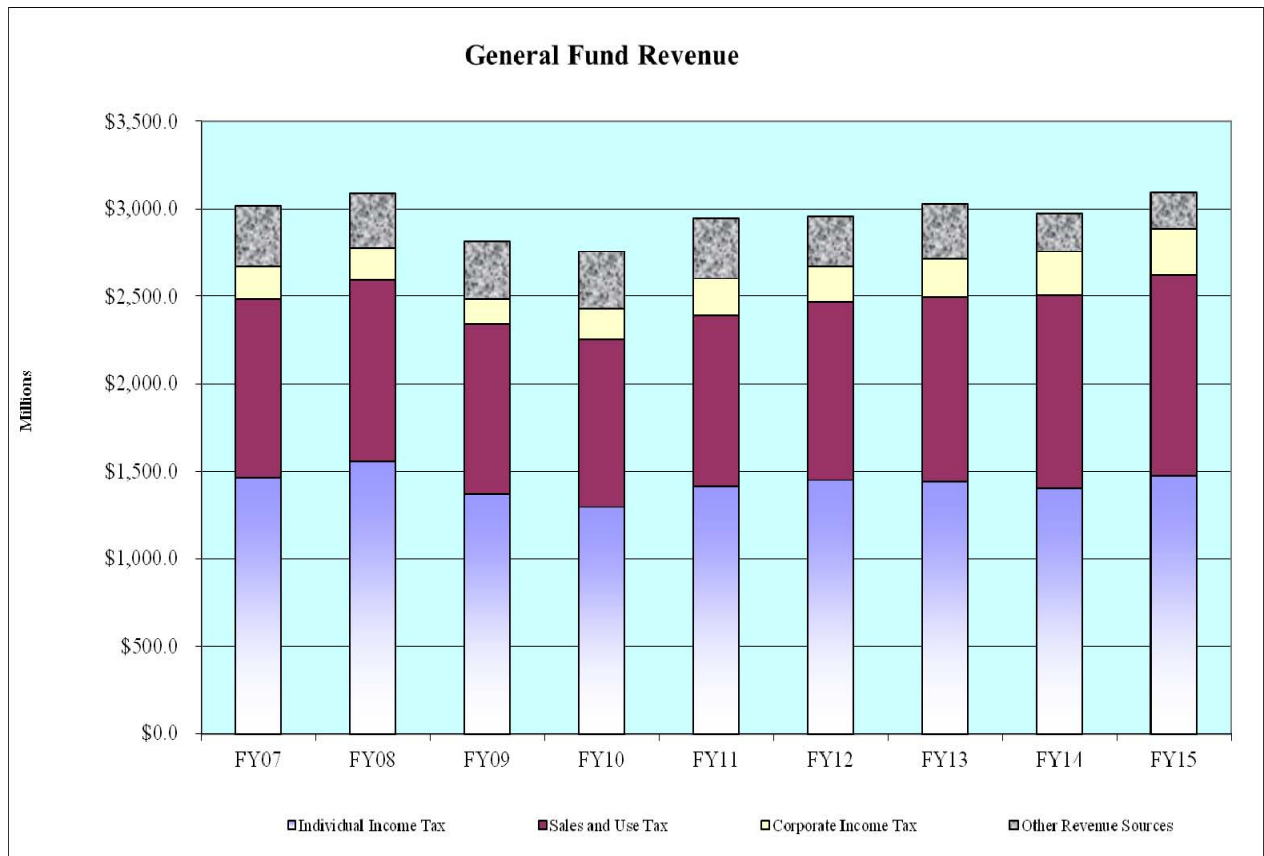


# REPORT OF THE MAINE STATE REVENUE FORECASTING COMMITTEE

December 2011



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# Report of the Maine State Revenue Forecasting Committee December 2011 Forecast

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## Introduction

The Revenue Forecasting Committee (RFC) met on November 18, 2011 to review and update the current revenue forecast to comply with the statutory reporting date of December 1<sup>st</sup>. The RFC has revised its revenue projections through the fiscal year ending June 30, 2015 for the General Fund, Highway Fund, Fund for a Healthy Maine and Medicaid Dedicated Revenue Taxes.

## Economic Forecast

This update of the revenue forecast began with an updated economic forecast statutorily due by November 1<sup>st</sup>. That economic forecast was developed by the Consensus Economic Forecasting Commission (CEFC) at its meeting on October 24, 2011. The CEFC reviewed and discussed various economic scenarios and again expressed concern over the lack of job growth and the likelihood that certain employment measures would be revised downward from projections. At the date of the meeting the European debt crisis was focused on Greece. Since then the attention has been refocused on Italy. With few signs of significant economic progress in the near term, the CEFC agreed with and adopted most of the macroeconomic assumptions favored by IHS Global Insights' baseline forecast updated in October 2011. The revised forecast reduced assumptions for employment and personal income. A copy of the November 2011 report of the CEFC and other economic information providing the basis for this revenue forecast is included in Appendix E.

## Summary of Revenue Forecast

The economic variables in the CEFC forecast were used as inputs for Maine Revenue Services' tax models 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 Maine Revenue Services' and other staff recommendations at its meeting on November 18<sup>th</sup> and made some adjustments 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 its December 2011 update to the revenue forecast. More detail on each of the funds and revenue sources is provided in the various appendices.

### General Fund Summary

	<b>FY11 Actual</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
Current Forecast	\$2,944,956,756	\$2,945,628,851	\$3,039,933,432	\$3,020,369,958	\$3,140,244,893
Annual % Growth	6.9%	0.0%	3.2%	-0.6%	4.0%
Net Increase (Decrease)		\$10,645,254	(\$9,643,359)	(\$46,225,103)	(\$45,607,018)
Revised Forecast	\$2,944,956,756	\$2,956,274,105	\$3,030,290,073	\$2,974,144,855	\$3,094,637,875
Annual % Growth	6.9%	0.4%	2.5%	-1.9%	4.1%

General Fund revenue estimates (also refer to Appendix A and other background materials in Appendix F and Appendix G) are being revised upward by \$10.6 million in FY12 and then downward by \$9.6 million in FY13, resulting in a net increase of budgeted revenue for the 2012-2013 biennium of \$1.0 million. The effects of the technical changes as part of targeting the tax models to updated tax data and the better short-term corporate profit growth in the economic forecast offset the slower Personal Income

growth assumptions in FY12. However, beginning in FY13 the effect of slower growth assumptions in the economic forecast outweigh these positive factors and the downward revisions to budgeted General Fund revenue for the 2014-2015 biennium total \$46.2 million in FY14 and \$45.6 million in FY15.

Sales and Use Tax, which for the purposes of the tax models is combined with the Service Provider Tax, is forecast upward for three of the four years of the forecast period. The revisions are the result of the net effect of the changes in several economic assumptions used in the sales and excise tax model, primarily the declines in the savings rate, energy price index changes and aggregate Personal Income growth. The tax model was also targeted to account for growth in taxable sales in the Business Operating sector. The combined net changes for the forecast of these 2 major tax lines are an increase of \$3.3 million in FY12, a decrease of \$2.8 million in FY13, an increase of \$0.5 million in FY14 and an increase of \$9.6 in FY15. Based on recent experience, the RFC is making an ongoing annual adjustment shifting \$3.0 million from the Service Provider Tax portion to the Sales and Use Tax category of the combined taxable sales forecast. **This category is subject to the greatest downside risk, if oil prices affecting heating oil and motor fuel prices do not recede from the current high levels.**

Individual Income Tax estimates are projected upward in FY12 (\$5.4 million) and downward by a similar amount in FY13 (\$5.4 million) before the slower jobs and income growth projections of the economic forecast turn the revisions significantly negative. Individual Income Tax revenue estimates are reduced by \$40.5 million in FY14 and \$46.0 million in FY15. Initially, the effect of adjusting the distribution of taxable income to upper income tax brackets based on recent tax experience increased the starting base high enough to produce a net positive effect in FY12.

Corporate Income Tax revenue is the largest positive influence on the forecast. With many businesses having worked hard to find ways to cut costs, any improvements in income can flow directly through to the bottom line. The significant improvement in the corporate profit growth assumptions in calendar years 2011 and 2012 raised projections by \$20.2 million in FY12 and \$18.7 million in FY13. The growth assumptions in 2013 and beyond are below the previous projections, moderating the increases in the next biennium to \$8.7 million in FY14 and \$4.3 million in FY15.

The net changes to the income and sales tax categories summarized above that affect revenue sharing transfers will increase the amount transferred for municipal revenue sharing in FY12 by \$2.2 million and by \$0.7 million in FY13, but will decrease \$1.3 million in FY14 and \$1.6 million in FY15. After netting out the revenue sharing transfers, these major tax lines result in increased revenue projections of \$36.6 million for the 2012-2013 biennium, but decreased revenue projections of \$60.4 million for the 2014-2015 biennium.

For the other categories, the adjustments were much more consistently negative and virtually eliminated the net increase from the sales and income taxes in the 2012-2013 biennium. Some of these other adjustments include the following:

- \$7.0 million related to the reduction in value of traditional telecommunications property that affects the State's Telecommunications Personal Property Tax;
- \$8.2 million in Estate Tax collections;
- \$3.0 million in cigarette and tobacco products tax revenue;
- \$3.5 million reduction in fine revenue, largely due to budgetary effects on enforcement;
- \$3.8 million reduction of STA-CAP revenue, cost allocation revenue, that has been affected by reduced expenditures, particularly for federal funds and the Highway Fund;



- \$2.3 million in revenue from hunting and fishing licenses, based on a more thorough analysis of sales trends and historical data;
- \$2.4 million related to a Department of Health and Human Services (DHHS) policy decision related to Medicaid Targeted Case Management billing for services provided by DHHS;
- \$2.0 million from Circuitbreaker (Tax and Rent Refund) program from some recent tax appellate decisions on rents;
- \$1.0 million from lower projected General Fund expenditures subject to reimbursement from the Unorganized Territory Property Tax; and
- \$0.8 million from Casino/Racino revenue (despite the addition of table games in Bangor, recent performance has fallen below projections and growth assumptions have been lowered).

### Highway Fund Summary

	FY11 Actual	FY12	FY13	FY14	FY15
Current Forecast	\$311,351,155	\$316,364,800	\$318,338,584	\$319,458,744	\$319,579,911
Annual % Growth	0.1%	1.6%	0.6%	0.4%	0.0%
Net Increase (Decrease)		\$1,569,931	\$537,166	\$1,676,069	\$3,615,983
Revised Forecast	\$311,351,155	\$317,934,731	\$318,875,750	\$321,134,813	\$323,195,894
Annual % Growth	0.1%	2.1%	0.3%	0.7%	0.6%

Highway Fund revenue estimates (also refer to Appendix B and the RFC's web page) are revised upward by \$1.6 million in FY12, \$0.5 million in FY13, \$1.7 million in FY14 and \$3.6 million in FY15. Economic assumptions related to aggregate Personal Income growth, Consumer Price Index changes and changes in oil and energy prices interacted to produce modest net changes in the projections. Fuel Taxes are being revised upward in this forecast largely based on the underlying economic assumption of declining fuel prices. Without that price decline, the model would have projected Fuel Taxes lower in each year of the forecast. Within the Fuel Taxes category, Gasoline Tax collections were under budget through October; gasoline prices have retreated recently, demand has not yet shown much of a recovery or reaction to the recent declines in gasoline prices. This fuel price assumption and its effect on this revenue forecast will need to be watched carefully. The risk to this forecast is very high, if demand does not react to the recent gasoline price reductions or if record high heating oil prices interfere with the recovery in fuel consumption.

The increases in estimates for the Fuel Taxes category were partially offset by some reductions of estimates for fine revenue and interest earnings.

### Fund for a Healthy Maine Summary

	FY11 Actual	FY12	FY13	FY14	FY15
Current Forecast	\$54,386,707	\$53,623,250	\$53,667,932	\$60,383,598	\$60,052,787
Annual % Growth	-5.5%	-1.4%	0.1%	12.5%	-0.5%
Net Increase (Decrease)		\$904,888	\$311,702	(\$6,108,865)	(\$6,187,485)
Revised Forecast	\$54,386,707	\$54,528,138	\$53,979,634	\$54,274,733	\$53,865,302
Annual % Growth	-5.5%	0.3%	-1.0%	0.5%	-0.8%

For the Fund for a Healthy Maine (FHM), updated projections by the National Association of Attorneys General (NAAG) for tobacco settlement payments increased projections for the current biennium by \$1.2 million, but uncertainty about the timing of the final resolution of litigation surrounding the non-

participating manufacturer's (NPM) adjustment results in the RFC delaying the projected recovery of disputed payments until outside of the forecast period, resulting in a reduction of 2014-2015 revenue projections of \$11.8 million. The impact of lower growth assumptions from the Casino/Racino revenue and lower interest rate assumptions for interest earnings further reduced revenue estimates by \$0.5 million for the next biennium to a total \$12.3 million for the FHM.

### **Medicaid/MaineCare Dedicated Revenue Taxes Summary**

	<b>FY11 Actual</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
Current Forecast	\$148,021,777	\$153,594,346	\$154,373,049	\$154,373,049	\$154,373,049
Annual % Growth	5.7%	3.8%	0.5%	0.0%	0.0%
Net Increase (Decrease)		(\$1,747,652)	\$0	\$0	\$0
Revised Forecast	\$148,021,777	\$151,846,694	\$154,373,049	\$154,373,049	\$154,373,049
Annual % Growth	5.7%	2.6%	1.7%	0.0%	0.0%

Medicaid/MaineCare Dedicated Revenue Taxes revenue estimates (also refer to Attachment D) are revised downward on a one-time basis in FY 12 by \$1.7 million based on FY11 payments and actual payments to date.

## **Conclusion**

Both the CEFC and the RFC have once again met in a challenging economic environment. While the economy appears to have regained traction after near zero growth in the first half of the calendar year and events in Washington and Europe during the middle of the summer, a number of challenges remain that could result in much different forecasts when both committees meet again in just a few short months. Economic uncertainties that we will monitor closely between now and the next forecasting exercise include:

- the willingness of consumers to further reduce their savings rate to offset rising energy and food prices;
- the timing and magnitude of the recovery in residential housing;
- the willingness of business to hire additional workers and invest in new plant and equipment;
- volatility in the financial markets;
- continued fears of a default by one or more European government; and
- the outcome of the debate in Washington on the future of U.S. fiscal policy.

# GENERAL FUND REVENUE

## REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2011

Source	FY07 Actual	FY08 Actual	% Chg.	FY09 Actual	% Chg.	FY10 Actual	% Chg.	FY11 Actual	% Chg.	FY11 Budget	FY11 Variance	% Var.
Sales and Use Tax	971,455,721	983,057,278	1.2%	921,823,720	-6.2%	897,938,873	-2.6%	923,686,973	2.9%	916,746,307	6,940,666	0.8%
Service Provider Tax	49,400,532	52,100,664	5.5%	52,812,595	1.4%	56,086,391	6.2%	52,672,306	-6.1%	55,214,486	(2,542,180)	-4.6%
Individual Income Tax	1,464,928,346	1,558,032,961	6.4%	1,365,437,729	-12.4%	1,298,036,055	-4.9%	1,415,283,534	9.0%	1,392,702,302	22,581,232	1.6%
Corporate Income Tax	183,851,533	184,514,568	0.4%	143,085,966	-22.5%	175,292,433	22.5%	208,996,598	19.2%	193,182,264	15,814,334	8.2%
Cigarette and Tobacco Tax	158,953,466	150,499,432	-5.3%	144,424,712	-4.0%	149,066,678	3.2%	145,229,303	-2.6%	146,209,555	(980,252)	-0.7%
Insurance Companies Tax	74,452,542	72,292,532	-2.9%	79,770,431	10.3%	80,019,145	0.3%	76,930,329	-3.9%	76,765,000	165,329	0.2%
Estate Tax	54,820,038	39,890,577	-27.2%	31,819,188	-20.2%	31,209,840	-1.9%	49,323,494	58.0%	45,052,787	4,270,707	9.5%
Other Taxes and Fees *	143,921,436	140,215,511	-2.6%	148,909,575	6.2%	149,592,993	0.5%	151,676,495	1.4%	149,672,089	2,004,406	1.3%
Fines, Forfeits and Penalties	41,415,132	44,465,534	7.4%	44,024,462	-1.0%	32,787,060	-25.5%	28,513,040	-13.0%	28,799,339	(286,299)	-1.0%
Income from Investments	1,215,836	1,074,143	-11.7%	1,100,129	2.4%	265,091	-75.9%	277,770	4.8%	245,127	32,643	13.3%
Transfer from Lottery Commission	50,624,741	49,491,086	-2.2%	49,839,434	0.7%	52,201,531	4.7%	49,547,800	-5.1%	49,034,250	513,550	1.0%
Transfers to Tax Relief Programs *	(110,993,852)	(114,564,757)	-3.2%	(122,931,820)	-7.3%	(113,604,930)	7.6%	(113,934,585)	-0.3%	(113,986,593)	52,008	0.0%
Transfer to Municipal Rev. Sharing	(130,490,756)	(135,820,175)	-4.1%	(102,160,745)	24.8%	(97,425,079)	4.6%	(93,156,725)	4.4%	(91,930,345)	(1,226,380)	1.3%
Other Revenue *	66,040,674	62,569,638	-5.3%	53,412,918	-14.6%	44,216,420	-17.2%	49,910,424	12.9%	48,357,956	1,552,468	3.2%
<b>Total - General Fund Revenue</b>	<b>3,019,595,389</b>	<b>3,087,818,992</b>	<b>2.3%</b>	<b>2,811,368,295</b>	<b>-9.0%</b>	<b>2,755,682,500</b>	<b>-2.0%</b>	<b>2,944,956,756</b>	<b>6.9%</b>	<b>2,896,064,524</b>	<b>48,892,232</b>	<b>1.7%</b>

\* Additional detail provided on pages 4, 5 and 6

# GENERAL FUND REVENUE

## REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2011

Source	FY12 Budget	% Chg.	Recom. Chg.	FY12 Revised	% Chg.	FY13 Budget	% Chg.	Recom. Chg.	FY13 Revised	% Chg.
Sales and Use Tax	955,812,221	3.5%	6,274,149	962,086,370	4.2%	998,424,060	4.5%	221,046	998,645,106	3.8%
Service Provider Tax	56,877,680	8.0%	(3,000,000)	53,877,680	2.3%	59,060,807	3.8%	(3,000,000)	56,060,807	4.1%
Individual Income Tax	1,445,821,209	2.2%	5,386,000	1,451,207,209	2.5%	1,446,895,714	0.1%	(5,368,000)	1,441,527,714	-0.7%
Corporate Income Tax	180,396,827	-13.7%	20,231,664	200,628,491	-4.0%	202,292,050	12.1%	18,696,508	220,988,558	10.1%
Cigarette and Tobacco Tax	143,623,350	-1.1%	(1,500,000)	142,123,350	-2.1%	141,055,285	-1.8%	(1,500,000)	139,555,285	-1.8%
Insurance Companies Tax	76,215,000	-0.9%	0	76,215,000	-0.9%	76,215,000	0.0%	0	76,215,000	0.0%
Estate Tax	35,810,855	-27.4%	(2,647,182)	33,163,673	-32.8%	41,566,669	16.1%	(5,577,887)	35,988,782	8.5%
Other Taxes and Fees *	135,094,104	-10.9%	(5,987,129)	129,106,975	-14.9%	139,476,254	3.2%	(4,686,092)	134,790,162	4.4%
Fines, Forfeits and Penalties	28,399,692	-0.4%	(1,734,371)	26,665,321	-6.5%	28,421,192	0.1%	(1,734,371)	26,686,821	0.1%
Income from Investments	257,766	-7.2%	(210,560)	47,206	-83.0%	1,102,107	327.6%	(1,067,200)	34,907	-26.1%
Transfer from Lottery Commission	50,700,000	2.3%	0	50,700,000	2.3%	52,550,000	3.6%	0	52,550,000	3.6%
Transfers to Tax Relief Programs *	(112,068,263)	1.6%	(1,000,000)	(113,068,263)	0.8%	(108,605,175)	3.1%	(1,000,000)	(109,605,175)	3.1%
Transfer to Municipal Rev. Sharing	(94,003,511)	-0.9%	(2,202,208)	(96,205,719)	-3.3%	(94,003,078)	0.0%	(650,268)	(94,653,346)	1.6%
Other Revenue *	42,691,921	-14.5%	(2,965,109)	39,726,812	-20.4%	55,482,547	30.0%	(3,977,095)	51,505,452	29.6%
<b>Total - General Fund Revenue</b>	<b>2,945,628,851</b>	<b>0.0%</b>	<b>10,645,254</b>	<b>2,956,274,105</b>	<b>0.4%</b>	<b>3,039,933,432</b>	<b>3.2%</b>	<b>(9,643,359)</b>	<b>3,030,290,073</b>	<b>2.5%</b>
								<b>1,001,895</b>		

\* Additional detail provided on pages 4, 5 and 6

# GENERAL FUND REVENUE

## REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2011

Source	FY14 Projection	% Chg.	Recom. Chg.	FY14 Revised	% Chg.	FY15 Projection	% Chg.	Recom. Chg.	FY15 Revised	% Chg.
Sales and Use Tax	1,039,442,280	4.1%	3,506,098	1,042,948,378	4.4%	1,076,909,908	3.6%	12,611,903	1,089,521,811	4.5%
Service Provider Tax	61,896,166	4.8%	(3,000,000)	58,896,166	5.1%	63,947,869	3.3%	(3,000,000)	60,947,869	3.5%
Individual Income Tax	1,445,726,877	-0.1%	(40,512,000)	1,405,214,877	-2.5%	1,519,504,120	5.1%	(46,024,000)	1,473,480,120	4.9%
Corporate Income Tax	242,406,648	19.8%	8,721,091	251,127,739	13.6%	257,246,094	6.1%	4,328,917	261,575,011	4.2%
Cigarette and Tobacco Tax	138,581,367	-1.8%	(1,500,000)	137,081,367	-1.8%	136,160,611	-1.7%	(1,500,000)	134,660,611	-1.8%
Insurance Companies Tax	76,215,000	0.0%	0	76,215,000	0.0%	76,215,000	0.0%	0	76,215,000	0.0%
Estate Tax	23,074,026	-44.5%	(2,956,156)	20,117,870	-44.1%	22,008,893	-4.6%	(1,815,576)	20,193,317	0.4%
Other Taxes and Fees *	136,203,144	-2.3%	(3,885,770)	132,317,374	-1.8%	139,431,626	2.4%	(3,887,202)	135,544,424	2.4%
Fines, Forfeits and Penalties	28,416,192	0.0%	(1,734,371)	26,681,821	0.0%	28,411,192	0.0%	(1,734,371)	26,676,821	0.0%
Income from Investments	1,082,620	-1.8%	(1,143,937)	(61,317)	-275.7%	927,915	-14.3%	(1,004,863)	(76,948)	-25.5%
Transfer from Lottery Commission	52,550,000	0.0%	0	52,550,000	0.0%	52,550,000	0.0%	0	52,550,000	0.0%
Transfers to Tax Relief Programs *	(117,206,258)	-7.9%	(1,250,000)	(118,456,258)	-8.1%	(118,389,043)	-1.0%	(1,250,000)	(119,639,043)	-1.0%
Transfer to Municipal Rev. Sharing	(142,794,699)	-51.9%	1,311,636	(141,483,063)	-49.5%	(148,956,302)	-4.3%	1,611,223	(147,345,079)	-4.1%
Other Revenue *	34,776,595	-37.3%	(3,781,694)	30,994,901	-39.8%	34,277,010	-1.4%	(3,943,049)	30,333,961	-2.1%
<b>Total - General Fund Revenue</b>	<b>3,020,369,958</b>	<b>-0.6%</b>	<b>(46,225,103)</b>	<b>2,974,144,855</b>	<b>-1.9%</b>	<b>3,140,244,893</b>	<b>4.0%</b>	<b>(45,607,018)</b>	<b>3,094,637,875</b>	<b>4.1%</b>
								<b>(91,832,121)</b>		

\* Additional detail provided on pages 4, 5 and 6

# GENERAL FUND REVENUE

## REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2011

Source	FY07 Actual	FY08 Actual	% Chg.	FY09 Actual	% Chg.	FY10 Actual	% Chg.	FY11 Actual	% Chg.	FY11 Budget	FY11 Variance	% Var.
<b>Detail of Other Taxes and Fees:</b>												
- Property Tax - Unorganized Territory	11,376,293	12,217,081	7.4%	12,633,755	3.4%	13,217,886	4.6%	13,381,506	1.2%	13,794,109	(412,603)	-3.0%
- Real Estate Transfer Tax	22,206,638	17,465,240	-21.4%	17,184,746	-1.6%	12,181,181	-29.1%	13,815,942	13.4%	13,721,052	94,890	0.7%
- Liquor Taxes and Fees	20,283,406	20,673,308	1.9%	20,844,377	0.8%	20,361,554	-2.3%	21,017,177	3.2%	20,864,662	152,515	0.7%
- Corporation Fees & Licenses	7,935,294	7,969,156	0.4%	7,931,072	-0.5%	8,168,981	3.0%	8,479,743	3.8%	7,697,099	782,644	10.2%
- Telecommunications Personal Prop. Tax	16,317,029	16,858,472	3.3%	19,536,483	15.9%	17,523,926	-10.3%	17,668,244	0.8%	16,775,988	892,256	5.3%
- Finance Industry Fees	22,004,030	23,638,820	7.4%	23,901,210	1.1%	23,831,582	-0.3%	24,688,570	3.6%	23,679,930	1,008,640	4.3%
- Milk Handling Fee	2,561,972	631,997	-75.3%	6,605,226	945.1%	10,105,521	53.0%	3,845,823	-61.9%	3,645,392	200,431	5.5%
- Casino and Racino Revenue	8,607,317	8,384,464	-2.6%	8,730,346	4.1%	10,421,318	19.4%	10,597,066	1.7%	10,804,600	(207,534)	-1.9%
- Boat, ATV and Snowmobile Fees	4,162,079	4,295,524	3.2%	4,262,523	-0.8%	4,730,068	11.0%	4,437,431	-6.2%	4,500,295	(62,864)	-1.4%
- Hunting and Fishing License Fees	16,401,841	15,683,316	-4.4%	15,378,849	-1.9%	16,277,082	5.8%	15,863,627	-2.5%	17,320,998	(1,457,371)	-8.4%
- Other Miscellaneous Taxes and Fees	12,065,538	12,398,134	2.8%	11,900,988	-4.0%	12,773,892	7.3%	17,881,366	40.0%	16,867,964	1,013,402	6.0%
Subtotal - Other Taxes and Fees	143,921,436	140,215,511	-2.6%	148,909,575	6.2%	149,592,993	0.5%	151,676,495	1.4%	149,672,089	2,004,406	1.3%
<b>Detail of Other Revenue:</b>												
- Liquor Sales and Operations	4,440,935	5,561,666	25.2%	6,220,864	11.9%	6,784,941	9.1%	7,311,603	7.8%	7,305,811	5,792	0.1%
- Targeted Case Management (HHS)	12,834,382	12,157,093	-5.3%	13,946,371	14.7%	19,490,000	39.7%	16,574,218	-15.0%	15,029,612	1,544,606	10.3%
- State Cost Allocation Program	15,428,622	16,289,386	5.6%	16,104,670	-1.1%	16,008,673	-0.6%	14,408,283	-10.0%	14,899,059	(490,776)	-3.3%
- Unclaimed Property Transfer	10,499,528	11,114,735	5.9%	13,212,409	18.9%	5,855,999	-55.7%	2,333,420	-60.2%	2,333,420	0	0.0%
- Tourism Transfer	(8,221,338)	(8,708,437)	-5.9%	(9,068,407)	-4.1%	(9,022,023)	0.5%	(9,048,877)	-0.3%	(9,048,877)	0	0.0%
- Transfer to Maine Milk Pool	(10,158,802)	(1,078,425)	89.4%	(11,810,960)	-995.2%	(13,349,600)	-13.0%	(4,249,777)	68.2%	(4,245,141)	(4,636)	0.1%
- Transfer to STAR Transportation Fund	0	0	N/A	0	N/A	(3,134,861)	N/A	(3,100,352)	1.1%	(3,100,352)	0	0.0%
- Other Miscellaneous Revenue	41,217,346	27,233,620	-33.9%	24,807,971	-8.9%	21,583,291	-13.0%	25,681,907	19.0%	25,184,424	497,483	2.0%
Subtotal - Other Revenue	66,040,674	62,569,638	-5.3%	53,412,918	-14.6%	44,216,420	-17.2%	49,910,424	12.9%	48,357,956	1,552,468	3.2%
<b>Detail of Transfers to Tax Relief Programs:</b>												
- Maine Resident Property Tax Program	(44,440,759)	(46,689,380)	-5.1%	(48,751,672)	-4.4%	(40,851,593)	16.2%	(41,449,010)	-1.5%	(42,098,648)	649,638	-1.5%
- BETR - Business Equipment Tax Reimb.	(66,553,092)	(67,875,376)	-2.0%	(66,009,487)	2.7%	(58,198,436)	11.8%	(55,220,851)	5.1%	(55,543,140)	322,289	-0.6%
- BETE - Municipal Bus. Equip. Tax Reimb.	0	0	N/A	(8,170,661)	N/A	(14,554,901)	-78.1%	(17,264,724)	-18.6%	(16,344,805)	(919,919)	5.6%
Subtotal - Tax Relief Transfers	(110,993,852)	(114,564,757)	-3.2%	(122,931,820)	-7.3%	(113,604,930)	7.6%	(113,934,585)	-0.3%	(113,986,593)	52,008	0.0%
IF&W Total Revenue **	21,663,828	20,965,692	-3.2%	20,579,500	-1.8%	22,039,520	7.1%	21,425,573	-2.8%	22,803,767	(1,378,194)	-6.0%

\*\* 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.

# GENERAL FUND REVENUE

## REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2011

Source	FY12 Budget	% Chg.	Recom. Chg.	FY12 Revised	% Chg.	FY13 Budget	% Chg.	Recom. Chg.	FY13 Revised	% Chg.
<b>Detail of Other Taxes and Fees:</b>										
- Property Tax - Unorganized Territory	13,536,928	1.2%	(275,912)	13,261,016	-0.9%	13,865,240	2.4%	(756,359)	13,108,881	-1.1%
- Real Estate Transfer Tax	9,767,309	-29.3%	0	9,767,309	-29.3%	11,153,467	14.2%	0	11,153,467	14.2%
- Liquor Taxes and Fees	20,467,530	-2.6%	0	20,467,530	-2.6%	20,521,063	0.3%	0	20,521,063	0.3%
- Corporation Fees & Licenses	7,697,099	-9.2%	0	7,697,099	-9.2%	7,697,099	0.0%	0	7,697,099	0.0%
- Telecommunications Personal Prop. Tax	14,641,734	-17.1%	(5,000,000)	9,641,734	-45.4%	13,574,108	-7.3%	(2,000,000)	11,574,108	20.0%
- Finance Industry Fees	23,265,980	-5.8%	0	23,265,980	-5.8%	23,265,980	0.0%	0	23,265,980	0.0%
- Milk Handling Fee	1,126,529	-70.7%	377,897	1,504,426	-60.9%	3,379,588	200.0%	(657,142)	2,722,446	81.0%
- Casino and Racino Revenue	10,849,437	2.4%	(295,834)	10,553,603	-0.4%	12,331,583	13.7%	(488,995)	11,842,588	12.2%
- Boat, ATV and Snowmobile Fees	4,500,295	1.4%	263,266	4,763,561	7.3%	4,500,295	0.0%	263,266	4,763,561	0.0%
- Hunting and Fishing License Fees	17,332,248	9.3%	(1,170,496)	16,161,752	1.9%	17,335,998	0.0%	(1,159,246)	16,176,752	0.1%
- Other Miscellaneous Taxes and Fees	11,909,015	-33.4%	113,950	12,022,965	-32.8%	11,851,833	-0.5%	112,384	11,964,217	-0.5%
Subtotal - Other Taxes and Fees	135,094,104		(5,987,129)	129,106,975	-14.9%	139,476,254	3.2%	(4,686,092)	134,790,162	4.4%
<b>Detail of Other Revenue:</b>										
- Liquor Sales and Operations	7,669,727	4.9%	(72,784)	7,596,943	3.9%	28,051,838	265.7%	(152,117)	27,899,721	267.2%
- Targeted Case Management (HHS)	5,225,200	-68.5%	(356,676)	4,868,524	-70.6%	5,225,200	0.0%	(2,053,914)	3,171,286	-34.9%
- State Cost Allocation Program	16,467,934	14.3%	(2,366,924)	14,101,010	-2.1%	16,437,253	-0.2%	(1,437,253)	15,000,000	6.4%
- Unclaimed Property Transfer	2,333,420	0.0%	0	2,333,420	0.0%	2,333,420	0.0%	0	2,333,420	0.0%
- Tourism Transfer	(9,305,250)	-2.8%	(114,495)	(9,419,745)	-4.1%	(9,596,520)	-3.1%	(191,330)	(9,787,850)	-3.9%
- Transfer to Maine Milk Pool	(1,108,312)	73.9%	127,642	(980,670)	76.9%	(4,333,136)	-291.0%	(282,420)	(4,615,556)	-370.7%
- Transfer to STAR Transportation Fund	(3,115,000)	-0.5%	(81,872)	(3,196,872)	-3.1%	(6,297,620)	-102.2%	139,939	(6,157,681)	-92.6%
- Other Miscellaneous Revenue	24,524,202	-4.5%	(100,000)	24,424,202	-4.9%	23,662,112	-3.5%	0	23,662,112	-3.1%
Subtotal - Other Revenue	42,691,921	-14.5%	(2,965,109)	39,726,812	-20.4%	55,482,547	30.0%	(3,977,095)	51,505,452	29.6%
<b>Detail of Transfers to Tax Relief Programs:</b>										
- Maine Resident Property Tax Program	(41,083,286)	0.9%	(1,000,000)	(42,083,286)	-1.5%	(42,122,877)	-2.5%	(1,000,000)	(43,122,877)	-2.5%
- BETR - Business Equipment Tax Reimb.	(51,552,995)	6.6%	0	(51,552,995)	6.6%	(46,282,583)	10.2%	0	(46,282,583)	10.2%
- BETE - Municipal Bus. Equip. Tax Reimb.	(19,431,982)	-12.6%	0	(19,431,982)	-12.6%	(20,199,715)	-4.0%	0	(20,199,715)	-4.0%
Subtotal - Tax Relief Transfers	(112,068,263)	1.6%	(1,000,000)	(113,068,263)	0.8%	(108,605,175)	3.1%	(1,000,000)	(109,605,175)	3.1%
IF&W Total Revenue **	22,820,946	6.5%	(904,570)	21,916,376	2.3%	22,826,681	0.0%	(894,886)	21,931,795	0.1%

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# GENERAL FUND REVENUE

## REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2011

Source	FY14 Projection	% Chg.	Recom. Chg.	FY14 Revised	% Chg.	FY15 Projection	% Chg.	Recom. Chg.	FY15 Revised	% Chg.
<b>Detail of Other Taxes and Fees:</b>										
- Property Tax - Unorganized Territory	14,106,157	1.7%	(759,930)	13,346,227	1.8%	14,289,279	1.3%	(669,908)	13,619,371	2.0%
- Real Estate Transfer Tax	8,713,466	-21.9%	0	8,713,466	-21.9%	11,449,607	31.4%	0	11,449,607	31.4%
- Liquor Taxes and Fees	20,521,063	0.0%	0	20,521,063	0.0%	20,521,063	0.0%	0	20,521,063	0.0%
- Corporation Fees & Licenses	7,697,099	0.0%	0	7,697,099	0.0%	7,697,099	0.0%	0	7,697,099	0.0%
- Telecommunications Personal Prop. Tax	13,421,590	-1.1%	(2,000,000)	11,421,590	-1.3%	13,421,590	0.0%	(2,000,000)	11,421,590	0.0%
- Finance Industry Fees	23,265,980	0.0%	0	23,265,980	0.0%	23,265,980	0.0%	0	23,265,980	0.0%
- Milk Handling Fee	3,379,588	0.0%	0	3,379,588	24.1%	3,379,588	0.0%	0	3,379,588	0.0%
- Casino and Racino Revenue	11,402,779	-7.5%	(344,012)	11,058,767	-6.6%	11,708,459	2.7%	(437,871)	11,270,588	1.9%
- Boat, ATV and Snowmobile Fees	4,500,295	0.0%	263,266	4,763,561	0.0%	4,500,295	0.0%	263,266	4,763,561	0.0%
- Hunting and Fishing License Fees	17,335,998	0.0%	(1,159,246)	16,176,752	0.0%	17,335,998	0.0%	(1,159,246)	16,176,752	0.0%
- Other Miscellaneous Taxes and Fees	11,859,129	0.1%	114,152	11,973,281	0.1%	11,862,668	0.0%	116,557	11,979,225	0.0%
Subtotal - Other Taxes and Fees	136,203,144	-2.3%	(3,885,770)	132,317,374	-1.8%	139,431,626	2.4%	(3,887,202)	135,544,424	2.4%
<b>Detail of Other Revenue:</b>										
- Liquor Sales and Operations	8,051,838	-71.3%	(152,117)	7,899,721	-71.7%	8,051,838	0.0%	(152,117)	7,899,721	0.0%
- Targeted Case Management (HHS)	5,225,200	0.0%	(2,307,617)	2,917,583	-8.0%	5,225,200	0.0%	(2,541,025)	2,684,175	-8.0%
- State Cost Allocation Program	16,437,253	0.0%	(1,437,253)	15,000,000	0.0%	16,437,253	0.0%	(1,437,253)	15,000,000	0.0%
- Unclaimed Property Transfer	2,258,420	-3.2%	0	2,258,420	-3.2%	2,258,420	0.0%	0	2,258,420	0.0%
- Tourism Transfer	(10,100,091)	-5.2%	(48,284)	(10,148,375)	-3.7%	(10,603,259)	-5.0%	28,334	(10,574,925)	-4.2%
- Transfer to Maine Milk Pool	(4,333,136)	0.0%	0	(4,333,136)	6.1%	(4,333,136)	0.0%	0	(4,333,136)	0.0%
- Transfer to STAR Transportation Fund	(6,385,835)	-1.4%	163,577	(6,222,258)	-1.0%	(6,446,493)	-0.9%	159,012	(6,287,481)	-1.0%
- Other Miscellaneous Revenue	23,622,946	-0.2%	0	23,622,946	-0.2%	23,687,187	0.3%	0	23,687,187	0.3%
Subtotal - Other Revenue	34,776,595	-37.3%	(3,781,694)	30,994,901	-39.8%	34,277,010	-1.4%	(3,943,049)	30,333,961	-2.1%
<b>Detail of Transfers to Tax Relief Programs:</b>										
- Maine Resident Property Tax Program	(55,496,276)	-31.7%	(1,250,000)	(56,746,276)	-31.6%	(58,310,503)	-5.1%	(1,250,000)	(59,560,503)	-5.0%
- BETR - Business Equipment Tax Reimb.	(42,100,000)	9.0%	0	(42,100,000)	9.0%	(38,500,000)	8.6%	0	(38,500,000)	8.6%
- BETE - Municipal Bus. Equip. Tax Reimb.	(19,609,982)	2.9%	0	(19,609,982)	2.9%	(21,578,540)	-10.0%	0	(21,578,540)	-10.0%
Subtotal - Tax Relief Transfers	(117,206,258)	-7.9%	(1,250,000)	(118,456,258)	-8.1%	(118,389,043)	-1.0%	(1,250,000)	(119,639,043)	-1.0%
IF&W Total Revenue **	22,828,977	0.0%	(893,118)	21,935,859	0.0%	22,830,516	0.0%	(890,713)	21,939,803	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.



**HIGHWAY FUND REVENUE**  
**REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2011**

Source	FY07 Actual	FY08 Actual	% Chg.	FY09 Actual	% Chg.	FY10 Actual	% Chg.	FY11 Actual	% Chg.	FY11 Budget	FY11 Variance	% Var.
Fuel Taxes												
- Gasoline Tax	185,677,576	183,710,458	-1.1%	178,960,918	-2.6%	196,559,480	9.8%	194,958,019	-0.8%	194,220,000	738,019	0.4%
- Special Fuel and Road Use Taxes	45,805,856	46,139,086	0.7%	41,811,377	-9.4%	45,227,703	8.2%	44,588,438	-1.4%	43,760,000	828,438	1.9%
- Transcap Transfers - Fuel Taxes	0	0	N/A	0	N/A	(17,631,888)	N/A	(17,554,820)	0.4%	(17,476,736)	(78,084)	0.4%
- Other Fund Gasoline Tax Distributions	(4,659,415)	(4,614,205)	1.0%	(4,556,751)	1.2%	(4,964,589)	-9.0%	(4,957,745)	0.1%	(4,956,860)	(885)	0.0%
Subtotal - Fuel Taxes	226,824,018	225,235,339	-0.7%	216,215,544	-4.0%	219,190,706	1.4%	217,033,892	-1.0%	215,546,404	1,487,488	0.7%
Motor Vehicle Registration and Fees												
- Motor Vehicle Registration Fees	65,216,811	64,512,423	-1.1%	62,630,817	-2.9%	64,601,757	3.1%	65,067,731	0.7%	64,775,312	292,419	0.5%
- License Plate Fees	2,355,987	2,460,929	4.5%	3,232,451	31.4%	3,436,943	6.3%	3,424,536	-0.4%	3,348,300	76,236	2.3%
- Long-term Trailer Registration Fees	0	0	N/A	7,450,990	N/A	7,884,523	5.8%	9,792,983	24.2%	8,884,523	908,460	10.2%
- Title Fees	9,697,812	9,363,014	-3.5%	9,780,026	4.5%	10,846,661	10.9%	11,261,301	3.8%	10,871,056	390,245	3.6%
- Motor Vehicle Operator License Fees	9,720,114	9,450,155	-2.8%	8,489,006	-10.2%	5,820,958	-31.4%	6,112,149	5.0%	5,937,732	174,417	2.9%
- Transcap Transfers - Motor Vehicle Fees	0	0	N/A	0	N/A	(14,823,141)	N/A	(14,817,460)	0.0%	(14,830,531)	13,071	-0.1%
Subtotal - Motor Vehicle Reg. & Fees	86,990,724	85,786,520	-1.4%	91,583,289	6.8%	77,767,700	-15.1%	80,841,240	4.0%	78,986,392	1,854,848	2.3%
Motor Vehicle Inspection Fees	3,101,739	2,940,387	-5.2%	2,975,807	1.2%	2,810,679	-5.5%	2,977,702	5.9%	3,032,500	(54,799)	-1.8%
Other Highway Fund Taxes and Fees	1,532,730	1,552,173	1.3%	1,392,598	-10.3%	1,338,193	-3.9%	1,358,167	1.5%	1,325,823	32,344	2.4%
Fines, Forfeits and Penalties	1,668,000	1,747,986	4.8%	1,785,197	2.1%	1,440,062	-19.3%	1,145,044	-20.5%	1,205,049	(60,005)	-5.0%
Income from Investments	1,105,987	1,152,491	4.2%	480,419	-58.3%	162,488	-66.2%	124,518	-23.4%	120,434	4,084	3.4%
Other Highway Fund Revenues	9,597,886	9,721,683	1.3%	9,809,296	0.9%	8,480,545	-13.5%	7,870,593	-7.2%	8,072,531	(201,938)	-2.5%
<b>Total - Highway Fund Revenue</b>	<b>330,821,083</b>	<b>328,136,579</b>	<b>-0.8%</b>	<b>324,242,149</b>	<b>-1.2%</b>	<b>311,190,374</b>	<b>-4.0%</b>	<b>311,351,155</b>	<b>0.1%</b>	<b>308,289,133</b>	<b>3,062,022</b>	<b>1.0%</b>

**HIGHWAY FUND REVENUE**  
**REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2011**

Source	FY12 Budget	% Chg.	Recom. Chg.	FY12 Revised	% Chg.	FY13 Budget	% Chg.	Recom. Chg.	FY13 Revised	% Chg.
Fuel Taxes										
- Gasoline Tax	198,610,000	1.9%	1,970,000	200,580,000	2.9%	200,079,999	0.7%	810,001	200,890,000	0.2%
- Special Fuel and Road Use Taxes	44,360,000	-0.5%	(160,000)	44,200,000	-0.9%	44,390,000	0.1%	160,000	44,550,000	0.8%
- Transcap Transfers - Fuel Taxes	(17,842,752)	1.6%	(132,055)	(17,974,807)	-2.4%	(17,952,495)	-0.6%	(71,231)	(18,023,726)	-0.3%
- Other Fund Gasoline Tax Distributions	(5,066,641)	2.2%	(49,264)	(5,115,905)	-3.2%	(5,103,401)	-0.7%	(20,256)	(5,123,657)	-0.2%
Subtotal - Fuel Taxes	220,060,607	1.4%	1,628,681	221,689,288	2.1%	221,414,103	0.6%	878,514	222,292,617	0.3%
Motor Vehicle Registration and Fees										
- Motor Vehicle Registration Fees	64,805,936	-0.4%	0	64,805,936	-0.4%	64,805,936	0.0%	0	64,805,936	0.0%
- License Plate Fees	3,345,309	-2.3%	0	3,345,309	-2.3%	3,342,681	-0.1%	0	3,342,681	-0.1%
- Long-term Trailer Registration Fees	8,884,523	-9.3%	0	8,884,523	-9.3%	8,884,523	0.0%	0	8,884,523	0.0%
- Title Fees	11,044,291	-1.9%	0	11,044,291	-1.9%	11,111,878	0.6%	0	11,111,878	0.6%
- Motor Vehicle Operator License Fees	9,124,826	49.3%	0	9,124,826	49.3%	9,420,056	3.2%	0	9,420,056	3.2%
- Transcap Transfers - Motor Vehicle Fees	(14,883,030)	-0.4%	38,730	(14,844,300)	-0.2%	(14,903,510)	-0.1%	38,730	(14,864,780)	-0.1%
Subtotal - Motor Vehicle Reg. & Fees	82,321,855	1.8%	38,730	82,360,585	1.9%	82,661,564	0.4%	38,730	82,700,294	0.4%
Motor Vehicle Inspection Fees	2,982,500	0.2%	0	2,982,500	0.2%	2,982,500	0.0%	0	2,982,500	0.0%
Other Highway Fund Taxes and Fees	1,313,165	-3.3%	0	1,313,165	-3.3%	1,276,365	-2.8%	0	1,276,365	-2.8%
Fines, Forfeits and Penalties	1,205,049	5.2%	(102,000)	1,103,049	-3.7%	1,205,049	0.0%	(102,000)	1,103,049	0.0%
Income from Investments	93,181	-25.2%	4,520	97,701	-21.5%	388,599	317.0%	(278,078)	110,521	13.1%
Other Highway Fund Revenues	8,388,443	6.6%	0	8,388,443	6.6%	8,410,404	0.3%	0	8,410,404	0.3%
<b>Total - Highway Fund Revenue</b>	<b>316,364,800</b>	<b>1.6%</b>	<b>1,569,931</b>	<b>317,934,731</b>	<b>2.1%</b>	<b>318,338,584</b>	<b>0.6%</b>	<b>537,166</b>	<b>318,875,750</b>	<b>0.3%</b>
<b>Change in Biennial Totals</b>								<b>2,107,097</b>		

**HIGHWAY FUND REVENUE**  
**REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2011**

Source	FY14 Projection	% Chg.	Recom. Chg.	FY14 Revised	% Chg.	FY15 Projection	% Chg.	Recom. Chg.	FY15 Revised	% Chg.
Fuel Taxes										
- Gasoline Tax	201,779,999	0.8%	2,120,001	203,900,000	1.5%	202,919,999	0.6%	3,900,001	206,820,000	1.4%
- Special Fuel and Road Use Taxes	44,630,000	0.5%	160,000	44,790,000	0.5%	44,830,000	0.4%	330,000	45,160,000	0.8%
- Transcap Transfers - Fuel Taxes	(18,094,807)	0.8%	(167,023)	(18,261,830)	-1.3%	(18,193,168)	-0.5%	(309,936)	(18,503,104)	-1.3%
- Other Fund Gasoline Tax Distributions	(5,145,912)	0.8%	(53,016)	(5,198,928)	-1.5%	(5,174,422)	-0.6%	(97,527)	(5,271,949)	-1.4%
Subtotal - Fuel Taxes	223,169,280	0.8%	2,059,962	225,229,242	1.3%	224,382,409	0.5%	3,822,538	228,204,947	1.3%
Motor Vehicle Registration and Fees										
- Motor Vehicle Registration Fees	64,805,936	0.0%	0	64,805,936	0.0%	64,805,936	0.0%	0	64,805,936	0.0%
- License Plate Fees	3,342,681	0.0%	0	3,342,681	0.0%	3,342,681	0.0%	0	3,342,681	0.0%
- Long-term Trailer Registration Fees	8,884,523	0.0%	0	8,884,523	0.0%	8,884,523	0.0%	0	8,884,523	0.0%
- Title Fees	11,111,878	0.0%	0	11,111,878	0.0%	11,111,878	0.0%	0	11,111,878	0.0%
- Motor Vehicle Operator License Fees	8,586,778	-8.8%	0	8,586,778	-8.8%	7,490,456	-12.8%	0	7,490,456	-12.8%
- Transcap Transfers - Motor Vehicle Fees	(14,903,510)	0.0%	38,730	(14,864,780)	0.0%	(14,903,510)	0.0%	38,730	(14,864,780)	0.0%
Subtotal - Motor Vehicle Reg. & Fees	81,828,286	-1.0%	38,730	81,867,016	-1.0%	80,731,964	-1.3%	38,730	80,770,694	-1.3%
Motor Vehicle Inspection Fees	2,982,500	0.0%	0	2,982,500	0.0%	2,982,500	0.0%	0	2,982,500	0.0%
Other Highway Fund Taxes and Fees	1,313,165	2.9%	0	1,313,165	2.9%	1,276,365	-2.8%	0	1,276,365	-2.8%
Fines, Forfeits and Penalties	1,205,049	0.0%	(102,000)	1,103,049	0.0%	1,205,049	0.0%	(102,000)	1,103,049	0.0%
Income from Investments	577,500	48.6%	(320,623)	256,877	132.4%	577,500	0.0%	(143,285)	434,215	69.0%
Other Highway Fund Revenues	8,382,964	-0.3%	0	8,382,964	-0.3%	8,424,124	0.5%	0	8,424,124	0.5%
<b>Total - Highway Fund Revenue</b>	<b>319,458,744</b>	<b>0.4%</b>	<b>1,676,069</b>	<b>321,134,813</b>	<b>0.7%</b>	<b>319,579,911</b>	<b>0.0%</b>	<b>3,615,983</b>	<b>323,195,894</b>	<b>0.6%</b>
<b>Change in Biennial Totals</b>								<b>5,292,052</b>		

**FUND FOR A HEALTHY MAINE (FHM) REVENUE  
(TOBACCO SETTLEMENT REVENUE)  
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2011**

Source	FY07 Actual	FY08 Actual	% Chg.	FY09 Actual	% Chg.	FY10 Actual	% Chg.	FY11 Actual	% Chg.	FY11 Budget	FY11 Variance	% Var.
Tobacco Settlement Payments:												
- Base Payments	47,113,687	47,679,747	1.2%	52,579,385	10.3%	43,756,453	-16.8%	41,484,712	-5.2%	41,484,712	0	-100.0%
- Strategic Contribution Payments	0	10,539,443	N/A	10,799,369	2.5%	9,375,838	-13.2%	8,544,647	-8.9%	8,544,647	(0)	-100.0%
Racino Revenue *	3,538,805	3,735,774	5.6%	4,981,163	33.3%	4,500,000	-9.7%	4,500,000	0.0%	4,500,000	0	-100.0%
Income from Investments	297,803	64,695	-78.3%	49,819	-23.0%	20,511	-58.8%	2,494	-87.8%	3,766	(1,272)	-106.2%
Attorney General Reimbursements and Other Income **	217	25,080	N/A	0	-100.0%	(92,660)	N/A	(145,147)	-56.6%	(145,147)	0	100.0%
<b>Total - FHM Revenue</b>	<b>50,950,512</b>	<b>62,044,739</b>	<b>21.8%</b>	<b>68,409,736</b>	<b>10.3%</b>	<b>57,560,142</b>	<b>-15.9%</b>	<b>54,386,707</b>	<b>-5.5%</b>	<b>54,387,978</b>	<b>(1,271)</b>	<b>-100.0%</b>

\* Racino Revenue reflects that portion of the State's share of proceeds from slot machines at commercial race tracks designated for the Fund for a Healthy Maine. For fiscal years 2009-10, 2010-11, and 2011-12, PL 2009, c. 462, Pt. H. caps the proceeds transferred to the Fund for a Healthy Maine at \$4.5 million per year, with the balance transferred to the General Fund. PL 2011 c. 380, Part II extended the \$4.5 million cap through 2012-13.

\*\* Beginning in FY10, this category reflects revenue transfers from the Fund for a Healthy Maine to General Fund undedicated revenue to offset revenue reductions from the implementation of PL 2007, c. 467, which limited the sale of certain flavored cigars and cigarettes beginning July 1, 2009. PL 2011 c. 380, Part II eliminated this transfer effective July 1, 2011.

