

REPORT OF THE MAINE STATE REVENUE FORECASTING COMMITTEE

March 2022



Christopher Nolan, Chair
Director, Office of Fiscal & Program Review

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State Budget Officer

Michael Allen
Associate Commissioner of Tax Policy

Amanda Rector
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STATE OF MAINE REVENUE FORECASTING COMMITTEE

Members:

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Christopher Nolan, Chair, Director, Office of Fiscal and Program Review
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March 1, 2022

TO: Governor Janet T. Mills
Members, 130th Legislature

FROM: Christopher Nolan, Chair
Revenue Forecasting Committee

RE: **Revenue Forecast Committee March 1, 2022 Report**

The Revenue Forecasting Committee (RFC) has concluded its update of the current revenue forecast to comply with its statutory reporting date of March 1st, to incorporate the new economic forecast released by the Consensus Economic Forecasting Commission (CEFC) on February 1, 2022 and to provide a forecast that reflects revenue performance through the first seven months of FY22. Tables showing the changes made to all the funds forecasted by the committee and a detailed presentation that includes the key assumptions made in developing the forecast have been posted to the RFC's web page and are available [here](#). A more complete report will be added to the web page later this week.

General Fund Summary

| | FY21 Actual | FY22 | FY23 | FY24 | FY25 |
|-------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Current Forecast | \$4,520,591,145 | \$4,622,327,266 | \$4,704,460,506 | \$4,886,311,120 | \$5,048,378,090 |
| Annual % Growth | 13.9% | 2.3% | 1.8% | 3.9% | 3.3% |
| Net Increase (Decrease) | \$0 | \$234,855,224 | \$176,839,781 | \$162,631,910 | \$198,124,938 |
| Revised Forecast | \$4,520,591,145 | \$4,857,182,490 | \$4,881,300,287 | \$5,048,943,030 | \$5,246,503,028 |
| Annual % Growth | 13.9% | 7.4% | 0.5% | 3.4% | 3.9% |

In its March 2022 update, the RFC has revised General Fund revenue estimates upward by \$234.9 million for FY22 and by \$176.8 million for FY23 for a total increase of \$411.7 million (4.4%) for the 2022-2023 biennium. The forecasted rate of year-over-year growth for General Fund revenue for FY22 is 7.4% and for FY23 is 0.5%. The forecast for FY24 General Fund revenue is revised upward by \$162.6 million and for FY25 by \$198.1 million for a total increase of \$360.8 million (3.6%) for the 2024-2025 biennium. As discussed in more detail below, these General Fund revenue changes are largely the result of positive adjustments to the individual and corporate income tax and the sales tax lines.

The RFC has revised Highway Fund revenue estimates upward by \$1.4 million for FY22 and by \$0.8 million for FY23 for a total increase of \$2.2 million (0.3%) for the 2022-2023 biennium. The forecasted rate of year-over-year growth for Highway Fund revenue for FY22 is 0.7% and for FY23 is 0.9%. The forecast for FY24 and FY 25 Highway Fund revenue is revised upward by \$0.8 million each year for a total increase of \$1.6 million (0.2%) for the 2024-2025 biennium. The Highway Fund revenue changes

are largely the result of increases in the motor vehicle registration and fees and other highway fund revenue lines, while net motor fuels revenue remains unchanged with decreases in estimates for gas tax revenue offset by increases in estimates for special fuels tax revenue.

Changes to the General Fund individual income tax are primarily the result of revenue performance during tax year 2021 indicating that tax year 2021 grew by more than previously forecasted, and more optimistic assumptions of wage and salary growth over the remainder of the forecast period. The February CEFC forecast assumes that wages and salaries will increase 7.7% during CY21, 6.5% for the CY22, 5.5% for CY23, 5.0% for CY24, and 4.0% in CY25. The wages and salaries forecast results in an increase in forecasted individual income tax liability of \$41.7 million in tax year 2021, \$75 million in tax year 2022, \$89 million in tax year 2023, and approximately \$95 million in tax years 2024 and 2025. Stronger growth in capital gains realizations increases 2021 tax liability by \$33 million but has limited impact relative to the December forecast after 2021 as projected decreases in capital gains realizations eventually reduces tax liability from capital gains to levels consistent with tax periods leading up to the pandemic. The revenue increase in FY22 is larger than the later years partly because of timing in receipts. The new forecast continues to assume that taxpayers shifted income into tax year 2021 and out of future tax years in reaction to discussions throughout 2021 of potential tax increases at the federal level. This behavior by high-income taxpayers will boost FY22 revenues at the expense of future fiscal years.

The corporate income tax line has been growing at unusually high year-over-year rates for the last 18 months. Last fiscal year corporate income tax receipts increased by 31.5 percent, and through the first seven months of this fiscal year they have increased by 56.6 percent. Other states with a corporate income tax structure like ours and the federal government have experienced similar growth rates. In this revenue forecast the RFC increased the corporate income tax forecast by \$75.0 million in FY22, \$62.0 million in FY23, and by \$112.3 million in the FY24/25 biennium. Until more detailed information provided on income tax returns is received and analyzed, we can only postulate why corporate income tax revenues have been so high. Three possible explanations that have been discussed are (1) corporate profits, particularly for larger companies, are much stronger than previously estimated, (2) the unique aspects of the pandemic economy have interacted with key provisions of the 2017 federal tax reform act (TCJA) to increase revenue, and (3) corporations in reaction to tax increases discussed in Congress during 2021 shifted income into 2021 to avoid potential future tax increases.

The annual positive adjustments to the General Fund sales and use tax forecast are relatively minor compared to the December revenue forecast and reflect a positive variance of \$12.1 million through January and the new economic forecast from the CEFC. While the sales tax forecast assumes year-over-year growth will slow starting in calendar year 2022, the CEFC's economic forecast estimates Maine households will experience income growth capable of sustaining the current level of spending on taxable goods and services. After FY22, annual sales tax growth is forecasted to be between 3.0 and 3.5 percent, reflecting higher inflation and a gradual shift back to in-person non-taxable services as consumers adjust their mix of spending to where it was pre-pandemic.

The significant revenue increases estimated in this forecast reflect Maine's revenue collection experience through the first seven months of FY22, preliminary data on February revenue, and the latest thinking by economic forecasters on the trajectory of the U.S. and Maine economies over the next four years. However, even with the easing of the Omicron variant of the COVID-19 pandemic, with the possibility of new variants and escalating international events, uncertainty has become the norm. Most of the short-term risk to the current revenue forecast is positive, while ongoing issues (inflation, stock and real estate market valuations, supply chain and labor force constraints etc.) facing the economy make the FY23-25 portions of the forecast volatile and susceptible to significant downside risk. The time between this forecast and the next one scheduled for the fall of CY22 provides time for many of the global challenges to be resolved or could result in additional uncertainty, but either way means the long-term part of this forecast will remain uncertain until at least late this year.

cc: Members, Revenue Forecasting Committee
Members, Consensus Economic Forecasting Commission
Jeremy Kennedy, Chief of Staff, Governor's Office
Kirsten Figueroa, Commissioner, DAFS
Clerk of the House
Secretary of the Senate
Suzanne Gresser, Executive Director, Legislative Council

Report of the Maine State Revenue Forecasting Committee March 2022 Forecast

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Introduction

The Revenue Forecasting Committee (RFC) met on March 1, 2022 to review and update the current revenue forecast to comply with its statutory reporting date of March 1st. The RFC revised its revenue projections through the fiscal year ending June 30, 2025 for the General Fund, Highway Fund, Fund for a Healthy Maine and MaineCare Dedicated Revenue Taxes.

Economic Forecast

The Maine Consensus Economic Forecasting Commission (CEFC) convened January 28, 2022, to review and revise its forecast through 2025 and additionally forecast through 2027.

The CEFC sees inflation, especially in energy prices; geopolitical upheaval; interest rate increases; and uncertainty pertaining to the ongoing pandemic and future variants as key risks in the near-term forecast. In addition, the Commission noted two striking facts drawn from 2021 data:

1. Maine's net domestic migration rate was first in New England and sixth in the U.S. and
2. Maine's actual growth in wage and salary income and in total personal income through the first three quarters of 2021 exceeded by a substantial margin the Commission's **full-year** forecast for both variables.

The implication of these facts as well as careful examination of Census survey data and much anecdotal information is that migration to Maine – whether from actual moves or remote work opportunities generated by the pandemic – seemed to be a significant factor in driving employment and income growth in Maine. While the Commission continues to be optimistic about increased in-migration to Maine, it recognizes that demographic inequalities and uneven access to high-speed internet across the state will limit the range of increased in-migration and thus limit its impact on employment and income growth. Economic improvements will also likely see regional variations due to several factors, including public health conditions and uneven real estate market impacts from increasing interest rates and housing prices.

Based on information from the Maine Department of Labor, the CEFC expects an upward revision to employment for 2020 of around 2,000 jobs; this is not currently reflected in the numbers and if the revisions occur as expected, will increase employment levels throughout the forecast years by around 2,000. Total nonfarm employment is forecast to increase by 3.7% in 2021 following an expected upward revision during the benchmarking process, 1.8% in 2022, 1.0% in 2023, 0.4% in 2024, and 0.2% in 2025 before leveling out in 2026 and 2027. The revised forecast anticipates employment will return to pre-pandemic levels between 2023 and 2024 and continue growing to 639.5 thousand (around 641 thousand once 2020 revisions are accounted for) in 2025 before leveling off. This reflects downward revisions in 2022, 2024, and 2025 as the state's demographics weigh against continued migration into the state.

The forecast for total personal income growth was revised up from 5.2% to 6.5% in 2021, from 0.5% to 1.7% in 2022, from 4.6% to 5.0% in 2023, and from 4.8% to 4.9% in 2024, with 2025 left unchanged at 4.6% and 2026 and 2027 forecast at 4.6% and 4.5%, respectively. This revision accounts for stronger growth in wages and salaries and supplements to wages and salaries in 2021-2023.

Growth in wages and salaries, the largest component of personal income, was revised up from 5.5% to 7.7% in 2021, from 5.0% to 6.5% in 2022, from 5.0% to 5.5% in 2023, and left unchanged at 5.0% in 2024 and 4.0% in 2025 with 2026 and 2027 forecast at 4.3% each. Growth in supplements to wages and salaries was

revised up from 4.7% to 5.5% in 2021, from 4.0% to 6.5% in 2022, from 4.0% to 5.5% in 2023, and from 4.0% to 5.0% in 2024, with 2025 left unchanged at 4.0% and 2026 and 2027 forecast at 4.3%. This recognizes a shift with growth in supplements to wages and salaries tracking more closely with wage and salary growth.

Nonfarm proprietors’ income was revised up from 5.5% to 10.0% in 2021 and from 6.5% to 8.5% in 2022. The forecasts for 2023-2025 were left unchanged, with 2026 forecast at 4.5% and 2027 forecast at 3.7%. The forecast for growth in dividends, interest, and rent was left unchanged for all years, with 2026 forecast at 5.1% and 2027 forecast at 5.0%. Growth in personal current transfer receipts was also left unchanged for all years, with 2026 and 2027 both forecast at 4.9%.

Growth in the Consumer Price Index (CPI) came in at 4.7% for 2021, up from the CEFC’s forecast of 4.4%. The CEFC revised its forecast up from 3.5% to 5.0% in 2022, from 2.1% to 4.0% in 2023, and from 2.1% to 2.5% in 2024 and 2025, with 2026 and 2027 also forecast at 2.5%. The higher energy prices, increased demand, and supply constraints that have recently led to increased inflation are expected to continue through 2022 and into 2023 before abating.

Finally, the forecast for corporate profits was revised up from 30.0% to 45.0% in 2021 to reflect year-to-date information on revenues from corporate income taxes. The forecasts for 2022 and 2023 were also revised up, from 2.0% in 2022 and 3.0% in 2023 to 4.0% in both years. 2024 and 2025 were left unchanged at 6.0%, with 2026 and 2027 also forecast at 6.0%.

A copy of the February 1, 2022, report of the CEFC is included in Appendix E.

Summary of Revenue Forecast

The economic variables in the CEFC forecast play a prominent role in the revenue forecast. Maine Revenue Services’ Office of Tax Policy (MRS/OTP) tax models use the CEFC economic variables to help project revenue from the major taxes. Data related to non-tax revenue lines were provided by a number of different state agencies and reviewed by staff in the Office of Fiscal and Program Review and the Bureau of the Budget to come up with consensus recommendations. The RFC reviewed MRS/OTP and other staff recommendations at its meeting on March 1, 2022 and agreed to those recommendations. The following tables and narratives highlight the final changes to each of the major funds and revenue sources accepted by the RFC as part of its March 1st update to the revenue forecast. More detail on each of the funds and revenue sources is provided in the various appendices.

General Fund Summary

| | FY21 Actual | FY22 | FY23 | FY24 | FY25 |
|-------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Current Forecast | \$4,520,591,145 | \$4,622,327,266 | \$4,704,460,506 | \$4,886,311,120 | \$5,048,378,090 |
| Annual % Growth | 13.9% | 2.3% | 1.8% | 3.9% | 3.3% |
| Net Increase (Decrease) | \$0 | \$234,855,224 | \$176,839,781 | \$162,631,910 | \$198,124,938 |
| Revised Forecast | \$4,520,591,145 | \$4,857,182,490 | \$4,881,300,287 | \$5,048,943,030 | \$5,246,503,028 |
| Annual % Growth | 13.9% | 7.4% | 0.5% | 3.4% | 3.9% |

General Fund revenue estimates are revised upward by \$234.9 million for FY22 and by \$176.8 million for FY23 for a total increase of \$411.7 million (4.4%) for the 2022-2023 biennium. The forecasted rate of year-over-year growth for General Fund revenue for FY22 is 7.4% and for FY23 is 0.5%. The forecast for FY24 General Fund revenue is revised upward by \$162.6 million and for FY25 by \$198.1 million for a total

increase of \$360.8 million (3.6%) for the 2024-2025 biennium. As discussed in more detail below, these General Fund revenue changes are largely the result of positive adjustments to the individual and corporate income tax and the sales tax lines.

Changes to the General Fund individual income tax are primarily the result of revenue performance during tax year 2021 indicating that tax year 2021 grew by more than previously forecasted, and more optimistic assumptions of wage and salary growth over the remainder of the forecast period. The February CEFC forecast assumes that wages and salaries will increase 7.7% during CY21, 6.5% for the CY22, 5.5% for CY23, 5.0% for CY24, and 4.0% in CY25. The wages and salaries forecast results in an increase in forecasted individual income tax liability of \$41.7 million in tax year 2021, \$75 million in tax year 2022, \$89 million in tax year 2023, and approximately \$95 million in tax years 2024 and 2025. Stronger growth in capital gains realizations increases 2021 tax liability by \$33 million but has limited impact relative to the December forecast after 2021 as projected decreases in capital gains realizations eventually reduces tax liability from capital gains to levels consistent with tax periods leading up to the pandemic. The revenue increase in FY22 is larger than the later years partly because of timing in receipts. The new forecast continues to assume that taxpayers shifted income into tax year 2021 and out of future tax years in reaction to discussions throughout 2021 of potential tax increases at the federal level. This behavior by high-income taxpayers will boost FY22 revenues at the expense of future fiscal years.

The corporate income tax line has been growing at unusually high year-over-year rates for the last 18 months. Last fiscal year corporate income tax receipts increased by 31.5 percent, and through the first seven months of this fiscal year they have increased by 56.6 percent. Other states with a corporate income tax structure like ours and the federal government have experienced similar growth rates. In this revenue forecast the RFC increased the corporate income tax forecast by \$75.0 million in FY22, \$62.0 million in FY23, and by \$112.3 million in the FY24/25 biennium. Until more detailed information provided on income tax returns is received and analyzed, we can only postulate why corporate income tax revenues have been so high. Three possible explanations that have been discussed are (1) corporate profits, particularly for larger companies, are much stronger than previously estimated, (2) the unique aspects of the pandemic economy have interacted with key provisions of the 2017 federal tax reform act (TCJA) to increase revenue, and (3) corporations in reaction to tax increases discussed in Congress during 2021 shifted income into 2021 to avoid potential future tax increases.

The annual positive adjustments to the General Fund sales and use tax forecast are relatively minor compared to the December revenue forecast and reflect a positive variance of \$12.1 million through January and the new economic forecast from the CEFC. While the sales tax forecast assumes year-over-year growth will slow starting in calendar year 2022, the CEFC's economic forecast estimates Maine households will experience income growth capable of sustaining the current level of spending on taxable goods and services. After FY22, annual sales tax growth is forecasted to be between 3.0 and 3.5 percent, reflecting higher inflation and a gradual shift back to in-person non-taxable services as consumers adjust their mix of spending to where it was pre-pandemic.

Other notable adjustments to General Fund revenue lines include:

- **Cigarette Tax and Other Tobacco Taxes.** The forecast assumes a negative adjustment for cigarette and other tobacco taxes revenue of \$0.5 million in FY22, \$2.1 million in FY23 and \$5.1 million for the 2024-2025 biennium. All of the annual revenue adjustments are from the adult-use marijuana excise tax. Growth rates in the adult-use marijuana excise tax are forecasted to be lower than previously projected (see below). No changes were made to the cigarette and other tobacco products forecast.

- **Estate Tax.** The forecast for estate taxes assumes an increase of \$8.1 million for FY22, \$2.0 million for FY23 and \$5.8 million for the 2024-2025 biennium. These positive adjustments are the result of a stronger economic forecast of household net worth.
- **Adult-Use Marijuana Sales Tax.** The forecast assumes gross adult-use marijuana sales tax revenue of \$11.4 million in FY22, \$15.0 million in FY23, \$18.5 million in FY24 and \$22.5 million in FY25. These estimates are gross amounts before transfers to the Local Government Fund and the Adult Use Marijuana Public Health and Safety Fund. Total transfers to the Adult Use Marijuana Public Health and Safety Fund from sales and excise taxes are included in Other Revenue and are estimated to be \$2.1 million in FY 22, \$3.1 million in FY23, \$3.9 million in FY24 and \$4.8 million in FY25. Note, these adult-use marijuana estimates do not include the General Fund revenue from the sales tax on medical marijuana sales.
- **Adult-Use Marijuana Excise Tax.** The forecast assumes gross excise tax revenue of \$7.2 million in FY22, \$11.0 million in FY23, \$14.3 million in FY24 and \$17.9 million in FY25. These estimates are gross amounts before transfers to the Adult Use Marijuana Public Health and Safety Fund.
- **Transfer to Municipal Revenue Sharing.** Reflecting the increases in sales and income taxes previously discussed, municipal revenue sharing transfers are forecasted to increase (a net decrease in General Fund revenue) by \$23.1 million in FY22, by \$21.1 million in FY23 and by \$42.3 million for the 2024-2025 biennium.
- **Income from Investments.** Income from investments is forecast to increase by \$1.8 million in FY22, \$4.8 million in FY23 and by \$6.5 million for the 2024-2025 biennium. The increases are the result of increased fund balance assumptions and higher cash pool rate projections.
- **Other Taxes and Fees – Real Estate Transfer Tax.** The forecast for real estate transfer tax revenue is increased by \$3.0 million in FY22, \$3.0 million in FY23 and \$7.4 million for the 2024-2025 biennium. The forecast is based on the recent increase in residential home sales because of the pandemic and a more optimistic forecast from the CEFC going forward.

Highway Fund Summary

| | FY21 Actual | FY22 | FY23 | FY24 | FY25 |
|-------------------------|---------------|---------------|---------------|---------------|---------------|
| Current Forecast | \$334,002,888 | \$334,754,314 | \$338,389,290 | \$340,857,849 | \$343,304,836 |
| Annual % Growth | 2.1% | 0.2% | 1.1% | 0.7% | 0.7% |
| Net Increase (Decrease) | \$0 | \$1,437,360 | \$784,105 | \$802,643 | \$776,953 |
| Revised Forecast | \$334,002,888 | \$336,191,674 | \$339,173,395 | \$341,660,492 | \$344,081,789 |
| Annual % Growth | 2.1% | 0.7% | 0.9% | 0.7% | 0.7% |

Highway Fund revenue estimates are revised upward by \$1.4 million for FY22 and by \$0.8 million for FY23 for a total increase of \$2.2 million (0.3%) for the 2022-2023 biennium. The forecasted rate of year-over-year growth for Highway Fund revenue for FY22 is 0.7% and for FY23 is 0.9%. The forecast for FY24 and FY25 Highway Fund revenue is revised upward by \$0.8 million each year for a total increase of \$1.6 million (0.2%) for the 2024-2025 biennium. The Highway Fund revenue changes are largely the result of increases in the motor vehicle registration and fees and other highway fund revenue lines, while net motor fuels revenue remains unchanged with decreases in estimates for gas tax revenue offset by increases in estimates for special fuels tax revenue.

Fund for a Healthy Maine Summary

| | FY21 Actual | FY22 | FY23 | FY24 | FY25 |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| Current Forecast | \$51,082,487 | \$45,430,770 | \$47,708,118 | \$34,921,921 | \$34,958,334 |
| Annual % Growth | 3.1% | -11.1% | 5.0% | -26.8% | 0.1% |
| Net Increase (Decrease) | \$0 | \$1,393,624 | \$1,189,668 | \$1,170,570 | \$1,142,486 |
| Revised Forecast | \$51,082,487 | \$46,824,394 | \$48,897,786 | \$36,092,491 | \$36,100,820 |
| Annual % Growth | 3.1% | -8.3% | 4.4% | -26.2% | 0.0% |

Fund for a Healthy Maine (FHM) revenue estimates are revised upward by \$1.4 million for FY22 and by \$1.2 million for FY23 for a total increase of 2.6 million (2.8%) for the 2022-2023 biennium. The forecast for FY24 is increased by \$1.2 million and by \$1.1 million for FY25 for a total increase of \$2.3 million (3.3%) for the 2024-2025 biennium.

Revenue for the FHM primarily derives from the state’s annual Tobacco Settlement Payment (TSP). As in previous forecasts, this forecast for TSPs is based on the latest forecast from the National Association of Attorneys General (NAAG), but updates the NAAG forecast to account for the most recent CPI increase for calendar year 2021 which was more than double the amount included in the NAAG forecast. The calculation of the TSP in the Master Settlement Agreement (MSA) includes an annual CPI increase that is set at 3% and only changes if the actual CPI is above 3% (which hasn’t happened since calendar year 2007). To reflect the 7.04% actual 2021 CPI increase (December 2020 to December 2021), the TSP forecast is revised upward by \$1,000,000 per year. This forecast does not reflect a CPI increase above 3% for future years.

The FHM share of casino revenue is increased by \$0.4 million for FY22, \$0.1 million for FY23, \$0.2 million for FY24 and \$0.1 million for FY25, consistent with the larger changes in the forecast for Hollywood Casino Bangor revenue. The FHM forecast also assumes increased revenue from income from investments.

Medicaid/MaineCare Dedicated Revenue Taxes Summary

| | FY21 Actual | FY22 | FY23 | FY24 | FY25 |
|-------------------------|--------------------|---------------|---------------|---------------|---------------|
| Current Forecast | \$208,221,403 | \$225,690,793 | \$231,064,290 | \$231,064,290 | \$231,064,290 |
| Annual % Growth | -2.8% | 8.4% | 2.4% | 0.0% | 0.0% |
| Net Increase (Decrease) | \$0 | (\$3,222,639) | \$0 | \$0 | \$0 |
| Revised Forecast | \$208,221,403 | \$222,468,154 | \$231,064,290 | \$231,064,290 | \$231,064,290 |
| Annual % Growth | -2.8% | 6.8% | 3.9% | 0.0% | 0.0% |

Medicaid/MaineCare Dedicated revenue estimates are revised downward by \$3.2 million for FY22 and are unchanged for FY23 through FY25. The negative adjustment for FY22 assumes decreases in dedicated revenue from the nursing facility tax and the service provider tax. These downward adjustments are based on trending forward actual collections to date for these two dedicated revenue sources.

Conclusion

The significant General Fund revenue increases estimated in this forecast reflect Maine’s revenue collection experience through the first seven months of FY22, preliminary data on February revenue, and the latest thinking by economic forecasters on the trajectory of the U.S. and Maine economies over the next four years. However, even with the easing of the Omicron variant of the COVID-19 pandemic, with the possibility of new variants and escalating international events, uncertainty has become the norm. Most of the short-term risk to the current revenue forecast is positive, while ongoing issues (inflation, stock and real estate market valuations, supply chain and labor force constraints etc.) facing the economy make the FY23-25 portions of the forecast volatile and susceptible to significant downside risk. The time between this forecast and the next one scheduled for the fall of CY22 provides time for many of the global challenges to be resolved or could result in additional uncertainty, but either way means the long-term part of this forecast will remain uncertain until at least late this year.



