.6 (-31.3%)

Service Provider Tax History and Forecast

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2019	\$59.01	-0.99%		
2020	\$58.01	-1.70%		
2021	\$51.35	-11.48%		
2022	\$51.56	0.41%		
2023	\$51.46	-0.19%	-\$0.60	-1.15%
2024	\$49.11	-4.58%	-\$0.10	-0.21%
2025	\$47.39	-3.51%	-\$0.36	-0.75%
2026	\$45.94	-3.04%	-\$0.35	-0.76%
2027	\$44.52	-3.11%	-\$0.36	-0.80%

- In FY2024 through October tax liability is below the May forecast, but actual revenue is above forecast
- December forecast assumes payments will return to more historically normal patterns, with faster long-run decline than the May forecast

Individual Income Tax

Individual Income Tax History and Forecast

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2019	\$1,701.0	6.6%		
2020	\$1,836.0	7.9%		
2021	\$2,069.7	12.7%		
2022	\$2,580.7	24.7%		
2023	\$2,473.5	-4.2%		
2024	\$2,436.1	-1.5%	\$41.6	1.74%
2025	\$2,476.5	1.7%	\$75.5	3.14%
2026	\$2,574.5	4.0%	\$81.6	3.27%
2027	\$2,720.3	5.7%	\$104.5	4.00%

Individual Income Tax Main Points

- New wage and inflation forecasts have significant positive effects on the revenue forecast.
- We are recommending increases to the nonresident tax liability forecast.
- Nonwage income forecast changes, such as capital gains and business income, are relatively minor factors in the recommended revisions.
- Tax policy and other non-economic factors reduce revenue growth in FY 2024 and especially in FY 2025.

Individual Income Tax Revenue (\$million)

	Calendar Year Revenue Through October			Variance Since May 1st Forecast		
	2022	2023	Growth	FY 23	FY 24	Total
Primarily TY 23 vs. TY 22:						
Withholding*	\$1,614.8	\$1,706.5	5.7%	\$8.2	\$10.0	\$18.2
Estimated Payments**	\$331.5	\$292.1	-11.9%	\$8.7	-\$22.7	-\$14.0
EP + WH	\$1,946.3	\$1,998.6	2.7%	\$16.9	-\$12.7	\$4.2
Primarily TY 22 vs. TY 21:						
Payments	\$659.5	\$509.7	-22.7%	\$11.0	\$34.1	\$45.0
Refunds	-\$480.2	-\$574.4	19.6%	\$16.6	-\$5.7	\$10.9
Payments + Refunds	\$179.3	-\$64.7	-136.1%	\$27.6	\$28.4	\$56.0
Fiduciary	\$36.3	\$1.6	-95.7%	-\$1.7	-\$5.0	-\$6.7
Total	\$2,161.9	\$1,935.4	-10.5%	\$42.8	\$10.8	\$53.5

*Excludes certain one-time revenue in FY 2023.

**February – October revenue. Some revenue booked in early February is reallocated to January in both years.

Influences on Income Tax Growth Rates Unrelated to Economic/Income Forecast

- FY 2024 revenue growth is approximately 2 percentage points higher if we disregard revenue from atypical one-time events in FY 2023.
- Policy changes significantly reduce tax year 2024 growth, impacting FY 24 and primarily FY 25 revenues
 - New forecast assumes TY 2024 full-year resident tax liability growth of -0.7% .
 - Under a constant 2022 policy scenario, forecast growth would be 4.5% .
- Policy changes
 - Pension deduction maximum: \$25,000 in TY 2022, \$30,000 in TY 2023, and then increases to \$45,864 in TY 2024
 - Property Tax Fairness Credit increased generosity for taxpayers aged 65+ beginning TY 2024.
 - Dependent tax credit becomes refundable in 2024 and adjusted for inflation starting in 2025
 - The end of the student loan repayment pause results in large increases in the student loan repayment credit in TYs 2023 and 2024
 - 2022 – 2024 SLRTC forecast is \$33, \$64, and \$87 million