**FUND FOR A HEALTHY MAINE (FHM) REVENUE  
(TOBACCO SETTLEMENT REVENUE)  
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2011**

Source	FY12 Budget	% Chg.	Recom. Chg.	FY12 Revised	% Chg.	FY13 Budget	% Chg.	Recom. Chg.	FY13 Revised	% Chg.
Tobacco Settlement Payments:										
- Base Payments	40,656,099	-2.0%	823,455	41,479,554	0.0%	40,678,468	0.1%	345,915	41,024,383	-1.1%
- Strategic Contribution Payments	8,460,640	-1.0%	84,128	8,544,768	0.0%	8,467,725	0.1%	(17,523)	8,450,202	-1.1%
Racino Revenue *	4,500,000	0.0%	0	4,500,000	0.0%	4,500,000	0.0%	0	4,500,000	0.0%
Income from Investments	6,511	161.0%	(2,695)	3,816	53.0%	21,739	233.9%	(16,690)	5,049	32.3%
Attorney General Reimbursements and Other Income **	0	100.0%	0	0	100.0%	0	N/A	0	0	N/A
<b>Total - FHM Revenue</b>	<b>53,623,250</b>	<b>-1.4%</b>	<b>904,888</b>	<b>54,528,138</b>	<b>0.3%</b>	<b>53,667,932</b>	<b>0.1%</b>	<b>311,702</b>	<b>53,979,634</b>	<b>-1.0%</b>
<b>Change in Biennial Totals</b>								<b>1,216,590</b>		

\* Racino Revenue reflects that portion of the State's share of proceeds from slot machines at commercial race tracks designated for the Fund for a Healthy Maine. For fiscal years 2009-10, 2010-11, and 2011-12, PL 2009, c. 462, Pt. H. caps the proceeds transferred to the Fund for a Healthy Maine at \$4.5 million per year, with the balance transferred to the General Fund. PL 2011 c. 380, Part II extended the \$4.5 million cap through 2012-13.

\*\* Beginning in FY10, this category reflects revenue transfers from the Fund for a Healthy Maine to General Fund undedicated revenue to offset revenue reductions from the implementation of PL 2007, c. 467, which limited the sale of certain flavored cigars and cigarettes beginning July 1, 2009. PL 2011 c. 380, Part II eliminated this transfer effective July 1, 2011.

**FUND FOR A HEALTHY MAINE (FHM) REVENUE  
(TOBACCO SETTLEMENT REVENUE)  
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DECEMBER 2011**

Source	FY14 Projection	% Chg.	Recom. Chg.	FY14 Revised	% Chg.	FY15 Projection	% Chg.	Recom. Chg.	FY15 Revised	% Chg.
Tobacco Settlement Payments:										
- Base Payments	46,373,513	14.0%	(5,786,499)	40,587,014	-1.1%	45,870,270	-1.1%	(5,715,961)	40,154,309	-1.1%
- Strategic Contribution Payments	8,474,817	0.1%	(114,874)	8,359,943	-1.1%	8,481,914	0.1%	(211,266)	8,270,648	-1.1%
Racino Revenue *	5,511,166	22.5%	(195,705)	5,315,461	18.1%	5,676,501	3.0%	(254,731)	5,421,770	2.0%
Income from Investments	24,102	10.9%	(11,787)	12,315	143.9%	24,102	0.0%	(5,527)	18,575	50.8%
Attorney General Reimbursements and Other Income **	0	N/A	0	0	N/A	0	N/A	0	0	N/A
<b>Total - FHM Revenue</b>	<b>60,383,598</b>	<b>12.5%</b>	<b>(6,108,865)</b>	<b>54,274,733</b>	<b>0.5%</b>	<b>60,052,787</b>	<b>-0.5%</b>	<b>(6,187,485)</b>	<b>53,865,302</b>	<b>-0.8%</b>
								<b>(12,296,350)</b>		

\* Racino Revenue reflects that portion of the State's share of proceeds from slot machines at commercial race tracks designated for the Fund for a Healthy Maine. For fiscal years 2009-10, 2010-11, and 2011-12, PL 2009, c. 462, Pt. H. caps the proceeds transferred to the Fund for a Healthy Maine at \$4.5 million per year, with the balance transferred to the General Fund. PL 2011 c. 380, Part II extended the \$4.5 million cap through 2012-13.

\*\* Beginning in FY10, this category reflects revenue transfers from the Fund for a Healthy Maine to General Fund undedicated revenue to offset revenue reductions from the implementation of PL 2007, c. 467, which limited the sale of certain flavored cigars and cigarettes beginning July 1, 2009. PL 2011 c. 380, Part II eliminated this transfer effective July 1, 2011.

**MEDICAID/MAINECARE DEDICATED REVENUE TAXES**  
**REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DEC 2011**

Source	FY07 Actual	FY08 Actual	% Chg.	FY09 Actual	% Chg.	FY10 Actual	% Chg.	FY 11 Actual	% Chg.	FY11 Budget	Variance	% Var.
Nursing Facility Tax*	30,061,513	31,343,582	4.3%	28,777,390	-8.2%	32,403,540	12.6%	31,728,140	-2.1%	30,882,790	845,350	2.7%
Residential Treatment Facility (ICFs/MR) Tax*	1,880,205	1,819,275	-3.2%	1,572,670	-13.6%	1,859,374	18.2%	1,817,768	-2.2%	1,779,799	37,969	2.1%
Hospital Tax **	59,807,056	60,515,510	1.2%	69,958,821	15.6%	70,140,794	0.3%	80,595,499	14.9%	81,386,215	(790,716)	-1.0%
Service Provider Tax - Private Non-Medical Institutions (PNMIs)***	33,955,412	36,494,882	7.5%	37,720,482	3.4%	35,609,109	-5.6%	33,880,370	-4.9%	33,829,265	51,105	0.2%
<b>Total - Health Care Provider Taxes</b>	<b>125,704,185</b>	<b>130,173,249</b>	<b>3.6%</b>	<b>138,029,363</b>	<b>6.0%</b>	<b>140,012,817</b>	<b>1.4%</b>	<b>148,021,777</b>	<b>5.7%</b>	<b>147,878,069</b>	<b>143,708</b>	<b>0.1%</b>

\* The nursing facility and residential treatment facility tax rates were decreased in PL 2007, c. 539, Part X from 6.0% to 5.5% beginning in FY09 consistent with federal law.

\*\* The hospital tax base year was modified again in PL 2007, c. 545, to hospital fiscal years ending during calendar year 2006 beginning in FY 09; and again in PL 2009, c. 571 to hospital fiscal years ending during calendar year 2008 beginning in FY 11.

\*\*\* The MaineCare service provider tax was expanded in FY06 to include: community support services (effective 6/29/05), day habilitation services (effective 7/1/05), personal support services (effective 7/1/05) and residential training services (effective 7/1/05)

**MEDICAID/MAINECARE DEDICATED REVENUE TAXES**  
**REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DEC 2011**

Source	FY12 Budget	% Chg.	Recom. Chg.	FY12 Revised	% Chg.	FY13 Budget	% Chg.	Recom. Chg.	FY13 Revised	% Chg.
Nursing Facility Tax*	34,612,872	9.1%	(224,754)	34,388,118	8.4%	35,349,317	2.1%	0	35,349,317	2.8%
Residential Treatment Facility (ICFs/MR) Tax*	1,986,150	9.3%	204,998	2,191,148	20.5%	2,028,408	2.1%	0	2,028,408	-7.4%
Hospital Tax **	81,386,215	1.0%	(233,690)	81,152,525	0.7%	81,386,215	0.0%	0	81,386,215	0.3%
Service Provider Tax - Private Non-Medical Institutions (PNMIs)	35,609,109	5.1%	(1,494,206)	34,114,903	0.7%	35,609,109	0.0%	0	35,609,109	4.4%
<b>Total - Health Care Provider Taxes</b>	<b>153,594,346</b>	<b>3.8%</b>	<b>(1,747,652)</b>	<b>151,846,694</b>	<b>2.6%</b>	<b>154,373,049</b>	<b>0.5%</b>	<b>0</b>	<b>154,373,049</b>	<b>1.7%</b>
<b>Change in Biennial Totals</b>								<b>(1,747,652)</b>		

\* The nursing facility and residential treatment facility tax rates were decreased in PL 2007, c. 539, Part X from 6.0% to 5.5% beginning in FY09 consistent with federal law. PL 2011, c. 411 increases the rates back to 6% effective October 1, 2011 consistent with federal law.

\*\* The hospital tax base year was modified again in PL 2007, c. 545, to hospital fiscal years ending during calendar year 2006 beginning in FY 09; and again in PL 2009, c. 571 to hospital fiscal years ending during calendar year 2008 beginning in FY 11.



**MEDICAID/MAINECARE DEDICATED REVENUE TAXES**  
**REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - DEC 2011**

Source	FY14 Budget	% Chg.	Recom. Chg.	FY14 Revised	% Chg.	FY15 Budget	% Chg.	Recom. Chg.	FY15 Revised	% Chg.
Nursing Facility Tax*	35,349,317	0.0%	0	35,349,317	0.0%	35,349,317	0.0%	0	35,349,317	0.0%
Residential Treatment Facility (ICFs/MR) Tax*	2,028,408	0.0%	0	2,028,408	0.0%	2,028,408	0.0%	0	2,028,408	0.0%
Hospital Tax **	81,386,215	0.0%	0	81,386,215	0.0%	81,386,215	0.0%	0	81,386,215	0.0%
Service Provider Tax - Private Non-Medical Institutions (PNMIs)	35,609,109	0.0%	0	35,609,109	0.0%	35,609,109	0.0%	0	35,609,109	0.0%
<b>Total - Health Care Provider Taxes</b>	<b>154,373,049</b>	<b>0.0%</b>	<b>0</b>	<b>154,373,049</b>	<b>0.0%</b>	<b>154,373,049</b>	<b>0.0%</b>	<b>0</b>	<b>154,373,049</b>	<b>0.0%</b>
<b>Change in Biennial Totals</b>								<b>0</b>		

\* The nursing facility and residential treatment facility tax rates were decreased in PL 2007, c. 539, Part X from 6.0% to 5.5% beginning in FY09 consistent with federal law. PL 2011, c. 411 increases the rates back to 6% effective October 1, 2011 consistent with federal law.

\*\* The hospital tax base year was modified again in PL 2007, c. 545, to hospital fiscal years ending during calendar year 2006 beginning in FY 09; and again in PL 2009, c. 571 to hospital fiscal years ending during calendar year 2008 beginning in FY 11.



## **APPENDIX E**

# **Economic Background Information**

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**Report of the  
CONSENSUS ECONOMIC FORECASTING COMMISSION  
November 1, 2011**

**Commissioners**

James A. Clair, Chair  
*Chief Executive Officer*  
*Goold Health Systems*

Gradon R. Haehnel  
*Manager of Rates*  
*Bangor Hydro Electric*

Michael LeVert  
*Economist*  
*Hannaford/Delhaize America*

J. Scott Moody  
*Chief Economist*  
*Maine Heritage Policy Center*

Eric N. Stinneford  
*Vice President – Controller, Treasurer & Clerk*  
*Central Maine Power*

## Summary

The Maine Consensus Economic Forecasting Commission (CEFC) convened on October 24, 2011, to review and revise the April 2011 forecast. This report provides a summary of the Commission's findings.

National and state economic conditions have shown little to no improvement over recent months. Maine's economic activity index shows weak growth and remains well below pre-recession levels. Many other states have seen a slowdown in what was already weak growth. Nationwide, consumer sentiment and small business optimism have both declined over the course of the year. According to the US Bureau of Economic Analysis, personal income in Maine was 3.9 percent higher in the second quarter of 2011 than it was in the second quarter of 2010. The Consumer Price Index was 3.8 percent higher in August 2011 than it was in August 2010. After rising on a quarter-over-quarter basis for three straight quarters, the price of a barrel of oil fell 12.5 percent in the third quarter of 2011. Since the end of the homebuyer tax credit in May 2010, home sales in Maine and the US have fallen on a year-over-year basis in three of the last four quarters and are just slightly above the bottom reached in early 2009. After hitting bottom in February 2011, housing permits in Maine inched up to about where they were in January 2009. Home prices in the Portland metropolitan area increased 1.0 percent year-over-year in the second quarter of 2011. Foreclosure starts and mortgage delinquencies remain well above pre-recession levels but below peak crisis levels.

The November 2011 forecast continues to see little progress in the national and state economic recovery through 2012, partly due to the European debt crisis and the expected recession in the euro zone. The revised forecast lowers the expectations for wage and salary employment growth through 2014. Personal income growth was generally revised downward for the near term. After an upward revision to growth in the Consumer Price Index (CPI) for 2011, the November forecast made a large downward revision for 2012, a slight downward revision in 2013 and no changes for 2014-2015. The downward revisions for CPI growth in 2012 and 2013 are due to reduced expectations for global economic demand growth and the relatively high prices for food and energy seen in 2010 and 2011.

The table below provides the forecast's major indicators.

<b>Calendar Years</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Wage &amp; Salary Employment (Annual Percentage Change)</b>					
<b>CEFC Forecast 04/2011</b>	<b>0.4%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.4%</b>	<b>1.2%</b>
<b>CEFC Forecast 11/2011</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.8%</b>	<b>1.3%</b>	<b>1.4%</b>
<b>Personal Income (Annual Percentage Change)</b>					
<b>CEFC Forecast 04/2011</b>	<b>4.6%</b>	<b>2.9%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>
<b>CEFC Forecast 11/2011</b>	<b>3.8%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>4.7%</b>	<b>4.8%</b>
<b>CPI (Annual Percentage Change)</b>					
<b>CEFC Forecast 04/2011</b>	<b>2.5%</b>	<b>1.8%</b>	<b>2.0%</b>	<b>2.3%</b>	<b>2.1%</b>
<b>CEFC Forecast 11/2011</b>	<b>3.0%</b>	<b>1.3%</b>	<b>1.9%</b>	<b>2.3%</b>	<b>2.1%</b>

In making these adjustments, the CEFC considered information presented by several state agencies, including the Maine Department of Labor, Maine Revenue Services, and the Maine State Planning Office. The following sections summarize these reports.

## **Maine State Planning Office**

In August 2011, the Maine Coincident Economic Activity Index, a composite of four economic indicators (three employment statistics plus real wage and salary income) that summarizes overall economic conditions, was 1.9 percent higher than it was in August 2010.

Nationally, for the three months ending in August 2011, the state coincident indexes increased in 33 states, decreased in 17 states, and stayed the same in one state. This is a decline from January 2011 (the data available at the last CEFC meeting), when the indexes increased in 42 states, decreased in five, and stayed the same in three.

According to preliminary estimates from the Bureau of Economic Analysis, personal income in Maine was 3.9 percent higher in the second quarter of 2011 than it was in the second quarter of 2010.

The Consumer Price Index (CPI) rose 3.8 percent from August 2010 to August 2011. Core inflation, which excludes food and energy, rose 2.0 percent over the same period. The CPI in January through August 2011 was 3.0 percent higher than the same period in 2010.

In September 2011, the University of Michigan Consumer Sentiment Index, a monthly survey that tracks consumer confidence in the U.S., increased by 6.6 percent from August. Although this marked the end of a precipitous period of decline that began in June, sentiment remained at a low level. Consumers appear to be expecting a prolonged period of economic stagnation.

In September 2011, after falling for six straight months, the survey-based National Federation of Independent Business (NFIB) Small Business Optimism Index ticked up 0.9 percent. It is now 5.9 percent below its post-recession peak in February 2011. In September, small business owners said they expect lower sales over the next three months.

The price of oil fell from over \$100/barrel in the second quarter of 2011 to \$90/barrel in the third quarter of 2011. The price of heating oil in Maine (\$3.50/gallon on October 17) is higher than it was at the same time of year in any of the past four heating seasons.

Existing-home sales in Maine fell 10 percent from the first to the second quarter of 2011 (seasonally adjusted). Existing-home sales in Maine in the second quarter of 2011 were 21 percent below their post-recession peak, which occurred in the fourth quarter of 2009 and the second quarter of 2010. High sales numbers in the fourth quarter of 2009 and the second quarter of 2010 were due in part to the homebuyer credit.

Building permits for single family homes in Maine were very low in July and August 2011, at about the same level they were in early 2009. There was an average of 178 permits per month from January through August 2011, compared with an average of 266 permits per month during the same period in 2010.

Home prices in the Portland – South Portland – Biddeford metropolitan area rose one percent in the second quarter of 2011 compared to the second quarter of 2009. The median home price in the Portland – South Portland – Biddeford metropolitan area in the second quarter of 2011 was \$219,300. The peak second quarter value was \$247,200, which was recorded in 2005.

## **Maine Department of Labor**

From the start of the recession through the summer of 2010, Maine lost nearly 30,000 nonfarm jobs on a seasonally-adjusted basis. The official US Bureau of Labor Statistics (BLS) jobs numbers indicate a gain of about 5,000 jobs since then, but those numbers have been volatile from month to month due to changes in BLS methodology. In addition, they will likely be revised downward during the annual benchmarking process and are expected to show little to no

change in the total number of nonfarm payroll jobs between September 2010 and June 2011. The CEFC took note of this discrepancy between the official preliminary estimates and the likely downward revisions, and accounted for them accordingly in its forecast for wage and salary employment growth.

Maine's unemployment rate increased in the spring and declined in the summer, peaking at 7.8 percent in June. However, that rise and fall in the unemployment rate was due to changes in the labor force participation rate, not due to changes in the number of jobs.

The average weekly hours worked has increased from 2009 levels but is still below pre-recession levels.

After increasing in the first half of 2011, online job postings have fallen in recent months in both Maine and the US, almost erasing the gains from the first half of the year. However, they remain higher than 2009 levels.

Total wages paid are growing at pre-recession rates, but they are coming from a very low base. Inflation-adjusted total wages paid in the third quarter of 2010 through the second quarter of 2011 were \$140 million higher than the same period a year earlier, but they remain nearly \$800 million below the 2007 peak. Total wages in January through June of 2011 were 3 percent higher than in the same period in 2010, not adjusted for inflation.

### **Maine Revenue Services**

Total revenues for September 2011 exceeded budget by 5.1 percent (around \$14.8 million) for the month and 1.0 percent (around \$5.9 million) fiscal year to date. Most of the positive variance came from the corporate income tax line, which was 28 percent over budget for the month of September and 30.5 percent over budget fiscal year to date.

The sales and use tax was also exceeding budget, by 3.0 percent fiscal year to date (around \$5.6 million). In early 2010 it appeared that the economy was beginning to rebound, with year-over-year sales tax growth rates around 8-9 percent for March through May. But with a run up in commodity prices and the emergence of the European debt crisis, the economy stalled again and retail sales growth has been weak.

Consumer retail sales remain weak. Growth in July and August 2011 was 2.5 percent and 3.9 percent year-over-year, not adjusted for inflation. Auto/transportation sales showed decent year-over-year growth of 6.0 percent for August, and building supply sales were up 12.1 percent year-over-year in August. The building supply sales jump in August 2011 is at least partially due to preparation and clean-up from Hurricane Irene. Other than auto sales, other consumer spending categories are showing weak growth that barely keeps up with inflation.

### **Macroeconomic Assumptions**

Four different economic forecasts were examined at the meeting: three from Moody's Analytics and one from IHS Global Insight. Each forecast was based on a different set of national macroeconomic assumptions. These forecasts were then compared to this CEFC's April 2011 forecast. The CEFC felt that the Global Insight assumptions were closest to their own thoughts on the economy. Following is a summary of those assumptions:

Growth in the US economy will be weak. A recession is not expected, but the chance of recession is now 40 percent. The 2 percentage point social security payroll tax cut will be extended for 2012 and other federal tax cuts will be extended in 2013.

The Federal Reserve will hold rates near zero until January 2014 and another round of quantitative easing worth \$600 billion will begin in late 2011. The dollar will trend downward over the long run, but more against emerging-market currencies than against major currencies. The dollar/euro rate will fall to \$1.25 by February 2012 due to Europe's sovereign debt woes outweighing US debt problems.

Global growth will slow over the forecast period. A mild recession is expected in Europe in the fourth quarter of 2011 and the first quarter of 2012, but a deeper European recession triggered by wider contagion in Europe and featuring a euro decline to parity against the dollar has a one in four chance of occurring. GDP growth in the US' major currency trading partners will be 1.7 percent in 2011 and 1.5 percent in 2012. GDP growth in other important trading partners will slow from 7.3 percent in 2010 to 5.3 percent in 2011 to 4.2 percent in 2012.

Oil prices (West Texas Intermediate) average \$76 per barrel in the fourth quarter of 2011 and \$89 per barrel in 2012.

### **Consensus Forecast**

The CEFC made adjustments to its economic forecast according to the latest economic data and the resulting changes in the forecast models. The outlook for growth has darkened since the CEFC last convened, so this forecast is generally a downward revision of the April forecast. These changes reflect an impending recession in Europe and the subsequent negative effects of reduced US export demand and a stronger dollar. The CEFC forecast also reflects expectations that global growth will slow and that inflation will ease from 2011 rates.

Of the various forecasts presented to Commission members, the Global Insight forecast resonated most strongly with the Commission, so most of the CEFC's assumptions follow those of Global Insight. The CEFC assumed that the Federal Reserve Bank would refrain from raising interest rates until mid-2013 at the earliest. In addition, the Commission assumed that oil prices (West Texas Intermediate) would average about \$90 per barrel in 2012. There were specific concerns about employment growth in 2011 and 2012, given that businesses are likely to maintain strong balance sheets amid uncertainty over how far the contagion from the European debt crisis will spread.

The November 2011 forecast for employment is generally a downward revision of the Commission's previous forecast in April 2011, with an upward revision in 2015 that reflects a postponement of the economic recovery and lower base to start from. Employment growth is expected to register 0.1 percent in 2011 and 2012, before improving modestly to 0.8 percent in 2013, 1.3 percent in 2014, and 1.4 percent in 2015. The unemployment rate is expected to peak at 7.8 percent in 2012 and then decline gradually to 6.3 percent in 2015. The 0.1 percent growth forecast for 2011 is based, in part, on an expected downward revision in the official figure for total nonfarm jobs published by the US Bureau of Labor Statistics.

The CEFC agreed with the Global Insight forecast for personal income and its components. This forecast revises total personal income downward for 2011 (from 4.6 percent to 3.8 percent). This reflects the fact that personal income growth for the first half of 2011 was lower than the April 2011 CEFC forecast and the general economic stagnation since the April forecast. The very weak employment growth thus far in 2011 also weighs on personal income growth. Personal income growth will decline to an annual rate of 3.0 percent in 2012 and 2013, despite the expected extension through 2012 of the two percentage point cut in the Social Security tax. The forecast was also revised upward for 2014-2015, reflecting the new, lower base in 2011-2013 and the continued postponement of real economic recovery.

The Commission concurred with the Global Insight forecast of the Consumer Price Index (CPI), a measure of household inflation. This forecast revises inflation upward for 2011, reflecting the run up in commodity prices seen thus far this year, but it revises inflation downward in 2012 and 2013. This reflects the expectation for slower global economic growth and demand for commodities over the forecast period. It also reflects the expectation that the recent rise in commodity prices leaves the forecast starting from a high base.

The Commission also accepted Global Insight's forecast of before-tax corporate profits. Following record 25 percent growth in 2010, profits are forecast to grow a modest 3.7 percent in 2011. 2012 is expected to see slightly increased profits, with much stronger growth coming in 2013 before slowing again in 2014 and decreasing in 2015.

The following page provides the full forecast.



# Maine Consensus Economic Forecasting Commission

November 2011 Forecast

	History	Forecast				
	2010	2011	2012	2013	2014	2015
<b>CPI-U* (Annual Change)</b>	1.6%	3.0%	1.3%	1.9%	2.3%	2.1%
<b>CPI for Energy Prices** (Annual Change)</b>	9.6%	14.0%	-2.3%	4.3%	3.6%	1.6%
<b>Average Price of a New Vehicle** (Annual Change)</b>	1.8%	3.1%	-1.2%	0.5%	2.8%	2.8%
<b>New Vehicle Registrations** (Annual Change)</b>	1.7%	0.4%	8.7%	8.4%	4.1%	2.2%
<b>Personal Savings Rate**</b>	5.3%	4.9%	4.8%	3.8%	4.4%	5.0%
<b>Maine Unemployment Rate**</b>	7.9%	7.6%	7.8%	7.6%	7.0%	6.3%
<b>3-Month Treasury Bill Rate**</b>	0.14%	0.06%	0.06%	0.09%	1.33%	3.27%
<b>10-Year Treasury Note Rate**</b>	3.20%	2.76%	2.32%	2.84%	3.58%	4.60%
<b>Before-Tax Corporate Profits* (Annual Change)</b>	25.0%	3.7%	6.7%	12.2%	5.3%	-2.5%
<b>Maine Wage &amp; Salary Employment* (thousands)</b>	592.8	593.4	594.0	598.8	606.6	615.0
Natural Resources	2.6	2.6	2.7	2.6	2.6	2.6
Construction	24.4	24.4	22.5	21.8	23.5	26.1
Manufacturing	50.9	51.1	50.8	50.6	50.4	50.3
Trade/Trans./Public Utils.	116.9	116.8	118.0	120.0	120.8	121.9
Information	9.1	9.0	9.1	9.2	9.1	9.3
Financial Activities	31.3	31.6	31.9	32.1	32.1	32.2
Prof. & Business Services	55.7	55.9	56.2	57.9	61.5	64.5
Education & Health Services	118.9	121.1	123.0	124.9	126.6	128.5
Leisure & Hospitality Services	59.9	61.4	62.0	62.4	62.5	62.7
Other Services	19.8	19.6	19.7	19.7	19.7	19.5
Government	103.4	100.1	98.0	97.6	97.7	97.6
Agricultural Employment	16.7	16.9	16.9	16.9	16.9	16.9
<b>Maine Wage &amp; Salary Employment* (Annual Change)</b>	-0.6%	0.1%	0.1%	0.8%	1.3%	1.4%
Natural Resources	7.2%	1.1%	1.5%	-1.1%	-0.7%	0.8%
Construction	-2.9%	0.0%	-7.6%	-3.2%	7.7%	11.1%
Manufacturing	-2.7%	0.4%	-0.6%	-0.4%	-0.3%	-0.3%
Trade/Trans./Public Utils.	-1.7%	-0.1%	1.0%	1.7%	0.7%	0.9%
Information	-1.1%	-1.6%	1.4%	0.8%	-0.7%	1.6%
Financial Activities	-1.7%	0.9%	1.1%	0.5%	0.2%	0.2%
Prof. & Business Services	0.6%	0.4%	0.5%	3.0%	6.2%	4.9%
Education & Health Services	0.3%	1.8%	1.6%	1.5%	1.4%	1.5%
Leisure & Hospitality Services	1.1%	2.4%	1.1%	0.6%	0.2%	0.2%
Other Services	0.1%	-1.0%	0.9%	-0.1%	-0.3%	-1.0%
Government	-0.3%	-3.2%	-2.0%	-0.5%	0.1%	-0.1%
Agricultural Employment	1.2%	1.2%	0.0%	0.0%	0.0%	0.0%
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Personal Income* (\$ million)</b>	48,745	50,607	52,140	53,712	56,214	58,894
<b>Wage &amp; Salary Disbursements</b>	23,586	24,235	24,872	25,722	26,792	27,915
<b>Supplements to Wages &amp; Salaries</b>	6,033	6,144	6,344	6,609	6,919	7,261
<b>Non-Farm Proprietors' Income</b>	3,781	3,967	4,103	4,278	4,580	4,825
<b>Farm Proprietors' Income</b>	91	63	101	105	94	94
<b>Dividends, Interest, &amp; Rent</b>	7,351	7,796	8,027	8,109	8,436	9,074
Dividends	2,421	2,825	3,106	3,241	3,333	3,384
Interest	3,569	3,540	3,493	3,599	3,952	4,632
Rent	1,361	1,432	1,428	1,269	1,151	1,058
<b>Transfer Payments</b>	10,986	11,114	11,521	11,948	12,708	13,437
<b>Less: Contributions to Social Ins.</b>	3,935	3,625	3,777	4,044	4,328	4,760
<b>Residence Adjustment</b>	852	913	948	985	1,013	1,047
<b>Personal Income* (Annual Change)</b>	1.7%	3.8%	3.0%	3.0%	4.7%	4.8%
<b>Wage &amp; Salary Disbursements</b>	1.5%	2.8%	2.6%	3.4%	4.2%	4.2%
<b>Supplements to Wages &amp; Salaries</b>	2.0%	1.8%	3.3%	4.2%	4.7%	4.9%
<b>Non-Farm Proprietors' Income</b>	6.6%	4.9%	3.4%	4.3%	7.0%	5.4%
<b>Farm Proprietors' Income</b>	56.0%	-30.3%	60.9%	3.6%	-10.8%	-0.2%
<b>Dividends, Interest, &amp; Rent</b>	2.8%	6.1%	3.0%	1.0%	4.0%	7.6%
Dividends	20.5%	16.7%	10.0%	4.4%	2.8%	1.5%
Interest	-9.8%	-0.8%	-1.3%	3.0%	9.8%	17.2%
Rent	14.9%	5.2%	-0.3%	-11.1%	-9.3%	-8.1%
<b>Transfer Payments</b>	-0.8%	1.2%	3.7%	3.7%	6.4%	5.7%
<b>Less: Contributions to Social Ins.</b>	2.4%	-7.9%	4.2%	7.1%	7.0%	10.0%
<b>Residence Adjustment</b>	3.2%	7.2%	3.8%	3.9%	2.9%	3.4%

\*CEFC Forecast

\*\*From Global Insight - October 2011

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

**TABLE E-1**  
**Consensus Economic Forecasting Commission**  
**Comparison of April 2011 and November 2011 Economic Forecasts**

<b>Calendar Years</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>• Wage &amp; Salary Employment (Annual Percentage Change)</b>						
> Consensus 04/2011	-0.6%	0.4%	1.5%	1.5%	1.4%	1.2%
> Consensus 11/2011	-0.6%	0.1%	0.1%	0.8%	1.3%	1.4%
<b>Difference</b>	<b>0.0%</b>	<b>-0.3%</b>	<b>-1.4%</b>	<b>-0.7%</b>	<b>-0.1%</b>	<b>0.2%</b>
<b>• Personal Income (Annual Percentage Change)</b>						
> Consensus 04/2011	3.0%	4.6%	2.9%	4.0%	4.0%	4.0%
> Consensus 11/2011	1.7%	3.8%	3.0%	3.0%	4.7%	4.8%
<b>Difference</b>	<b>-1.3%</b>	<b>-0.8%</b>	<b>0.1%</b>	<b>-1.0%</b>	<b>0.7%</b>	<b>0.8%</b>
<b>Major Components of Personal Income</b>						
Wage and Salary Disbursements						
> Consensus 04/2011	2.1%	4.0%	4.5%	4.2%	3.9%	3.5%
> Consensus 11/2011	1.5%	2.8%	2.6%	3.4%	4.2%	4.2%
<b>Difference</b>	<b>-0.6%</b>	<b>-1.2%</b>	<b>-1.9%</b>	<b>-0.8%</b>	<b>0.3%</b>	<b>0.7%</b>
Supplements to Wages and Salaries						
> Consensus 04/2011	3.0%	3.3%	4.2%	4.4%	4.7%	4.3%
> Consensus 11/2011	2.0%	1.8%	3.3%	4.2%	4.7%	4.9%
<b>Difference</b>	<b>-1.0%</b>	<b>-1.5%</b>	<b>-0.9%</b>	<b>-0.2%</b>	<b>0.0%</b>	<b>0.6%</b>
Non-Farm Proprietors' Income						
> Consensus 04/2011	4.7%	6.1%	5.8%	3.4%	4.0%	3.7%
> Consensus 11/2011	6.6%	4.9%	3.4%	4.3%	7.0%	5.4%
<b>Difference</b>	<b>1.9%</b>	<b>-1.2%</b>	<b>-2.4%</b>	<b>0.9%</b>	<b>3.0%</b>	<b>1.7%</b>
Dividends, Interest and Rent						
> Consensus 04/2011	-0.1%	4.3%	4.0%	5.8%	5.7%	6.2%
> Consensus 11/2011	2.8%	6.1%	3.0%	1.0%	4.0%	7.6%
<b>Difference</b>	<b>2.9%</b>	<b>1.8%</b>	<b>-1.0%</b>	<b>-4.8%</b>	<b>-1.7%</b>	<b>1.4%</b>
Transfer Payments						
> Consensus 04/2011	6.7%	3.1%	2.1%	3.5%	4.3%	4.4%
> Consensus 11/2011	-0.8%	1.2%	3.7%	3.7%	6.4%	5.7%
<b>Difference</b>	<b>-7.5%</b>	<b>-1.9%</b>	<b>1.6%</b>	<b>0.2%</b>	<b>2.1%</b>	<b>1.3%</b>
<b>• Consumer Price Index (Annual Percentage Change)</b>						
> Consensus 04/2011	1.6%	2.5%	1.8%	2.0%	2.3%	2.1%
> Consensus 11/2011	1.6%	3.0%	1.3%	1.9%	2.3%	2.1%
<b>Difference</b>	<b>0.0%</b>	<b>0.5%</b>	<b>-0.5%</b>	<b>-0.1%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>• Before Tax Corporate Profits (Annual Percentage Change)</b>						
> Consensus 04/2011	36.3%	-7.3%	0.2%	20.8%	6.5%	-3.8%
> Consensus 11/2011	25.0%	3.7%	6.7%	12.2%	5.3%	-2.5%
<b>Difference</b>	<b>-11.3%</b>	<b>11.0%</b>	<b>6.5%</b>	<b>-8.6%</b>	<b>-1.2%</b>	<b>1.3%</b>

**Table E-2 - Maine Revenue Services Model Assumptions**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Oil - WTI (\$ per barrel)</b>	\$61.69	\$79.41	\$90.56	\$88.60	\$97.77	\$106.04	\$108.01
<b>Consumer Prices</b>	-0.3	1.6	3.0	1.3	1.9	2.3	2.1
<b>Fuel Oil &amp; Other Fuels</b>	-32.2	17.3	25.0	-6.1	3.7	3.2	1.7
<b>Electricity</b>	3.0	0.2	1.8	2.8	2.7	3.7	2.9
<b>Natural Gas</b>	-22.0	-2.0	-1.9	-0.2	10.7	4.4	0.9
<b>New Motor Vehicles</b>	1.0	2.1	2.8	-0.7	0.9	1.7	1.5
<b>Motor Vehicle Fuels, Lubricants &amp; Fluids</b>	-26.8	18.3	23.5	-5.1	4.1	3.4	1.1
<b>Saving Rate (%)</b>	5.2	5.3	4.9	4.8	3.8	4.4	5.0
<b>Maine New Passenger Car &amp; Light Truck Registrations (Thous.)</b>	45.00	47.22	47.41	51.54	55.86	58.17	59.47
<b>Maine Population (Thous.)</b>	1329.34	1328.63	1329.78	1331.62	1334.07	1337.17	1340.80
<b>Population US, Millions</b>	307.8	310.8	313.8	316.9	319.9	323.0	326.2
<b>Maine Home Price, Existing Median (Dollars)</b>	\$160,854	\$157,716	\$148,351	\$145,941	\$152,812	\$161,889	\$172,600
<b>Maine Home Sales, Existing Single-Family (Thousands)</b>	22.00	22.70	22.30	22.96	24.32	26.48	28.48

**Table E-3 Corporate Profit Growth (Percentage Annual Change)**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
May 2011 Forecast	35.0%	-7.3%	0.2%	20.8%	6.5%	-3.8%
Decmeber 2011 Forecast	25.0%	3.7%	6.7%	12.2%	5.3%	-2.5%

**Table E-4 Oil Price Assumptions**

**(West Texas Intermediate - Price per barrel - Calendar Year Average)**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
May 2011 Forecast	\$79.45	\$93.07	\$95.16	\$99.02	\$102.27	\$106.20
Decmeber 2011 Forecast	\$79.41	\$90.56	\$88.60	\$97.77	\$106.04	\$108.01

**Table E-5 Personal Saving Rate**

**(SAAR) for United States**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
May 2011 Forecast	5.8%	5.6%	4.2%	3.6%	4.3%	4.9%
Decmeber 2011 Forecast	5.3%	4.9%	4.8%	3.8%	4.4%	5.0%

## **Assumptions Used in Sales & Excise Model**

- (1) Total Personal Income
- (2) Inflation (CPI-U)
- (3) Total Employment Growth
  - (a) Growth by Sector
- (4) Forecast of CPI for Energy Prices (Global Insights – October 2011)
- (5) Forecast of new passenger car & light truck registrations in Maine (Global Insights – October 2011)
- (6) Forecast of average price of new vehicle (Global Insight – October 2011)
- (7) Forecast of Personal Savings Rate (Global Insight – October 2011)

## **Assumptions Used in Individual Income Tax Model**

- (8) Total Personal Income
  - (a) Growth by Component
- (9) Inflation (CPI-U)
- (10) Total Employment Growth
- (11) Unemployment Rate
- (12) 3-Month Treasury Bill Rate
- (13) 10-Year Treasury Note Rate

## **Assumptions Used in Corporate Income Tax Model**

- (14) Inflation (CPI-U)
- (11) Total Employment Growth
  - (a) Growth by Sector
- (12) Forecast of Before-Tax Corporate Book Profits (Global Insight – October 2011)



# U.S. EXECUTIVE SUMMARY

OCTOBER 2011

## Outlook Darker Despite Better Third-Quarter Growth

### Forecast Highlights

- The economy is still growing, but very slowly. Third-quarter GDP growth looks better than feared (2.4%), but we expect growth of just barely above 1% in the fourth and first quarters.
- The key downside risks are from a Eurozone banking crisis or from premature tightening of U.S. fiscal policy. Recession risks remain high (40%).
- The Eurozone is expected to fall into at least a mild recession during the fourth quarter.
- We do not expect a major injection of new stimulus from President Obama's jobs plan, but have assumed that the 2% employee payroll tax cut and emergency unemployment insurance benefits will be extended into 2012.
- Commodity prices are off their peaks, so headline and core inflation should ease in the second half of the year.
- We believe that the Fed will continue to inject more stimulus, but it has already used its prime ammunition.

### The Forecast in Brief

**The U.S. economy is keeping its head above water, for the moment, despite the bad news coming from Europe.** We now expect the Eurozone to fall into at least a mild recession during the fourth quarter. That hurts the United States by weakening export demand, reducing corporate earnings, and strengthening the dollar. But the key question is whether Europe's politicians can put in place sufficient financial firepower to "ring-fence" the rest of the Eurozone and prop up its banks in the event of Greek default—which we now see as all but inevitable in the next

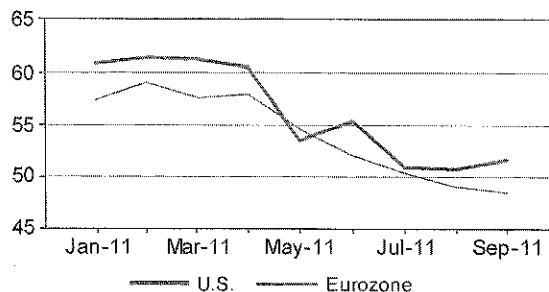
six months. In our baseline scenario, their response is aggressive enough to stabilize financial markets. A darker scenario of broader contagion and Greek exit from the Eurozone would drag the U.S. economy into recession.

**Our forecast remains a weak growth outlook, not a full recession, but we still place recession odds at 40%** because weak momentum leaves the economy vulnerable to shocks, of which a worsening Eurozone crisis is the most obvious but not the only risk. But the major business activity indexes are not in recession territory. And although consumer sentiment is at recession levels, spending is holding up better than sentiment would suggest, judging by better September vehicle and chain-store sales.

**Third-Quarter Growth Improves; Fourth Quarter Looks Worse.** Incoming evidence suggests that third-quarter GDP growth did show a substantial improvement over the first half; we now expect a 2.4% annual rate (double what we expected last month). The key area doing better is business fixed investment, where we now see growth at a 14.6% annual rate, rather than 7.2%. This is encouraging, but we do not see this pace being maintained in the light of anemic

### ISM Indexes Show U.S. Manufacturing Growth, But Eurozone Contraction

(Diffusion index, 50 = breakeven)



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consumer spending growth, flat-lining housing activity, and a prospective slowdown in export growth. Most signals suggest that the third quarter began much more strongly than it ended, and we expect GDP growth to weaken again (to 1.0%) in the fourth quarter. We see a very sluggish, but modestly improving, growth pattern during 2012. Although we have upgraded our 2011 growth forecast from 1.5% to 1.7%, we have downgraded 2012 from 1.8% to 1.4%, mostly on a less positive outlook for exports.

**Consumer spending** growth came almost to a halt in the second quarter (up just 0.7%). The slowdown was most severe in the supply-constrained vehicles sector, but even excluding new vehicles, spending growth slowed to 1.4%, from 1.8% in the first quarter. Consumers have been squeezed by the commodity-price-driven jump in inflation, which has more than wiped out the benefit of the payroll tax cut. Gasoline prices are now off their peak (but still high), while the debt-ceiling debacle and steep losses in equity wealth have undermined consumer sentiment, which in early August hit its lowest level since 1980. Overall, we expect consumer spending growth of 2.1% in 2011, up from 1.7% in 2010, but not a powerful driver of recovery. Our 2012 outlook is similar, at 1.9%. Our **light-vehicle sales** forecast for 2011 remains at 12.5-million units, and we have reduced the 2012 projection to 13.2-million units (from 13.5 million).

Some relief on gasoline prices will help consumers in the second half of the year. While stock markets have fallen steeply, **oil prices** were initially very resilient to downside pressures. That may now be changing, and we expect oil prices (West Texas Intermediate) to slip to a \$76/barrel average in the fourth quarter. That would take pump prices for gasoline down to \$3.18/gallon in the fourth quarter, helped by the usual seasonal easing, still 25 cents/gallon higher than a year earlier, but well below this year's peak of just over \$4.

Faster **employment** growth provided an offset to price pressures for a while, but while employment growth over the last three months wasn't as bad as first feared, it was still anemic at just 96,000 per month on average. With GDP growth likely to remain soft, we expect job growth to stay sluggish, taking the unemployment rate up to 9.3% at year-end (currently 9.1%).

There is still no sign yet of a pickup in **housing**. Pent-up demand for housing is building as young adults stay at home, and at some point will spark a major revival in housing activity. But improvement is dependent on stronger job growth, so hopes have faded as the outlook for employment has worsened. We see a modest improvement in housing starts during 2012 (665,000 units, compared with 587,000 in 2011), concentrated in the multi-family segment, since rental demand (unlike homeownership demand) is starting to move higher. We expect house prices to fall 6.5% over the course of 2011, as measured by the FHFA purchase-only index.

Capital equipment remains an important driver of GDP growth. **Business equipment and software spending** growth eased to 6.2% in the second quarter, from 8.7% in the first, but the third quarter looks strong (up 12.4%). Businesses remain flush with cash and will want to address replacement needs neglected during the recession, but we expect the pace of equipment spending growth to slow in the face of weak growth in broader demand. On the **business structures** side, spending on buildings improved sharply in the second quarter (up 23.1%), and we expect another sharp increase in the third quarter (up 17.8%). We are not convinced that this marks the beginning of a revival, though—the architects' billings index, a useful leading indicator, has fluctuated around the breakeven mark in recent months. We do not expect sustained improvement before 2013. Higher oil prices have led to a surge in petroleum drilling, which should offset some retreat in natural gas drilling (reflecting high inventories and low prices), leaving overall 2011 drilling 27.0% higher than in 2010.

In the **state and local government sector**, federal support for current spending has been winding down. State and local administrations are relying on spending cuts rather than tax increases to close budget gaps for fiscal 2012, which began July 1. We expect real state and local government spending to decline 2.4% this calendar year and another 2.7% in calendar 2012.

Federal fiscal policy is tightening. We expect the **federal budget deficit** to come in at \$1.3 trillion in fiscal 2011 (8.5% of GDP), similar to fiscal 2010. More **domestic political flashpoints** are looming. The present continuing

resolution funding fiscal-year 2012 spending expires on November 18, and the threat of a government shutdown will loom if spending details cannot be agreed upon. By November 23, the congressional supercommittee is scheduled to present its budget proposals (aiming to cut \$1.5 trillion from the deficit). We do not see how the supercommittee can produce something that will command general assent. Neither a government shutdown nor a supercommittee impasse matches failure to raise the debt ceiling in potential impact, but either would reinforce public disenchantment with the political process and give another reason not to take economic risks by spending or hiring. We believe that the fiscal choices will ultimately be placed before voters in the 2012 elections. We have assumed that the temporary payroll tax cut and emergency unemployment insurance benefits will be extended for 2012, to avoid hitting a weak economy with a sharp fiscal contraction, but we have not included any other elements of the president's jobs plan.

We expect the Eurozone to slip into recession beginning in the fourth quarter of 2011, and expect emerging markets growth to slow. In addition, fears of global recession have pushed the U.S. dollar higher. This combination is bad news for U.S. **export growth**, which will likely decelerate to 3.4% in 2012 (previously 6.4%), from 6.7% in 2011. But trade should still be a small net contributor to GDP growth, because we expect sluggish growth in domestic demand to keep import growth even lower than export growth.

We expect the **dollar** to strengthen against the euro in the immediate future on continuing fears over Eurozone sovereign debt; we see no clear medium-term trend in the dollar against major currencies, but a continuing downward trend against emerging-market currencies, dictated by the pace at which China allows the renminbi to appreciate. Although we expect the goods and services trade deficit to widen again this year, we expect the overall **current-account deficit** to shrink to 2.9% of GDP (from 3.2% in 2010), because strong profits from overseas operations are boosting the surplus on the income account.

**Inflation** concerns are easing as economic growth has weakened. A combination of higher gasoline prices and food prices points to CPI inflation of 3.0% this year, compared with 1.6% in 2010. With less pressure from oil and

food, though, we see CPI inflation falling back to 1.3% in 2012. We also have evidence of higher core inflation, but given weak demand growth and some pull-back in commodity prices, core inflation should now begin to slow. Crucially, there has been no pickup in wage inflation, with the unemployment rate still at 9.1% and plenty of other potential workers not counted in the labor force.

Ten-year Treasury **bond yields** have fallen sharply, dropping below 2% at times, on a combination of falling equity prices and an expectation that short-term interest rates will remain very low for a long time. Treasuries remain a safe haven, despite the S&P downgrade. We still expect bond yields to move substantially higher over the long term, but see them mostly in the 2.0-2.5% range through the end of 2012.

The **Federal Reserve** has given as firm a commitment as possible to keep the federal funds rate near zero through at least mid-2013. Our expectation is that the Fed won't be raising rates until 2014. It will try to inject more stimulus in the meantime, but has already used up its prime ammunition. It has embarked upon a \$400-billion "twist" operation aiming to drive down long-term bond yields, and we assume that the Fed will eventually introduce a QE III program of similar size to QE II (\$600 billion). We do not believe, however, that either operation will give much support to growth.

### Another "Lehman Moment"...This Time in Europe?

The crisis in Europe is unfolding like a train wreck in slow motion. The Eurozone economies may very well already be in recession and a Greek default in the next six months is all but inevitable. Worse still, the uncertainty around these events is huge. How deep will the recession be? Will Greece stay in the Eurozone, or not? Will European governments be able to contain the contagion and ring-fence solvent but illiquid governments, such as Spain and Italy? Will they be able to effectively recapitalize their banking systems and prevent a major banking crisis and severe credit crunch? Will the European Central Bank (ECB) continue to function as firefighter of last resort? So far, the response of European policymakers has been characterized by denial, dithering, and delay. The overwhelming sentiment in financial markets is that, to date, the bailout



funds—including the enhanced European Financial Stability Facility (EFSF)—is not remotely large enough to deal with the crisis. The good news is that the extreme anxiety in global financial markets seems to have finally increased the willingness of European leaders to consider bigger and bolder moves soon. In light of these developments, IHS Global Insight has developed two scenarios for the Eurozone.

**Eurozone Baseline—“Muddling Along” (75% probability).** The October IHS Global Insight baseline forecast now incorporates a mild recession for the Eurozone, with fourth-quarter and first-quarter growth negative—at a minimum. The growth rate for 2012 has been lowered from 0.9% to 0.3%, with a growing risk that it could be even weaker. Most forward-looking indicators are flashing red. The European Commission’s economic sentiment index declined for the seventh consecutive month in September, hitting a 21-month low. Purchasing managers’ indexes are already in recession territory.

We expect the inevitable Greek default to occur by February 2012. Investors will probably have to take a 50% “haircut.” In the runup to the default, the EFSF will likely be leveraged so that its firepower is effectively made two to three times as large, and will be made more flexible (including help for banks). The easiest way to leverage EFSF firepower will be to issue bonds and to use them as collateral to access ECB liquidity. Alternatively, the EFSF could be given banking license to borrow directly from the ECB. Or the fund could be used as insurance for the first 20% of mark-to-market bond losses, if the ECB steps up its bond purchase program—an assumption that is critical to this type of (relatively benign) scenario. Given a more aggressive response, the expectation is that other countries will not default, Greece will not leave the Eurozone, and there will be no major banking crisis.

Anticipating that an economic contraction will ease inflationary pressures, the ECB is expected to cut its policy rate from 1.50% to 1.25% in the fourth quarter, and to 1.00% in February 2012. The policy rate will stay at this level for at least a year. The euro is predicted to fall to a low of \$1.25 in February 2012. It is then expected to stage a relief rally, recovering to \$1.32 at the end of 2012 and \$1.37 at the end of 2013.

October 2011

**Eurozone Meltdown Scenario—“Lehman II” (25% probability).** In the event that European politicians are either unwilling or too slow to leverage the EFSF, there would be a major crisis of confidence in financial markets—and unbearable pressure would be brought to bear on Greece, Ireland, Portugal, Spain, and Italy (and countless European banks). Greece would likely make a political decision to leave the Eurozone (probably after the fall of the Papandreou government). Contagion could not be easily contained. This would be a “Lehman moment” for the Eurozone—financial markets would shut down and there would be bank runs.

The resulting deep recession in Europe would probably be at least as bad as 2008/09, forcing the ECB to cut rates all the way to zero. In such a scenario, the euro would drop to parity against the dollar.

Such a meltdown scenario would doubtless finally galvanize European government to develop the necessary firepower to prevent other countries from being forced out of the Eurozone.

**Implications for the United States and the Rest of the World.** There are at least four transmission mechanisms of this crisis to the United States and the rest of the world. The first is via tighter credit conditions, because of the interconnectedness of European banks with those in most other regions of the world, especially North America, Asia, and Latin America. The second is by way of diminished exports to the Eurozone. This will have the largest impact on those economies that continue to rely on export-led growth. The third is via reduced corporate earnings for foreign investors in the Eurozone. This is important for the United States, since one-third of the stock of U.S. foreign direct investment is located in the Eurozone. Last but not least, some currencies (notably the U.S. dollar) will appreciate against the euro. This will hurt U.S. export growth even more and will reduce the dollar value of corporate earnings in the Eurozone.

In the “muddling along” scenario, the impact of a mild recession and Greek default on the rest of the world will probably be small but measurable—0.2-0.5 percentage point on growth in the United States, Asia, and the world economy—followed by a “relief rally.” Oil and commodity prices can be expected to grind down a little more.

The shock waves from a Eurozone “meltdown” scenario to the rest of the world would be big. The United States would fall into another recession (although probably not as deep as 2008/09). Asian growth would be cut by as much as 2.0 percentage points. The scope for more fiscal and monetary stimulus in the United States and Asia would be limited—governments are running out of ammunition. Oil and other commodity prices would likely fall by 40-50%.

**Eurozone and United States Scenarios Compared.** How does the Eurozone meltdown scenario relate to our U.S. recession scenario? Our U.S. recession scenario has a 40% probability, which exceeds the 25% probability of the Eurozone meltdown scenario. This means that we think that a U.S. recession is possible even without Eurozone meltdown. However, if Eurozone meltdown occurred, then the U.S. recession would be a deeper one.

### Key Forecast Assumptions

**Fiscal Policy: The Debt-Ceiling Deal.** The negotiations over the debt ceiling produced a further “down payment” on spending restraint, but no comprehensive long-term deficit reduction agreement. We have incorporated the discretionary spending cuts in our forecast. We assume that nondefense real federal government spending on goods and services falls 1.9% in calendar 2011 and 1.4% in 2012 as budget cuts bite. We assume that real defense spending falls 2.0% in 2011 and 3.3% in 2012, reflecting a combination of budget cuts and overseas contingency operations winding down.

**Fiscal Policy: Expiring Stimulus.** We assume that the 2% payroll tax cut and emergency unemployment insurance benefits are extended for 2012 and then phased out over several years, rather than disappearing overnight. We have not incorporated any other components of the president’s jobs plan.