Appendix A

General Fund Summary Table

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2022 FORECAST

| Source | FY17 Actual | FY18 Actual | % Chg. | FY19 Actual | % Chg. | FY20 Actual | % Chg. | FY21 Actual | % Chg. | FY21 Budget | FY21 Variance | % Var |
|-------------------------------------|----------------------|----------------------|-------------|----------------------|-------------|----------------------|-------------|----------------------|--------------|----------------------|--------------------|-------------|
| Sales and Use Tax | 1,336,944,791 | 1,423,551,101 | 6.5% | 1,503,771,784 | 5.6% | 1,555,713,076 | 3.5% | 1,804,226,077 | 16.0% | 1,770,861,678 | 33,364,399 | 1.9% |
| Service Provider Tax | 61,211,051 | 59,601,858 | -2.6% | 59,012,956 | -1.0% | 58,012,511 | -1.7% | 51,350,442 | -11.5% | 52,562,000 | (1,211,558) | -2.3% |
| Individual Income Tax | 1,523,852,981 | 1,595,191,847 | 4.7% | 1,701,005,768 | 6.6% | 1,835,972,805 | 7.9% | 2,069,715,593 | 12.7% | 1,806,896,250 | 262,819,343 | 14.5% |
| Corporate Income Tax | 175,239,114 | 185,737,065 | 6.0% | 252,866,884 | 36.1% | 216,131,489 | -14.5% | 284,316,774 | 31.5% | 246,035,000 | 38,281,774 | 15.6% |
| Cigarette and Tobacco Tax | 144,243,207 | 132,949,700 | -7.8% | 125,977,694 | -5.2% | 137,331,317 | 9.0% | 147,228,383 | 7.2% | 142,690,000 | 4,538,383 | 3.2% |
| Insurance Companies Tax | 76,553,592 | 73,468,185 | -4.0% | 77,277,183 | 5.2% | 82,145,116 | 6.3% | 84,462,691 | 2.8% | 84,350,000 | 112,691 | 0.1% |
| Estate Tax | 11,717,686 | 13,801,409 | 17.8% | 15,851,350 | 14.9% | 21,079,344 | 33.0% | 40,399,594 | 91.7% | 40,050,000 | 349,594 | 0.9% |
| Other Taxes and Fees * | 148,183,240 | 145,822,739 | -1.6% | 150,110,769 | 2.9% | 139,144,510 | -7.3% | 157,423,377 | 13.1% | 147,077,207 | 10,346,170 | 7.0% |
| Fines, Forfeits and Penalties | 19,589,175 | 18,402,955 | -6.1% | 15,485,118 | -15.9% | 9,986,146 | -35.5% | 8,720,806 | -12.7% | 10,154,186 | (1,433,380) | -14.1% |
| Income from Investments | 3,592,268 | 6,601,717 | 83.8% | 12,474,570 | 89.0% | 12,121,418 | -2.8% | 6,748,690 | -44.3% | 6,296,062 | 452,628 | 7.2% |
| Transfer from Lottery Commission | 58,219,690 | 62,307,123 | 7.0% | 62,675,109 | 0.6% | 64,589,742 | 3.1% | 70,647,717 | 9.4% | 65,000,000 | 5,647,717 | 8.7% |
| Transfers to Tax Relief Programs * | (63,961,530) | (65,413,185) | -2.3% | (68,087,807) | -4.1% | (74,637,969) | -9.6% | (75,987,519) | -1.8% | (74,462,300) | (1,525,219) | -2.0% |
| Transfers to Municipal Rev. Sharing | (65,228,793) | (69,338,529) | -6.3% | (74,095,532) | -6.9% | (113,613,360) | -53.3% | (156,047,730) | -37.3% | (148,226,685) | (7,821,045) | -5.3% |
| Other Revenue * | 24,747,389 | 4,991,864 | -79.8% | 14,185,246 | 184.2% | 25,367,559 | 78.8% | 27,386,250 | 8.0% | 21,659,433 | 5,726,816 | 26.4% |
| Total - General Fund Revenue | 3,454,903,862 | 3,587,675,847 | 3.8% | 3,848,511,092 | 7.3% | 3,969,343,702 | 3.1% | 4,520,591,145 | 13.9% | 4,170,942,832 | 349,648,313 | 8.4% |

* Additional detail provided on pages 4, 5 and 6

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2022 FORECAST

| Source | FY22 Budget | % Chg. | Recom. Chg. | FY22 Revised | % Chg. | FY23 Budget | % Chg. | Recom. Chg. | FY23 Revised | % Chg. |
|--|----------------------|-------------|--------------------|----------------------|-------------|----------------------|-------------|--------------------|----------------------|-------------|
| Sales and Use Tax ¹ | 2,014,653,322 | 11.7% | 28,200,000 | 2,042,853,322 | 13.2% | 2,076,621,337 | 3.1% | 37,900,000 | 2,114,521,337 | 3.5% |
| Service Provider Tax | 51,000,000 | -0.7% | 0 | 51,000,000 | -0.7% | 50,000,000 | -2.0% | 0 | 50,000,000 | -2.0% |
| Individual Income Tax | 2,048,250,000 | -1.0% | 126,500,000 | 2,174,750,000 | 5.1% | 2,104,440,230 | 2.7% | 80,500,000 | 2,184,940,230 | 0.5% |
| Corporate Income Tax | 255,033,737 | -10.3% | 75,000,000 | 330,033,737 | 16.1% | 273,848,199 | 7.4% | 62,000,000 | 335,848,199 | 1.8% |
| Cigarette and Tobacco Tax ² | 150,745,000 | 2.4% | (525,000) | 150,220,000 | 2.0% | 153,861,000 | 2.1% | (2,121,000) | 151,740,000 | 1.0% |
| Insurance Companies Tax | 88,250,000 | 4.5% | 0 | 88,250,000 | 4.5% | 88,800,000 | 0.6% | 0 | 88,800,000 | 0.6% |
| Estate Tax | 31,950,000 | -20.9% | 8,050,000 | 40,000,000 | -1.0% | 22,150,000 | -30.7% | 2,000,000 | 24,150,000 | -39.6% |
| Other Taxes and Fees * | 150,102,585 | -4.7% | 4,063,848 | 154,166,433 | -2.1% | 150,248,261 | 0.1% | 2,738,861 | 152,987,122 | -0.8% |
| Fines, Forfeits and Penalties | 9,887,846 | 13.4% | (1,623,645) | 8,264,201 | -5.2% | 11,893,139 | 20.3% | 20,000 | 11,913,139 | 44.2% |
| Income from Investments | 5,227,906 | -22.5% | 1,751,301 | 6,979,207 | 3.4% | 3,393,682 | -35.1% | 4,772,572 | 8,166,254 | 17.0% |
| Transfer from Lottery Commission | 65,000,000 | -8.0% | 0 | 65,000,000 | -8.0% | 60,000,000 | -7.7% | 0 | 60,000,000 | -7.7% |
| Transfers to Tax Relief Programs * | (76,150,000) | -0.2% | (1,230,000) | (77,380,000) | -1.8% | (79,700,000) | -4.7% | (1,340,000) | (81,040,000) | -4.7% |
| Transfers to Municipal Rev. Sharing | (203,301,783) | -30.3% | (9,633,768) | (212,935,551) | -36.5% | (230,169,870) | -13.2% | (9,709,785) | (239,879,655) | -12.7% |
| Other Revenue * | 31,678,653 | 15.7% | 4,302,489 | 35,981,141 | 31.4% | 19,074,528 | -39.8% | 79,133 | 19,153,661 | -46.8% |
| Total - General Fund Revenue | 4,622,327,266 | 2.3% | 234,855,224 | 4,857,182,490 | 7.4% | 4,704,460,506 | 1.8% | 176,839,781 | 4,881,300,287 | 0.5% |
| Change in Biennial Totals | | | | | | | | 411,695,005 | | |

* Additional detail provided on pages 4, 5 and 6

1/ Includes revenue from marijuana sales. This forecast assumes gross sales tax revenue of \$11.4 million in FY22; \$15.0 million in FY23; \$18.5 million in FY24 and \$22.5 million in FY25. These estimates are gross amounts before transfers to the Local Government Fund and the Adult Use Marijuana Public Health and Safety Fund. Total transfers to the Adult Use Marijuana Public Health and Safety Fund from sales and excise taxes are included in Other Revenue above and are estimated to be \$2.1 million in FY 22; \$3.1 million in FY23; \$3.9 million in FY24 and \$4.8 million in FY25.

2/ Includes revenue from the marijuana excise tax. This forecast assumes gross excise tax revenue of \$7.2 million in FY22; \$11.0 million in FY23; \$14.3 million in FY24 and \$17.9 million in FY25. These estimates are gross amounts before transfers to the Adult Use Marijuana Public Health and Safety Fund. Total transfers to the Adult Use Marijuana Public Health and Safety Fund from sales and excise taxes are included in Other Revenue above and are estimated to be \$2.1 million in FY 22; \$3.1 million in FY23; \$3.9 million in FY24 and \$4.8 million in FY25.

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2022 FORECAST

| Source | FY24 Budget | % Chg. | Recom. Chg. | FY24 Revised | % Chg. | FY25 Budget | % Chg. | Recom. Chg. | FY25 Revised | % Chg. |
|--|----------------------|-------------|--------------------|----------------------|-------------|----------------------|-------------|--------------------|----------------------|-------------|
| Sales and Use Tax ¹ | 2,133,117,000 | 2.7% | 47,700,000 | 2,180,817,000 | 3.1% | 2,189,882,100 | 2.7% | 56,400,000 | 2,246,282,100 | 3.0% |
| Service Provider Tax | 49,500,000 | -1.0% | 0 | 49,500,000 | -1.0% | 49,000,000 | -1.0% | 0 | 49,000,000 | -1.0% |
| Individual Income Tax | 2,204,640,855 | 4.8% | 63,000,000 | 2,267,640,855 | 3.8% | 2,302,884,855 | 4.5% | 87,000,000 | 2,389,884,855 | 5.4% |
| Corporate Income Tax | 314,568,000 | 14.9% | 54,000,000 | 368,568,000 | 9.7% | 332,485,000 | 5.7% | 58,250,000 | 390,735,000 | 6.0% |
| Cigarette and Tobacco Tax ² | 155,133,000 | 0.8% | (2,391,000) | 152,742,000 | 0.7% | 157,421,000 | 1.5% | (2,776,000) | 154,645,000 | 1.2% |
| Insurance Companies Tax | 86,100,000 | -3.0% | 0 | 86,100,000 | -3.0% | 87,050,000 | 1.1% | 0 | 87,050,000 | 1.1% |
| Estate Tax | 22,250,000 | 0.5% | 2,750,000 | 25,000,000 | 3.5% | 22,950,000 | 3.1% | 3,000,000 | 25,950,000 | 3.8% |
| Other Taxes and Fees * | 150,554,886 | 0.2% | 3,321,094 | 153,875,980 | 0.6% | 150,925,682 | 0.2% | 3,897,590 | 154,823,272 | 0.6% |
| Fines, Forfeits and Penalties | 11,897,139 | 0.0% | 16,000 | 11,913,139 | 0.0% | 11,901,339 | 0.0% | 11,800 | 11,913,139 | 0.0% |
| Income from Investments | 5,596,456 | 64.9% | 4,645,357 | 10,241,813 | 25.4% | 6,456,029 | 15.4% | 3,692,874 | 10,148,903 | -0.9% |
| Transfer from Lottery Commission | 60,000,000 | 0.0% | 0 | 60,000,000 | 0.0% | 60,000,000 | 0.0% | 0 | 60,000,000 | 0.0% |
| Transfers to Tax Relief Programs * | (83,100,000) | -4.3% | (1,440,000) | (84,540,000) | -4.3% | (86,700,000) | -4.3% | (1,540,000) | (88,240,000) | -4.4% |
| Transfers to Municipal Rev. Sharing | (238,186,363) | -3.5% | (8,212,261) | (246,398,624) | -2.7% | (246,772,516) | -3.6% | (10,040,577) | (256,813,093) | -4.2% |
| Other Revenue * | 14,240,147 | -25.3% | (757,280) | 13,482,867 | -29.6% | 10,894,601 | -23.5% | 229,251 | 11,123,852 | -17.5% |
| Total - General Fund Revenue | 4,886,311,120 | 3.9% | 162,631,910 | 5,048,943,030 | 3.4% | 5,048,378,090 | 3.3% | 198,124,938 | 5,246,503,028 | 3.9% |
| | | | | | | | | 360,756,848 | | |

* Additional detail provided on pages 4, 5 and 6

1/ Includes revenue from marijuana sales. This forecast assumes gross sales tax revenue of \$11.4 million in FY22; \$15.0 million in FY23; \$18.5 million in FY24 and \$22.5 million in FY25. These estimates are gross amounts before transfers to the Local Government Fund and the Adult Use Marijuana Public Health and Safety Fund. Total transfers to the Adult Use Marijuana Public Health and Safety Fund from sales and excise taxes are included in Other Revenue above and are estimated to be \$2.1 million in FY 22; \$3.1 million in FY23; \$3.9 million in FY24 and \$4.8 million in FY25.

2/ Includes revenue from the marijuana excise tax. This forecast assumes gross excise tax revenue of \$7.2 million in FY22; \$11.0 million in FY23; \$14.3 million in FY24 and \$17.9 million in FY25. These estimates are gross amounts before transfers to the Adult Use Marijuana Public Health and Safety Fund. Total transfers to the Adult Use Marijuana Public Health and Safety Fund from sales and excise taxes are included in Other Revenue above and are estimated to be \$2.1 million in FY 22; \$3.1 million in FY23; \$3.9 million in FY24 and \$4.8 million in FY25.

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2022 FORECAST

| Source | FY17 Actual | FY18 Actual | % Chg. | FY19 Actual | % Chg. | FY20 Actual | % Chg. | FY21 Actual | % Chg. | FY21 Budget | FY21 Variance | % Var |
|--|--------------|--------------|--------|--------------|---------|--------------|--------|--------------|---------|--------------|---------------|--------|
| Detail of Other Taxes and Fees: | | | | | | | | | | | | |
| - Property Tax - Unorganized Territory | 13,578,696 | 14,188,381 | 4.5% | 13,334,138 | -6.0% | 12,547,461 | -5.9% | 13,920,825 | 10.9% | 14,713,169 | (792,344) | -5.4% |
| - Real Estate Transfer Tax | 17,059,116 | 15,927,432 | -6.6% | 19,105,924 | 20.0% | 16,501,776 | -13.6% | 22,091,539 | 33.9% | 21,655,753 | 435,786 | 2.0% |
| - Liquor Taxes and Fees | 23,249,843 | 23,680,230 | 1.9% | 23,931,346 | 1.1% | 20,854,729 | -12.9% | 22,871,027 | 9.7% | 22,093,824 | 777,203 | 3.5% |
| - Corporation Fees & Licenses | 10,540,087 | 11,094,542 | 5.3% | 10,759,676 | -3.0% | 11,777,263 | 9.5% | 15,039,682 | 27.7% | 11,138,649 | 3,901,033 | 35.0% |
| - Telecommunications Excise Tax | 6,248,478 | 6,221,980 | -0.4% | 6,317,492 | 1.5% | 6,418,268 | 1.6% | 6,724,254 | 4.8% | 6,500,000 | 224,254 | 3.5% |
| - Finance Industry Fees | 30,019,796 | 29,201,565 | -2.7% | 29,082,500 | -0.4% | 27,952,210 | -3.9% | 27,220,420 | -2.6% | 26,957,740 | 262,680 | 1.0% |
| - Milk Handling Fee | 4,613,496 | 4,916,070 | 6.6% | 4,848,648 | -1.4% | 1,676,018 | -65.4% | 3,880,801 | 131.5% | 3,546,767 | 334,034 | 9.4% |
| - Casino and Racino Revenue | 8,624,011 | 8,367,971 | -3.0% | 8,468,389 | 1.2% | 6,542,913 | -22.7% | 7,234,295 | 10.6% | 6,744,803 | 489,492 | 7.3% |
| - Boat, ATV and Snowmobile Fees | 4,712,468 | 4,482,839 | -4.9% | 4,700,071 | 4.8% | 4,970,419 | 5.8% | 5,337,040 | 7.4% | 4,523,561 | 813,479 | 18.0% |
| - Hunting and Fishing License Fees | 16,268,782 | 16,164,837 | -0.6% | 16,282,770 | 0.7% | 16,514,289 | 1.4% | 18,861,172 | 14.2% | 15,986,716 | 2,874,456 | 18.0% |
| - Other Miscellaneous Taxes and Fees | 13,268,468 | 11,576,892 | -12.7% | 13,279,816 | 14.7% | 13,389,164 | 0.8% | 14,242,321 | 6.4% | 13,216,225 | 1,026,096 | 7.8% |
| Subtotal - Other Taxes and Fees | 148,183,240 | 145,822,739 | -1.6% | 150,110,769 | 2.9% | 139,144,510 | -7.3% | 157,423,377 | 13.1% | 147,077,207 | 10,346,170 | 7.0% |
| Detail of Other Revenue: | | | | | | | | | | | | |
| - Liquor Sales and Operations | 9,860,579 | 50,272 | -99.5% | 56,150 | 11.7% | 55,400 | -1.3% | 95,910 | 73.1% | 28,500 | 67,410 | 236.5% |
| - Targeted Case Management (HHS) | 1,820,831 | 607,782 | -66.6% | 246,356 | -59.5% | 80,953 | -67.1% | 42,585 | -47.4% | 83,160 | (40,575) | -48.8% |
| - State Cost Allocation Program | 19,459,021 | 17,229,423 | -11.5% | 18,291,345 | 6.2% | 24,911,989 | 36.2% | 28,721,621 | 15.3% | 27,891,450 | 830,171 | 3.0% |
| - Unclaimed Property Transfer | 5,767,234 | 6,565,469 | 13.8% | 9,592,815 | 46.1% | 10,830,298 | 12.9% | 14,232,174 | 31.4% | 12,200,000 | 2,032,174 | 16.7% |
| - Tourism Transfer | (14,590,665) | (16,076,758) | -10.2% | (17,171,837) | -6.8% | (18,150,386) | -5.7% | (17,076,345) | 5.9% | (17,076,345) | (0) | 0.0% |
| - Transfer to Maine Milk Pool | (15,233,744) | (15,857,558) | -4.1% | (15,220,840) | 4.0% | (9,921,284) | 34.8% | (12,438,556) | -25.4% | (12,778,320) | 339,764 | 2.7% |
| - Transfer to Multimodal Transportation F | (7,908,006) | (8,899,944) | -12.5% | (9,439,886) | -6.1% | (11,138,493) | -18.0% | (9,911,067) | 11.0% | (9,911,067) | (0) | 0.0% |
| - Transfer to Adult Use Marijuana PHSF | 0 | 0 | N/A | 0 | N/A | 0 | N/A | (477,712) | N/A | (2,103,671) | 1,625,959 | 77.3% |
| - Other Miscellaneous Revenue | 25,572,140 | 21,373,178 | -16.4% | 27,831,142 | 30.2% | 28,699,082 | 3.1% | 24,197,640 | -15.7% | 23,325,727 | 871,913 | 3.7% |
| Subtotal - Other Revenue | 24,747,389 | 4,991,864 | -79.8% | 14,185,246 | 184.2% | 25,367,559 | 78.8% | 27,386,250 | 8.0% | 21,659,434 | 5,726,815 | 26.4% |
| Detail of Transfers to Tax Relief Programs: | | | | | | | | | | | | |
| - Maine Resident Property Tax Program | (60,303) | 35,130 | 158.3% | (12,497) | -135.6% | 47,546 | 480.5% | (15,504) | -132.6% | 0 | (15,504) | N/A |
| - BETR - Business Equip. Tax Reimb. | (31,511,125) | (29,863,832) | 5.2% | (24,913,358) | 16.6% | (25,490,793) | -2.3% | (21,961,345) | 13.8% | (20,500,000) | (1,461,345) | -7.1% |
| - BETE - Municipal Bus. Equip. Tax Reim | (32,390,102) | (35,584,483) | -9.9% | (43,161,952) | -21.3% | (49,194,722) | -14.0% | (54,010,670) | -9.8% | (53,962,300) | (48,370) | -0.1% |
| Subtotal - Tax Relief Transfers | (63,961,530) | (65,413,185) | -2.3% | (68,087,807) | -4.1% | (74,637,969) | -9.6% | (75,987,519) | -1.8% | (74,462,300) | (1,525,219) | -2.0% |
| IF&W Total Revenue ** | 22,015,827 | 21,596,400 | -1.9% | 21,933,023 | 1.6% | 22,314,353 | 1.7% | 24,929,478 | 11.7% | 21,355,533 | 3,573,945 | 16.7% |

** IF&W Revenue is a component of the Other Revenue line but is not included in the Detail of Other Revenue because it includes Other Revenue classified above.

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2022 FORECAST

| Source | FY22 Budget | % Chg. | Recom. Chg. | FY22 Revised | % Chg. | FY23 Budget | % Chg. | Recom. Chg. | FY23 Revised | % Chg. |
|--|--------------|---------|-------------|--------------|---------|--------------|--------|-------------|--------------|--------|
| Detail of Other Taxes and Fees: | | | | | | | | | | |
| - Property Tax - Unorganized Territory | 14,813,169 | 6.4% | 0 | 14,813,169 | 6.4% | 14,813,169 | 0.0% | 0 | 14,813,169 | 0.0% |
| - Real Estate Transfer Tax | 26,407,356 | 19.5% | 2,972,945 | 29,380,301 | 33.0% | 26,529,753 | 0.5% | 2,945,048 | 29,474,801 | 0.3% |
| - Liquor Taxes and Fees | 22,093,824 | -3.4% | 0 | 22,093,824 | -3.4% | 22,093,824 | 0.0% | 0 | 22,093,824 | 0.0% |
| - Corporation Fees & Licenses | 10,438,649 | -30.6% | 675,000 | 11,113,649 | -26.1% | 10,438,649 | 0.0% | 575,000 | 11,013,649 | -0.9% |
| - Telecommunications Excise Tax | 6,200,000 | -7.8% | 0 | 6,200,000 | -7.8% | 6,200,000 | 0.0% | 0 | 6,200,000 | 0.0% |
| - Finance Industry Fees | 26,916,990 | -1.1% | (500,000) | 26,416,990 | -3.0% | 26,916,990 | 0.0% | (1,000,000) | 25,916,990 | -1.9% |
| - Milk Handling Fee | 1,251,060 | -67.8% | 121,660 | 1,372,720 | -64.6% | 888,828 | -29.0% | 215,736 | 1,104,564 | -19.5% |
| - Casino and Racino Revenue | 8,371,040 | 15.7% | 830,258 | 9,201,298 | 27.2% | 8,568,844 | 2.4% | 35,752 | 8,604,596 | -6.5% |
| - Boat, ATV and Snowmobile Fees | 4,523,561 | -15.2% | 0 | 4,523,561 | -15.2% | 4,559,561 | 0.8% | 0 | 4,559,561 | 0.8% |
| - Hunting and Fishing License Fees | 15,991,706 | -15.2% | 0 | 15,991,706 | -15.2% | 15,991,706 | 0.0% | 0 | 15,991,706 | 0.0% |
| - Other Miscellaneous Taxes and Fees | 13,095,230 | -8.1% | (36,015) | 13,059,215 | -8.3% | 13,246,937 | 1.2% | (32,675) | 13,214,262 | 1.2% |
| Subtotal - Other Taxes and Fees | 150,102,585 | -4.7% | 4,063,848 | 154,166,433 | -2.1% | 150,248,261 | 0.1% | 2,738,861 | 152,987,122 | -0.8% |
| Detail of Other Revenue: | | | | | | | | | | |
| - Liquor Sales and Operations | 28,500 | -70.3% | 0 | 28,500 | -70.3% | 28,500 | 0.0% | 0 | 28,500 | 0.0% |
| - Targeted Case Management (HHS) | 0 | -100.0% | 0 | 0 | -100.0% | 0 | N/A | 0 | 0 | N/A |
| - State Cost Allocation Program | 25,918,434 | -9.8% | 4,589,726 | 30,508,159 | 6.2% | 26,436,803 | 2.0% | (1) | 26,436,802 | -13.3% |
| - Unclaimed Property Transfer | 9,200,000 | -35.4% | 0 | 9,200,000 | -35.4% | 7,700,000 | -16.3% | 0 | 7,700,000 | -16.3% |
| - Tourism Transfer | (15,473,162) | 9.4% | 0 | (15,473,162) | 9.4% | (21,204,000) | -37.0% | (309,000) | (21,513,000) | -39.0% |
| - Transfer to Maine Milk Pool | (4,673,418) | 62.4% | 498,075 | (4,175,343) | 66.4% | (1,024,423) | 78.1% | (381,114) | (1,405,537) | 66.3% |
| - Transfer to Multimodal Transportation Fund | (7,391,785) | 25.4% | 0 | (7,391,785) | 25.4% | (14,711,000) | -99.0% | 537,000 | (14,174,000) | -91.8% |
| - Transfer to Adult Use Marijuana PHSF | (2,240,766) | -369.1% | 121,412 | (2,119,354) | -343.6% | (3,629,872) | -62.0% | 559,340 | (3,070,532) | -44.9% |
| - Other Miscellaneous Revenue | 26,310,850 | 8.7% | (906,724) | 25,404,126 | 5.0% | 25,478,520 | -3.2% | (327,092) | 25,151,428 | -1.0% |
| Subtotal - Other Revenue | 31,678,653 | 15.7% | 4,302,489 | 35,981,141 | 31.4% | 19,074,528 | -39.8% | 79,133 | 19,153,661 | -46.8% |
| Detail of Transfers to Tax Relief Programs: | | | | | | | | | | |
| - Maine Resident Property Tax Program | 0 | 100.0% | 0 | 0 | 100.0% | 0 | N/A | 0 | 0 | N/A |
| - BETR - Business Equip. Tax Reimb. | (19,100,000) | 13.0% | 0 | (19,100,000) | 13.0% | (17,800,000) | 6.8% | 0 | (17,800,000) | 6.8% |
| - BETE - Municipal Bus. Equip. Tax Reimb. | (57,050,000) | -5.6% | (1,230,000) | (58,280,000) | -7.9% | (61,900,000) | -8.5% | (1,340,000) | (63,240,000) | -8.5% |
| Subtotal - Tax Relief Transfers | (76,150,000) | -0.2% | (1,230,000) | (77,380,000) | -1.8% | (79,700,000) | -4.7% | (1,340,000) | (81,040,000) | -4.7% |
| IF&W Total Revenue ** | 21,476,288 | -13.9% | (3,106) | 21,473,182 | -13.9% | 21,519,719 | 0.2% | (3,184) | 21,516,535 | 0.2% |

** IF&W Revenue is a component of the Other Revenue line but is not included in the Detail of Other Revenue because it includes Other Revenue classified above.