New CEFC Forecast: Key Changes

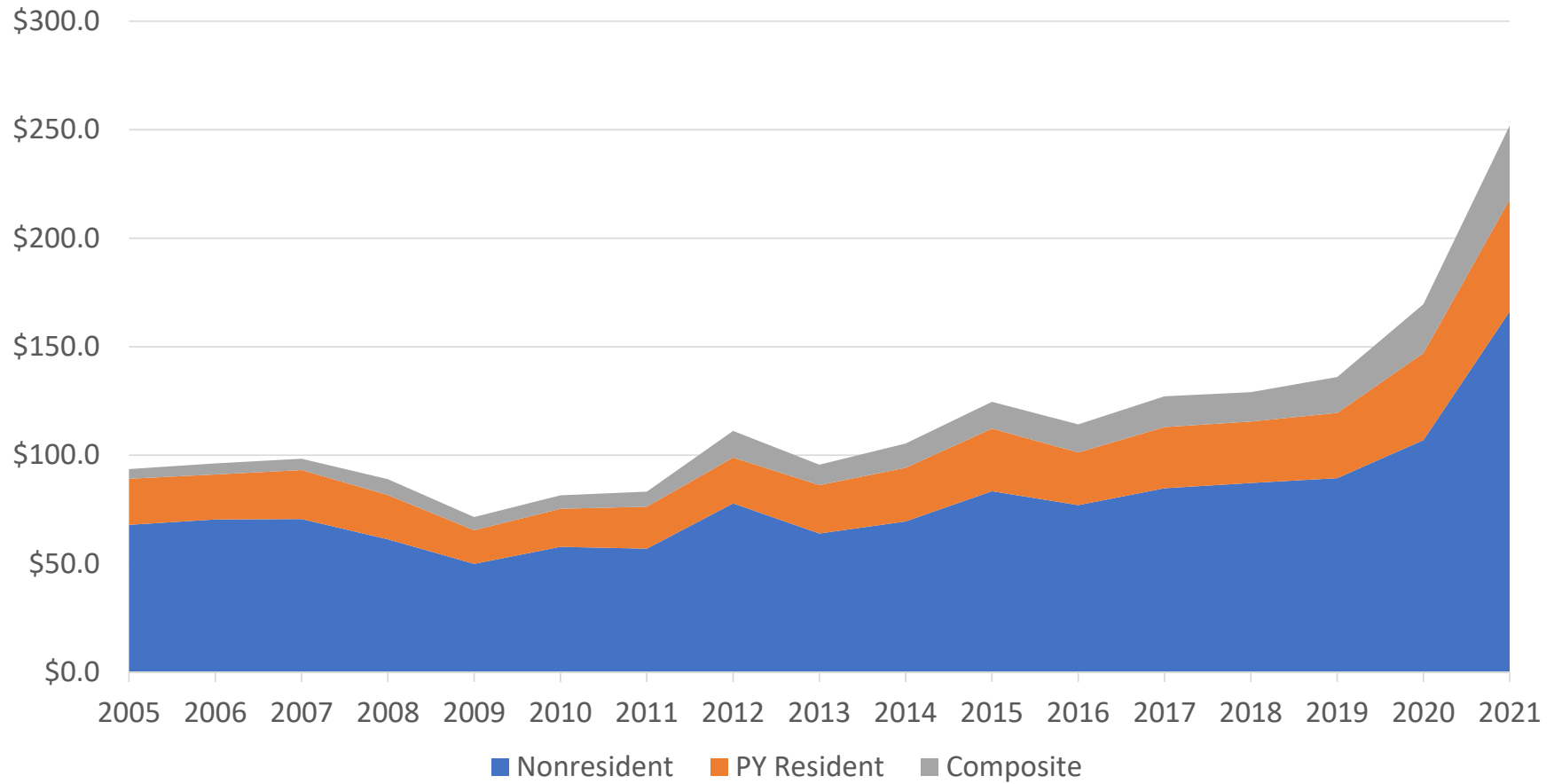
Calendar Years	2023	2024	2025	2026	2027
Wage and Salary Income (Annual Percentage Change)					
CEFC Forecast 04/2023	6.0%	5.0%	4.0%	4.3%	4.3%
CEFC Forecast 11/2023	7.5%	5.0%	4.0%	4.3%	4.3%
CPI (Annual Percentage Change)					
CEFC Forecast 04/2023	5.8%	4.0%	3.5%	3.5%	3.0%
CEFC Forecast 11/2023	4.1%	3.2%	2.7%	2.7%	2.7%

