



May 2025 Revenue Forecast

Maine Revenue Services – Office of Tax Policy
April 28, 2025

Sales & Use Tax and Service Provider Tax

Sales and Use Tax History and Forecast

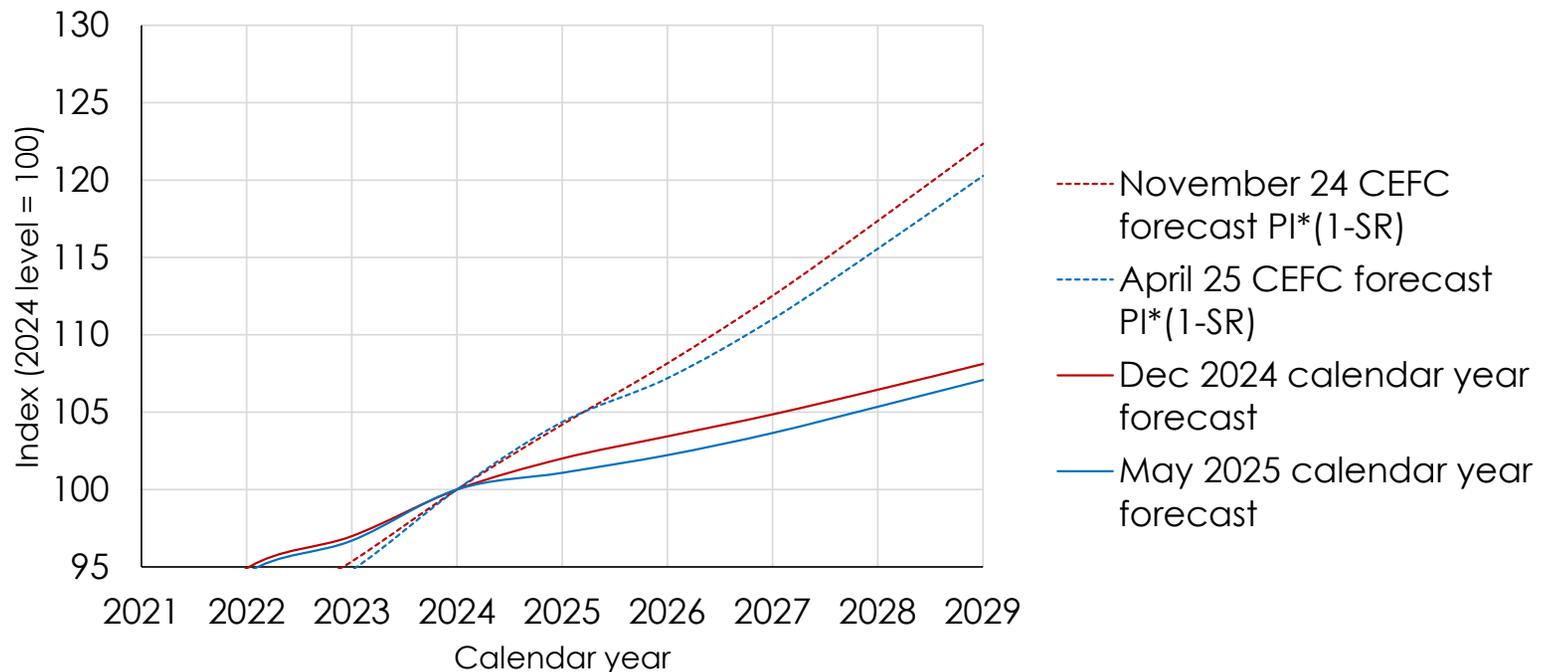
\$million

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%		
2025	\$2,309.93	2.11%	-\$0.16	-0.01%
2026	\$2,336.12	1.13%	-\$19.09	-0.81%
2027	\$2,360.95	1.06%	-\$24.11	-1.01%
2028	\$2,417.30	2.39%	-\$18.14	-0.74%
2029	\$2,451.40	1.41%	-\$16.08	-0.65%

- FY25 through March is \$1.05 million over budget and is forecast to end the fiscal year \$160,000 under the December forecast.
- Lower growth rates mean negative revisions in every year.
- Biggest change is FY26—1.13% overall growth vs. 1.95% in December forecast.



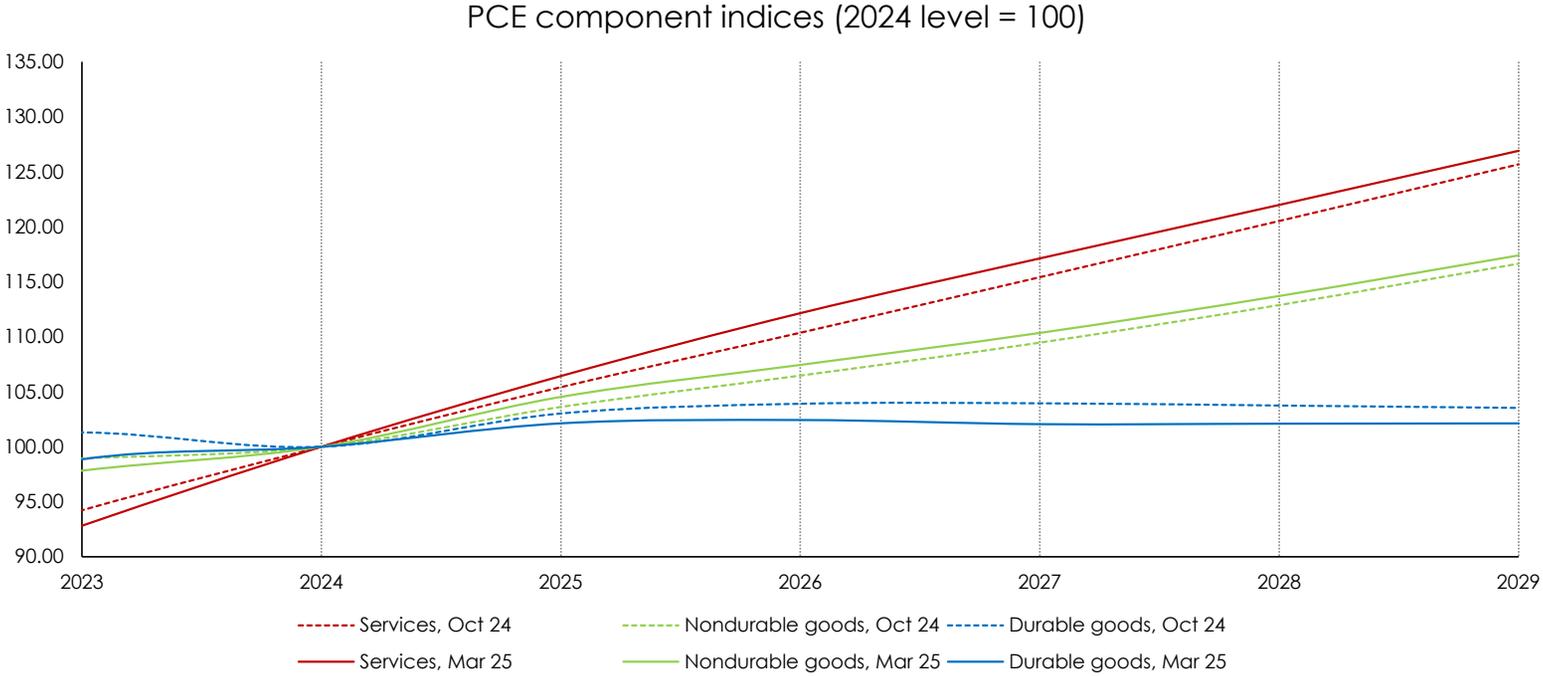
Forecast of Revenue and Consumer Spending