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2022 FORECAST

| Source | FY24 Budget | % Chg. | Recom. Chg. | FY24 Revised | % Chg. | FY25 Budget | % Chg. | Recom. Chg. | FY25 Revised | % Chg. |
|--|--------------|---------|-------------|--------------|---------|--------------|--------|-------------|--------------|--------|
| Detail of Other Taxes and Fees: | | | | | | | | | | |
| - Property Tax - Unorganized Territory | 14,813,169 | 0.0% | 0 | 14,813,169 | 0.0% | 14,813,169 | 0.0% | 0 | 14,813,169 | 0.0% |
| - Real Estate Transfer Tax | 27,056,515 | 2.0% | 3,374,286 | 30,430,801 | 3.2% | 27,364,820 | 1.1% | 3,980,980 | 31,345,800 | 3.0% |
| - Liquor Taxes and Fees | 22,093,824 | 0.0% | 0 | 22,093,824 | 0.0% | 22,093,824 | 0.0% | 0 | 22,093,824 | 0.0% |
| - Corporation Fees & Licenses | 10,438,649 | 0.0% | 575,000 | 11,013,649 | 0.0% | 10,438,649 | 0.0% | 575,000 | 11,013,649 | 0.0% |
| - Telecommunications Excise Tax | 6,200,000 | 0.0% | 0 | 6,200,000 | 0.0% | 6,200,000 | 0.0% | 0 | 6,200,000 | 0.0% |
| - Finance Industry Fees | 26,916,990 | 0.0% | (1,000,000) | 25,916,990 | 0.0% | 26,916,990 | 0.0% | (1,000,000) | 25,916,990 | 0.0% |
| - Milk Handling Fee | 888,828 | 0.0% | 215,736 | 1,104,564 | 0.0% | 888,828 | 0.0% | 215,736 | 1,104,564 | 0.0% |
| - Casino and Racino Revenue | 8,628,103 | 0.7% | 188,781 | 8,816,884 | 2.5% | 8,687,778 | 0.7% | 158,618 | 8,846,396 | 0.3% |
| - Boat, ATV and Snowmobile Fees | 4,559,561 | 0.0% | 0 | 4,559,561 | 0.0% | 4,559,561 | 0.0% | 0 | 4,559,561 | 0.0% |
| - Hunting and Fishing License Fees | 15,991,706 | 0.0% | 0 | 15,991,706 | 0.0% | 15,991,706 | 0.0% | 0 | 15,991,706 | 0.0% |
| - Other Miscellaneous Taxes and Fees | 12,967,541 | -2.1% | (32,709) | 12,934,832 | -2.1% | 12,970,357 | 0.0% | (32,744) | 12,937,613 | 0.0% |
| Subtotal - Other Taxes and Fees | 150,554,886 | 0.2% | 3,321,094 | 153,875,980 | 0.6% | 150,925,682 | 0.2% | 3,897,590 | 154,823,272 | 0.6% |
| Detail of Other Revenue: | | | | | | | | | | |
| - Liquor Sales and Operations | 28,500 | 0.0% | 0 | 28,500 | 0.0% | 28,500 | 0.0% | 0 | 28,500 | 0.0% |
| - Targeted Case Management (HHS) | 0 | N/A | 0 | 0 | N/A | 0 | N/A | 0 | 0 | N/A |
| - State Cost Allocation Program | 26,436,803 | 0.0% | (1) | 26,436,802 | 0.0% | 26,436,803 | 0.0% | (1) | 26,436,802 | 0.0% |
| - Unclaimed Property Transfer | 6,200,000 | -19.5% | 0 | 6,200,000 | -19.5% | 5,000,000 | -19.4% | 0 | 5,000,000 | -19.4% |
| - Tourism Transfer | (22,055,000) | -4.0% | (343,000) | (22,398,000) | -4.1% | (22,842,000) | -3.6% | (355,000) | (23,197,000) | -3.6% |
| - Transfer to Maine Milk Pool | (2,798,113) | -173.1% | (980,473) | (3,778,586) | -168.8% | (2,796,250) | 0.1% | 26,545 | (2,769,705) | 26.7% |
| - Transfer to Multimodal Transportation Fund | (14,499,000) | 1.4% | 211,000 | (14,288,000) | -0.8% | (14,771,000) | -1.9% | 14,000 | (14,757,000) | -3.3% |
| - Transfer to Adult Use Marijuana PHSF | (4,551,628) | -25.4% | 682,286 | (3,869,342) | -26.0% | (5,639,972) | -23.9% | 870,799 | (4,769,173) | -23.3% |
| - Other Miscellaneous Revenue | 25,478,585 | 0.0% | (327,092) | 25,151,493 | 0.0% | 25,478,520 | 0.0% | (327,092) | 25,151,428 | 0.0% |
| Subtotal - Other Revenue | 14,240,147 | -25.3% | (757,280) | 13,482,867 | -29.6% | 10,894,601 | -23.5% | 229,251 | 11,123,852 | -17.5% |
| Detail of Transfers to Tax Relief Programs: | | | | | | | | | | |
| - Maine Resident Property Tax Program | 0 | N/A | 0 | 0 | N/A | 0 | N/A | 0 | 0 | N/A |
| - BETR - Business Equip. Tax Reimb. | (16,650,000) | 6.5% | 0 | (16,650,000) | 6.5% | (15,600,000) | 6.3% | 0 | (15,600,000) | 6.3% |
| - BETE - Municipal Bus. Equip. Tax Reimb. | (66,450,000) | -7.4% | (1,440,000) | (67,890,000) | -7.4% | (71,100,000) | -7.0% | (1,540,000) | (72,640,000) | -7.0% |
| Subtotal - Tax Relief Transfers | (83,100,000) | -4.3% | (1,440,000) | (84,540,000) | -4.3% | (86,700,000) | -4.3% | (1,540,000) | (88,240,000) | -4.4% |
| IF&W Total Revenue ** | 21,522,508 | 0.0% | (3,218) | 21,519,290 | 0.0% | 21,525,324 | 0.0% | (3,253) | 21,522,071 | 0.0% |

** IF&W Revenue is a component of the Other Revenue line but is not included in the Detail of Other Revenue because it includes Other Revenue classified above.



Appendix B

Highway Fund Summary Table

HIGHWAY FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2022 FORECAST

| Source | FY17 Actual | FY18 Actual | % Chg. | FY19 Actual | % Chg. | FY20 Actual | % Chg. | FY 21 Actual | % Chg. | FY21 Budget | FY21 Variance | % Var. |
|---|----------------------|--------------------|-------------|--------------------|-------------|--------------------|--------------|--------------------|-------------|--------------------|------------------|-------------|
| Fuel Taxes | | | | | | | | | | | | |
| - Gasoline Tax | \$201,581,952 | 206,410,302 | 2.4% | 205,925,094 | -0.2% | 194,181,501 | -5.7% | 183,413,666 | -5.5% | 186,299,525 | (2,885,859) | -1.5% |
| - Special Fuel and Road Use Taxes | \$50,364,054 | 43,150,896 | -14.3% | 49,588,218 | 14.9% | 47,413,587 | -4.4% | 47,862,849 | 0.9% | 46,789,000 | 1,073,849 | 2.3% |
| - Transcap Transfers - Fuel Taxes | (\$18,589,483) | (18,398,369) | 1.0% | (18,777,306) | -2.1% | (17,774,919) | 5.3% | (17,005,855) | 4.3% | (17,137,716) | 131,861 | 0.8% |
| - Other Fund Gasoline Tax Distributions | (\$5,065,081) | (5,166,427) | -2.0% | (5,149,578) | 0.3% | (4,849,535) | 5.8% | (4,599,935) | 5.1% | (4,666,041) | 66,106 | 1.4% |
| Subtotal - Fuel Taxes | \$228,291,442 | 225,996,401 | -1.0% | 231,586,428 | 2.5% | 218,970,635 | -5.4% | 209,670,726 | -4.2% | 211,284,768 | (1,614,042) | -0.8% |
| Motor Vehicle Registration and Fees | | | | | | | | | | | | |
| - Motor Vehicle Registration Fees | \$68,345,517 | 68,660,358 | 0.5% | 69,615,829 | 1.4% | 64,969,278 | -6.7% | 75,801,035 | 16.7% | 71,868,632 | 3,932,403 | 5.5% |
| - License Plate Fees | \$3,709,500 | 3,747,816 | 1.0% | 3,861,249 | 3.0% | 3,829,530 | -0.8% | 4,047,896 | 5.7% | 3,817,643 | 230,253 | 6.0% |
| - Long-term Trailer Registration Fees | \$11,768,669 | 13,279,792 | 12.8% | 15,134,872 | 14.0% | 14,186,866 | -6.3% | 15,281,749 | 7.7% | 12,384,523 | 2,897,226 | 23.4% |
| - Title Fees | \$14,298,502 | 14,526,092 | 1.6% | 15,181,423 | 4.5% | 14,523,225 | -4.3% | 16,861,221 | 16.1% | 15,525,795 | 1,335,426 | 8.6% |
| - Motor Vehicle Operator License Fees | \$8,956,575 | 8,752,147 | -2.3% | 9,521,698 | 8.8% | 8,646,784 | -9.2% | 11,177,496 | 29.3% | 10,107,411 | 1,070,085 | 10.6% |
| - Transcap Transfers - Motor Vehicle Fees | (\$16,101,245) | (16,191,340) | -0.6% | (16,384,440) | -1.2% | (15,507,585) | 5.4% | (17,849,524) | -15.1% | (17,453,983) | (395,541) | -2.3% |
| Subtotal - Motor Vehicle Reg. & Fees | \$90,977,518 | 92,774,864 | 2.0% | 96,930,631 | 4.5% | 90,648,098 | -6.5% | 105,319,873 | 16.2% | 96,250,021 | 9,069,852 | 9.4% |
| Motor Vehicle Inspection Fees | \$3,410,700 | 3,373,100 | -1.1% | 3,324,510 | -1.4% | 3,120,970 | -6.1% | 3,098,522 | -0.7% | 2,753,228 | 345,294 | 12.5% |
| Other Highway Fund Taxes and Fees | \$1,378,535 | 1,490,993 | 8.2% | 1,508,539 | 1.2% | 1,280,909 | -15.1% | 1,629,051 | 27.2% | 1,367,454 | 261,597 | 19.1% |
| Fines, Forfeits and Penalties | \$719,555 | 724,478 | 0.7% | 610,373 | -15.7% | 899,735 | 47.4% | 1,248,923 | 38.8% | 426,101 | 822,822 | 193.1% |
| Income from Investments | \$348,432 | 326,847 | -6.2% | 893,027 | 173.2% | 257,790 | -71.1% | 305,414 | 18.5% | 261,450 | 43,964 | 16.8% |
| Other Highway Fund Revenues | \$9,191,942 | 10,943,111 | 19.1% | 11,640,306 | 6.4% | 11,998,433 | 3.1% | 12,730,378 | 6.1% | 12,100,331 | 630,047 | 5.2% |
| Total - Highway Fund Revenue | \$334,318,123 | 335,629,795 | 0.4% | 346,493,814 | 3.2% | 327,176,570 | -5.6% | 334,002,888 | 2.1% | 324,443,353 | 9,559,535 | 2.9% |

HIGHWAY FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2022 FORECAST

| Source | FY22 Budget | % Chg. | Recom. Chg. | FY22 Revised | % Chg. | FY23 Budget | % Chg. | Recom. Chg. | FY23 Revised | % Chg. |
|---|--------------------|-------------|------------------|--------------------|-------------|--------------------|-------------|------------------|--------------------|-------------|
| Fuel Taxes | | | | | | | | | | |
| - Gasoline Tax | 200,950,000 | 9.6% | (2,300,000) | 198,650,000 | 8.3% | 206,453,000 | 2.7% | (2,358,000) | 204,095,000 | 2.7% |
| - Special Fuel and Road Use Taxes | 46,898,200 | -2.0% | 2,341,800 | 49,240,000 | 2.9% | 47,730,673 | 1.8% | 2,354,327 | 50,085,000 | 1.7% |
| - Transcap Transfers - Fuel Taxes | (18,211,728) | -7.1% | (7,449) | (18,219,177) | -7.1% | (18,676,567) | -2.6% | (4,148) | (18,680,715) | -2.5% |
| - Other Fund Gasoline Tax Distributions | (5,025,156) | -9.2% | 57,517 | (4,967,639) | -8.0% | (5,162,768) | -2.7% | 58,966 | (5,103,802) | -2.7% |
| Subtotal - Fuel Taxes | 224,611,316 | 7.1% | 91,868 | 224,703,184 | 7.2% | 230,344,338 | 2.6% | 51,145 | 230,395,483 | 2.5% |
| Motor Vehicle Registration and Fees | | | | | | | | | | |
| - Motor Vehicle Registration Fees | 69,162,203 | -8.8% | 0 | 69,162,203 | -8.8% | 69,162,203 | 0.0% | 0 | 69,162,203 | 0.0% |
| - License Plate Fees | 3,652,523 | -9.8% | 0 | 3,652,523 | -9.8% | 3,661,097 | 0.2% | 0 | 3,661,097 | 0.2% |
| - Long-term Trailer Registration Fees | 11,384,523 | -25.5% | 750,000 | 12,134,523 | -20.6% | 11,384,523 | 0.0% | 750,000 | 12,134,523 | 0.0% |
| - Title Fees | 14,325,795 | -15.0% | 0 | 14,325,795 | -15.0% | 14,325,795 | 0.0% | 0 | 14,325,795 | 0.0% |
| - Motor Vehicle Operator License Fees | 10,191,878 | -8.8% | 100,000 | 10,291,878 | -7.9% | 9,560,348 | -6.2% | (150,000) | 9,410,348 | -8.6% |
| - Transcap Transfers - Motor Vehicle Fees | (16,518,054) | 7.5% | 0 | (16,518,054) | 7.5% | (16,518,054) | 0.0% | 0 | (16,518,054) | 0.0% |
| Subtotal - Motor Vehicle Reg. & Fees | 92,198,868 | -12.5% | 850,000 | 93,048,868 | -11.7% | 91,575,912 | -0.7% | 600,000 | 92,175,912 | -0.9% |
| Motor Vehicle Inspection Fees | 3,015,291 | -2.7% | 0 | 3,015,291 | -2.7% | 3,202,500 | 6.2% | 0 | 3,202,500 | 6.2% |
| Other Highway Fund Taxes and Fees | 1,267,454 | -22.2% | 150,000 | 1,417,454 | -13.0% | 1,267,454 | 0.0% | 0 | 1,267,454 | -10.6% |
| Fines, Forfeits and Penalties | 606,412 | -51.4% | 0 | 606,412 | -51.4% | 606,412 | 0.0% | 0 | 606,412 | 0.0% |
| Income from Investments | 146,248 | -52.1% | 22,371 | 168,619 | -44.8% | 88,209 | -39.7% | 132,960 | 221,169 | 31.2% |
| Other Highway Fund Revenues | 12,908,725 | 1.4% | 323,121 | 13,231,846 | 3.9% | 11,304,465 | -12.4% | 0 | 11,304,465 | -14.6% |
| Total - Highway Fund Revenue | 334,754,314 | 0.2% | 1,437,360 | 336,191,674 | 0.7% | 338,389,290 | 1.1% | 784,105 | 339,173,395 | 0.9% |
| Change in Biennial Totals | | | | | | | | 2,221,465 | | |

HIGHWAY FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2022 FORECAST

| Source | FY24 Budget | % Chg. | Recom. Chg. | FY24 Revised | % Chg. | FY25 Budget | % Chg. | Recom. Chg. | FY25 Revised | % Chg. |
|---|--------------------|-------------|----------------|--------------------|-------------|--------------------|-------------|------------------|--------------------|-------------|
| Fuel Taxes | | | | | | | | | | |
| - Gasoline Tax | 208,518,000 | 1.0% | (2,383,000) | 206,135,000 | 1.0% | 210,603,770 | 1.0% | (2,408,770) | 208,195,000 | 1.0% |
| - Special Fuel and Road Use Taxes | 48,293,980 | 1.2% | 2,376,020 | 50,670,000 | 1.2% | 48,862,920 | 1.2% | 2,397,080 | 51,260,000 | 1.2% |
| - Transcap Transfers - Fuel Taxes | (18,869,818) | -1.0% | (3,946) | (18,873,764) | -1.0% | (19,065,009) | -1.0% | (3,641) | (19,068,650) | -1.0% |
| - Other Fund Gasoline Tax Distributions | (5,214,409) | -1.0% | 59,591 | (5,154,818) | -1.0% | (5,266,569) | -1.0% | 60,237 | (5,206,332) | -1.0% |
| Subtotal - Fuel Taxes | 232,727,753 | 1.0% | 48,665 | 232,776,418 | 1.0% | 235,135,112 | 1.0% | 44,906 | 235,180,018 | 1.0% |
| Motor Vehicle Registration and Fees | | | | | | | | | | |
| - Motor Vehicle Registration Fees | 69,162,203 | 0.0% | 0 | 69,162,203 | 0.0% | 69,162,203 | 0.0% | 0 | 69,162,203 | 0.0% |
| - License Plate Fees | 3,662,986 | 0.1% | 0 | 3,662,986 | 0.1% | 3,664,608 | 0.0% | 0 | 3,664,608 | 0.0% |
| - Long-term Trailer Registration Fees | 11,384,523 | 0.0% | 750,000 | 12,134,523 | 0.0% | 11,384,523 | 0.0% | 750,000 | 12,134,523 | 0.0% |
| - Title Fees | 14,325,795 | 0.0% | 0 | 14,325,795 | 0.0% | 14,325,795 | 0.0% | 0 | 14,325,795 | 0.0% |
| - Motor Vehicle Operator License Fees | 9,560,348 | 0.0% | (150,000) | 9,410,348 | 0.0% | 9,560,348 | 0.0% | (150,000) | 9,410,348 | 0.0% |
| - Transcap Transfers - Motor Vehicle Fees | (16,518,054) | 0.0% | 0 | (16,518,054) | 0.0% | (16,518,054) | 0.0% | 0 | (16,518,054) | 0.0% |
| Subtotal - Motor Vehicle Reg. & Fees | 91,577,801 | 0.0% | 600,000 | 92,177,801 | 0.0% | 91,579,423 | 0.0% | 600,000 | 92,179,423 | 0.0% |
| Motor Vehicle Inspection Fees | 3,202,500 | 0.0% | 0 | 3,202,500 | 0.0% | 3,202,500 | 0.0% | 0 | 3,202,500 | 0.0% |
| Other Highway Fund Taxes and Fees | 1,267,454 | 0.0% | 0 | 1,267,454 | 0.0% | 1,267,454 | 0.0% | 0 | 1,267,454 | 0.0% |
| Fines, Forfeits and Penalties | 606,412 | 0.0% | 0 | 606,412 | 0.0% | 606,412 | 0.0% | 0 | 606,412 | 0.0% |
| Income from Investments | 171,464 | 94.4% | 153,978 | 325,442 | 47.1% | 209,470 | 22.2% | 132,047 | 341,517 | 4.9% |
| Other Highway Fund Revenues | 11,304,465 | 0.0% | 0 | 11,304,465 | 0.0% | 11,304,465 | 0.0% | 0 | 11,304,465 | 0.0% |
| Total - Highway Fund Revenue | 340,857,849 | 0.7% | 802,643 | 341,660,492 | 0.7% | 343,304,836 | 0.7% | 776,953 | 344,081,789 | 0.7% |
| Change in Biennial Totals | | | | | | | | 1,579,596 | | |



Appendix C

Fund for a Healthy Maine Summary Table

**FUND FOR A HEALTHY MAINE (FHM) REVENUE
(TOBACCO SETTLEMENT PAYMENTS)
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2022 FORECAST**

| Source | FY17 Actual | FY18 Actual | % Chg. | FY19 Actual | % Chg. | FY20 Actual | % Chg. | FY21 Actual | % Chg. | FY21 Budget | FY 21 Variance | % Var. |
|--------------------------------------|-------------------|-------------------|--------------|-------------------|--------------|-------------------|---------------|-------------------|-------------|-------------------|-------------------|--------------|
| Tobacco Settlement Payments: | | | | | | | | | | | | |
| - Base Payments | 42,587,291 | 46,658,590 | 9.6% | 45,465,742 | -2.6% | 46,272,664 | 1.8% | 48,584,349 | 5.0% | 48,584,349 | 0 | 0.0% |
| - One-time DPA Settlements * | 0 | 21,242,331 | | 32,488,828 | 52.9% | 0 | -100.0% | 0 | N/A | 0 | 0 | N/A |
| - Strategic Contribution Payments ** | 8,794,086 | 0 | -100.0% | 0 | N/A | 0 | N/A | 0 | N/A | 0 | 0 | N/A |
| Subtotal TSPs | 51,381,377 | 67,900,922 | 32.2% | 77,954,570 | 14.8% | 46,272,664 | -40.6% | 48,584,349 | 5.0% | 48,584,349 | 0 | 0.0% |
| Casino Revenue *** | 3,797,297 | 3,680,035 | -3.1% | 3,640,004 | -1.09% | 2,773,875 | -23.79% | 3,376,375 | 21.7% | 3,200,177 | 176,198 | 5.5% |
| Income from Investments | 49,454 | 146,419 | 196.1% | 583,469 | 298.5% | 496,816 | -14.9% | 115,798 | -76.7% | 117,238 | (1,440) | -1.2% |
| Other Adjustments **** | 0 | 0 | N/A | 0 | N/A | 0 | N/A | (994,035) | N/A | 0 | (994,035) | N/A |
| Total - FHM Revenue | 55,228,128 | 71,727,375 | 29.9% | 82,178,042 | 14.6% | 49,543,354 | -39.7% | 51,082,487 | 3.1% | 51,901,764 | (819,277) | -1.6% |

* FY 18 and 19 include a “one-time” settlement payment from tobacco manufacturers to settle the NPM Adjustment dispute for the years 2004 through 2017.

** Beginning in FY 18, the ten-year strategic contribution payment ended with the funding nationally for this purpose returned to the regular distribution pool.

*** Casino Revenue reflects that portion of the State's share of proceeds from slot machines at the Hollywood Casino in Bangor designated for the Fund for a Healthy Maine.

**** Adjustments for prior year balances forward and audit settlements

**FUND FOR A HEALTHY MAINE (FHM) REVENUE
(TOBACCO SETTLEMENT PAYMENTS)
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2022 FORECAST**

| Source | FY22 Budget | % Chg. | Recom. Chg. | FY22 Revised | % Chg. | FY23 Budget | % Chg. | Recom. Chg. | FY23 Revised | % Chg. |
|--------------------------------------|-------------------|---------------|------------------|-------------------|--------------|-------------------|-------------|------------------|-------------------|-------------|
| Tobacco Settlement Payments: | | | | | | | | | | |
| - Base Payments | 41,722,218 | -14.1% | 1,000,000 | 42,722,218 | -12.1% | 43,971,707 | 5.4% | 1,000,000 | 44,971,707 | 5.3% |
| - One-time DPA Settlements * | 0 | N/A | 0 | 0 | N/A | 0 | N/A | 0 | 0 | N/A |
| - Strategic Contribution Payments ** | 0 | N/A | 0 | 0 | N/A | 0 | N/A | 0 | 0 | N/A |
| Subtotal TSPs | 41,722,218 | -14.1% | 1,000,000 | 42,722,218 | -12.1% | 43,971,707 | 5.4% | 1,000,000 | 44,971,707 | 5.3% |
| Casino Revenue *** | 3,607,923 | 6.9% | 356,242 | 3,964,165 | 17.4% | 3,669,038 | 1.7% | 55,827 | 3,724,865 | -6.0% |
| Income from Investments | 100,629 | -13.1% | 37,382 | 138,011 | 19.2% | 67,373 | -33.0% | 133,841 | 201,214 | 45.8% |
| Other Adjustments **** | 0 | 100.0% | 0 | 0 | 100.0% | 0 | N/A | 0 | 0 | N/A |
| Total - FHM Revenue | 45,430,770 | -11.1% | 1,393,624 | 46,824,394 | -8.3% | 47,708,118 | 5.0% | 1,189,668 | 48,897,786 | 4.4% |
| Change in Biennial Totals | | | | | | | | 2,583,292 | | |

* FY 18 and 19 include a “one-time” settlement payment from tobacco manufacturers to settle the NPM Adjustment dispute for the years 2004 through 2017.