Full-year Resident Tax Liability: Impact of New Wage and Cost of Living Adjustment Forecasts (\$million)

Tax Year	COLAs	Wages
2023	\$0	\$35.4
2024	\$12.2	\$37.4
2025	\$38.6	\$38.9
2026	\$28.0	\$40.9
2027	\$59.2	\$42.9

- 1) Each column equals the new forecast of tax liability minus forecasted liability under all new assumptions except the COLA or wages.
- 2) The COLA forecast is based on the calendar year CPI forecast from the CEFC plus assumptions concerning quarterly inflation and the relationship between chained and regular CPI growth.

Tax Liability on Nonresident, Part-year, and Composite Tax Returns by Tax Year
(\$million)



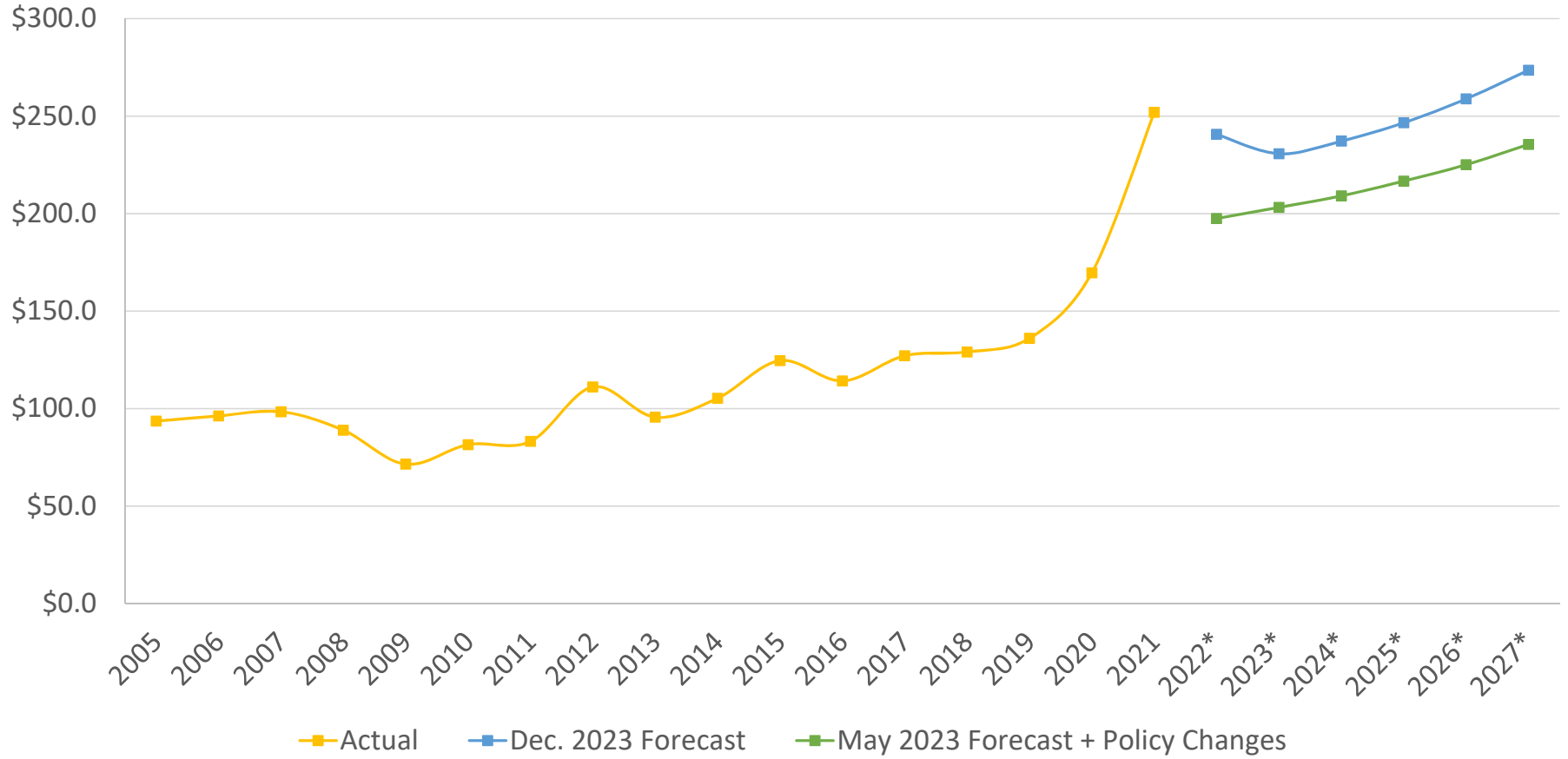
Income Tax Liability Before Refundable Credits 2019-21 and 2022 Assumptions by Residency