- New CEFC forecast features substantially lower consumer spending starting in calendar year 2026.
- Proposed revenue forecast recommends negative revisions to Sales and Use Tax revenue in every calendar year.



PCE Composition – Moody’s baseline forecast



- New PCE forecast has lower durable goods spending in every year, giving reductions in Sales and Use Tax in every year despite the slightly higher total spending in calendar year 2025.



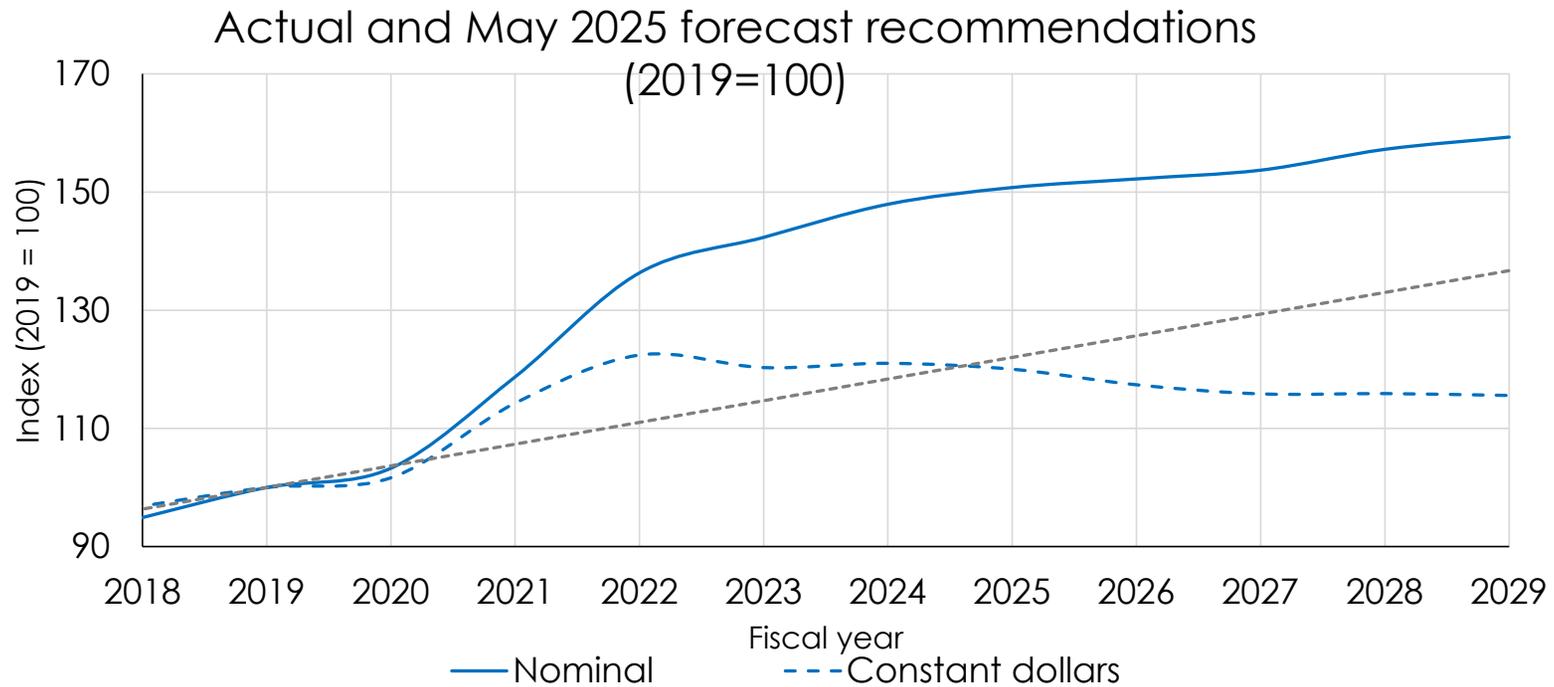
Source of Forecast Adjustments

\$million
(%)

	2025	2026	2027	2028	2029
Non-auto 5.5% Sales	-\$5.5 (-0.4%)	-\$19.5 (-1.4%)	-\$25.0 (-1.7%)	-\$23.5 (-1.6%)	-\$23.1 (-1.6%)
Auto Sales 5.5%	\$3.0 (1.0%)	\$3.0 (0.9%)	-\$0.6 (-0.2%)	\$0.1 (0.0%)	\$0.4 (0.1%)
Lodging 9%	\$0.8 (0.5%)	-\$1.9 (-1.1%)	\$3.1 (1.7%)	\$3.2 (1.7%)	\$3.3 (1.7%)
Prepared Food 8%	\$0.0 (0.0%)	\$0.6 (0.2%)	-\$1.3 (-0.3%)	\$2.5 (0.6%)	\$4.0 (1.0%)
Short-term auto rental 10%	\$0.2 (1.2%)	\$0.6 (3.4%)	\$0.2 (1.2%)	\$0.2 (1.0%)	\$0.2 (0.9%)
Adult use cannabis 10%	-\$0.4 (-1.4%)	-\$0.2 (-0.8%)	-\$0.5 (-1.7%)	-\$0.6 (-1.9%)	-\$0.8 (-2.1%)