** Beginning in FY 18, the ten-year strategic contribution payment ended with the funding nationally for this purpose returned to the regular distribution pool.

*** Casino Revenue reflects that portion of the State's share of proceeds from slot machines at the Hollywood Casino in Bangor designated for the Fund for a Healthy Maine.

**** Adjustments for prior year balances forward and audit settlements

**FUND FOR A HEALTHY MAINE (FHM) REVENUE
(TOBACCO SETTLEMENT PAYMENTS)
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2022 FORECAST**

| Source | FY24 Budget | % Chg. | Recom. Chg. | FY24 Revised | % Chg. | FY25 Budget | % Chg. | Recom. Chg. | FY25 Revised | % Chg. |
|--------------------------------------|-------------------|---------------|------------------|-------------------|---------------|-------------------|-------------|------------------|-------------------|-------------|
| Tobacco Settlement Payments: | | | | | | | | | | |
| - Base Payments | 31,106,373 | -29.3% | 1,000,000 | 32,106,373 | -28.6% | 31,106,373 | 0.0% | 1,000,000 | 32,106,373 | 0.0% |
| - One-time DPA Settlements * | | N/A | 0 | 0 | N/A | | N/A | 0 | 0 | N/A |
| - Strategic Contribution Payments ** | | N/A | 0 | 0 | N/A | | N/A | 0 | 0 | N/A |
| Subtotal TSPs | 31,106,373 | -29.3% | 1,000,000 | 32,106,373 | -28.6% | 31,106,373 | 0.0% | 1,000,000 | 32,106,373 | 0.0% |
| Casino Revenue *** | 3,696,556 | 0.8% | 150,751 | 3,847,307 | 3.3% | 3,724,280 | 0.7% | 126,874 | 3,851,154 | 0.1% |
| Income from Investments | 118,992 | 76.6% | 19,819 | 138,811 | -31.0% | 127,681 | 7.3% | 15,612 | 143,293 | 3.2% |
| Other Adjustments **** | 0 | N/A | 0 | 0 | N/A | 0 | N/A | 0 | 0 | N/A |
| Total - FHM Revenue | 34,921,921 | -26.8% | 1,170,570 | 36,092,491 | -26.2% | 34,958,334 | 0.1% | 1,142,486 | 36,100,820 | 0.0% |
| Change in Biennial Totals | | | | | | | | 2,313,055 | | |

* FY 18 and 19 include a “one-time” settlement payment from tobacco manufacturers to settle the NPM Adjustment dispute for the years 2004 through 2017.

** Beginning in FY 18, the ten-year strategic contribution payment ended with the funding nationally for this purpose returned to the regular distribution pool.

*** Casino Revenue reflects that portion of the State's share of proceeds from slot machines at the Hollywood Casino in Bangor designated for the Fund for a Healthy Maine.

**** Adjustments for prior year balances forward and audit settlements



Appendix D

Medicaid/MaineCare Dedicated Revenue Taxes Summary Table

MEDICAID/MAINECARE DEDICATED REVENUE TAXES
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2022 FORECAST

| Source | FY 17 Actual | FY18 Actual | % Chg. | FY19 Actual | % Chg. | FY20 Actual | % Chg. | FY21 Actual | % Chg. | FY21 Budget | FY21 Variance | % Var |
|---|--------------------|--------------------|-------------|--------------------|-------------|--------------------|--------------|--------------------|--------------|--------------------|--------------------|--------------|
| Nursing Facility Tax | 36,162,788 | 33,755,577 | -6.7% | 34,999,161 | 3.7% | 43,432,833 | 24.1% | 38,214,675 | -12.0% | 40,863,804 | (2,649,129) | -6.5% |
| Residential Treatment Facility (ICFs/MR) Tax | 1,939,129 | 2,078,079 | 7.2% | 2,055,506 | -1.1% | 2,250,322 | 9.5% | 2,537,960 | 12.8% | 2,392,205 | 145,755 | 6.1% |
| Hospital Tax * | 95,028,525 | 103,355,698 | 8.8% | 102,503,718 | -0.8% | 115,464,903 | 12.6% | 115,888,153 | 0.4% | 115,888,162 | (9) | 0.0% |
| Service Provider Tax - Private Non-Medical Institutions (PNMIs) | 43,710,762 | 45,960,421 | 5.1% | 50,424,722 | 9.7% | 52,990,306 | 5.1% | 51,580,615 | -2.7% | 52,250,796 | (670,181) | -1.3% |
| Total - Health Care Provider Taxes | 176,841,205 | 185,149,775 | 4.7% | 189,983,107 | 2.6% | 214,138,364 | 12.7% | 208,221,403 | -2.8% | 211,394,967 | (3,173,564) | -1.5% |

* The hospital tax base year was modified in PL 2007, c. 545, to hospital fiscal years ending during calendar year 2006 beginning in FY 09; again in PL 2009, c. 571 to hospital fiscal years ending during calendar year 2008 beginning in FY 11; again in PL 2013, c. 368 to hospital fiscal years ending during calendar year 2012 beginning in FY 14; again in PL 2017, c.284 to hospital fiscal years ending during calendar year 2014 beginning in FY 18; in PL 2019, c.343 to hospital fiscal years ending during calendar year 2016 beginning in FY 20 and again in PL 2021, c. 29 to hospital fiscal years ending in calendar year 2018 beginning in FY 22.

MEDICAID/MAINECARE DEDICATED REVENUE TAXES
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2022 FORECAST

| Source | FY22 Budget | % Chg. | Recom. Chg. | FY22 Revised | % Chg. | FY23 Budget | % Chg. | Recom. Chg. | FY23 Revised | % Chg. |
|---|--------------------|-------------|--------------------|--------------------|-------------|--------------------|-------------|--------------------|--------------------|-------------|
| Nursing Facility Tax | 41,221,877 | 7.9% | (2,000,000) | 39,221,877 | 2.6% | 43,144,150 | 4.7% | 0 | 43,144,150 | 10.0% |
| Residential Treatment Facility (ICFs/MR) Tax | 2,522,756 | -0.6% | 0 | 2,522,756 | -0.6% | 495,756 | -80.3% | 0 | 495,756 | -80.3% |
| Hospital Tax * | 127,706,538 | 10.2% | 0 | 127,706,538 | 10.2% | 127,706,538 | 0.0% | 0 | 127,706,538 | 0.0% |
| Service Provider Tax - Private Non-Medical Institutions (PNMIs) | 54,239,622 | 5.2% | (1,222,639) | 53,016,983 | 2.8% | 59,717,846 | 10.1% | 0 | 59,717,846 | 12.6% |
| Total - Health Care Provider Taxes | 225,690,793 | 8.4% | (3,222,639) | 222,468,154 | 6.8% | 231,064,290 | 2.4% | 0 | 231,064,290 | 3.9% |
| Change in Biennial Totals | | | | | | | | (3,222,639) | | |

* The hospital tax base year was modified in PL 2007, c. 545, to hospital fiscal years ending during calendar year 2006 beginning in FY 09; again in PL 2009, c. 571 to hospital fiscal years ending during calendar year 2008 beginning in FY 11; again in PL 2013, c. 368 to hospital fiscal years ending during calendar year 2012 beginning in FY 14; again in PL 2017, c.284 to hospital fiscal years ending during calendar year 2014 beginning in FY 18; in PL 2019, c.343 to hospital fiscal years ending during calendar year 2016 beginning in FY 20 and again in PL 2021, c. 29 to hospital fiscal years ending in calendar year 2018 beginning in FY 22.

MEDICAID/MAINECARE DEDICATED REVENUE TAXES
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2022 FORECAST

| Source | FY24 Budget | % Chg. | Recom. Chg. | FY24 Revised | % Chg. | FY25 Budget | % Chg. | Recom. Chg. | FY25 Budget | % Chg. |
|---|--------------------|-------------|-------------|--------------------|-------------|--------------------|-------------|-------------|--------------------|-------------|
| Nursing Facility Tax | 43,144,150 | 0.0% | 0 | 43,144,150 | 0.0% | 43,144,150 | 0.0% | 0 | 43,144,150 | 0.0% |
| Residential Treatment Facility (ICFs/MR) Tax | 495,756 | 0.0% | 0 | 495,756 | 0.0% | 495,756 | 0.0% | 0 | 495,756 | 0.0% |
| Hospital Tax * | 127,706,538 | 0.0% | 0 | 127,706,538 | 0.0% | 127,706,538 | 0.0% | 0 | 127,706,538 | 0.0% |
| Service Provider Tax - Private Non-Medical Institutions (PNMIs) | 59,717,846 | 0.0% | 0 | 59,717,846 | 0.0% | 59,717,846 | 0.0% | 0 | 59,717,846 | 0.0% |
| Total - Health Care Provider Taxes | 231,064,290 | 0.0% | 0 | 231,064,290 | 0.0% | 231,064,290 | 0.0% | 0 | 231,064,290 | 0.0% |
| Change in Biennial Totals | | | | | | | | 0 | | |

* The hospital tax base year was modified in PL 2007, c. 545, to hospital fiscal years ending during calendar year 2006 beginning in FY 09; again in PL 2009, c. 571 to hospital fiscal years ending during calendar year 2008 beginning in FY 11; again in PL 2013, c. 368 to hospital fiscal years ending during calendar year 2012 beginning in FY 14; again in PL 2017, c.284 to hospital fiscal years ending during calendar year 2014 beginning in FY 18; in PL 2019, c.343 to hospital fiscal years ending during calendar year 2016 beginning in FY 20 and again in PL 2021, c. 29 to hospital fiscal years ending in calendar year 2018 beginning in FY 22.



Appendix E

Consensus Economic Forecasting Commission Report

February 1, 2022

**Report of the
CONSENSUS ECONOMIC FORECASTING COMMISSION
February 1, 2022**

Commissioners

Dr. Sheena S. Bunnell, Chair
*Professor of Business Economics
University of Maine Farmington*

Dr. Andrew Crawley
*Assistant Professor and Co-Director Maine EDA University Center
School of Economics, University of Maine*

Dr. Chuck Lawton

Ryan Low
*Vice Chancellor for Finance and Administration & Treasurer
University of Maine System*

Sarah Austin
*Director of Policy and Research
Maine Center for Economic Policy*

Summary

The Maine Consensus Economic Forecasting Commission (CEFC) convened January 28, 2022, to review and revise its forecast through 2025 and additionally forecast through 2027. This meeting builds on the Commission's forecast update of November 1, 2021, incorporating the most recent data available for all relevant baseline data. This report provides a summary of the Commission's findings.

The CEFC sees inflation, especially in energy prices; geopolitical upheaval; interest rate increases; and uncertainty pertaining to the ongoing pandemic and future variants as key risks in the near-term forecast. In addition, the Commission noted two striking facts drawn from 2021 data:

1. Maine's net domestic migration rate was first in New England and sixth in the U.S. and
2. Maine's actual growth in wage and salary income and in total personal income through the first three quarters of 2021 exceeded by a substantial margin the Commission's **full-year** forecast for both variables.

The implication of these facts as well as careful examination of Census survey data and much anecdotal information is that migration to Maine – whether from actual moves or remote work opportunities generated by the pandemic – seemed to be a significant factor in driving employment and income growth in Maine.

While the Commission continues to be optimistic about increased in-migration to Maine, it recognizes that demographic inequalities and uneven access to high-speed internet across the state will limit the range of increased in-migration and thus limit its impact on employment and income growth. Economic improvements will also likely see regional variations due to several factors, including public health conditions and uneven real estate market impacts from increasing interest rates and housing prices.

Based on information from the Maine Department of Labor, the CEFC expects an upward revision to employment for 2020 of around 2,000 jobs; this is not currently reflected in the numbers and if the revisions occurs as expected, will increase employment levels throughout the forecast years by around 2,000. Total nonfarm employment is forecast to increase by 3.7% in 2021 following an expected upward revision during the benchmarking process, 1.8% in 2022, 1.0% in 2023, 0.4% in 2024, and 0.2% in 2025 before leveling out in 2026 and 2027. The revised forecast anticipates employment will return to pre-pandemic levels between 2023 and 2024 and continue growing to 639.5 thousand (around 641 thousand once 2020 revisions are accounted for) in 2025 before leveling off. This reflects downward revisions in 2022, 2024, and 2025 as the state's demographics weigh against continued migration into the state.

The forecast for total personal income growth was revised up from 5.2% to 6.5% in 2021, from 0.5% to 1.7% in 2022, from 4.6% to 5.0% in 2023, and from 4.8% to 4.9% in 2024, with 2025 left unchanged at 4.6% and 2026 and 2027 forecast at 4.6% and 4.5%, respectively. This revision accounts for stronger growth in wages and salaries and supplements to wages and salaries in 2021-2023.

Growth in wages and salaries, the largest component of personal income, was revised up from 5.5% to 7.7% in 2021, from 5.0% to 6.5% in 2022, from 5.0% to 5.5% in 2023, and left unchanged at 5.0% in 2024 and 4.0% in 2025 with 2026 and 2027 forecast at 4.3% each. Growth in supplements to wages and salaries was revised up from 4.7% to 5.5% in 2021, from 4.0% to 6.5% in 2022, from 4.0% to 5.5% in 2023, and from 4.0% to 5.0% in 2024, with 2025 left unchanged at 4.0% and 2026 and 2027 forecast at 4.3%. This recognizes a shift with growth in supplements to wages and salaries tracking more closely with wage and salary growth.

Nonfarm proprietors' income was revised up from 5.5% to 10.0% in 2021 and from 6.5% to 8.5% in 2022. The forecasts for 2023-2025 were left unchanged, with 2026 forecast at 4.5% and 2027 forecast at 3.7%. The forecast for growth in dividends, interest, and rent was left unchanged for all years, with 2026 forecast at 5.1% and 2027 forecast at 5.0%. Growth in personal current transfer receipts was also left unchanged for all years, with 2026 and 2027 both forecast at 4.9%.

Growth in the Consumer Price Index (CPI) came in at 4.7% for 2021, up from the CEFC's forecast of 4.4%. The CEFC revised its forecast up from 3.5% to 5.0% in 2022, from 2.1% to 4.0% in 2023, and from 2.1% to 2.5% in 2024 and 2025, with 2026 and 2027 also forecast at 2.5%. The higher energy prices, increased demand, and supply constraints that have recently led to increased inflation are expected to continue through 2022 and into 2023 before abating.

Finally, the forecast for corporate profits was revised up from 30.0% to 45.0% in 2021 to reflect year-to-date information on revenues from corporate income taxes. The forecasts for 2022 and 2023 were also revised up, from 2.0% in 2022 and 3.0% in 2023 to 4.0% in both years. 2024 and 2025 were left unchanged at 6.0%, with 2026 and 2027 also forecast at 6.0%.

The following table provides the forecast's major indicators along with a comparison to the previous forecast and the final pre-pandemic forecast.

| Calendar Years | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|--|------|------|------|------|------|------|------|------|
| Wage & Salary Employment (Annual Percentage Change) | | | | | | | | |
| CEFC Forecast 02/2020 | 0.5 | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 | | |
| CEFC Forecast 11/2021 | -6.4 | 3.7 | 2.3 | 1.0 | 0.7 | 0.7 | | |
| CEFC Forecast 02/2022 | -6.4 | 3.7 | 1.8 | 1.0 | 0.4 | 0.2 | 0.0 | 0.0 |
| Personal Income (Annual Percentage Change) | | | | | | | | |
| CEFC Forecast 02/2020 | 4.1 | 4.0 | 3.7 | 3.5 | 3.5 | 3.5 | | |
| CEFC Forecast 11/2021 | 7.9 | 5.2 | 0.5 | 4.6 | 4.8 | 4.6 | | |
| CEFC Forecast 02/2022 | 7.9 | 6.5 | 1.7 | 5.0 | 4.9 | 4.6 | 4.6 | 4.5 |
| Wage and Salary Income (Annual Percentage Change) | | | | | | | | |
| CEFC Forecast 02/2020 | 4.1 | 3.7 | 3.4 | 3.2 | 3.2 | 3.2 | | |
| CEFC Forecast 11/2021 | 2.9 | 5.5 | 5.0 | 5.0 | 5.0 | 4.0 | | |
| CEFC Forecast 02/2022 | 2.9 | 7.7 | 6.5 | 5.5 | 5.0 | 4.0 | 4.3 | 4.3 |
| CPI (Annual Percentage Change) | | | | | | | | |
| CEFC Forecast 02/2020 | 1.9 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | | |
| CEFC Forecast 11/2021 | 1.2 | 4.4 | 3.5 | 2.1 | 2.1 | 2.1 | | |
| CEFC Forecast 02/2022 | 1.2 | 4.7 | 5.0 | 4.0 | 2.5 | 2.5 | 2.5 | 2.5 |

In deliberations leading to consensus, the CEFC considered information presented by the Maine Department of Labor, Maine Revenue Services, and by the Office of the State Economist in the Department of Administrative and Financial Services. The following sections summarize these reports. Additional background materials are available online.

Office of the State Economist (Department of Administrative and Financial Services)

Maine had a strong year of population growth in 2021, gaining just under 10,000 in population. Net domestic migration fueled Maine's growth as the state had the seventh highest domestic migration rate in the U.S. and the highest in New England.

Total personal income grew by 0.8 percent in the third quarter of 2021, following a 24.9 percent decrease in the second quarter. The decline was driven by a drop in transfer receipts as provisions of the American Rescue Plan Act phased out. Wage and salary income, which is the largest component of personal income, grew by 9.8 percent. Gross Domestic Product rose 1.7 percent at an annual rate in the third quarter of 2021. The Consumer Price Index continues to show rising prices, up 7.0 percent year-over-year in December and closing 2021 with an average of 4.7 percent growth in prices. Meanwhile, the chained PCE price index was up 5.7 percent in November.

Nationwide, consumer sentiment has continued to fall as supply chains remain strained and COVID-19 infections are high following the surge in the Omicron variant. The December 2021 consumer sentiment index was down 12.5 percent compared to a year prior, while the Small Business Optimism Index was up 3.1 percent.

Energy prices have spiked through the end of 2021 into early 2022. Gasoline prices were \$3.42 per gallon on January 17, 2022, while heating oil has reached an 8-year high price of \$3.337 per gallon.

Single family existing-home sales in 2021 ended the year up 2.1 percent over 2020 while the median sale price soared to \$299,000, almost 17 percent higher than in 2020. Maine's House Price Index rose 24.5 percent in the third quarter of 2021 over a year prior, higher than both New England and the United States and reaching a series high for the fourth quarter consecutively.

Full background materials are available at: <https://www.maine.gov/dafs/economist/economic-forecasting>

Maine Department of Labor, Center for Workforce Research and Information

Nonfarm payroll jobs increased to 616,300 in December 2021. This was the highest number of jobs since July and the second highest total in 21 months. Overall, the state gained 15,100 jobs throughout 2021, mostly occurring in the first three months of the year. In December there were 3.7 percent fewer jobs than in February 2020, before the virus impacted the labor market. Of the pandemic-era net decrease in jobs, 49 percent has been in the leisure and hospitality sector, mostly in restaurants and bars; 27 percent in state and local governments, mostly in schools; and 21 percent in healthcare and social assistance, mostly in social assistance and nursing and residential care facilities. U.S. unemployment has steadily decreased during the recovery, reaching 3.9 percent in December. In Maine, unemployment was little changed in 2021, finishing the year at 4.7 percent. The unemployment rate in December was 1.6 percentage points higher than in February 2020.

The robust jobs recovery has led to the reemergence of tight labor market conditions. These conditions are creating an environment in which employers must compete to attract and retain workers. Job openings nationally and in Maine reached record high levels in the summer of 2021. These conditions have led to strong gains in total wages paid, with wages rising much faster than jobs. As vaccines became widely available in the spring and many increased spending on travel, at restaurants and bars, at concerts and sporting events, employers sought to quickly increase their staffing levels. However, the speed at which the economic recovery has unfolded, while leading many employers to try to hire quickly, has not been met with a rebound in labor supply of equal magnitude.

While unemployment remains elevated, the primary factor preventing further jobs recovery has been lower labor force participation, which decreased drastically when the pandemic first began to affect the labor market. Though labor force participation has increased since the spring of 2020, participation remains about 4 percent lower and the labor force has contracted by 22,000 compared to just before the pandemic.

The decrease in labor force participation has been uneven across demographic groups. The reduction in labor force participation has been greater and persisted longer among those age 55 and older. Among the younger working age population (ages 16-54), job loss and lower labor force participation have disproportionately impacted women, particularly those between the ages of 25-44 who are most likely to have young children and to be affected by school and childcare disruptions.

The primary reasons for continued lower participation among the older population are concerns about getting or spreading the coronavirus and retirement. Nationally, the labor force participation rate remains 4.5 percent lower among the population age 55 or older compared to before the pandemic. While an aging cohort of baby boomers were nearing retirement independent of the pandemic, accelerated retirement occurring during the pandemic could account for [2.4 million of the 4.2 million people who left the labor force](#) nationally (from the beginning of the pandemic to the second quarter of 2021). These retirement decisions may not be permanent and may have been hastened by public health or economic circumstances. High asset prices, a hot housing market, and economic stimulus may have enabled some to retire sooner than they planned. Improvements in public health may encourage some to re-enter the workforce in the future.

The primary reasons for continued lower participation among the younger working age population (ages 16-54) are concerns about getting or spreading the coronavirus and an increased care burden that has disproportionately fallen on women. This increased care burden is due to disruptions in schools and to the availability or cost of childcare.

This presentation is available at https://www.maine.gov/labor/cwri/publications/pdf/CEFC_January_2022.pdf.

Maine Revenue Services - Office of Tax Policy (OTP)

In its December 2021 update, the Revenue Forecasting Committee (RFC) revised General Fund revenue forecasts upward by \$822.2 million for the fiscal year (FY)22/23 biennium, an increase of 9.7 percent over the previous forecast. After increasing by 13.9 percent in FY21, the forecasted rate of year-over-year growth for General Fund revenue in FY22 is now 2.3 percent, followed by growth of 1.8 percent for FY23. In addition, Highway Fund revenues were increased by \$4.0 million for FY22 and by \$1.9 million for FY23 for a total increase of \$5.9 million (0.9 percent) for the FY22/23 biennium. The forecasted rate of year-over-year growth for Highway Fund revenue for FY22 is 0.2 percent and for FY23 is 1.1 percent.

Almost all the FY22 and FY23 net increases are attributable to the sales and use and individual income tax revenue lines. In the case of the sales and use tax, the \$209.0 million upward adjustment in FY22 reflects a positive variance of \$92.5 million through October and preliminary November receipts that pointed to a monthly positive variance of approximately \$20 million. While the sales tax forecast assumes year-over-year growth will slow starting in calendar year 2022, the CEFC's economic forecast estimates Maine households will experience income growth capable of sustaining the current level of

spending on taxable goods and services. Most (55-60 percent) of the annual adjustments are from higher levels of the non-auto related portion of the sales tax base taxed at the general rate of 5.5 percent; in other words, taxable durable and nondurable goods. Lodging and prepared foods represent most of the remaining annual increases. After FY22, annual sales tax growth is forecasted to be between 2.7 and 3.1 percent, reflecting higher inflation and a gradual shift back to in-person non-taxable services as consumers adjust their mix of spending to where it was pre-pandemic. December sales and use tax receipts exceeded budget by \$7.6 million (5.3 percent). Year-over-year growth in December was 18.6 percent, better than the 12.9 percent budgeted, but down from the average growth of 23 percent during the first 5 months of the fiscal year.

Changes to the General Fund individual income tax were primarily the result of the 2020 tax year being stronger than previously forecasted, revenue performance through the first 10 months of tax year 2021 indicating that tax year 2021 will grow by more than previously forecasted, and more optimistic assumptions of wage and salary growth over the remainder of the forecast period. The November CEFC forecast assumed that wages and salaries will increase 5.5 percent during calendar year (CY)21, 5.0 percent per year for the CY22-CY24 period, and 4.0 percent in CY25. The wages and salaries forecast results in an increase in forecasted individual income tax liability of \$39 million in tax year 2021, \$60 million in tax year 2022, \$84 million in tax year 2023, and approximately \$110 million in tax years 2024 and 2025. Stronger growth in capital gains realizations increases 2021 tax liability by \$64 million but has limited impact relative to the May forecast after 2021 as projected decreases in capital gains realizations eventually reduces tax liability. The revenue increase in FY22 is larger than the later years partly because of timing in receipts. The new forecast assumes some shifting of income into tax year 2021 and out of future tax years to avoid potential tax increases at the federal level. This behavior by high-income taxpayers will boost FY22 revenues at the expense of future fiscal years. December individual income tax receipts were over budget by \$38.3 million (26.1 percent). The monthly variance was primarily from withholding receipts being well above budget. Withholding growth during the first half of fiscal year 2022 is 12.1 percent.