**Fiscal Policy: The “Supercommittee” and Sequester.** We are not hopeful that the congressional supercommittee will come to an agreement that can get through Congress, but neither do we expect that automatic sequester will take effect on January 2013 (except perhaps temporarily). We have assumed that the new Congress and president will produce a package of spending cuts and tax increases that will replace sequester, mostly sparing discretionary spending since the cuts there are already aggressive. We have

assumed a combination of cuts in Medicare, Medicaid, and Social Security, and increases in income tax. The measures mostly begin in January 2014 (i.e., we assume that the Bush tax cuts are extended in 2013). In combination, these actions are sufficient to stabilize (but not reduce) the federal debt-to-GDP ratio.

**Oil-Price Pullback Assumed.** The price of oil initially proved remarkably resilient to recession fears, probably underpinned by strong growth in emerging-market demand, but it is now slipping. We now assume an average WTI price of \$76/barrel in the fourth quarter (previously \$91/barrel). Our 2012 price assumption is now \$89/barrel (previously \$98/barrel). We have also assumed a lower oil price in the second half of the decade than before (\$87/barrel for WTI instead of \$120/barrel as of 2020), largely because of upward revisions to our assumptions for North American production.

**Federal Reserve to Hold Rates Near Zero Until January 2014.** The Fed has said that it expected to keep its federal funds target in the 0.00-0.25% range until at least mid-2013. Given the weak profile of growth in our forecast, we anticipate that it will wait even longer before its first rate hike, until January 2014. We assume that another round of quantitative easing worth \$600 billion will be implemented starting in late 2011.

**Dollar to Continue to Gain on the Euro.** The euro/dollar rate has bounced up and down according to whether the market is focused upon Europe’s sovereign debt woes (which have hurt the euro) or on U.S. debt problems and interest-rate differentials (which have helped the euro). Sovereign debt is now the focus, and we assume that will take the dollar-euro rate down to \$1.25 by February 2012. We still see the dollar’s long-run trend as downward, but against emerging-market currencies rather than major currencies.

**Global Growth Slowing.** We project GDP growth in the United States’ major-currency trading partners to ease from 2.7% in 2010 to 1.7% in 2011 and 1.5% in 2012, while GDP growth for other important trading partners is projected to moderate from 7.3% in 2010 to 5.3% in 2011 and 4.2% in 2012.

*by Nariman Behravesh and Nigel Gault*

## Risks to the Forecast

The U.S. economy continues to move forward (albeit slowly), despite worries about the Eurozone's growth and sovereign debt prospects. Business surveys are weak, but still showing expansion; job growth is soft, but still positive; consumer and business confidence are near all-time lows, but private-sector spending is still growing. With Europe heading for at least a mild recession, will the U.S. economy manage to regain its footing and press forward, or will policy missteps here and in Europe take it back into recession?

In the pessimistic scenario, the U.S. economy falls back into recession as all growth engines fail. The economy begins to turn down in the fourth quarter, and then the expiry of the payroll tax cut and emergency unemployment insurance benefits in January 2012 hit frail consumers with full force, prompting a sharp private-sector retrenchment. Confidence levels plunge further, the housing sector hits new lows, and businesses facing extremely weak sales cut their workforces to the bone. Outside the United States, the Greek default is handled poorly, leading to sharp stock market losses and extreme volatility.

In the optimistic scenario, the U.S. economy reignites as Europe narrowly escapes recession, and fears of a prolonged downturn stateside pass quickly. Financial market stability, the continuation of the payroll tax cuts through 2012, and a steady stream of good news revitalize consumer confidence and spending, encouraging businesses to increase employment in order to meet demand. The housing sector responds immediately, and residential construction gives another boost to the economy.

**Double-Dip Recession (40% Probability):** This scenario assumes that the U.S. economy lacks the strength to withstand a combination of domestic and international headwinds. In this scenario, bad policy decisions at home impose unnecessary fiscal contraction on vulnerable consumers, leading to depressed confidence and extremely weak spending. Businesses facing low sales prospects cut wages and reduce their payrolls, pushing the unemployment rate to new highs. Abroad, European policymakers are unable to resolve the crisis in orderly fashion. European politicians provide too little support, too late, to stabilize financial markets and prevent contagion. Overall, world growth slows, lowering foreign demand for U.S. goods.

Domestically, uncertainty regarding the economic outlook and the future of fiscal and regulatory policies prompts a severe private-sector retrenchment. As payroll cuts become more frequent, the unemployment rate rapidly climbs to 10.4% by late 2012, with the economy losing 1.2 million jobs (out of the 1.9 million recovered since the employment trough of late 2009). With corporate earnings falling, and many businesses in dire conditions, investors pull out of stock markets and equity prices plunge further.

As parties on both sides of the aisle hold on to their positions in the runup to the presidential election, the policy void becomes greater. The payroll tax cut and the unemployment insurance benefits are allowed to expire in January 2012, hitting consumers with the equivalent of a tax hike worth about \$165 billion in 2012—or 0.6 percentage point on real GDP growth.

The U.S. economy contracts for three consecutive quarters starting in the fourth quarter of 2011. Overall, real GDP increases 1.5% in 2011 and falls 0.8% in 2012, compared with gains of 1.7% and 1.4% in the baseline. What hurts the most in this recession is not so much its depth, but rather the fact that it comes at a time when economic activity has yet to recover its previous peak.

Real personal consumption growth weakens to just 0.5% in 2012 (compared with 1.9% in the baseline), and real consumer spending per capita doesn't regain its prerecession level until the end of the decade. Light-vehicle sales are also severely affected, falling to just 11.9-million units in 2012 (versus 13.2 million in the baseline). On the housing front, the excess supply and weak demand conditions do not improve. Foreclosures continue to flood the market and home prices drop further. The median price of a single-family existing home falls more than 10% below the baseline by 2013. Housing starts drop back to 547,000 units in the last quarter of 2011 and 482,000 units in 2012 (compared with 611,000 and 665,000 units in the baseline).

In the face of global financial instability and weak global growth, the U.S. dollar initially benefits from its safe-haven status and strengthens. However, weak growth and insufficient progress on deficit reduction weaken it in the long run. The recessionary outlook combines with declining oil prices to push headline CPI inflation down to 0.4% in 2012

(compared with 1.3% in the baseline), while core CPI inflation remains under control at 1.2% in 2012. This prompts the Fed to keep the federal funds rate on hold in the 0.00-0.25% target range until 2015.

When the U.S. economy starts to pull out of the recession, a new set of troubles emerges. As pent-up demand gradually unfreezes, spare capacity proves insufficient, leading to production bottlenecks. Constraints on skilled-labor supplies appear quickly. Production shortages, weak productivity growth, a renewed surge in energy prices, and a still-weakening dollar (as concerns grow about the U.S. government's willingness and capacity to rein in the federal deficit) drive inflation higher. The Fed reacts by rapidly raising interest rates, but its response is too late. CPI inflation rises above the baseline by 2014, and the gap continues to widen. Monetary tightening eventually stabilizes core inflation at around 2.5-3.0%, but the Fed abandons its previous goal of just-below 2.0%.

**The Recovery Reignites (10% Probability):** In the optimistic scenario, economic recovery is sparked by pickups in business and consumer confidence, which lead to more spending and investment, while better news from across the Atlantic calms equity markets. Although Greek default is unavoidable, the rest of the Eurozone provides sufficient, credible, and early support to stabilize financial markets.

As the recovery begins to pick up steam, Congress stokes the fire by not only extending the payroll tax cut into 2012, but also reducing the employee portion of the Social Security tax rate further, to 3.1% (instead of 4.2% in the baseline). The tax cut amounts to roughly \$62.0 billion in 2012.

U.S. businesses continue to take advantage of growing demand in emerging markets. Exports increase 7.1% in 2011 and 7.5% in 2012, compared with 6.7% and 3.4% in the baseline. More demand means more jobs, and the unemployment rate falls to 8.9% at the end of 2011 and drops to 8.0% by the fourth quarter of 2012, compared with 9.3% and 9.4% in the baseline. GDP growth picks up significantly in the third quarter, improving to 3.2% (2.4% in

the baseline), and follows with 3.3% in the fourth quarter. Growth averages 1.9% in 2011 and 3.4% in 2012 (compared with 1.6% and 1.4% in the baseline).

Gasoline prices rise above the baseline because a stronger growth profile supports higher oil prices, at least initially. Consumer price inflation is 3.3% in 2011 and 2.0% in 2012, compared with 3.0% and 1.3% in the baseline. Core inflation—excluding food and energy—is also higher than in the baseline. In the long term, however, the optimistic scenario assumes stronger growth in total factor productivity, which delivers lower inflation and higher income gains, and both core inflation and oil prices fall below the baseline by 2014.

The rebound in vehicle sales is more pronounced in the optimistic scenario than in the baseline. Sales reach 14.6-million units in 2012 and 16.3-million units in 2013 (versus 13.2 million and 14.7 million in the baseline).

The optimistic scenario also sees a quicker, sustained recovery in residential construction. Fixed residential investment soars 19.5% in 2012, and follows that with a 28.6% rise in 2013 (4.3% and 17.9%, respectively, in the baseline). Overall, housing starts reach 924,000 units in 2012 (665,000 in the baseline).

As a result of the stronger economy, long-term interest rates initially climb more quickly than in the baseline. In light of stronger-than-expected growth, the Federal Reserve rethinks its pledge to keep interest rates near zero through mid-2013 and begins hiking rates in the first quarter of 2013. The move calms the bond market and bolsters confidence that inflation will remain subdued over the longer term.

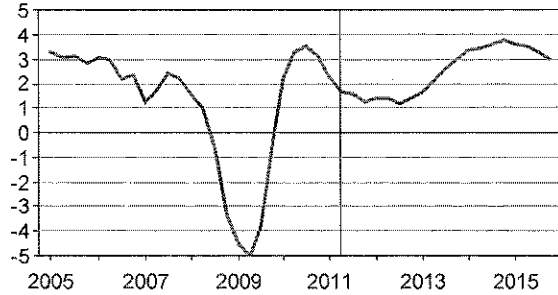
In short, the optimistic alternative sees an immediate pick-up in consumer confidence and spending, financial market stability as the Eurozone's debt issues are forcefully addressed, and stronger, more stable U.S. growth than in the baseline, without adverse consequences for the long-term inflation outlook.

*by Gregory Daco and Erik Johnson*

## Forecast at a Glance

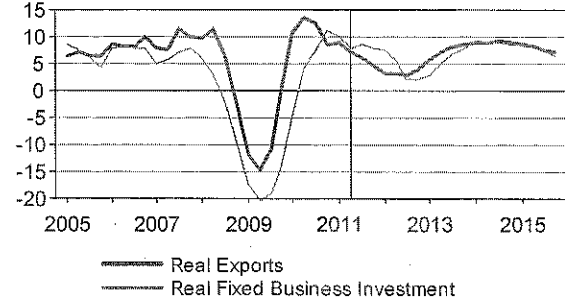
### Sustained But Modest Growth

(Real GDP, percent change from a year earlier)



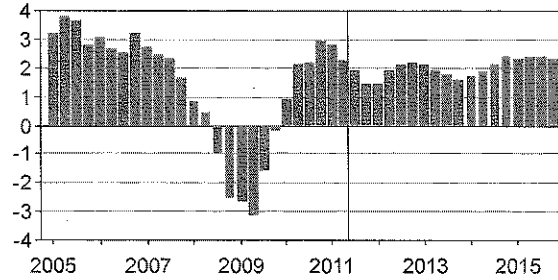
### Exports, Business Spending Support Growth

(Percent change from a year earlier)



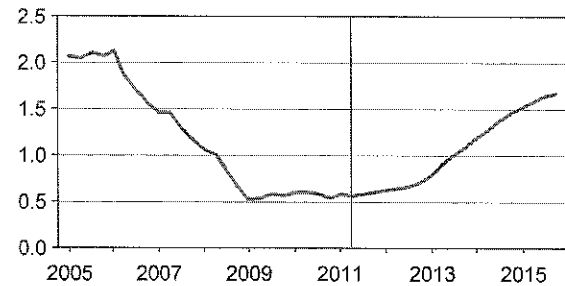
### Restrained Consumer Spending Growth

(Real consumer spending, percent change from a year earlier)



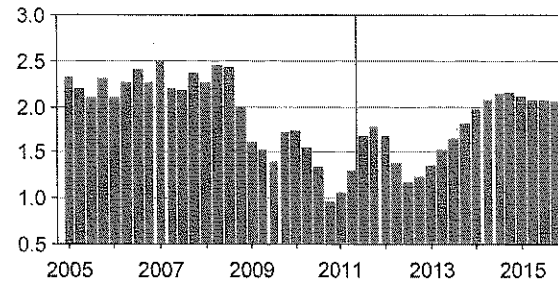
### A Prolonged Trough for Housing Starts

(Million units)



### Core Inflation Should Ease in 2012

(Core consumption price index, percent change from a year earlier)



### Fed Holds Rates Near 0% Until 2014

(Percent)

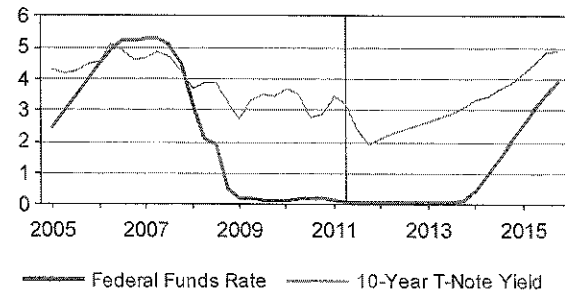


TABLE 1  
Monthly Economic Indicators

	Aug. 2010	Sep. 2010	Feb. 2011	Mar. 2011	Apr. 2011	May. 2011	Jun. 2011	Jul. 2011	Aug. 2011	Sep. 2011	2008	2009	2010
<b>Industrial Markets</b>													
Industrial Prod. Total (2007=100.0)	91.0	91.2	92.5	93.1	92.7	93.0	93.0	93.9	94.0		96.3	85.5	90.1
Percent Change	0.2	0.3	-0.4	0.7	-0.4	0.3	0.1	0.9	0.2		-3.7	-11.2	5.3
Percent Change Year Earlier	6.8	6.3	5.2	5.3	4.5	3.4	3.4	3.4	3.4				
Capacity Utilization, Manufacturing (%)	72.6	72.7	74.4	74.8	74.4	74.4	74.4	74.7	75.0		74.9	66.2	71.7
Unemployment Rate (%)	9.6	9.6	8.9	8.8	9.0	9.1	9.2	9.1	9.1	9.1	5.8	9.3	9.6
Payroll Employment (Mil.)	129.873	129.844	130.563	130.757	130.974	131.027	131.047	131.174	131.231	131.334	136.778	130.789	129.822
Change (Mil.)	-0.059	-0.029	0.235	0.194	0.217	0.053	0.020	0.127	0.057	0.103	-0.809	-5.989	-0.967
Leading Indicator (1992=1.000)	1.091	1.099	1.135	1.143	1.140	1.148	1.152	1.159	1.162		1.010	1.013	1.092
Percent Change	0.1	0.7	0.9	0.7	-0.3	0.7	0.3	0.6	0.3		-3.1	0.3	7.8
New Orders, Mfg. (Bil. \$)	395.2	410.1	429.7	445.8	441.7	444.5	442.7	451.9	451.0		451.3	353.3	398.7
Percent Change	-0.7	3.7	-0.3	3.8	-0.9	0.6	-0.4	2.1	-0.2		0.5	-21.7	12.9
Inv. Chg., Mfg. & Trade (Bil. \$)	11.6	14.6	10.8	18.3	14.1	14.0	6.2	6.4			-17.9	-136.4	113.6
Merchandise Trade Bal. (Bil. \$)	-56.8	-55.3	-59.1	-60.5	-57.3	-64.3	-66.0	-59.7			-816.2	-503.6	-634.9
<b>Consumer Markets</b>													
Disposable Income (Bil. 2005\$)	10129	10114	10186	10188	10188	10190	10217	10192	10163		10119	9883	10062
Percent Change	0.3	-0.2	0.1	0.0	0.0	0.0	0.3	-0.2	-0.3		2.4	-2.3	1.8
Personal Income (Bil. \$)	12473	12478	12851	12910	12962	12997	13019	13036	13028		12460	11930	12374
Percent Change	0.5	0.0	0.6	0.5	0.4	0.3	0.2	0.1	-0.1		4.6	-4.3	3.7
Personal Saving Rate (%)	5.6	5.4	5.0	4.9	5.0	5.0	5.3	4.7	4.5		5.4	5.1	5.3
Consumer Expenditures (Bil. \$)	10286	10316	10578	10639	10670	10690	10668	10745	10768		10036	9866	10246
Percent Change	0.6	0.3	0.8	0.6	0.3	0.2	-0.2	0.7	0.2		2.7	-1.7	3.8
Retail Sales (Bil. \$)	363.5	366.7	384.0	387.0	387.7	387.5	388.3	389.3	389.5		4401.3	4093.2	4354.3
Percent Change	1.1	0.9	1.3	0.8	0.2	0.0	0.2	0.3	0.0		-1.2	-7.0	6.4
Non-Auto. Retail Sales (Bil. \$)	301.1	303.0	315.5	319.4	320.5	321.4	321.8	322.8	323.1		3616.5	3416.0	3609.3
Percent Change	1.2	0.6	1.2	1.2	0.3	0.3	0.1	0.3	0.1		2.1	-5.5	5.7
New Light-Vehicle Sales (Mil.)	11.5	11.8	13.2	13.0	13.1	11.7	11.5	12.2	12.1	13.0	13.2	10.4	11.6
Housing Starts (Mil.)	0.606	0.597	0.518	0.593	0.549	0.553	0.615	0.601	0.571		0.900	0.554	0.585
New Home Sales (Mil.)	0.278	0.316	0.281	0.305	0.316	0.308	0.303	0.302	0.295		0.482	0.374	0.321
Existing Home Sales (Mil.)	4.240	4.410	4.920	5.090	5.000	4.810	4.840	4.670	5.030		4.894	5.149	4.918
Chg. Consumer Install. Credit (Bil. \$)	-4.5	-1.3	8.2	4.3	3.7	6.0	11.3	11.9	-9.5		39.3	-111.7	-41.8
<b>Prices and Wages</b>													
CPI, All Urban Consumers	2.181	2.184	2.223	2.235	2.244	2.248	2.243	2.254	2.263		2.153	2.145	2.181
Percent Change Year Earlier	1.2	1.1	2.2	2.7	3.1	3.4	3.4	3.6	3.8		3.8	-0.3	1.6
Core Cons. Price Defl. (2005=100.0)	110.4	110.4	111.0	111.1	111.3	111.6	111.8	112.0	112.2		107.0	108.7	110.2
Percent Change Year Earlier	1.4	1.2	1.1	1.0	1.2	1.3	1.4	1.6	1.6		2.3	1.6	1.4
PPI, Finished Goods	1.797	1.802	1.882	1.895	1.910	1.917	1.910	1.914	1.914		1.772	1.727	1.799
Percent Change Year Earlier	3.2	3.9	5.6	5.6	6.5	7.0	7.0	7.2	6.5		6.4	-2.5	4.2
PPI, Industrial Commodities (NSA)	1.875	1.868	1.964	2.004	2.042	2.059	2.051	2.061	2.038		1.923	1.749	1.870
Percent Change Year Earlier	5.5	5.6	7.0	8.0	9.2	10.0	10.0	10.4	8.7		9.8	-9.1	7.0
Avg. Private Hourly Earnings (\$)	19.13	19.14	19.32	19.32	19.37	19.42	19.43	19.49	19.49	19.52	18.09	18.63	19.07
Percent Change Year Earlier	2.4	2.2	2.1	2.1	2.1	2.0	2.0	2.1	1.9	2.0	3.8	3.0	2.4
West Texas Int. Crude Oil (\$/bbl.)	76.82	75.31	89.58	102.94	110.04	101.33	96.29	97.19	86.33	85.61	99.61	61.69	79.41
Percent Change Year Earlier	8.1	8.4	17.2	26.7	30.3	37.2	27.8	27.6	12.4	13.7	37.8	-38.1	28.7
Henry Hub Spot Natural Gas (\$/mmbtu)	4.31	3.90	4.09	3.97	4.24	4.30	4.55	4.42	4.05	3.89	8.85	3.95	4.39
Percent Change Year Earlier	36.8	29.6	-23.2	-7.5	5.1	3.8	-5.4	-4.5	-5.8	-0.3	26.8	-55.4	11.1
<b>Financial Markets</b>													
Federal Funds Rate (%)	0.19	0.19	0.16	0.14	0.10	0.09	0.09	0.07	0.10	0.08	1.93	0.16	0.18
3-Month T-Bill Rate (%)	0.16	0.15	0.13	0.10	0.06	0.04	0.04	0.04	0.02	0.01	1.37	0.15	0.14
Commercial Bank Prime Rate (%)	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	5.09	3.25	3.25
Moody's Aaa Corp. Bond Yield (%)	4.49	4.53	5.22	5.13	5.16	4.96	4.99	4.93	4.37	4.09	5.63	5.31	4.94
10-Year Treasury Note Yield (%)	2.70	2.65	3.58	3.41	3.46	3.17	3.00	3.00	2.30	1.98	3.67	3.26	3.21
Conv. Mortgage Rate, FHLMC (%)	4.43	4.35	4.95	4.84	4.84	4.64	4.51	4.55	4.27	4.11	6.04	5.04	4.69
M1 Money Supply (Bil. \$)	1746	1769	1872	1889	1899	1931	1947	2006	2109		1433	1637	1741
Percent Change	1.2	1.3	1.1	0.9	0.5	1.7	0.8	3.0	5.1		15.8	5.6	7.7
M2 Money Supply (Bil. \$)	8654	8702	8900	8928	8964	9020	9112	9314	9545		7818	8434	8625
Percent Change	0.5	0.6	0.7	0.3	0.4	0.6	1.0	2.2	2.5		9.6	3.4	3.3
<b>Trade-Weighted US\$, 18 Countries</b>													
Morgan Guaranty Index (1990=100.0)	84.3	83.5	80.2	79.3	78.1	78.0	78.0	77.4	77.8	80.0	82.8	87.3	83.8
Percent Change	-0.9	-0.9	-0.8	-1.1	-1.5	-0.2	0.1	-0.8	0.5	2.9	-3.5	5.4	-4.0
Percent Change Year Earlier	-1.2	-1.1	-5.2	-5.5	-6.7	-9.6	-10.0	-9.1	-7.8	-4.2			
Real Morgan Guaranty Index	87.9	86.8	82.3	80.9	79.7	79.7	80.4	80.0	80.5	83.0	82.5	91.2	86.8
Percent Change	-0.8	-1.2	-1.1	-1.7	-1.6	0.0	1.0	-0.5	0.5	3.1	-3.0	10.6	-4.8
Percent Change Year Earlier	-1.7	-1.6	-6.3	-6.9	-7.6	-10.4	-10.5	-9.6	-8.4	-4.4			

TABLE 2

## Summary of the U.S. Economy

	2011:1	2011:2	2011:3	2011:4	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4	2014:1
<b>Composition of Real GDP, Percent Change, Annual Rate</b>													
Gross Domestic Product	0.4	1.3	2.4	1.0	1.1	1.3	1.4	1.8	2.2	3.2	3.3	3.3	3.6
Final Sales of Domestic Product	0.0	1.6	2.8	1.2	0.8	1.2	1.4	2.0	2.3	3.0	3.0	3.1	3.6
Total Consumption	2.1	0.7	1.3	1.8	1.9	2.5	2.2	2.2	1.7	1.5	1.6	1.4	2.2
Durables	11.7	-5.3	5.9	4.3	2.5	6.5	5.3	7.3	6.0	3.6	3.8	1.0	2.4
Nondurables	1.6	0.2	-3.0	4.4	2.1	2.2	2.2	1.5	1.4	1.2	1.2	1.0	1.1
Services	0.8	1.9	2.1	0.6	1.8	2.0	1.7	1.6	1.0	1.3	1.4	1.6	2.5
Nonresidential Fixed Investment	2.1	10.3	14.6	5.6	0.1	2.1	1.2	5.4	3.5	10.1	9.4	9.2	8.6
Equipment & Software	8.7	6.2	12.4	6.6	3.3	6.9	6.5	8.0	3.4	9.9	9.4	8.4	7.2
Information Processing Equipment	0.3	8.9	3.1	14.0	4.8	7.1	7.2	9.8	1.4	7.2	8.8	7.2	6.1
Computers & Peripherals	-6.5	50.3	8.7	16.3	7.5	13.2	19.3	23.6	0.8	10.3	22.8	17.5	13.8
Communications Equipment	-4.0	-18.1	-10.4	32.6	16.0	6.7	0.7	4.8	-4.7	11.2	11.0	8.2	8.6
Industrial Equipment	11.7	-0.8	6.9	17.9	10.5	7.4	7.7	5.8	0.7	4.9	7.6	7.2	5.8
Transportation equipment	37.8	14.9	30.2	-2.8	6.2	15.4	18.3	4.3	16.8	22.7	9.0	10.1	7.1
Aircraft	-25.0	42.1	10.8	-4.5	24.0	12.4	8.7	4.9	1.5	6.3	6.8	5.7	7.4
Other Equipment	12.6	-0.5	33.8	-13.4	-9.7	-0.7	-6.3	8.1	0.8	11.9	13.7	11.9	12.0
Structures	-14.3	22.6	20.8	2.8	-8.0	-10.4	-12.6	-2.1	3.7	10.7	9.4	11.4	13.0
Commercial & Health Care	-19.5	22.7	25.5	4.9	-0.8	2.9	-6.0	-3.8	3.3	8.8	11.2	17.8	19.8
Manufacturing	-20.5	55.4	17.0	14.3	5.1	-1.4	-6.2	-7.2	-6.5	30.5	32.0	21.9	21.2
Power & Communication	-33.3	13.0	13.6	-0.1	-13.8	-16.4	-14.0	-6.2	-1.9	-1.2	-1.1	7.2	5.5
Mining & Petroleum	8.0	33.6	29.6	3.9	-15.2	-21.6	-18.3	4.9	10.3	11.6	3.2	1.1	4.9
Other	-11.1	-2.4	7.3	-6.0	-0.3	0.7	-13.1	-4.3	6.3	16.2	18.9	20.2	20.9
Residential Fixed Investment	-2.5	4.2	2.6	-3.5	4.5	8.4	9.5	8.2	15.9	26.5	31.4	29.0	24.8
Exports	7.9	3.6	5.1	2.4	2.1	2.9	5.0	6.7	8.4	9.1	8.5	9.2	9.1
Imports	8.3	1.4	-0.5	2.6	1.5	3.9	4.1	4.4	2.3	4.2	4.7	4.1	3.7
Federal Government	-9.4	1.9	-1.7	0.2	-4.4	-4.4	-3.9	-3.9	-3.7	-3.2	-3.1	-3.1	-3.0
State & Local Government	-3.3	-2.8	-2.4	-3.9	-2.7	-2.9	-1.6	-1.5	-0.9	0.0	-0.2	0.2	0.4
<b>Billions of Dollars</b>													
Real GDP	13227.9	13271.8	13350.1	13382.4	13419.8	13463.6	13510.6	13571.6	13644.9	13752.1	13864.9	13978.2	14101.8
Nominal GDP	14867.8	15012.8	15192.6	15294.7	15392.3	15450.3	15548.5	15661.8	15801.1	15977.4	16168.1	16367.3	16593.1
<b>Prices &amp; Wages, Percent Change, Annual Rate</b>													
GDP Deflator	2.5	2.5	2.5	1.7	1.4	0.2	1.1	1.1	1.4	1.3	1.5	1.7	2.0
Consumer Prices	5.2	4.1	3.1	-0.8	1.1	0.6	2.4	1.9	1.9	1.9	2.0	2.2	2.6
Producer Prices, Finished Goods	12.4	7.7	1.1	-4.0	-0.2	-0.1	2.0	2.2	2.1	1.4	1.9	2.2	1.8
Employment Cost Index - Total Comp.	2.1	3.2	2.4	2.0	2.6	1.9	2.1	2.1	2.5	2.4	2.3	2.5	2.9
<b>Other Key Measures</b>													
Oil - WTI (\$ per barrel)	93.98	102.55	89.71	76.00	79.42	85.54	93.67	95.79	97.25	97.71	97.83	98.29	101.50
Productivity (%ch., saar)	-0.6	-0.7	3.3	0.9	0.4	0.3	0.4	0.6	0.9	1.6	1.5	1.4	1.5
Total Industrial Production (%ch., saar)	4.8	0.5	4.1	0.3	0.9	1.7	2.2	2.3	3.1	4.1	4.3	4.5	4.8
Factory Operating Rate	74.5	74.4	74.8	74.7	74.9	75.2	75.5	75.6	75.7	76.4	77.0	77.6	78.1
Nonfarm Inven. Chg. (Bil. 2005 \$)	59.7	51.0	37.8	28.1	35.8	36.6	34.8	29.8	27.5	33.2	44.0	52.3	50.9
Consumer Sentiment Index	73.1	71.9	59.6	62.9	64.5	68.9	69.8	72.2	74.7	75.8	77.6	78.9	79.0
Light Vehicle Sales (Mil. units, saar)	12.97	12.11	12.45	12.60	12.60	12.98	13.40	13.83	14.30	14.69	14.96	15.01	15.17
Housing Starts (Mil. units, saar)	0.582	0.572	0.582	0.611	0.627	0.645	0.677	0.711	0.784	0.897	0.999	1.094	1.187
Exist. House Sales (Total, Mil. saar)	5.137	4.883	4.826	4.725	4.879	5.018	5.147	5.303	5.444	5.467	5.545	5.594	5.609
Unemployment Rate (%)	8.9	9.1	9.1	9.3	9.3	9.3	9.4	9.4	9.3	9.2	9.1	8.9	8.7
Payroll Employment (%ch., saar)	1.3	1.4	0.4	0.1	0.3	1.0	1.0	1.1	1.1	1.5	1.9	2.0	2.0
Federal Surplus (Unified, nsa, bil. \$)	-460.5	-141.1	-295.6	-341.9	-404.0	-83.4	-257.2	-297.8	-334.7	-13.8	-189.0	-234.4	-293.9
Current Account Balance (Bil. \$)	-478.4	-472.0	-420.5	-376.0	-364.1	-395.7	-421.9	-422.7	-400.8	-392.8	-406.3	-408.9	-409.5
<b>Financial Markets, NSA</b>													
Federal Funds Rate (%)	0.16	0.09	0.08	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.12	0.47
3-Month Treasury Bill Rate (%)	0.13	0.05	0.02	0.04	0.06	0.06	0.06	0.06	0.06	0.06	0.07	0.18	0.57
10-Year Treasury Note Yield (%)	3.46	3.21	2.43	1.93	2.08	2.27	2.43	2.51	2.64	2.76	2.87	3.07	3.32
30-Year Fixed Mortgage Rate (%)	4.85	4.66	4.31	3.90	3.83	3.99	4.13	4.17	4.24	4.30	4.39	4.57	4.80
S&P 500 Stock Index	1303	1319	1228	1100	1150	1185	1204	1222	1241	1259	1277	1295	1314
(Four-Quarter % change)	16.2	16.2	12.0	-8.6	-11.7	-10.2	-2.0	11.1	7.9	6.2	6.1	6.0	5.9
Exchange Rate, Major Trading Partners	0.857	0.830	0.832	0.874	0.885	0.884	0.873	0.867	0.862	0.857	0.854	0.852	0.848
(% change, annual rate)	-5.7	-12.2	1.0	21.8	5.1	-0.5	-4.9	-2.7	-2.5	-2.3	-1.0	-1.0	-2.0
<b>Incomes</b>													
Personal Income (% ch., saar)	8.8	4.6	1.6	3.4	4.0	3.3	3.2	3.3	2.6	4.0	4.2	4.3	6.1
Real Disposable Income (%ch., saar)	1.2	0.6	-1.0	4.4	2.2	2.2	0.4	0.9	-1.0	1.3	1.8	2.3	2.7
Saving Rate (%)	5.0	5.1	4.5	5.1	5.1	5.1	4.7	4.4	3.7	3.7	3.7	3.9	4.0
After-Tax Profits (Billions of \$)	1455	1470	1491	1465	1545	1533	1552	1569	1675	1707	1729	1754	1782
(Four-quarter % change)	2.8	0.3	5.5	9.5	6.2	4.3	4.1	7.1	8.4	11.3	11.4	11.8	6.4

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TABLE 3  
Summary of the U.S. Economy

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Composition of Real GDP, Percent Change</b>													
Gross Domestic Product	3.5	3.1	2.7	1.9	-0.3	-3.5	3.0	1.7	1.4	2.4	3.5	3.4	2.9
Final Sales of Domestic Product	3.1	3.2	2.6	2.2	0.2	-2.6	1.4	1.9	1.4	2.3	3.5	3.4	2.9
Total Consumption	3.3	3.4	2.9	2.3	-0.6	-1.9	2.0	2.1	1.9	1.8	2.0	2.4	2.4
Durables	7.3	5.9	4.5	5.0	-4.9	-5.4	7.2	7.5	4.1	5.1	2.9	4.6	5.4
Nondurables	2.8	3.2	2.6	1.9	-1.2	-1.8	2.9	1.6	1.8	1.5	1.2	1.5	1.8
Services	2.7	3.0	2.6	1.9	0.4	-1.4	0.9	1.4	1.6	1.4	2.1	2.3	2.2
Nonresidential Fixed Investment	6.2	6.7	8.0	6.5	-0.8	-17.9	4.4	8.7	4.3	5.8	9.0	7.7	5.0
Equipment & Software	7.9	8.5	7.6	3.3	-4.3	-16.0	14.6	9.9	6.6	7.1	8.1	6.5	3.9
Information Processing Equipment	9.8	7.3	8.6	8.1	2.1	-3.8	9.9	6.7	7.5	6.4	6.9	6.9	6.7
Computers & Peripherals	11.4	11.7	23.1	14.0	7.9	-3.2	30.5	16.5	15.1	13.4	15.7	14.6	15.7
Communications Equipment	10.3	1.8	12.7	11.3	-5.1	-8.1	12.5	0.1	8.2	4.1	9.0	8.9	7.6
Industrial Equipment	-2.8	8.3	8.3	4.0	-3.9	-20.7	6.9	9.7	9.4	5.0	6.3	6.5	2.1
Transportation equipment	15.6	11.9	8.1	-5.5	-23.2	-50.5	68.9	24.0	10.7	14.1	9.7	0.9	-6.4
Aircraft	11.0	-12.5	-6.4	30.5	-3.2	-25.1	-1.2	2.4	12.2	5.5	6.8	7.1	4.2
Other Equipment	6.1	8.8	3.7	-0.7	-3.5	-18.1	11.6	10.0	-2.1	5.4	12.2	10.9	7.3
Structures	1.1	1.4	9.2	14.1	6.4	-21.2	-15.8	5.6	-1.8	1.9	11.5	11.0	8.0
Commercial & Health Care	2.5	-0.9	6.1	10.0	-3.7	-30.7	-24.5	-1.4	4.3	3.5	19.4	22.9	15.9
Manufacturing	4.9	17.3	10.3	18.2	24.8	4.5	-31.8	-10.2	6.9	6.1	19.1	16.3	12.0
Power & Communication	-17.0	-2.3	7.8	39.2	9.1	0.7	-15.1	4.8	-6.7	-4.6	5.6	5.0	-2.7
Mining & Petroleum	16.4	10.3	14.5	6.1	8.4	-35.2	16.6	27.0	-5.1	1.8	1.7	-1.6	0.9
Other	1.4	-5.5	9.2	15.4	12.6	-18.7	-26.2	-8.8	-2.4	5.3	19.0	14.0	10.5
Residential Fixed Investment	9.8	6.2	-7.3	-18.7	-23.9	-22.2	-4.3	-2.1	4.3	17.9	25.3	15.6	5.8
Exports	9.5	6.8	9.0	9.3	6.1	-9.4	11.3	6.7	3.4	7.5	9.1	8.0	7.1
Imports	11.1	6.1	6.1	2.4	-2.7	-13.6	12.5	4.6	2.4	3.8	4.1	4.6	4.1
Federal Government	4.1	1.3	2.1	1.2	7.2	6.0	4.5	-1.9	-2.7	-3.6	-2.9	-2.0	-1.3
State & Local Government	-0.2	-0.2	0.9	1.4	0.0	-0.9	-1.8	-2.4	-2.7	-0.9	0.4	0.8	1.0
<b>Billions of Dollars</b>													
Real GDP	12246.9	12623.0	12958.5	13206.4	13161.9	12703.1	13088.0	13308.0	13491.4	13810.0	14298.3	14778.8	15200.1
Nominal GDP	11853.3	12623.0	13377.2	14028.7	14291.6	13938.9	14526.6	15092.0	15513.2	16078.5	16941.1	17845.0	18692.6
<b>Prices &amp; Wages, Percent Change</b>													
GDP Deflator	2.8	3.3	3.2	2.9	2.2	1.1	1.2	2.2	1.4	1.2	1.8	1.9	1.8
Consumer Prices	2.7	3.4	3.2	2.9	3.8	-0.3	1.6	3.0	1.3	1.9	2.3	2.1	1.9
Producer Prices, Finished Goods	3.6	4.9	2.9	3.9	6.4	-2.5	4.2	5.7	0.1	1.8	1.9	1.5	1.1
Employment Cost Index - Total Comp.	3.8	3.1	2.9	3.1	2.9	1.4	1.9	2.3	2.3	2.3	2.6	2.8	2.9
<b>Other Key Measures</b>													
Oil - WTI (\$ per barrel)	41.45	56.46	66.10	72.28	99.61	61.69	79.41	90.56	88.60	97.77	106.04	108.01	106.70
Productivity (%ch.)	2.6	1.6	0.9	1.5	0.6	2.3	4.1	0.9	0.8	1.0	1.5	1.4	1.5
Total Industrial Production (%ch.)	2.3	3.2	2.2	2.7	-3.7	-11.2	5.3	3.6	1.6	3.2	4.6	3.8	2.7
Factory Operating Rate	76.1	78.2	78.6	79.2	74.9	66.2	71.7	74.6	75.3	76.7	79.0	80.3	80.3
Nonfarm Inven. Chg. (Bil. 2005 \$)	58.3	49.8	63.2	28.7	-37.6	-143.8	60.7	44.1	34.3	39.3	49.4	48.1	44.0
Consumer Sentiment Index	95.2	88.6	87.3	85.6	63.8	66.3	71.8	66.9	68.8	76.7	79.3	81.2	83.5
Light Vehicle Sales (Mil. units)	16.87	16.95	16.50	16.09	13.19	10.40	11.55	12.53	13.20	14.74	15.60	16.20	16.60
Housing Starts (Mil. units)	1.950	2.073	1.812	1.342	0.900	0.554	0.585	0.587	0.665	0.943	1.330	1.612	1.735
Exist. House Sales (Total, Mil. units)	6.727	7.076	6.516	5.875	4.894	5.149	4.918	4.893	5.087	5.512	5.796	6.169	6.279
Unemployment Rate (%)	5.5	5.1	4.6	4.6	5.8	9.3	9.6	9.1	9.3	9.1	8.4	7.6	7.1
Payroll Employment (%ch.)	1.1	1.7	1.8	1.1	-0.6	-4.4	-0.7	0.9	0.6	1.3	2.0	2.0	1.7
Federal Surplus (Unified, FY, bil. \$)	-412.8	-318.7	-248.2	-161.5	-454.8	-1415.7	-1294.2	-1266.1	-1086.5	-835.2	-689.1	-627.0	-600.4
Current Account Balance (Bil. \$)	-628.5	-745.8	-800.6	-710.3	-677.1	-376.6	-470.9	-436.7	-401.1	-402.2	-422.6	-463.5	-443.0
<b>Financial Markets, NSA</b>													
Federal Funds Rate (%)	1.35	3.21	4.96	5.02	1.93	0.16	0.18	0.11	0.10	0.11	1.23	3.27	4.0
3-Month Treasury Bill Rate (%)	1.37	3.15	4.73	4.35	1.37	0.15	0.14	0.06	0.06	0.09	1.31	3.20	3.77
10-Year Treasury Note Yield (%)	4.27	4.29	4.79	4.63	3.67	3.26	3.21	2.76	2.32	2.84	3.58	4.60	4.91
30-Year Fixed Mortgage Rate (%)	5.84	5.87	6.41	6.34	6.04	5.04	4.69	4.43	4.03	4.38	5.02	5.98	6.29
S&P 500 Stock Index	1131	1207	1311	1477	1221	947	1139	1237	1190	1268	1342	1423	1513
(Percent change)	17.3	6.8	8.6	12.7	-17.3	-22.5	20.3	8.6	-3.8	6.5	5.9	6.0	6.3
Exchange Rate, Major Trading Partners	1.020	1.000	0.985	0.930	0.888	0.926	0.898	0.848	0.877	0.856	0.845	0.841	0.841
(Percent change)	-8.2	-1.9	-1.5	-5.6	-4.5	4.3	-3.0	-5.6	3.4	-2.4	-1.3	-0.5	0.0
<b>Incomes</b>													
Personal Income (% ch.)	6.0	5.5	7.5	5.7	4.6	-4.3	3.7	5.1	3.3	3.4	5.2	5.4	5.1
Real Disposable Income (%ch.)	3.4	1.4	4.0	2.4	2.4	-2.3	1.8	1.5	1.8	0.7	2.7	3.1	2.8
Saving Rate (%)	3.6	1.6	2.6	2.4	5.4	5.2	5.3	4.9	4.8	3.8	4.4	5.0	5.2
After-Tax Profits (Billions of \$)	923	1228	1349	1293	1051	1183	1408	1470	1550	1716	1789	1708	1704
(Percent change)	40.0	33.0	9.9	-4.2	-18.7	12.6	19.0	4.4	5.4	10.7	4.3	-4.5	-0.2



TABLE 4  
Alternative Scenarios of the U.S. Economy

	2011:2	2011:3	2011:4	2012:1	2012:2	2012:3	2010	2011	2012	2013	2014	2015	2016
<b>Double-Dip Recession (Prob. = 40%)</b>													
<b>Composition of Real GDP, Percent Change, Annual Rate</b>													
Gross Domestic Product	1.3	1.8	-1.2	-2.9	-0.9	0.1	3.0	1.5	-0.8	1.1	3.1	2.7	2.5
Total Consumption	0.7	0.9	0.5	-0.9	1.4	1.3	2.0	2.0	0.5	0.6	0.7	1.3	1.7
Nonresidential Fixed Investment	10.3	12.3	-1.5	-6.1	-0.4	-2.8	4.4	7.9	-0.2	2.3	9.3	8.2	4.9
Residential Fixed Investment	4.2	1.2	-15.8	-21.7	-15.0	8.1	-4.3	-3.1	-9.5	12.9	23.6	18.8	8.5
Exports	3.6	4.4	-0.8	-4.7	-4.6	1.4	11.3	6.4	-1.2	5.0	9.9	6.6	6.8
Imports	1.4	-1.1	-0.4	-3.3	-0.7	1.4	12.6	4.4	-0.9	0.3	1.2	2.8	3.0
Federal Government	1.9	-1.7	0.2	-4.4	-4.4	-3.9	4.5	-1.9	-2.7	-3.7	-3.2	-2.2	-1.5
State & Local Government	-2.8	-2.5	-4.7	-3.5	-3.4	-2.5	-1.8	-2.5	-3.4	-2.1	-0.2	0.5	0.7
<b>Prices &amp; Wages, Percent Change, Annual Rate</b>													
Consumer Prices	4.1	3.1	-2.0	-0.2	-0.1	1.2	1.6	3.0	0.4	1.9	3.2	2.6	2.2
Producer Prices, Finished Goods	7.7	1.2	-6.0	-3.3	-1.6	-0.4	4.2	5.5	-1.6	2.1	4.0	2.7	1.6
Employment Cost Index - Total Comp.	3.2	2.1	1.8	2.2	1.4	1.6	1.9	2.3	1.9	1.7	2.0	2.5	3.0
<b>Other Key Measures</b>													
Oil - WTI (\$ per barrel)	102.55	89.71	69.00	67.00	72.00	75.73	79.41	88.81	73.42	87.76	113.05	122.05	120.75
Productivity (%ch., saar)	-0.7	2.6	-0.7	-2.2	-0.1	0.7	4.1	0.7	-0.3	0.9	1.5	0.9	1.2
Total Industrial Production (%ch., saar)	0.5	3.7	-3.4	-4.1	-1.5	-0.1	5.3	3.4	-1.4	2.1	4.9	3.3	2.4
Nonfarm Inven. Chg. (Bil. 2005 \$)	51.0	35.1	18.0	5.9	-5.3	-11.5	60.7	40.9	-6.9	4.9	34.4	33.5	30.8
Consumer Sentiment Index	71.9	59.6	58.3	55.7	63.9	64.6	71.8	65.7	62.5	68.7	72.8	75.7	75.4
Light Vehicle Sales (Mil. units, saar)	12.11	12.45	12.04	11.37	11.47	12.08	11.55	12.39	11.86	13.25	14.26	14.67	14.90
Housing Starts (Mil. units, saar)	0.572	0.574	0.547	0.425	0.412	0.525	0.585	0.569	0.482	0.681	1.045	1.353	1.539
Unemployment Rate (%)	9.1	9.1	9.4	9.7	10.0	10.2	9.6	9.1	10.1	10.5	9.9	9.1	8.7
Payroll Employment (%ch., saar)	1.4	0.4	-0.8	-1.4	-0.5	-0.4	-0.7	0.8	-0.5	0.1	1.5	1.8	1.7
Federal Surplus (Unified, FY, bil. \$)	-141.1	-297.0	-350.9	-390.1	-72.3	-248.9	-1294.2	-1267.5	-1062.3	-824.7	-736.4	-722.8	-734.6
<b>Financial Markets, NSA</b>													
Federal Funds Rate (%)	0.09	0.08	0.08	0.08	0.08	0.08	0.18	0.10	0.08	0.08	0.11	0.79	2.82
10-Year Treasury Note Yield (%)	3.21	2.43	1.70	1.35	1.45	1.65	3.21	2.70	1.54	2.17	3.11	4.38	5.61
<b>Incomes</b>													
Personal Income (% ch., saar)	4.6	1.1	2.2	-2.4	0.9	0.9	3.7	5.0	0.6	1.6	4.6	5.2	5.4
After-Tax Profits (Four-qr.% change)	0.3	4.4	5.4	-1.4	-3.4	-2.5	19.0	3.2	-1.0	10.8	5.1	-6.2	-0.2
<b>The Recovery Reignites (Prob. = 10%)</b>													
<b>Composition of Real GDP, Percent Change, Annual Rate</b>													
Gross Domestic Product	1.3	3.2	3.3	3.8	3.7	3.6	3.0	1.9	3.4	3.8	3.7	3.5	3.0
Total Consumption	0.7	1.3	2.6	3.7	3.2	3.2	2.0	2.2	2.9	2.9	3.3	3.3	3.0
Nonresidential Fixed Investment	10.3	20.6	11.6	7.4	6.9	5.2	4.4	9.8	9.6	10.4	9.4	6.4	4.5
Residential Fixed Investment	4.2	6.4	13.2	24.6	27.5	23.7	-4.3	-0.6	19.5	28.6	15.6	11.1	7.2
Exports	3.6	6.5	5.5	6.7	9.4	10.8	11.3	7.1	7.5	9.8	8.4	7.6	6.1
Imports	1.4	1.5	3.4	5.0	6.7	7.1	12.5	5.0	4.8	7.1	6.2	5.5	4.7
Federal Government	1.9	-1.7	0.2	-4.4	-4.4	-3.9	4.5	-1.9	-2.7	-3.6	-2.9	-2.0	-1.3
State & Local Government	-2.8	-2.2	-3.1	-2.3	-2.4	-0.7	-1.8	-2.4	-2.1	0.2	1.0	1.0	1.0
<b>Prices &amp; Wages, Percent Change, Annual Rate</b>													
Consumer Prices	4.1	3.3	2.1	1.6	0.9	2.4	1.6	3.2	2.0	1.9	1.7	1.4	1.3
Producer Prices, Finished Goods	7.7	1.3	1.8	-0.1	-0.4	1.3	4.2	6.1	1.1	1.4	0.7	0.3	0.1
Employment Cost Index - Total Comp.	3.2	3.0	2.3	2.9	2.3	2.3	1.9	2.4	2.6	2.4	2.6	2.9	3.2
<b>Other Key Measures</b>													
Oil - WTI (\$ per barrel)	102.55	89.71	91.29	92.42	95.57	100.36	79.41	94.38	97.39	101.96	104.67	101.78	96.72
Productivity (%ch., saar)	-0.7	4.2	1.7	1.4	1.3	1.0	4.1	1.1	1.6	1.2	1.5	1.8	1.9
Total Industrial Production (%ch., saar)	0.5	4.9	4.5	4.0	5.5	5.1	5.3	4.0	4.5	5.0	4.3	3.3	2.5
Nonfarm Inven. Chg. (Bil. 2005 \$)	51.0	47.8	46.7	56.9	76.2	85.7	60.7	51.3	76.5	82.0	57.6	53.0	48.3
Consumer Sentiment Index	71.9	59.6	66.9	73.3	77.9	80.4	71.8	67.9	78.9	86.2	87.7	91.5	92.5
Light Vehicle Sales (Mil. units, saar)	12.11	12.45	13.09	13.82	14.32	14.93	11.55	12.65	14.63	16.32	16.72	17.20	17.56
Housing Starts (Mil. units, saar)	0.572	0.604	0.696	0.785	0.864	0.954	0.585	0.614	0.924	1.359	1.590	1.836	1.964
Unemployment Rate (%)	9.1	9.1	8.8	8.7	8.5	8.3	9.6	9.0	8.4	7.4	6.5	5.8	5.4
Payroll Employment (%ch., saar)	1.4	0.3	1.7	1.9	2.3	2.5	-0.7	1.0	1.8	2.5	2.3	1.9	1.5
Federal Surplus (Unified, FY, bil. \$)	-141.1	-294.0	-331.8	-405.9	-80.7	-249.3	-1294.2	-1264.5	-1067.7	-721.5	-571.6	-509.5	-470.1
<b>Financial Markets, NSA</b>													
Federal Funds Rate (%)	0.09	0.08	0.15	0.15	0.15	0.15	0.18	0.12	0.15	1.27	3.38	4.00	4.00
10-Year Treasury Note Yield (%)	3.21	2.43	2.47	2.90	3.41	3.62	3.21	2.89	3.43	4.20	4.59	4.83	4.87
<b>Incomes</b>													
Personal Income (% ch., saar)	4.6	1.8	4.8	7.9	5.3	5.2	3.7	5.3	5.3	4.8	5.8	5.1	4.8
After-Tax Profits (Four-qr.% change)	0.3	7.1	14.1	9.4	8.7	8.0	19.0	5.9	9.0	12.2	1.9	-4.5	-1.2

[Home > Commentary](#)**U.S. Macro Outlook: Barely Staying Afloat**

By Mark Zandi in West Chester

October 10, 2011

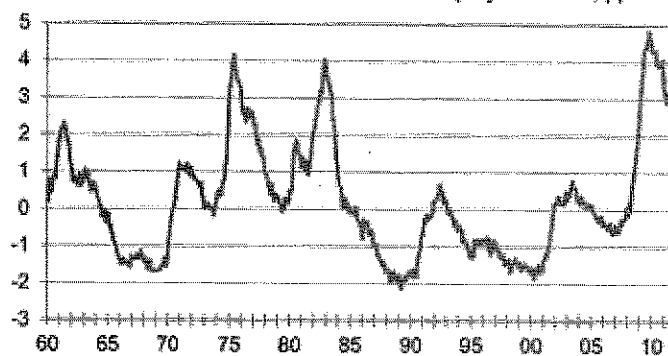
[View the Moody's Analytics U.S. Macro Forecast.](#)

- The U.S. has avoided recession but is vulnerable to a renewed downturn if anything else goes wrong.
- Principal threats now include Europe's debt crisis, the U.S. foreclosure mess, and Washington's rift over fiscal policy.
- The U.S. TARP program offers Europe a lesson on how to successfully recapitalize banks after a financial crisis.
- A legal settlement to unblock foreclosures will cause a short-term drop in house prices as distress sales rise.
- Without corrective action, federal fiscal policy will cut real GDP growth by 1.7 percentage points in 2012.

The U.S. economy is growing, but at a frustratingly slow pace that leaves it vulnerable to a new downturn if anything else goes wrong. This is best seen in the job market, where the underlying pace of job growth—looking past the effects of weather, the Verizon strike, and other temporary factors—is close to 75,000 per month. The country needs to add at least 125,000 jobs per month simply to keep the unemployment rate stable. Failing to meet even that target is especially frustrating with unemployment above 9% and underemployment—including discouraged workers and those working part time for economic reasons—at 16%.