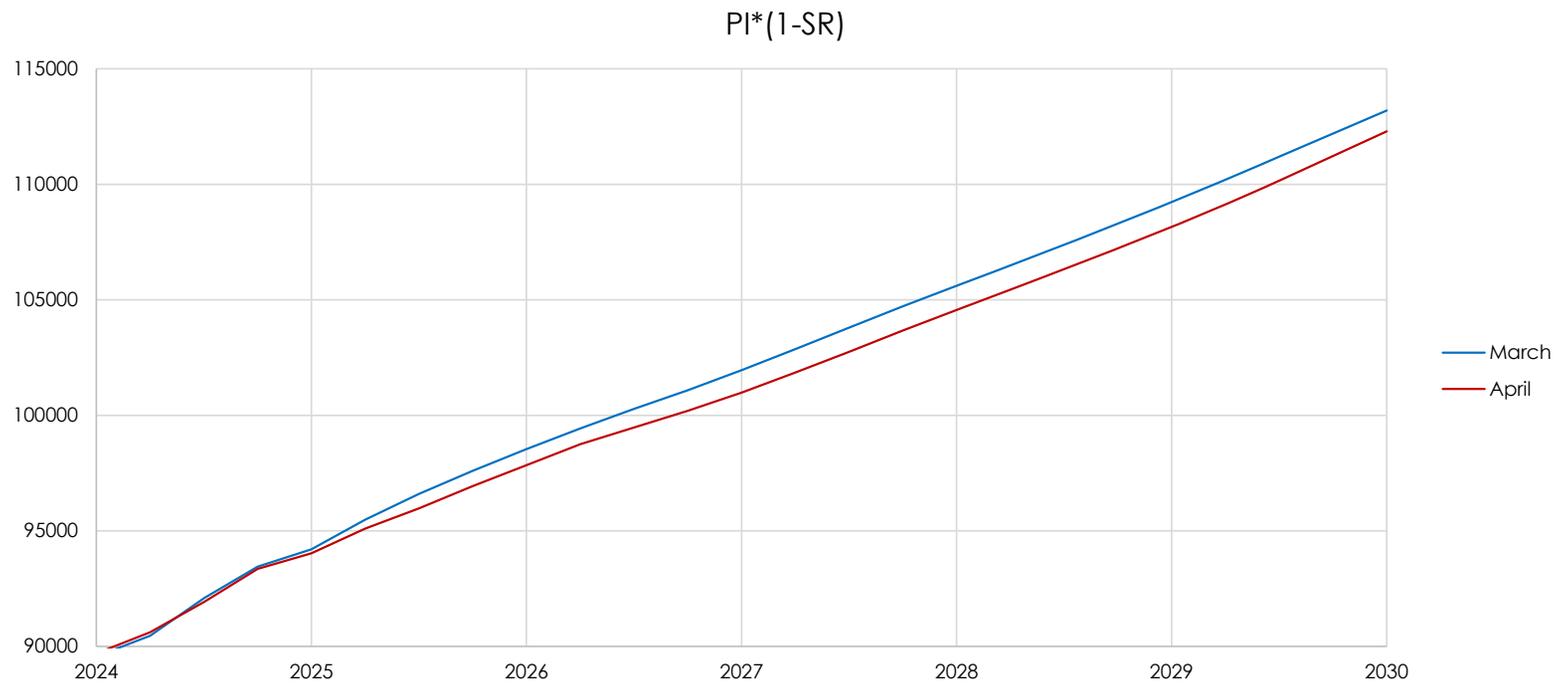
Sales & Use Tax Revenue by Fiscal Year



- 7.1% average annual growth in nominal revenue FY 2015 – 2024
- 1.5% average annual growth in nominal revenue FY 2024 – 2029
- 2.4% average inflation in FY2024 – 2029



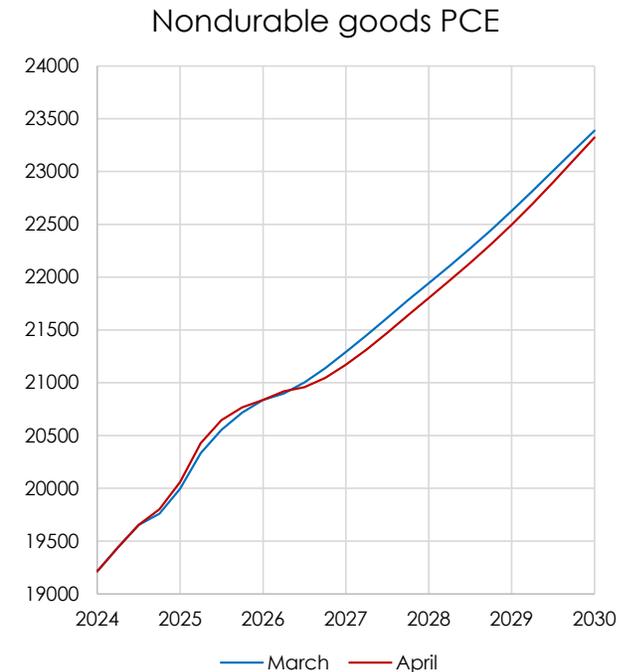
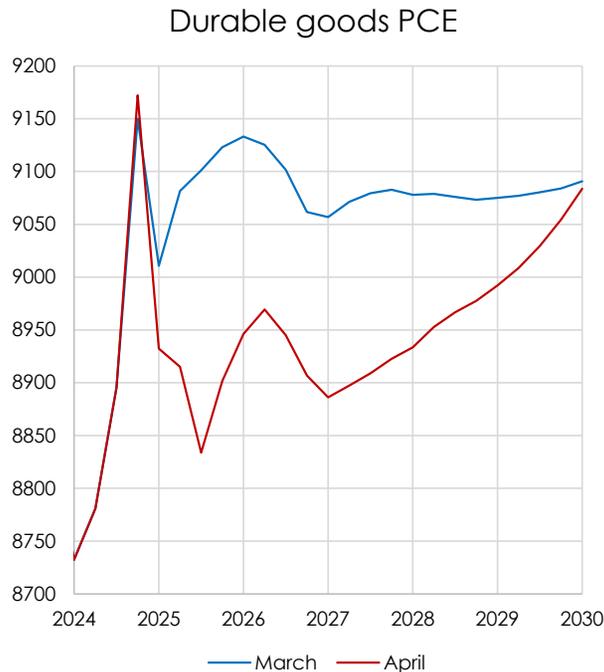
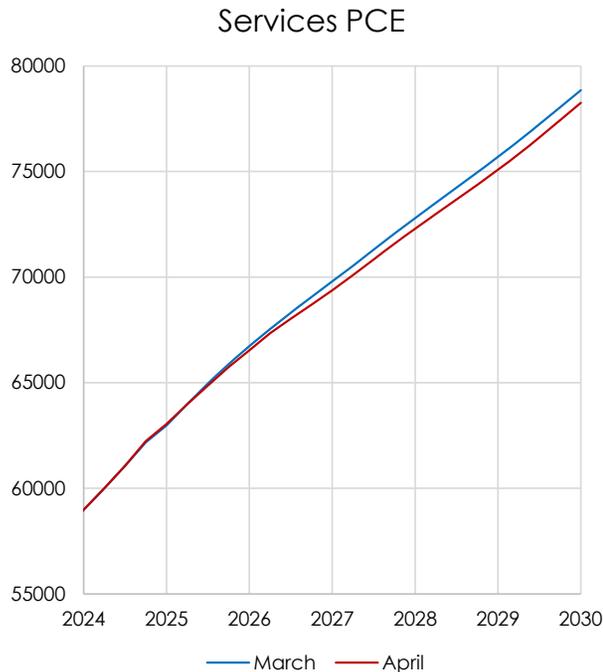
Changes in Moody's April forecast update



- Personal income less savings is around 1% lower for most of the forecast period. Changes in the composition of spending would exacerbate the impact on sales and use tax revenue.