(\$Million)

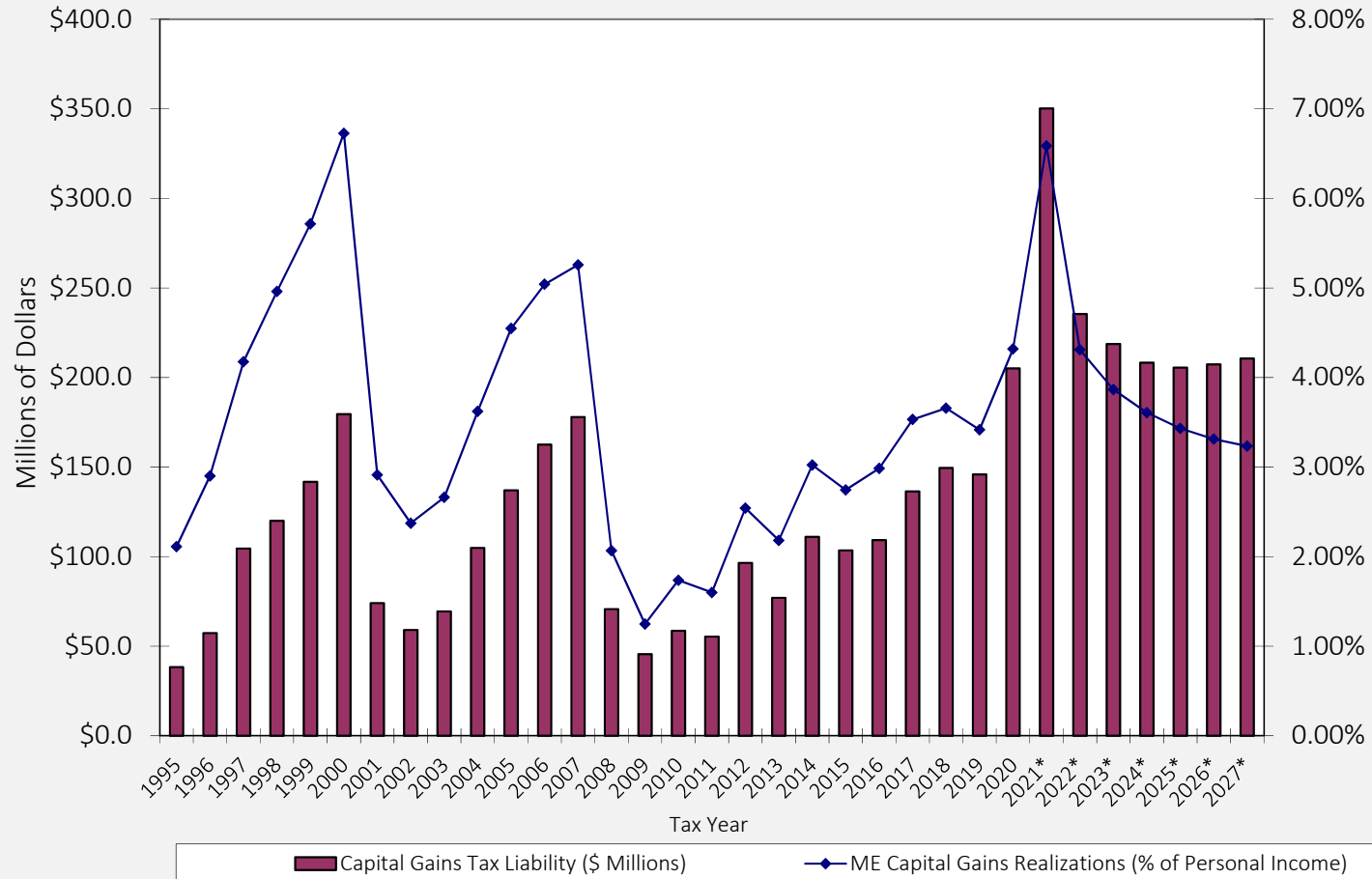
				May 1st Forecast		Dec. 1st Forecast	
	2019	2021	2019-21 Growth	2022	2021-22 Growth	2022	2021-22 Growth
Nonresident	\$89.4	\$166.2	86.0%				
Part-year Resident	\$30.1	\$51.6	71.4%				
Composite	\$16.6	\$34.1	105.5%				
Total Not Full-Year Resident	\$136.1	\$251.9	85.1%	\$196.8	-21.9%	\$241.1	-4.3%
FY Resident	\$1,613.5	\$2,203.9	36.6%	\$2,216.5	0.6%	\$2,195.1	-0.4%

The current 2022 tax liability forecast is based on returns filed and posted through mid-November 2023 and assumptions on 2022 tax liability growth between mid-November 2023 and August 2026. The assumptions about how 2022 tax liability will evolve over time involve a heightened level of uncertainty due to MRS system and process changes that were implemented just prior to the October 15th extension return deadline. 2022 total tax liability and the resident-nonresident split may change over time as more suspended returns are released and return adjustments are made.

Income Tax Liability History and Forecast Other Than Full-Year Resident by Tax Year
(\$million)



Taxes from Net Capital Gains and Net Capital Gains as Percent of Personal Income



Forecast Risks

- Capital gains and business income forecasts
- Nonresident tax liability
- New tax credits with uncertain costs
 - Student loan repayment credit
 - Take up
 - Impact of income-driven repayment changes and other federal relief
 - Dirigo Credit
 - Both corporate and individual income tax
 - Main impact begins FY 2026
- Refunds for tax year 2022 extension returns

Looking forward to the next forecast

- The final estimated payment will influence our thinking about 2023 nonwage income
- Hope to have more clarity about 2022 extension return tax liability by residency and income growth by source

Corporate Income Tax



Assumed increase in TY22 liability of 30%, recognition of impact of conformity to federal amortization of R&D expenses, and lower increase in corporate pre-tax profits in tax years 2025-27.

Both forecasts include impact of DIRIGO business incentive enacted in biennial budget.

