

MRS Office of Tax Policy
Presentation for December
2024 Revenue Forecast

October General Fund Revenue - Budget

Exhibit I

STATE OF MAINE
Undedicated Revenues - General Fund
For the Fourth Month Ended October 31, 2024
For the Fiscal Year Ending June 30, 2025
Comparison to Budget

PRELIMINARY AND TENTATIVE
FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

	Month				Fiscal Year to Date				Total Budgeted Fiscal Year Ending 6/30/2025
	Actual	Budget	Variance Over(Under)	Percent Over(Under)	Actual	Budget	Variance Over(Under)	Percent Over(Under)	
Sales and Use Tax	\$ 215,716,641	\$ 214,210,689	\$ 1,505,952	0.7 %	\$ 898,059,526	\$ 893,775,036	\$ 4,284,490	0.5 %	\$ 2,286,012,482
Service Provider Tax	4,132,954	4,104,982	27,972	0.7 %	15,828,993	16,214,832	(385,839)	(2.4)%	46,766,812
Individual Income Tax	216,792,805	198,287,024	18,505,781	9.3 %	964,164,535	840,768,308	123,396,227	14.7 %	2,454,470,721
Corporate Income Tax	9,495,497	14,500,000	(5,004,503)	(34.5)%	126,822,302	116,000,000	10,822,302	9.3 %	428,000,000
Cigarette and Tobacco Tax	13,009,886	13,309,518	(299,632)	(2.3)%	51,396,808	54,779,910	(3,383,102)	(6.2)%	155,631,458
Insurance Companies Tax	11,906,454	9,939,888	1,966,566	19.8 %	14,917,141	11,741,968	3,175,173	27.0 %	124,140,000
Estate Tax	3,423,454	2,285,000	1,138,454	49.8 %	20,479,833	9,158,000	11,321,833	123.6 %	27,440,000
Fines, Forfeits & Penalties	898,737	1,316,566	(417,829)	(31.7)%	1,883,475	5,804,441	(3,920,966)	(67.6)%	16,295,150
Income from Investments	6,544,448	3,773,015	2,771,433	73.5 %	19,904,206	11,785,583	8,118,623	68.9 %	38,007,512
Transfer from Lottery Commission	5,799,518	5,384,615	414,903	7.7 %	24,323,092	22,884,614	1,438,478	6.3 %	70,000,000
Transfer from Liquor Commission	-	-	-	%	7,000,000	7,000,000	-	%	7,000,000
Transfers for Tax Relief Programs	(433,708)	(362,050)	(71,658)	(19.8)%	(2,388,827)	(3,158,811)	769,984	24.4 %	(86,210,000)
Transfer to Municipal Revenue Sharing	(29,554,587)	(28,799,975)	(754,612)	(2.6)%	(105,783,144)	(97,012,952)	(8,770,192)	(9.0)%	(264,635,128)
Auto Sales Tax Transfer to Highway Fund	(57,191,819)	(55,656,995)	(1,534,824)	(2.8)%	(115,811,095)	(115,418,279)	(392,816)	(0.3)%	(115,418,279)
Other Taxes and Fees	27,297,919	22,465,170	4,832,749	21.5 %	63,717,220	59,568,256	4,148,964	7.0 %	152,314,222
Other Revenues	(10,051,568)	(12,089,747)	2,038,179	16.9 %	(27,115,914)	(33,619,844)	6,503,930	19.3 %	(8,162,952)
Total Collected	\$ 417,786,630	\$ 392,667,700	\$ 25,118,930	6.4 %	\$ 1,957,398,151	\$ 1,800,271,062	\$ 157,127,089	8.7 %	\$ 5,331,651,998

NOTES:

- (1) Included in the above is \$29,554,587 for the month and \$105,783,144 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 March 2024, laws enacted through the 131st Legislature, 2nd Regular Session and for all laws and any emergency laws.
- (3) This report has been prepared from preliminary month end figures and is subject to change.

October General Fund Revenue – Prior Year

Exhibit II

STATE OF MAINE

Undedicated Revenues - General Fund

For the Fourth Month Ended October 31, 2024 and 2023

For the Fiscal Year Ending June 30, 2025 and 2024

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)
Sales and Use Tax	\$ 215,716,641	\$ 211,048,543	\$ 4,668,098	2.2 %	\$ 898,059,526	\$ 878,910,791	\$ 19,148,735	2.2 %
Service Provider Tax	4,132,954	4,575,669	(442,715)	(9.7)%	15,828,993	17,855,209	(2,026,216)	(11.3)%
Individual Income Tax	216,792,805	200,819,122	15,973,683	8.0 %	964,164,535	809,807,875	154,356,660	19.1 %
Corporate Income Tax	9,495,497	18,385,611	(8,890,115)	(48.4)%	126,822,302	122,275,352	4,546,950	3.7 %
Cigarette and Tobacco Tax	13,009,886	14,003,194	(993,309)	(7.1)%	51,396,808	56,363,036	(4,966,228)	(8.8)%
Insurance Companies Tax	11,906,454	10,409,205	1,497,249	14.4 %	14,917,141	11,391,964	3,525,178	30.9 %
Estate Tax	3,423,454	373,468	3,049,986	816.7 %	20,479,833	3,399,514	17,080,319	502.4 %
Fines, Forfeits & Penalties	898,737	967,468	(68,731)	(7.1)%	1,883,475	3,678,436	(1,794,962)	(48.8)%
Income from Investments	6,544,448	4,918,488	1,625,961	33.1 %	19,904,206	14,487,880	5,416,326	37.4 %
Transfer from Lottery Commission	5,799,518	1,967,191	3,832,327	194.8 %	24,323,092	23,689,054	634,038	2.7 %
Transfer from Liquor Commission	-	-	-	-	7,000,000	7,000,000	-	-
Transfers for Tax Relief Programs	(433,708)	(424,425)	(9,283)	(2.2)%	(2,388,827)	(3,647,768)	1,258,941	34.5 %
Transfer to Municipal Revenue Sharing	(29,554,587)	(29,259,769)	(294,819)	(1.0)%	(105,783,144)	(95,610,429)	(10,172,715)	(10.6)%
Auto Sales Tax Transfer to Highway Fund	(57,191,819)	(53,456,007)	(3,735,812)	(7.0)%	(115,811,095)	(107,534,228)	(8,276,866)	(7.7)%
Other Taxes and Fees	27,297,919	25,005,063	2,292,855	9.2 %	63,717,220	55,370,050	8,347,170	15.1 %
Other Revenues	(10,051,568)	(9,564,070)	(487,498)	(5.1)%	(27,115,914)	(28,134,088)	1,018,174	3.6 %
Total Collected	\$ 417,786,630	\$ 399,768,752	\$ 18,017,878	4.5 %	\$ 1,957,398,151	\$ 1,769,302,648	\$ 188,095,503	10.6 %