Changes in Moody's April forecast update



- April forecast has minor changes to PCE on services and nondurable goods, but substantial reductions in durable goods peaking at -2.94% in 2025Q3. Reductions in PCE on motor vehicles and parts are greater still, peaking at -4.04% in 2025Q3.



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%		
2025	\$45.98	-7.35%	\$1.06	2.36%
2026	\$42.92	-6.66%	-\$0.11	-0.25%
2027	\$41.21	-3.97%	-\$0.23	-0.56%
2028	\$39.69	-3.71%	-\$0.31	-0.79%
2029	\$38.12	-3.95%	-\$0.40	-1.04%

- For FY25 through March, SPT revenue is \$1 million over budget despite liability being under forecast.
- The decline is projected to continue slightly faster than the December forecast, giving negative revisions after FY25.



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 (%)
2021	\$2,069.7	12.7%		
2022	\$2,580.7	24.7%		
2023	\$2,473.5	-4.2%		
2024	\$2,389.0	-3.4%		
2025	\$2,716.5	13.7%	\$77.0	2.9%
2026	\$2,666.3	-1.8%	\$57.0	2.2%
2027	\$2,767.1	3.8%	\$36.0	1.3%
2028	\$2,892.8	4.5%	\$29.0	1.0%
2029	\$3,038.0	5.0%	\$14.0	0.5%



Individual Income Tax Forecast Main Points

- 2024 tax liability has been revised up by \$47 million (1.7%*) based on returns processed and revenues to date. After revising 2023 tax liability down, 2024 tax liability growth before refundable credits is forecast to be 8.4%* despite tax cuts.
- Capital gains are likely the main explanation of strong 2024 tax liability growth; taxable IRA distributions and interest income also contribute.
- Minor changes to economic forecast have small but negative impact on the revenue forecast.
- Downward revisions to the Student Loan Repayment Credit forecast in 2024 and 2025 and the Dirigo Tax Credit in all years are a positive for the revenue forecast.
- Adjustments to the composition of individual income tax collections and the forecast of collections relative to tax liability positively impact the revenue forecast.

* Relative to tax liability before refundable credits.

** Tax liability growth before refundable credits and treating the newly refundable dependent exemption tax credit as nonrefundable in 2024.



Individual Income Tax Revenue Through March

\$million

	July - October				November - March				Variance FYTD
	FY 23	FY 24	FY25	FY 25 Growth	FY 23	FY 24	FY25	FY 25 Growth	
Payments	\$242.6	\$207.5	\$315.3	52.0%	\$256.0	\$248.8	\$261.7	5.2%	-\$10.1
Withholding	\$613.3	\$659.0	\$700.4	6.3%	\$964.1	\$947.9	\$1,018.2	7.4%	\$44.5
Fiduciary	\$2.0	\$0.6	\$5.9	805.3%	\$2.6	-\$2.4	\$5.4		\$1.3
Refunds	-\$70.7	-\$57.3	-\$57.4	0.2%	-\$342.4	-\$409.3	-\$463.9	13.3%	-\$30.2
Total	\$787.2	\$809.8	\$964.2	19.1%	\$880.3	\$785.1	\$821.3	4.6%	\$5.5

- April fiduciary revenue is \$13.9 million as of 4/24, compared to \$3.2 million in 2023 and \$7 million in 2024.
- Withholding growth of 7.4% YoY since last forecast is predicted to slow.



Growth Rates of Key Variables in CEFC Forecast

CEFC Forecast	2025	2026	2027	2028	2029
	Wages and Salaries				
November 2024	4.0%	4.0%	4.0%	4.0%	4.0%
March 2025	4.0%	4.0%	4.0%	4.0%	4.0%
	Nonfarm Proprietors' Income				
November 2024	4.0%	4.0%	4.0%	4.0%	4.0%
March 2025	3.5%	4.0%	4.0%	4.0%	4.0%
	Dividends, Interest, and Rent				
November 2024	4.5%	4.5%	4.5%	4.5%	4.5%
March 2025	3.0%	3.0%	4.5%	4.5%	4.5%
	Consumer Price Index				
November 2024	2.4%	2.3%	2.2%	2.2%	2.2%
March 2025	3.2%	2.8%	2.2%	2.1%	2.1%