Other Taxes

Estate Tax

Actual				May 1, 2023 Forecast				December 1, 2023 Forecast				
Calendar Year	Exemption Amount	Liability /1	Fiscal Year Receipts	Exemption Amount	Forecasted Increase in HH Net Worth	Forecasted Liability	Forecasted Fiscal Year Receipts	Exemption Amount	Forecasted Increase in HH Net Worth	Forecasted Liability	Forecasted Fiscal Year Receipts /3	Difference
2018	\$ 5,600,000	\$ 22,055,650	\$ 13,801,409									
2019	\$ 5,700,000	\$ 14,143,679	\$ 15,851,350									
2020	\$ 5,800,000	\$ 44,293,194	\$ 21,079,344									
2021	\$ 5,870,000	\$ 47,136,869	\$ 40,399,594									
2022	\$ 6,010,000	\$ 8,200,000/2	\$ 34,183,165		-5.5%	\$ 25,651,944			-3.0%	\$28,552,259		
2023	\$ 6,410,000		\$ 30,117,577		2.2%	\$ 25,314,026	\$ 31,400,000		6.2%	\$30,360,543		\$ (1,282,423)
2024	\$ 6,800,000			\$ 6,780,000	1.4%	\$ 24,716,272	\$ 25,400,000	\$6,800,000	1.8%	\$29,936,459	\$23,600,000	\$ (1,800,000)
2025				\$ 7,050,000	2.7%	\$ 25,136,890	\$ 24,850,000	\$7,020,000	2.0%	\$30,276,431	\$30,050,000	\$ 5,200,000
2026				\$ 7,300,000	3.5%	\$ 26,071,290	\$ 25,000,000	\$7,210,000	3.1%	\$31,383,454	\$30,200,000	\$ 5,200,000
2027				\$ 7,560,000	3.6%		\$ 25,150,000	\$7,400,000	3.5%		\$30,275,000	\$ 5,125,000
1/ Subject to change because of amended returns												
/2 Through November 10, 2023												
/3 Includes actual receipts through October 31,2023												

- Stronger growth in Household Net Worth in CY23 and CY24, and slightly lower exemption amount in CY25-27 because of lower inflation forecast account for increase in revenue forecast after FY24.

Real Estate Transfer Tax

- Total RETT + CITT revenue is 4.4% below budget and 12.4% below last year FYTD through October.
- New forecast recommendation reduces General Fund revenue by 4% in FY 24 and |adjustments| <2% per year after FY 24

Forecasts of Home Prices and Sales Used in Current and Prior Revenue Forecast				
	Existing Median Home Price		Existing single-family home sales	
	Feb. 23	Nov. 23	Feb. 23	Nov. 23
2023	-2.5%	11.0%	-7.4%	-19.1%
2024	-3.7%	0.5%	15.3%	-1.2%
2025	-0.8%	-2.5%	-4.2%	10.1%
2026	2.5%	0.3%	-4.3%	-1.3%
2027	3.2%	2.6%	5.9%	-1.8%

BETE

- Reduce FY 24 reimbursement forecast by \$2.76 million and carry that adjustment through forecast.
- Reduction is motivated by partial 2023 MVR data showing only a 2.4% increase in BETE reimbursement requests for towns accounting for 72% of property tax year 2022 BETE reimbursement.
 - Slow growth due to declines in mill rates and share of BETE property eligible for reimbursement. Increasing total valuation and residential share of total valuation is likely responsible.

Growth Rates 2022-23 MVR, towns with completed MVR in 2022 and 2023	
Value of all BETE Property	7.90%
Share of BETE that is reimbursable	-1.40%
Weighted Mill Rate	-3.80%
BETE Reimbursement Request	2.40%

Weighted mill rate: Average mill rate weighted by 2022 reimbursable BETE property.

Ignoring details concerning TIFs, BETE reimbursement = BETE property value* [.5 + .5*personal property factor*(personal property factor>.05)] *mill rate. The personal property factor is increasing with personal property share of total valuation.