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

October Highway Fund Revenue - Budget

STATE OF MAINE

Undedicated Revenues - Highway Fund
 For the Fourth Month Ended October 31, 2024
 For the Fiscal Year Ending June 30, 2025
 Comparison to Budget

Exhibit V

PRELIMINARY AND TENTATIVE
 FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

	Month				Fiscal Year to Date				Total Budgeted Fiscal Year Ending 6/30/2025
	Actual	Budget	Variance Over(Under)	Percent Over(Under)	Actual	Budget	Variance Over(Under)	Percent Over(Under)	
Fuel Taxes	\$ 18,536,505	\$ 18,591,840	\$ (55,335)	(0.3)%	\$ 81,259,181	\$ 77,126,942	\$ 4,132,239	5.4 %	\$ 212,705,479
Motor Vehicle Registration & Fees	4,546,606	9,183,088	(4,636,482)	(50.5)%	35,603,487	34,016,001	1,587,486	4.7 %	97,538,198
Motor Vehicle Inspection Fees	711,631	265,215	446,416	168.3 %	1,069,104	1,060,860	8,244	0.8 %	3,182,600
Miscellaneous Taxes & Fees	112,139	46,881	65,258	139.2 %	467,646	205,850	261,796	127.2 %	1,429,470
Fines, Forfeits & Penalties	97,748	54,803	42,945	78.4 %	370,281	194,017	176,264	90.8 %	606,512
Earnings on Investments	347,843	164,560	183,283	111.4 %	1,152,067	658,240	493,827	75.0 %	1,974,719
Auto Sales Tax Transfer	57,191,819	55,656,995	1,534,824	2.8 %	115,811,095	115,418,279	392,816	0.3 %	115,418,279
Transfer from Liquor Commission	5,247,488	5,500,000	(252,512)	(4.6)%	20,016,818	15,000,000	5,016,818	33.4 %	59,000,000
All Other	215,463	371,241	(155,778)	(42.0)%	1,672,712	1,812,094	(139,382)	(7.7)%	12,411,265
Total Collected	\$ 87,007,242	\$ 89,834,623	\$ (2,827,381)	(3.1)%	\$ 257,422,389	\$ 245,492,283	\$ 11,930,106	4.9 %	\$ 504,266,522

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

October Highway Fund Revenue – Prior Year

STATE OF MAINE

Undedicated Revenues - Highway Fund

For the Fourth Month Ended October 31, 2024 and 2023

For the Fiscal Year Ending June 30, 2025 and 2024

Comparison to To Prior Year

Exhibit VI

**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	\$ 18,536,505	\$ 19,172,949	\$ (636,444)	(3.3)%	\$ 81,259,181	\$ 79,675,777	\$ 1,583,403	2.0 %
Motor Vehicle Registration & Fees	4,546,606	4,863,013	(316,407)	(6.5)%	35,603,487	34,967,361	636,126	1.8 %
Motor Vehicle Inspection Fees	711,631	33,117	678,514	2,048.8 %	1,069,104	556,765	512,339	92.0 %
Miscellaneous Taxes & Fees	112,139	56,507	55,632	98.5 %	467,646	392,657	74,989	19.1 %
Fines, Forfeits & Penalties	97,748	82,100	15,648	19.1 %	370,281	363,552	6,729	1.9 %
Earnings on Investments	347,843	122,838	225,005	183.2 %	1,152,067	370,721	781,346	210.8 %
Auto Sales Tax Transfer	57,191,819	53,456,007	3,735,812	7.0 %	115,811,095	107,534,228	8,276,866	7.7 %
Transfer from Liquor Commission	5,247,488	8,364,754	(3,117,266)	(37.3)%	20,016,818	21,163,538	(1,146,721)	(5.4)%
All Other	215,463	208,257	7,206	3.5 %	1,672,712	1,596,315	76,397	4.8 %
Total Collected	\$ 87,007,242	\$ 86,359,543	\$ 647,700	0.8 %	\$ 257,422,389	\$ 246,620,915	\$ 10,801,475	4.4 %