### Distressed Labor Market

Difference between actual and natural unemployment rate, ppt



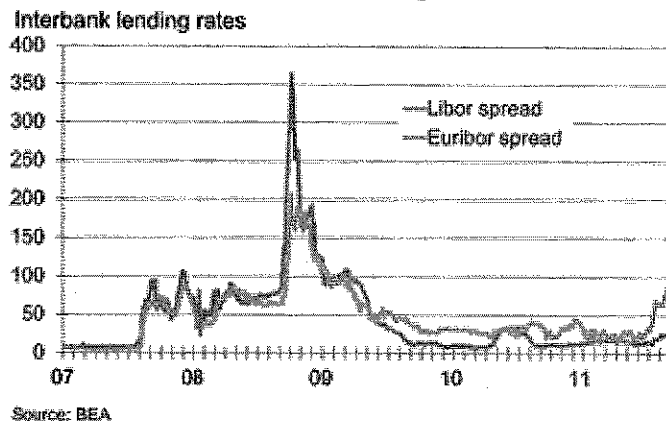
Sources: BLS, Moody's Analytics

There are three principal threats to the economic recovery: The European debt crisis, the U.S. foreclosure crisis, and the widening rift between Congress and the administration over fiscal policy. Policymakers on both sides of the Atlantic must intervene; they cannot simply sit back and hope it all works out. In our baseline outlook, the U.S. will avoid recession only because we expect policymakers to act in the next few months.

### European recession

The euro zone has likely already entered at least a mild recession. Fiscal austerity measures throughout the single-currency region have become a significant economic drag, and the credit spigot is closing in response to the sharp decline in stock prices and the banking system's capital shortfall. Export growth, which has been key to the euro zone's overall expansion, is also weakening under the weight of a strong euro and softening global economy.

### Europe's Banks Have Funding Problems



Euro zone policymakers have appropriately decided that stabilizing the region's economy requires shoring up its banking system, but they have yet to determine how to do this. The European Central Bank is helping with banks' liquidity problems by offering 12-month loans at the current 1.5% target rate and by buying covered bank bonds, backed by loans to households and businesses. But these steps do not address banks' lack of capital, a gap that is sizable because many banks have been slow to mark down the value of their sovereign debt holdings. With Greece sure to default in the not-too-distant future and other European governments at risk as well, such hopeful accounting is not credible.

### The TARP example

To successfully recapitalize the banking system, euro zone policymakers must put a mechanism in place to provide public capital if private markets fail. The U.S. offers a good example of how to do this: The \$700 billion Troubled Asset Relief Program was established in late 2008, and major banks were put through stress tests in early 2009. Banks were forced to raise enough capital to withstand losses similar to those experienced in the Great Depression; many thus had no choice but to accept the government's TARP money. While costly to the banks, this process restored confidence in the financial system and the panic ended. U.S. taxpayers have since recouped all the TARP funds injected into the banking system, plus a profit.

The euro zone's analog to TARP is the European financial stability fund. National parliaments are voting to empower the EFSF to lend governments the necessary funds to recapitalize troubled banks. This process should be complete in the next few weeks. For the EFSF to be effective, its lending authority must also be significantly expanded, although it isn't clear how this will be accomplished or whether the banks will be asked to go through new and more rigorous stress tests. Timing is especially important; the longer the process takes, the more turmoil in the banking system and financial markets, and the larger the risk of a more severe European downturn. The U.S. economy can probably withstand a mild European recession, but not a severe one.

### **Unblocking foreclosures**

A second threat to the U.S. recovery is a further decline in house prices. Housing has been stable this summer, but only because legal and regulatory wrangling has slowed the foreclosure process. Most important are negotiations between states' attorneys general and mortgage servicers over the penalties for last year's "robo-signing" scandal and other missteps. An agreement here will require servicers to overhaul the foreclosure process and to pay a fine that could be used in part to finance principal write-down loan modifications.

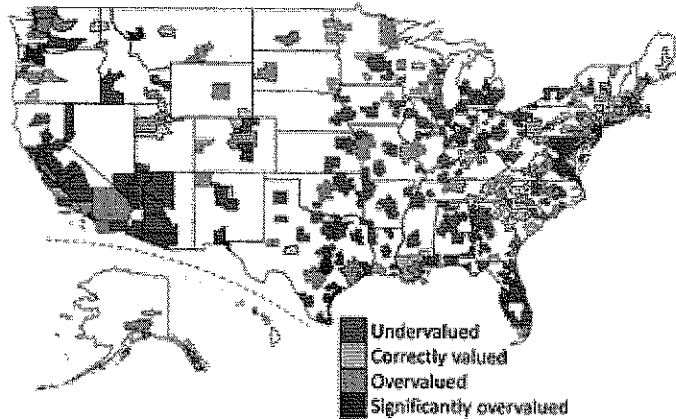
The negotiations have dragged on for months. Whenever settlement occurs, foreclosure sales will pick up soon thereafter, pushing house prices lower. Key to the near-term price trend is the share of home sales that involve foreclosures, short sales, and other distressed properties. We expect a settlement before the end of 2011, meaning the foreclosure process will gear up this winter.

### **Rewarding patient investors**

The resulting house price declines should be modest, amounting to no more than 5% through the spring of 2012. Investor demand for distressed property has been strong, particularly in the most troubled markets such as Florida,

Nevada, Arizona and California. Prices in these areas have arguably gone too low; relative to income and rents they are below historical norms. This means investors can charge rents that more than cover their costs. Unlike the speculators prevalent during the housing boom, today's investors are more willing to buy and hold while prices revive.

**Housing Looks Increasingly Attractive**  
Valuation based on prices relative to income and rents



Nonetheless, it is difficult to be enthusiastic about the recovery as long as house prices are declining. The home remains most households' most important asset; small-business owners use their homes as collateral for business loans, and local governments depend on property tax revenues tied to house prices. Moreover, with falling house prices pushing more homeowners under water (more than 14 million homeowners owe more than their homes' market values), there is a risk this will ignite a self-reinforcing negative cycle of even more defaults, distress sales and price declines.

### **The price of rancor**

To avoid recession, Congress and the administration must also find common ground on economic policy. If they do nothing, federal fiscal policy will shave 1.7 percentage points from real GDP growth next year. The triggers for this include the expiration of both this year's reduced payroll tax rate and emergency unemployment insurance benefits. Even a strong economy would have trouble digesting this, never mind one that is struggling to post any growth at all.

	<b>Cost</b>		<b>GDP Impact</b>	
	<b>\$ bil</b>	<b>% of GDP</b>	<b>\$ bil</b>	<b>% of GDP</b>
<b>Change in Deficit, 2011 vs. 2012</b>	-371	-2.5	-261	-1.7
<b>Cyclical Deficit</b>	-65	-0.4	0	0.0
<b>Structural Deficit</b>	-306	-2.0	-261	-1.7
2% Payroll Tax Holiday	-110	-0.7	-68	-0.5
Emergency UI	-50	-0.3	-50	-0.4
Accelerated Depreciation	-22	-0.1	-5	0.0
State & Local Government Aid	-50	-0.3	-56	-0.4
Infrastructure Spending and Other	-43	-0.3	-46	-0.3
Debt-Ceiling Deal	-31	-0.2	-28	-0.2

Source: Moody's Analytics

It is critical (and assumed in our baseline outlook) that lawmakers agree at least to extend and increase the payroll tax holiday for workers through 2012 as proposed by President Obama. This would reduce next year's fiscal drag to less than 1 percentage point—still a heavy lift for the economy, but doable. Given the risks, it would be a plus if policymakers also agreed to a payroll tax holiday for employers and appropriated more money for unemployment insurance. (The president has also proposed some therapeutic reforms to the UI program). This is less than likely, however, and not included in our baseline forecast.

### Looking out for the long term

Any additional near-term fiscal support for the economy needs to be paid for by additional long-term deficit reduction. This adds to the job facing Congress' so-called super committee, which is supposed to propose at least \$1.2 trillion in 10-year deficit reduction by the end of November. The committee may not meet its target, but it is critical that it agree on at least some deficit reduction; we think around \$500 billion is possible. At least that much is needed to convince global investors and the rating agencies that the U.S. Treasury deserves its Aaa rating. If all major rating agencies downgrade the U.S., the resulting financial market turmoil will end the recovery.

Policymakers eventually need to come up with more than \$4 trillion in deficit reduction to stabilize the nation's debt-to-GDP ratio, but this can wait until

after next year's election.

### **A tenuous stability**

For the first time in several months, the near-term outlook has not changed appreciably. Real GDP is expected to grow at an annual pace near 2% during the second half of this year and 2.5% in 2012. This will create just enough jobs to ensure that unemployment remains close to 9% through the end of 2012.

This outlook remains tenuous, however, with a 40% chance that the U.S. will see a recession over the next six to 12 months. Perhaps our most tenuous assumptions are that U.S. policymakers will agree to extend and broaden the reduced payroll tax rate for workers in 2012 and enact long-term deficit reduction, and that European policymakers will adequately shore up their banking system to withstand at least one sovereign default.

Indeed, given that a string of egregious policy errors here and in Europe have undermined confidence and jeopardized the recovery, there is both irony and risk in the argument that good policymaking will now save the economy from another recession.

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**Moody's Analytics U.S. Macro Outlook**

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Last updated on:  
09/13/2011

		U.S. Macro Outlook									
	Units	10Q4	11Q1	11Q2	11Q3	11Q4F	12Q1F	12Q2F	2010	2011	2012
<b>Composition of Economic Activity, SAAR</b>											
Gross Domestic Product	bcw\$	13,216.1	13,227.9	13,260.5	13,321.7	13,392.8	13,478.8	13,597.3	13,088.0	13,300.7	13,662.0
Change	%AR	2.3	0.4	1.0	1.9	2.2	2.6	3.6	3.0	1.6	2.7
<b>Personal Expenditures</b>											
Consumption	bcw\$	9,328.4	9,376.7	9,386.7	9,428.9	9,461.5	9,511.6	9,589.0	9,220.9	9,413.4	9,636.3
Change	%AR	3.6	2.1	0.4	1.8	1.4	2.1	3.3	2.0	2.1	2.4
Durables	bcw\$	1,242.4	1,277.4	1,260.8	1,270.0	1,285.2	1,302.8	1,323.9	1,188.3	1,273.4	1,330.8
Change	%AR	17.2	11.8	-5.1	3.0	4.9	5.6	6.7	7.2	7.2	4.5
Motor Vehicles	bcw\$	354.9	368.2	342.2	349.9	363.6	375.8	392.3	330.0	356.0	395.8
Change	%AR	37.1	15.9	-25.4	9.3	16.7	14.1	18.7	2.4	7.9	11.2
Nondurables	bcw\$	2,067.4	2,075.4	2,077.5	2,078.1	2,082.3	2,092.3	2,105.5	2,041.3	2,078.3	2,116.2
Change	%AR	4.3	1.6	0.4	0.1	0.8	1.9	2.5	2.9	1.8	1.8
Services	bcw\$	6,027.5	6,039.1	6,059.7	6,092.1	6,105.3	6,127.8	6,170.9	5,991.8	6,074.0	6,200.6
Change	%AR	1.3	0.8	1.4	2.2	0.9	1.5	2.8	0.9	1.4	2.1
<b>Investment</b>											
Fixed Investment	bcw\$	1,693.9	1,699.0	1,734.6	1,752.3	1,786.3	1,824.9	1,877.6	1,648.4	1,743.1	1,904.9
Change	%AR	7.5	1.2	8.6	4.2	8.0	8.9	12.1	2.6	5.7	9.3
Nonresidential	bcw\$	1,371.9	1,378.9	1,411.7	1,431.0	1,454.9	1,476.9	1,504.1	1,319.2	1,419.1	1,513.2
Change	%AR	8.7	2.1	9.9	5.6	6.8	6.2	7.6	4.4	7.6	6.6
Structures	bcw\$	318.0	305.9	317.3	319.1	318.5	322.4	327.0	309.1	315.2	330.2
Change	%AR	10.6	-14.4	15.8	2.2	-0.7	5.0	5.8	-15.8	2.0	4.8
Equipment	bcw\$	1,064.5	1,086.9	1,107.6	1,125.1	1,149.5	1,167.7	1,190.3	1,019.4	1,117.3	1,196.2
Change	%AR	8.0	8.7	7.8	6.5	9.0	6.5	8.0	14.6	9.6	7.1
Residential	bcw\$	323.1	321.1	323.8	322.2	332.3	348.8	374.4	330.8	324.9	392.6
Change	%AR	2.5	-2.5	3.4	-1.9	13.1	21.4	32.8	-4.3	-1.8	20.9
Single Family	bcw\$	108.1	108.4	106.7	106.5	114.2	124.0	141.0	114.7	109.0	153.9
Change	%AR	-16.5	1.1	-6.1	-0.6	32.1	39.0	67.3	8.6	-5.0	41.2
Multifamily	bcw\$	11.5	11.0	11.0	11.6	12.8	14.0	15.2	12.0	11.6	15.5
Change	%AR	0.0	-16.3	0.0	24.8	45.2	45.8	37.2	-49.2	-3.4	33.6
Other	bcw\$	195.9	194.0	198.3	196.2	197.4	202.8	210.2	196.8	196.5	215.2
Change	%AR	15.2	-3.8	9.2	-4.1	2.5	11.3	15.4	-5.1	-0.2	9.5
Inventory Change	bcw\$	38.3	49.1	40.6	43.4	44.2	45.0	45.7	58.8	44.3	47.9
NonFarm	bcw\$	44.7	59.7	52.4	52.0	52.8	53.6	54.3	60.8	54.2	56.5
Farm	bcw\$	-5.2	-7.8	-8.6	-8.6	-8.6	-8.6	-8.6	-1.4	-8.4	-8.6
<b>Trade</b>											

Net Exports	bcw\$	-414.2	-424.4	-421.3	-412.4	-407.6	-409.1	-418.8	-421.8	-416.4	-431.0
Exports	bcw\$	1,716.8	1,749.6	1,762.8	1,794.7	1,826.2	1,869.6	1,919.7	1,663.2	1,783.3	1,952.2
Change	%AR	7.8	7.9	3.1	7.4	7.2	9.9	11.2	11.3	7.2	9.5
Merchandise	bcw\$	1,204.9	1,235.6	1,243.8	1,269.5	1,292.4	1,324.6	1,362.6	1,164.9	1,260.3	1,388.0
Change	%AR	9.2	10.6	2.7	8.5	7.4	10.4	12.0	14.4	8.2	10.1
Services	bcw\$	512.4	514.6	519.5	525.8	534.4	545.6	557.7	498.8	523.6	564.9
Change	%AR	4.8	1.7	3.8	5.0	6.7	8.6	9.2	5.0	5.0	7.9
Imports	bcw\$	2,131.0	2,173.9	2,184.0	2,207.0	2,233.7	2,278.6	2,338.4	2,085.0	2,199.7	2,383.1
Change	%AR	-2.3	8.3	1.9	4.3	4.9	8.3	10.9	12.5	5.5	8.3
Merchandise	bcw\$	1,777.4	1,818.4	1,827.1	1,848.0	1,873.9	1,916.0	1,972.1	1,729.3	1,841.8	2,014.3
Change	%AR	-0.6	9.6	1.9	4.7	5.7	9.3	12.2	14.8	6.5	9.4
Services	bcw\$	355.6	357.6	358.9	361.0	361.8	364.6	368.3	357.3	359.8	370.8
Change	%AR	-10.4	2.3	1.5	2.3	1.0	3.1	4.1	2.9	0.7	3.1
<b>Government</b>											
	<b>Units</b>	<b>10Q4</b>	<b>11Q1</b>	<b>11Q2</b>	<b>11Q3</b>	<b>11Q4F</b>	<b>12Q1F</b>	<b>12Q2F</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Expenditures and Investment	bcw\$	2,552.1	2,513.9	2,508.4	2,495.1	2,494.1	2,492.1	2,489.4	2,556.8	2,502.9	2,489.6
Change	%AR	-2.8	-5.9	-0.9	-2.1	-0.2	-0.3	-0.4	0.7	-2.1	-0.5
Federal Defense	bcw\$	717.7	694.0	706.0	703.6	704.1	703.9	704.0	718.3	701.9	703.5
Change	%AR	-5.9	-12.6	7.1	-1.3	0.3	-0.1	0.0	3.3	-2.3	0.2
Federal Nondefense	bcw\$	361.9	359.4	352.5	352.2	352.5	352.4	352.0	357.7	354.1	351.6
Change	%AR	3.0	-2.7	-7.5	-0.3	0.3	-0.1	-0.5	7.1	-1.0	-0.7
<b>Government Balance</b>											
NIPA Basis	bil \$	-1,287.3	-1,201.1	-1,264.4	-1,253.4	-1,253.4	-1,194.5	-1,160.2	-1,273.7	-1,243.1	-1,149.5
Unified Budget	bil \$ FY	-302.0	-297.9	-308.6	-319.6	-323.9	-319.4	-311.2	-1,294.2	-1,250.0	-1,201.3
<b>Consumers</b>											
Personal Saving Rate	%AR	5.2	5.0	5.2	5.8	6.1	6.3	6.8	5.3	5.5	6.8
Retail Sales & Food Services	bil \$, AR	4,487.5	4,601.0	4,655.4	4,690.5	4,748.5	4,811.3	4,895.0	4,354.1	4,673.9	4,928.3
Change	%AR	12.4	10.5	4.8	3.1	5.0	5.4	7.1	6.4	7.3	5.4
Vehicle Sales	mil, AR	12.3	13.0	12.1	12.2	12.7	13.3	14.1	11.6	12.5	14.3
Housing Starts	mil, AR	0.5	0.6	0.6	0.6	0.7	0.8	0.9	0.6	0.6	1.0
<b>Producers</b>											
Industrial Production 1992=100		91.7	92.8	93.0	93.2	94.1	95.1	96.2	90.1	93.3	96.6
Change	%AR	3.1	4.8	1.0	0.8	3.7	4.4	4.7	5.3	3.5	3.6
Manufacturing Capacity Utilization	%	73.6	74.9	75.0	75.0	75.5	76.1	76.8	71.9	75.1	76.9
<b>Labor Markets</b>											
Total Employment	mil	130.1	130.5	131.0	131.2	131.2	131.4	131.7	129.8	131.0	131.9
Change	%AR	0.8	1.3	1.4	0.5	0.2	0.4	0.9	-0.7	0.9	0.7
Unemployment Rate	%	9.6	8.9	9.1	9.2	9.2	9.2	9.1	9.6	9.1	9.0
<b>Prices</b>											
Consumer Price Index 1982=100		219.5	222.3	224.5	225.3	226.0	227.2	228.4	218.1	224.5	229.3
Change	%AR	2.6	5.2	4.1	1.4	1.2	2.2	2.2	1.6	3.0	2.1
Producer Price Index 1982=100		188.0	195.9	203.7	204.4	203.4	204.1	205.9	184.7	201.8	206.4
Change	%AR	7.5	17.9	16.8	1.4	-1.9	1.4	3.5	6.8	9.3	2.3
West Texas Intermediate	\$/Bbl	85.0	94.0	102.6	91.0	96.0	98.4	100.0	79.4	95.9	100.6

## Financial Markets

Federal Funds	%	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.2
Prime Rate	%	3.3	3.3	3.3	3.1	3.1	3.1	3.1	3.3	3.2	3.2
10-Year Treasury	%	2.9	3.5	3.2	2.5	3.1	3.5	3.9	3.2	3.1	4.1
FRB Broad Index	Jan 97=100	99.2	97.8	95.3	95.7	95.9	95.8	95.6	101.9	96.2	95.6
Change	%AR	-11.8	-5.7	-9.9	1.8	0.7	-0.7	-0.5	-3.6	-5.5	-0.6

## Contribution to Real GDP

	Units	10Q4	11Q1	11Q2	11Q3	11Q4F	12Q1F	12Q2F
Personal Consumption Expenditure	%AR	2.50	1.46	0.30	1.28	0.99	1.52	2.34
Gross Private Domestic Investment	%AR	0.94	0.15	1.08	0.54	1.03	1.17	1.60
Inventories	%AR	-1.68	0.33	-0.26	0.09	0.02	0.03	0.02
Net Exports	%AR	1.37	-0.31	0.09	0.27	0.14	-0.05	-0.30
Exports	%AR	0.99	0.99	0.40	0.97	0.96	1.32	1.52
Imports	%AR	-0.39	1.30	0.31	0.70	0.81	1.36	1.81
Government	%AR	-0.56	-1.16	-0.17	-0.41	-0.03	-0.06	-0.08
Total	%AR	2.35	0.36	0.99	1.86	2.15	2.59	3.56

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**For Immediate Release  
 November 14, 2011**

**Contact: Jeffrey Marks  
 (207) 287-8927**

**Home Efficiency Improvements Critical to Combat Higher Heating Fuel Prices**

Augusta, Maine – The Governor’s Office of Energy Independence and Security (OEIS) conducted its weekly heating fuel survey on Monday, November 14, 2011 and found that the current statewide average cash price for No. 2 heating oil to be **\$3.66 per gallon**, an increase of seven cents over last week.

*\$2.88 Nov. 16, 2010*

“Low heating oil and other distillate fuel inventories in the Northeast, combined with new austerity measures and leadership changes in the European Union, are helping to prop up heating fuel prices to nearly 80 cents higher than this time last year,” said OEIS Director Ken Fletcher. “Distillate inventories are usually near their peak in November to prepare for winter demand. But, according to the Energy Information Administration (EIA), Northeast distillate supplies, although adequate, are below average levels. The recent run of mild weather has alleviated some demand, but EIA projects that average household heating expenditures for heating oil and propane will increase by 10 percent and 9 percent, respectively, this winter and average expenditures for households that heat with oil or propane will be higher than in any previous winter. Among other actions, homeowners interested in weatherization should review federal tax credits aimed at energy improvements installed by December 31, 2011 – the expatiation date for the tax credit.” See [http://www.energystar.gov/index.cfm?c=tax\\_credits.tx\\_index](http://www.energystar.gov/index.cfm?c=tax_credits.tx_index) for more details.

*As of November 14, 2011*

Heating Oil	Statewide	Southwest	Central	Eastern	Western	Northern
Average	3.66	3.63	3.66	3.72	3.53	3.78
High	3.85	3.80	3.80	3.85	3.65	3.80
Low	3.44	3.45	3.49	3.50	3.44	3.75
<b>Kerosene</b>	4.06	4.05	4.07	4.12	3.90	4.18
<b>Propane</b>	3.09					

It is important to note that the price for heating oil is a statewide average and that prices in a given geographic region of the state may be considerably higher or lower than the statewide average. Within the OEIS sample, the lowest actual heating oil price of \$3.44 per gallon was found in the Western region. The highest price of \$3.85 per gallon was found in the Eastern region. The statewide kerosene price average is \$4.06 per gallon at this time. The statewide average for propane *based on a use of 925 gallons a year* is \$3.09 per gallon. The table above provides current Maine cash prices in dollars rounded to the nearest penny. On November 14, the price of WTI crude oil, a major driver of refined petroleum product prices, including heating oil was at \$98.30 per barrel.

Efficiency Maine links Maine homeowners and businesses with qualified, certified contractors who provide access to energy improvement options. For program details call 866-376-2463 or visit [www.energymaine.com](http://www.energymaine.com).



## **APPENDIX F**

# **Maine Revenue Services** **Recommendations**

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**Maine Revenue Services' Recommendations to the Revenue Forecasting Committee**

	<u>FY2012</u>	<u>FY2013</u>	<u>Biennium</u>	<u>FY2014</u>	<u>FY2015</u>	<u>Biennium</u>
<b>Sales &amp; Use and Service Provider Taxes</b>	\$3,274,149	(\$2,778,954)	\$495,195	\$506,098	\$9,611,903	\$10,118,001
<b>Individual Income Tax</b>	\$5,386,000	(\$5,368,000)	\$18,000	(\$40,512,000)	(\$46,024,000)	(\$86,536,000)
<b>Corporate Income Tax</b>	\$20,231,664	\$18,696,508	\$38,928,173	\$8,721,091	\$4,328,917	\$13,050,008
<b>Cigarette and Tobacco Taxes</b>	(\$1,500,000)	(\$1,500,000)	(\$3,000,000)	(\$1,500,000)	(\$1,500,000)	(\$3,000,000)
<b>Estate Tax</b>	(\$2,647,182)	(\$5,577,887)	(\$8,225,069)	(\$2,956,156)	(\$1,815,576)	(\$4,771,732)
<b>Public Utilities Tax</b>	(\$5,000,000)	(\$2,000,000)	(\$7,000,000)	(\$2,000,000)	(\$2,000,000)	(\$4,000,000)
<b>Tax and Rent Program</b>	(\$1,000,000)	(\$1,000,000)	(\$2,000,000)	(\$1,250,000)	(\$1,250,000)	(\$2,500,000)
<hr/>						
<b>Total Adjustments to Current Forecast</b>	\$18,744,631	\$471,667	\$19,216,299	(\$38,990,967)	(\$38,648,756)	(\$77,639,723)
General Fund	\$17,300,041	(\$55,810)	\$17,244,230	(\$37,426,726)	(\$37,044,597)	(\$74,471,323)
Local Government Fund	\$1,444,591	\$527,478	\$1,972,068	(\$1,564,241)	(\$1,604,159)	(\$3,168,400)
Highway Fund (Motor Fuel Taxes)	\$1,628,682	\$878,515	\$2,507,197	\$2,059,962	\$3,822,539	\$5,882,501

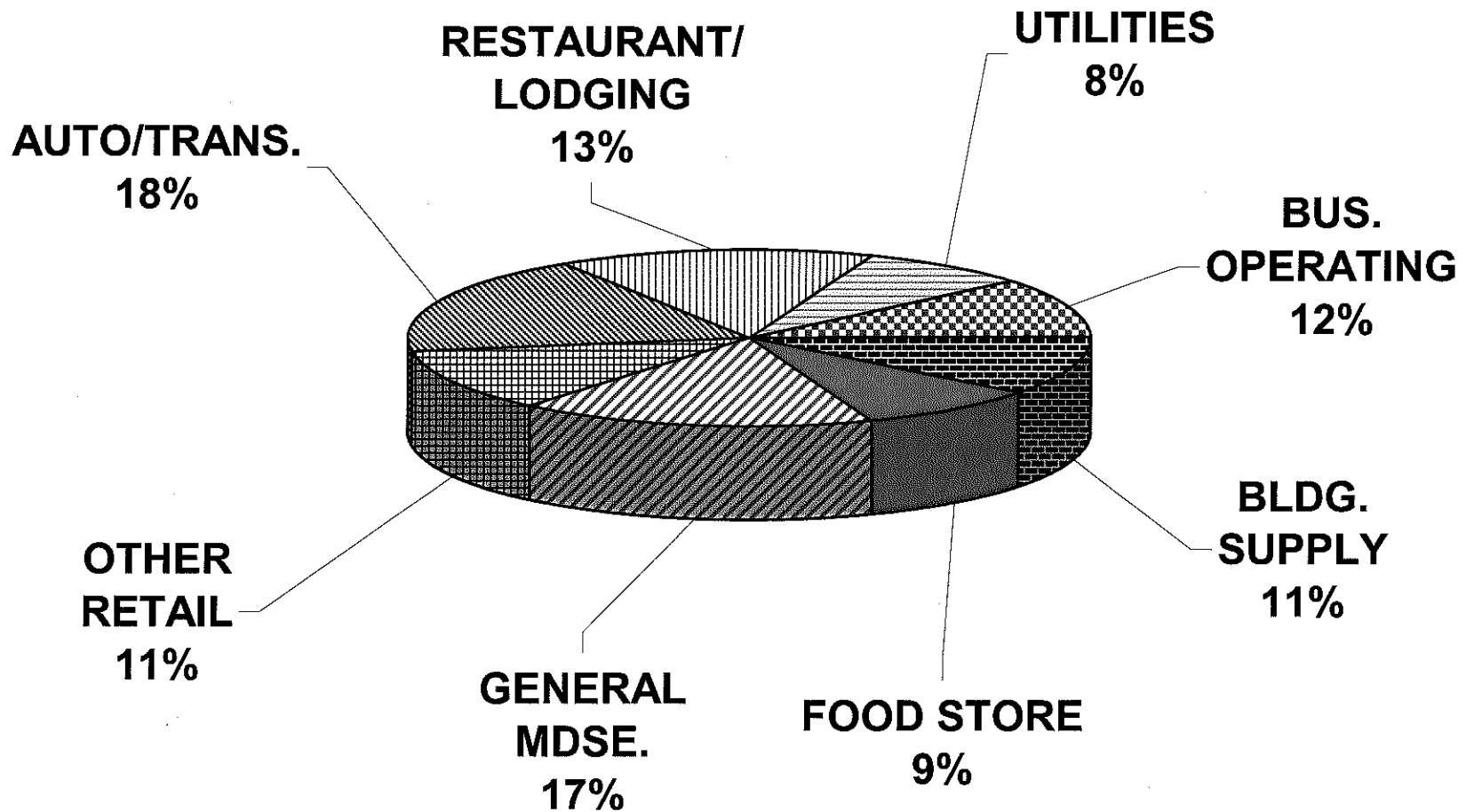
# **Sales & Use Tax**

**Maine Revenue Services  
Taxable Sales by Sector  
In Thousands of Dollars**

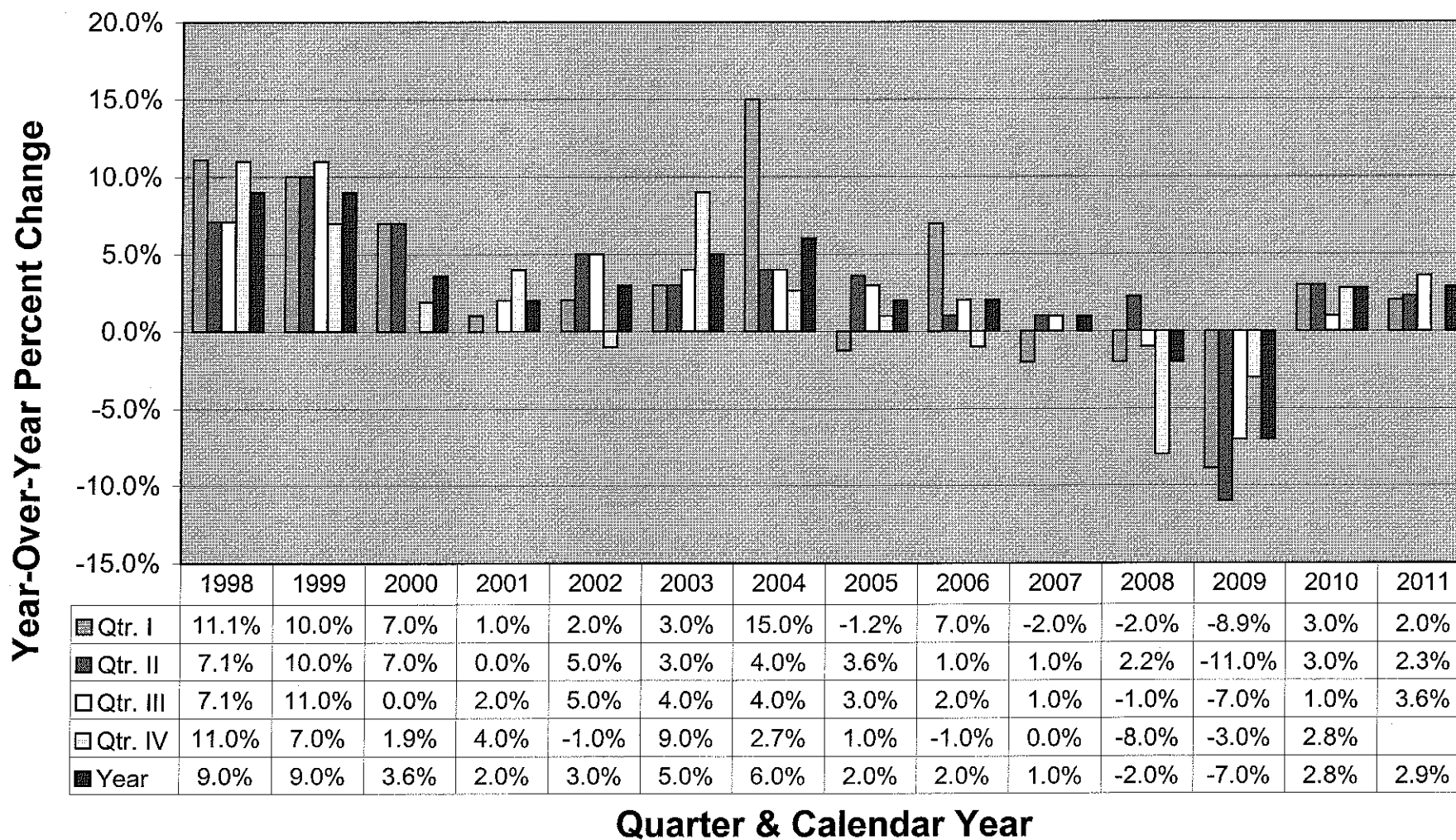
	Sept. '11	% Ch.	Sept. '10	% Ch.	Sept. '09	Average Last 3 Mos. Vs. Last Yr. % Change	Moving Total Last 12 Mos. Vs. Prior % Change	YTD Growth CY'11 vs. '10 Thru. Sept. % Change
Building Supply	\$206,810	6.5%	\$194,152	-5.1%	\$204,617	8.5%	2.9%	3.4%
Food Store	\$143,732	-1.0%	\$145,161	2.4%	\$141,793	1.9%	1.0%	1.1%
General Merchandise	\$265,792	2.3%	\$259,722	1.0%	\$257,102	0.5%	-0.2%	-0.8%
Other Retail	\$201,301	2.1%	\$197,256	2.3%	\$192,752	3.8%	3.1%	3.0%
Auto/Transportation	\$301,495	1.7%	\$296,485	5.2%	\$281,802	2.3%	4.2%	4.3%
Restaurant	\$208,418	2.7%	\$203,031	2.8%	\$197,448	3.3%	2.7%	2.2%
Lodging	\$89,093	2.6%	\$86,804	5.3%	\$82,426	3.4%	4.7%	4.0%
Consumer Sales	\$1,416,641	2.5%	\$1,382,613	1.8%	\$1,357,939	3.1%	2.4%	2.3%
Business Operating	\$190,279	8.9%	\$174,779	2.6%	\$170,342	7.7%	7.2%	7.5%
<b>Total</b>	<b>\$1,606,920</b>	<b>3.2%</b>	<b>\$1,557,391</b>	<b>1.9%</b>	<b>\$1,528,281</b>	<b>3.6%</b>	<b>3.0%</b>	<b>2.9%</b>



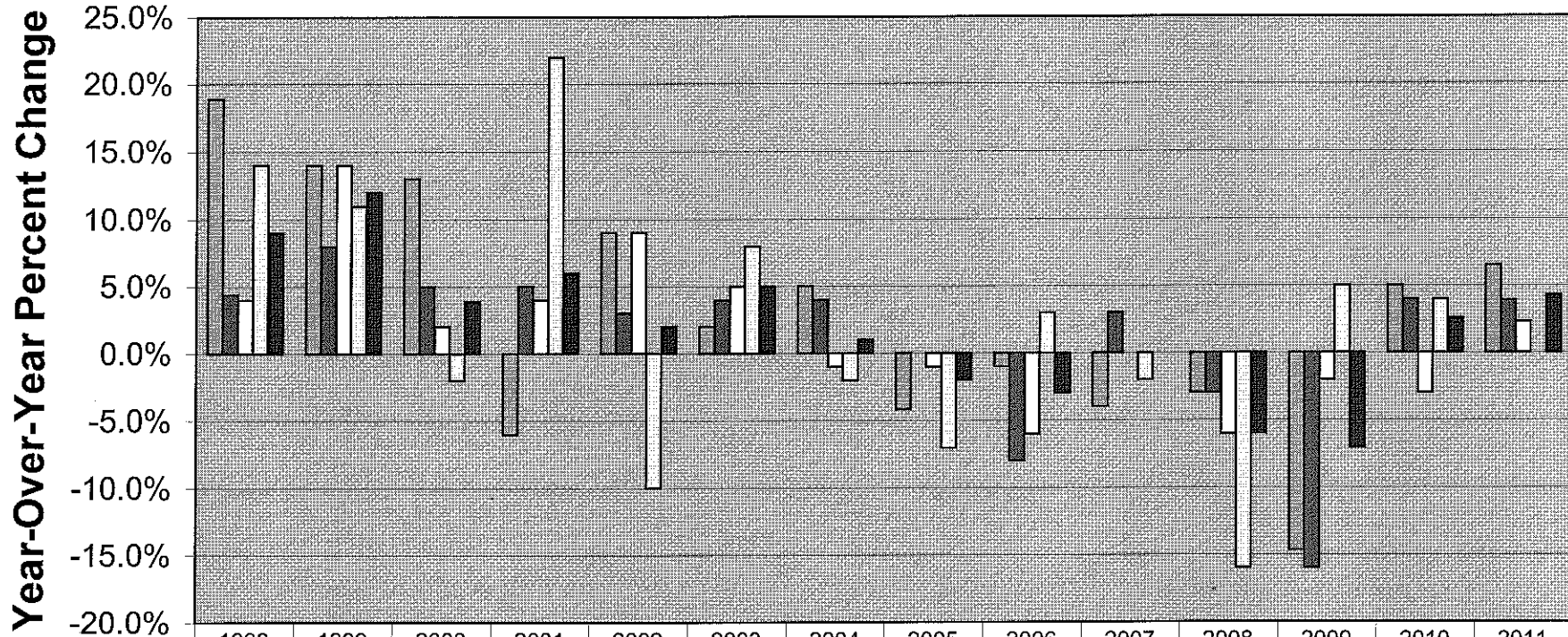
# 2010 Maine Taxable Sales by Sector



# Total Taxable Sales



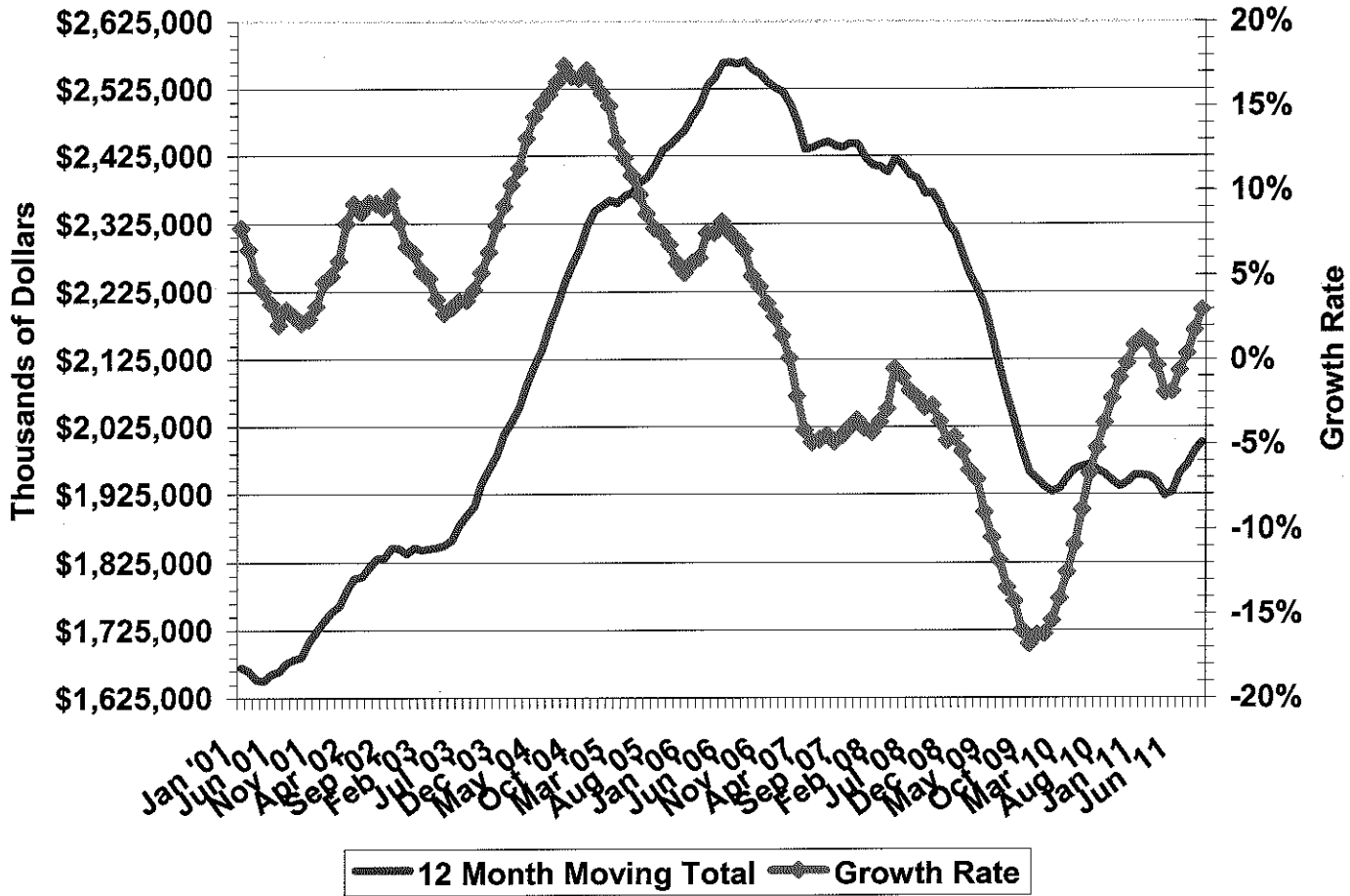
# Auto/Transportation Taxable Sales



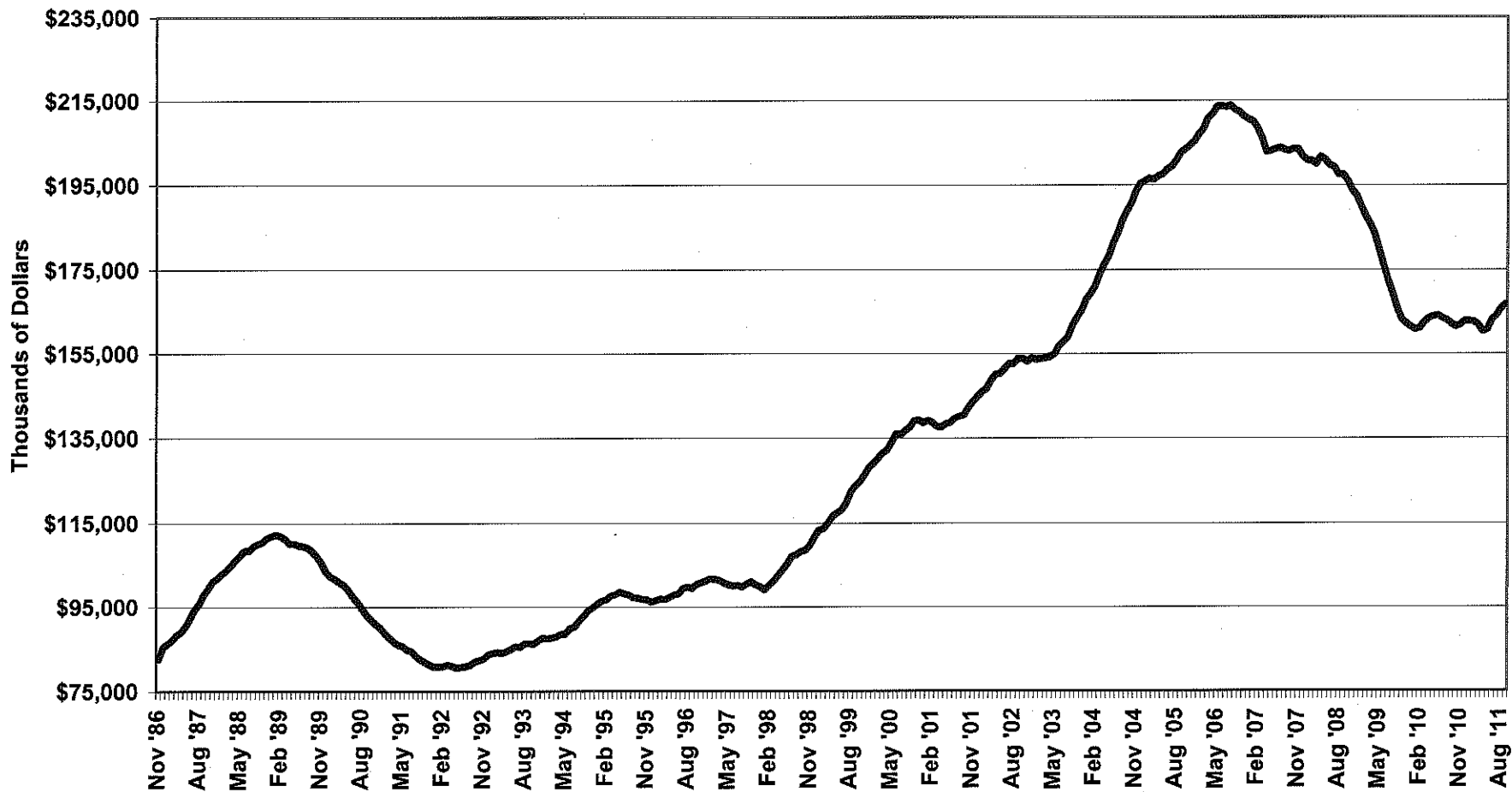
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
■ Qtr. I	18.9%	14.0%	13.0%	-6.0%	9.0%	2.0%	5.0%	-4.2%	-1.0%	-4.0%	-3.0%	-14.7%	5.0%	6.5%
■ Qtr. II	4.4%	8.0%	5.0%	5.0%	3.0%	4.0%	4.0%	0.0%	-8.0%	3.0%	-3.0%	-16.0%	4.0%	3.9%
□ Qtr. III	4.0%	14.0%	2.0%	4.0%	9.0%	5.0%	-1.0%	-1.0%	-6.0%	0.0%	-6.0%	-2.0%	-3.0%	2.3%
□ Qtr. IV	14.0%	11.0%	-2.0%	22.0%	-10.0%	8.0%	-2.0%	-7.0%	3.0%	-2.0%	-16.0%	5.0%	4.0%	
■ Year	9.0%	12.0%	3.9%	6.0%	2.0%	5.0%	1.0%	-2.0%	-3.0%	0.0%	-6.0%	-7.0%	2.6%	4.3%

Quarter & Calendar Year

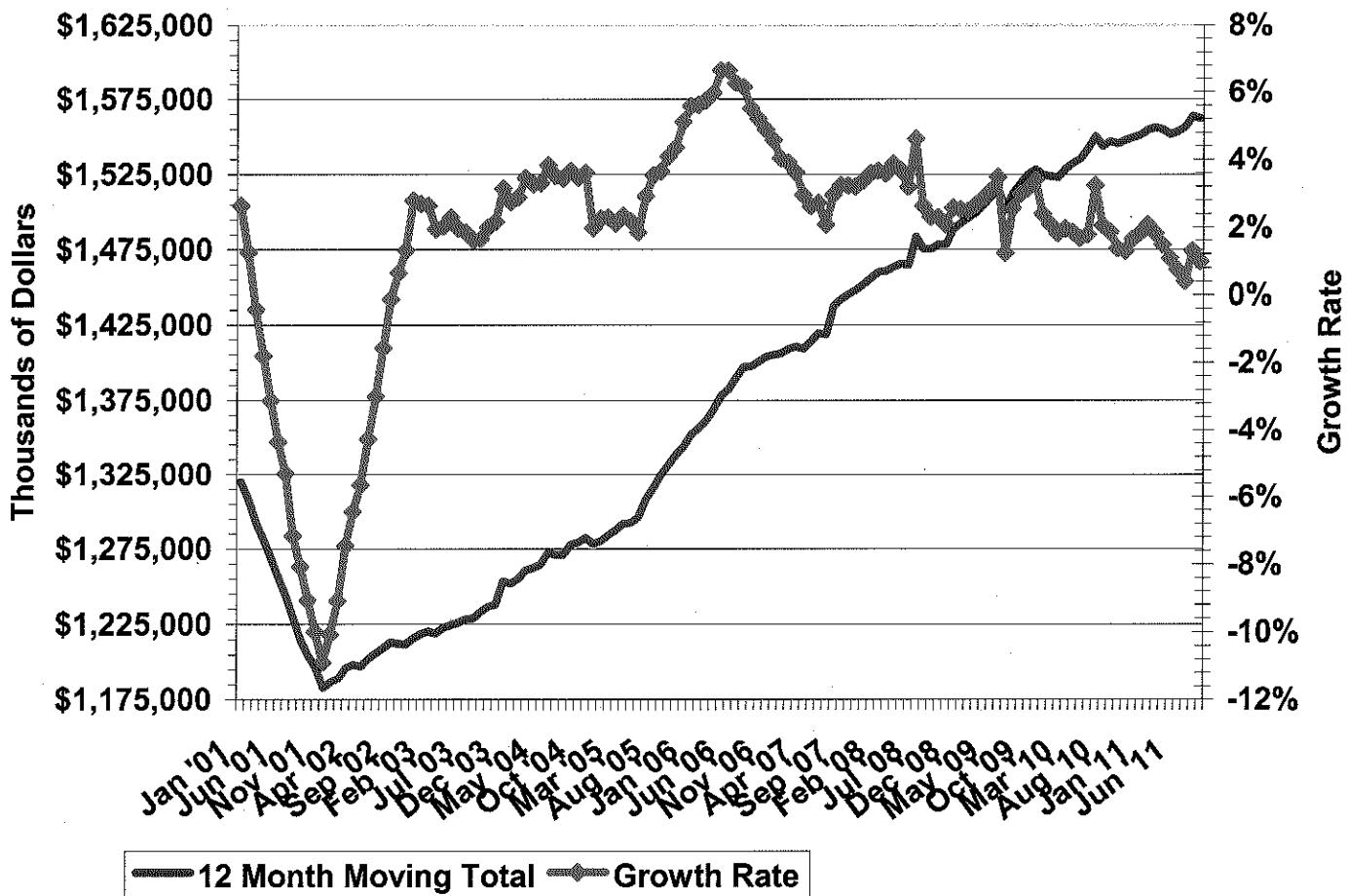
# Building Supply Taxable Sales January 2001 to Date



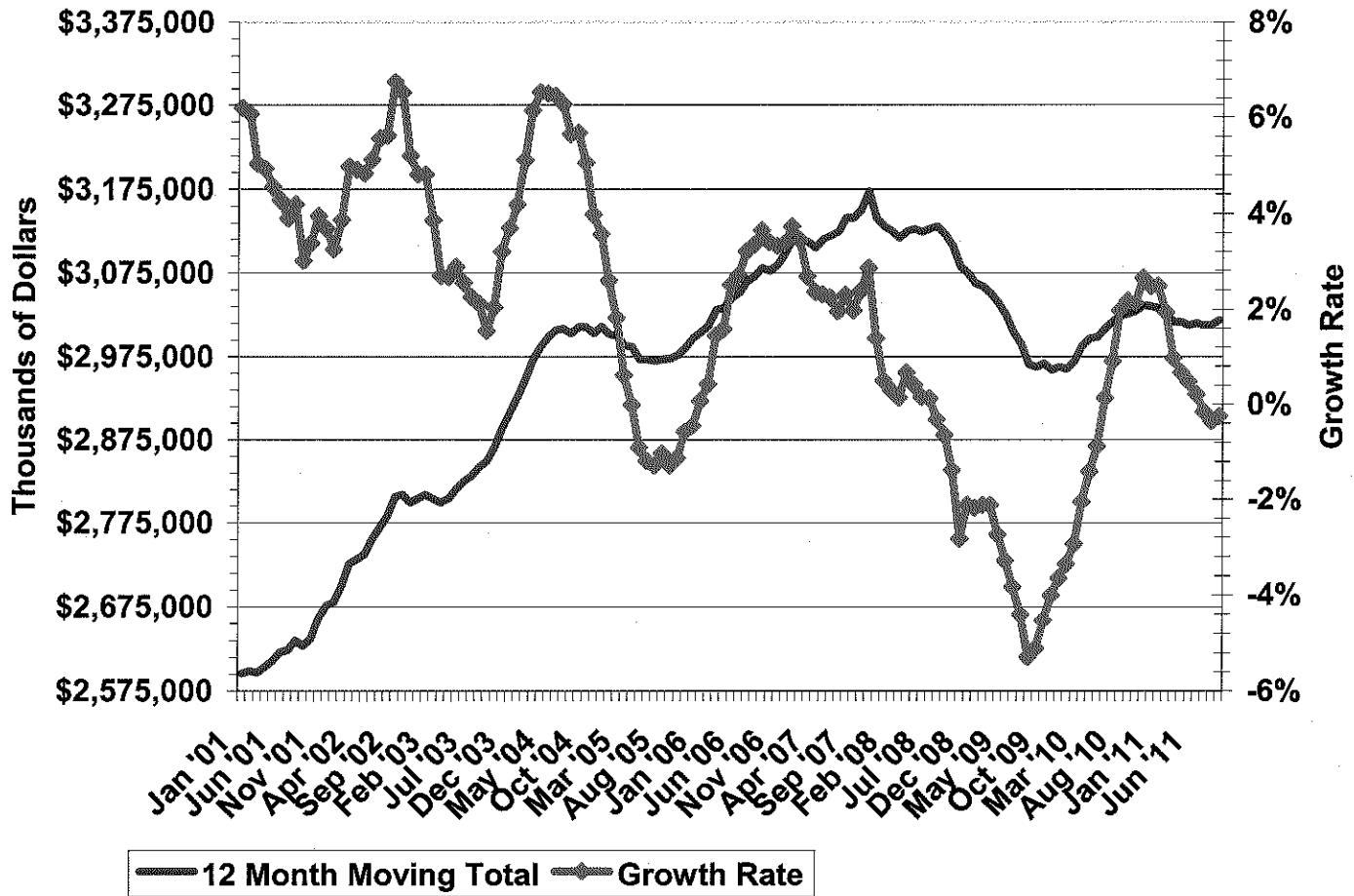
## Building Supply Taxable Sales 12 Month Moving Average November 1986 to Date