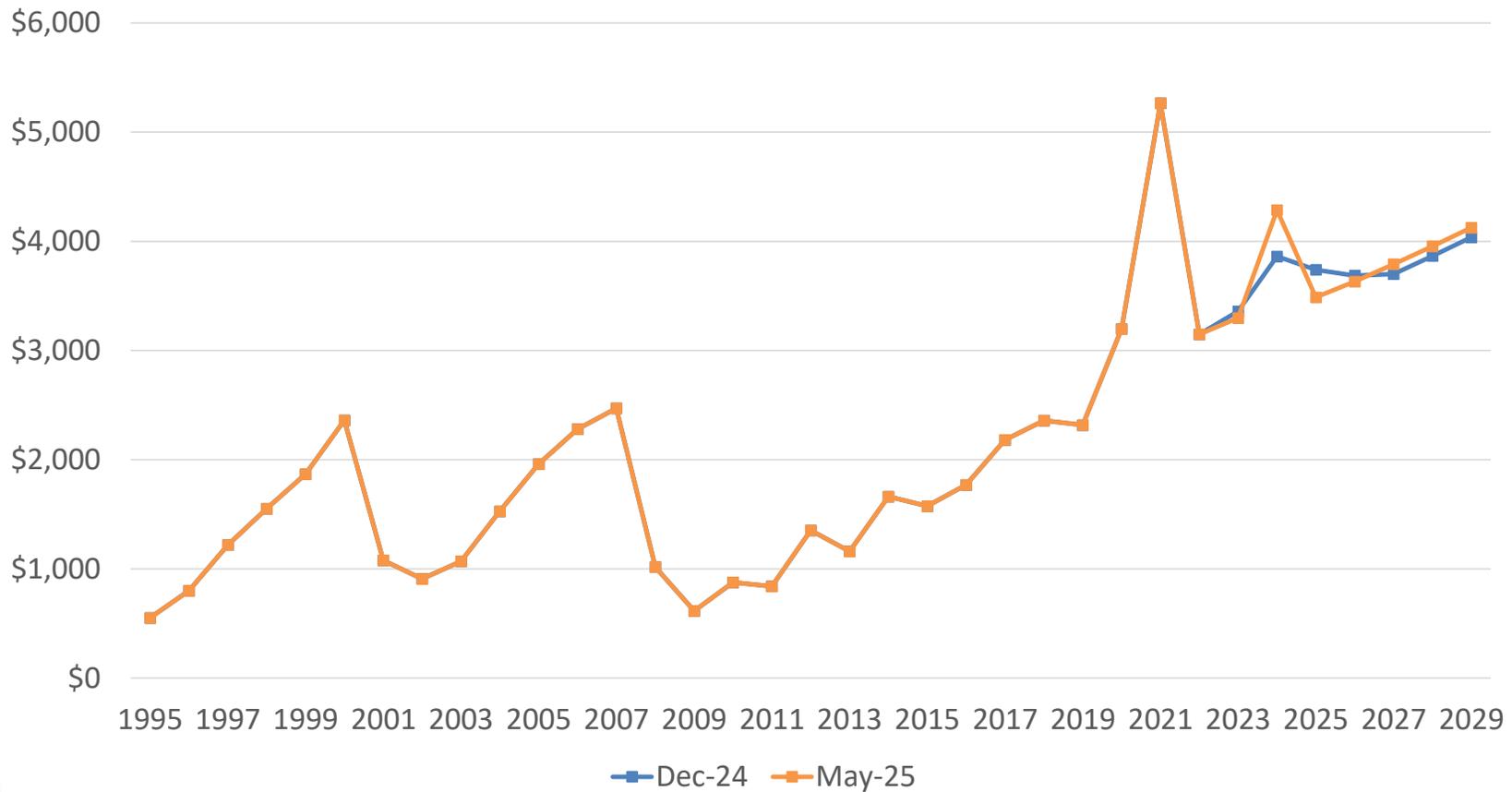
Capital Gains Forecast

Tax Year	Annual Growth		Share of Personal Income, May 2025 forecast
	December 2024 forecast	May 2025 forecast	
2019	-1.7%	-1.7%	3.4%
2020	38.0%	38.0%	4.3%
2021	64.6%	64.6%	6.5%
2022	-40.2%	-40.2%	3.7%
2023	6.7%	4.7%	3.6%
2024	14.9%	30.0%	4.5%
2025	-3.1%	-18.6%	3.5%
2026	-1.4%	4.1%	3.5%
2027	0.4%	4.4%	3.5%
2028	4.5%	4.3%	3.5%
2029	4.4%	4.3%	3.5%

The new capital gains forecast increases 2024 tax liability by \$32 million and reduces 2025 tax liability by \$16 million.



Full-year Resident Capital Gains History and Forecast (\$million)



Property Tax Fairness Credit History and Forecast

Tax Year	PTFC (\$million)	#	Change since last forecast
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	\$114.6		-\$3.8
2025	\$120.7		-\$4.3
2026	\$125.4		-\$3.5
2027	\$130.5		-\$4.5
2028	\$136.1		-\$1.6
2029	\$139.4		-\$1.1



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

Tax Year	Refundable Credit	Nonrefundable Credit Used	Total Credit Used	# Tax Returns That Benefit	Change in credit forecast
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	\$44.9	\$0.0	\$44.7	25,747	
2024	\$63.2		\$63.2		-\$8.8
2025	\$70.5		\$70.5		-\$8.5
2026	\$83		\$83		\$0
2027	\$85.5		\$85.5		\$0
2028	\$87		\$87		\$0
2029	\$89.6		\$89.6		\$0



Dirigo Business Incentives Tax Credit

- 2025 is first year
- Limited to certain sectors. Manufacturing and agriculture, forestry, and fishing are the most important.
- Investment tax credit of 5% or 10%, including buildings + \$2,000/qualified employee engaged in a qualified employee training program
 - \$2,000,000 annual limit, \$500,000 refundable, carryforwards allowed
- Businesses must be certified prior to making investments
- Certifications to date suggest that the credit will cost much less than anticipated
 - Low take-up must be part of explanation
- Fiscal year 2026 – 2029 reductions of \$36.5, \$29.9, \$25, and \$22 million, spread across individual and corporate income tax



Tax Liability Forecast

(\$million)

Tax Year	Tax Liability Before Refundable Credits				Refundable Credits	Tax Liability After All Credits	
	Full-Year Resident	Not Full-Year Resident	Total	Growth		Total	Growth
2021	\$2,214.0	\$254.1	\$2,468.1		\$146.3	\$2,321.8	
2022	\$2,162.0	\$230.6	\$2,392.6	-3.1%	\$183.4	\$2,209.2	-4.8%
2023	\$2,266.0	\$219.0	\$2,485.0	3.9%	\$209.7	\$2,275.3	3.0%
2024	\$2,519.8	\$237.4	\$2,757.2	11.0%	\$349.2	\$2,408.0	5.8%
2025	\$2,563.7	\$241.5	\$2,805.2	1.7%	\$367.2	\$2,437.9	1.2%
2026	\$2,674.0	\$251.9	\$2,925.9	4.3%	\$390.7	\$2,535.2	4.0%
2027	\$2,793.3	\$263.1	\$3,056.4	4.5%	\$404.0	\$2,652.5	4.6%
2028	\$2,928.7	\$275.9	\$3,204.6	4.8%	\$416.5	\$2,788.1	5.1%
2029	\$3,071.9	\$289.4	\$3,361.3	4.9%	\$420.4	\$2,940.9	5.5%



Moody's April 2025 Forecast Relative to March 2025 Forecast

	Wage and Salary Income	Dividends, Interest, and Rent	Non-farm proprietors' income
2025	-0.6%	-0.5%	-0.2%
2026	-1.0%	-1.1%	-0.3%
2027	-1.4%	-1.4%	-0.5%
2028	-1.5%	-1.1%	-0.6%
2029	-1.4%	-0.5%	-0.8%

The wage change alone would reduce full-year resident tax liability by approximately \$16 million in 2025, \$28 million in 2026, \$41 million in 2027, \$46 million in 2028, and \$44.6 million in 2029.