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

Sales & Use Tax and Service Provider Tax

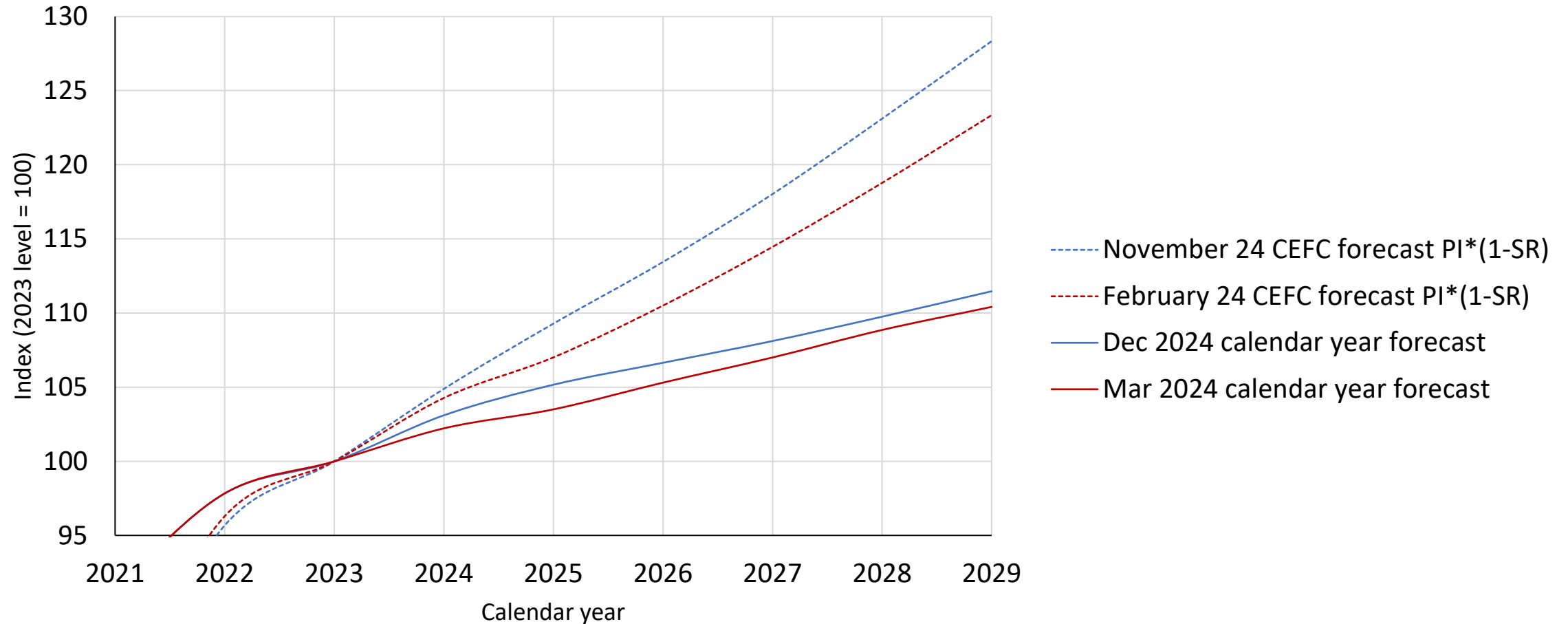
Sales and Use Tax History and Forecast

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2021	\$1,804.23	15.97%		
2022	\$2,078.88	15.22%		
2023	\$2,173.05	4.53%		
2024	\$2,262.23	4.10%	\$10.07	0.45%
2025	\$2,310.10	2.12%	\$23.40	1.02%
2026	\$2,355.21	1.95%	\$30.75	1.32%
2027	\$2,385.06	1.27%	\$26.97	1.14%
2028	\$2,435.44	2.11%	\$2,435.44	
2029	\$2,467.48	1.32%	\$2,467.48	

- FY24 finished \$10 million over budget
- FY25 revenue through October is \$4.3 million over budget
- Sales growth is slowing, but not as quickly as projected in the March forecast

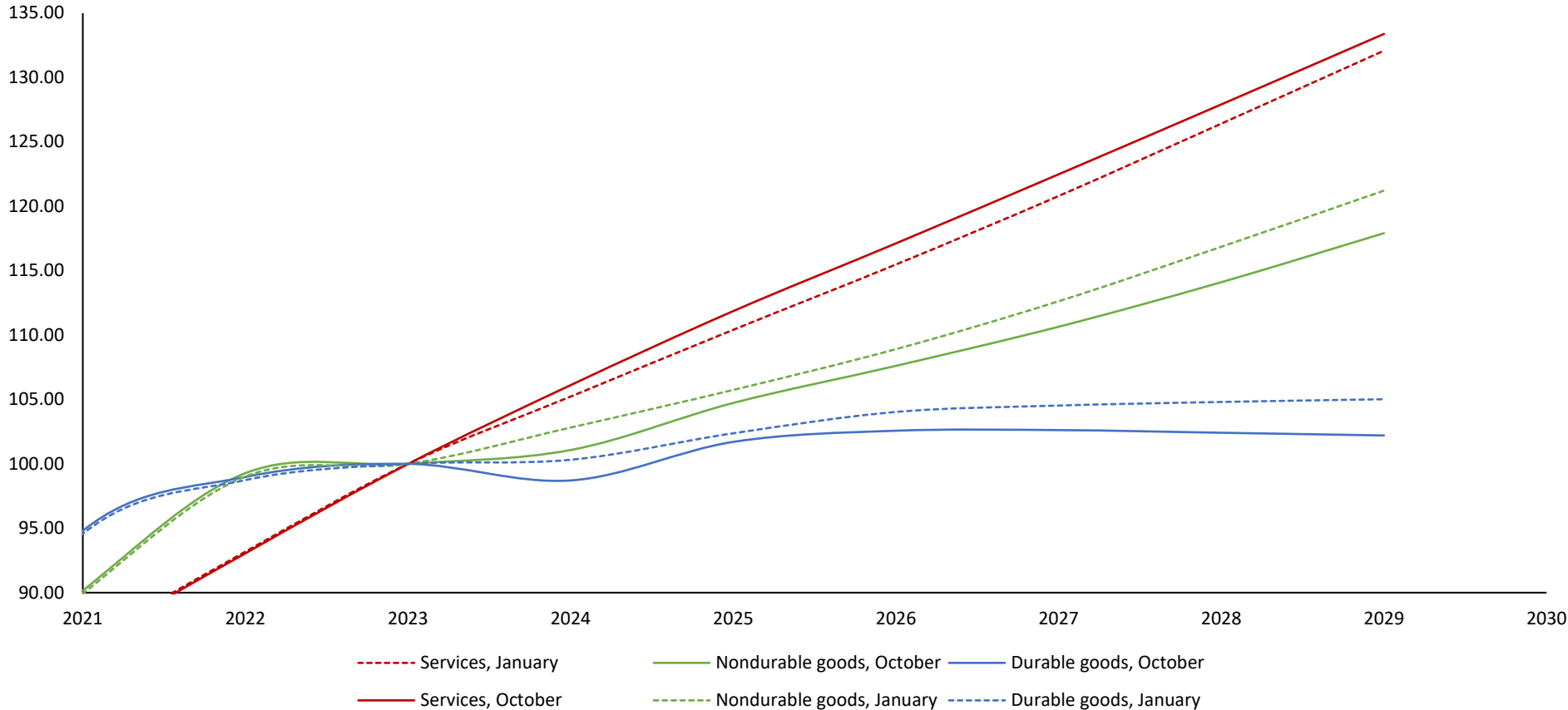
Forecast of Revenue and Consumer Spending



- New CEFC forecast features substantially higher consumer spending throughout the forecast period
- Proposed revenue forecast features less pronounced increases in revenue

PCE Composition – Moody’s baseline forecast

PCE component indices (2023 level = 100)



- New PCE forecast features a stronger shift from goods to services, which lessens the revenue impact of the projected spending increase