The corporate income tax line has been growing at unusually high year-over-year rates for the last 18 months. Last fiscal year corporate income tax receipts increased by 31.5 percent, and through the first six month of this fiscal year they have increased by 62.0 percent. Other states with a corporate income tax structure like ours and the federal government have experienced similar growth rates. In the latest revenue forecast the RFC increased the corporate income tax forecast by \$70 million in the FY22/23 biennium and by \$101.5 million in the FY24/25 biennium. Until more detailed information provided on income tax returns is received and analyzed, we can only postulate why corporate income tax revenues have been so high. Three possible explanations that have been discussed are: (1) corporate profits, particularly for larger companies, are much stronger than previously estimated, (2) the unique aspects of the pandemic economy have interacted with key provisions of the 2017 federal tax reform act (TCJA) to increase revenue, and (3) corporations in reaction to tax changes being discussed in Congress are shifting income into 2021 to avoid potential future tax increases.

Relative to the December 1, 2021, RFC forecast, General Fund revenues are \$90.4 million (3.8 percent) over budget through December. Compared to the same 6-month period last fiscal year, General Fund revenues are 20.3 percent higher. Early indications are that January receipts will exceed budget as well, but not by as much as December.

Macroeconomic Assumptions

Two different baseline economic forecasts were examined at the meeting: the Moody's Analytics and IHS Markit baseline scenarios for January 2022. Each forecast was based on a different set of national macroeconomic assumptions. These forecasts were then compared to the CEFC's November 2021 forecast. In addition, the CEFC reviewed its assumptions for the previous forecast and made changes reflecting additional information and shifting concerns. The key assumptions made by the CEFC are as follows:

- With economic recovery underway, concerns remain that this recovery is uneven across different sectors, demographic/socioeconomic groups, and amongst Maine counties.
- New COVID-19 variants and sub-variants continue to be of concern. Regional variations across the state in public health conditions could contribute to an uneven recovery as areas with higher vaccination rates will rebound faster than areas with lower vaccination rates. The lack of vaccines for children under age 5 has been causing particular challenges not only for the families directly affected but for the employers of those parents.
- Federal stimulus and prolonged low interest rates have boosted consumption and aided in the economic recovery; poverty rates in 2020 were reduced through Federal stimulus and the successful deployment of economic assistance programs. Additional federal spending through the Build Back Better reconciliation bill is still uncertain at this time and interest rates will begin increasing soon.
- Structural changes in the economy are occurring as the demand for labor differs from the supply and its longer term impact is yet to be determined. The availability of regular, in-person childcare and K-12 education will remain a major determinant in returning labor force participation rates to normal levels; larger employers are increasingly providing childcare benefits. Workers age 55 and up may have decided to retire early due to the pandemic, which would contribute to the current reduced labor force.
- The healthcare system in Maine has been under tremendous stress during the pandemic and those strains are likely to continue for the near term with implications for the workforce and patients accessing care.
- The Commission is optimistic that there is an opportunity for Maine to see increased in-migration in the coming years as telework becomes part of the "new normal" and people look for less densely populated places to live; however, the supply of housing is extremely limited and may be a constraint both on continued home sales growth and the availability of workforce housing. Rising interest rates may slow demand for real estate in some parts of the state, although the hottest markets may not be affected, contributing to increased variation in regional economies. Higher home prices may also flow through to higher rental prices. On the commercial real estate front, office space is seeing uncertainty as hybrid work plans and staffing are being finalized; industrial space has been in very high demand; retail space was hit hardest by the pandemic, but the robust summer tourism season helped.
- The availability of high-speed internet and mobile phone coverage will be an important equalizer between urban and rural areas and could contribute to the diffusion of migration across the state. The creation of the Maine Connectivity Authority and infusion of federal funding will help the successful buildout of high-speed internet.
- Human behavior underpins several key uncertainties at this time, including vaccination uptake, willingness to continue to adhere to social distancing procedures, and eventual willingness to return to normal activity once it is considered safe to do so. Continued interest in outdoor activities could lead to a strong winter sports season, providing a boost to rural areas. Pent-up demand for services as well as supply chain issues may lead to a substitution away from purchases of goods.

- Inflation expectations have increased considerably in recent months and are much higher than what the Federal Reserve Bank previously expected; there is a risk of continued inflation throughout 2022 and into 2023, with higher oil prices posing a particular risk for consumers in Maine where heating oil and gasoline are heavily relied on. Higher gasoline prices could also have an impact on the summer tourism season. Interest rates will begin increasing in March 2022, with a total of 4 to 6 increases expected over the year.
- Geopolitical tensions have increased recently and could have a negative effect on the forecast.

Consensus Forecast

Based on information from the Maine Department of Labor, the CEFC expects an upward revision to employment for 2020 of around 2,000 jobs; this is not currently reflected in the numbers and if the revision occurs as expected, will increase employment levels throughout the forecast years by around 2,000. Total nonfarm employment is forecast to increase by 3.7% in 2021 following an upward revision during the benchmarking process, 1.8% in 2022, 1.0% in 2023, 0.4% in 2024, and 0.2% in 2025 before leveling out in 2026 and 2027. The revised forecast anticipates employment will return to pre-pandemic levels between 2023 and 2024 and continue growing to 639.5 thousand (around 641 thousand once 2020 revisions are accounted for) in 2025 before leveling off. This forecast reflects downward revisions in 2022, 2024, and 2025 as the state's demographics weigh against continued migration into the state.

While the CEFC sees increased migration into Maine continuing, the aging of the workforce and early pandemic-related retirements of workers age 55 and up will make it difficult to sustain robust employment growth in the coming years. The CEFC remains optimistic that other factors, such as the return of K-12 school and childcare accessibility and a growing willingness by employers both to train potential workers who may not currently possess the experience and skills they have transitionally expected and to be increasingly flexible in work hours and locations will aid in employment growth in coming years. The CEFC continues to monitor structural changes that may impact the long-term trajectory of employment, in-migration, and labor force participation trends.

The forecast for total personal income growth was revised up from 5.2% to 6.5% in 2021, from 0.5% to 1.7% in 2022, from 4.6% to 5.0% in 2023, and from 4.8% to 4.9% in 2024, with 2025 left unchanged at 4.6% and 2026 and 2027 forecast at 4.6% and 4.5%, respectively. This revision accounts for stronger growth in wages and salaries and supplements to wages and salaries in 2021-2023.

Growth in wages and salaries, the largest component of personal income, was revised up from 5.5% to 7.7% in 2021, from 5.0% to 6.5% in 2022, from 5.0% to 5.5% in 2023, and left unchanged at 5.0% in 2024 and 4.0% in 2025 with 2026 and 2027 forecast at 4.3% each. Growth in supplements to wages and salaries was revised up from 4.7% to 5.5% in 2021, from 4.0% to 6.5% in 2022, from 4.0% to 5.5% in 2023, and from 4.0% to 5.0% in 2024, with 2025 left unchanged at 4.0% and 2026 and 2027 forecast at 4.3%. This recognizes a shift with growth in supplements to wages and salaries tracking more closely with wage and salary growth.

Nonfarm proprietors' income was revised up from 5.5% to 10.0% in 2021 and from 6.5% to 8.5% in 2022. The forecasts for 2023-2025 were left unchanged, with 2026 forecast at 4.5% and 2027 forecast at 3.7%. The forecast for growth in dividends, interest, and rent was left unchanged for all years, with 2026 forecast at 5.1% and 2027 forecast at 5.0%. Growth in personal current transfer receipts was also left unchanged for all years, with 2026 and 2027 both forecast at 4.9%.

Growth in the Consumer Price Index (CPI) came in at 4.7% for 2021, up from the CEFC's forecast of 4.4%. The CEFC revised its forecast up from 3.5% to 5.0% in 2022, from 2.1% to 4.0% in 2023, and

from 2.1% to 2.5% in 2024 and 2025, with 2026 and 2027 also forecast at 2.5%. The higher energy prices, increased demand, and supply constraints that have recently led to increased inflation are expected to continue through 2022 and into 2023 before abating.

Finally, the forecast for corporate profits was revised up from 30.0% to 45.0% in 2021 to reflect year-to-date information on revenues from corporate income taxes. The forecasts for 2022 and 2023 were also revised up, from 2.0% in 2022 and 3.0% in 2023 to 4.0% in both years. 2024 and 2025 were left unchanged at 6.0%, with 2026 and 2027 also forecast at 6.0%.

The following page provides the full forecast.

Maine Consensus Economic Forecasting Commission

February 2022 Forecast

| | History | Forecast | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
| CPI-U* (Annual Change) | 1.2% | 4.7% | 5.0% | 4.0% | 2.5% | 2.5% | 2.5% | 2.5% |
| CPI for Energy Prices** (Annual Change) | -8.3% | 20.8% | 10.0% | -2.7% | 0.8% | 2.0% | 2.2% | 1.4% |
| Avg. Price of New Vehicles** (Annual Change) | 5.7% | 12.1% | 5.6% | -11.2% | -3.3% | 6.5% | 10.0% | 6.8% |
| New Vehicle Registrations** (Annual Change) | -7.7% | 7.7% | -7.0% | 6.2% | 0.8% | -1.6% | -3.2% | -1.5% |
| Personal Savings Rate** | 16.4% | 11.9% | 5.6% | 6.1% | 6.5% | 6.7% | 6.7% | 6.4% |
| Maine Unemployment Rate** | 5.4% | 4.9% | 3.6% | 3.1% | 3.1% | 3.1% | 3.2% | 3.2% |
| 3-Month Treasury Bill Rate** | 0.37% | 0.04% | 0.35% | 1.09% | 1.58% | 1.92% | 2.15% | 2.36% |
| 10-Year Treasury Note Yield** | 0.89% | 1.44% | 1.78% | 2.40% | 2.73% | 2.93% | 3.03% | 3.08% |
| Before-Tax Corporate Profits* (Annual Change) | -3.1% | 45.0% | 4.0% | 4.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| Maine Wage & Salary Employment* (thousands) | 596.3 | 618.3 | 629.4 | 635.7 | 638.3 | 639.5 | 639.5 | 639.5 |
| Natural Resources | 2.1 | 2.1 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.1 |
| Construction | 30.0 | 30.4 | 30.7 | 30.6 | 30.1 | 30.0 | 29.9 | 29.8 |
| Manufacturing | 50.7 | 53.2 | 53.9 | 54.0 | 53.7 | 53.1 | 52.7 | 52.3 |
| Trade/Trans./Public Utils. | 111.7 | 117.7 | 117.2 | 114.9 | 111.9 | 109.9 | 109.7 | 109.7 |
| Information | 6.4 | 6.5 | 6.4 | 6.5 | 6.7 | 6.8 | 6.7 | 6.6 |
| Financial Activities | 32.6 | 32.9 | 33.9 | 33.9 | 33.9 | 34.1 | 33.9 | 33.5 |
| Prof. & Business Services | 68.0 | 70.6 | 73.3 | 74.2 | 75.1 | 76.1 | 76.5 | 77.0 |
| Education & Health Services | 124.8 | 125.8 | 126.8 | 127.3 | 128.9 | 129.9 | 130.2 | 130.6 |
| Leisure & Hospitality Services | 51.8 | 59.5 | 63.4 | 68.5 | 71.5 | 72.6 | 72.9 | 73.0 |
| Other Services | 20.3 | 21.8 | 22.7 | 22.9 | 23.2 | 23.6 | 23.6 | 23.6 |
| Government | 97.8 | 97.6 | 98.8 | 100.8 | 101.2 | 101.3 | 101.3 | 101.3 |
| Maine Wage & Salary Employment* (Annual Change) | -6.4% | 3.7% | 1.8% | 1.0% | 0.4% | 0.2% | 0.0% | 0.0% |
| Natural Resources | -4.5% | 1.0% | 4.8% | -2.5% | -0.5% | 2.2% | -0.5% | -3.1% |
| Construction | -0.3% | 1.4% | 1.0% | -0.4% | -1.6% | -0.5% | -0.1% | -0.4% |
| Manufacturing | -4.7% | 5.0% | 1.2% | 0.2% | -0.5% | -1.1% | -0.8% | -0.6% |
| Trade/Trans./Public Utils. | -5.9% | 5.4% | -0.4% | -2.0% | -2.6% | -1.8% | -0.2% | 0.0% |
| Information | -11.1% | 2.3% | -1.5% | 0.1% | 3.4% | 1.3% | -1.0% | -1.2% |
| Financial Activities | -1.2% | 1.0% | 3.1% | 0.0% | 0.0% | 0.4% | -0.5% | -1.1% |
| Prof. & Business Services | -2.9% | 3.8% | 3.9% | 1.1% | 1.3% | 1.3% | 0.5% | 0.6% |
| Education & Health Services | -3.5% | 0.8% | 0.8% | 0.4% | 1.2% | 0.8% | 0.2% | 0.3% |
| Leisure & Hospitality Services | -26.1% | 14.9% | 6.5% | 8.0% | 4.4% | 1.6% | 0.3% | 0.2% |
| Other Services | -9.0% | 7.3% | 4.0% | 1.2% | 1.0% | 1.7% | 0.2% | 0.1% |
| Government | -3.4% | -0.2% | 1.2% | 2.0% | 0.4% | 0.2% | 0.0% | 0.0% |
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
| Personal Income* (\$ million) | 73,193 | 77,927 | 79,222 | 83,164 | 87,273 | 91,255 | 95,457 | 99,748 |
| Wages & Salaries* | 32,289 | 34,775 | 37,035 | 39,072 | 41,026 | 42,667 | 44,503 | 46,415 |
| Supplements to Wages & Salaries* | 7,953 | 8,391 | 8,936 | 9,427 | 9,899 | 10,295 | 10,740 | 11,202 |
| Nonfarm Proprietors' Income* | 4,994 | 5,494 | 5,961 | 6,318 | 6,679 | 7,039 | 7,359 | 7,634 |
| Farm Proprietors' Income** | 273 | 208 | 142 | 140 | 140 | 135 | 132 | 133 |
| Dividends, Interest, & Rent* | 12,521 | 12,621 | 13,151 | 13,677 | 14,224 | 14,793 | 15,552 | 16,331 |
| Dividends | 3,807 | 3,786 | 4,032 | 4,254 | 4,481 | 4,645 | 4,868 | 5,095 |
| Interest | 5,365 | 5,423 | 5,567 | 5,826 | 6,131 | 6,539 | 7,014 | 7,545 |
| Rent | 3,350 | 3,414 | 3,551 | 3,597 | 3,613 | 3,610 | 3,670 | 3,691 |
| Personal Current Transfer Receipts* | 19,557 | 21,122 | 19,010 | 19,770 | 20,759 | 22,004 | 23,091 | 24,212 |
| Less: Contributions for Social Ins.** | 5,531 | 5,945 | 6,325 | 6,597 | 6,861 | 7,138 | 7,437 | 7,753 |
| Adjustment for Residence** | 1,137 | 1,261 | 1,312 | 1,355 | 1,408 | 1,460 | 1,516 | 1,574 |
| Personal Income* (Annual Change) | 7.9% | 6.5% | 1.7% | 5.0% | 4.9% | 4.6% | 4.6% | 4.5% |
| Wages & Salaries* | 2.9% | 7.7% | 6.5% | 5.5% | 5.0% | 4.0% | 4.3% | 4.3% |
| Supplements to Wages & Salaries* | 2.7% | 5.5% | 6.5% | 5.5% | 5.0% | 4.0% | 4.3% | 4.3% |
| Nonfarm Proprietors' Income* | 0.8% | 10.0% | 8.5% | 6.0% | 5.7% | 5.4% | 4.5% | 3.7% |
| Farm Proprietors' Income** | 89.5% | -23.7% | -31.6% | -1.6% | -0.3% | -3.5% | -2.0% | 0.7% |
| Dividends, Interest, & Rent* | -1.0% | 0.8% | 4.2% | 4.0% | 4.0% | 4.0% | 5.1% | 5.0% |
| Dividends | -1.0% | -0.5% | 6.5% | 5.5% | 5.3% | 3.7% | 4.8% | 4.7% |
| Interest | -4.5% | 1.1% | 2.7% | 4.7% | 5.2% | 6.7% | 7.3% | 7.6% |
| Rent | 5.1% | 1.9% | 4.0% | 1.3% | 0.4% | -0.1% | 1.7% | 0.6% |
| Personal Current Transfer Receipts* | 29.3% | 8.0% | -10.0% | 4.0% | 5.0% | 6.0% | 4.9% | 4.9% |
| Less: Contributions for Social Ins.** | 5.0% | 7.5% | 6.4% | 4.3% | 4.0% | 4.0% | 4.2% | 4.3% |
| Adjustment for Residence** | 1.1% | 10.9% | 4.0% | 3.3% | 3.9% | 3.7% | 3.8% | 3.8% |

*CEFC Forecast

**From IHS Markit and Moody's Analytics baselines (Jan. 2022)

Remaining lines derived from CEFC forecast by CEFC staff and reviewed by CEFC

Alternative Economic Scenarios

Statute and Background: 5 M.R.S.A. §1710-A

4. Alternative economic scenarios. No later than February 1st of each even-numbered year the commission shall provide to the State Budget Officer, the State Economist and the Associate Commissioner for Tax Policy at least 2 additional economic forecasts that assume potential economic recession scenarios of varying levels of severity. These additional forecasts must include economic assumptions for the current fiscal biennium and the next 2 fiscal biennia. In each report the commission shall fully describe the methodology employed in reaching its recommendations.

Every other year, beginning in 2018, statute requires the CEFC to provide the State Economist, the State Budget Officer, and the Associate Commissioner for Tax Policy with at least two alternative economic recession scenarios of varying levels of severity. The alternative scenarios are required to be included in the CEFC's report due February 1st of each even-numbered year and also must include assumptions for calendar years that encompass the current and next two biennia. By October 1st of each even-numbered year the CEFC and RFC will jointly issue a report to the Governor, the Legislative Council and the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs that utilizes the alternative economic scenarios recommended by the CEFC. The report will include analyses and findings that detail the stress impact such economic recession scenarios would have on the current General Fund revenue projections of sales and income tax revenues. In addition, the report must include an analysis of the sufficiency of the current level of the Budget Stabilization Fund and an estimate of the reserves in the Budget Stabilization Fund necessary to offset the declines in revenue as a result of potential economic recession scenarios.

Methodology

The CEFC decided to designate two alternative scenarios provided by Moody's Analytics in January 2022 as the moderate and severe recession scenarios. While the scenarios describe a particular set of specific events surrounding the recessions, the Commission does not ascribe to these specifics, instead selecting the scenarios based on the numbers and growth rates that seemed reasonable as generic "moderate" and "severe" recessions, with the "moderate" scenario intended to reflect pressures from higher rates of inflation. These scenarios should provide plausible economic inputs for an analysis of the General Fund revenue projections in both a moderate and severe downturn. In both cases, the scenarios will be adjusted to reflect the CEFC's February 2022 baseline forecast and will show hypothetical downturns beginning in the first quarter of calendar year 2023. Brief descriptions of the economic conditions follow; forecast details will be included in the October 1, 2022, stress test report.

Moderate recession scenario

The moderate recession scenario selected by the CEFC is the "S7" Next-Cycle Recession scenario. This scenario has the recession lasting four quarters and is brought on in part by persistently higher inflation. The cumulative decline in national real gross domestic product is 2.0 percent, comparable to the postwar average prior to COVID-19. Employment in Maine declines around 2.3 percent. Wage and salary income in Maine declines around 0.1 percent, while total personal income continues to grow but at a slower pace.

Severe recession scenario

The severe recession scenario selected by the CEFC is the "S4" downside scenario. This scenario has the recession lasting five quarters with a much slower recovery. National real gross domestic product declines around 0.9 percent in the first year of the recession and 1.2 percent in the second year. Employment in Maine declines around 2.6 percent in the first year and 2.2 percent in the second year. Wage and salary income in Maine declines around 3.2 percent in the first year and 1.7% in the second year and total personal income declines around 7.5 percent in the first year and 0.8 percent in the second year.



APPENDIX F

Maine Revenue Services **Recommendations and Background** **Materials**

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Maine Revenue Services' - Office of Tax Policy - Recommendations to the Revenue Forecasting Committee

| | <u>FY2022</u> | <u>FY2023</u> | <u>Biennium</u> | <u>FY2024</u> | <u>FY2025</u> | <u>Biennium</u> |
|---|---------------|---------------|-----------------|---------------|---------------|-----------------|
| Sales & Use Tax | \$28,200,000 | \$37,900,000 | \$66,100,000 | \$47,700,000 | \$56,400,000 | \$104,100,000 |
| Individual Income Tax | \$126,500,000 | \$80,500,000 | \$207,000,000 | \$63,000,000 | \$87,000,000 | \$150,000,000 |
| Corporate Income Tax | \$75,000,000 | \$62,000,000 | \$137,000,000 | \$54,000,000 | \$58,250,000 | \$112,250,000 |
| Estate Tax | \$8,050,000 | \$2,000,000 | \$10,050,000 | \$2,750,000 | \$3,000,000 | \$5,750,000 |
| Real Estate Transfer Tax, General Fund | \$2,972,945 | \$2,945,048 | \$5,917,992 | \$3,374,286 | \$3,980,980 | \$7,355,266 |
| Cigarette, Tobacco, and Marijuana Excise Taxes | -\$525,000 | -\$2,121,000 | -\$2,646,000 | -\$2,391,000 | -\$2,776,000 | -\$5,167,000 |
| Business Equipment Tax Exemption Reimbursement | -\$1,230,000 | -\$1,340,000 | -\$2,570,000 | -\$1,440,000 | -\$1,540,000 | -\$2,980,000 |
| Gas Tax | -\$2,300,000 | -\$2,358,000 | -\$4,658,000 | -\$2,383,000 | -\$2,408,770 | -\$4,791,770 |
| Special Fuels Tax | \$2,341,800 | \$2,354,327 | \$4,696,127 | \$2,376,020 | \$2,397,080 | \$4,773,100 |
| Total Adjustments to Current Forecast | \$239,009,745 | \$181,884,048 | \$420,893,792 | \$166,993,286 | \$204,314,980 | \$371,308,266 |
| General Fund | \$229,455,588 | \$172,961,603 | \$402,417,190 | \$159,331,311 | \$194,804,202 | \$354,135,513 |
| Local Government Fund | \$9,633,769 | \$9,709,785 | \$19,343,554 | \$8,212,261 | \$10,040,577 | \$18,252,838 |
| Tourism Marketing Promotion Fund | \$0 | \$309,000 | \$309,000 | \$343,000 | \$355,000 | \$698,000 |
| Adult Use Marijuana Public Health and Safety Fund | -\$121,412 | -\$559,340 | -\$680,752 | -\$682,286 | -\$870,799 | -\$1,553,085 |
| Multimodal Transportation Fund | \$0 | -\$537,000 | -\$537,000 | -\$211,000 | -\$14,000 | -\$225,000 |
| Highway Fund (Motor Fuel Taxes) | \$91,868 | \$51,145 | \$143,013 | \$48,665 | \$44,906 | \$93,571 |
| Transcap Trust Fund | \$7,449 | \$4,148 | \$11,597 | \$3,946 | \$3,641 | \$7,587 |
| Other Gas Tax Distributions | -\$57,517 | -\$58,966 | -\$116,483 | -\$59,591 | -\$60,237 | -\$119,828 |

Department of Administrative and Financial Services
 Maine Revenue Services
 Office of Tax Policy



STATE REVENUE UPDATE

Michael J. Allen
Associate Commissioner of Tax Policy
Maine Revenue Services – Office of Tax Policy

Evolving Revenue Forecast During 2020 and 2021

General Fund Summary

| | FY21 | FY22 | FY23 | FY24 | FY25 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| March 2020 Forecast | \$4,070,279,515 | \$4,174,531,432 | \$4,317,597,709 | | |
| Annual % Growth | 2.5% | 2.6% | 3.4% | | |
| May 2021 Forecast Adjusted ¹ | \$4,520,591,145 | \$4,179,154,919 | \$4,325,387,503 | \$4,484,402,527 | \$4,628,688,473 |
| Annual % Growth | 13.9% | -7.6% | 3.5% | 3.7% | 3.2% |
| Net Increase (Decrease) | \$0 | \$443,172,347 | \$379,073,003 | \$401,908,593 | \$419,689,617 |
| Dec 2021 Forecast | \$4,520,591,145 | \$4,622,327,266 | \$4,704,460,506 | \$4,886,311,120 | \$5,048,378,090 |
| Annual % Growth | 13.9% | 2.3% | 1.8% | 3.9% | 3.3% |
| Change \$ from March 2020 RFC | \$450,311,629 | \$447,795,834 | \$386,862,797 | na | na |
| Change % from March 2020 RFC | 11.1% | 10.7% | 9.0% | na | na |

1/ Reflects FY21 actual revenue and revenue changes enacted subsequent to the May 2021 Forecast



FY22 GF Revenue Relative to Budget

STATE OF MAINE

Undedicated Revenues - General Fund
For the Seventh Month Ended January 31, 2022
For the Fiscal Year Ending June 30, 2022
Comparison to Budget

Exhibit I

PRELIMINARY AND TENTATIVE FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

| | Month | | | | Fiscal Year to Date | | | | Total Budgeted Fiscal Year Ending 6/30/2022 |
|---------------------------------------|-----------------------|-----------------------|-------------------------|------------------------|-------------------------|-------------------------|-------------------------|------------------------|---|
| | Actual | Budget | Variance Over(Under) | Percent Over(Under) | Actual | Budget | Variance Over(Under) | Percent Over(Under) | |
| Sales and Use Tax | \$ 180,504,820 | \$ 177,104,373 | \$ 3,400,447 | 1.9 % | \$ 1,282,850,443 | \$ 1,270,753,555 | \$ 12,096,888 | 1.0 % | \$ 2,012,416,156 |
| Service Provider Tax | 4,319,847 | 4,188,559 | 131,288 | 3.1 % | 29,650,276 | 29,319,915 | 330,361 | 1.1 % | 51,000,000 |
| Individual Income Tax | 271,827,777 | 251,888,192 | 19,939,585 | 7.9 % | 1,348,673,802 | 1,290,401,361 | 58,272,441 | 4.5 % | 2,048,250,000 |
| Corporate Income Tax | 15,457,197 | 4,000,000 | 11,457,197 | 286.4 % | 207,729,457 | 160,118,088 | 47,611,369 | 29.7 % | 255,033,737 |
| Cigarette and Tobacco Tax | 12,089,426 | 10,399,358 | 1,690,068 | 16.3 % | 89,535,274 | 88,813,365 | 721,909 | 0.8 % | 150,745,000 |
| Insurance Companies Tax | 35,025 | 29,562 | 5,463 | 18.5 % | 15,866,713 | 14,031,772 | 1,834,941 | 13.1 % | 88,250,000 |
| Estate Tax | 5,297,539 | 1,600,000 | 3,697,539 | 231.1 % | 30,499,835 | 24,195,156 | 6,304,679 | 26.1 % | 31,950,000 |
| Fines, Forfeits & Penalties | (2,837) | 1,084,291 | (1,087,128) | (100.3)% | 3,019,632 | 4,433,739 | (1,414,107) | (31.9)% | 9,889,346 |
| Income from Investments | 683,606 | 426,433 | 257,173 | 60.3 % | 3,582,545 | 3,171,633 | 410,912 | 13.0 % | 5,227,906 |
| Transfer from Lottery Commission | 5,233,306 | 4,903,789 | 329,517 | 6.7 % | 41,189,686 | 38,567,245 | 2,622,441 | 6.8 % | 65,000,000 |
| Transfers for Tax Relief Programs | (4,566,652) | (7,458,517) | 2,891,865 | 38.8 % | (64,030,272) | (65,502,153) | 1,471,881 | 2.2 % | (76,150,000) |
| Transfer to Municipal Revenue Sharing | (18,349,785) | (14,487,023) | (3,862,762) | (26.7)% | (130,568,439) | (126,956,993) | (3,611,446) | (2.8)% | (203,301,782) |
| Other Taxes and Fees | 14,395,778 | 11,626,466 | 2,769,312 | 23.8 % | 87,695,417 | 84,916,199 | 2,779,218 | 3.3 % | 150,101,084 |
| Other Revenues | 5,467,608 | 4,067,043 | 1,400,565 | 34.4 % | 4,702,111 | 740,853 | 3,961,258 | 534.7 % | 33,915,819 |
| Total Collected | \$ 492,392,653 | \$ 449,372,526 | \$ 43,020,127 | 9.6 % | \$ 2,950,396,482 | \$ 2,817,003,735 | \$ 133,392,747 | 4.7 % | \$ 4,622,327,266 |

NOTES:

- (1) Included in the above is \$18,349,785 for the month and \$130,568,439 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 2021, laws enacted through the end of the 130th Legislature, 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.