Adding 1 to each cell, the product of the first three rows equals reimbursement growth.

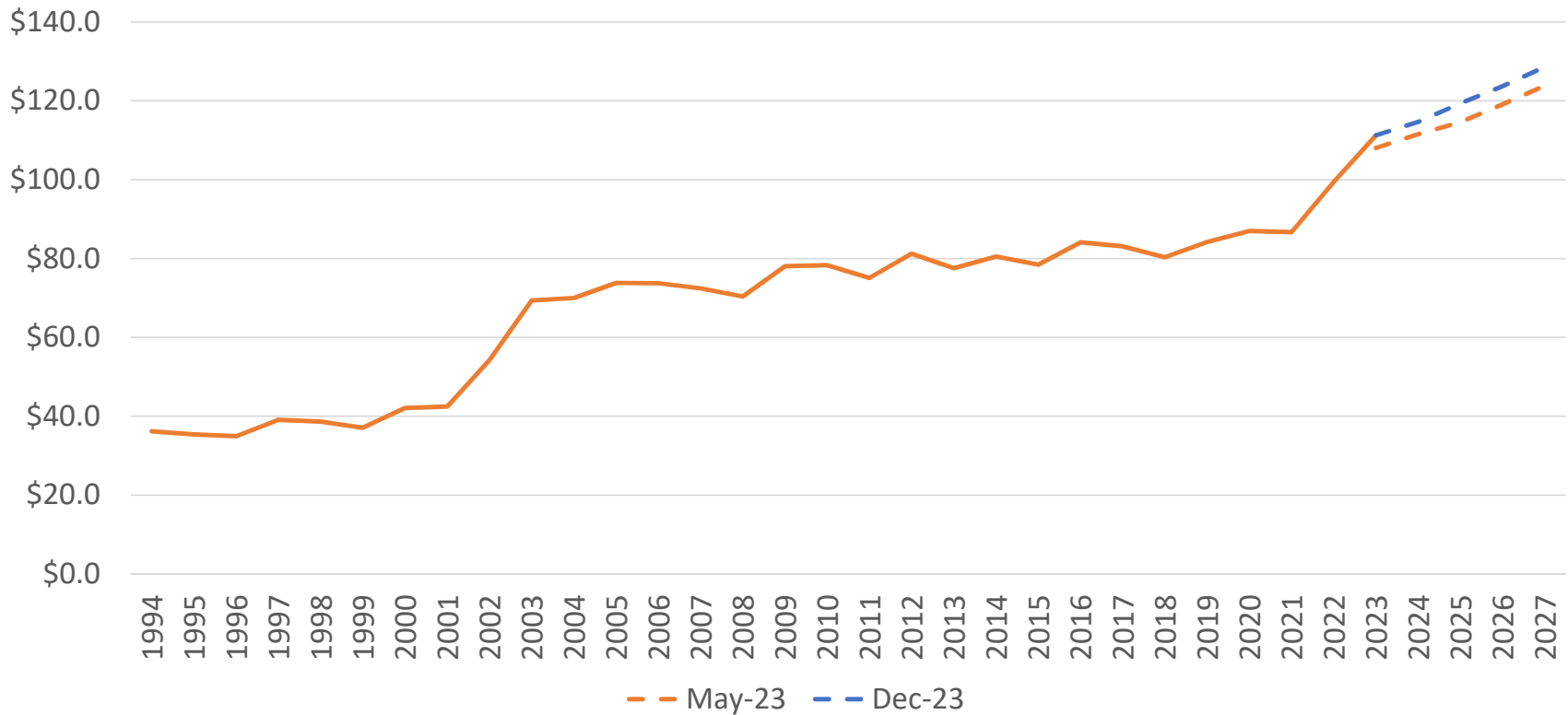
Insurance Premiums Tax

Fiscal Year	2024	2025	2026	2027
Recommended Adjustment (\$million)	\$3.97	\$5.67	\$5.50	\$5.72
Recommended Adjustment (%)	3.5%	4.8%	4.4%	4.4%