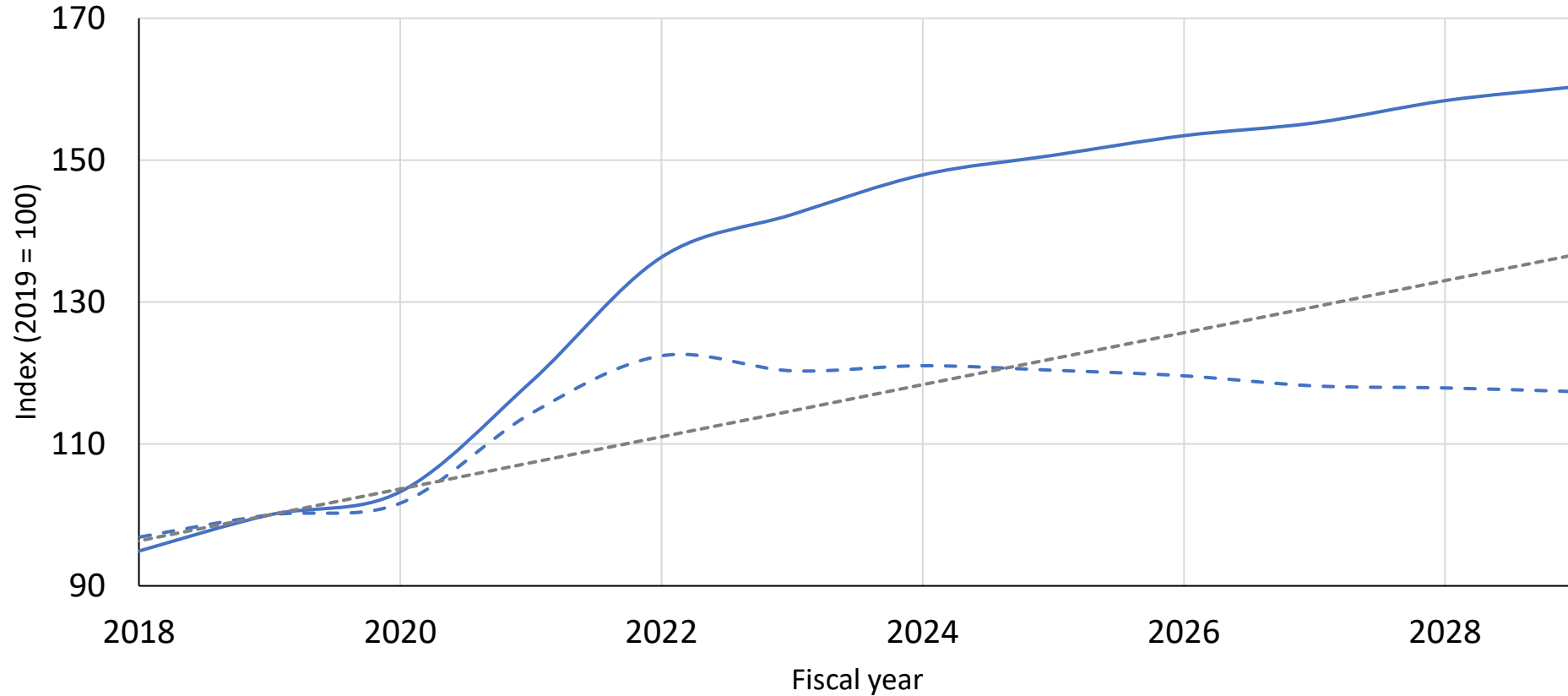
Source of Forecast Adjustments

\$million
(%)

	2025	2026	2027
Non-auto 5.5% Sales	\$17.0 (1.2%)	\$15.2 (1.1%)	\$4.8 (0.3%)
Auto Sales 5.5%	\$1.1 (0.3%)	\$3.3 (1.1%)	\$5.5 (1.8%)
Lodging 9%	\$0.5 (0.3%)	\$3.1 (1.7%)	\$3.6 (2.0%)
Prepared Food 8%	-\$0.1 (0.0%)	\$4.5 (1.2%)	\$7.7 (2.0%)
Short-term auto rental 10%	\$0.7 (3.8%)	\$0.7 (4.0%)	\$0.8 (4.2%)
Adult use cannabis 10%	-\$2.6 (-9.2%)	-\$4.4 (-13.6%)	-\$6.1 (-16.6%)

Sales & Use Tax Revenue by Fiscal Year

Actual and December 2024 forecast recommendations (2019=100)



— Nominal - - - Constant dollars - - - Linear trend, 2015-2019

- 7.5% average annual growth in nominal revenue FY 2015 – 2023
- 2.0% average annual growth in nominal revenue FY 2023 – 2027
- 2.4% average inflation in FY2023 – 2027

Service Provider Tax History and Forecast

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2021	\$51.35	-11.48%		
2022	\$51.56	0.41%		
2023	\$51.46	-0.19%		
2024	\$49.63	-3.57%	\$0.40	0.80%
2025	\$44.92	-9.49%	-\$1.85	-3.95%
2026	\$43.03	-4.22%	-\$2.23	-4.93%
2027	\$41.44	-3.68%	-\$2.33	-5.32%
2028	\$40.00	-3.48%		
2029	\$38.52	-3.71%		

- FY24 finished \$0.40 million over budget, but is \$0.39 under budget for FY25 through October due to accelerated decline
- The decline is projected to continue, giving negative revisions

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	\$2,389.0	-3.4%	-\$53.1	-2.3%
2025	\$2,639.5	10.5%	\$185.0	6.5%
2026	\$2,609.3	-1.1%	\$62.0	2.3%
2027	\$2,731.1	4.7%	\$44.0	1.6%
2028	\$2,863.8	4.9%		
2029	\$3,024.0	5.6%		

Individual Income Tax Main Points

- The delayed payment deadlines announced after the last revenue forecast are responsible for almost half of the recommended upward revision to FY 2025 revenue.
- Other main factors for recommended forecast change
 - Wages, capital gains, taxable interest, and dividend forecasts
 - Refundable credit forecasts
 - Student loan repayment credit
 - Property tax fairness credit
- Tax liability forecast revisions
 - 2023: Full-year resident before refundable credits estimated .6% higher than prior forecast; all filers after refundable credits 1.2% higher than prior forecast.
 - Upward revision to tax liability forecast peaks in tax year 2024 and is small by end of forecast period.

Full-Year Resident Tax Liability After All Tax Credits by Tax Year

Tax Year	Tax Liability (\$million)			Annual Growth	
	March 2024 Forecast	December 2024 Forecast	Change	March 2024 Forecast	December 2024 Forecast
2019	\$1,521.5	\$1,521.5	\$0		
2020	\$1,680.8	\$1,680.8	\$0	10.5%	10.5%
2021	\$2,064.6	\$2,067.1	\$2.5	22.8%	23.0%
2022	\$1,988.9	\$1,983.7	-\$5.2	-3.7%	-4.0%
2023	\$2,064.5	\$2,090.8	\$26.3	3.8%	5.4%
2024	\$2,037.1	\$2,119.4	\$82.3	-1.3%	1.4%
2025	\$2,116.4	\$2,181.5	\$65.1	3.9%	2.9%
2026	\$2,234.2	\$2,281.9	\$47.7	5.6%	4.6%
2027	\$2,365.0	\$2,381.9	\$16.9	5.9%	4.4%
2028		\$2,520.3			5.8%
2029		\$2,656.5			5.4%

Full-Year Resident Tax Liability After All Tax Credits by Tax Year, 2023 Policy

Tax Year	Tax Liability (\$million)	Annual Growth
2023	\$2,090.8	
2024	\$2,239.9	7.1%
2025	\$2,330.1	4.0%
2026	\$2,442.7	4.8%
2027	\$2,554.6	4.6%
2028	\$2,702.2	5.8%
2029	\$2,848.2	5.4%

2023 Policy is 1) No pension deduction increase beginning in 2024; 2) No refundable dependent credit beginning in 2024; 3) No Property Tax Fairness Credit expansion in 2024; 4) No excess growth in Student Loan Repayment Credit after 2023; 5) No Dirigo Tax Credit in 2025.