FY22 GF Revenue Relative to FY21

STATE OF MAINE

Undedicated Revenues - General Fund
For the Seventh Month Ended January 31, 2022 and 2021
For the Fiscal Year Ending June 30, 2022 and 2021
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 | \$ 180,504,820 | \$ 158,318,499 | \$ 22,186,321 | 14.0 % | \$ 1,282,850,443 | \$ 1,056,737,114 | \$ 226,113,329 | 21.4 % |
| Service Provider Tax | 4,319,847 | 4,570,095 | (250,248) | (5.5)% | 29,650,276 | 31,730,483 | (2,080,207) | (6.6)% |
| Individual Income Tax | 271,827,777 | 260,089,308 | 11,738,469 | 4.5 % | 1,348,673,802 | 1,180,340,365 | 168,333,437 | 14.3 % |
| Corporate Income Tax | 15,457,197 | 13,934,965 | 1,522,232 | 10.9 % | 207,729,457 | 132,682,241 | 75,047,216 | 56.6 % |
| Cigarette and Tobacco Tax | 12,089,426 | 6,490,716 | 5,598,709 | 86.3 % | 89,535,274 | 86,360,256 | 3,175,018 | 3.7 % |
| Insurance Companies Tax | 35,025 | 28,962 | 6,062 | 20.9 % | 15,866,713 | 14,702,472 | 1,164,241 | 7.9 % |
| Estate Tax | 5,297,539 | 790,317 | 4,507,222 | 570.3 % | 30,499,835 | 15,397,782 | 15,102,053 | 98.1 % |
| Fines, Forfeits & Penalties | (2,837) | 381,347 | (384,184) | (100.7)% | 3,019,632 | 4,524,827 | (1,505,195) | (33.3)% |
| Income from Investments | 683,606 | 570,534 | 113,072 | 19.8 % | 3,582,545 | 2,891,706 | 690,839 | 23.9 % |
| Transfer from Lottery Commission | 5,233,306 | 10,216,388 | (4,983,082) | (48.8)% | 41,189,686 | 44,603,969 | (3,414,283) | (7.7)% |
| Transfers for Tax Relief Programs | (4,566,652) | (9,340,072) | 4,773,420 | 51.1 % | (64,030,272) | (67,144,985) | 3,114,713 | 4.6 % |
| Transfer to Municipal Revenue Sharing | (18,349,785) | (13,113,056) | (5,236,729) | (39.9)% | (130,568,439) | (86,786,304) | (43,782,135) | (50.4)% |
| Other Taxes and Fees | 14,395,778 | 10,548,963 | 3,846,815 | 36.5 % | 87,695,417 | 82,144,086 | 5,551,331 | 6.8 % |
| Other Revenues | 5,467,608 | 3,617,283 | 1,850,325 | 51.2 % | 4,702,111 | (7,255,360) | 11,957,471 | 164.8 % |
| Total Collected | \$ 492,392,653 | \$ 447,104,249 | \$ 45,288,404 | 10.1 % | \$ 2,950,396,482 | \$ 2,490,928,652 | \$ 459,467,830 | 18.4 % |

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



FY22 HWF Revenue Relative to Budget

STATE OF MAINE

Undedicated Revenues - Highway Fund
For the Seventh Month Ended January 31, 2022
For the Fiscal Year Ending June 30, 2022
Comparison to Budget

Exhibit V

PRELIMINARY AND TENTATIVE FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

| | Month | | | | Fiscal Year to Date | | | | Total Budgeted Fiscal Year Ending 6/30/2022 |
|-----------------------------------|----------------------|----------------------|-------------------------|------------------------|-----------------------|-----------------------|-------------------------|------------------------|---|
| | Actual | Budget | Variance Over(Under) | Percent Over(Under) | Actual | Budget | Variance Over(Under) | Percent Over(Under) | |
| Fuel Taxes | \$ 17,945,036 | \$ 18,183,385 | \$ (238,349) | (1.3)% | \$ 136,800,387 | \$ 136,190,526 | \$ 609,861 | 0.4 % | \$ 224,611,316 |
| Motor Vehicle Registration & Fees | 9,269,512 | 8,228,905 | 1,040,607 | 12.6 % | 57,548,174 | 55,961,628 | 1,586,546 | 2.8 % | 92,198,868 |
| Motor Vehicle Inspection Fees | 198,945 | 395,088 | (196,144) | (49.6)% | 1,848,025 | 2,092,194 | (244,170) | (11.7)% | 3,015,291 |
| Miscellaneous Taxes & Fees | 101,795 | 95,689 | 6,106 | 6.4 % | 930,280 | 773,339 | 156,941 | 20.3 % | 1,267,454 |
| Fines, Forfeits & Penalties | 73,062 | 50,534 | 22,528 | 44.6 % | 717,713 | 353,738 | 363,975 | 102.9 % | 606,412 |
| Earnings on Investments | 8,882 | 8,800 | 82 | 0.9 % | 111,439 | 88,952 | 22,487 | 25.3 % | 146,248 |
| All Other | 504,673 | 464,324 | 40,349 | 8.7 % | 10,499,037 | 10,001,193 | 497,844 | 5.0 % | 12,908,725 |
| Total Collected | \$ 28,101,904 | \$ 27,426,725 | \$ 675,179 | 2.5 % | \$ 208,455,056 | \$ 205,461,570 | \$ 2,993,486 | 1.5 % | \$ 334,754,314 |

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



FY22 HWF Revenue Relative to FY21

Exhibit VI

STATE OF MAINE

Undedicated Revenues - Highway Fund
 For the Seventh Month Ended January 31, 2022 and 2021
 For the Fiscal Year Ending June 30, 2022 and 2021
 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 | \$ 17,945,036 | \$ 16,006,562 | \$ 1,938,474 | 12.1 % | \$ 136,800,387 | \$ 127,824,079 | \$ 8,976,309 | 7.0 % |
| Motor Vehicle Registration & Fees | 9,269,512 | 9,598,371 | (328,859) | (3.4)% | 57,548,174 | 58,902,021 | (1,353,847) | (2.3)% |
| Motor Vehicle Inspection Fees | 198,945 | 254,235 | (55,290) | (21.7)% | 1,848,025 | 1,514,869 | 333,156 | 22.0 % |
| Miscellaneous Taxes & Fees | 101,795 | 108,245 | (6,449) | (6.0)% | 930,280 | 924,279 | 6,001 | 0.6 % |
| Fines, Forfeits & Penalties | 73,062 | 70,404 | 2,658 | 3.8 % | 717,713 | 628,483 | 89,230 | 14.2 % |
| Earnings on Investments | 8,882 | 16,134 | (7,252) | (44.9)% | 111,439 | 129,586 | (18,147) | (14.0)% |
| All Other | 504,673 | 565,400 | (60,728) | (10.7)% | 10,499,037 | 9,497,064 | 1,001,973 | 10.6 % |
| Total Collected | \$ 28,101,904 | \$ 26,619,350 | \$ 1,482,554 | 5.6 % | \$ 208,455,056 | \$ 199,420,382 | \$ 9,034,675 | 4.5 % |

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



MRS Office of Tax Policy Presentation for March 2022 Revenue Forecast

Revenue Through the First Seven Months of the Fiscal Year

| Fiscal Year | Amount (\$million) | | | | Average Annual Growth Between FY 22 and: | | |
|-----------------------|--------------------|-----------|-----------|-----------|--|-------|-------|
| | 2019 | 2020 | 2021 | 2022 | 2019 | 2020 | 2021 |
| Individual Income Tax | \$1,036.0 | \$1,101.9 | \$1,180.3 | \$1,348.7 | 9.2% | 10.6% | 14.3% |
| Sales & Use Tax | \$957.3 | \$1,024.8 | \$1,056.7 | \$1,282.9 | 10.2% | 11.9% | 21.4% |
| Corporate Income Tax | \$133.4 | \$117.3 | \$132.7 | \$207.7 | 15.9% | 33.1% | 56.6% |
| Cig. And Tobacco Tax | \$79.3 | \$81.5 | \$85.4 | \$87.0 | 3.1% | 3.4% | 1.9% |
| Estate Tax | \$3.1 | \$16.8 | \$15.4 | \$30.5 | 113.9% | 34.8% | 98.1% |
| SPT, General Fund | \$35.9 | \$33.9 | \$31.7 | \$29.7 | -6.1% | -6.5% | -6.6% |
| RETT, General Fund | \$12.9 | \$9.0 | \$11.8 | \$17.3 | 10.2% | 38.7% | 46.2% |
| Total | \$2,257.9 | \$2,385.0 | \$2,514.1 | \$3,003.7 | 10.0% | 12.2% | 19.5% |

Sales & Use Tax

Sales Tax History and Forecast

(\$million)

| Fiscal Year | Actual and Recommended Forecast | Annual Growth | Revision to current forecast |
|-------------|---------------------------------|---------------|------------------------------|
| 2017 | \$1,336.9 | | |
| 2018 | \$1,423.6 | 6.5% | |
| 2019 | \$1,503.8 | 5.6% | |
| 2020 | \$1,555.7 | 3.5% | |
| 2021 | \$1,804.2 | 16.0% | |
| 2022 | \$2,042.9 | 13.2% | \$28.2 |
| 2023 | \$2,114.5 | 3.5% | \$37.9 |
| 2024 | \$2,180.8 | 3.1% | \$47.7 |
| 2025 | \$2,246.3 | 3.0% | \$56.4 |

Sales Tax Main Points

- Phenomenal revenue performance in 2021

| Revenue from calendar year sales* | Q1 | Q2 | Q3 | Q4 | Year |
|-----------------------------------|-------|-------|-------|-------|-------|
| 2020 v. 2021 | 24.9% | 41.6% | 21.7% | 16.8% | 24.2% |
| 2019 v. 2021 | 29.4% | 32.1% | 23.2% | 24.5% | 26.6% |

- Positive variances in December (\$7.3 million/5.1%) and January (\$3.16 million/ 1.8%)
 - Rental of lodging sales continues to exceed expectations
- Revisions to the economic forecast explain the recommended upward adjustment
 - Increase in personal income forecast + savings rate forecast mostly unchanged → increase Maine PCE forecast

*For example, Q1 refers to February through April revenue, which arises mainly from January – March sales. Excludes the net accrual in 2021 Q2. With the net accrual, 2021 Q2 YoY growth is 51.1%.

CEFC Forecast

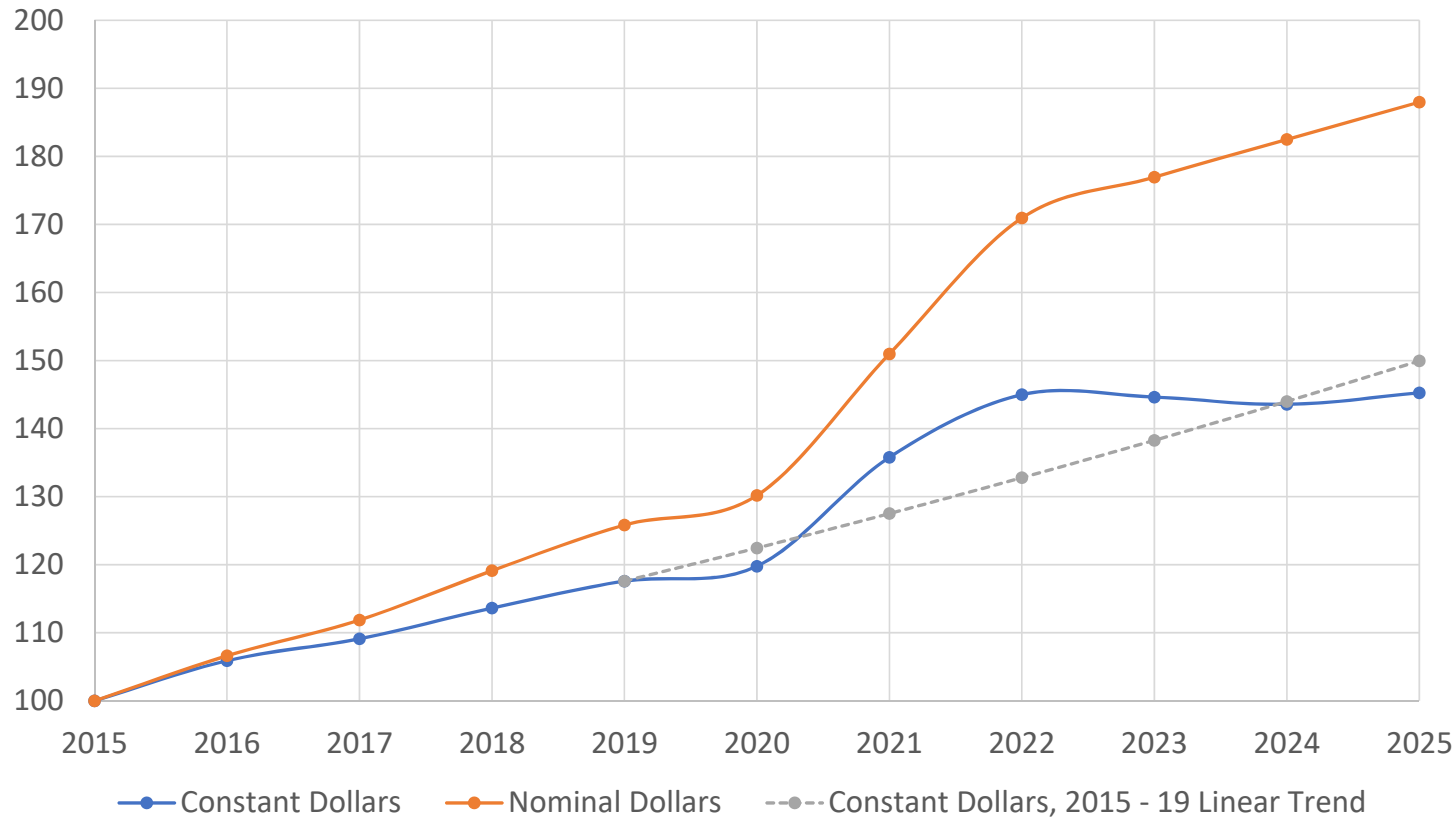
| | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|------------------------------------|-------|--------|--------|-------|
| | CPI | | | | |
| February 2022, annual % change | 4.7% | 5.0% | 4.0% | 2.5% | 2.5% |
| November 2021, annual % change | 4.4% | 3.5% | 2.1% | 2.1% | 2.1% |
| Price level, Current / Previous Forecast | 0.3% | 1.7% | 3.6% | 4.0% | 4.4% |
| | | | | | |
| | Personal Income | | | | |
| February 2022, annual % change | 6.5% | 1.7% | 5.0% | 4.9% | 4.6% |
| November 2021, annual % change | 5.2% | 0.5% | 4.6% | 4.8% | 4.6% |
| Personal Income, Current / Previous Forecast | 1.2% | 2.4% | 2.8% | 2.9% | 2.8% |
| | | | | | |
| | Average Price of New Vehicle Price | | | | |
| February 2022, annual % change | 12.1% | 5.6% | -11.2% | -3.3% | 6.5% |
| November 2021, annual % change | 11.2% | 2.6% | 2.2% | 1.0% | 0.7% |
| Average price, Current / Previous Forecast | 0.8% | 3.8% | -9.9% | -13.7% | -8.7% |
| | | | | | |
| | New vehicle registrations | | | | |
| February 2022, annual % change | 7.7% | -7.0% | 6.2% | 0.8% | -1.6% |
| November 2021, annual % change | 5.6% | -8.3% | 7.7% | 2.5% | -1.7% |
| Registrations, Current / Previous Forecast | 2.0% | 3.5% | 2.0% | 0.4% | 0.4% |
| | | | | | |
| Construction employment, Current / Previous Forecast | -0.7% | 1.1% | 1.2% | 0.1% | 0.1% |

Source of Forecast Adjustments

| | 2022 | 2023 | 2024 | 2025 |
|------------------------------------|--------|--------|---------|---------|
| Non-auto 5.5% Sales | \$20.0 | \$41.9 | \$64.3 | \$68.5 |
| Lodging 9% | \$5.4 | \$5.6 | \$5.9 | \$6.1 |
| Auto Sales 5.5% | \$4.1 | -\$8.7 | -\$21.1 | -\$15.7 |
| Prepared Food 8% | \$1.5 | \$1.6 | \$1.6 | \$1.7 |
| Short-term auto rental 10% | -\$0.6 | -\$0.2 | \$0.0 | \$0.0 |
| Adult use MJ 10% | -\$0.9 | -\$3.0 | -\$3.5 | -\$4.7 |
| Residual/(Revenue – liability_t-1) | -\$0.3 | \$0.0 | \$0.0 | \$0.0 |
| Net accrual | -\$1.0 | \$0.6 | \$0.5 | \$0.6 |
| Total | \$28.2 | \$37.9 | \$47.7 | \$56.4 |

Sales & Use Tax Revenue by Fiscal Year

Actual and December Forecast Recommendation; 2015=100



6.5% average annual growth nominal revenue FY 2015 - 2025

2015 – 2019 Growth: Many large remote sellers began collecting sales tax over this period.

Individual Income Tax

Individual Income Tax: Annual Growth and Forecast Revision

(\$million)

| Fiscal Year | Actual and Forecast | Recommended Change |
|-------------|---------------------|--------------------|
| 2017-18 | 6.5% | |
| 2018-19 | 5.6% | |
| 2019-20* | 7.9% | |
| 2020-21 | 12.7% | |
| 2021-22** | 5.1% | \$126.5 |
| 2022-23 | 0.5% | \$80.5 |
| 2023-24 | 3.8% | \$63 |
| 2024-25 | 5.4% | \$87 |

*Without 1040 estimated and final payment accruals FY 20 growth would have been -14.1%.

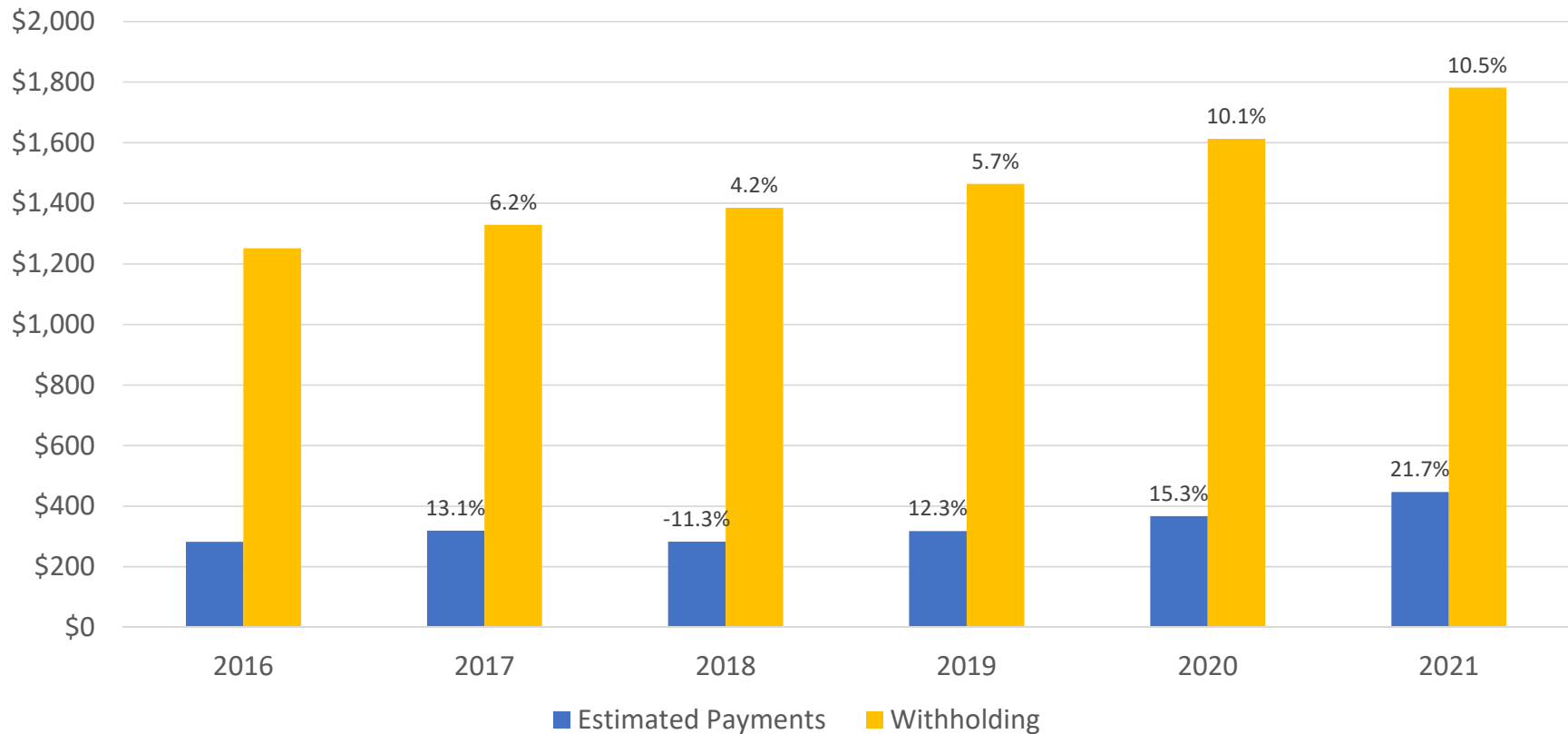
**Approximately 6.5% growth without the refundable credit expansions in tax year 2021.