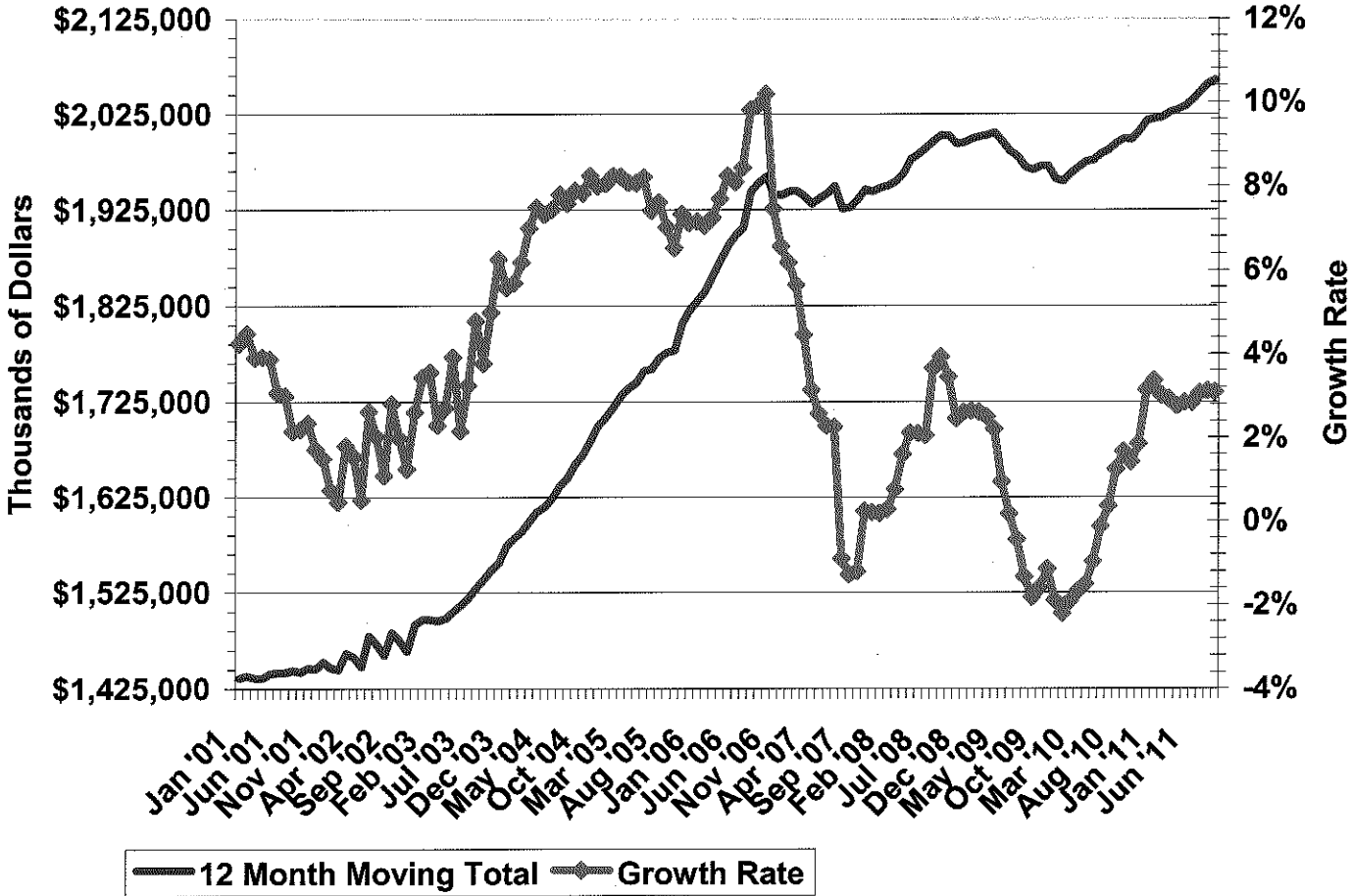
# Food Store Taxable Sales January 2001 to Date



# General Merchandise Taxable Sales January 2001 to Date

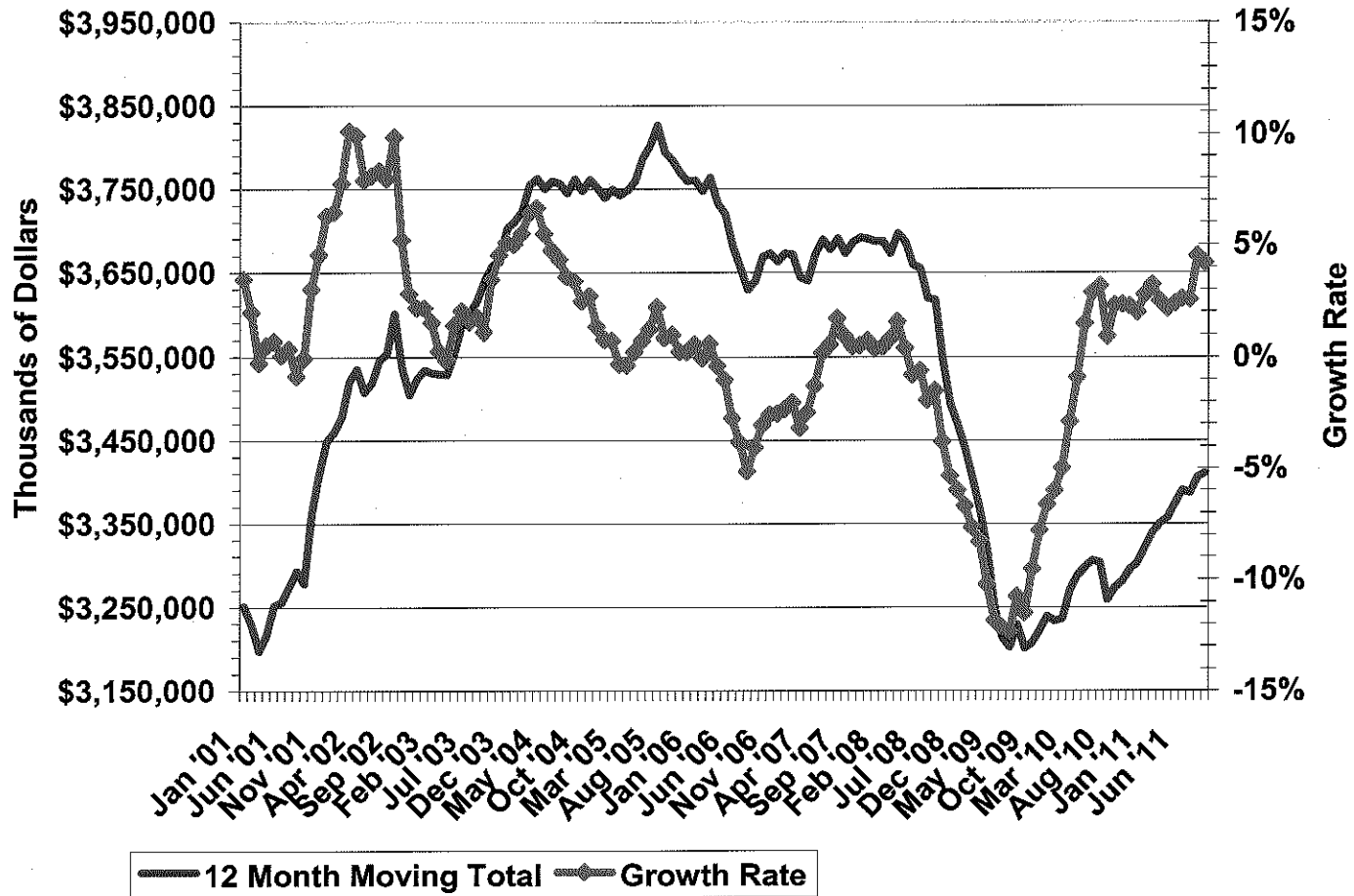


# Other Retail Taxable Sales January 2001 to Date

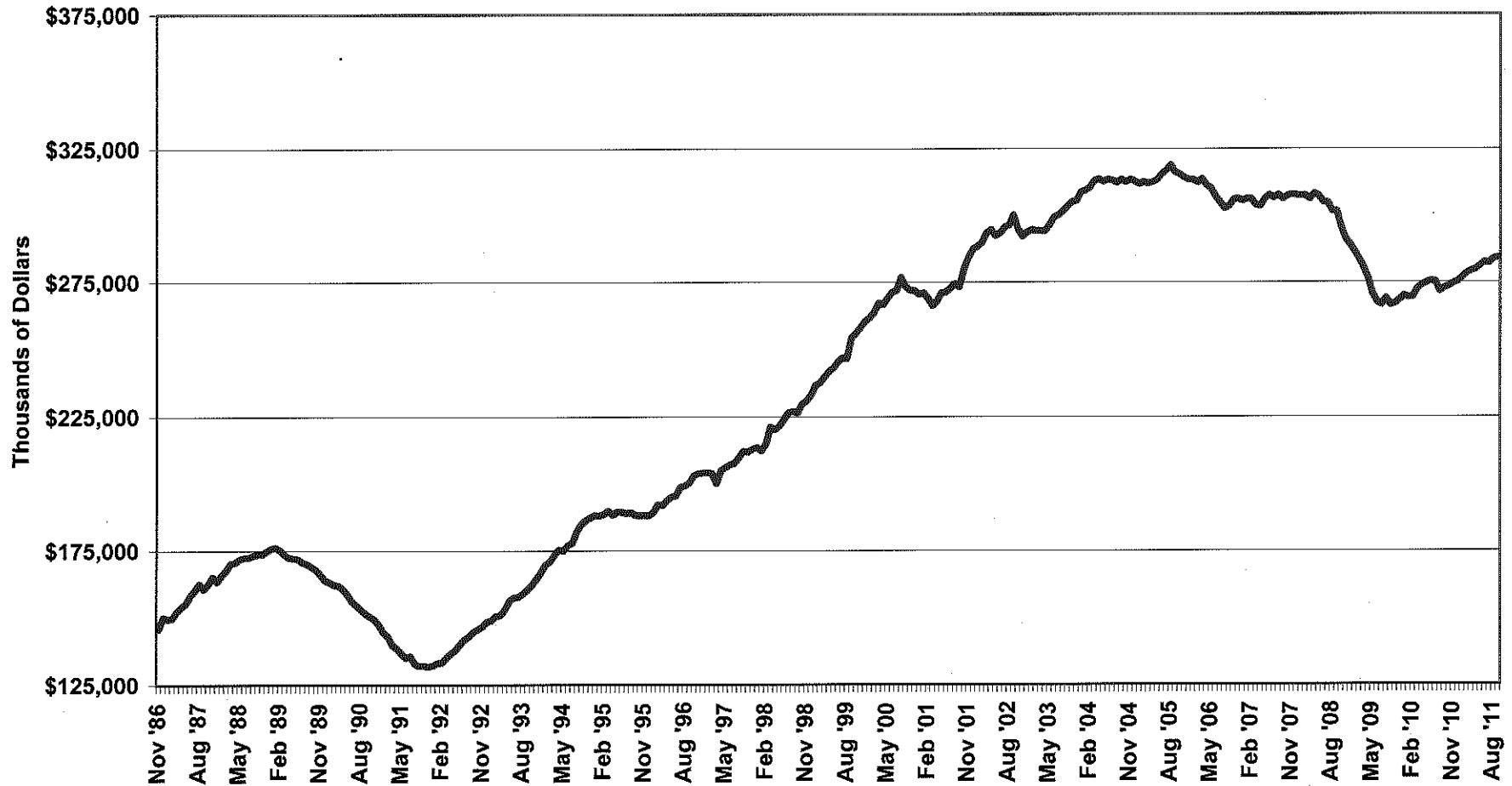




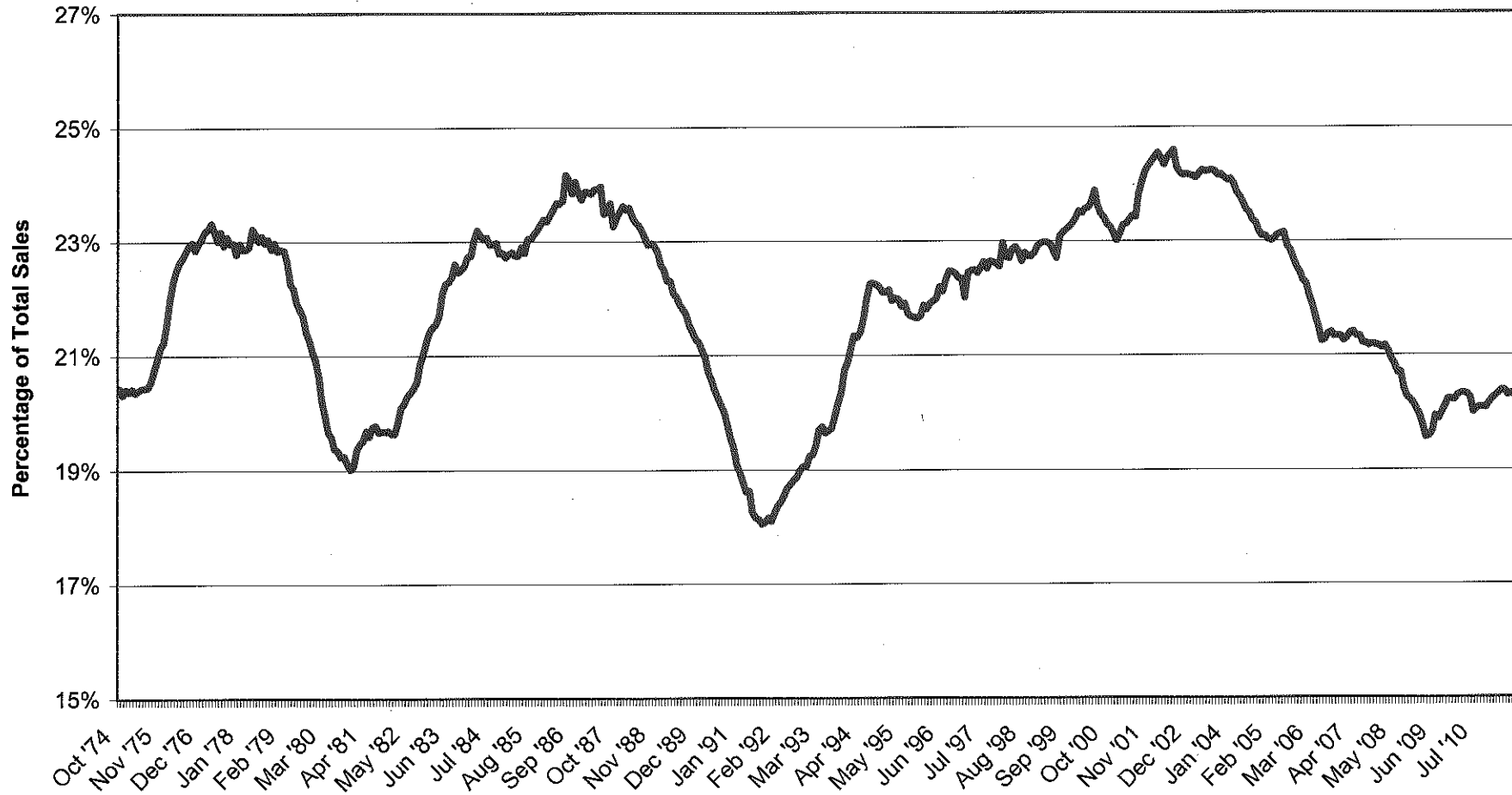
# Auto/Transportation Taxable Sales January 2001 to Date



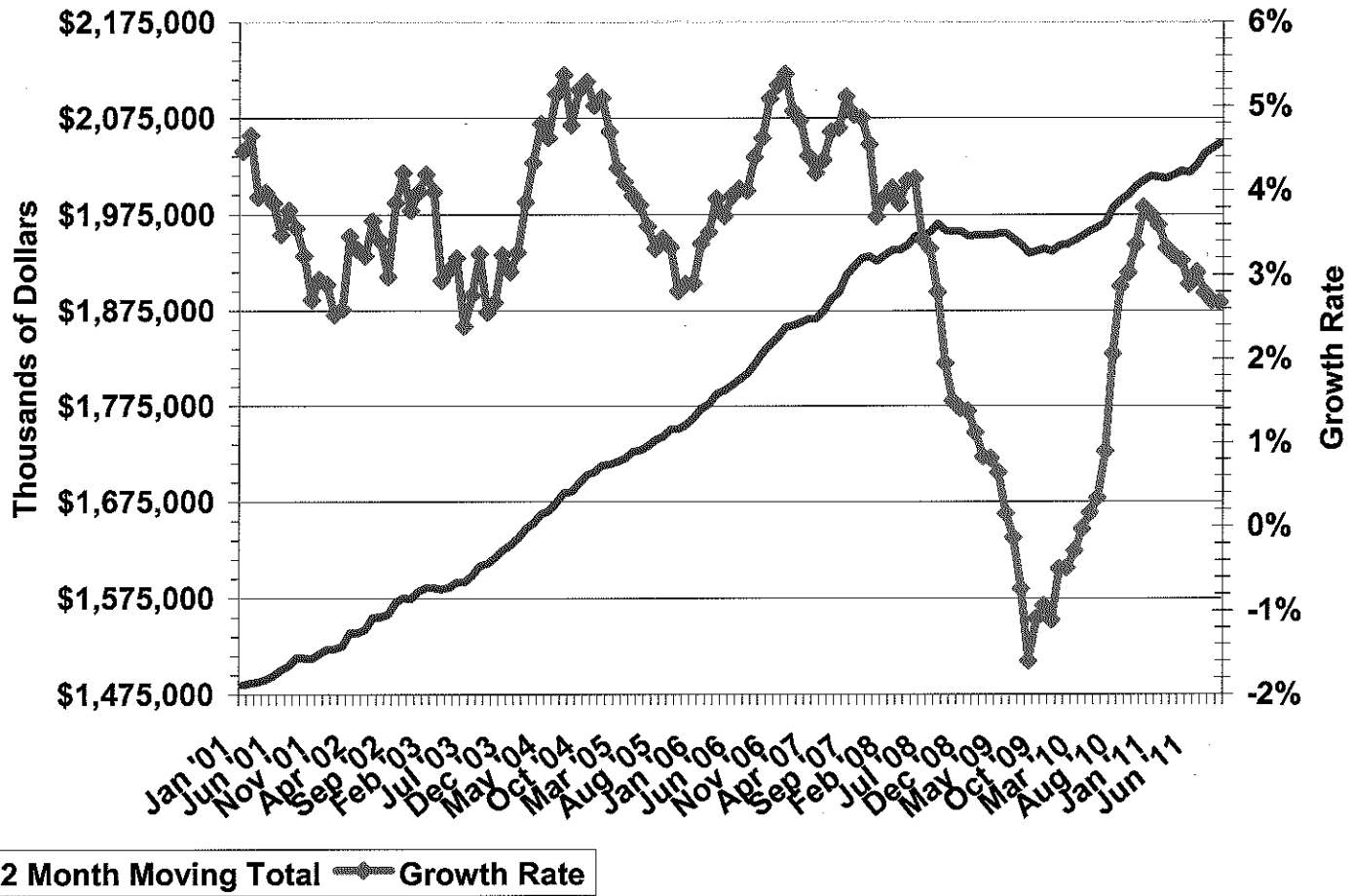
## Auto/Transportation Taxable Sales 12 Month Moving Average November 1986 to Date



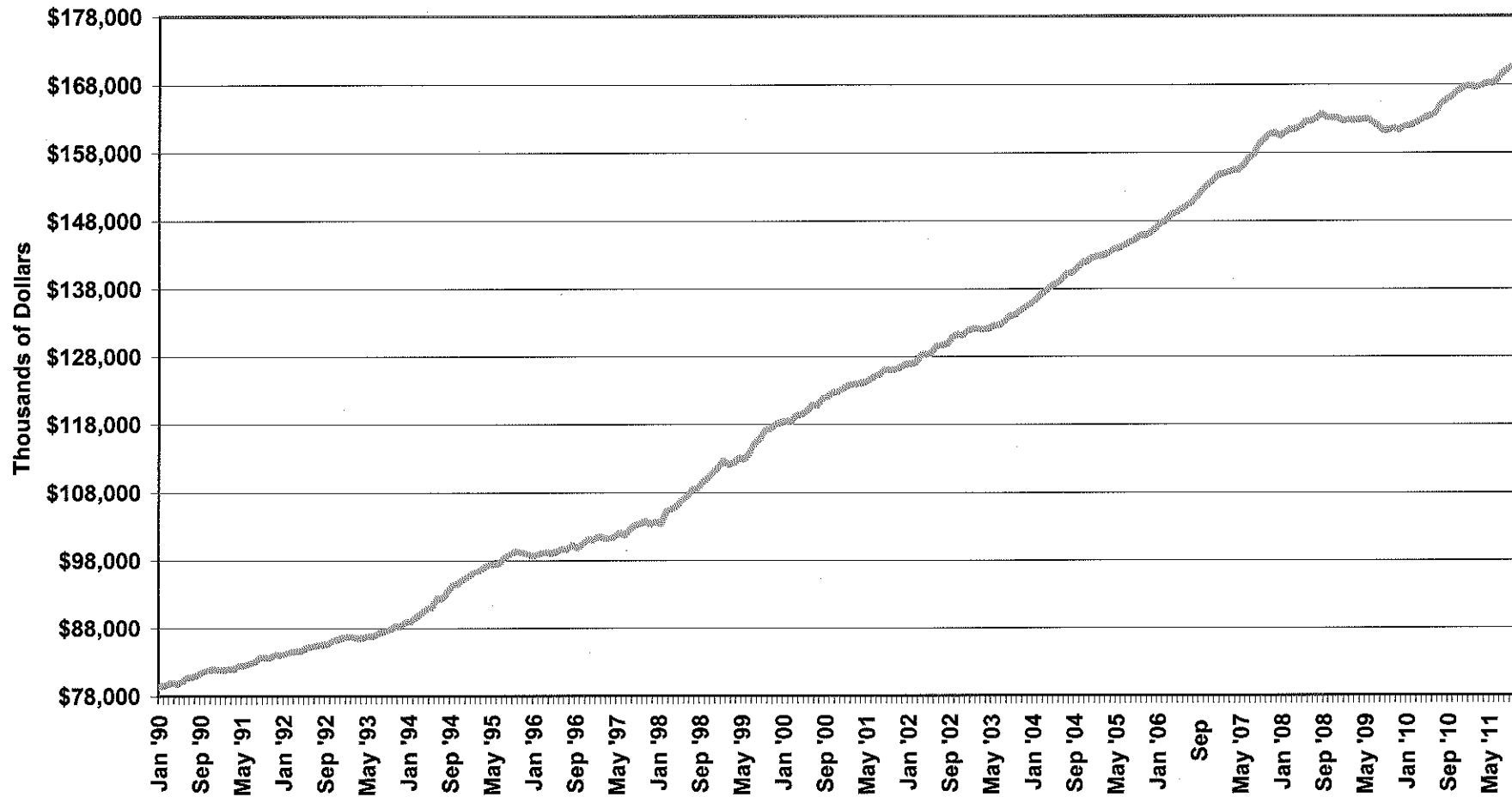
## Auto/Transportation Sales as Percentage of Total Sales 12 Month Moving Total Dec. 1974 - Date



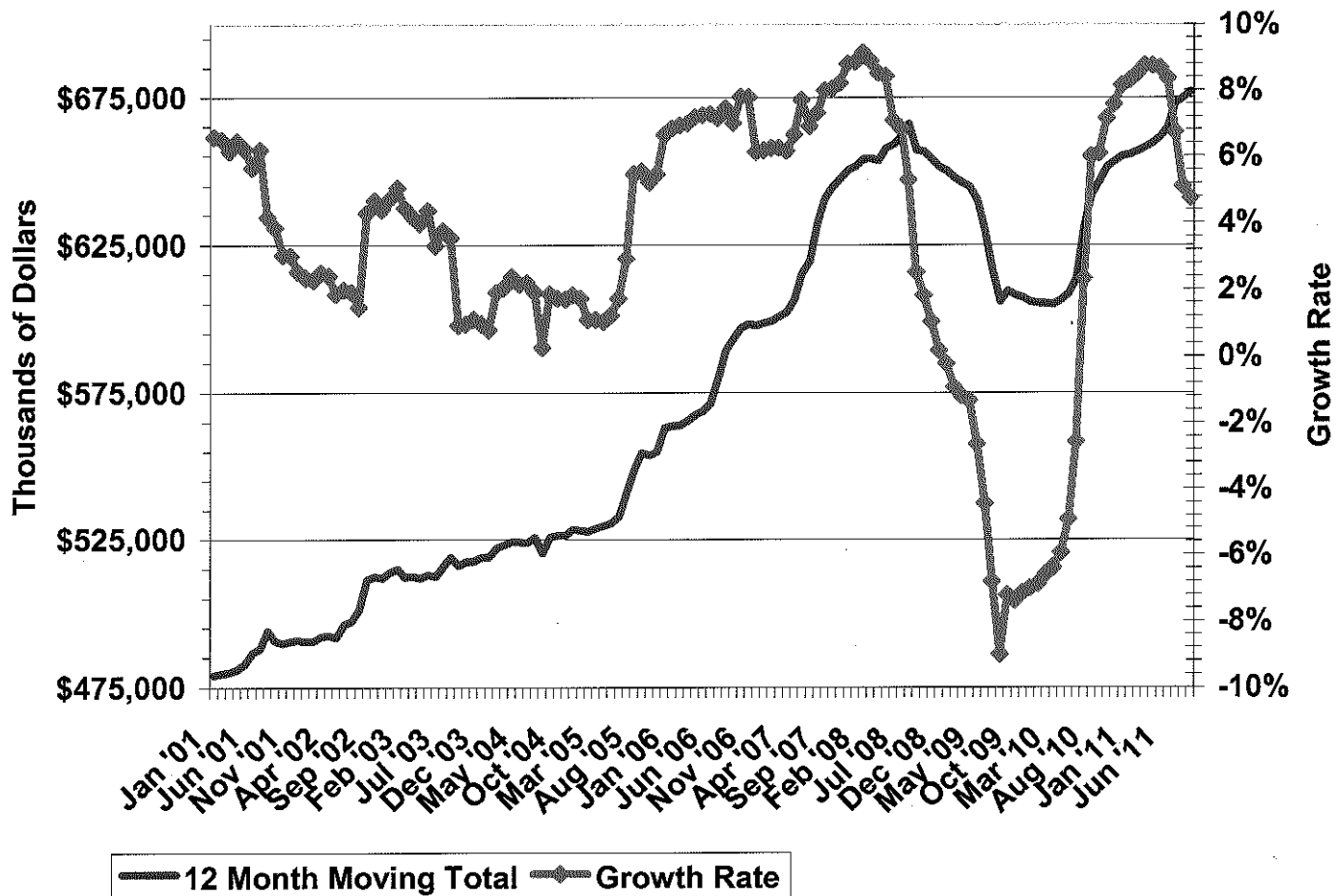
# Restaurant Taxable Sales January 2001 to Date



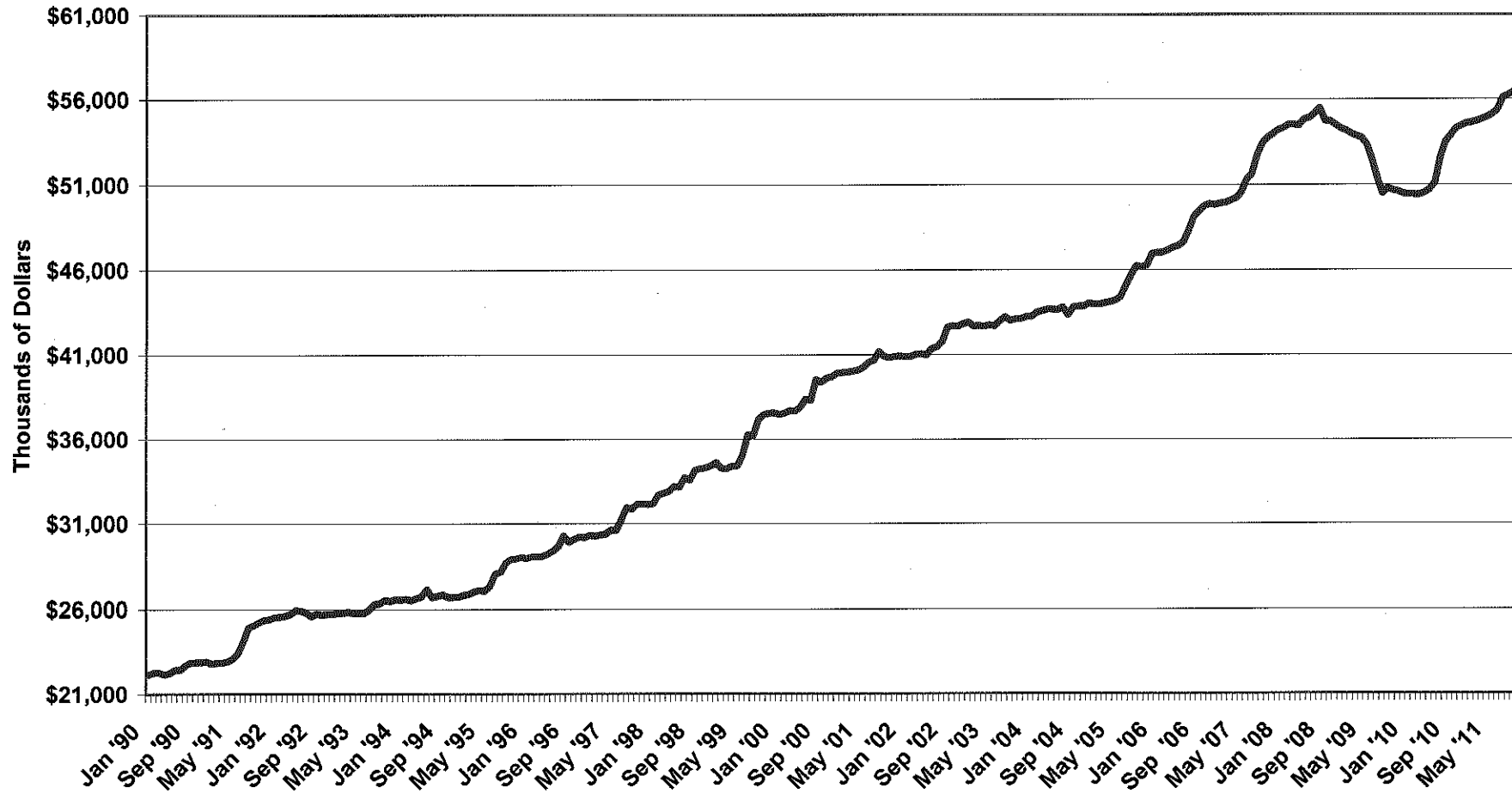
## Restaurant Taxable Sales 12 Month Moving Average January 1990 to Date



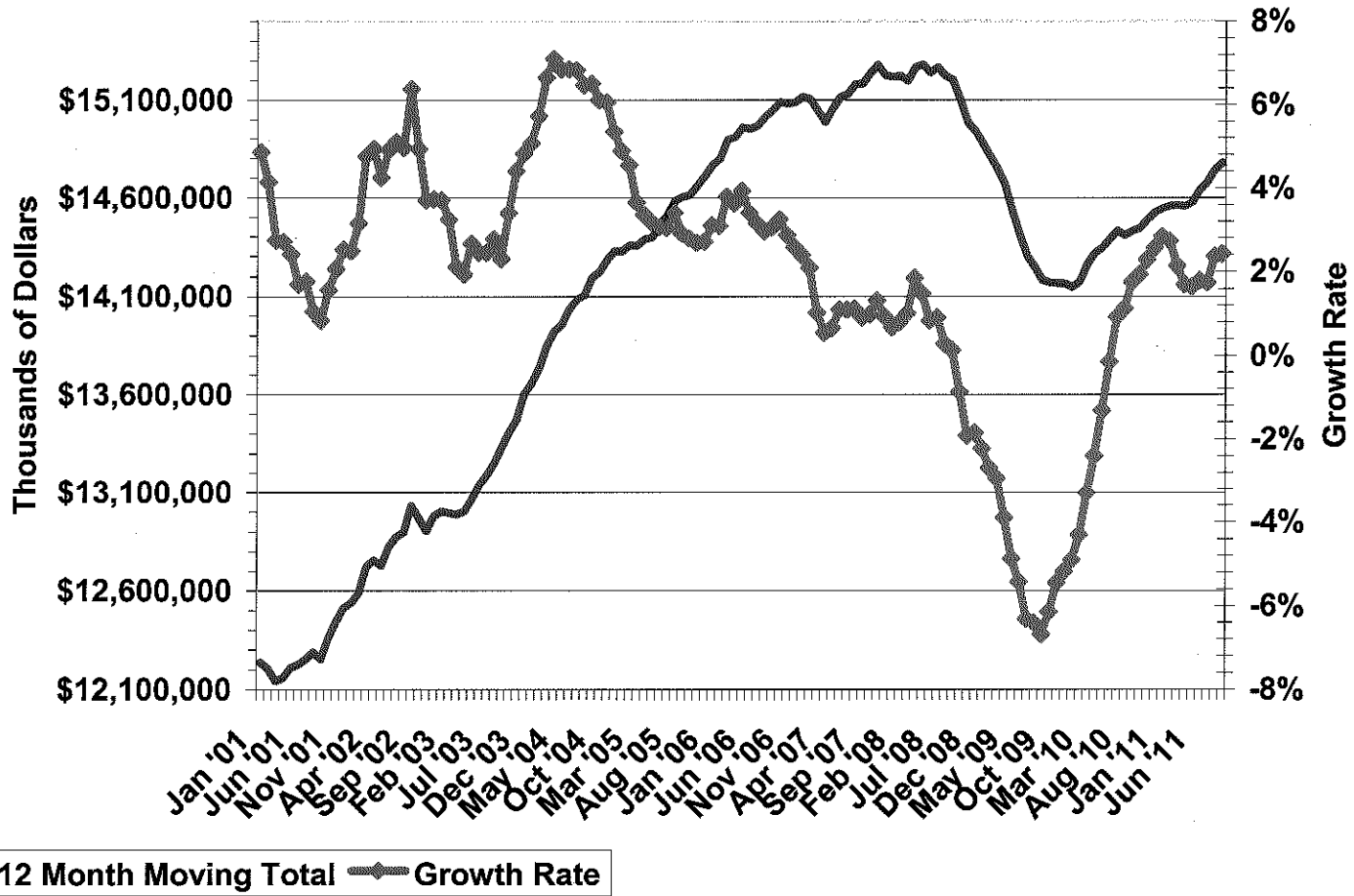
# Lodging Taxable Sales January 2001 to Date



# Lodging Taxable Sales 12 Month Moving Average January 1990 to Date

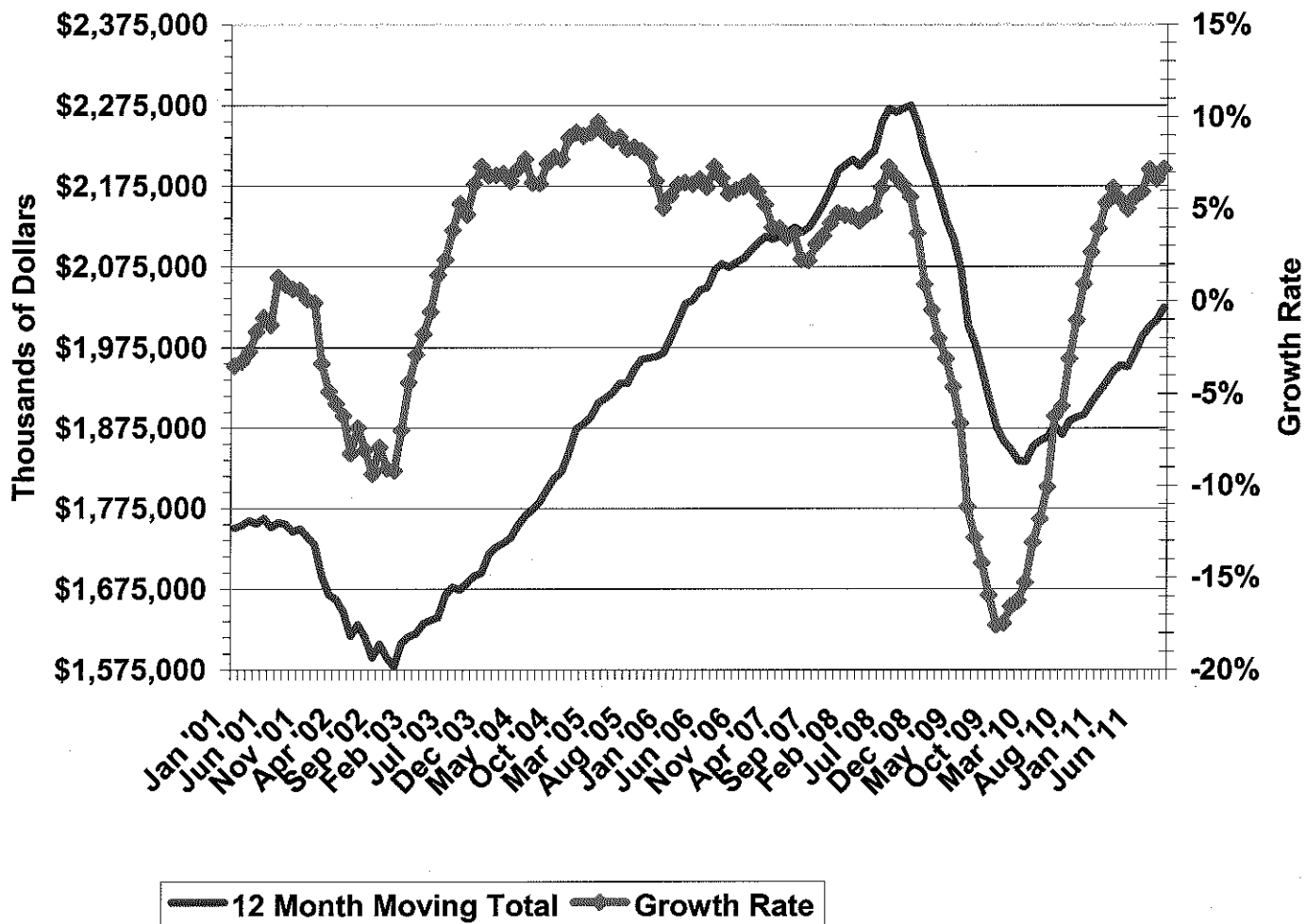


# Total Consumer Taxable Sales January 2001 to Date

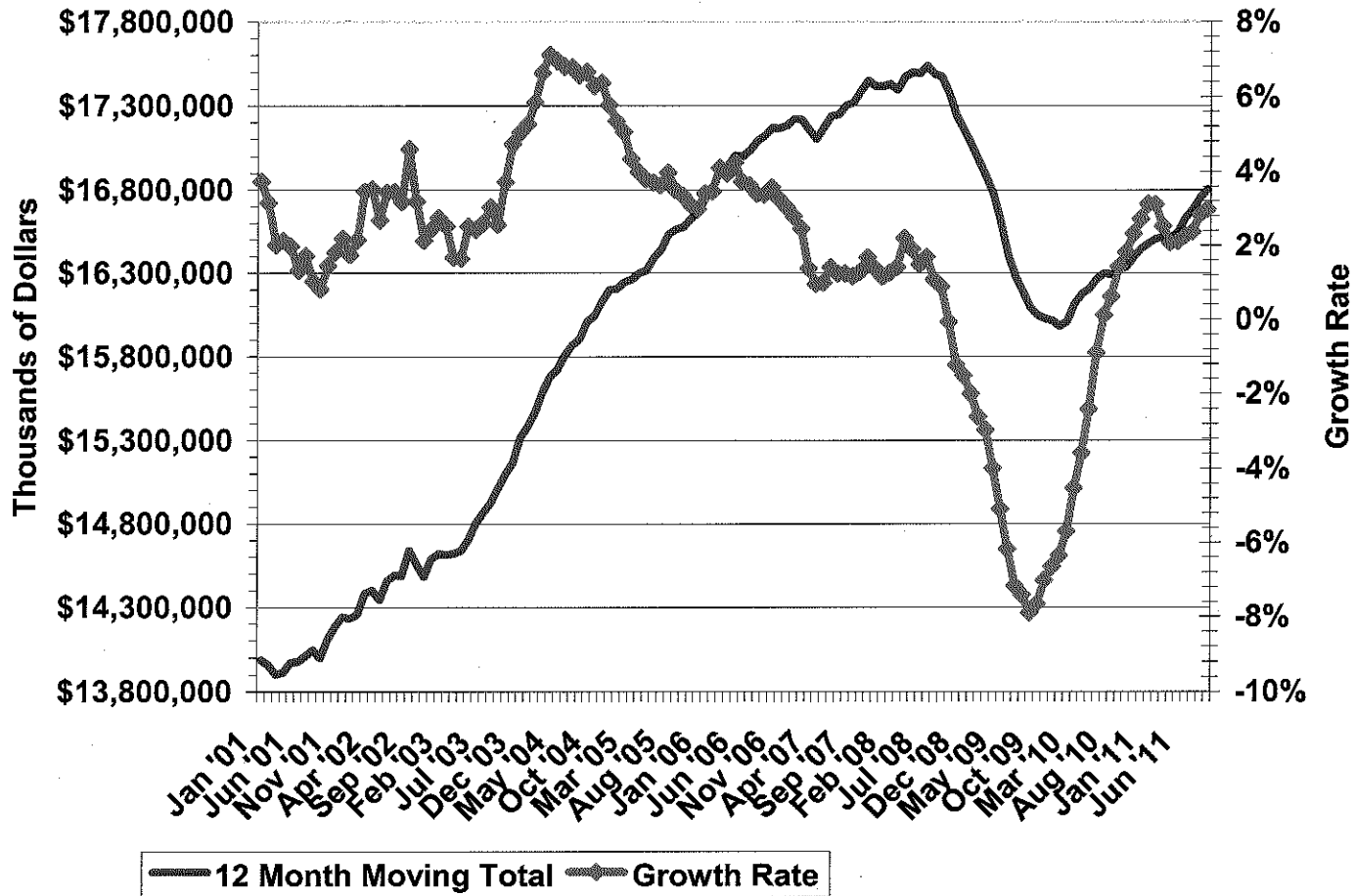




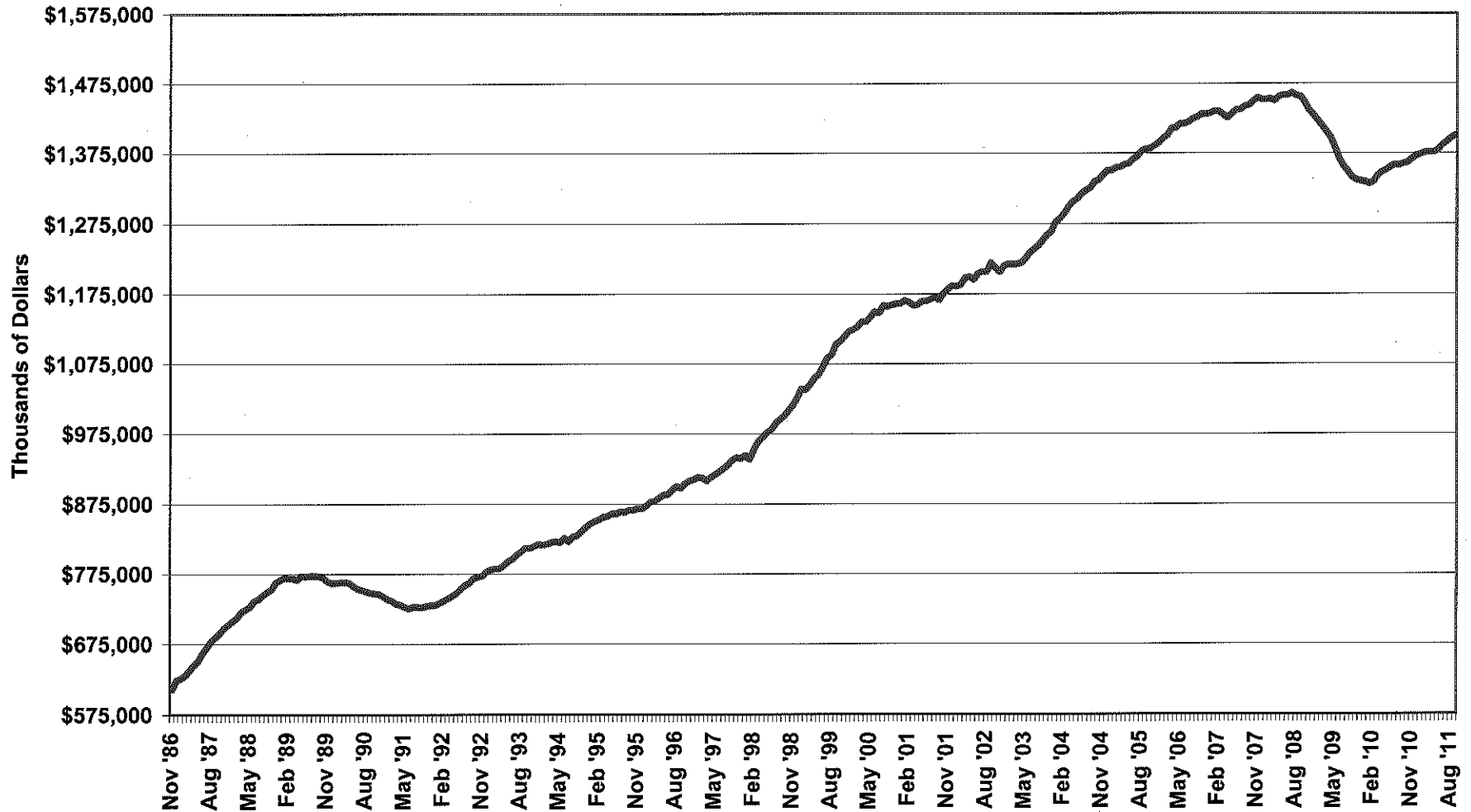
# Business Operating Taxable Sales January 2001 to Date



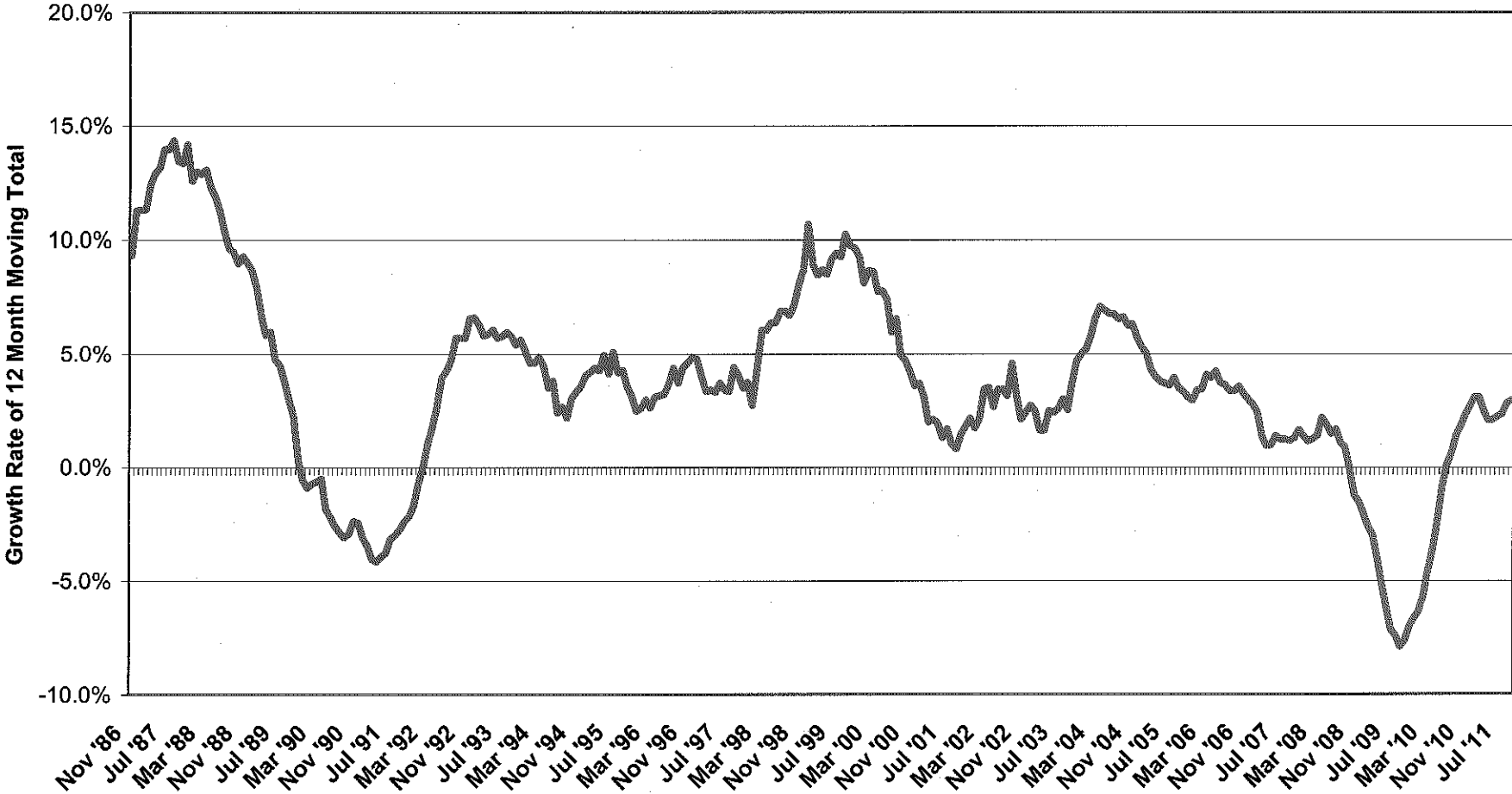
# Total Taxable Sales January 2001 to Date



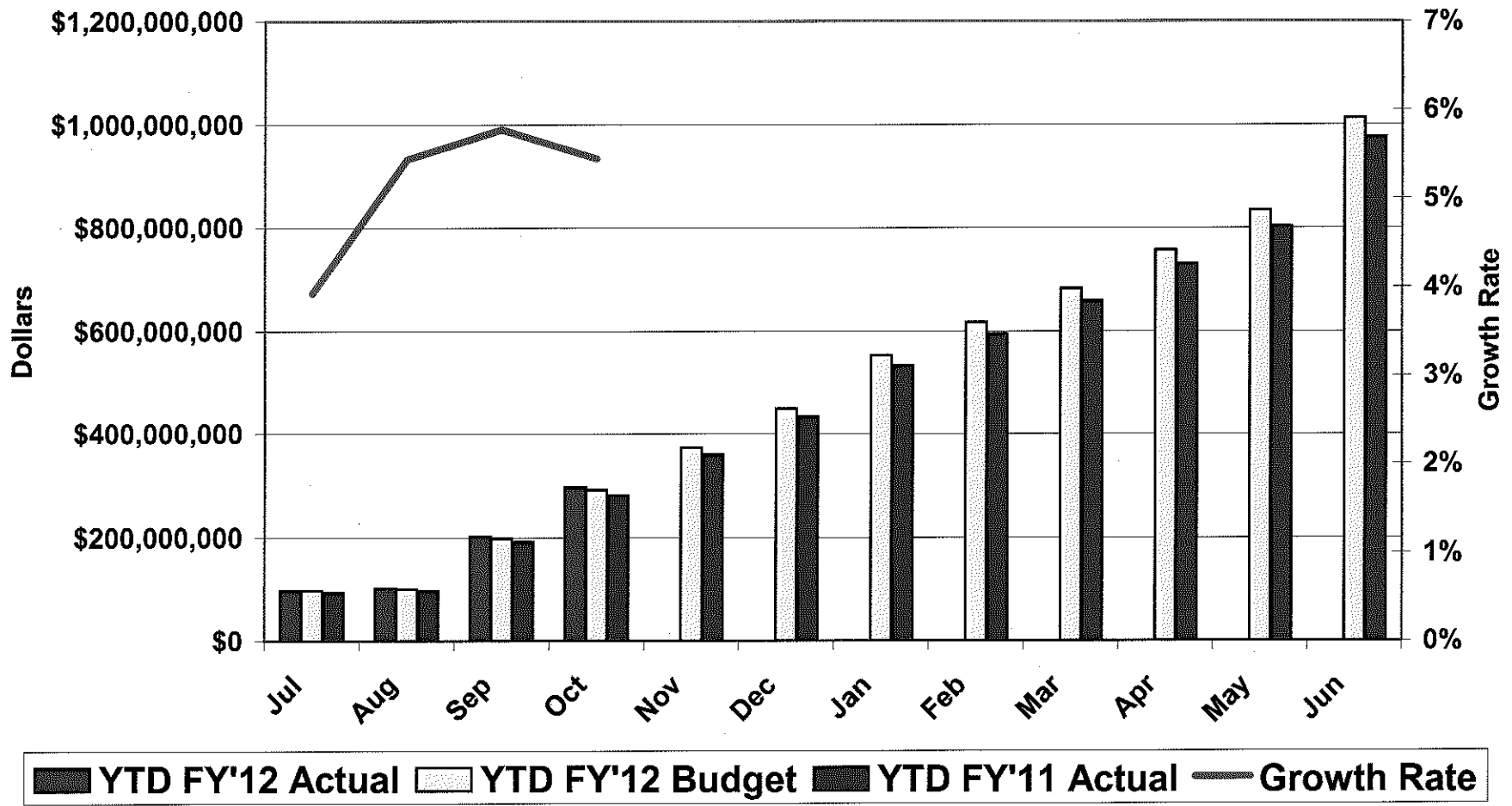
## Total Maine Taxable Sales 12 Month Moving Average November 1986 to Date