Nonresident and Part-Year Resident Tax Liability After All Tax Credits by Tax Year

	Tax Liability (\$million)			
Tax Year	March 2024 Forecast	December 2024 Forecast	Change	Annual Growth, December 2024
2019	\$134.7	\$134.7	\$0.0	
2020	\$168.2	\$168.2	\$0.0	24.9%
2021	\$253.5	\$251.5	-\$2.0	49.5%
2022	\$225.9	\$225.9	\$0.0	-10.2%
2023	\$230.7	\$229.4	-\$1.3	1.5%
2024	\$236.5	\$241.2	\$4.7	5.1%
2025	\$246.3	\$250.4	\$4.1	3.8%
2026	\$258.6	\$261.3	\$2.7	4.4%
2027	\$271.8	\$272.7	\$0.9	4.4%
2028	\$286.8	\$287.5	\$0.7	5.4%
2029	\$301.7	\$301.9	\$0.2	5.0%

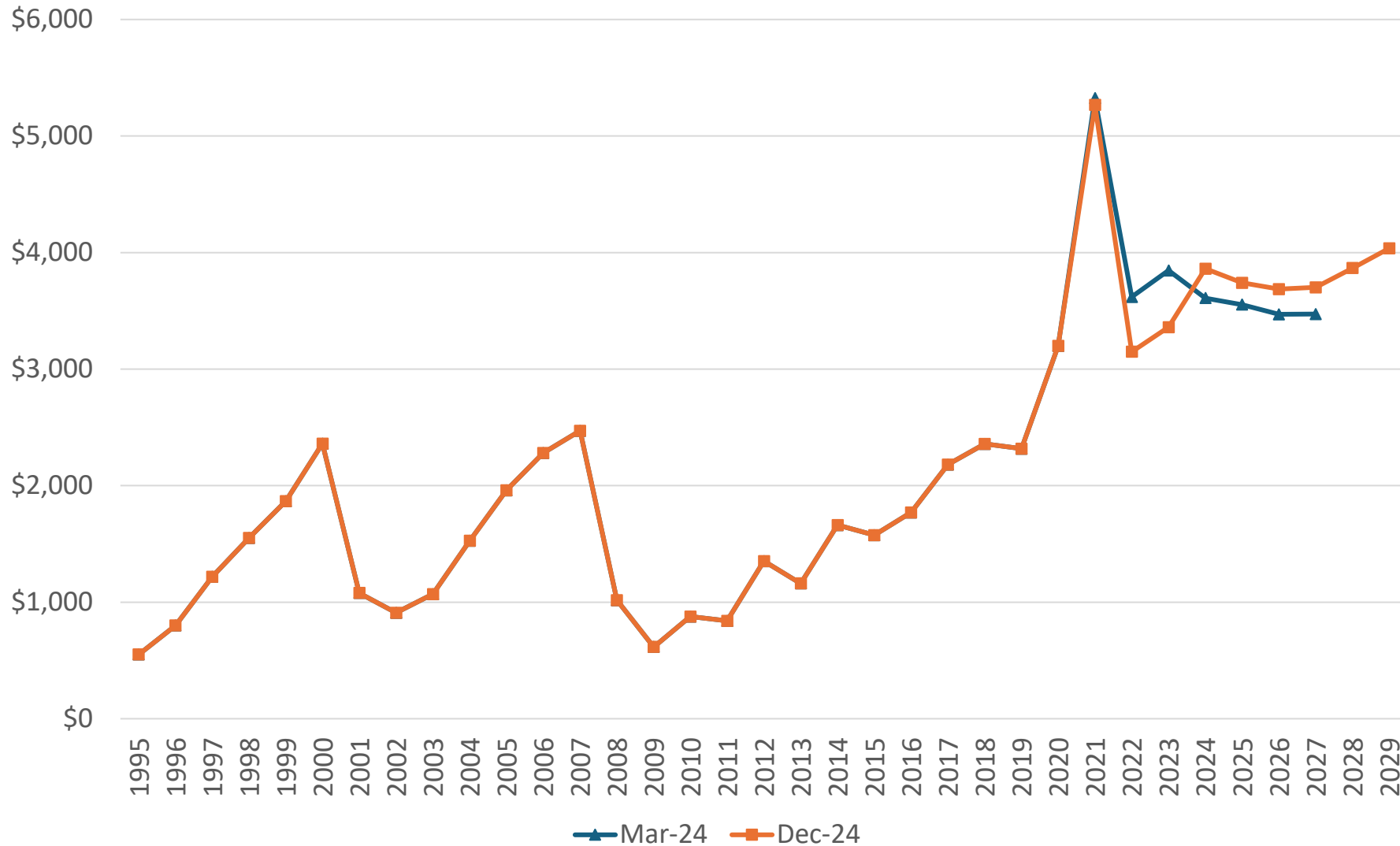
Taxable Interest and Dividends

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	CEFC Forecast										
3-Month T-Bill Rate	2.1%	0.4%	0.1%	2.0%	5.1%	5.3%	5.0%	3.5%	2.4%	2.4%	2.4%
10-Year Treasury Yield	2.2%	0.9%	1.5%	3.0%	4.0%	4.1%	3.5%	3.3%	3.3%	3.2%	3.3%
	December RFC Recommendation										
	Full-year Resident Income (\$million)										
Taxable Interest Income	\$418	\$355	\$311	\$387	\$941	\$973	\$877	\$728	\$605	\$600	\$599
Dividend Income	\$1,195	\$1,075	\$1,266	\$1,281	\$1,640	\$1,653	\$1,718	\$1,735	\$1,734	\$1,740	\$1,824
	Annual Growth										
Taxable Interest Income		-15.0%	-12.5%	24.7%	142.9%	3.4%	-9.9%	-16.9%	-16.9%	-0.8%	-0.1%
Dividend Income		-10.1%	17.8%	1.2%	28.0%	0.8%	3.9%	1.0%	0.0%	0.3%	4.8%

Capital Gains Forecasts: National (CBO, June 2024) and Maine

	Annual Growth			Capital Gains Share of GDP or Personal Income	
	U.S., CBO June 2024	Maine, Mar. 24 forecast	Maine, Dec. 24 forecast	U.S., Share of GDP, CBO June 2024	Maine, Share of Personal Income, Dec. 24 forecast
2019	-6.7%	-1.7%	-1.7%	4.1%	3.4%
2020	30.3%	38.0%	38.0%	5.4%	4.3%
2021	80.6%	66.5%	64.6%	8.8%	6.5%
2022	-39.7%	-32.0%	-40.2%	4.9%	3.7%
2023	8.8%	6.3%	6.7%	5.0%	3.7%
2024	5.2%	-6.2%	14.9%	5.0%	4.0%
2025	-3.1%	-1.6%	-3.1%	4.6%	3.7%
2026	-4.0%	-2.3%	-1.4%	4.3%	3.5%
2027	-1.1%	0.0%	0.4%	4.1%	3.4%
2028	0.8%		4.5%	4.0%	3.4%
2029	2.1%		4.4%	3.9%	3.4%