Individual Income Tax: Main Points

- Withholding and estimated payments growth associated with tax year 2021 both very strong and significantly over budget
 - Economic forecast revisions for 2021 help explain variance
- Recommended changes to revenue forecast reflect three main factors
 - New economic forecast
 - Large upward adjustments to wages and nonfarm proprietor's income forecast especially significant
 - Higher inflation reduces revenue, all else equal
 - Capital gains upward adjustment in tax year 2021 and downward adjustment in 2022
 - Downward adjustment to nonresident liability after tax year 2021
- Tax liability growth will likely exceed 10% for two consecutive years

Withholding and Estimated Payments

(\$million)



Estimated payments year t = February 9th year t through February 8th year $t+1$

Withholding = Calendar year withholding after moving first week of January deposits to December

Withholding and Estimated Payments, 2021

- Withholding
 - \$38.8 million variance through December
 - 2021 wage forecast upward revision from 5.5% to 7.7% growth helps explain why over budget
 - Non-wage withholding
 - Unemployment withholding fell by \$31.5 million, a 56% reduction
 - Other non-wage withholding increased by roughly \$24 million, a 30% increase
 - 2020 suspension of required minimum distributions expired in 2021
- Estimated payments
 - \$43.7 million variance through February 17th
 - Tax year 2021 estimated payments approximately 40% higher than 2019

Income Tax Forecast: Wages

CEFC Wage Forecast

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|--------|--------|--------|--------|--------|
| Feb. 2022 | 7.7% | 6.5% | 5.5% | 5.0% | 4.0% |
| Nov. 2021 | 5.5% | 5.0% | 5.0% | 5.0% | 4.0% |
| New wage forecast/previous* | 2.1% | 3.5% | 4.0% | 4.0% | 4.0% |
| Increase in resident revenue forecast due to wage revisions (\$million) | \$41.7 | \$74.8 | \$89.2 | \$94.2 | \$98.4 |
| Wage + unemployment insurance in MAGI forecast: | | | | | |
| | 6.6% | 4.4% | 5.5% | 5.0% | 4.0% |

Income Tax Forecast: Capital Gains

| Tax Year | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|---------|---------|---------|---------|---------|---------|---------|
| March 2022 | -1.7% | 40% | 39.5% | -33.8% | -2.0% | 0% | 0% |
| December 2021 | -1.7% | 40% | 25.1% | -14.9% | -15.0% | 0% | 0% |
| Resident Liability, March 2022 (\$million) | \$145.8 | \$208.0 | \$298.3 | \$186.8 | \$180.3 | \$178.2 | \$177.0 |
| Contribution to resident liability revision (\$million) | | | \$33.0 | -\$33.4 | -\$1.1 | -\$1.4 | -\$1.7 |

Income Tax Forecast: Business Income

Nonfarm Proprietor's Income, Annual Growth

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-------------------------|------|-------|------|------|------|------|
| February 22 CEFC | 0.8% | 10.0% | 8.5% | 6.0% | 5.7% | 5.4% |
| November 21 CEFC | 0.8% | 5.5% | 6.5% | 6.0% | 5.7% | 5.4% |
| New forecast / previous | 0.0% | 4.3% | 6.2% | 6.2% | 6.2% | 6.2% |

- 2020 and 2021 nonfarm proprietor's income includes new nontaxable subsidies, including forgiven PPP loans, EIDL advances, and restaurant revitalization fund grants.
- Policy will be a drag on growth in 2022

Income Tax Forecast: Inflation

- Resident liability before refundable credits would be \$13 million higher in 2023, \$27 million higher in 2024, and \$47 million higher in 2025 if the inflation forecast was unchanged
- Lagged inflation adjustments + accelerating inflation result in temporary bracket creep
 - Tax year t tax brackets and other Maine parameters are based on inflation through June $t-1$; standard deduction and other federal tax parameters are based on inflation through August $t-1$; round down rules apply
 - 2021
 - C-CPI-U growth: 4.6%
 - Nominal wage growth forecast: 7.7%
 - Standard deduction increased 1.2% and tax brackets increased 1 – 1.1%; personal exemption no change
 - 2022
 - CPI-U forecast 5.0%
 - Nominal wage growth forecast: 6.5%
 - Standard deduction increased 3.2% and tax brackets increased 2.4%; personal exemption increases 3.5%

Income Tax Forecast: Miscellaneous

- Extension of student loan repayment deferral reduces the Opportunity Maine Tax Credit forecast for 2022
- Changed assumptions about nonresident liability growth
 - Before: Same annual growth rate as residents
 - Current: 2019 – 2022 growth the same for nonresidents and residents
 - Liability excluding full-year residents grew 26% in 2020 >> full-year resident liability growth, so change reduces the tax liability forecast in 2022 and beyond

Individual Income Tax: History and Recommended Tax Liability Growth Rates

(\$million)

| Tax year | Liability before refundable credits | Liability after refundable credits |
|----------|-------------------------------------|------------------------------------|
| 2018 | 5.6% | 4.9% |
| 2019 | 5.9% | 6.0% |
| 2020 | 12.2% | 11.7% |
| 2021 | 11.1% | 10.2% |
| 2022 | -0.3% | -0.8% |
| 2023 | 4.4% | 4.3% |
| 2024 | 5.6% | 5.8% |
| 2025 | 4.6% | 4.8% |

These growth rates represent actual or forecast liability growth as of August three years after the tax year.

Corporate Income Tax

Corporate Income Tax: Annual Growth and Forecast Revision

| Fiscal Year | Actual and forecast | Change in Forecast |
|-------------|---------------------|--------------------|
| 2017-18 | 6.0% | |
| 2018-19 | 36.1% | |
| 2019-20 | -14.5% | |
| 2020-21 | 31.5% | |
| 2021-22 | 16.1% | \$75 |
| 2022-23 | 1.8% | \$62 |
| 2023-24 | 9.7% | \$54 |
| 2024-25 | 6.0% | \$58.25 |

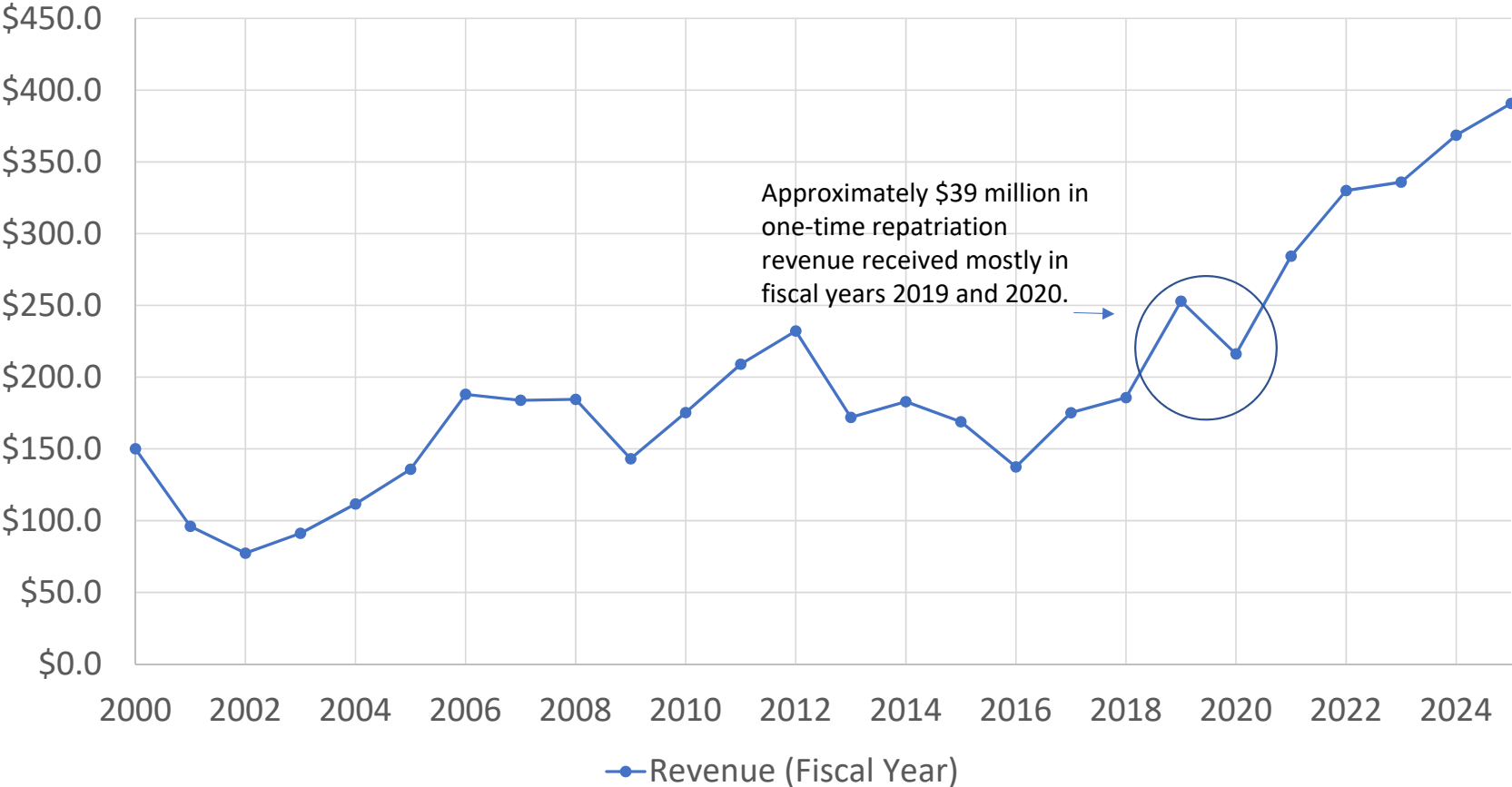
Corporate Income Tax: CEFC Before-Tax Corporate Profits Forecast, Annual Growth

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|-------|-------|-------|-------|-------|
| February 22 CEFC | 45.0% | 4.0% | 4.0% | 6.0% | 6.0% |
| November 21 CEFC | 30.0% | 2.0% | 3.0% | 6.0% | 6.0% |
| Current CEFC Forecast / Prior CEFC Forecast, level | 11.5% | 13.7% | 14.8% | 14.8% | 14.8% |

- \$47.6 million variance through January, primarily from estimated payments

Corporate Income Tax Revenue: History and Forecast

(\$million)



Other Taxes

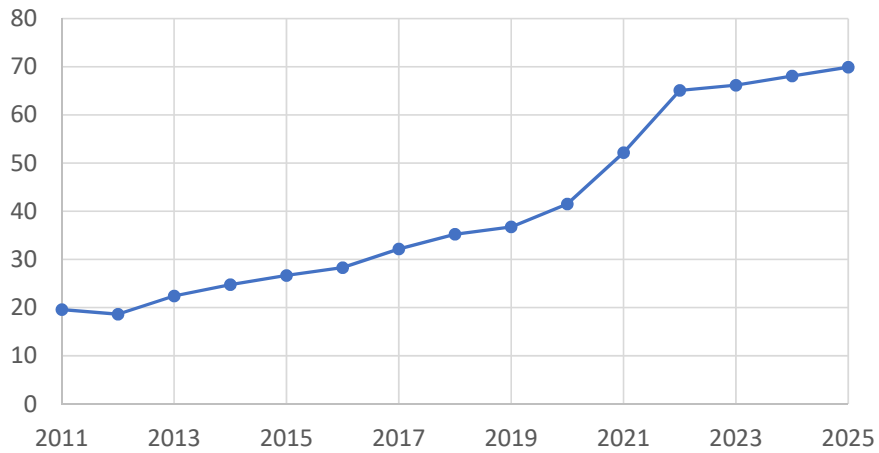
Real estate transfer tax

| | Home price, existing median | | Home sales, existing single-family | |
|------|-----------------------------|-------------------|------------------------------------|-------------------|
| | November Forecast | February Forecast | November Forecast | February Forecast |
| 2020 | 13.0% | 13.0% | 22.9% | 22.9% |
| 2021 | 18.7% | 19.1% | -7.9% | -6.4% |
| 2022 | 4.2% | 7.5% | -2.4% | -5.5% |
| 2023 | 1.8% | 1.7% | 7.7% | 4.2% |
| 2024 | 0.4% | 1.1% | 9.1% | 18.3% |
| 2025 | 0.4% | 0.8% | -2.9% | -0.8% |

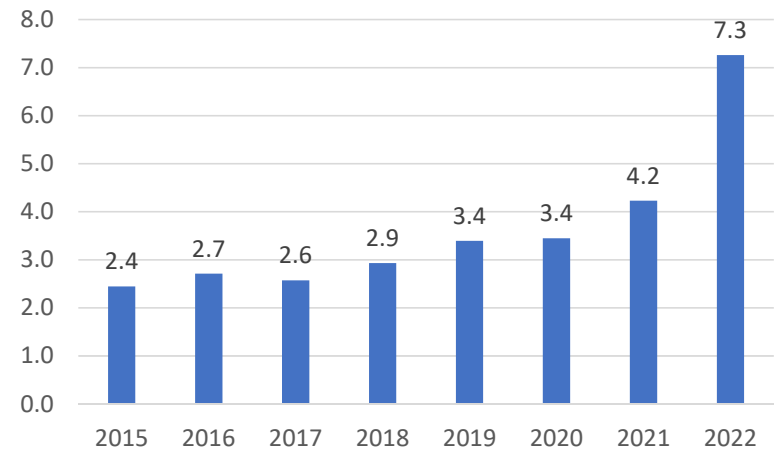
- \$1.67 million General Fund variance through January
- Increase General Fund forecast by approximately \$3 million in FY 2022 and \$3 - \$4 million per year afterward.

RETT Revenue History

Total RETT Revenue by Fiscal Year
(\$million)



Total January RETT Revenue
(\$million)



Cigarette, Tobacco, and Marijuana Excise Taxes

- Marijuana Excise Tax
 - Downward adjustment of \$525,000 in FY 2022 and \$2.1 - \$2.8 million after FY 2022
 - New forecast recommendation slows growth rate of adult use marijuana
- Cigarette and Tobacco Products Tax
 - No change to forecast recommendation
 - \$1.9 million combined variance through January
 - Municipal flavored tobacco bans

Estate Tax

| Fiscal Year | 2022 | 2023 | 2024 | 2025 |
|-------------------------|--------|-------|--------|-------|
| Forecast Change (\$mil) | \$8.05 | \$2.0 | \$2.75 | \$3.0 |

\$6.3 million variance through January

Business Equipment Tax Exemption Reimbursement

Forecast change in reimbursements

| Fiscal Year | 2022 | 2023 | 2024 | 2025 |
|-------------------------|--------|--------|--------|--------|
| Forecast Change (\$mil) | \$1.23 | \$1.34 | \$1.44 | \$1.54 |

Fuel Taxes

Recommended Forecast Change (\$million)

| Fiscal Year | 2022 | 2023 | 2024 | 2025 |
|-------------------|---------|---------|---------|---------|
| Gas Tax | -\$2.30 | -\$2.36 | -\$2.38 | -\$2.41 |
| Special Fuels Tax | \$2.34 | \$2.35 | \$2.38 | \$2.40 |



APPENDIX G

Other Background Materials

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| Hollywood Casino Bangor..... | G-1 |
| Oxford Casino..... | G-2 |
| Milk Handling Fee and Transfers to Maine Milk Pool..... | G-3 |
| Medicaid/MaineCare Dedicated Revenue Detail..... | G-5 |

Revenue Forecasting Committee - March 2022 - Hollywood Casino Bangor

| GENERAL FUND REVENUE | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | |
|---|--|---------|---------------|---------------|---------------|---------------|---------------|---------------|
| Current Forecast - General Fund Revenue | | | | \$5,950,233 | \$6,317,835 | \$6,365,970 | \$6,414,464 | |
| Incremental Effect of March 2022 Forecast | | | | \$673,329 | (\$110,137) | \$36,245 | (\$651) | |
| March 2022 Forecast - Revised General Fund Revenue | | | | \$6,623,562 | \$6,207,698 | \$6,402,215 | \$6,413,813 | |
| FUND FOR A HEALTHY MAINE REVENUE | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | |
| Current Forecast - Fund for a Healthy Maine Revenue | | | | \$3,607,923 | \$3,669,038 | \$3,696,556 | \$3,724,280 | |
| Incremental Effect of December 2021 Forecast | | | | \$356,242 | \$55,827 | \$150,751 | \$126,874 | |
| March 2022 Forecast - Fund for a Healthy Maine Revenue | | | | \$3,964,165 | \$3,724,865 | \$3,847,307 | \$3,851,154 | |
| Detail of Current Revenue Forecast - Distribution of Total Income | | | | | | | | |
| | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | |
| Gross Slot Income (Coin/Voucher In) | | A | \$306,360,214 | \$403,240,585 | \$457,657,950 | \$425,698,884 | \$439,692,235 | \$440,131,927 |
| Player's Share (Payback Value) | | B | \$276,210,244 | \$364,711,910 | \$413,439,722 | \$384,193,242 | \$396,822,242 | \$397,219,065 |
| 3% Distribution to City of Bangor (.03*(A-B)) | | | \$904,499 | \$1,155,860 | \$1,326,547 | \$1,245,169 | \$1,286,100 | \$1,287,386 |
| General Fund - Administration (1% of Gross Slot Income) | | C | \$3,063,602 | \$4,032,406 | \$4,576,579 | \$4,256,989 | \$4,396,922 | \$4,401,319 |
| Net Slot Machine Income (=A-B-C) | | | \$27,086,368 | \$34,496,269 | \$39,641,649 | \$37,248,652 | \$38,473,071 | \$38,511,544 |
| Licensees' Share of Net Slot Machine Income | | 61.0% | \$16,522,685 | \$21,042,724 | \$24,181,406 | \$22,721,678 | \$23,468,573 | \$23,492,042 |
| Licensees' Share of Net Slot after 3% Distribution to Bangor | | | \$15,618,186 | \$19,886,864 | \$22,854,859 | \$21,476,509 | \$22,182,473 | \$22,204,656 |
| Net Table Game Income | | | \$6,242,658 | \$4,118,231 | \$6,236,868 | \$6,230,690 | \$6,292,997 | \$6,355,927 |
| Licensee's Share of Net Table Game Income | | 84.0% | \$5,243,832 | \$3,459,314 | \$5,238,969 | \$5,233,780 | \$5,286,118 | \$5,338,979 |
| Distribution of State Share of Net Slot Machine Income | | 39.0% | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
| General Fund (other) | | 3.0% | \$812,591 | \$1,034,888 | \$1,189,249 | \$1,117,460 | \$1,154,192 | \$1,155,346 |
| General Fund (After 48 months - November 2009) | | 1.0% | \$270,864 | \$344,963 | \$396,416 | \$372,487 | \$384,731 | \$385,115 |
| Fund for a Healthy Maine (FHM) | | 10.0% | \$2,708,637 | \$3,449,627 | \$3,964,165 | \$3,724,865 | \$3,847,307 | \$3,851,154 |
| FHM over caps to Gen Fund (\$4.5M in FY11 and FY12, \$0 in FY13) | | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| University of Maine Scholarship Fund (2% until 9/1/13) | | 1.92% | \$520,058 | \$662,328 | \$761,120 | \$715,174 | \$738,683 | \$739,422 |
| Maine Maritime Academy Scholarship Program (beginning 9/1/13) | | 0.08% | \$21,669 | \$27,597 | \$31,713 | \$29,799 | \$30,778 | \$30,809 |
| Maine Community College System - Scholarship Funds | | 1.0% | \$270,864 | \$344,963 | \$396,416 | \$372,487 | \$384,731 | \$385,115 |
| Resident Municipalities | | 1.0% | \$270,864 | \$344,963 | \$396,416 | \$372,487 | \$384,731 | \$385,115 |
| Supplement Harness Racing Purses | | 10.0% | \$2,708,637 | \$3,449,627 | \$3,964,165 | \$3,724,865 | \$3,847,307 | \$3,851,154 |
| Sire Stakes Fund | | 3.0% | \$812,591 | \$1,034,888 | \$1,189,249 | \$1,117,460 | \$1,154,192 | \$1,155,346 |
| Fund to Encourage Racing at Maine's Commercial Tracks | | 4.0% | \$1,083,455 | \$1,379,851 | \$1,585,666 | \$1,489,946 | \$1,538,923 | \$1,540,462 |
| Fund to Stabilize Off-Track Betting (48 months - until Oct 2009) | | 2.0% | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Fund to Stabilize Off-Track Betting (after 48 months - Nov 2009) | | 1.0% | \$270,864 | \$344,963 | \$396,416 | \$372,487 | \$384,731 | \$385,115 |
| Agricultural Fair Support Fund | | 3.0% | \$812,591 | \$1,034,888 | \$1,189,249 | \$1,117,460 | \$1,154,192 | \$1,155,346 |
| GF Transfer to Gambling Addiction Prevention and Treatment Fund | | | (\$100,000) | (\$100,000) | (\$100,000) | (\$100,000) | (\$100,000) | (\$100,000) |
| Gambling Addiction Prevention and Treatment Fund | | | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 |
| Distribution of State Share of Net Table Game Income | | 16.0% | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
| General Fund | | 9.0% | \$561,839 | \$370,641 | \$561,318 | \$560,762 | \$566,370 | \$572,033 |
| Gambling Control Board | | 3.0% | \$187,280 | \$123,547 | \$187,106 | \$186,921 | \$188,790 | \$190,678 |
| Municipality | | 2.0% | \$124,853 | \$82,365 | \$124,737 | \$124,614 | \$125,860 | \$127,119 |
| Coordinated Veterans Assistance Fund | | 2.0% | \$124,853 | \$82,365 | \$124,737 | \$124,614 | \$125,860 | \$127,119 |
| Revenue Summary | | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
| General Fund | | | | | | | | |
| General Fund Administration (1% of gross slot income) | | | \$3,063,602 | \$4,032,406 | \$4,576,579 | \$4,256,989 | \$4,396,922 | \$4,401,319 |
| General Fund (Other) | | | \$1,545,294 | \$1,650,492 | \$2,046,983 | \$1,950,709 | \$2,005,293 | \$2,012,494 |
| Licensing revenue | | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Subtotal - General Fund | | | \$4,608,896 | \$5,682,898 | \$6,623,562 | \$6,207,698 | \$6,402,215 | \$6,413,813 |
| Fund for a Healthy Maine | | | \$2,708,637 | \$3,449,627 | \$3,964,165 | \$3,724,865 | \$3,847,307 | \$3,851,154 |
| Other Special Revenue Funds | | | | | | | | |
| Harness Racing Commission | | | \$5,688,138 | \$7,244,217 | \$8,324,745 | \$7,822,218 | \$8,079,345 | \$8,087,423 |
| HRC - Subtotal | | | \$5,688,138 | \$7,244,217 | \$8,324,745 | \$7,822,218 | \$8,079,345 | \$8,087,423 |
| PUS- host municipalities | | | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 |
| University of Maine Scholarship Fund | | | \$520,058 | \$662,328 | \$761,120 | \$715,174 | \$738,683 | \$739,422 |
| Maine Maritime Academy Scholarship Program | | | \$21,669 | \$27,597 | \$31,713 | \$29,799 | \$30,778 | \$30,809 |
| Maine Community College System Scholarships | | | \$270,864 | \$344,963 | \$396,416 | \$372,487 | \$384,731 | \$385,115 |
| Resident Municipalities | | | \$395,717 | \$427,328 | \$521,153 | \$497,101 | \$510,591 | \$512,234 |
| Gambling Addiction Prevention and Treatment Fund | | | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 |
| Gambling Control Board | | | \$736,980 | \$673,247 | \$736,806 | \$736,621 | \$738,490 | \$740,378 |
| Coordinated Veterans Assistance Fund | | | \$124,853 | \$82,365 | \$124,737 | \$124,614 | \$125,860 | \$127,119 |
| Subtotal - Other Special Revenue Funds | | | \$7,883,279 | \$9,587,045 | \$11,021,690 | \$10,423,014 | \$10,733,478 | \$10,747,500 |

Revenue Forecasting Committee - March 2022 - Oxford Casino

| GENERAL FUND REVENUE | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---|---------|---------|-------------|-------------|-------------|-------------|
| Current Forecast - General Fund Revenue | | | \$2,394,752 | \$2,224,954 | \$2,236,078 | \$2,247,259 |
| Incremental Effect of March 2022 Forecast | | | \$156,929 | \$145,879 | \$152,536 | \$159,269 |
| March 2022 - Revised General Fund Revenue | | | \$2,551,681 | \$2,370,833 | \$2,388,614 | \$2,406,528 |