Forecast Risks

- Uncertainty about recent tax liability, sources of income growth, and short-run revenue forecast is higher than normal due to brief history with new MRS tax processing system.
- Dirigo and Student Loan Repayments Tax credits
- Capital gains forecast
- Economic forecast risk



Insurance Premiums Tax

Insurance Premiums Tax Revenue

\$million

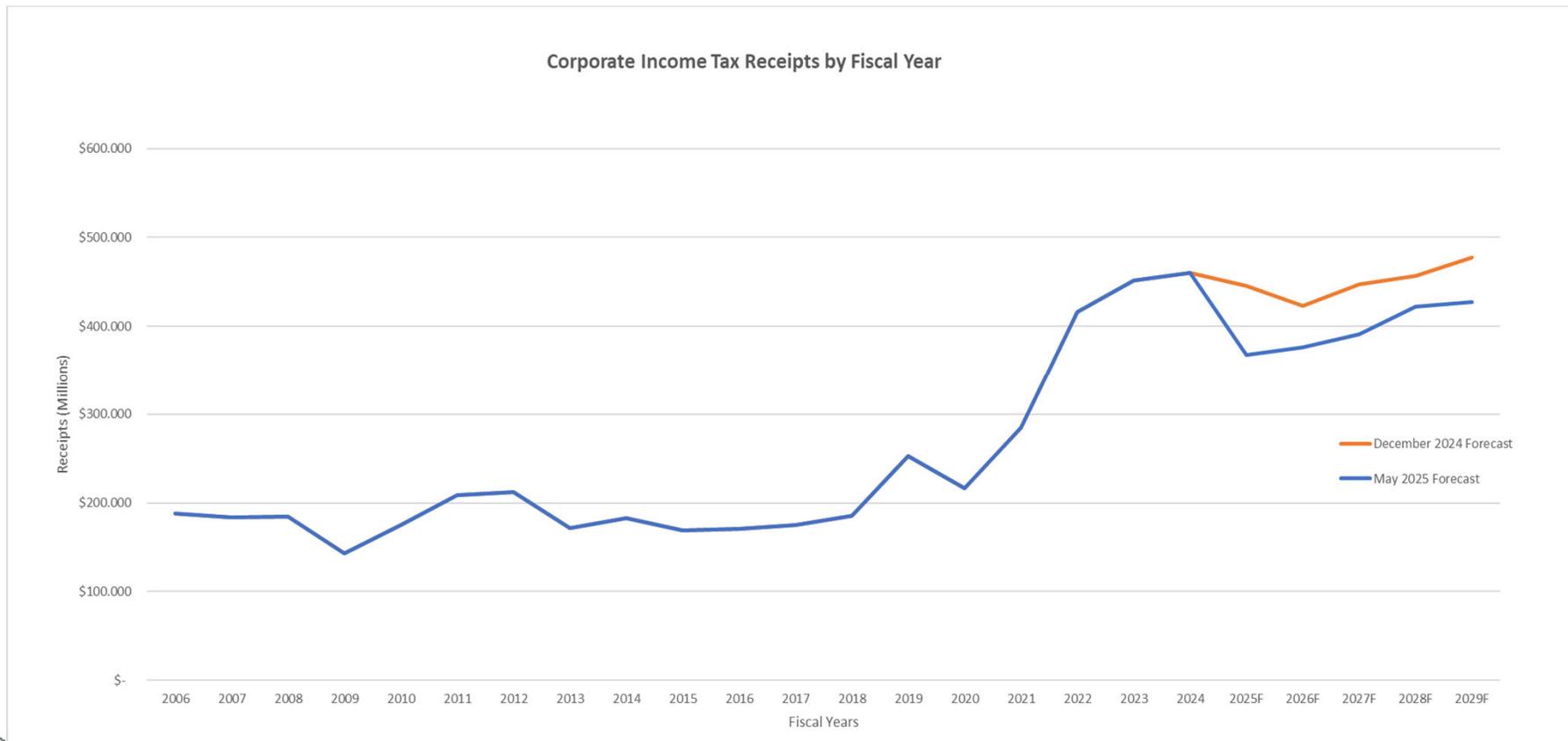
Fiscal Year	December 2024 Forecast			May 2025 Forecast			Change
	Total	IPT	Nonadmitted	Total	IPT	Nonadmitted	Total
2021	\$84.5	\$80.4	\$4.0				
2022	\$101.7	\$96.2	\$5.5				
2023	\$114.2	\$108.0	\$6.2				
2024	\$108.4	\$100.8	\$7.6				
2025	\$124.0	\$116.5	\$7.5	\$132.4	\$124.8	\$7.7	\$8.5
2026	\$127.0	\$119.5	\$7.5	\$133.9	\$126.0	\$7.9	\$6.9
2027	\$132.3	\$124.5	\$7.8	\$139.5	\$131.2	\$8.3	\$7.2
2028	\$135.6	\$127.5	\$8.1	\$143.1	\$134.4	\$8.6	\$7.4
2029	\$139.8	\$131.3	\$8.4	\$147.4	\$138.5	\$9.0	\$7.7

Tax year 2024 premiums tax liability growth was approximately 12%, compared to 6% forecast.



Corporate Income Tax

Corporate Income Tax Receipts by Fiscal Year



Corporate Pre-tax Profits, Maine Tax Liability, and Maine Fiscal Year Revenue Forecasts