Full-Year Resident Capital Gains History and Forecast



Credit for Educational Opportunity (Pre-2022) / Student Loan Repayment Credit (\$million)

Tax Year	Refundable Credit	Nonrefundable Credit Used	Total Credit Used	# Tax Returns That Benefit
2019	\$19.7	\$10.9	\$30.6	14,594
2020	\$14.6	\$10.0	\$24.6	13,168
2021	\$13.5	\$8.9	\$22.4	9,293
2022	\$32.1	\$0.0	\$32.1	14,308
2023	\$44.7	\$0.0	\$44.7	25,747
2024	\$72		\$72	
2025	\$79		\$79	
2026	\$83		\$82	
2027	\$85.5		\$85	
2028	\$87		\$87	
2029	\$89		\$89	

Student Loan Repayment Tax Credit

- 2023 credit about \$19 million smaller than expected
 - Main reason: fewer borrowers making positive repayments
 - E-File data: Number of student loan interest deductions approximately 37% below 2019
- 2024 credit should increase significantly
 - Repayment pause ended October 2023
- SAVE Plan complicates everything
 - Nearly 25% of borrowers enrolled in SAVE Plan in January 2024, 60% had \$0 expected payments
 - Injunction issued in July 2024 prohibiting implementation
 - Borrowers enrolled in SAVE Plan in administrative forbearance with indefinite end
 - Expect SLRTC savings of around \$23 million in 2025 due to SAVE Plan
- New forecast \$72 million in 2024, then \$79, \$83, and \$85.5 million; savings of \$15 million in 2024 and then \$7 - \$7.6 million compared to last forecast.

Helpful background information on SAVE Plan: <https://www.brookings.edu/articles/how-are-legal-challenges-to-save-affecting-the-student-loan-program/>

Property Tax Fairness Credit History and Forecast

Tax Year	PTFC (\$million)	#
2019	\$29.0	57,909
2020	\$40.3	76,399
2021	\$49.9	85,786
2022	\$74.5	117,254
2023	\$79.0	118,117
2024	\$118.4	
2025	\$125.0	
2026	\$128.9	
2027	\$135.0	
2028	\$137.7	
2029	\$140.5	

- 2024 major expansion for taxpayers aged 65 and older
 - Increases eligibility, some uncertainty about cost for newly eligible
- Expect high property tax growth and corresponding increase in PTFC based on partial 2024 MVR data
- The new PTFC forecast is higher in all forecast years.

Insurance Premiums Tax

Insurance Premiums Tax Revenue

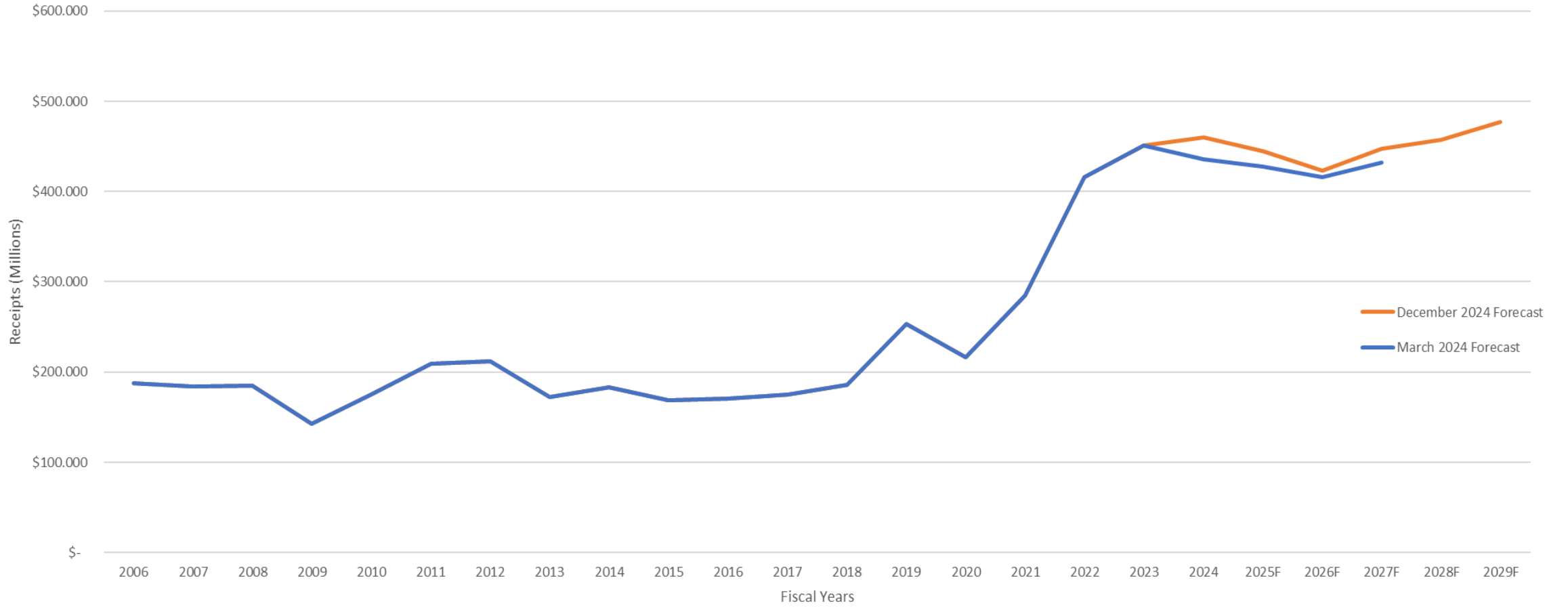
	December 2024 Forecast				March 2024 Forecast				Change
Fiscal Year	Total	IPT	Nonadmitted		Total	IPT	Nonadmitted		Total
2021	\$84.5	\$80.4	\$4.0						
2022	\$101.7	\$96.2	\$5.5						
2023	\$114.2	\$108.0	\$6.2						
2024	\$108.4	\$100.8	\$7.6		\$118.5	\$111.4	\$7.1		(\$10.0)
2025	\$124.0	\$116.5	\$7.5		\$124.1	\$116.8	\$7.3		(\$0.2)
2026	\$127.0	\$119.5	\$7.5		\$131.0	\$123.5	\$7.5		(\$4.1)
2027	\$132.3	\$124.5	\$7.8		\$136.4	\$128.6	\$7.8		(\$4.1)
2028	\$135.6	\$127.5	\$8.1						
2029	\$139.8	\$131.3	\$8.4						