# Total Maine Taxable Sales Growth Rate of 12 Month Moving Total November 1986 to Date



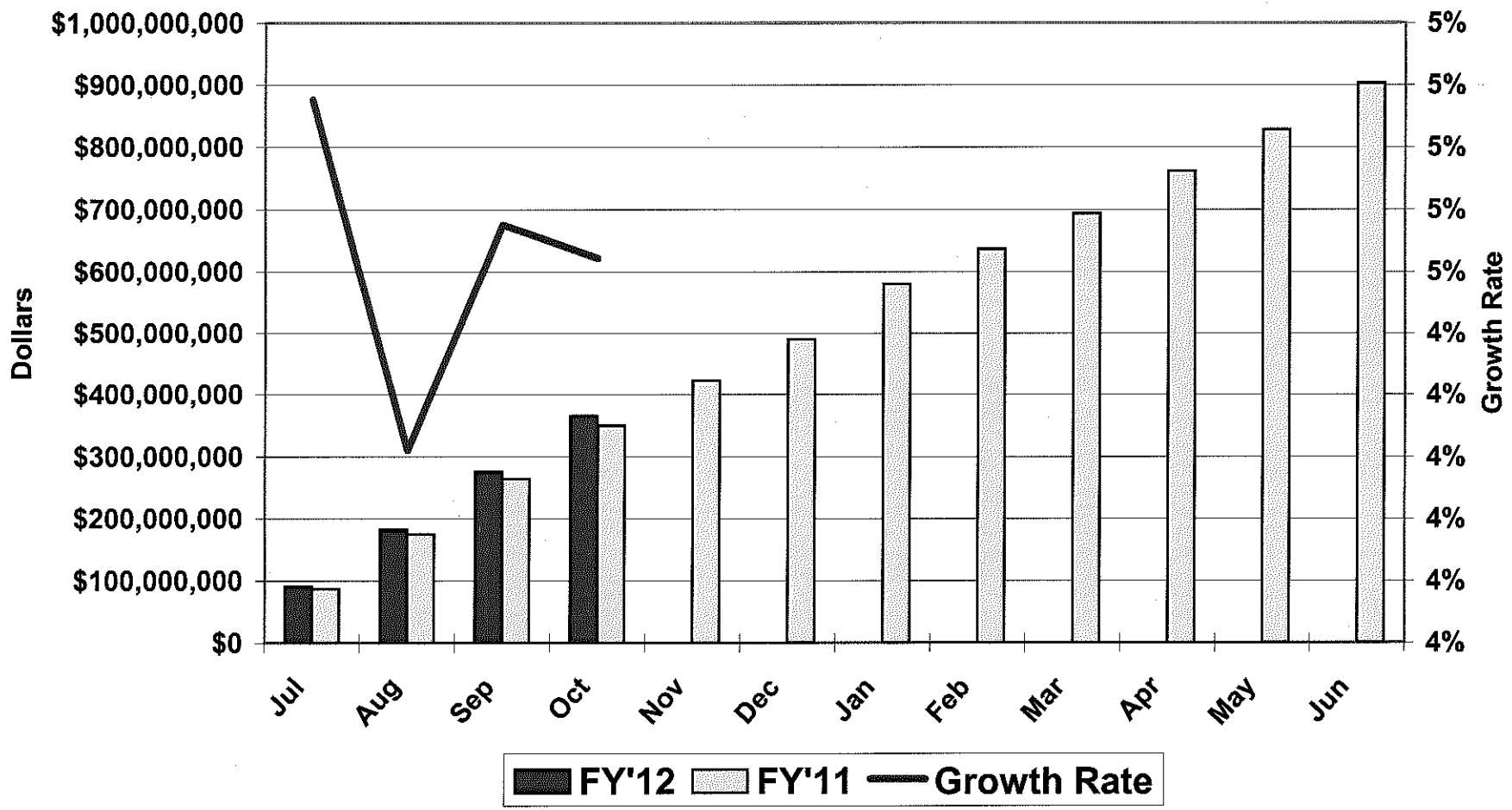
# Sales & Service Provider Tax Revenue FY'12 Actual, Budget & FY'11 Actual



Maine Revenue Services  
Sales & Use Tax and General Fund Service Provider Tax Revenue

Month	FY'12 Actual	FY'12 Budget	FY'11 Actual	FY'10 Actual	FY'12 Actual vs. Budget	FY'12 Budget vs. FY'11 Actual	FY'12 Actual vs. FY'11 Actual	FY'11 Actual vs. FY'10 Actual
Jul	\$97,325,059	\$96,934,869	\$93,652,239	\$90,437,714	0.4%	3.5%	3.9%	3.6%
Aug	\$4,891,424	\$3,417,475	\$3,291,734	\$79,210	43.1%	3.8%	48.6%	4055.7%
Sep	\$100,399,228	\$97,925,845	\$94,609,737	\$96,228,300	2.5%	3.5%	6.1%	-1.7%
Oct	\$94,988,592	\$93,856,434	\$90,673,790	\$88,431,836	1.2%	3.5%	4.8%	2.5%
Nov	\$0	\$80,466,695	\$77,669,432	\$75,400,830	-100.0%	3.6%	-100.0%	3.0%
Dec	\$0	\$76,463,932	\$73,542,626	\$69,267,533	-100.0%	4.0%	-100.0%	6.2%
Jan	\$0	\$104,157,735	\$100,172,789	\$94,072,597	-100.0%	4.0%	-100.0%	6.5%
Feb	\$0	\$63,421,941	\$61,268,924	\$59,620,070	-100.0%	3.5%	-100.0%	2.8%
Mar	\$0	\$65,165,004	\$62,953,205	\$61,174,209	-100.0%	3.5%	-100.0%	2.9%
Apr	\$0	\$75,621,646	\$73,055,998	\$73,523,849	-100.0%	3.5%	-100.0%	-0.6%
May	\$0	\$76,515,779	\$71,719,827	\$72,693,333	-100.0%	6.7%	-100.0%	-1.3%
Jun	\$0	\$178,711,921	\$173,748,976	\$173,095,784	-100.0%	2.9%	-100.0%	0.4%
=====								
Total	\$297,604,303	\$1,012,659,276	\$976,359,277	\$954,025,265	-70.6%	3.7%	-69.5%	2.3%
=====								
YTD Oct.	\$297,604,303	\$292,134,623	\$282,227,500	\$275,177,060	1.9%	3.5%	5.4%	2.6%
=====								

# Sales Tax Cash Receipts Year-to-Date FY'12 & FY'11



Maine Revenue Services  
Sales Tax Cash Receipts

	FY'12	FY'11	YTD FY'12	YTD FY'11	Growth Rate	YTD Growth Rate
Jul	\$91,152,806	\$86,997,781	\$91,152,806	\$86,997,781	4.8%	4.8%
Aug	\$91,239,718	\$88,026,199	\$182,392,524	\$175,023,980	3.7%	4.2%
Sep	\$94,409,126	\$89,669,490	\$276,801,650	\$264,693,470	5.3%	4.6%
Oct	\$89,008,411	\$85,292,458	\$365,810,061	\$349,985,928	4.4%	4.5%
Nov	\$0	\$72,259,257	\$365,810,061	\$422,245,185	-100.0%	-13.4%
Dec	\$0	\$67,442,115	\$365,810,061	\$489,687,300	-100.0%	-25.3%
Jan	\$0	\$90,105,489	\$365,810,061	\$579,792,789	-100.0%	-36.9%
Feb	\$0	\$56,348,822	\$365,810,061	\$636,141,611	-100.0%	-42.5%
Mar	\$0	\$57,395,926	\$365,810,061	\$693,537,537	-100.0%	-47.3%
Apr	\$0	\$67,130,526	\$365,810,061	\$760,668,063	-100.0%	-51.9%
May	\$0	\$67,473,300	\$365,810,061	\$828,141,363	-100.0%	-55.8%
Jun	\$0	\$74,366,693	\$365,810,061	\$902,508,056	-100.0%	-59.5%



Global Insights  
November 2011  
CPI Urban Consumer

CY	Motor Fuels	
2009	202.1900	
2010	239.1908	18.30%
2011	295.4006	23.50%
2012	280.3352	-5.10%
2013	291.8289	4.10%
2014	301.7511	3.40%
2015	305.0704	1.10%

CY	Fuel Oil	
2009	240.2000	
2010	281.7546	17.30%
2011	352.1933	25.00%
2012	330.7095	-6.10%
2013	342.9457	3.70%
2014	353.9200	3.20%
2015	359.9366	1.70%

CY	Natural Gas	
2009	193.6300	
2010	189.7574	-2.00%
2011	186.1520	-1.90%
2012	185.7797	-0.20%
2013	205.6581	10.70%
2014	214.7071	4.40%
2015	216.6395	0.90%

CY	Electricity	
2009	192.7900	
2010	193.1756	0.20%
2011	196.6527	1.80%
2012	202.1590	2.80%
2013	207.6173	2.70%
2014	215.2992	3.70%
2015	221.5428	2.90%

Global Insights  
April 2011  
CPI Urban Consumer

CY	Motor Fuels	
2009	202.1900	
2010	238.7864	18.10%
2011	282.0067	18.10%
2012	283.6988	0.60%
2013	293.6282	3.50%
2014	298.9135	1.80%
2015	302.2016	1.10%

CY	Fuel Oil	
2009	240.2000	
2010	281.5144	17.20%
2011	336.9727	19.70%
2012	344.0492	2.10%
2013	352.6504	2.50%
2014	358.6455	1.70%
2015	364.3838	1.60%

CY	Natural Gas	
2009	193.6300	
2010	189.7574	-2.00%
2011	176.2846	-7.10%
2012	179.4577	1.80%
2013	192.1992	7.10%
2014	200.2716	4.20%
2015	202.6749	1.20%

CY	Electricity	
2009	192.7900	
2010	192.9828	0.10%
2011	195.2986	1.20%
2012	197.8375	1.30%
2013	202.3877	2.30%
2014	210.4832	4.00%
2015	216.5872	2.90%

CY	Savings Rate
2009	5.20%
2010	5.30%
2011	4.90%
2012	4.80%
2013	3.80%
2014	4.40%
2015	5.00%

Target motor vehicle sales  
Forecasted Maine sales x average price

Calendar Year	Average price New Vehicle	New Vehicle Registrations Maine	Price x Registrations	Growth Rate	CPI New Vehicles
2009	24,314	45,000	1,094,130,000		134.19
2010	24,825	47,220	1,172,217,329	7.1%	135.63 1.07%
2011	25,520	47,410	1,209,888,154	3.2%	138.02 1.76%
2012	25,341	51,540	1,306,077,452	8.0%	135.72 -1.67%
2013	25,569	55,860	1,428,290,722	9.4%	132.35 -2.48%
2014	26,004	58,170	1,512,640,418	5.9%	132.04 -0.23%
2015	26,394	59,470	1,569,642,024	3.8%	132.76 0.55%
					133.22 0.35%

Fiscal Year	Nov. 2011
2010	1,133,173,664
2011	1,191,052,741 5.1%
2012	1,257,982,803 5.6%
2013	1,367,184,087 8.7%
2014	1,470,465,570 7.6%
2015	1,541,141,221 4.8%

CY	Savings Rate
2009	5.93%
2010	5.80%
2011	5.60%
2012	4.20%
2013	3.60%
2014	4.30%
2015	4.90%

Target motor vehicle sales  
Forecasted Maine sales x average price

Calendar Year	Average price New Vehicle	New Vehicle Registrations Maine	Price x Registrations	Growth Rate	CPI New Vehicles
2009	24,314	45,234	1,099,815,586		\$135.63 1.07%
2010	24,825	47,400	1,176,685,756	7.0%	\$138.48 2.10% 2.10%
2011	24,899	52,500	1,307,201,059	11.1%	\$138.89 0.30% 0.30%
2012	25,123	54,800	1,376,749,135	5.3%	\$140.14 0.90% 0.90%
2013	25,324	56,900	1,440,943,832	4.7%	\$141.26 0.80% 0.80%
2014	25,603	58,200	1,490,077,737	3.4%	\$142.82 1.10% 1.10%
2015	25,884	58,800	1,521,999,196	2.1%	\$144.39 1.10% 1.10%

Fiscal Year	Apr. 2011
2010	1,138,250,671
2011	1,241,943,407 9.1%
2012	1,341,975,097 8.1%
2013	1,408,846,483 5.0%
2014	1,465,510,784 4.0%
2015	1,506,038,467 2.8%

**Sales & Use and Service Provider Taxes: Baseline Forecast FY12 - FY15**

	<b>FY08</b>	<b>FY09</b>	<b>Biennium</b>	<b>FY10</b>	<b>FY11</b>	<b>Biennium</b>	<b>FY12</b>	<b>FY13</b>	<b>Biennium</b>	<b>FY14</b>	<b>FY15</b>	<b>Biennium</b>
Actuals & April, 2011 Forecast /1	\$1,035,157,942	\$974,636,315	\$2,009,794,257	\$954,025,264	\$976,359,279	\$1,930,384,543	\$1,012,689,901	\$1,057,484,867	\$2,070,174,768	\$1,101,338,446	\$1,140,857,777	\$2,242,196,223
Growth Rate	1.4%	-5.8%	-0.2%	-2.1%	2.3%	-4.0%	3.7%	4.4%	7.2%	4.1%	3.6%	8.3%
Technical Adjustments to Prior Forecast /2	\$0	\$0	\$0	\$0	\$0	\$0	\$17,277,365	\$16,688,073	\$33,965,439	\$17,394,806	\$18,253,151	\$35,647,958
Economic Assumptions /3	\$0	\$0	\$0	\$0	\$0	\$0	(\$14,003,216)	(\$19,467,027)	(\$33,470,244)	(\$16,888,708)	(\$8,641,248)	(\$25,529,957)
<b>Total Adjustments to Prior Forecast</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,274,149</b>	<b>(\$2,778,954)</b>	<b>\$495,195</b>	<b>\$506,098</b>	<b>\$9,611,903</b>	<b>\$10,118,001</b>
New Forecast	\$1,035,157,942	\$974,636,315	\$2,009,794,257	\$954,025,264	\$976,359,279	\$1,930,384,543	\$1,015,964,050	\$1,054,705,913	\$2,070,669,963	\$1,101,844,544	\$1,150,469,680	\$2,252,314,224
Growth Rate	1.4%	-5.8%	-0.2%	-2.1%	2.3%	-4.0%	4.1%	3.8%	7.3%	4.5%	4.4%	8.8%

1/ April, 2011 forecast with FY08, FY09, FY10 and FY11 actuals.

2/ Technical adjustments refer to all changes in the forecast that are not related to changes from new economic assumptions. Examples of technical changes may be new data, model updates and changes, and court cases that affect revenues.

3/ This line shows the incremental change in baseline revenues as a result of the new economic forecast released by the Consensus Economic Forecasting Committee. In addition, Global Insight's October 2011 forecast is used to estimate the impact of energy prices on sales tax receipts and to target automobile sales growth.

**Maine Revenue Services**  
**Model Sales Tax Revenue for Selected Categories from the November 2011 Forecast**  
(millions of dollars)

Fiscal Years	2010	2011		2012		2013		2014		2015	
<b>Personal Consumption</b>											
Total motor vehicles	\$121.9	\$126.1	3.4%	\$133.2	5.6%	\$144.7	8.7%	\$155.7	7.6%	\$163.2	4.8%
New autos	\$53.76	\$55.61	3.4%	\$58.73	5.6%	\$63.84	8.7%	\$68.69	7.6%	\$71.99	4.8%
Used Autos	\$30.41	\$31.46	3.5%	\$33.22	5.6%	\$36.11	8.7%	\$38.86	7.6%	\$40.72	4.8%
Other motor vehicles	\$37.71	\$39.01	3.4%	\$41.20	5.6%	\$44.78	8.7%	\$48.18	7.6%	\$50.50	4.8%
Restaurants - consumer	\$139.02	\$143.19	3.0%	\$147.35	2.9%	\$151.25	2.6%	\$155.70	2.9%	\$160.17	2.9%
Lodging - consumer	\$41.67	\$44.89	7.7%	\$48.21	7.4%	\$51.61	7.1%	\$55.65	7.8%	\$59.98	7.8%
Shoes	\$9.63	\$9.76	1.3%	\$10.00	2.5%	\$10.21	2.1%	\$10.46	2.4%	\$10.71	2.4%
Women's clothing	\$37.68	\$38.08	1.1%	\$39.68	4.2%	\$41.24	3.9%	\$43.03	4.3%	\$44.87	4.3%
Men's clothing	\$22.92	\$23.16	1.0%	\$24.13	4.2%	\$25.08	3.9%	\$26.17	4.3%	\$27.29	4.3%
Jewelry and watches	\$12.92	\$13.04	0.9%	\$13.75	5.4%	\$14.47	5.2%	\$15.30	5.7%	\$16.18	5.8%
Toilet articles and preps	\$18.37	\$18.49	0.7%	\$19.74	6.8%	\$21.02	6.5%	\$22.53	7.2%	\$24.13	7.1%
Furniture	\$16.27	\$16.42	0.9%	\$17.26	5.1%	\$18.10	4.9%	\$19.07	5.4%	\$20.08	5.3%
Drugs	\$15.02	\$15.25	1.5%	\$15.47	1.4%	\$15.66	1.2%	\$15.88	1.4%	\$16.09	1.3%
Personal consumption	\$694.33	\$710.59	2.3%	\$736.49	3.6%	\$768.91	4.4%	\$804.15	4.6%	\$836.65	4.0%
Business Intermediate	\$177.83	\$181.99	2.3%	\$195.64	7.5%	\$198.51	1.5%	\$206.53	4.0%	\$218.04	5.6%
Business Investment	\$81.87	\$83.78	2.3%	\$86.37	3.1%	\$88.91	2.9%	\$92.86	4.4%	\$97.53	5.0%

**Maine Revenue Services  
Transfers to the Tourism Marketing Promotion Fund  
November 2011 Forecast**

5% of the tax on meals and lodging is dedicated to the Tourism Marketing Promotion Fund. Revenue is credited to the fund in July and October of each year based on revenue collected in the prior fiscal year after revenue sharing has been deducted.

Actual FY'11 meals/lodge tax revenue	\$198,310,425			
General Fund portion	\$188,394,904	95.0%		
FY'12 Transfer to Tourism - budget	\$9,305,250			
Actual FY'12 transfer	\$9,419,745	5.0%		
Variance	\$114,495			
	FY'12	FY'13	FY'14	FY'15
Meals and lodging revenue forecast	\$206,060,000	\$213,650,000	\$222,630,000	\$232,000,000
Growth rate	3.9%	3.7%	4.2%	4.2%
General Fund	\$195,757,000	\$202,967,500	\$211,498,500	\$220,400,000
General Fund percentage	95.0%	95.0%	95.0%	95.0%
	FY'13	FY'14	FY'15	
November 2011 forecast				
5% to Tourism Fund	\$9,787,850	\$10,148,375	\$10,574,925	
	5.0%	5.0%	5.0%	
Current budget	\$9,596,520	\$10,100,091	\$10,603,259	
Variance	\$191,330	\$48,284	(\$28,334)	

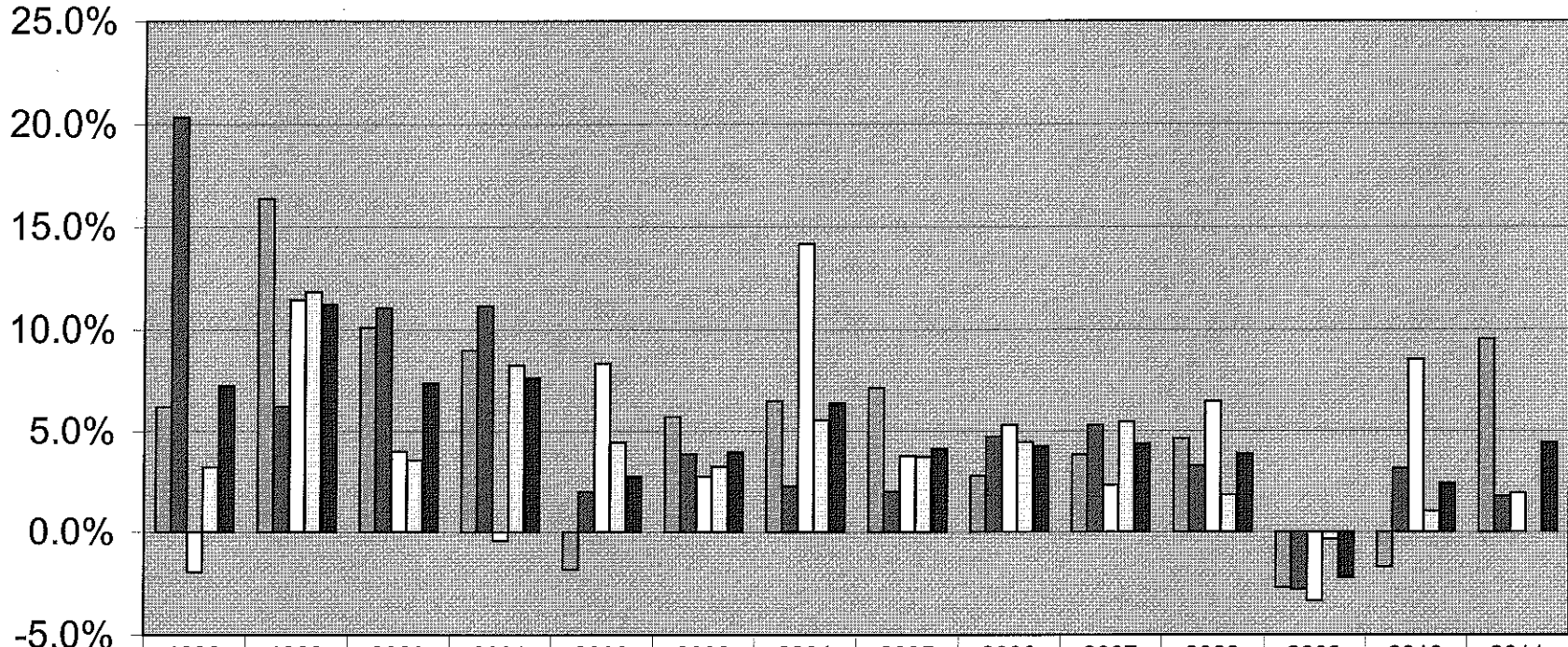
**Transfer to the Transit, Aviation and Rail Transportation Fund (STAR Fund).**  
50% in FY'12 and 100% thereafter of the revenue collected from the 10% sales tax on short-term automobile rentals that is credited to the General Fund in a fiscal year is transferred to the STAR Fund in the next fiscal year.

	FY'11	FY'12	FY'13	FY'14	FY'15
Current Budget	\$3,100,352	\$3,115,000	\$6,297,620	\$6,385,835	\$6,446,493
		0.5%	102.2%		
Actual FY'11 and '12 & forecast	\$3,100,352	\$3,196,872	\$6,157,681	\$6,222,258	\$6,287,481
		3.1%	92.6%	1.0%	1.0%
Variance		\$81,872	(\$139,939)	(\$163,577)	(\$159,012)

# **Individual Income Tax**

# Individual Income Tax Withholding

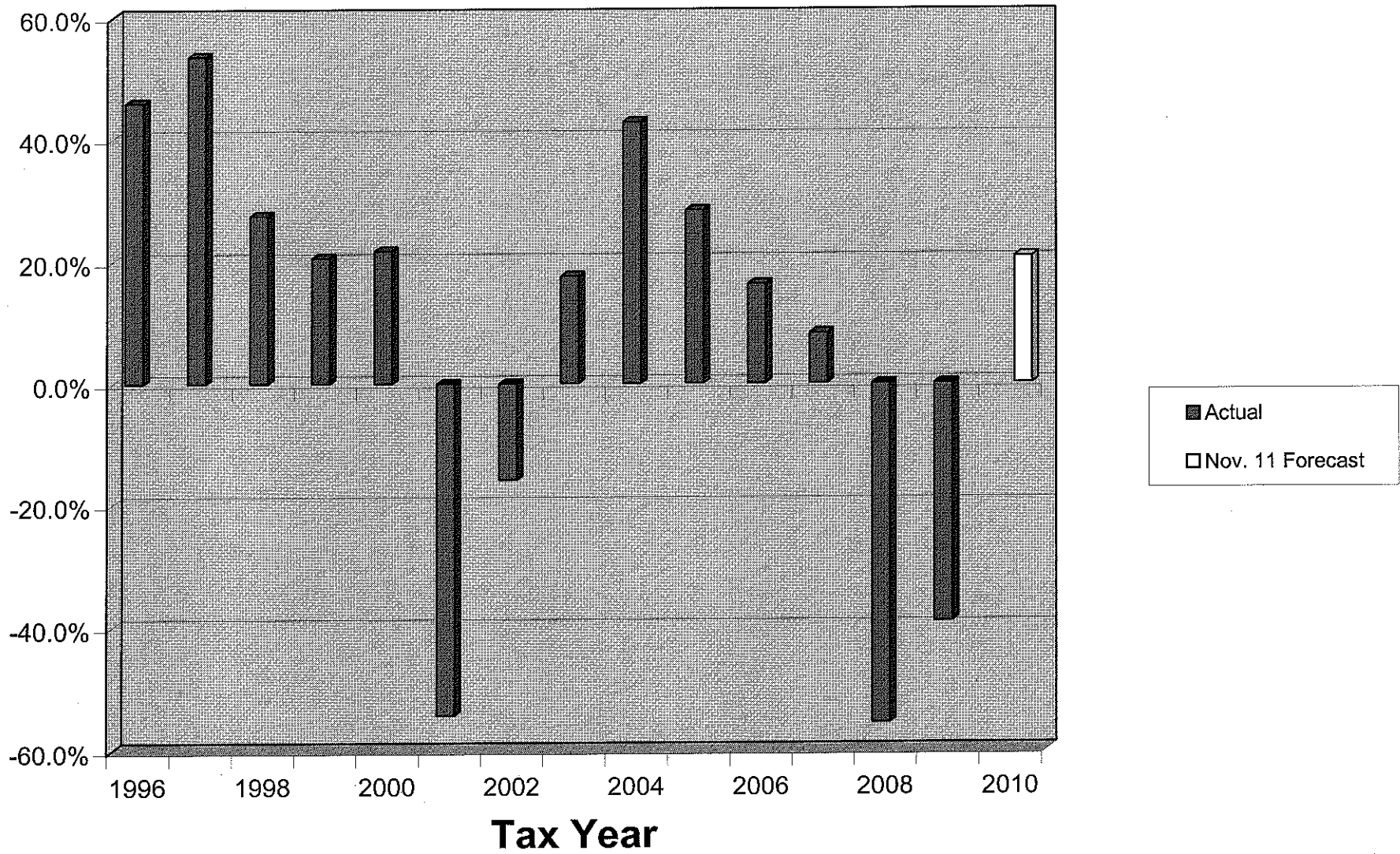
Year-Over-Year Percent Change



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
■ Qtr. I	6.2%	16.3%	10.1%	9.0%	-1.9%	5.7%	6.5%	7.1%	2.7%	3.8%	4.6%	-2.7%	-1.7%	9.5%
■ Qtr. II	20.3%	6.2%	11.0%	11.1%	2.0%	3.8%	2.2%	2.0%	4.7%	5.3%	3.3%	-2.8%	3.1%	1.7%
□ Qtr. III	-2.0%	11.4%	4.0%	-0.4%	8.4%	2.8%	14.1%	3.7%	5.3%	2.3%	6.5%	-3.3%	8.6%	1.9%
■ Qtr. IV	3.2%	11.8%	3.6%	8.3%	4.5%	3.2%	5.5%	3.7%	4.4%	5.5%	1.8%	-0.4%	1.0%	
■ Year	7.3%	11.2%	7.4%	7.6%	2.7%	3.9%	6.4%	4.1%	4.2%	4.4%	3.9%	-2.3%	2.4%	4.4%

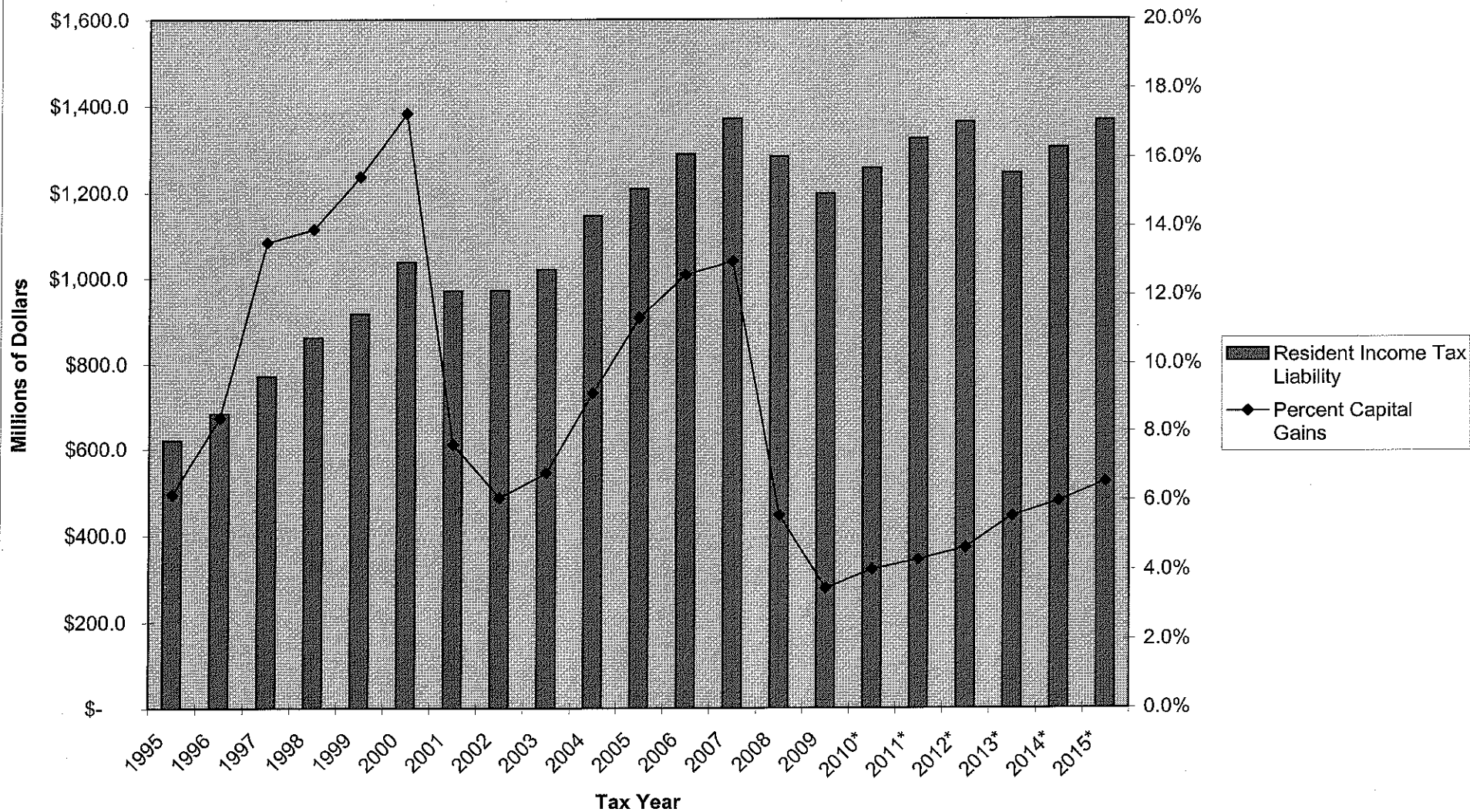
Quarter & Calendar Year

# Percentage Change in Capital Gains Realizations by Maine Residents





### Percentage of Resident Liability Attributable to Net Capital Gains



\* Signifies a forecasted value.

**Capital Gains and Losses Reported on Maine Individual Income Tax Returns, Tax Year 2009 /1**

Federal Adjusted Gross Income	Returns with Net Capital Gains			Returns with Net Capital Losses			Returns with Capital Gains/Losses		
	Thousands	(Millions of Dollars)		Thousands	(Millions of Dollars)		Thousands	(Millions of Dollars)	
	Returns	Gains	Revenue	Returns	Losses	Revenue	Returns	Net Gains	Revenue
Less than or Equal to \$0	651	\$51.7	\$0.0	3,352	(\$9.0)	(\$0.0)	4,003	\$42.7	(\$0.0)
\$0 <= \$10,000	2,245	\$40.7	\$0.4	6,015	(\$13.8)	(\$0.0)	8,260	\$26.9	\$0.3
\$10,000 <= \$20,000	2,806	\$20.6	\$0.3	5,309	(\$12.4)	(\$0.3)	8,115	\$8.1	\$0.0
\$20,000 <= \$30,000	2,699	\$22.3	\$0.6	4,382	(\$10.0)	(\$0.4)	7,081	\$12.3	\$0.2
\$30,000 <= \$50,000	4,931	\$38.3	\$1.8	7,989	(\$18.4)	(\$1.2)	12,920	\$19.9	\$0.7
\$50,000 <= \$75,000	5,693	\$43.9	\$2.9	8,498	(\$18.7)	(\$1.4)	14,191	\$25.2	\$1.5
\$75,000 <= \$100,000	4,349	\$49.6	\$3.6	6,095	(\$13.0)	(\$1.1)	10,444	\$36.7	\$2.6
\$100,000 <= \$200,000	6,271	\$121.1	\$8.9	8,408	(\$17.7)	(\$1.5)	14,679	\$103.4	\$7.4
Greater than \$200,000	<u>2,769</u>	<u>\$404.6</u>	<u>\$29.7</u>	<u>3,733</u>	<u>(\$9.8)</u>	<u>(\$0.8)</u>	<u>6,502</u>	<u>\$394.9</u>	<u>\$28.9</u>
	32,414	\$792.8	\$48.3	53,781	(\$122.7)	(\$6.7)	86,195	\$670.1	41.6

Total Tax Returns filed in Tax Year 2009 = 604,040  
 Total Tax Liability in Tax Year = \$1,294.1 Million

Data is from tax returns filed with the Internal Revenue Service and Maine Revenue Services.

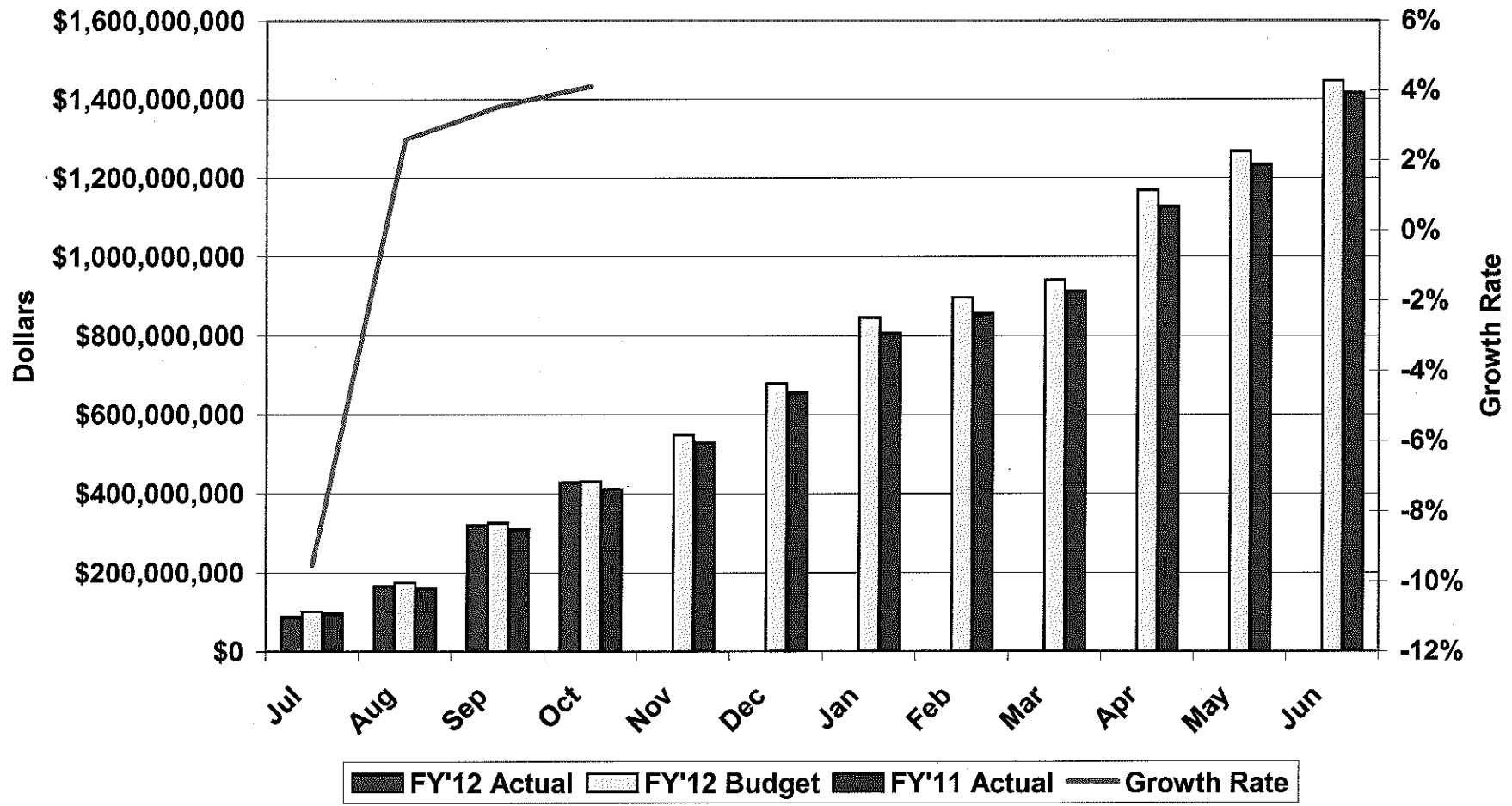
	Resident Net Gains	% Change
	(\$ Millions)	
1995	\$551.7	
1996	\$799.7	45.0%
1997	\$1,218.7	52.4%
1998	\$1,551.0	27.3%
1999	\$1,867.2	20.4%
2000	\$2,360.4	26.4%
2001	\$1,079.3	-54.3%
2002	\$908.8	-15.8%
2003	\$1,069.4	17.7%
2004	\$1,526.9	42.8%
2005	\$1,960.3	28.4%
2006	\$2,280.1	16.3%
2007	\$2,470.4	8.3%
2008	\$1,099.5	-55.5%
2009	\$670.1	-39.1%

### Maine Resident - Net Capital Gains

<u>Tax Year</u>	<u>Capital Gains Realizations (\$ Millions)</u>	<u>Capital Gains Realizations</u>	<u>Capital Gains Tax Liability (\$ Millions)</u>	<u>Capital Gains Tax Liability</u>	<u>Capital Gains % of Resident Tax Liability</u>	<u>Resident Income Tax Liability</u>
		<u>Annual % Change</u>		<u>Annual % Change</u>		
1995	\$551.7		\$38.3		6.2%	\$620.1
1996	\$799.7	45.0%	\$57.3	49.6%	8.4%	\$682.2
1997	\$1,218.7	52.4%	\$104.5	82.4%	13.6%	\$771.1
1998	\$1,551.0	27.3%	\$120.0	14.8%	13.9%	\$861.4
1999	\$1,867.2	20.4%	\$141.7	18.1%	15.5%	\$916.7
2000	\$2,360.4	26.4%	\$179.6	26.7%	17.3%	\$1,038.8
2001	\$1,079.3	-54.3%	\$74.1	-58.7%	7.6%	\$970.9
2002	\$908.8	-15.8%	\$59.1	-20.3%	6.1%	\$971.7
2003	\$1,069.4	17.7%	\$69.4	17.4%	6.8%	\$1,020.8
2004	\$1,526.9	42.8%	\$104.9	51.2%	9.2%	\$1,146.0
2005	\$1,960.3	28.4%	\$137.0	30.6%	11.3%	\$1,208.7
2006	\$2,280.2	16.3%	\$162.5	18.6%	12.6%	\$1,289.1
2007	\$2,470.3	8.3%	\$177.9	9.5%	13.0%	\$1,369.6
2008	\$1,099.5	-55.5%	\$71.4	-59.8%	5.5%	\$1,294.1
2009	\$670.1	-39.1%	\$41.6	-41.7%	3.5%	\$1,197.4
2010*	\$809.0	20.7%	\$50.5	21.2%	4.0%	\$1,255.3
2011*	\$906.2	12.0%	\$57.1	13.1%	4.3%	\$1,324.7
2012*	\$1,015.2	12.0%	\$63.2	10.8%	4.6%	\$1,361.7
2013*	\$1,136.9	12.0%	\$69.0	9.1%	5.5%	\$1,243.4
2014*	\$1,273.1	12.0%	\$78.0	13.1%	6.0%	\$1,303.3
2015*	\$1,426.0	12.0%	\$89.3	14.5%	6.5%	\$1,365.7

\* Represents Projections

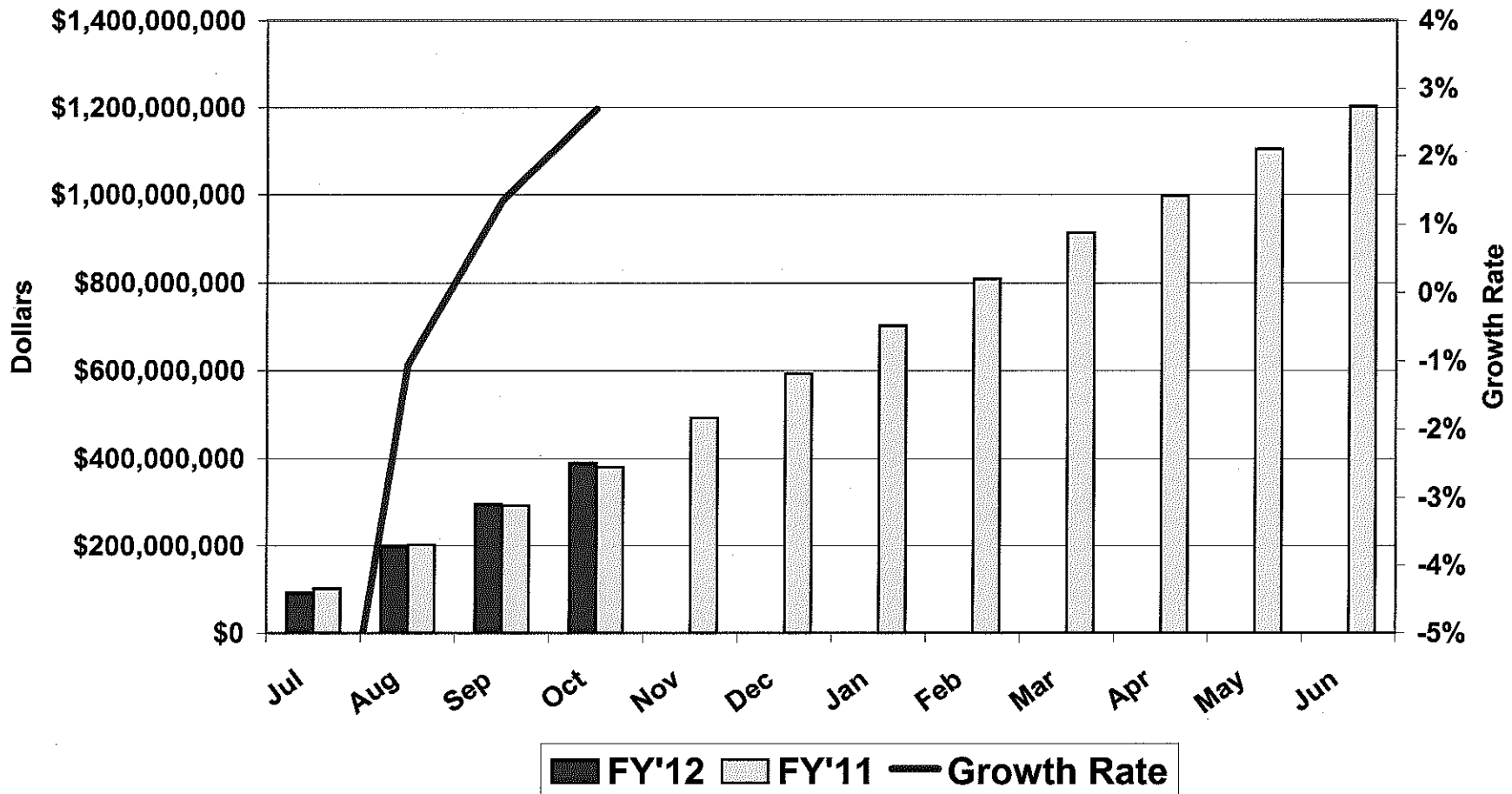
# YTD Individual Income Tax Revenue FY'12 Actual, Budget & FY'11 Actual



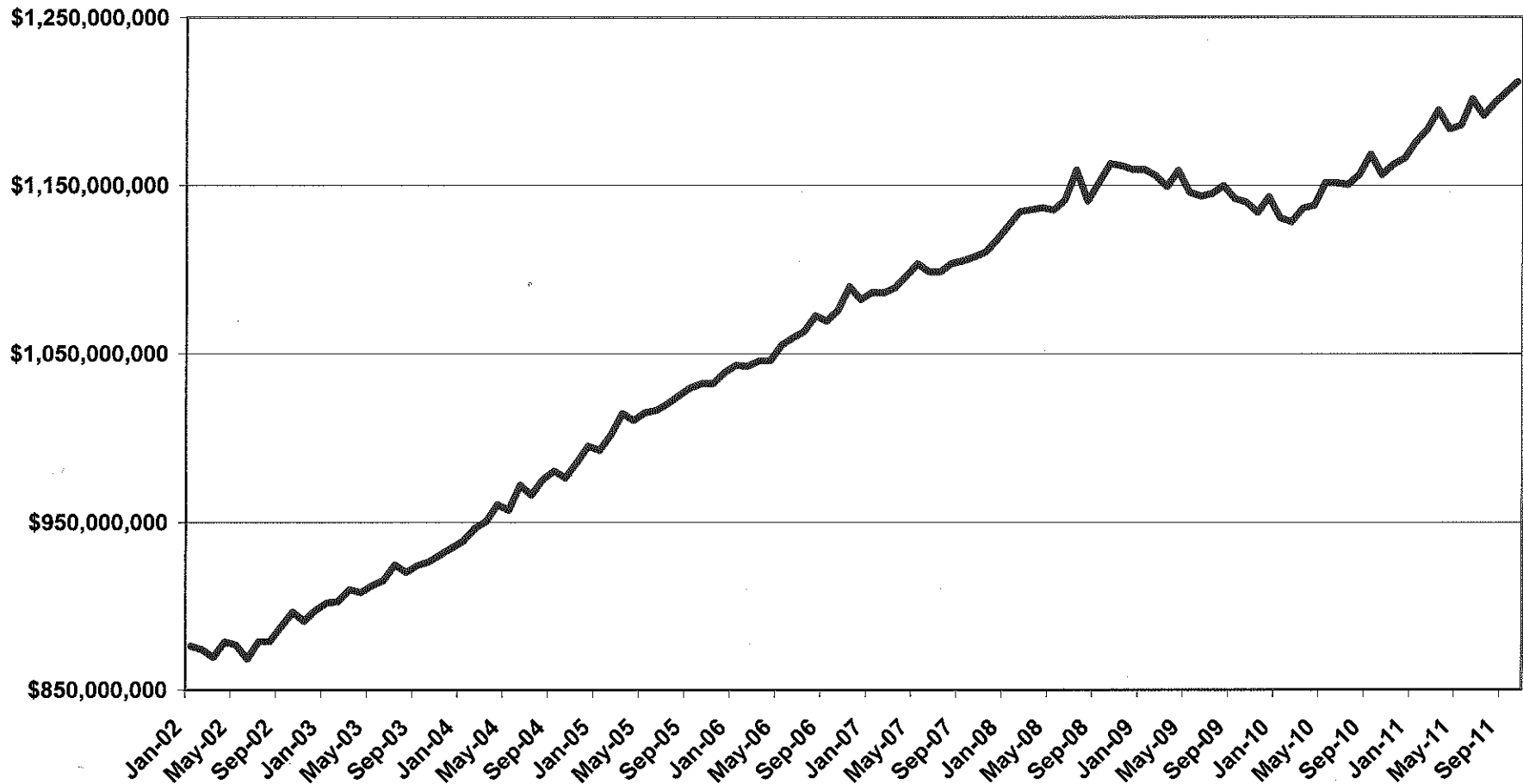
Maine Revenue Services  
Individual Income Tax Revenue

	FY'12 Actual	FY'12 Budget	FY'11 Actual	FY'10 Actual	FY'12 Actual vs. Budget	FY'12 Budget vs. FY'11 Actual	FY'12 Actual vs. FY'11 Actual	FY'11 Actual vs. FY'10 Actual
Jul	\$88,705,638	\$101,866,988	\$98,048,928	\$106,011,021	-12.9%	3.9%	-9.5%	-7.5%
Aug	\$76,878,302	\$73,211,467	\$63,334,695	\$45,365,263	5.0%	15.6%	21.4%	39.6%
Sep	\$153,813,242	\$150,091,453	\$147,084,980	\$129,859,317	2.5%	2.0%	4.6%	13.3%
Oct	\$107,808,252	\$104,736,722	\$101,843,463	\$105,732,983	2.9%	2.8%	5.9%	-3.7%
Nov	\$0	\$118,439,438	\$118,528,722	\$105,446,274	-100.0%	-0.1%	-100.0%	12.4%
Dec	\$0	\$129,548,825	\$126,325,861	\$125,933,530	-100.0%	2.6%	-100.0%	0.3%
Jan	\$0	\$166,701,574	\$151,418,936	\$137,027,470	-100.0%	10.1%	-100.0%	10.5%
Feb	\$0	\$51,395,243	\$48,465,133	\$24,274,494	-100.0%	6.0%	-100.0%	99.7%
Mar	\$0	\$45,492,494	\$58,227,540	\$51,811,689	-100.0%	-21.9%	-100.0%	12.4%
Apr	\$0	\$227,731,576	\$214,087,062	\$205,504,367	-100.0%	6.4%	-100.0%	4.2%
May	\$0	\$98,202,397	\$107,407,598	\$97,904,539	-100.0%	-8.6%	-100.0%	9.7%
Jun	\$0	\$178,403,032	\$180,510,617	\$163,165,106	-100.0%	-1.2%	-100.0%	10.6%
<b>Total</b>	<b>\$427,205,434</b>	<b>\$1,445,821,209</b>	<b>\$1,415,283,535</b>	<b>\$1,298,036,053</b>	<b>-70.5%</b>	<b>2.2%</b>	<b>-69.8%</b>	<b>9.0%</b>
<b>YTD Oct.</b>	<b>\$427,205,434</b>	<b>\$429,906,630</b>	<b>\$410,312,066</b>	<b>\$386,968,584</b>	<b>-0.6%</b>	<b>4.8%</b>	<b>4.1%</b>	<b>6.0%</b>