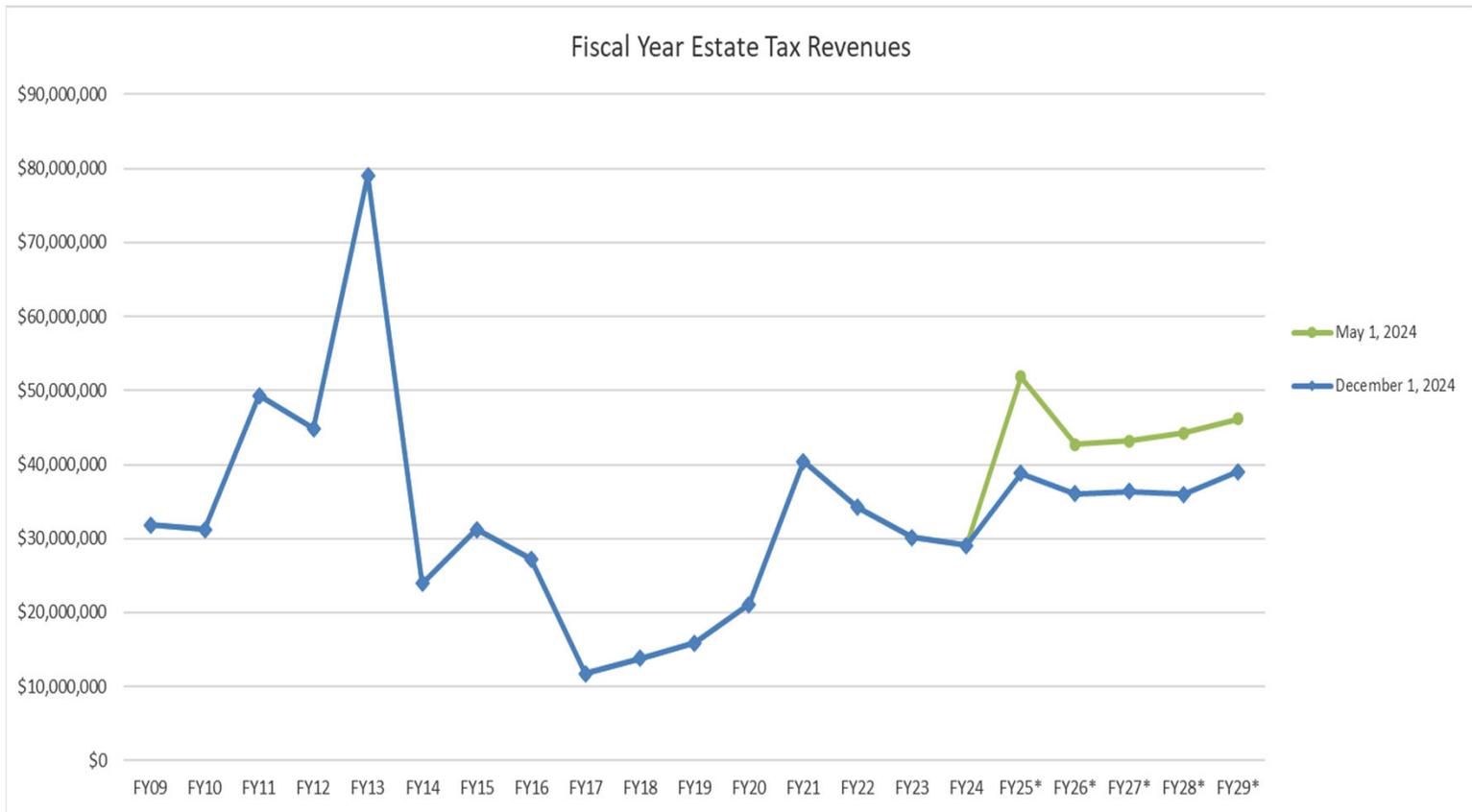
CY Pre-Tax Profits	2021	2022	2023	2024	2025	2026	2027	2028	2029
Nov. 2024 CEFC Forecast	30.8%	8.4%	4.6%	9.0%	0.5%	2.0%	2.0%	2.0%	2.0%
April 2025 CEFC Forecast	30.8%	8.4%	4.6%	11.4%	0.5%	2.0%	2.0%	2.0%	2.0%
TY Liability (\$M)	2021	2022	2023	2024	2025 /1	2026 /1	2027 /1	2028 /1	2029 /1
Dec. 2024 RFC Forecast	\$331.8	\$434.4	\$445.4	\$475.5	\$ 477.9	\$ 487.4	\$ 497.2	\$ 507.1	\$ 517.3
		30.9%	2.5%	6.8%	0.5%	2.0%	2.0%	2.0%	2.0%
May 2025 RFC Forecast	\$332.4	\$436.7	\$412.4	\$436.1	\$ 428.3	\$ 427.8	\$ 433.4	\$ 442.1	\$ 450.9
		31.4%	-5.6%	5.8%	-1.8%	-0.1%	1.3%	2.0%	2.0%
FY Revenue (\$M)	2021	2022	2023	2024	2025	2026	2027	2028	2029
Dec. 2024 RFC Forecast	\$284.3	\$415.8	\$451.2	\$459.8	\$ 445.0	\$ 423.0	\$ 447.0	\$ 457.0	\$ 477.0
	31.5%	46.3%	8.5%	1.9%	-3.2%	-4.9%	5.7%	2.2%	4.4%
May 2025 RFC Forecast	\$284.3	\$415.8	\$451.2	\$459.8	\$ 368.0	\$ 376.0	\$ 391.0	\$ 422.0	\$ 427.0
	31.5%	46.3%	8.5%	1.9%	-20.0%	2.2%	4.0%	7.9%	1.2%
Difference					\$ (77.0)	\$ (47.0)	\$ (56.0)	\$ (35.0)	\$ (50.0)

1/ Does not include the Dirigo Investment Credit. The revenue impact of Dirigo is layered onto the fiscal year revenue forecast.



Estate Tax

Estate Tax Revenue



Estate Tax Liability and Receipts

Actual				December 1, 2024 Forecast				May 1, 2025 Forecast				Difference in Fiscal Year Receipts
Calendar Year	Exemption Amount	Liability /1 /2	Fiscal Year Receipts /3	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	
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	\$ 47,308,346	\$ 40,399,594									
2022	\$ 6,010,000	\$ 12,785,037	\$ 34,183,165									
2023	\$ 6,410,000	\$ 42,557,097	\$ 30,117,577									
2024	\$ 6,800,000	\$ 884,707	\$ 29,051,766	\$ 6,800,000	8.3%	\$38,504,463	\$29,051,766	\$6,800,000	10.5%	\$56,792,593	\$29,051,766	\$ 0
2025	\$ 7,000,000		\$ 45,835,728	\$ 7,000,000	2.1%	\$35,223,635	\$38,830,000	\$7,000,000	1.9%	\$42,834,705	\$51,830,000	\$ 13,000,000
2026				\$ 7,160,000	3.2%	\$36,702,705	\$36,040,000	\$7,220,000	1.9%	\$43,316,344	\$42,700,000	\$ 6,660,000
2027				\$ 7,320,000	3.5%	\$35,727,169	\$36,330,000	\$7,420,000	2.7%	\$44,568,782	\$43,200,000	\$ 6,870,000
2028				\$ 7,480,000	3.3%	\$40,193,738	\$35,970,000	\$7,580,000	3.5%	\$46,733,268	\$44,260,000	\$ 8,290,000
2029				\$ 7,640,000			\$39,080,000	\$7,740,000			\$46,190,000	\$ 7,110,000