Insurance Premiums Tax

- Negative variance in FY 2024 mostly attributable to slower than forecast tax year 2023 tax liability growth
 - Tax liability before refundable credits grew 2.5% vs. 6.5% forecast
 - Front-loaded and backward-looking IPT estimated payments magnify fiscal year revenue impact of 2023 tax liability shortfall
 - Most companies make 2024 estimated payments equal to 70% of tax year 2023 tax liability in FY 2025
- Forecast assumes 6% tax liability growth in 2024
- Fiscal year 2025 recommended change is smaller than next biennium for two reasons related to timing.
 - Some June 2024 payments (\approx \$1.2 million) not recognized until July
 - New forecast assumes accelerating tax liability growth in tax year 2024. Revenue growth exceeds tax liability growth when tax liability growth accelerates. Prior forecast assumes decelerating tax liability.

Corporate Income Tax

Corporate Income Tax Receipts by Fiscal Year

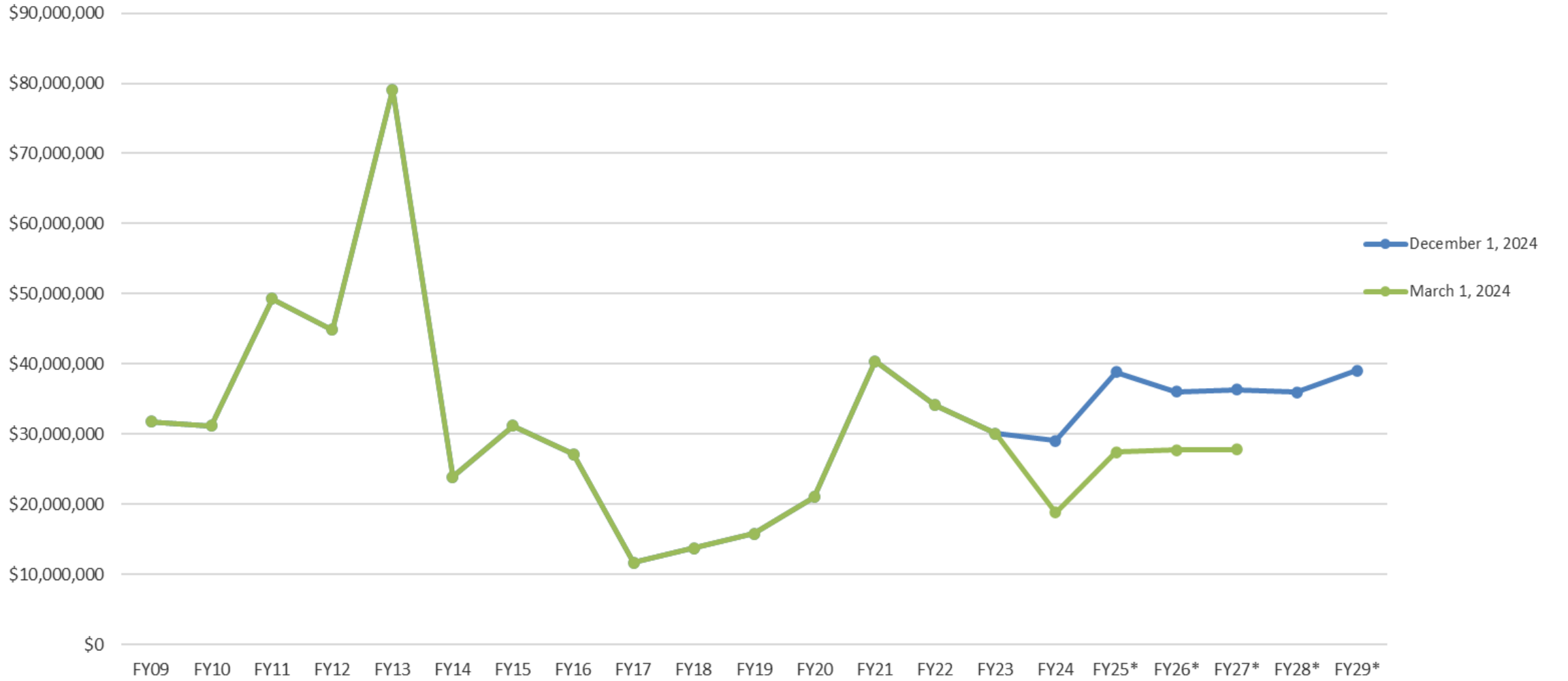


Corporate Income Tax

CY Pre-Tax Profits	2021	2022	2023	2024	2025	2026	2027	2028	2029
Feb. 2024 CEFC Forecast	30.8%	8.4%	-0.2%	3.4%	2.0%	2.5%	2.8%		
Nov. 2024 CEFC Forecast	30.8%	8.4%	4.6%	9.0%	0.5%	2.0%	2.0%	2.0%	2.0%
TY Liability (\$M)	2021	2022	2023	2024	2025 /1	2026 /1	2027 /1	2028 /1	2029 /1
Marc 2024 RFC Forecast	\$ 330.1	\$ 442.3	\$ 422.5	\$ 426.8	\$ 435.4	\$ 455.2	\$ 468.0		
Dec. 2024 RFC Forecast	\$ 331.8	\$ 434.4	\$ 445.4	\$ 475.5	\$ 477.9	\$ 487.4	\$ 497.2	\$ 487.4	\$ 497.2
FY Revenue (\$M)	2021	2022	2023	2024	2025	2026	2027	2028	2029
March 2024 RFC Forecast	\$ 284.3	\$ 415.8	\$ 451.2	\$ 436.0	\$ 428.0	\$ 416.0	\$ 432.0	\$ -	\$ -
Dec. 2024 RFC Forecast	\$ 284.3	\$ 415.8	\$ 451.2	\$ 459.8	\$ 445.0	\$ 423.0	\$ 447.0	\$ 457.0	\$ 477.0
Difference				\$ 23.75	\$ 17.0	\$ 7.0	\$ 15.0	\$ 457.0	\$ 477.0
1/ Does not include the Dirigo Investment Credit. The revenue impact of Dirigo is layered onto the fiscal year revenue forecast.									