Detail of Current Revenue Forecast - Distribution of Total Income

| | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|--|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Net Slot Machine Income | | \$54,330,874 | \$55,518,257 | \$85,056,037 | \$79,027,754 | \$79,620,463 | \$80,217,616 |
| Total Net Table Game Income | | \$12,318,385 | \$6,839,780 | \$17,081,047 | \$16,409,262 | \$16,450,285 | \$16,491,411 |
| Licensees' Share of Total Net Slot Machine Income | 54.0% | \$29,338,672 | \$29,979,859 | \$45,930,260 | \$42,674,987 | \$42,995,050 | \$43,317,513 |
| Licensees' Share of Total Net Table Game Income | 84.0% | \$10,347,443 | \$5,745,416 | \$14,348,080 | \$13,783,780 | \$13,818,240 | \$13,852,785 |
| Total Licensees' Share of Net Income | | \$39,686,115 | \$35,725,275 | \$60,278,340 | \$56,458,767 | \$56,813,290 | \$57,170,298 |

| | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Distribution of State Share of Net Slot Machine Income | 46.0% | | | | | | |
| K-12 Essential Programs and Services | 25.0% | \$13,582,719 | \$13,879,564 | \$21,264,009 | \$19,756,939 | \$19,905,116 | \$20,054,404 |
| Maine's Penobscot and Passamaquoddy Indian Tribes | 4.0% | \$2,173,235 | \$2,220,730 | \$3,402,241 | \$3,161,110 | \$3,184,819 | \$3,208,705 |
| General Fund - Administration | 3.0% | \$1,629,926 | \$1,665,548 | \$2,551,681 | \$2,370,833 | \$2,388,614 | \$2,406,528 |
| University of Maine System Scholarship Fund (4% until 9/1/13) | 3.83% | \$2,080,872 | \$2,126,349 | \$3,257,646 | \$3,026,763 | \$3,049,464 | \$3,072,335 |
| Maine Maritime Academy Scholarship Program (Beginning 9/1/13) | 0.17% | \$92,362 | \$94,381 | \$144,595 | \$134,347 | \$135,355 | \$136,370 |
| Agricultural Fair Support Fund | 1.0% | \$543,309 | \$555,183 | \$850,560 | \$790,278 | \$796,205 | \$802,176 |
| Municipality in which casino is located | 2.0% | \$1,086,617 | \$1,110,365 | \$1,701,121 | \$1,580,555 | \$1,592,409 | \$1,604,352 |
| Maine Community College System Scholarship Programs | 3.0% | \$1,629,926 | \$1,665,548 | \$2,551,681 | \$2,370,833 | \$2,388,614 | \$2,406,528 |
| Fund to Supplement Harness Racing Purses | 1.0% | \$543,309 | \$555,183 | \$850,560 | \$790,278 | \$796,205 | \$802,176 |
| Sire Stakes Fund | 1.0% | \$543,309 | \$555,183 | \$850,560 | \$790,278 | \$796,205 | \$802,176 |
| County in which casino is located | 1.0% | \$543,309 | \$555,183 | \$850,560 | \$790,278 | \$796,205 | \$802,176 |
| Maine Dairy Farm Stabilization Fund (1% until 7/1/13) | 0.5% | \$271,654 | \$277,591 | \$425,280 | \$395,139 | \$398,102 | \$401,088 |
| Dairy Improvement Fund (Beginning 7/1/13) | 0.5% | \$271,654 | \$277,591 | \$425,280 | \$395,139 | \$398,102 | \$401,088 |

| | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---|--------------|-------------|-----------|-------------|-------------|-------------|-------------|
| Distribution of State Share of Net Table Game Income | 16.0% | | | | | | |
| K-12 Essential Programs and Services | 10.0% | \$1,231,839 | \$683,978 | \$1,708,105 | \$1,640,926 | \$1,645,029 | \$1,649,141 |
| Gambling Control Board | 3.0% | \$369,552 | \$205,193 | \$512,431 | \$492,278 | \$493,509 | \$494,742 |
| Municipality in which casino is located | 2.0% | \$246,368 | \$136,796 | \$341,621 | \$328,185 | \$329,006 | \$329,828 |
| County in which casino is located | 1.0% | \$123,184 | \$68,398 | \$170,810 | \$164,093 | \$164,503 | \$164,914 |

| Revenue Summary | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | |
| General Fund Administration | | \$1,629,926 | \$1,665,548 | \$2,551,681 | \$2,370,833 | \$2,388,614 | \$2,406,528 |
| License Fees | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Subtotal - General Fund | | \$1,629,926 | \$1,665,548 | \$2,551,681 | \$2,370,833 | \$2,388,614 | \$2,406,528 |
| Other Special Revenue Funds | | | | | | | |
| Gambling Control Board | | \$567,877 | \$403,518 | \$710,756 | \$690,603 | \$691,834 | \$693,067 |
| K-12 Essential Programs and Services | | \$14,814,558 | \$14,563,542 | \$22,972,114 | \$21,397,865 | \$21,550,145 | \$21,703,545 |
| Maine's Penobscot and Passamaquoddy Indian Tribes | | \$2,173,235 | \$2,220,730 | \$3,402,241 | \$3,161,110 | \$3,184,819 | \$3,208,705 |
| University of Maine System Scholarship Fund | | \$2,080,872 | \$2,126,349 | \$3,257,646 | \$3,026,763 | \$3,049,464 | \$3,072,335 |
| Maine Maritime Academy Scholarship Program | | \$92,362 | \$94,381 | \$144,595 | \$134,347 | \$135,355 | \$136,370 |
| Agricultural Fair Support Fund | | \$543,309 | \$555,183 | \$850,560 | \$790,278 | \$796,205 | \$802,176 |
| Municipality in which casino is located | | \$1,332,985 | \$1,247,161 | \$2,042,742 | \$1,908,740 | \$1,921,415 | \$1,934,180 |
| Maine Community College System Scholarship Programs | | \$1,629,926 | \$1,665,548 | \$2,551,681 | \$2,370,833 | \$2,388,614 | \$2,406,528 |
| Fund to Supplement Harness Racing Purses | | \$543,309 | \$555,183 | \$850,560 | \$790,278 | \$796,205 | \$802,176 |
| Sire Stakes Fund | | \$543,309 | \$555,183 | \$850,560 | \$790,278 | \$796,205 | \$802,176 |
| County in which casino is located | | \$666,493 | \$623,581 | \$1,021,370 | \$954,371 | \$960,708 | \$967,090 |
| Maine Dairy Farm Stabilization Fund | | \$271,654 | \$277,591 | \$425,280 | \$395,139 | \$398,102 | \$401,088 |
| Dairy Improvement Fund | | \$271,654 | \$277,591 | \$425,280 | \$395,139 | \$398,102 | \$401,088 |
| Subtotal - Other Special Revenue Funds | | \$25,531,546 | \$25,165,545 | \$39,505,390 | \$36,805,750 | \$37,067,180 | \$37,330,532 |

Milk Handling Fee and Transfer to Maine Milk Pool

HANDLING FEE INCOME

| Month | FY22 | FY22 | FY23 | FY23 |
|--------|-------------|--------------------|-------------|--------------------|
| | Basic Price | Revenue | Basic Price | Revenue |
| June | \$21.54 | \$140,102 | \$22.66 | \$92,047 |
| July | \$20.67 | \$73,478 | \$22.61 | \$92,047 |
| August | \$20.15 | \$147,845 | \$22.64 | \$92,047 |
| Sept. | \$19.84 | \$238,401 | \$22.65 | \$92,047 |
| Oct. | \$20.33 | \$148,138 | \$22.62 | \$92,047 |
| Nov. | \$21.23 | \$72,474 | \$22.64 | \$92,047 |
| Dec. | \$22.42 | \$92,047 | \$22.51 | \$92,047 |
| Jan. | \$22.96 | \$92,047 | \$22.39 | \$92,047 |
| Feb. | \$21.97 | \$92,047 | \$22.24 | \$92,047 |
| March | \$22.46 | \$92,047 | \$21.97 | \$92,047 |
| April | \$22.68 | \$92,047 | \$21.50 | \$92,047 |
| May | \$22.71 | \$92,047 | \$21.50 | \$92,047 |
| | | \$1,372,720 | | \$1,104,564 |

TIER PROGRAM PAYMENTS

| FY22 | Month | Federal | Federal | Average | Average | Total | Support |
|------|--------|-----------|----------|---------|-------------|---|--------------------|
| | | Blend/CWT | MILC/CWT | Premium | Support/CWT | | |
| | Jun-21 | \$18.50 | \$0.00 | \$0.28 | \$2.17 | 48,495,805 | \$1,052,780 |
| | Jul-21 | \$18.06 | \$0.00 | \$0.31 | \$2.22 | 48,719,251 | \$1,082,613 |
| | Aug-21 | \$17.66 | \$0.00 | \$0.31 | \$2.21 | 46,716,158 | \$1,034,476 |
| | Sep-21 | \$17.96 | \$0.00 | \$0.32 | \$1.66 | 44,727,689 | \$742,987 |
| | Oct-21 | \$18.48 | \$0.00 | \$0.30 | \$1.07 | 45,602,733 | \$488,327 |
| | Nov-21 | \$19.54 | \$0.00 | \$0.30 | \$0.88 | 43,725,988 | \$172,967 |
| | Dec-21 | \$20.49 | \$0.00 | \$0.30 | \$0.06 | 45,592,130 | \$26,473 |
| | Jan-22 | \$22.74 | \$0.00 | \$0.30 | \$0.00 | 46,245,147 | \$0 |
| | Feb-22 | \$24.05 | \$0.00 | \$0.30 | \$0.00 | 4,402,516 | \$0 |
| | Mar-22 | \$24.82 | \$0.00 | \$0.30 | \$0.00 | 48,079,732 | \$0 |
| | Apr-22 | \$24.96 | \$0.00 | \$0.30 | \$0.00 | 47,159,622 | \$0 |
| | May-22 | \$24.63 | \$0.00 | \$0.30 | \$0.00 | 48,066,730 | \$0 |
| | | | | | | FY22 Exp | \$4,600,622 |
| | | | | | | .5% of net slot income from Oxford Casino | \$425,280 |
| | | | | | | Net GF Exp | \$4,175,342 |

| FY23 | Month | Federal | Federal | Average | Average | Total | Support |
|------|--------|-----------|----------|---------|-------------|---|--------------------|
| | | Blend/CWT | MILC/CWT | Premium | Support/CWT | | |
| | Jun-23 | \$20.90 | \$0.00 | \$0.30 | \$0.00 | 48,495,805 | \$0 |
| | Jul-23 | \$20.22 | \$0.00 | \$0.30 | \$0.37 | 48,719,251 | \$181,994 |
| | Aug-23 | \$20.26 | \$0.00 | \$0.30 | \$0.27 | 46,716,158 | \$125,267 |
| | Sep-23 | \$20.30 | \$0.00 | \$0.30 | \$0.22 | 46,925,915 | \$102,276 |
| | Oct-23 | \$20.33 | \$0.00 | \$0.30 | \$0.19 | 47,714,020 | \$91,074 |
| | Nov-23 | \$20.21 | \$0.00 | \$0.30 | \$0.22 | 46,143,993 | \$101,560 |
| | Dec-23 | \$20.05 | \$0.00 | \$0.30 | \$0.26 | 48,222,752 | \$127,166 |
| | Jan-24 | \$19.85 | \$0.00 | \$0.30 | \$0.37 | 49,551,398 | \$183,959 |
| | Feb-24 | \$19.81 | \$0.00 | \$0.30 | \$0.38 | 45,025,106 | \$169,957 |
| | Mar-24 | \$19.67 | \$0.00 | \$0.30 | \$0.44 | 50,079,732 | \$218,749 |
| | Apr-24 | \$19.50 | \$0.00 | \$0.30 | \$0.52 | 49,159,622 | \$253,338 |
| | May-24 | \$19.50 | \$0.00 | \$0.30 | \$0.48 | 51,066,730 | \$245,336 |
| | | | | | | FY23 Exp | \$1,800,676 |
| | | | | | | .5% of net slot income from Oxford Casino | \$395,139 |
| | | | | | | Net GF Exp | \$1,405,537 |

Milk Handling Fee and Transfer to Maine Milk Pool

HANDLING FEE INCOME

| | FY24 | FY24 | FY24 | FY25 |
|--------|-------------|--------------------|-------------|--------------------|
| Month | Basic Price | Revenue | Basic Price | Revenue |
| June | \$23.41 | \$92,047 | \$21.50 | \$92,047 |
| July | \$21.50 | \$92,047 | \$21.50 | \$92,047 |
| August | \$21.50 | \$92,047 | \$21.50 | \$92,047 |
| Sept. | \$21.50 | \$92,047 | \$21.50 | \$92,047 |
| Oct. | \$21.50 | \$92,047 | \$21.50 | \$92,047 |
| Nov. | \$21.50 | \$92,047 | \$21.50 | \$92,047 |
| Dec. | \$21.50 | \$92,047 | \$21.50 | \$92,047 |
| Jan. | \$21.50 | \$92,047 | \$21.50 | \$92,047 |
| Feb. | \$21.50 | \$92,047 | \$21.50 | \$92,047 |
| March | \$21.50 | \$92,047 | \$21.50 | \$92,047 |
| April | \$21.50 | \$92,047 | \$21.50 | \$92,047 |
| May | \$21.50 | \$92,047 | \$21.50 | \$92,047 |
| | | <u>\$1,104,564</u> | | <u>\$1,104,564</u> |

TIER PROGRAM PAYMENTS

| FY24 | Federal Blend/CWT | Federal MILC/CWT | Average Premium | Average Support/CWT | Total Pounds | Support Payment |
|------|-------------------|------------------|---|---------------------|-------------------|--------------------|
| | \$19.50 | \$0.00 | \$0.30 | \$0.73 | 526,753,752 | 4,176,688 |
| | | | | | FY24 Exp | \$4,176,688 |
| | | | .5% of net slot income from Oxford Casino | | \$ | 398,102 |
| | | | | | Net GF Exp | \$3,778,586 |

| FY25 | Federal Blend/CWT | Federal MILC/CWT | Average Premium | Average Support/CWT | Total Pounds | Support Payment |
|------|-------------------|------------------|---|---------------------|-------------------|--------------------|
| | \$19.50 | \$0.00 | \$0.29 | \$0.55 | 575,622,256 | 3,170,793 |
| | | | | | FY25 Exp | \$3,170,793 |
| | | | .5% of net slot income from Oxford Casino | | | \$401,088 |
| | | | | | Net GF Exp | \$2,769,705 |

NOTE: Basic Price is the Class I Price and is higher than the Uniform Federal Blend Price

Tier target prices: \$21.00, \$20.36, \$18.01, \$17.83

Maine Dept. of Agriculture, Conservation & Forestry Maine Milk Commission
Adjusted by OFPR to include Oxford Casino slot income.

Medicaid/MaineCare Dedicated Revenue Taxes Detail - March 2022 Revenue Forecast

| | | | FY 2017 | 2016-2017 | FY 2018 | 2017-2018 | FY 2019 | 2018-2019 | FY 2020 | 2019-2020 | FY 2021 | 2020-2021 | FY 2022 | FY 2022 | FY 2022 | 2021-2022 |
|--------------|--------------------------------------|---------|--------------------|-----------|--------------------|-----------|--------------------|-----------|--------------------|-----------|--------------------|-----------|---------------------|---------------------|---------------------|-----------|
| New Approp | REV SHORT TITLE | REV SRC | Actuals | % Chg. | Actuals | % Chg. | Actuals | % Chg. | Actuals | % Chg. | Actuals | % Chg. | Rev. Est. Dec-21 | Req. Chg. Mar-22 | Rev. Est. Mar-22 | % Chg. |
| 01410A014802 | NURSING FACILITIES-NF TAX | 0670 | 36,162,788 | -2.5% | 33,755,577 | -6.7% | 34,999,161 | 3.7% | 43,432,833 | 24.1% | 38,214,675 | -12.0% | 41,221,877 | (2,000,000) | 39,221,877 | 2.6% |
| 01410AZ19753 | RES TRMT FACILITIES TAX | 0671 | 1,777,492 | -3.4% | 1,905,823 | 7.2% | 1,886,325 | -1.0% | 2,061,980 | 9.3% | 2,336,341 | 13.3% | 2,306,289 | - | 2,306,289 | -1.3% |
| 01410AZ21057 | RES TRMT FACILITIES TAX | 0671 | 58,705 | -5.8% | 61,404 | 4.6% | 60,153 | -2.0% | 65,649 | 9.1% | 60,626 | -7.7% | 65,160 | - | 65,160 | 7.5% |
| 01410AZ21254 | RES TRMT FACILITIES TAX | 0671 | 102,932 | -0.7% | 110,852 | 7.7% | 109,027 | -1.6% | 122,693 | 12.5% | 140,993 | 14.9% | 151,307 | - | 151,307 | 7.3% |
| | Subtotal RTF Tax | | 1,939,129 | -3.3% | 2,078,079 | 7.2% | 2,055,506 | -1.1% | 2,250,322 | 9.5% | 2,537,960 | 12.8% | 2,522,756 | - | 2,522,756 | -0.6% |
| 01410A014704 | MEDICAL CARE-HOSPITAL TAX | 1913 | 95,028,525 | -0.3% | 103,355,698 | 8.8% | 102,503,718 | -0.8% | 115,464,903 | 12.6% | 115,888,153 | 0.4% | 127,706,538 | - | 127,706,538 | 10.2% |
| 01410AZ21050 | MED MATCH MR-PNMI TAX | 0675 | 730,857 | 13.2% | 759,814 | 4.0% | 793,987 | 4.5% | 767,968 | -3.3% | 655,253 | -14.7% | 732,205 | (175,869) | 556,336 | -15.1% |
| 01410AZ21052 | MED MATCH MR-SERV PROV TAX | 0675 | 20,436,200 | 9.5% | 21,859,304 | 7.0% | 23,642,031 | 8.2% | 25,264,933 | 6.9% | 24,877,236 | -1.5% | 25,832,019 | 96,436 | 25,928,455 | 4.2% |
| 01410AZ20144 | MH SERV COMM MED-PNMI TAX | 0675 | 2,972,538 | 12.3% | 3,090,313 | 4.0% | 3,229,302 | 4.5% | 3,104,342 | -3.9% | 5,907,990 | 90.3% | 6,116,070 | (1,094,859) | 5,021,211 | -15.0% |
| 01410AZ20140 | MH COMMUNITY SUPPORT TAX | 0675 | 2,926,850 | -27.6% | 3,315,623 | 13.3% | 3,532,821 | 6.6% | 3,278,670 | -7.2% | 3,319,023 | 1.2% | 3,777,781 | - | 3,777,781 | 13.8% |
| 01410AZ20241 | MEDICAID SEED-PNMI TAX | 0675 | 785,368 | 13.2% | 816,485 | 4.0% | 853,207 | 4.5% | 819,676 | -3.9% | 200,278 | -75.6% | 210,870 | (48,347) | 162,523 | -18.9% |
| 01410A014701 | MEDICAL CARE SERVICES | 0675 | 15,858,949 | 18.1% | 16,118,882 | 1.6% | 18,373,373 | 14.0% | 19,754,717 | 7.5% | 16,620,835 | -15.9% | 17,570,677 | - | 17,570,677 | 5.7% |
| | Subtotal Service Provider (PNMI) Tax | | 43,710,762 | 8.9% | 45,960,421 | 5.1% | 50,424,722 | 9.7% | 52,990,306 | 5.1% | 51,580,615 | -2.7% | 54,239,622 | (1,222,639) | 53,016,983 | 2.8% |
| | | | 176,841,205 | 1.3% | 185,149,775 | 4.7% | 189,983,107 | 2.6% | 214,138,364 | 12.7% | 208,221,403 | -2.8% | 225,690,793 | (3,222,639) | 222,468,154 | 6.8% |
| | Nursing Home Tax | | 36,162,788 | -2.5% | 33,755,577 | -6.7% | 34,999,161 | 3.7% | 43,432,833 | 24.1% | 38,214,675 | -12.0% | 41,221,877 | (2,000,000) | 39,221,877 | 2.6% |
| | RTF's Tax | | 1,939,129 | -3.3% | 2,078,079 | 7.2% | 2,055,506 | -1.1% | 2,250,322 | 9.5% | 2,537,960 | 12.8% | 2,522,756 | - | 2,522,756 | -0.6% |
| | Hospital Tax | | 95,028,525 | -0.3% | 103,355,698 | 8.8% | 102,503,718 | -0.8% | 115,464,903 | 12.6% | 115,888,153 | 0.4% | 127,706,538 | - | 127,706,538 | 10.2% |
| | Service Provider (PNMI) Tax | | 43,710,762 | 8.9% | 45,960,421 | 5.1% | 50,424,722 | 9.7% | 52,990,306 | 5.1% | 51,580,615 | -2.7% | 54,239,622 | (1,222,639) | 53,016,983 | 2.8% |
| | | | 176,841,205 | 1.3% | 185,149,775 | 4.7% | 189,983,107 | 2.6% | 214,138,364 | 12.7% | 208,221,403 | -2.8% | 225,690,793 | (3,222,639) | 222,468,154 | 6.8% |

Medicaid/MaineCare Dedicated Revenue Taxes Detail - March 2022 Revenue Forecast

| | | | FY 2023 | FY 2023 | FY 2023 | 2022-2023 | FY 2024 | FY 2024 | FY 2024 | 2023-2024 | FY 2025 | FY 2025 | FY 2025 | 2024-2025 |
|--------------|--------------------------------------|---------|---------------------|---------------------|---------------------|---------------|---------------------|---------------------|---------------------|-------------|---------------------|---------------------|---------------------|-------------|
| New Approp | REV SHORT TITLE | REV SRC | Rev. Est. Dec-21 | Req. Chg. Mar-22 | Rev. Est. Mar-22 | % Chg. | Rev. Est. Dec-21 | Req. Chg. Mar-22 | Rev. Est. Mar-22 | % Chg. | Rev. Est. Dec-21 | Req. Chg. Mar-22 | Rev. Est. Mar-22 | % Chg. |
| 01410A014802 | NURSING FACILITIES-NF TAX | 0670 | 43,144,150 | - | 43,144,150 | 10.0% | 43,144,150 | - | 43,144,150 | 0.0% | 43,144,150 | - | 43,144,150 | 0.0% |
| 01410AZ19753 | RES TRMT FACILITIES TAX | 0671 | 441,289 | - | 441,289 | -80.9% | 441,289 | - | 441,289 | 0.0% | 441,289 | - | 441,289 | 0.0% |
| 01410AZ21057 | RES TRMT FACILITIES TAX | 0671 | 8,160 | - | 8,160 | -87.5% | 8,160 | - | 8,160 | 0.0% | 8,160 | - | 8,160 | 0.0% |
| 01410AZ21254 | RES TRMT FACILITIES TAX | 0671 | 46,307 | - | 46,307 | -69.4% | 46,307 | - | 46,307 | 0.0% | 46,307 | - | 46,307 | 0.0% |
| | Subtotal RTF Tax | | 495,756 | - | 495,756 | -80.3% | 495,756 | - | 495,756 | 0.0% | 495,756 | - | 495,756 | 0.0% |
| 01410A014704 | MEDICAL CARE-HOSPITAL TAX | 1913 | 127,706,538 | - | 127,706,538 | 0.0% | 127,706,538 | - | 127,706,538 | 0.0% | 127,706,538 | - | 127,706,538 | 0.0% |
| 01410AZ21050 | MED MATCH MR-PNMI TAX | 0675 | 828,101 | - | 828,101 | 48.8% | 828,101 | - | 828,101 | 0.0% | 828,101 | - | 828,101 | 0.0% |
| 01410AZ21052 | MED MATCH MR-SERV PROV TAX | 0675 | 30,927,002 | - | 30,927,002 | 19.3% | 30,927,002 | - | 30,927,002 | 0.0% | 30,927,002 | - | 30,927,002 | 0.0% |
| 01410AZ20144 | MH SERV COMM MED-PNMI TAX | 0675 | 3,086,070 | - | 3,086,070 | -38.5% | 3,086,070 | - | 3,086,070 | 0.0% | 3,086,070 | - | 3,086,070 | 0.0% |
| 01410AZ20140 | MH COMMUNITY SUPPORT TAX | 0675 | 1,264,744 | - | 1,264,744 | -66.5% | 1,264,744 | - | 1,264,744 | 0.0% | 1,264,744 | - | 1,264,744 | 0.0% |
| 01410AZ20241 | MEDICAID SEED-PNMI TAX | 0675 | - | - | - | -100.0% | - | - | - | NA | - | - | - | NA |
| 01410A014701 | MEDICAL CARE SERVICES | 0675 | 23,611,929 | - | 23,611,929 | 34.4% | 23,611,929 | - | 23,611,929 | 0.0% | 23,611,929 | - | 23,611,929 | 0.0% |
| | Subtotal Service Provider (PNMI) Tax | | 59,717,846 | - | 59,717,846 | 12.6% | 59,717,846 | - | 59,717,846 | 0.0% | 59,717,846 | - | 59,717,846 | 0.0% |
| | | | 231,064,290 | - | 231,064,290 | 3.9% | 231,064,290 | - | 231,064,290 | 0.0% | 231,064,290 | - | 231,064,290 | 0.0% |
| | Nursing Home Tax | | 43,144,150 | - | 43,144,150 | 10.0% | 43,144,150 | - | 43,144,150 | 0.0% | 43,144,150 | - | 43,144,150 | 0.0% |
| | RTF's Tax | | 495,756 | - | 495,756 | -80.3% | 495,756 | - | 495,756 | 0.0% | 495,756 | - | 495,756 | 0.0% |
| | Hospital Tax | | 127,706,538 | - | 127,706,538 | 0.0% | 127,706,538 | - | 127,706,538 | 0.0% | 127,706,538 | - | 127,706,538 | 0.0% |
| | Service Provider (PNMI) Tax | | 59,717,846 | - | 59,717,846 | 12.6% | 59,717,846 | - | 59,717,846 | 0.0% | 59,717,846 | - | 59,717,846 | 0.0% |
| | | | 231,064,290 | - | 231,064,290 | 3.9% | 231,064,290 | - | 231,064,290 | 0.0% | 231,064,290 | - | 231,064,290 | 0.0% |