1/ Subject to change because of amended returns

2/ Returns filed through April 7, 2025

3/ Includes actual receipts through April 23, 2025



Other Taxes

Real Estate Transfer Tax

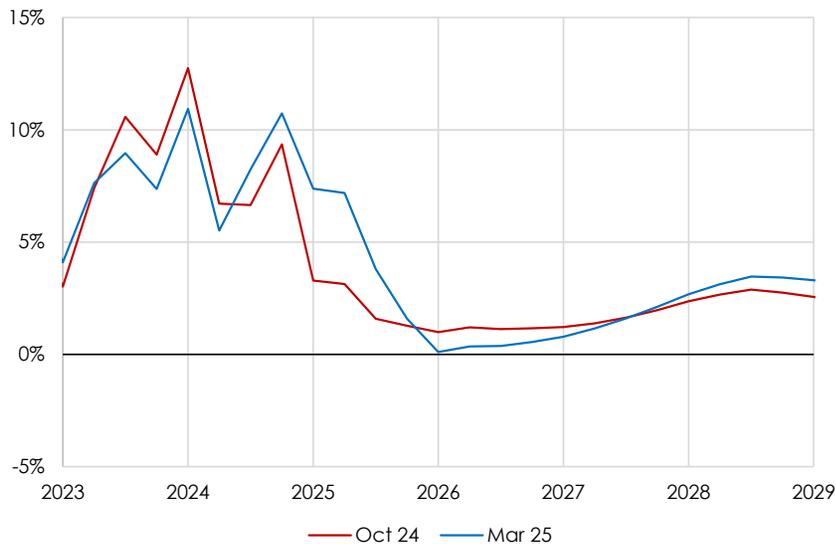
Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2022	\$27.38			
2023	\$22.36	-18.34%		
2024	\$20.44	-8.58%		
2025	\$22.10	8.14%	1.17	5.60%
2026	\$10.32	-53.30%	-0.66	-6.00%
2027	\$11.56	11.97%	0.32	2.82%
2028	\$12.49	8.05%	0.79	6.80%
2029	\$13.13	5.13%	0.94	7.73%

- FY25 revenue through March is \$1.14 million over budget.
- New forecast increases FY25 revenue by \$1.17 million, then has a negative revision in FY26 followed by positive revisions through FY29.

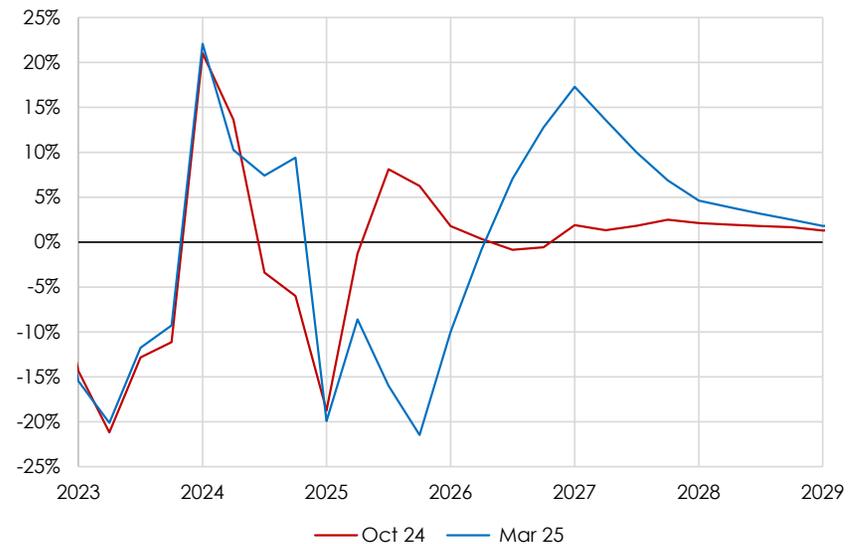


Real Estate Transfer Tax Drivers

Median price (YoY % growth)



Home sales (YoY % growth)



- Moody's March forecast has lower sales growth from 2025Q1 to 2026Q2, giving the negative revision in FY26.
- Strong recovery of sales growth from 2026Q3 through the end of the forecast period gives positive revisions after FY26.



BETE

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2022	\$58.40			
2023	\$62.85	7.62%		
2024	\$64.78	3.07%		
2025	\$69.66	7.54%	-\$1.07	-1.51%
2026	\$73.49	5.50%	-\$0.10	-0.14%
2027	\$75.65	2.94%	-\$0.92	-1.20%
2028	\$78.39	3.61%	-\$1.28	-1.61%
2029	\$81.10	3.46%	-\$1.82	-2.19%

- FY25 transfer total through March is \$1.33 million under budget.
- New forecast brings the FY25 total transfer down \$1.07 million.
- Minor revisions to growth rates bring the forecast down by varying amounts in each year, from \$104K in FY26 to \$1.82 million in FY29.



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	\$149.7	3.9%	-\$1.21	-0.8%
2026	\$151.2	1.0%	-\$2.63	-1.7%
2027	\$150.8	-0.2%	-\$2.65	-1.7%
2028	\$150.8	0.0%	-\$2.38	-1.6%
2029	\$150.8	0.0%	-\$2.10	-1.4%



Source of Forecast Adjustments

\$million
(%)

	2025	2026	2027	2028	2029
Cigarette tax	-\$3.56 (-3.62%)	-\$5.92 (-6.08%)	-\$6.20 (-6.56%)	-\$6.46 (-7.03%)	-\$6.70 (-7.51%)
Tobacco products tax	\$2.34 (7.03%)	\$3.27 (9.08%)	\$3.52 (9.50%)	\$3.81 (10.02%)	\$4.05 (10.36%)
Adult use cannabis excise tax	\$0.01 0.04%	\$0.03 0.13%	\$0.03 0.16%	\$0.27 1.17%	\$0.54 2.20%

- Cigarette tax is dropping faster than expected. The same is reported by many states. FY25 revenue through March is \$3.46 million under budget.
- Tobacco products tax revenue through March is \$1.47 million over budget. Tax return data suggests this is mostly due to smokeless synthetic nicotine sales being higher than anticipated.
- Adult Use Cannabis Excise Tax is \$87K under budget but is forecast to finish FY25 \$7K over budget. After FY25, higher weight forecast leads to positive revisions through FY29.



Gas Tax

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2022	\$195.5	6.6%		
2023	\$196.0	0.2%		
2024	\$198.9	1.4%		
2025	\$200.9	0.9%	-\$0.19	-0.1%
2026	\$201.7	0.5%	\$0.02	0.0%
2027	\$201.9	0.1%	-\$0.04	-0.0%
2028	\$202.0	0.1%	-\$0.09	-0.0%
2029	\$202.2	0.1%	-\$0.15	-0.1%

- FY25 revenue through March is \$343K under budget and is forecast to finish the fiscal year down \$194K.
- Positive revision in FY26 due to updated monthly distribution followed by negative revisions in later years due to lower projected long-term growth.



Special Fuel Tax

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2022	\$50.2	4.9%		
2023	\$49.3	-1.7%		
2024	\$46.9	-4.9%		
2025	\$47.3	0.8%	-\$1.65	-3.4%
2026	\$47.8	1.1%	\$0.10	0.2%
2027	\$48.0	0.3%	\$0.10	0.2%
2028	\$48.1	0.3%	\$0.10	0.2%
2029	\$48.3	0.3%	\$0.10	0.2%

- FY25 through March is \$2.12 million under budget. This is mainly due to a mistaken assumption that unusually high September revenue would not be offset. This gives a large negative revision in FY25.
- Minor positive revisions in the remaining years.