Estate Tax

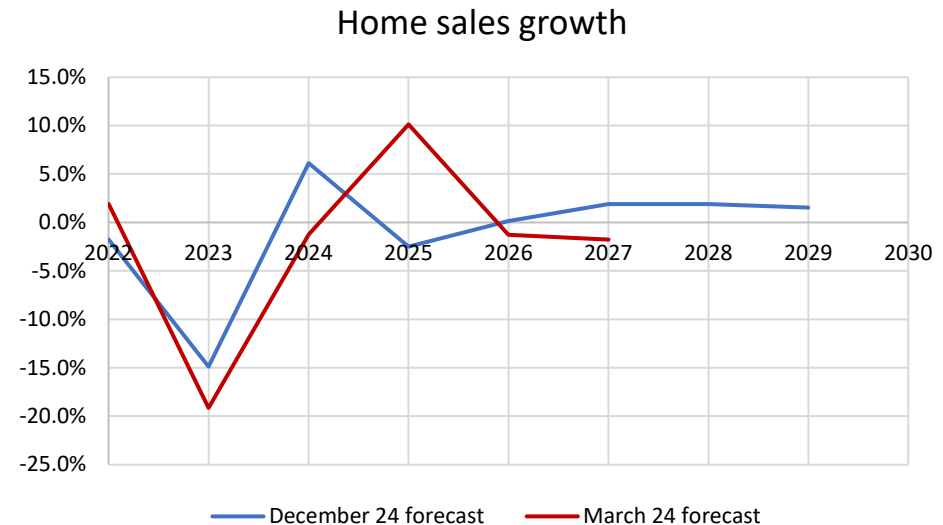
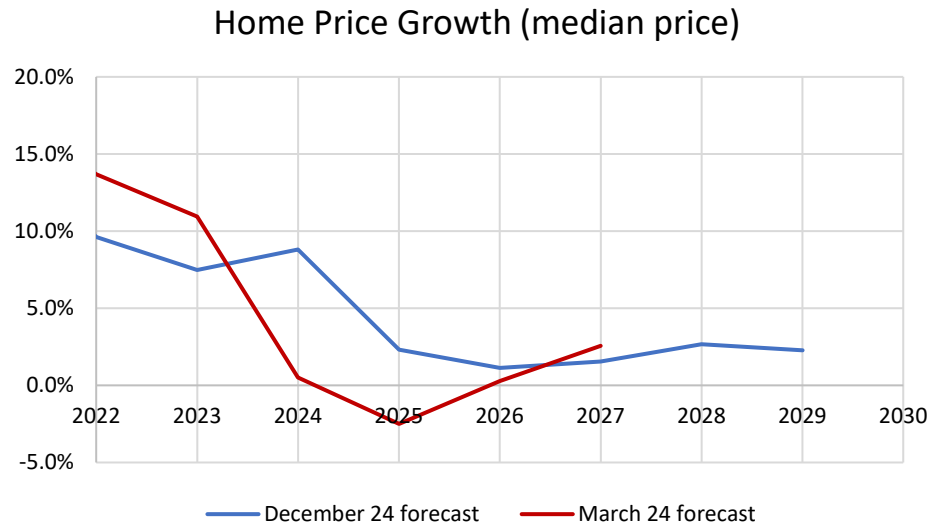
Fiscal Year Estate Tax Revenues



Other Taxes

Real Estate Transfer Tax

- Finished FY24 165,303 under budget
- New forecast increases FY25 revenue by \$486,000, then decreases FY26 and FY27 by \$316,000 and \$655,000



BETE

Fiscal Year	Budget	Growth	Actual and Recommended Forecast	Growth	Revision
2022	\$58.40		\$58.40		
2023	\$62.85	7.62%	\$62.85	7.62%	
2024	\$64.73	2.99%	\$64.78	3.07%	\$0.05
2025	\$69.21	6.84%	\$70.73	9.19%	\$1.52
2026	\$73.38	3.75%	\$73.60	4.05%	\$0.22
2027	\$77.71	5.59%	\$76.58	4.05%	(\$1.13)
2028			\$79.67	4.04%	
2029			\$82.92	4.08%	

- Data for 2024 MVR is available from 80% of municipalities, suggesting the growth BETE reimbursable property is higher than projected in the last forecast, leading to increase in the reimbursement amount in FY25.
- In later years, slower projected growth in reimbursable property leads to a negative revision by FY27.

Cigarette, Tobacco, and Cannabis Excise Taxes

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2021	\$147.2	7.2%		
2022	\$148.5	0.9%		
2023	\$149.9	0.9%		
2024	\$144.1	-3.8%		
2025	\$150.9	4.7%	-\$5.67	-3.6%
2026	\$153.8	1.9%	-\$5.72	-3.6%
2027	\$153.5	-0.2%	-\$7.59	-4.7%
2028	\$153.1	-0.2%		
2029	\$152.9	-0.1%		

Source of Forecast Adjustments

\$million
(%)

	2025	2026	2027
Cigarette tax	-\$5.70 (-5.48%)	-\$4.15 (-4.09%)	-\$4.57 (-4.60%)
Tobacco products tax	\$0.46 (1.40%)	\$0.25 (0.69%)	-\$0.40 (-1.07%)
Adult use cannabis excise tax	-\$0.43 (-2.19%)	-\$1.81 (-8.14%)	-\$2.62 (-10.69%)

- Cigarette tax dropped faster than expected, ending FY24 \$7 million under budget, leading to negative revisions of \$4-6 million each year
- Tobacco products tax was projected to increase in FY24, but it dropped, finishing \$1.4 million under budget. This August, synthetic nicotine was made subject to the tax. Since then it has picked up and is now \$200,000 over budget.
- Growth in adult use cannabis excise tax is projected to slow along with the sales tax

Gas Tax

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2021	\$183.4	-5.6%		
2022	\$195.5	6.6%		
2023	\$196.0	0.2%		
2024	\$198.9	1.4%		
2025	\$200.9	1.0%	\$8.63	4.5%
2026	\$201.7	0.4%	\$10.78	5.6%
2027	\$201.9	0.1%	\$12.39	6.5%
2028	\$202.1	0.1%		
2029	\$202.3	0.1%		

- Last forecast projected a decline resulting from increasing fuel economy.
- FY24 finished \$3.5 million over budget. FY25 through October is \$3 million over budget.
- New forecast projects slowing growth.

Special Fuel Tax

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2021	\$47.9	0.9%		
2022	\$50.2	4.9%		
2023	\$49.3	-1.7%		
2024	\$46.9	-4.9%		
2025	\$48.9	4.3%	-\$0.60	-1.2%
2026	\$47.7	-2.5%	-\$2.20	-4.4%
2027	\$47.9	0.3%	-\$2.26	-4.5%
2028	\$48.0	0.3%		
2029	\$48.2	0.3%		

- Finished FY24 \$1.85 million under budget. FY25 through October is \$1.34 million over budget. Both variances partly due to timing of payments.
- Long-term trend is consistently reduced from prior forecast.