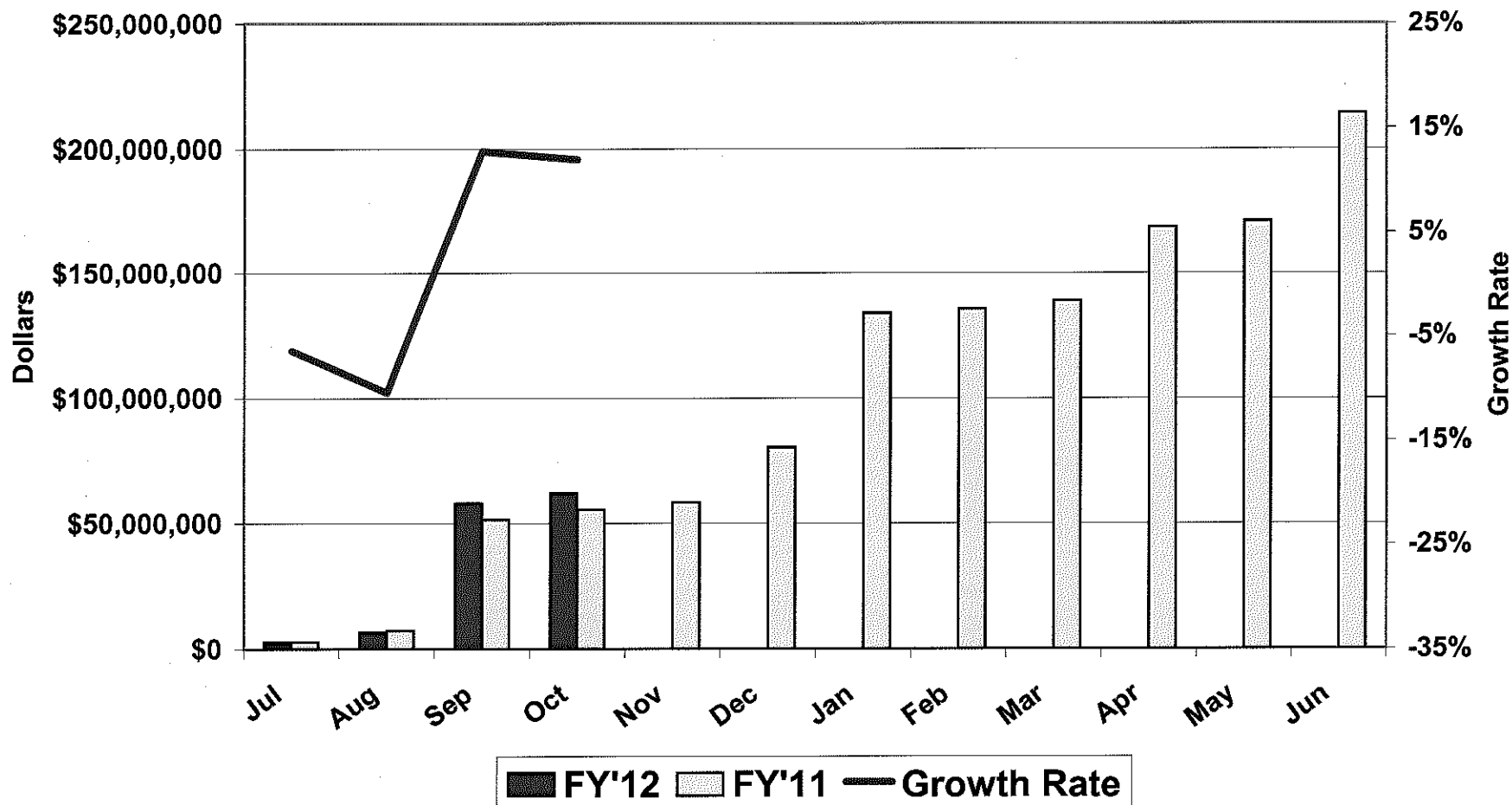
# 1040 Withholding Year-to-Date FY'12 & FY'11



# *Withholding Tax Revenue 12 Month Moving Total*

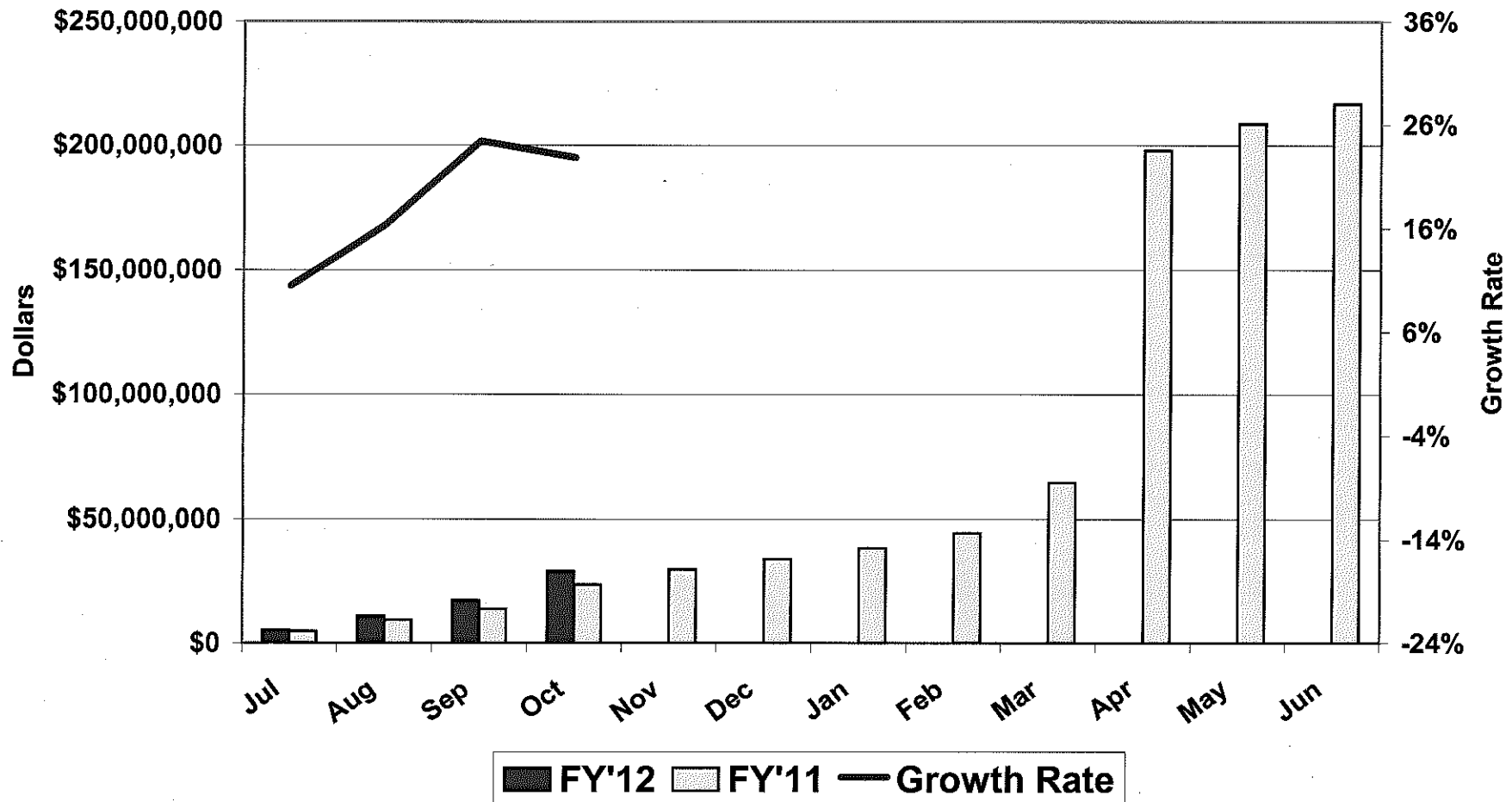


# 1040 Estimated Payments Year-to-Date FY'12 & FY'11





# 1040 Final Payments Year-to-Date FY'12 & FY'11



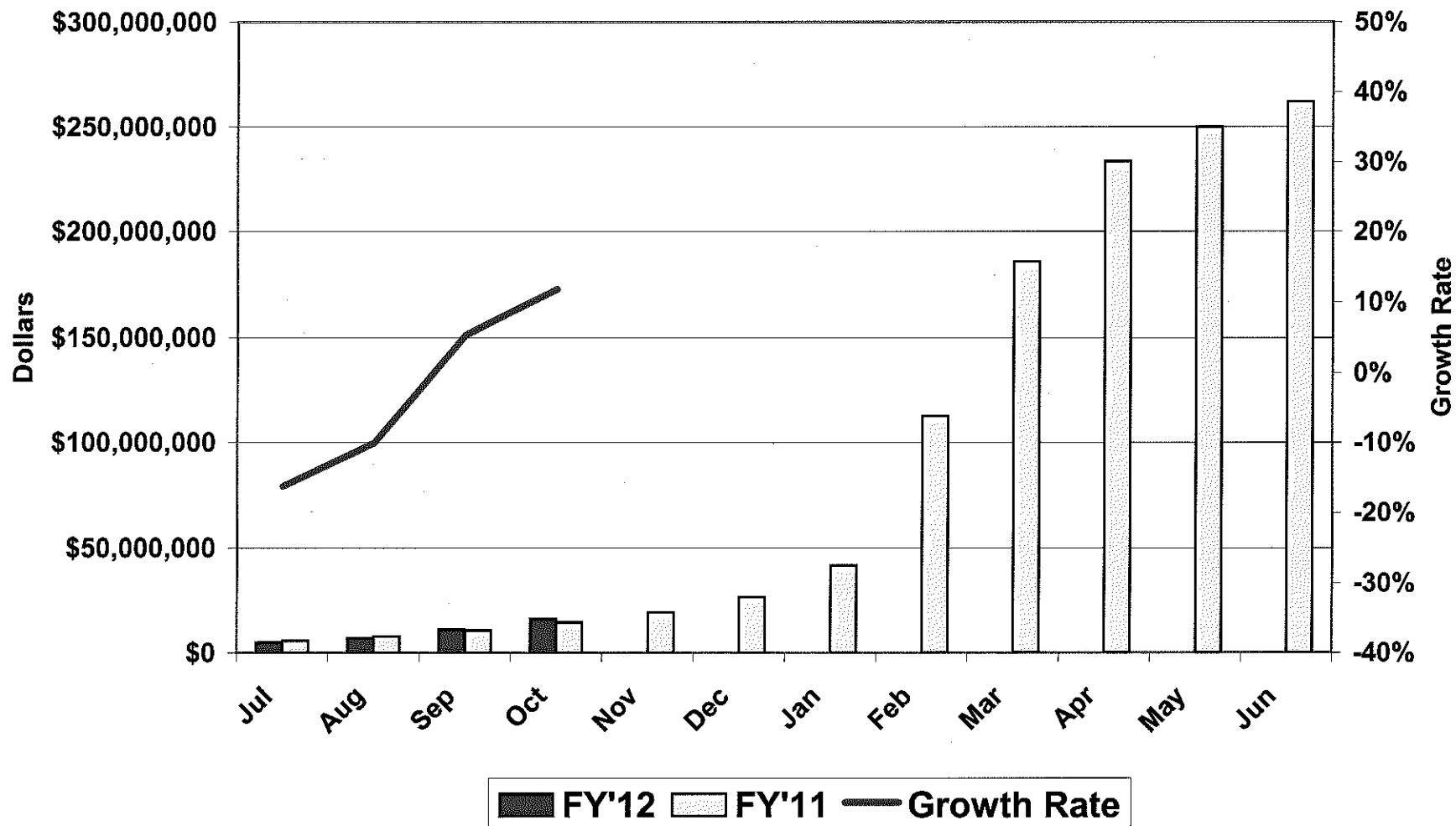
**Maine Revenue Services  
Individual Income Tax Withholding, Estimated Payments and Final Payments**

	1040 Withholding			1040 Estimated Payments			1040 Final Payments		
	FY'12	FY'11	Growth Rate	FY'12	FY'11	Growth Rate	FY'12	FY'11	Growth Rate
Jul	\$91,877,511	\$101,442,266	-9.4%	\$2,722,220	\$2,912,128	-6.5%	\$5,312,892	\$4,811,341	10.4%
Aug	\$108,309,217	\$100,889,441	7.4%	\$3,943,104	\$4,535,459	-13.1%	\$5,635,773	\$4,598,844	22.5%
Sep	\$96,580,443	\$90,510,630	6.7%	\$51,321,903	\$43,992,895	16.7%	\$6,274,071	\$4,435,367	41.5%
Oct	\$93,431,432	\$87,144,620	7.2%	\$4,107,751	\$4,014,872	2.3%	\$11,581,391	\$9,610,342	20.5%
Nov	\$0	\$110,614,415	-100.0%	\$0	\$2,842,036	-100.0%	\$0	\$6,137,621	-100.0%
Dec	\$0	\$103,501,434	-100.0%	\$0	\$22,065,876	-100.0%	\$0	\$4,360,873	-100.0%
Jan	\$0	\$107,133,941	-100.0%	\$0	\$53,483,396	-100.0%	\$0	\$4,356,193	-100.0%
Feb	\$0	\$108,313,830	-100.0%	\$0	\$1,657,888	-100.0%	\$0	\$6,096,598	-100.0%
Mar	\$0	\$103,762,892	-100.0%	\$0	\$3,292,454	-100.0%	\$0	\$20,221,047	-100.0%
Apr	\$0	\$84,114,602	-100.0%	\$0	\$29,986,958	-100.0%	\$0	\$133,306,827	-100.0%
May	\$0	\$106,773,230	-100.0%	\$0	\$2,434,121	-100.0%	\$0	\$10,706,218	-100.0%
Jun	\$0	\$97,602,231	-100.0%	\$0	\$42,951,149	-100.0%	\$0	\$7,999,361	-100.0%

**Year-To-Date**

	1040 Withholding			1040 Estimated Payments			1040 Final Payments		
	FY'12	FY'11	Growth Rate	FY'12	FY'11	Growth Rate	FY'12	FY'11	Growth Rate
Jul	\$91,877,511	\$101,442,266	-9.4%	\$2,722,220	\$2,912,128	-6.5%	\$5,312,892	\$4,811,341	10.4%
Aug	\$200,186,728	\$202,331,707	-1.1%	\$6,665,324	\$7,447,587	-10.5%	\$10,948,665	\$9,410,185	16.3%
Sep	\$296,767,171	\$292,842,337	1.3%	\$57,987,227	\$51,440,482	12.7%	\$17,222,736	\$13,845,552	24.4%
Oct	\$390,198,603	\$379,986,957	2.7%	\$62,094,978	\$55,455,354	12.0%	\$28,804,127	\$23,455,894	22.8%
Nov	\$390,198,603	\$490,601,372	-20.5%	\$62,094,978	\$58,297,390	6.5%	\$28,804,127	\$29,593,515	-2.7%
Dec	\$390,198,603	\$594,102,806	-34.3%	\$62,094,978	\$80,363,266	-22.7%	\$28,804,127	\$33,954,388	-15.2%
Jan	\$390,198,603	\$701,236,747	-44.4%	\$62,094,978	\$133,846,662	-53.6%	\$28,804,127	\$38,310,581	-24.8%
Feb	\$390,198,603	\$809,550,577	-51.8%	\$62,094,978	\$135,504,550	-54.2%	\$28,804,127	\$44,407,179	-35.1%
Mar	\$390,198,603	\$913,313,469	-57.3%	\$62,094,978	\$138,797,004	-55.3%	\$28,804,127	\$64,628,226	-55.4%
Apr	\$390,198,603	\$997,428,071	-60.9%	\$62,094,978	\$168,783,962	-63.2%	\$28,804,127	\$197,935,053	-85.4%
May	\$390,198,603	\$1,104,201,301	-64.7%	\$62,094,978	\$171,218,083	-63.7%	\$28,804,127	\$208,641,271	-86.2%
Jun	\$390,198,603	\$1,201,803,532	-67.5%	\$62,094,978	\$214,169,232	-71.0%	\$28,804,127	\$216,640,632	-86.7%

# Individual Income Tax Refunds Year-to-Date FY'12 & FY'11



**Maine Revenue Services  
Individual Income Tax Refunds**

	Month		Year-To-Date		Growth Rate
	FY'12	FY'11	FY'12	FY'11	
Jul	\$4,800,560	\$5,731,876	\$4,800,560	\$5,731,876	-16%
Aug	\$2,195,027	\$2,050,550	\$6,995,587	\$7,782,426	-10%
Sep	\$4,140,467	\$2,790,707	\$11,136,054	\$10,573,133	5%
Oct	\$4,944,161	\$3,811,881	\$16,080,215	\$14,385,014	12%
Nov	\$0	\$4,745,060	\$16,080,215	\$19,130,074	-16%
Dec	\$0	\$7,289,895	\$16,080,215	\$26,419,969	-39%
Jan	\$0	\$15,253,196	\$16,080,215	\$41,673,165	-61%
Feb	\$0	\$70,873,027	\$16,080,215	\$112,546,192	-86%
Mar	\$0	\$73,290,192	\$16,080,215	\$185,836,384	-91%
Apr	\$0	\$47,687,533	\$16,080,215	\$233,523,917	-93%
May	\$0	\$16,307,157	\$16,080,215	\$249,831,074	-94%
Jun	\$0	\$12,251,191	\$16,080,215	\$262,082,265	-94%

**Individual Income Tax: Baseline Forecast FY12 - FY15**

	FY08	FY09	Biennium	FY10	FY11	Biennium	FY12	FY13	Biennium	FY14	FY15	Biennium
Actuals & April, 2011 Forecast /1	\$1,558,032,664	\$1,365,437,729	\$2,923,470,393	\$1,298,036,055	\$1,415,283,534	\$2,713,319,589	\$1,445,821,209	\$1,446,895,714	\$2,892,716,923	\$1,445,726,877	\$1,519,504,120	\$2,965,230,997
Growth Rate	6.4%	-12.4%	3.3%	-4.9%	9.0%	-7.2%	2.2%	0.1%	6.6%	-0.1%	5.1%	2.5%
Technical Adjustments /2	\$0	\$0	\$0	\$0	\$0	\$0	\$9,058,000	\$9,438,000	\$18,496,000	\$17,992,000	\$19,010,000	\$37,002,000
Economic Assumptions /3	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,672,000)	(\$14,806,000)	(\$18,478,000)	(\$58,504,000)	(\$65,034,000)	(\$123,538,000)
Total Adjustments to Prior Forecast	\$0	\$0	\$0	\$0	\$0	\$0	\$5,386,000	(\$5,368,000)	\$18,000	(\$40,512,000)	(\$46,024,000)	(\$86,536,000)
New Forecast	\$1,558,032,664	\$1,365,437,729	\$2,923,470,393	\$1,298,036,055	\$1,415,283,534	\$2,713,319,589	\$1,451,207,209	\$1,441,527,714	\$2,892,734,923	\$1,405,214,877	\$1,473,480,120	\$2,878,694,997
Growth Rate	6.4%	-12.4%	3.3%	-4.9%	9.0%	-7.2%	2.5%	-0.7%	6.6%	-2.5%	4.9%	-0.5%

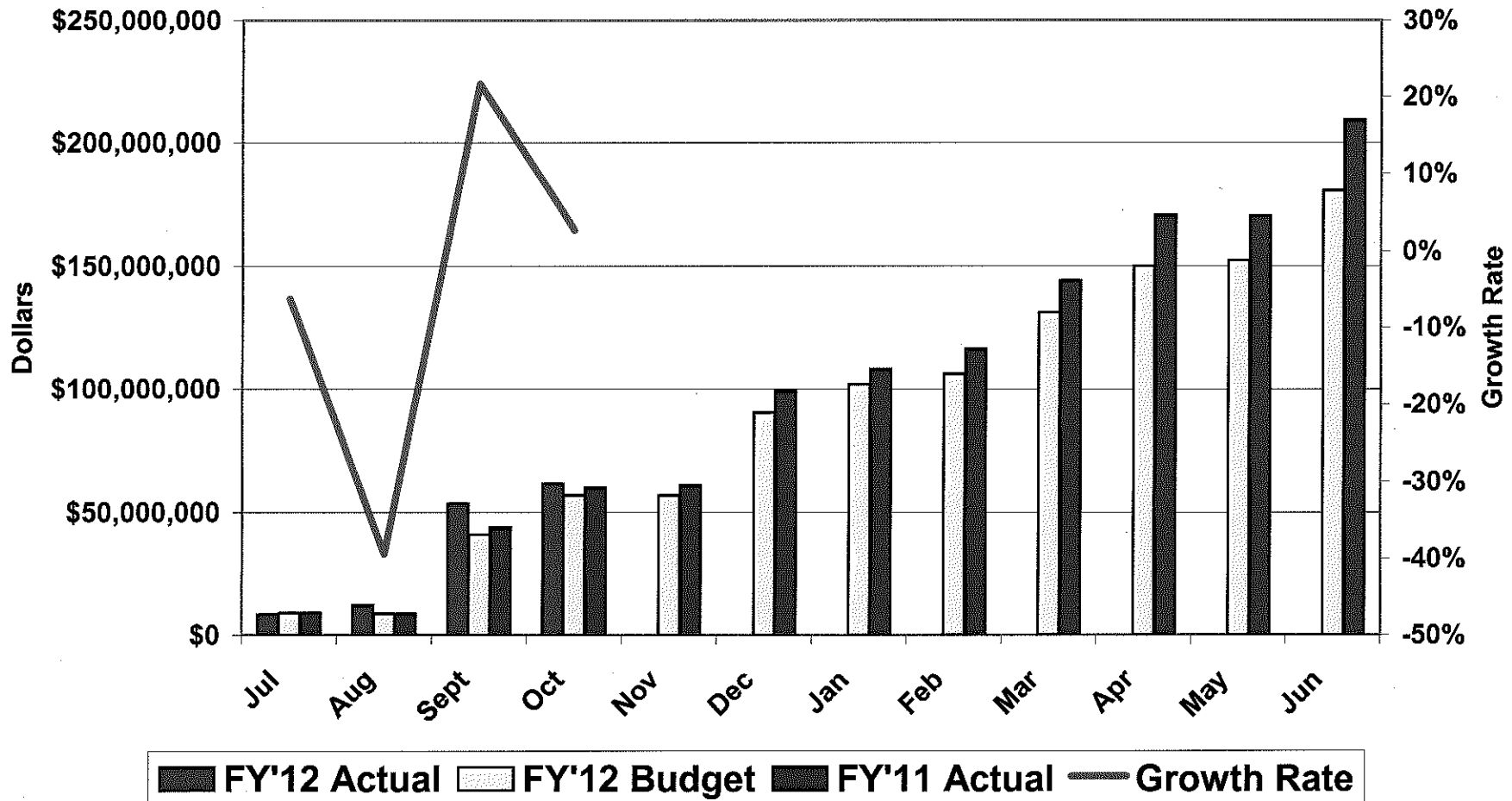
1/ April, 2011 forecast with FY08, FY09, FY10 and FY11 actuals.

2/ Technical adjustments refer to all changes in the forecast that are not related to changes from new economic assumptions. Examples of technical changes may be new data, model updates and changes, and court cases that affect revenues.

3/ This line shows the incremental change in baseline revenues as a result of a new economic forecast.

# **Corporate Income Tax**

# YTD Corporate Income Tax Revenue FY'12 Actual, Budget & FY'11 Actual

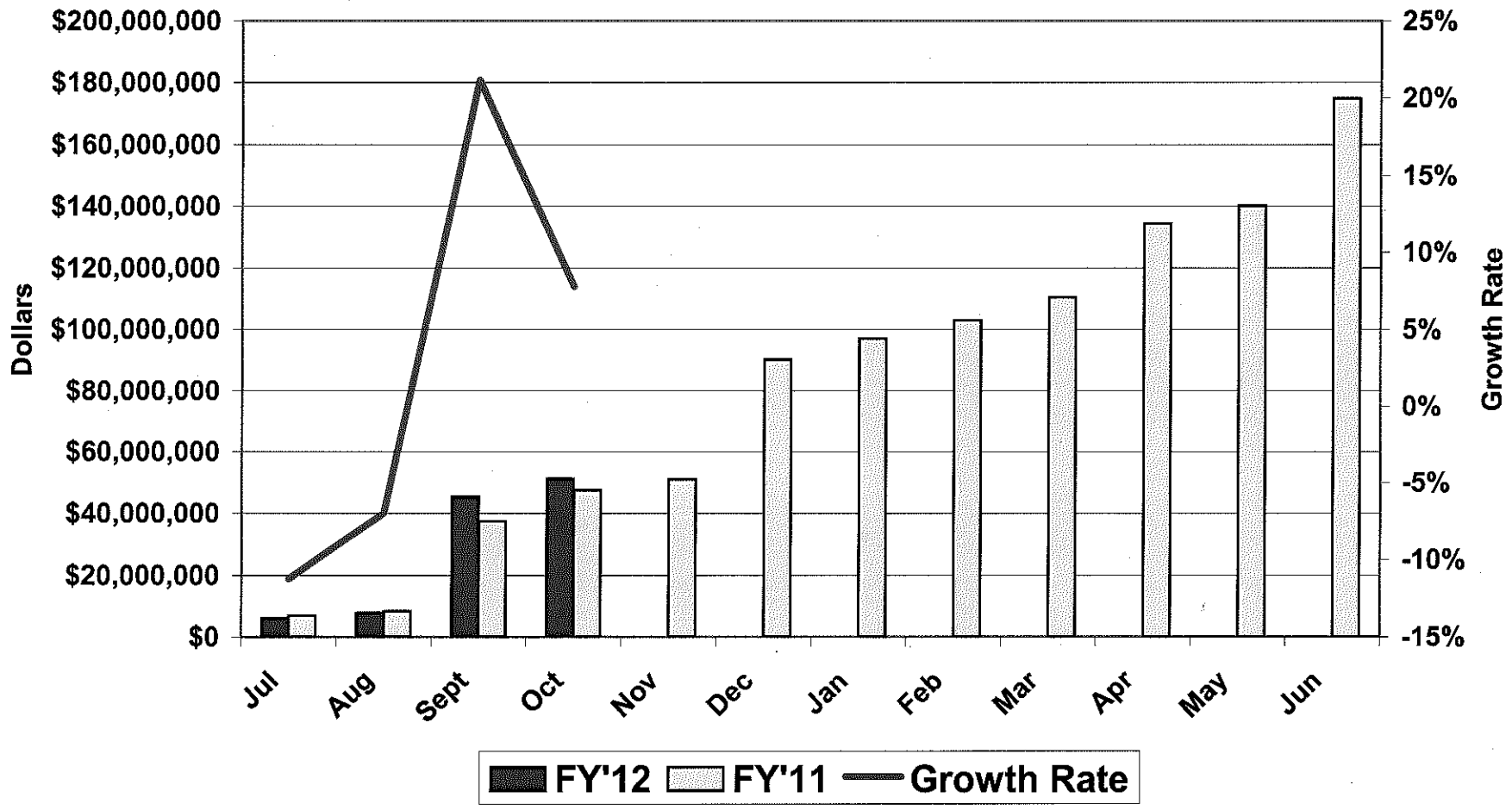


Maine Revenue Services  
Corporate Income Tax Revenue

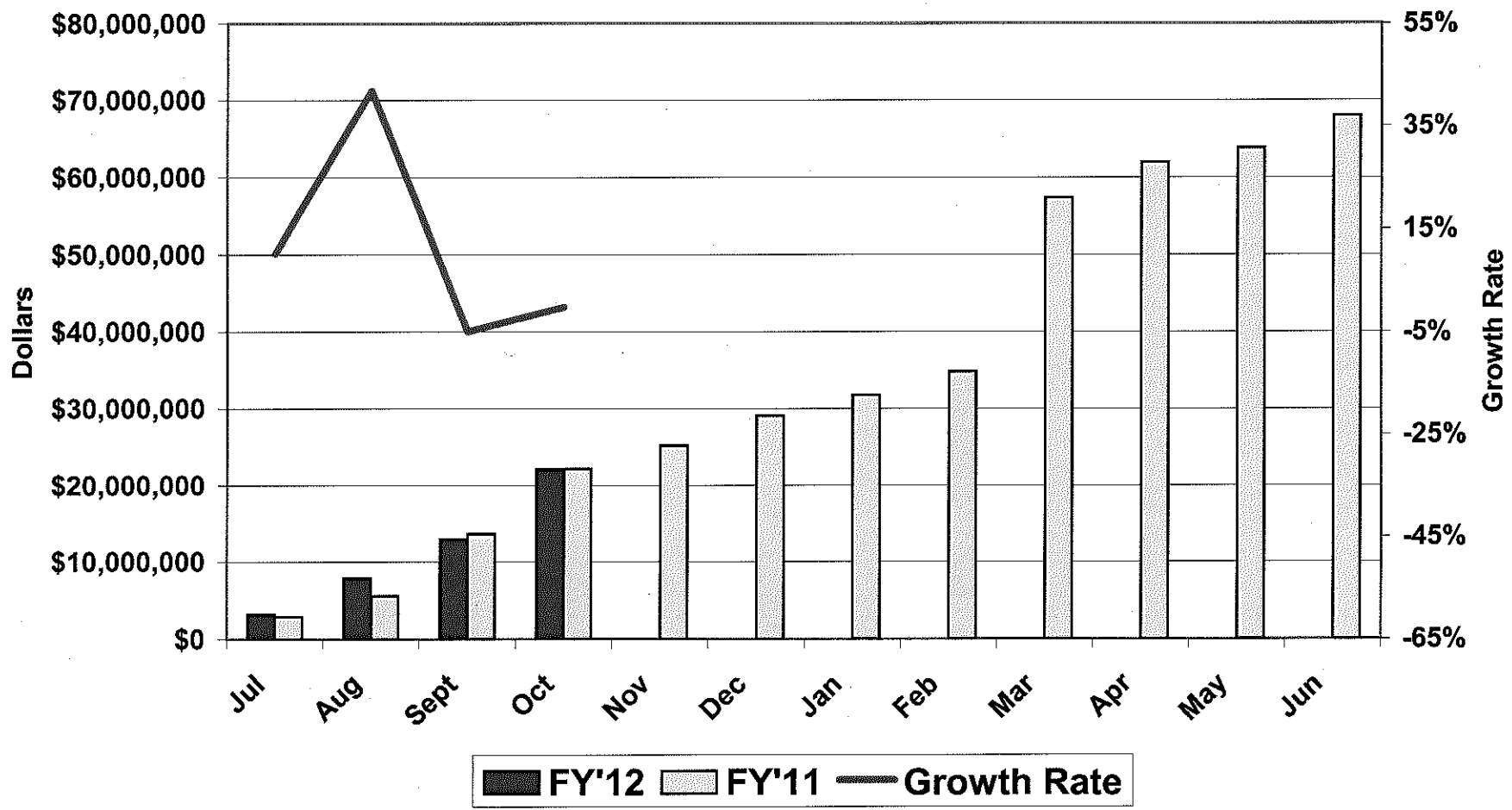
	FY'12 Actual	FY'12 Budget	FY'11 Actual	FY'10 Actual	FY'12 Actual vs. Budget	FY'12 Budget vs. FY'11 Actual	FY'12 Actual vs. FY'11 Actual	FY'11 Actual vs. FY'10 Actual
Jul	\$8,582,079	\$9,153,534	\$9,153,533	\$9,859,328	-6.2%	0.0%	-6.2%	-7.2%
Aug	\$3,722,868	(\$331,145)	(\$331,146)	\$1,870,063	1224.2%	0.0%	1224.2%	-117.7%
Sept	\$41,173,243	\$32,161,360	\$35,161,360	\$27,917,095	28.0%	-8.5%	17.1%	25.9%
Oct	\$8,061,555	\$15,924,564	\$15,924,564	(\$2,898,229)	-49.4%	0.0%	-49.4%	-649.5%
Nov	\$0	(\$110,195)	\$889,804	\$2,758,150	-100.0%	-112.4%	-100.0%	-67.7%
Dec	\$0	\$33,392,578	\$38,379,059	\$35,072,462	-100.0%	-13.0%	-100.0%	9.4%
Jan	\$0	\$11,709,077	\$8,873,796	\$13,358,756	-100.0%	32.0%	-100.0%	-33.6%
Feb	\$0	\$4,300,636	\$8,008,323	\$4,956,712	-100.0%	-46.3%	-100.0%	61.6%
Mar	\$0	\$25,101,984	\$28,078,833	\$26,899,368	-100.0%	-10.6%	-100.0%	4.4%
Apr	\$0	\$18,736,554	\$26,491,088	\$18,063,589	-100.0%	-29.3%	-100.0%	46.7%
May	\$0	\$2,309,348	(\$230,203)	\$5,437,309	-100.0%	-1103.2%	-100.0%	-104.2%
Jun	\$0	\$28,048,532	\$38,597,587	\$31,997,830	-100.0%	-27.3%	-100.0%	20.6%
<b>Total</b>	<b>\$61,539,745</b>	<b>\$180,396,827</b>	<b>\$208,996,598</b>	<b>\$175,292,433</b>	<b>-65.9%</b>	<b>-13.7%</b>	<b>-70.6%</b>	<b>19.2%</b>
<b>YTD Oct.</b>	<b>\$61,539,745</b>	<b>\$56,908,313</b>	<b>\$59,908,311</b>	<b>\$36,748,257</b>	<b>8.1%</b>	<b>-5.0%</b>	<b>2.7%</b>	<b>63.0%</b>



# Corporate Estimated Payments Year-to-Date FY'12 & FY'11



# Corporate Final Payments Year-to-Date FY'12 & FY'11



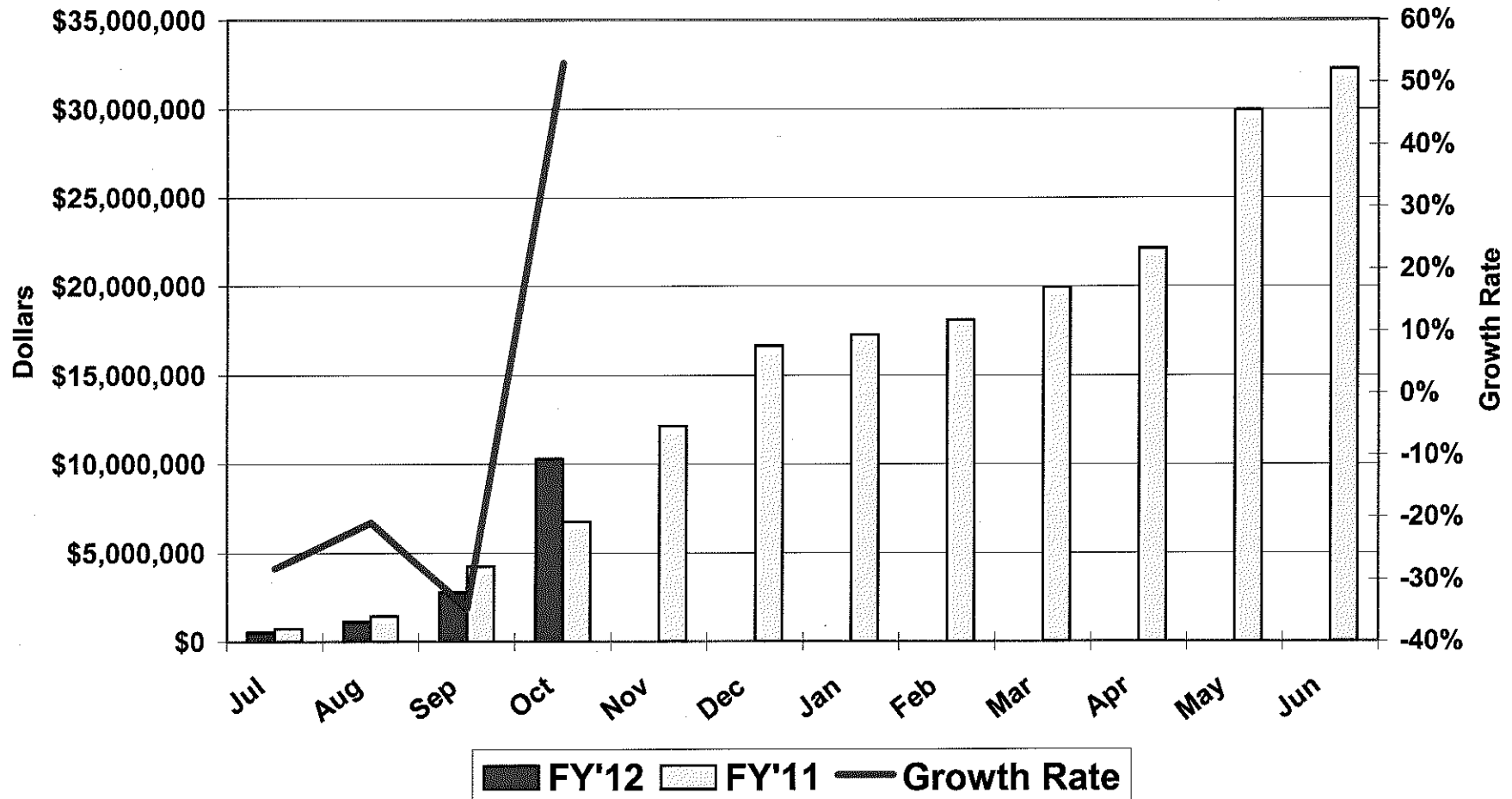
**Maine Revenue Services**  
**Corporate Income Tax Estimated Payments**

	Month			Year-To-Date		
	FY'12	FY'11	Growth Rate	FY'12	FY'11	Growth Rate
Jul	\$6,034,511	\$6,798,750	-11.2%	\$6,034,511	\$6,798,750	-11.2%
Aug	\$1,669,203	\$1,486,452	12.3%	\$7,703,714	\$8,285,202	-7.0%
Sept	\$37,601,888	\$29,109,541	29.2%	\$45,305,602	\$37,394,743	21.2%
Oct	\$5,797,813	\$10,010,045	-42.1%	\$51,103,415	\$47,404,788	7.8%
Nov	\$0	\$3,512,544	-100.0%	\$51,103,415	\$50,917,332	0.4%
Dec	\$0	\$39,396,276	-100.0%	\$51,103,415	\$90,313,608	-43.4%
Jan	\$0	\$6,717,050	-100.0%	\$51,103,415	\$97,030,658	-47.3%
Feb	\$0	\$5,832,832	-100.0%	\$51,103,415	\$102,863,490	-50.3%
Mar	\$0	\$7,511,250	-100.0%	\$51,103,415	\$110,374,740	-53.7%
Apr	\$0	\$23,925,824	-100.0%	\$51,103,415	\$134,300,564	-61.9%
May	\$0	\$5,800,153	-100.0%	\$51,103,415	\$140,100,717	-63.5%
Jun	\$0	\$34,734,152	-100.0%	\$51,103,415	\$174,834,869	-70.8%

**Corporate Income Tax Final Payments and Back Taxes**

	Month			Year-To-Date		
	FY'12	FY'11	Growth Rate	FY'12	FY'11	Growth Rate
Jul	\$3,212,279	\$2,917,027	10.1%	\$3,212,279	\$2,917,027	10.1%
Aug	\$4,677,639	\$2,645,427	76.8%	\$7,889,918	\$5,562,454	41.8%
Sept	\$5,100,062	\$8,115,909	-37.2%	\$12,989,980	\$13,678,363	-5.0%
Oct	\$9,162,206	\$8,522,993	7.5%	\$22,152,186	\$22,201,356	-0.2%
Nov	\$0	\$2,974,235	-100.0%	\$22,152,186	\$25,175,591	-12.0%
Dec	\$0	\$3,862,102	-100.0%	\$22,152,186	\$29,037,693	-23.7%
Jan	\$0	\$2,731,165	-100.0%	\$22,152,186	\$31,768,858	-30.3%
Feb	\$0	\$3,030,998	-100.0%	\$22,152,186	\$34,799,856	-36.3%
Mar	\$0	\$22,498,737	-100.0%	\$22,152,186	\$57,298,593	-61.3%
Apr	\$0	\$4,635,275	-100.0%	\$22,152,186	\$61,933,868	-64.2%
May	\$0	\$1,823,744	-100.0%	\$22,152,186	\$63,757,612	-65.3%
Jun	\$0	\$4,182,078	-100.0%	\$22,152,186	\$67,939,690	-67.4%

# Corporate Income Tax Refunds Year-to-Date FY'12 & FY'11



**Maine Revenue Services  
Corporate Income Tax Refunds**

	Month		Year-to-Date		Growth Rate
	FY'12	FY'11	FY'12	FY'11	
Jul	\$522,636	\$728,868	\$522,636	\$728,868	-28%
Aug	\$613,210	\$708,461	\$1,135,846	\$1,437,329	-21%
Sep	\$1,633,837	\$2,802,057	\$2,769,683	\$4,239,386	-35%
Oct	\$7,521,560	\$2,487,642	\$10,291,243	\$6,727,028	53%
Nov	\$0	\$5,395,792	\$10,291,243	\$12,122,820	-15%
Dec	\$0	\$4,549,113	\$10,291,243	\$16,671,933	-38%
Jan	\$0	\$612,294	\$10,291,243	\$17,284,227	-40%
Feb	\$0	\$818,311	\$10,291,243	\$18,102,538	-43%
Mar	\$0	\$1,814,605	\$10,291,243	\$19,917,143	-48%
Apr	\$0	\$2,213,179	\$10,291,243	\$22,130,322	-53%
May	\$0	\$7,818,747	\$10,291,243	\$29,949,069	-66%
Jun	\$0	\$2,279,192	\$10,291,243	\$32,228,261	-68%

**Corporate Income Tax: General Fund Baseline Forecast FY12 - FY15**

	<b>FY08</b>	<b>FY09</b>	<b>Biennium</b>	<b>FY10</b>	<b>FY11</b>	<b>Biennium</b>	<b>FY12</b>	<b>FY13</b>	<b>Biennium</b>	<b>FY14</b>	<b>FY15</b>	<b>Biennium</b>
Actuals & April, 2011 Forecast /1	\$184,514,568	\$143,085,966	\$327,600,534	\$175,292,433	\$208,996,598	\$384,289,031	\$180,396,827	\$202,292,050	\$382,688,877	\$242,406,648	\$257,246,094	\$499,652,742
Growth Rate	0.4%	-22.5%	-11.9%	22.5%	19.2%	17.3%	-13.7%	12.1%	-0.4%	19.8%	6.1%	30.6%
Technical Adjustments to Prior Forecast /2	\$0	\$0	\$0	\$0	\$0	\$0	\$14,631,458	\$16,468,228	\$31,099,686	\$20,044,965	\$19,143,076	\$39,188,041
Economic Forecast /3	\$0	\$0	\$0	\$0	\$0	\$0	\$5,600,206	\$2,228,281	\$7,828,487	(\$11,323,874)	(\$14,814,159)	(\$26,138,033)
Total Adjustments to Prior Forecast	\$0	\$0	\$0	\$0	\$0	\$0	\$20,231,664	\$18,696,508	\$38,928,173	\$8,721,091	\$4,328,917	\$13,050,008
New Forecast	\$184,514,568	\$143,085,966	\$327,600,534	\$175,292,433	\$208,996,598	\$384,289,031	\$200,628,491	\$220,988,558	\$421,617,050	\$251,127,739	\$261,575,011	\$512,702,750
Growth Rate	0.4%	-22.5%	-11.9%	22.5%	19.2%	17.3%	-4.0%	10.1%	9.7%	13.6%	4.2%	21.6%

1/ April, 2011 forecast with FY08, FY09, FY10 and FY11 actuals.

2/ Technical adjustments refer to all changes in the forecast that are not related to changes from new economic assumptions. Examples of technical changes may be new data, model updates and changes, and court cases that affect revenues.

3/ This line shows the incremental change in baseline revenues as a result of a new economic forecast. The new economic forecast is from Global Insight's October 2011 forecast of Corporate pre-tax profits.

# **Estate Tax**

**Estate Tax: General Fund Baseline Forecast FY12 - FY15**

	<b>FY08</b>	<b>FY09</b>	<b>Biennium</b>	<b>FY10</b>	<b>FY11</b>	<b>Biennium</b>	<b>FY12</b>	<b>FY13</b>	<b>Biennium</b>	<b>FY14</b>	<b>FY15</b>	<b>Biennium</b>
Actuals & April, 2011 Forecast /1	<b>\$39,890,577</b>	<b>\$31,819,188</b>	<b>\$71,709,765</b>	<b>\$31,209,840</b>	<b>\$49,323,494</b>	<b>\$80,533,334</b>	<b>\$35,810,855</b>	<b>\$41,566,669</b>	<b>\$77,377,524</b>	<b>\$23,074,026</b>	<b>\$22,008,893</b>	<b>\$45,082,919</b>
Growth Rate	-27.2%	-20.2%	-44.9%	-1.9%	58.0%	12.3%	-27.4%	16.1%	-3.9%	-44.5%	-4.6%	-41.7%
Technical Adjustments to Prior Forecast /2	\$0	\$0	\$0	\$0	\$0	\$0	\$2,371,722	\$3,697,775	\$6,069,497	\$1,714,291	\$1,625,496	\$3,339,787
Economic Assumptions /3	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,018,904)	(\$9,275,662)	(\$14,294,566)	(\$4,670,447)	(\$3,441,072)	(\$8,111,519)
Total Adjustments to Prior Forecast	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,647,182)	(\$5,577,887)	(\$8,225,069)	(\$2,956,156)	(\$1,815,576)	(\$4,771,732)
New Forecast	<b>\$39,890,577</b>	<b>\$31,819,188</b>	<b>\$71,709,765</b>	<b>\$31,209,840</b>	<b>\$49,323,494</b>	<b>\$80,533,334</b>	<b>\$33,163,673</b>	<b>\$35,988,782</b>	<b>\$69,152,455</b>	<b>\$20,117,870</b>	<b>\$20,193,317</b>	<b>\$40,311,187</b>
Growth Rate	-27.2%	-20.2%	-44.9%	-1.9%	58.0%	12.3%	-32.8%	8.5%	-14.1%	-44.1%	0.4%	-41.7%

1/ April, 2011 forecast with FY08, FY09, FY10 and FY11 actuals.

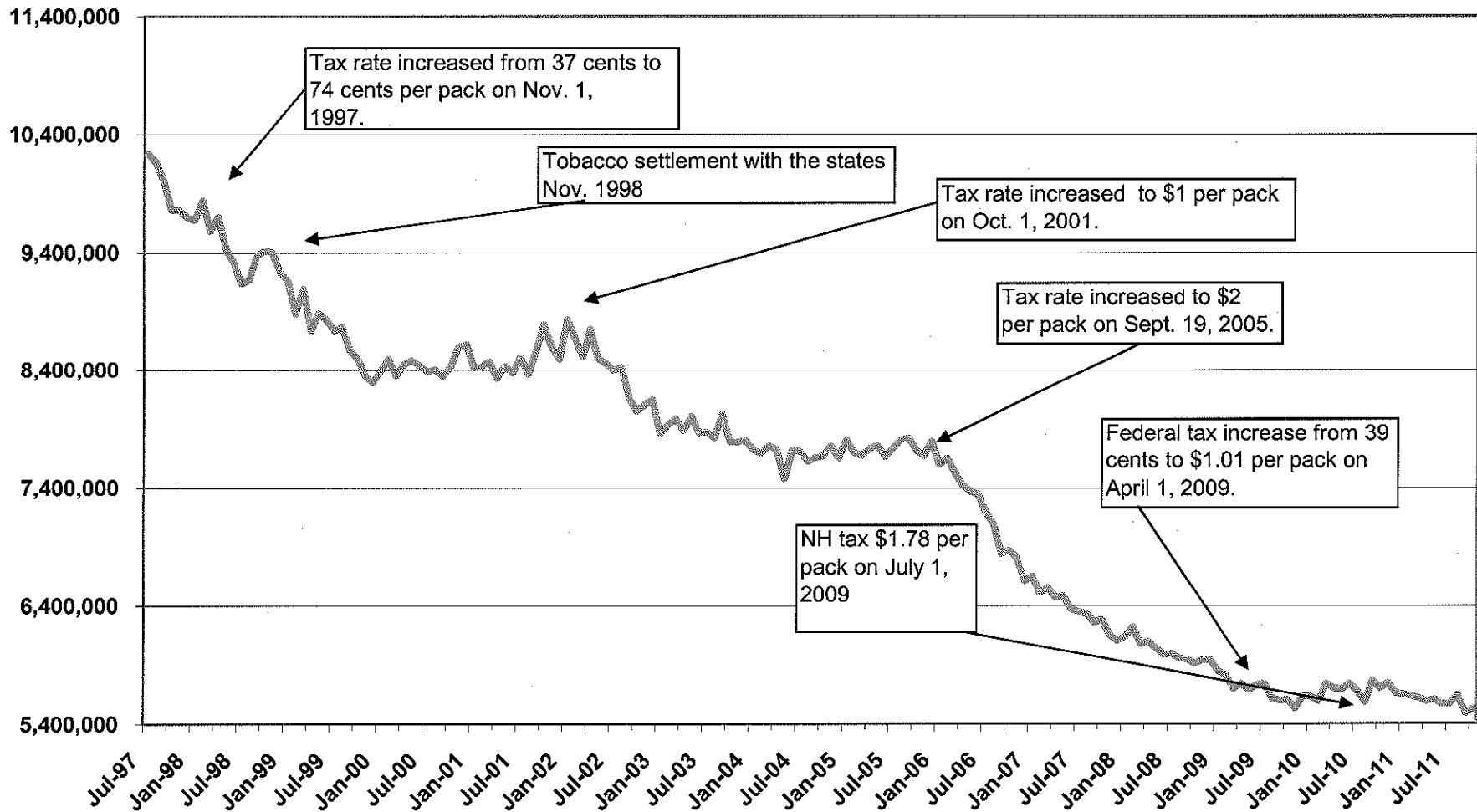
2/ Technical adjustments refer to all changes in the forecast that are not related to changes from new economic assumptions. Examples of technical changes may be new data, model updates and changes, and court cases that affect revenues.

3/ This line shows the incremental change in baseline revenues as a result of a new economic forecast. The new economic forecast is Global Insight's October 2011 forecast of Household Net Worth.