- Increase forecast growth for IPT (excluding nonadmitted premiums tax) from 3% to 6.5% in calendar year 2023 and 4% to 4.5% in calendar year 2024.
 - Moody's forecast of Maine PCE growth for financial services and insurance revised from 2.3% to 7.5% in 2023 and 4.7% to 6.3% in 2024.
 - Kaiser Family Foundation Employer Health Benefit Survey shows 7% average health insurance premium increase in 2023.
- Nonadmitted premiums revenue up 45% YoY FYTD through October. Assume partially timing but still increase forecast by about \$900k (13.8%) per year.
- IPT revenue (excluding nonadmitted premiums tax) gross of New Markets Tax Credit increased 14.8% in FY 22 and 11.8% in FY 23, the highest growth rates since 2003.

Insurance Premiums Tax Revenue

New Markets Tax Credit Added Back to Revenue
(Fiscal year, \$million)



Cigarette, Tobacco, and Cannabis Excise Taxes

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2019	\$126.0	-5.2%		
2020	\$137.3	9.0%		
2021	\$147.2	7.2%		
2022	\$148.5	0.9%		
2023	\$149.9	0.9%	-\$2.07	-1.4%
2024	\$153.3	2.3%	-\$3.35	-2.1%
2025	\$153.3	0.0%	-\$5.97	-3.8%
2026	\$155.2	1.2%	-\$6.00	-3.7%
2027	\$157.2	1.3%	-\$5.67	-3.5%

Source of Forecast Adjustments

\$million
(%)

	2023	2024	2025	2026	2027
Cigarette tax	-\$1.61 (-1.49%)	\$1.58 (1.48%)	-\$1.19 (-1.13%)	-\$1.47 (-1.41%)	-\$1.65 (-1.62%)
Tobacco products tax	-\$0.51 (-1.66%)	-\$1.11 (-3.54%)	-\$0.53 (-1.63%)	-\$0.06 (-0.18%)	\$0.47 (1.36%)
Adult use cannabis excise tax	\$0.05 (0.38%)	-\$3.82 (-20.57%)	-\$4.26 (-19.77%)	-\$4.48 (-18.64%)	-\$4.49 (-17.16%)

- Main source of revision: decrease in cannabis excise tax forecast
- Forecasting a faster decline in cigarette tax
- Declining smokeless tobacco sales, increasing smoking tobacco sales—especially e-cigarettes

Gas Tax

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2019	\$205.9	-0.2%		
2020	\$194.2	-5.7%		
2021	\$183.4	-5.6%		
2022	\$195.5	6.6%		
2023	\$196.0	0.2%	-\$6.60	-3.3%
2024	\$193.5	-1.3%	-\$10.36	-5.1%
2025	\$190.9	-1.3%	-\$14.03	-6.8%
2026	\$189.0	-1.0%	-\$16.90	-8.2%
2027	\$186.9	-1.1%	-\$19.86	-9.6%

- New model incorporates projection of increasing average fuel efficiency and Maine DOT projections of vehicle-miles traveled
- Fuel efficiency is forecast to increase faster than miles traveled

Special Fuel Tax

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2019	\$49.6	14.9%		
2020	\$47.4	-4.4%		
2021	\$47.9	0.9%		
2022	\$50.2	4.9%		
2023	\$49.3	-1.7%	-\$0.49	-1.0%
2024	\$49.2	-0.3%	-\$0.37	-0.7%
2025	\$49.8	1.1%	-\$0.19	-0.4%
2026	\$50.0	0.5%	-\$0.30	-0.6%
2027	\$50.3	0.5%	-\$0.43	-0.9%

- New model incorporates projection of increasing average fuel efficiency and Maine DOT projections of vehicle-miles traveled
- Vehicle-miles traveled projected to grow faster than fuel efficiency