# **Cigarette & Tobacco Taxes**

## Packages of Cigarettes Sold Derived from Revenue 12 Month Moving Average Jul '97 to Date



Maine Revenue Services  
Cigarette and Tobacco Products Taxes  
November 2011 Forecast

	FY'10	FY'11	FY'12	FY'13	FY'14	FY'15
<b>Cigarette Tax</b>						
Actual FY'10 - '11 and current budget	\$137,799,791	\$133,664,535	\$132,130,000	\$129,457,000	\$126,867,000	\$124,329,000
Growth rate		-3.0%	-1.1%	-2.0%	-2.0%	-2.0%
November 2011 forecast			\$131,130,000	\$128,457,000	\$125,867,000	\$123,329,000
Growth rate			-1.9%	-2.0%	-2.0%	-2.0%
Variance			(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
<b>Tobacco Products Tax</b>						
Actual FY'10 - '11 and current budget	\$11,266,886	\$11,564,769	\$11,493,350	\$11,598,285	\$11,714,367	\$11,831,611
Growth rate		2.6%	-0.6%	0.9%	1.0%	1.0%
November 2011 forecast			\$10,993,350	\$11,098,285	\$11,214,367	\$11,331,611
Growth rate			-4.9%	1.0%	1.0%	1.0%
Variance			(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
<b>Total Cigarette &amp; Tobacco Products Taxes</b>						
Actual FY'10 - '11 and current budget	\$149,066,678	\$145,229,303	\$143,623,350	\$141,055,285	\$138,581,367	\$136,160,611
Growth rate		-2.6%	-1.1%	-1.8%	-1.8%	-1.7%
November 2011 forecast			\$142,123,350	\$139,555,285	\$137,081,367	\$134,660,611
Growth rate			-2.1%	-1.8%	-1.8%	-1.8%
Variance			(\$1,500,000)	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)

# Highway Fund

## Maine Revenue Services

Motor Fuel Tax Revenue FY'10 & '11 Actual and FY'12 - '15 Forecast  
August 2011 - After Repeal of Indexing

	FY'10	FY'11	FY'12	FY'13	FY'14	FY'15	
Gasoline Tax rate in cents per gallon	\$0.295	\$0.295	\$0.300	\$0.300	\$0.300	\$0.300	
Diesel Tax rate in cents per gallon	\$0.307	\$0.307	\$0.312	\$0.312	\$0.312	\$0.312	
Inflation adjustment		0.0%	1.6%	0.0%	0.0%	0.0%	
<b>Fiscal Year</b>	<b>FY'10</b>	<b>FY'11</b>	<b>FY'12</b>	<b>FY'13</b>	<b>FY'14</b>	<b>FY'15</b>	
Net to the Highway Fund	\$177,377,553	\$175,802,947	\$179,027,608	\$180,353,354	\$181,886,530	\$182,914,660	
0329 TransCap Trust Fund - 7.5%	7.500% \$14,217,338	\$14,197,326	\$14,515,752	\$14,623,245	\$14,747,556	\$14,830,918	7.500%
Net before transfer to TransCap Fund	\$191,594,891	\$190,000,273	\$193,543,360	\$194,976,598	\$196,634,087	\$197,745,579	
0330 Transfer \$100,000 to STAR Fund	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	
Gross to the Highway Fund	\$191,694,891	\$190,100,273	\$193,643,360	\$195,076,598	\$196,734,087	\$197,845,579	97.499%
DIF&W and Snowmobile Fund	0.9045% \$1,759,516	\$1,757,040	\$1,796,427	\$1,809,724	\$1,825,100	\$1,835,411	0.9045%
0334 General Fund - DIF&W - 14.93%	\$262,696	\$262,326	\$268,207	\$270,192	\$272,487	\$274,027	14.930%
0335 Snowmobile Trail Fund - 85.07%	\$1,496,820	\$1,494,714	\$1,528,221	\$1,539,532	\$1,552,613	\$1,561,384	85.070%
All-terrain Vehicles	0.1525% \$296,657	\$296,240	\$302,880	\$305,122	\$307,714	\$309,453	0.1525%
0338 ATV Enforcement Fund- 50%	\$148,328	\$148,120	\$151,440	\$152,561	\$153,857	\$154,726	50.000%
0336 ATV Recreational Fund - 50%	\$148,328	\$148,120	\$151,440	\$152,561	\$153,857	\$154,726	50.000%
Motorboats	1.4437% \$2,808,417	\$2,804,466	\$2,867,333	\$2,888,555	\$2,913,098	\$2,929,556	1.4437%
0339 Dept. of Marine Resources - 24.6%	\$690,870	\$689,899	\$705,364	\$710,585	\$716,622	\$720,671	24.600%
0337 Boating Facilities Fund - 75.4%	\$2,117,546	\$2,114,567	\$2,161,969	\$2,177,970	\$2,196,476	\$2,208,885	75.400%
<b>Total Net Revenue</b>	<b>\$196,559,480</b>	<b>\$194,958,019</b>	<b>\$198,610,000</b>	<b>\$200,079,999</b>	<b>\$201,779,999</b>	<b>\$202,919,999</b>	<b>100.000%</b>
0322 Gasoline Tax Refunds	(\$257,378)	(\$4,355,563)	(\$958,705)	(\$958,705)	(\$960,000)	(\$960,000)	
0333 Gasoline Shrinkage Allowance	(\$790,155)	(\$869,958)	(\$814,586)	(\$814,586)	(\$815,000)	(\$815,000)	
0321 Gross Gasoline Tax Revenue	\$197,607,013	\$200,183,539	\$200,383,291	\$201,853,290	\$203,554,999	\$204,694,999	
<b>Special Fuel Tax</b>							
Net to the Highway Fund	\$41,813,154	\$41,230,945	\$41,033,000	\$41,060,750	\$41,282,750	\$41,467,750	92.50%
0308 TransCap Trust Fund - 7.5%	7.500% \$3,414,550	\$3,357,494	\$3,327,000	\$3,329,250	\$3,347,250	\$3,362,250	7.50%
<b>Total Net Revenue</b>	<b>\$45,227,703</b>	<b>\$44,588,438</b>	<b>\$44,360,000</b>	<b>\$44,390,000</b>	<b>\$44,630,000</b>	<b>\$44,830,000</b>	<b>100.00%</b>
0312 IFTA Refunds	(\$2,670,988)	(\$3,729,737)	(\$4,222,265)	(\$4,222,265)	(\$4,222,265)	(\$4,222,265)	
0325 Off-Highway Refunds	(\$4,116,934)	(\$5,269,752)	(\$4,200,000)	(\$4,200,000)	(\$4,200,000)	(\$4,200,000)	
0326 Interest Payments	\$245	\$258	\$0	\$0	\$0	\$0	
0311 Gross Special Fuel Tax Revenue	\$52,015,380	\$53,587,670	\$52,782,265	\$52,812,265	\$53,052,265	\$53,252,265	
<b>Total Net Motor Fuel Tax Revenue to the Highway Fund</b>	<b>\$219,190,706</b>	<b>\$217,033,892</b>	<b>\$220,060,607</b>	<b>\$221,414,103</b>	<b>\$223,169,280</b>	<b>\$224,382,409</b>	
<b>Total Net Motor Fuel Tax Revenue to All Funds</b>	<b>\$241,787,183</b>	<b>\$239,546,457</b>	<b>\$242,970,000</b>	<b>\$244,469,999</b>	<b>\$246,409,999</b>	<b>\$247,749,999</b>	
Growth Rate		-0.9%	1.4%	0.8%	0.8%	0.5%	

**Maine Revenue Services  
Motor Fuel Tax Revenue FY'10 & '11 Actual and FY'12 - '15 Forecast  
November 2011**

		FY'10	FY'11	FY'12	FY'13	FY'14	FY'15	
Gasoline Tax rate in cents per gallon		\$0.295	\$0.295	\$0.300	\$0.300	\$0.300	\$0.300	
Diesel Tax rate in cents per gallon		\$0.307	\$0.307	\$0.312	\$0.312	\$0.312	\$0.312	
Forecasted inflation adjustment			0.0%	1.6%	0.0%	0.0%	0.0%	
		FY'10	FY'11	FY'12	FY'13	FY'14	FY'15	
Net to the Highway Fund		\$177,377,553	\$175,802,947	\$180,804,289	\$181,083,868	\$183,798,492	\$186,431,948	
0329 TransCap Trust Fund - 7.5%	7.500%	\$14,217,338	\$14,197,326	\$14,659,807	\$14,682,476	\$14,902,580	\$15,116,104	7.500%
Net before transfer to TransCap Fund		\$191,594,891	\$190,000,273	\$195,464,096	\$195,766,344	\$198,701,073	\$201,548,052	
0330 Transfer \$100,000 to STAR Fund		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	
Gross to the Highway Fund		\$191,694,891	\$190,100,273	\$195,564,096	\$195,866,344	\$198,801,073	\$201,648,052	97.499%
DIF&W and Snowmobile Fund	0.9045%	\$1,759,516	\$1,757,040	\$1,814,246	\$1,817,050	\$1,844,276	\$1,870,687	0.9045%
0334 General Fund - DIF&W - 14.93%		\$262,696	\$262,326	\$270,867	\$271,286	\$275,350	\$279,294	14.930%
0335 Snowmobile Trail Fund - 85.07%		\$1,496,820	\$1,494,714	\$1,543,379	\$1,545,764	\$1,568,925	\$1,591,393	85.070%
All-terrain Vehicles	0.1525%	\$296,657	\$296,240	\$305,885	\$306,357	\$310,948	\$315,401	0.1525%
0338 ATV Enforcement Fund- 50%		\$148,328	\$148,120	\$152,942	\$153,179	\$155,474	\$157,700	50.000%
0336 ATV Recreational Fund - 50%		\$148,328	\$148,120	\$152,942	\$153,179	\$155,474	\$157,700	50.000%
Motorboats	1.4437%	\$2,808,417	\$2,804,466	\$2,895,773	\$2,900,249	\$2,943,704	\$2,985,860	1.4437%
0339 Dept. of Marine Resources - 24.6%		\$690,870	\$689,899	\$712,360	\$713,461	\$724,151	\$734,522	24.600%
0337 Boating Facilities Fund - 75.4%		\$2,117,546	\$2,114,567	\$2,183,413	\$2,186,788	\$2,219,553	\$2,251,339	75.400%
<b>Total Net Revenue</b>		<b>\$196,559,480</b>	<b>\$194,958,019</b>	<b>\$200,580,000</b>	<b>\$200,890,000</b>	<b>\$203,900,000</b>	<b>\$206,820,000</b>	<b>100.000%</b>
0322 Gasoline Tax Refunds		(\$257,378)	(\$4,355,563)	(\$958,705)	(\$958,705)	(\$960,000)	(\$960,000)	
0333 Gasoline Shrinkage Allowance		(\$790,155)	(\$869,958)	(\$814,586)	(\$814,586)	(\$815,000)	(\$815,000)	
0321 Gross Gasoline Tax Revenue		\$197,607,013	\$200,183,539	\$202,353,291	\$202,663,291	\$205,675,000	\$208,595,000	
<b>Special Fuel Tax</b>								
Net to the Highway Fund		\$41,813,154	\$41,230,945	\$40,885,000	\$41,208,750	\$41,430,750	\$41,773,000	92.50%
0308 TransCap Trust Fund - 7.5%	7.500%	\$3,414,550	\$3,357,494	\$3,315,000	\$3,341,250	\$3,359,250	\$3,387,000	7.50%
<b>Total Net Revenue</b>		<b>\$45,227,703</b>	<b>\$44,588,438</b>	<b>\$44,200,000</b>	<b>\$44,550,000</b>	<b>\$44,790,000</b>	<b>\$45,160,000</b>	<b>100.00%</b>
0312 IFTA Refunds		(\$2,670,988)	(\$3,729,737)	(\$4,222,265)	(\$4,222,265)	(\$4,222,265)	(\$4,222,265)	
0325 Off-Highway Refunds		(\$4,116,934)	(\$5,269,752)	(\$5,300,000)	(\$4,500,000)	(\$4,500,000)	(\$4,500,000)	
0326 Interest Payments		\$245	\$258	\$0	\$0	\$0	\$0	
0311 Gross Special Fuel Tax Revenue		\$52,015,380	\$53,587,670	\$53,722,265	\$53,272,265	\$53,512,265	\$53,882,265	
<b>Total Net Motor Fuel Tax Revenue to the Highway Fund</b>		<b>\$219,190,706</b>	<b>\$217,033,892</b>	<b>\$221,689,289</b>	<b>\$222,292,618</b>	<b>\$225,229,242</b>	<b>\$228,204,948</b>	
<b>Total Net Motor Fuel Tax Revenue to All Funds</b>		<b>\$241,787,183</b>	<b>\$239,546,457</b>	<b>\$244,780,000</b>	<b>\$245,440,000</b>	<b>\$248,690,000</b>	<b>\$251,980,000</b>	
Growth Rate			-0.9%	2.2%	0.3%	1.3%	1.3%	

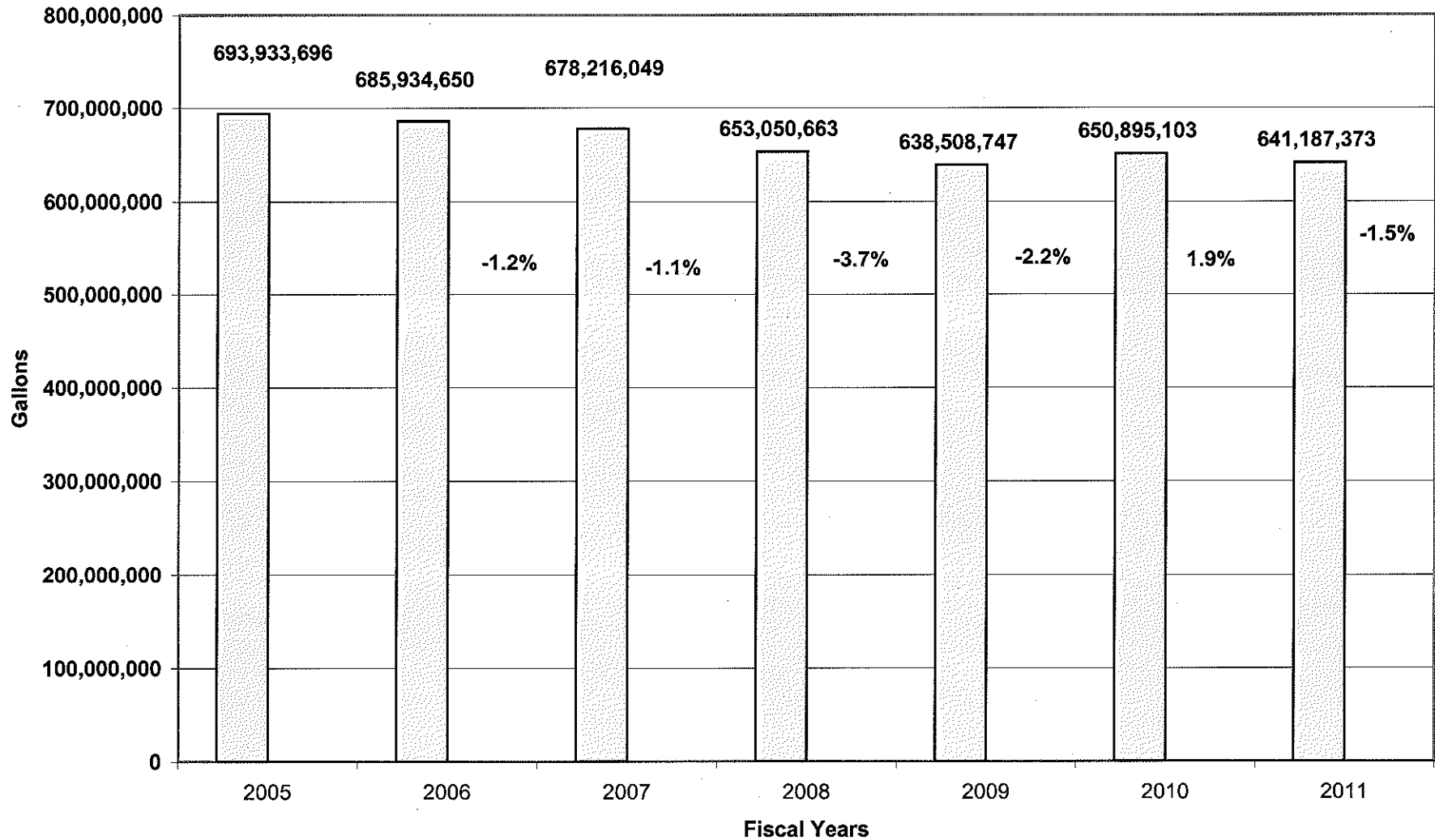
Maine Revenue Services

Motor Fuel Tax Revenue

Variance - Current Budget vs. November 2011 Forecast

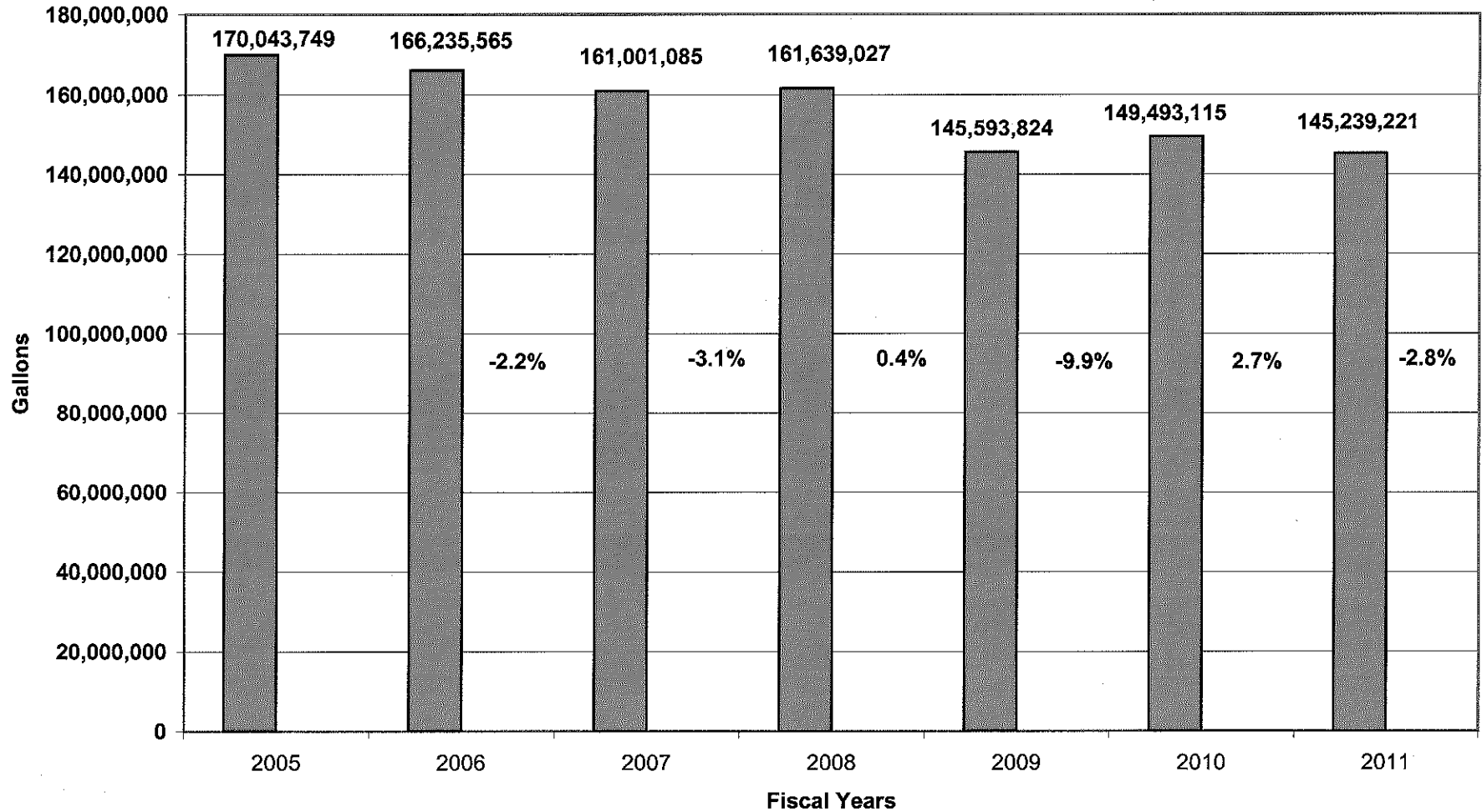
		FY'10	FY'11	FY'12	FY'13	FY'14	FY'15		
Net to the Highway Fund		\$0	\$0	\$1,776,681	\$730,514	\$1,911,962	\$3,517,288		
0329 TransCap Trust Fund - 7.5%	7.500%	\$0	\$0	\$144,055	\$59,231	\$155,024	\$285,186	7.500%	
Net before transfer to TransCap Fund		\$0	\$0	\$1,920,736	\$789,745	\$2,066,986	\$3,802,474		
0330 Transfer \$100,000 to STAR Fund		\$0	\$0	\$0	\$0	\$0	\$0		
Gross to the Highway Fund		\$0	\$0	\$1,920,736	\$789,745	\$2,066,986	\$3,802,474	97.499%	
DIF&W and Snowmobile Fund	0.9045%	\$0	\$0	\$17,819	\$7,326	\$19,175	\$35,276	0.9045%	
0334 General Fund - DIF&W - 14.93%		\$0	\$0	\$2,660	\$1,094	\$2,863	\$5,267		14.930%
0335 Snowmobile Trail Fund - 85.07%		\$0	\$0	\$15,158	\$6,233	\$16,313	\$30,009		85.070%
All-terrain Vehicles	0.1525%	\$0	\$0	\$3,004	\$1,235	\$3,233	\$5,948	0.1525%	
0338 ATV Enforcement Fund- 50%		\$0	\$0	\$1,502	\$618	\$1,617	\$2,974		50.000%
0336 ATV Recreational Fund - 50%		\$0	\$0	\$1,502	\$618	\$1,617	\$2,974		50.000%
Motorboats	1.4437%	\$0	\$0	\$28,441	\$11,694	\$30,606	\$56,304	1.4437%	
0339 Dept. of Marine Resources - 24.6%		\$0	\$0	\$6,996	\$2,877	\$7,529	\$13,851		24.600%
0337 Boating Facilities Fund - 75.4%		\$0	\$0	\$21,444	\$8,817	\$23,077	\$42,453		75.400%
<b>Total Net Revenue</b>		<b>\$0</b>	<b>\$0</b>	<b>\$1,970,000</b>	<b>\$810,001</b>	<b>\$2,120,001</b>	<b>\$3,900,001</b>	<b>100.000%</b>	
0322 Gasoline Tax Refunds		\$0	\$0	\$0	\$0	\$0	\$0		
0333 Gasoline Shrinkage Allowance		\$0	\$0	\$0	\$0	\$0	\$0		
0321 Gross Gasoline Tax Revenue		\$0	\$0	\$1,970,000	\$810,001	\$2,120,001	\$3,900,001		
<b>Special Fuel Tax</b>									
Net to the Highway Fund		\$0	\$0	(\$148,000)	\$148,000	\$148,000	\$305,250	92.50%	
0308 TransCap Trust Fund - 7.5%	7.500%	\$0	\$0	(\$12,000)	\$12,000	\$12,000	\$24,750	7.50%	
<b>Total Net Revenue</b>		<b>\$0</b>	<b>\$0</b>	<b>(\$160,000)</b>	<b>\$160,000</b>	<b>\$160,000</b>	<b>\$330,000</b>	<b>100.00%</b>	
0312 IFTA Refunds		\$0	\$0	\$0	\$0	\$0	\$0		
0325 Off-Highway Refunds		\$0	\$0	(\$1,100,000)	(\$300,000)	(\$300,000)	(\$300,000)		
0326 Interest Payments		\$0	\$0	\$0	\$0	\$0	\$0		
0311 Gross Special Fuel Tax Revenue		\$0	\$0	\$940,000	\$460,000	\$460,000	\$630,000		
<b>Total Net Motor Fuel Tax Revenue to the Highway Fund</b>		<b>\$0</b>	<b>\$0</b>	<b>\$1,628,682</b>	<b>\$678,515</b>	<b>\$2,059,962</b>	<b>\$3,822,539</b>		
<b>Total Net Motor Fuel Tax Revenue to All Funds</b>		<b>\$0</b>	<b>\$0</b>	<b>\$1,810,000</b>	<b>\$970,001</b>	<b>\$2,280,001</b>	<b>\$4,230,001</b>		

## Gallons of Gasoline Derived from Revenue Fiscal Years 2005 - 2011





## Gallons of Special Fuel Derived from Revenue Fiscal Years 2005 - 2011





## APPENDIX G

# Forecast Summaries and Other Background Materials

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**Summary of December 2011 Revenue Revisions  
Final Recommendations - November 18, 2011**

**General Fund Summary**

**Changes by Biennium  
2012-2013    2014-2015**

	<b>FY10 Actual</b>	<b>FY11 Actual</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
Current Forecast	\$2,755,682,500	\$2,944,956,756	\$2,945,628,851	\$3,039,933,432	\$3,020,369,958	\$3,140,244,893
Annual % Growth	-2.0%	6.9%	0.0%	3.2%	-0.6%	4.0%
Net Increase (Decrease)			\$10,645,254	(\$9,643,359)	(\$46,225,103)	(\$45,607,018)
Revised Forecast	\$2,755,682,500	\$2,944,956,756	\$2,956,274,105	\$3,030,290,073	\$2,974,144,855	\$3,094,637,875
Annual % Growth	-2.0%	6.9%	0.4%	2.5%	-1.9%	4.1%

\$1,001,895    (\$91,832,121)

**Highway Fund Summary**

	<b>FY10 Actual</b>	<b>FY11 Actual</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
Current Forecast	\$311,190,374	\$311,351,155	\$316,364,800	\$318,338,584	\$319,458,744	\$319,579,911
Annual % Growth	-4.0%	0.1%	1.6%	0.6%	0.4%	0.0%
Net Increase (Decrease)			\$1,569,931	\$537,166	\$1,676,069	\$3,615,983
Revised Forecast	\$311,190,374	\$311,351,155	\$317,934,731	\$318,875,750	\$321,134,813	\$323,195,894
Annual % Growth	-4.0%	0.1%	2.1%	0.3%	0.7%	0.6%

\$2,107,097    \$5,292,052

**Fund for a Healthy Maine Summary**

	<b>FY10 Actual</b>	<b>FY11 Actual</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
Current Forecast	\$57,560,142	\$54,386,707	\$53,623,250	\$53,667,932	\$60,383,598	\$60,052,787
Annual % Growth	-15.9%	-5.5%	-1.4%	0.1%	12.5%	-0.5%
Net Increase (Decrease)			\$904,888	\$311,702	(\$6,108,865)	(\$6,187,485)
Revised Forecast	\$57,560,142	\$54,386,707	\$54,528,138	\$53,979,634	\$54,274,733	\$53,865,302
Annual % Growth	-15.9%	-5.5%	0.3%	-1.0%	0.5%	-0.8%

\$1,216,590    (\$12,296,350)

**Medicaid/MaineCare Dedicated Revenue Taxes Summary**

	<b>FY10 Actual</b>	<b>FY11 Actual</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
Current Forecast	\$140,012,817	\$148,021,777	\$153,594,346	\$154,373,049	\$154,373,049	\$154,373,049
Annual % Growth	1.4%	5.7%	3.8%	0.5%	0.0%	0.0%
Net Increase (Decrease)			(\$1,747,652)	\$0	\$0	\$0
Revised Forecast	\$140,012,817	\$148,021,777	\$151,846,694	\$154,373,049	\$154,373,049	\$154,373,049
Annual % Growth	1.4%	5.7%	2.6%	1.7%	0.0%	0.0%

(\$1,747,652)    \$0

## Summary of Revenue Changes - All Legislation 125th Legislature, 1st Regular Session

General Fund Major Categories	FY 11	FY 12	FY 13	FY 14	FY 15
Sales Tax	\$0	(\$2,535,950)	(\$1,634,087)	(\$1,705,456)	(\$1,760,320)
Service Provider Tax	\$0	\$0	\$0	\$0	\$0
Individual Income Tax	(\$4,755,698)	(\$36,481,791)	(\$84,579,286)	(\$158,232,123)	(\$176,217,880)
Corporate Income Tax	\$0	(\$17,095,715)	(\$6,210,115)	\$1,664,434	\$1,669,202
Cigarette and Tobacco Tax	\$0	\$0	(\$40,000)	(\$40,000)	(\$40,000)
Insurance Tax	\$0	\$200,000	\$200,000	\$200,000	\$200,000
Estate Tax	\$0	(\$137,500)	(\$150,000)	(\$23,919,215)	(\$27,454,580)
Other Taxes and Fees	\$277,500	\$149,518	\$691,572	(\$66,942)	\$1,563,921
Fines	\$0	\$20,000	\$23,000	\$23,000	\$23,000
Income from Investments	\$0	\$0	\$0	\$0	\$0
Lottery Revenue	\$0	\$350,000	\$2,200,000	\$2,200,000	\$2,200,000
Tax Relief Transfers	\$0	\$10,015,329	\$10,268,761	\$0	\$0
Revenue Sharing	\$3,112,854	\$42,826,433	\$48,622,099	\$7,461,447	\$8,712,298
Other Revenue	(\$135,000)	(\$159,536)	\$16,731,859	(\$3,442,632)	(\$3,475,842)
<b>General Fund - Total Revenue 125th R1 Legislation</b>	<b>(\$1,500,344)</b>	<b>(\$2,849,212)</b>	<b>(\$13,876,197)</b>	<b>(\$175,857,487)</b>	<b>(\$194,580,201)</b>

Highway Fund Categories	FY 11	FY 12	FY 13	FY 14	FY 15
Gasoline Tax	\$0	\$0	(\$4,211,727)	(\$7,891,350)	(\$11,589,011)
Special Fuel Tax	\$0	\$0	(\$1,054,500)	(\$1,850,000)	(\$2,664,000)
Other Highway Fund Taxes and Fees	\$0	\$7,360	(\$29,440)	\$7,360	(\$29,440)
<b>Highway Fund - Total Revenue 125th R1 Legislation</b>	<b>\$0</b>	<b>\$7,360</b>	<b>(\$5,295,667)</b>	<b>(\$9,733,990)</b>	<b>(\$14,282,451)</b>

Fund for a Healthy Maine (FHM) Categories	FY 11	FY 12	FY 13	FY 14	FY 15
Racino Revenue	\$0	\$0	(\$850,646)	\$0	\$0
Other Revenue	\$0	\$161,786	\$164,751	\$167,956	\$171,315
<b>Highway Fund - Total Revenue 125th R1 Legislation</b>	<b>\$0</b>	<b>\$161,786</b>	<b>(\$685,895)</b>	<b>\$167,956</b>	<b>\$171,315</b>

MaineCare Dedicated Revenue Taxes Categories	FY 11	FY 12	FY 13	FY 14	FY 15
Nursing Facilities Tax	\$0	\$2,209,332	\$2,945,777	\$2,945,777	\$2,945,777
Residential Treatment Facility (ICFs/MR) Tax	\$0	\$126,776	\$169,034	\$169,034	\$169,034
<b>Highway Fund - Total Revenue 125th R1 Legislation</b>	<b>\$0</b>	<b>\$2,336,108</b>	<b>\$3,114,811</b>	<b>\$3,114,811</b>	<b>\$3,114,811</b>

**Summary of Legislative Changes**  
**125th Legislature, 1st Regular Session**  
**Enacted Laws Reflected in the Base after the December 2010 Forecast**  
**General Fund**

	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
<b>Individual Income Tax</b>	(\$4,755,698)	(\$8,341,619)	(\$34,054)	\$8,093,036	\$7,426,942
<b>Other Taxes and Fees</b>	\$277,500	\$0	\$0	\$0	\$0
<b>Revenue Sharing Transfers</b>	\$3,112,854	\$417,081	\$1,703	(\$404,652)	(\$371,347)
<b>Other Revenue</b>	(\$135,000)	\$0	\$0	\$0	\$0
<b>Totals</b>	<b>(\$1,500,344)</b>	<b>(\$7,924,538)</b>	<b>(\$32,351)</b>	<b>\$7,688,384</b>	<b>\$7,055,595</b>

The amounts in the table above reflect the changes enacted in PL 2011, c. 1, the Emergency FY11 Supplemental Budget Bill. The most significant changes within this bill are conforming income tax laws to federal changes affecting the Individual Income Tax and Revenue Sharing Transfers, increasing the fixed transfer amount back to General Fund from the revenue sharing fund and recognizing some application fee revenue related to the new Oxford Casino.

In the Other Revenue category, FY11 revenue is reduced by \$600,000 as a result of the removal of the cap on the transfers to the Maine Milk Pool. FY11 revenue is increased by revenue from the Finance Authority of Maine and revenue from rent at the Boothbay Harbor Bigelow Laboratory complex.

There were no revenue effects from legislation enacted during the 1st Regular Session of the 125th Legislature that were factored into the May 2011 revenue forecast for the Highway Fund, the Fund for a Healthy Maine or the MaineCare Dedicated Revenue Taxes.

**General Fund Revenue**  
**Fiscal Year Ending June 30, 2011 (FY 2011)**  
**June 2011 and Final Revenue Variance Report**

Revenue Category				Fiscal Year-To-Date					FY 2011 Budgeted Totals
	June '11 Budget	June '11 Actual	June '11 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year	
Sales and Use Tax	162,523,383	163,623,628	1,100,245	916,746,307	923,686,973	6,940,666	0.8%	2.9%	916,746,307
Service Provider Tax	9,706,415	10,125,348	418,933	55,214,486	52,672,306	(2,542,180)	-4.6%	-6.1%	55,214,486
Individual Income Tax	168,044,024	180,510,617	12,466,593	1,392,702,302	1,415,283,534	22,581,232	1.6%	9.0%	1,387,946,604
Corporate Income Tax	25,517,653	38,597,587	13,079,934	193,182,264	208,996,598	15,814,334	8.2%	19.2%	197,937,962
Cigarette and Tobacco Tax	14,589,762	15,161,096	571,334	146,209,555	145,229,303	(980,252)	-0.7%	-2.6%	146,209,555
Insurance Companies Tax	25,064,580	23,979,883	(1,084,697)	76,765,000	76,930,329	165,329	0.2%	-3.9%	76,765,000
Estate Tax	6,470,689	9,924,436	3,453,747	45,052,787	49,323,494	4,270,707	9.5%	58.0%	45,052,787
Other Taxes and Fees *	13,080,899	16,288,527	3,207,628	149,672,089	151,676,495	2,004,406	1.3%	1.4%	149,672,089
Fines, Forfeits and Penalties	2,460,331	2,730,316	269,985	28,799,339	28,513,040	(286,299)	-1.0%	-13.0%	28,799,339
Income from Investments	43,599	69,719	26,120	245,127	277,770	32,643	13.3%	4.8%	245,127
Transfer from Lottery Commission	3,771,860	3,569,933	(201,928)	49,034,250	49,547,800	513,550	1.0%	-5.1%	49,034,250
Transfers to Tax Relief Programs *	(1,566,689)	(1,549,078)	17,611	(113,986,593)	(113,934,585)	52,008	0.0%	-0.3%	(113,986,593)
Transfers for Municipal Revenue Sharing	(7,684,780)	(8,516,069)	(831,289)	(91,930,345)	(93,156,725)	(1,226,380)	-1.3%	4.4%	(91,930,345)
Other Revenue *	6,946,079	7,888,336	942,257	48,357,956	49,910,424	1,552,468	3.2%	12.9%	48,357,956
<b>Totals</b>	<b>428,967,805</b>	<b>462,404,280</b>	<b>33,436,475</b>	<b>2,896,064,524</b>	<b>2,944,956,756</b>	<b>48,892,232</b>	<b>1.7%</b>	<b>6.9%</b>	<b>2,896,064,524</b>

\* Additional detail by subcategory for these categories is presented on the following page.

**General Fund Revenue**  
**Fiscal Year Ending June 30, 2011 (FY 2011)**

**June 2011 and Final Revenue Variance Report**

Revenue Category				Fiscal Year-To-Date					FY 2011 Budgeted Totals
	June '11 Budget	June '11 Actual	June '11 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year	
<b>Detail of Other Taxes and Fees:</b>									
- Property Tax - Unorganized Territory	1,713,347	1,485,409	(227,938)	13,794,109	13,381,506	(412,603)	-3.0%	1.2%	13,794,109
- Real Estate Transfer Tax	1,678,502	1,839,218	160,716	13,721,052	13,815,942	94,890	0.7%	13.4%	13,721,052
- Liquor Taxes and Fees	2,103,168	2,046,959	(56,209)	20,864,662	21,017,177	152,515	0.7%	3.2%	20,864,662
- Corporation Fees and Licenses	1,156,248	2,515,098	1,358,850	7,697,099	8,479,743	782,644	10.2%	3.8%	7,697,099
- Telecommunication Personal Prop. Tax	0	(81,224)	(81,224)	16,775,988	17,668,244	892,256	5.3%	0.8%	16,775,988
- Finance Industry Fees	1,471,779	2,141,850	670,071	23,679,930	24,688,570	1,008,640	4.3%	3.6%	23,679,930
- Milk Handling Fee	(14,411)	121,429	135,840	3,645,392	3,845,823	200,431	5.5%	-61.9%	3,645,392
- Racino Revenue	1,766,581	1,804,677	38,096	10,804,600	10,597,066	(207,534)	-1.9%	1.7%	10,804,600
- Boat, ATV and Snowmobile Fees	430,348	953,178	522,830	4,500,295	4,437,431	(62,864)	-1.4%	-6.2%	4,500,295
- Hunting and Fishing License Fees	2,341,615	2,351,173	9,558	17,320,998	15,863,627	(1,457,371)	-8.4%	-2.5%	17,320,998
- Other Miscellaneous Taxes and Fees	433,722	1,110,762	677,040	16,867,964	17,881,366	1,013,402	6.0%	40.0%	16,867,964
<b>Subtotal - Other Taxes and Fees</b>	<b>13,080,899</b>	<b>16,288,527</b>	<b>3,207,628</b>	<b>149,672,089</b>	<b>151,676,495</b>	<b>2,004,406</b>	<b>1.3%</b>	<b>1.4%</b>	<b>149,672,089</b>
<b>Detail of Other Revenue:</b>									
- Liquor Sales and Operations	2,288	4,800	2,512	7,305,811	7,311,603	5,792	0.1%	7.8%	7,305,811
- Targeted Case Management (DHHS)	246,016	845,249	599,233	15,029,612	16,574,218	1,544,606	10.3%	-15.0%	15,029,612
- State Cost Allocation Program	1,516,459	1,268,585	(247,874)	14,899,059	14,408,283	(490,776)	-3.3%	-10.0%	14,899,059
- Unclaimed Property Transfer	2,333,420	2,333,420	0	2,333,420	2,333,420	0	0.0%	-60.2%	2,333,420
- Toursim Transfer	0	0	0	(9,048,877)	(9,048,877)	0	0.0%	-0.3%	(9,048,877)
- Transfer to Maine Milk Pool	0	0	0	(4,245,141)	(4,249,777)	(4,636)	-0.1%	68.2%	(4,245,141)
- Transfer to STAR Transportation Fund	0	0	0	(3,100,352)	(3,100,352)	0	0.0%	1.1%	(3,100,352)
- Other Miscellaneous Revenue	2,847,896	3,436,282	588,386	25,184,424	25,681,907	497,483	2.0%	19.0%	25,184,424
<b>Subtotal - Other Revenue</b>	<b>6,946,079</b>	<b>7,888,336</b>	<b>942,257</b>	<b>48,357,956</b>	<b>49,910,424</b>	<b>1,552,468</b>	<b>3.2%</b>	<b>12.9%</b>	<b>48,357,956</b>
<b>Detail of Transfers to Tax Relief Programs:</b>									
- Me. Resident Prop. Tax Program (Circuitbreaker)	(1,386,029)	(1,011,978)	374,051	(42,098,648)	(41,449,010)	649,638	1.5%	-1.5%	(42,098,648)
- BETR - Business Equipment Tax Reimb.	(180,660)	0	180,660	(55,543,140)	(55,220,851)	322,289	0.6%	5.1%	(55,543,140)
- BETE - Municipal Bus. Equip. Tax Reimb.	0	(537,100)	(537,100)	(16,344,805)	(17,264,724)	(919,919)	-5.6%	-18.6%	(16,344,805)
<b>Subtotal - Tax Relief Transfers</b>	<b>(1,566,689)</b>	<b>(1,549,078)</b>	<b>17,611</b>	<b>(113,986,593)</b>	<b>(113,934,585)</b>	<b>52,008</b>	<b>0.0%</b>	<b>-0.3%</b>	<b>(113,986,593)</b>
<b>Inland Fisheries and Wildlife Revenue - Total</b>	<b>2,853,834</b>	<b>3,408,205</b>	<b>554,371</b>	<b>22,803,767</b>	<b>21,425,573</b>	<b>(1,378,194)</b>	<b>-6.0%</b>	<b>-2.8%</b>	<b>22,803,767</b>

**General Fund Revenue**  
**Fiscal Year Ending June 30, 2011 (FY 2011)**

**June 2011 and Final Revenue Variance Report**

Revenue Category				Fiscal Year-To-Date					FY 2011 Budgeted Totals
	June '11 Budget	June '11 Actual	June '11 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year	
<b>Detail of Other Taxes and Fees:</b>									
- Property Tax - Unorganized Territory	1,713,347	1,485,409	(227,938)	13,794,109	13,381,506	(412,603)	-3.0%	1.2%	13,794,109
- Real Estate Transfer Tax	1,678,502	1,839,218	160,716	13,721,052	13,815,942	94,890	0.7%	13.4%	13,721,052
- Liquor Taxes and Fees	2,103,168	2,046,959	(56,209)	20,864,662	21,017,177	152,515	0.7%	3.2%	20,864,662
- Corporation Fees and Licenses	1,156,248	2,515,098	1,358,850	7,697,099	8,479,743	782,644	10.2%	3.8%	7,697,099
- Telecommunication Personal Prop. Tax	0	(81,224)	(81,224)	16,775,988	17,668,244	892,256	5.3%	0.8%	16,775,988
- Finance Industry Fees	1,471,779	2,141,850	670,071	23,679,930	24,688,570	1,008,640	4.3%	3.6%	23,679,930
- Milk Handling Fee	(14,411)	121,429	135,840	3,645,392	3,845,823	200,431	5.5%	-61.9%	3,645,392
- Racino Revenue	1,766,581	1,804,677	38,096	10,804,600	10,597,066	(207,534)	-1.9%	1.7%	10,804,600
- Boat, ATV and Snowmobile Fees	430,348	953,178	522,830	4,500,295	4,437,431	(62,864)	-1.4%	-6.2%	4,500,295
- Hunting and Fishing License Fees	2,341,615	2,351,173	9,558	17,320,998	15,863,627	(1,457,371)	-8.4%	-2.5%	17,320,998
- Other Miscellaneous Taxes and Fees	433,722	1,110,762	677,040	16,867,964	17,881,366	1,013,402	6.0%	40.0%	16,867,964
<b>Subtotal - Other Taxes and Fees</b>	<b>13,080,899</b>	<b>16,288,527</b>	<b>3,207,628</b>	<b>149,672,089</b>	<b>151,676,495</b>	<b>2,004,406</b>	<b>1.3%</b>	<b>1.4%</b>	<b>149,672,089</b>
<b>Detail of Other Revenue:</b>									
- Liquor Sales and Operations	2,288	4,800	2,512	7,305,811	7,311,603	5,792	0.1%	7.8%	7,305,811
- Targeted Case Management (DHHS)	246,016	845,249	599,233	15,029,612	16,574,218	1,544,606	10.3%	-15.0%	15,029,612
- State Cost Allocation Program	1,516,459	1,268,585	(247,874)	14,899,059	14,408,283	(490,776)	-3.3%	-10.0%	14,899,059
- Unclaimed Property Transfer	2,333,420	2,333,420	0	2,333,420	2,333,420	0	0.0%	-60.2%	2,333,420
- Toursim Transfer	0	0	0	(9,048,877)	(9,048,877)	0	0.0%	-0.3%	(9,048,877)
- Transfer to Maine Milk Pool	0	0	0	(4,245,141)	(4,249,777)	(4,636)	-0.1%	68.2%	(4,245,141)
- Transfer to STAR Transportation Fund	0	0	0	(3,100,352)	(3,100,352)	0	0.0%	1.1%	(3,100,352)
- Other Miscellaneous Revenue	2,847,896	3,436,282	588,386	25,184,424	25,681,907	497,483	2.0%	19.0%	25,184,424
<b>Subtotal - Other Revenue</b>	<b>6,946,079</b>	<b>7,888,336</b>	<b>942,257</b>	<b>48,357,956</b>	<b>49,910,424</b>	<b>1,552,468</b>	<b>3.2%</b>	<b>12.9%</b>	<b>48,357,956</b>
<b>Detail of Transfers to Tax Relief Programs:</b>									
- Me. Resident Prop. Tax Program (Circuitbreaker)	(1,386,029)	(1,011,978)	374,051	(42,098,648)	(41,449,010)	649,638	1.5%	-1.5%	(42,098,648)
- BETR - Business Equipment Tax Reimb.	(180,660)	0	180,660	(55,543,140)	(55,220,851)	322,289	0.6%	5.1%	(55,543,140)
- BETE - Municipal Bus. Equip. Tax Reimb.	0	(537,100)	(537,100)	(16,344,805)	(17,264,724)	(919,919)	-5.6%	-18.6%	(16,344,805)
<b>Subtotal - Tax Relief Transfers</b>	<b>(1,566,689)</b>	<b>(1,549,078)</b>	<b>17,611</b>	<b>(113,986,593)</b>	<b>(113,934,585)</b>	<b>52,008</b>	<b>0.0%</b>	<b>-0.3%</b>	<b>(113,986,593)</b>
<b>Inland Fisheries and Wildlife Revenue - Total</b>	<b>2,853,834</b>	<b>3,408,205</b>	<b>554,371</b>	<b>22,803,767</b>	<b>21,425,573</b>	<b>(1,378,194)</b>	<b>-6.0%</b>	<b>-2.8%</b>	<b>22,803,767</b>



Maine Revenue Services  
 Taxable Sales by Sector  
 In Thousands of Dollars

	May '11	% Ch.	May '10	% Ch.	May '09	Average Last 3 Mos. Vs. Last Yr. % Change	Moving Total Last 12 Mos. Vs. Prior % Change	YTD Growth CY'11 vs. '10 Thru. May % Change
Building Supply	\$186,794	3.1%	\$181,259	2.6%	\$176,639	-4.6%	-1.9%	-3.6%
Food Store	\$123,657	-3.3%	\$127,878	2.3%	\$125,062	-1.2%	1.0%	0.1%
General Merchandise	\$232,266	-1.8%	\$236,617	0.7%	\$234,908	-2.1%	0.4%	-2.3%
Other Retail	\$160,459	1.4%	\$158,316	1.0%	\$156,790	2.2%	2.7%	1.9%
Auto/Transportation	\$300,825	5.4%	\$285,438	3.3%	\$276,318	3.7%	2.2%	5.3%
Restaurant	\$159,042	-2.2%	\$162,538	2.2%	\$159,020	0.7%	2.7%	0.1%
Lodging	\$42,699	3.4%	\$41,298	5.9%	\$39,013	4.2%	8.4%	4.4%
Consumer Sales	\$1,205,743	1.0%	\$1,193,343	2.2%	\$1,167,749	0.2%	1.5%	0.8%
Business Operating	\$156,225	12.0%	\$139,484	3.6%	\$134,672	4.8%	5.5%	6.6%
Total	\$1,361,967	2.2%	\$1,332,827	2.3%	\$1,302,421	0.8%	2.0%	1.5%

Maine Revenue Services  
 Taxable Sales by Sector  
 In Thousands of Dollars

	May '11	% Ch.	May '10	% Ch.	May '09	Average Last 3 Mos. Vs. Last Yr. % Change	Moving Total Last 12 Mos. Vs. Prior % Change	YTD Growth CY'11 vs. '10 Thru. May % Change
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Total	\$1,361,967	2.2%	\$1,332,827	2.3%	\$1,302,421	0.8%	2.0%	1.5%

**STATE OF MAINE**

Undedicated Revenues - General Fund  
 For the Twelfth Month Ended June 30, 2011  
 For the Fiscal Year Ending June 30, 2011  
 Comparison to Budget

EXHIBIT I

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2011
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
Sales and Use Tax	163,623,628	162,523,383	1,100,245	0.7%	923,686,973	916,746,307	6,940,666	0.8%	916,746,307
Service Provider Tax	10,125,348	9,706,415	418,933	4.3%	52,672,306	55,214,486	(2,542,180)	(4.6%)	55,214,486
Individual Income Tax	180,510,617	168,044,024	12,466,593	7.4%	1,415,283,534	1,392,702,302	22,581,232	1.6%	1,392,702,302
Corporate Income Tax	38,597,587	25,517,653	13,079,934	51.3%	208,996,598	193,182,264	15,814,334	8.2%	193,182,264
Cigarette and Tobacco Tax	15,161,096	14,589,762	571,334	3.9%	145,229,303	146,209,555	(980,252)	(0.7%)	146,209,555
Insurance Companies Tax	23,979,883	25,064,580	(1,084,697)	(4.3%)	76,930,329	76,765,000	165,329	0.2%	76,765,000
Estate Tax	9,924,436	6,470,689	3,453,747	53.4%	49,323,494	45,052,787	4,270,707	9.5%	45,052,787
Fines, Forfeits & Penalties	2,730,316	2,460,331	269,985	11.0%	28,513,040	28,799,339	(286,299)	(1.0%)	28,799,339
Income from Investments	69,719	43,599	26,120	59.9%	277,770	245,127	32,643	13.3%	245,127
Transfer from Lottery Commission	3,569,933	3,771,860	(201,928)	(5.4%)	49,547,800	49,034,250	513,550	1.0%	49,034,250
Transfers for Tax Relief Programs	(1,549,078)	(1,566,689)	17,611	1.1%	(113,934,585)	(113,986,593)	52,008	0.0%	(113,986,593)
Transfer to Municipal Revenue Sharing	(8,516,069)	(7,684,780)	(831,289)	(10.8%)	(93,156,725)	(91,930,345)	(1,226,380)	(1.3%)	(91,930,345)
Other Taxes and Fees	16,288,527	13,080,899	3,207,628	24.5%	151,676,495	149,672,089	2,004,406	1.3%	149,672,089
Other Revenues	7,888,336	6,946,079	942,257	13.6%	49,910,424	48,357,956	1,552,468	3.2%	48,357,956
<b>Total Collected</b>	<b>462,404,280</b>	<b>428,967,805</b>	<b>33,436,475</b>	<b>7.8%</b>	<b>2,944,956,756</b>	<b>2,896,064,524</b>	<b>48,892,232</b>	<b>1.7%</b>	<b>2,896,064,524</b>

NOTES: (1) Included in the above is \$8,516,069 for the month and \$93,156,725 year to date, that was set aside for Revenue Sharing with cities and towns.

(2) Figures reflect estimates of the Maine State Revenue Forecasting Committee approved in May 2011.

(3) This report has been prepared from preliminary month end figures and is subject to change.

**STATE OF MAINE**

Undedicated Revenues - General Fund  
 For the Twelfth Month Ended June 30, 2011 and 2010  
 For the Fiscal Years Ending June 30, 2011 and 2010  
 Comparison to Prior Year

EXHIBIT II

	Month				Year to Date			
	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)
Sales and Use Tax	163,623,628	162,579,445	1,044,184	0.6%	923,686,973	897,938,873	25,748,100	2.9%
Service Provider Tax	10,125,348	10,516,340	(390,992)	(3.7%)	52,672,306	56,086,391	(3,414,086)	(6.1%)
Individual Income Tax	180,510,617	163,165,106	17,345,511	10.6%	1,415,283,534	1,298,036,055	117,247,479	9.0%
Corporate Income Tax	38,597,587	31,997,830	6,599,756	20.6%	208,996,598	175,292,433	33,704,165	19.2%
Cigarette and Tobacco Tax	15,161,096	15,353,860	(192,764)	(1.3%)	145,229,303	149,066,678	(3,837,374)	(2.6%)
Insurance Companies Tax	23,979,883	25,854,478	(1,874,595)	(7.3%)	76,930,329	80,019,145	(3,088,816)	(3.9%)
Estate Tax	9,924,436	7,039,186	2,885,250	41.0%	49,323,494	31,209,840	18,113,653	58.0%
Fines, Forfeits & Penalties	2,730,316	3,177,807	(447,490)	(14.1%)	28,513,040	32,787,060	(4,274,020)	(13.0%)
Income from Investments	69,719	169,675	(99,956)	(58.9%)	277,770	265,091	12,679	4.8%
Transfer from Lottery Commission	3,569,933	4,880,824	(1,310,891)	(26.9%)	49,547,800	52,201,531	(2,653,732)	(5.1%)
Transfers for Tax Relief Programs	(1,549,078)	(807,382)	(741,696)	(91.9%)	(113,934,585)	(113,604,905)	(329,680)	(0.3%)
Transfer to Municipal Revenue Sharing	(8,516,069)	(7,446,656)	(1,069,411)	(14.4%)	(93,156,725)	(97,425,079)	4,268,355	4.4%
Other Taxes and Fees	16,288,527	17,303,885	(1,015,358)	(5.9%)	151,676,495	149,588,680	2,087,816	1.4%
Other Revenues	7,888,336	11,429,924	(3,541,588)	(31.0%)	49,910,424	44,220,707	5,689,717	12.9%
<b>Total Collected</b>	<b>462,404,280</b>	<b>445,214,317</b>	<b>17,189,962</b>	<b>3.9%</b>	<b>2,944,956,756</b>	<b>2,755,682,500</b>	<b>189,274,256</b>	<b>6.9%</b>

**Highway Fund Revenue**  
**Fiscal Year Ending June 30, 2011 (FY 2011)**  
**June 2011 and Final Revenue Variance Report**

Revenue Category				Fiscal Year-To-Date					FY 2011 Budgeted Totals
	June '11 Budget	June '11 Actual	June '11 Variance	Budget	Actual	Variance	% Variance	% Change from Prior Year	
Fuel Taxes:									
- Gasoline Tax	31,588,367	34,923,702	3,335,335	194,220,000	194,958,019	738,018	0.4%	-0.8%	194,220,000
- Special Fuel and Road Use Taxes	7,427,599	7,935,764	508,165	43,760,000	44,588,438	828,438	1.9%	-1.4%	43,760,000
- Transcap Transfers - Fuel Taxes	(1,371,071)	(1,586,812)	(215,741)	(17,476,736)	(17,554,820)	(78,084)	-0.4%	0.4%	(17,476,736)
- Other Fund Gasoline Tax Distributions	(389,818)	(451,969)	(62,151)	(4,956,860)	(4,957,745)	(885)	0.0%	0.1%	(4,956,860)
Subtotal - Fuel Taxes	37,255,077	40,820,685	3,565,608	215,546,404	217,033,892	1,487,488	0.7%	-1.0%	215,546,404
Motor Vehicle Registration and Fees:									
- Motor Vehicle Registration Fees	7,707,528	7,582,098	(125,430)	64,775,312	65,067,731	292,419	0.4%	0.7%	64,775,312
- License Plate Fees	473,706	476,350	2,644	3,348,300	3,424,536	76,236	2.2%	-0.4%	3,348,300
- Long-term Trailer Registration Fees	91,124	452,047	360,923	8,884,523	9,792,983	908,460	9.3%	24.2%	8,884,523
- Title Fees	668,126	1,141,767	473,641	10,871,056	11,261,301	390,245	3.5%	3.8%	10,871,056
- Motor Vehicle Operator License Fees	569,101	625,919	56,818	5,937,732	6,112,149	174,417	2.9%	5.0%	5,937,732
- Transcap Transfers - Motor Vehicle Fees	(4,037,754)	(4,270,450)	(232,696)	(14,830,531)	(14,817,460)	13,071	0.1%	0.0%	(14,830,531)
Subtotal - Motor Vehicle Reg. & Fees	5,471,831	6,007,730	535,899	78,986,392	80,841,240	1,854,848	2.3%	4.0%	78,986,392
Motor Vehicle Inspection Fees	315,800	445,201	129,401	3,032,500	2,977,702	(54,799)	-1.8%	5.9%	3,032,500
Other Highway Fund Taxes and Fees	137,322	171,730	34,408	1,325,823	1,358,167	32,344	2.4%	1.5%	1,325,823
Fines, Forfeits and Penalties	143,370	83,266	(60,104)	1,205,049	1,145,044	(60,005)	-5.2%	-20.5%	1,205,049
Interest Earnings	7,840	19,092	11,252	120,434	124,518	4,084	3.3%	-23.4%	120,434
Other Highway Fund Revenue	866,535	470,284	(396,251)	8,072,531	7,870,593	(201,938)	-2.6%	-7.2%	8,072,531
<b>Totals</b>	<b>44,197,775</b>	<b>48,017,988</b>	<b>3,820,213</b>	<b>308,289,133</b>	<b>311,351,155</b>	<b>3,062,022</b>	<b>1.0%</b>	<b>0.1%</b>	<b>308,289,133</b>

DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES  
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MEMORANDUM

**TO:** Governor Paul R. LePage  
Members, Legislative Council  
Members, Joint Standing Committee on Appropriations and Financial Affairs  
Members, Joint Standing Committee on Taxation

**FROM:** H. Sawin Millett Jr., Commissioner  
Department of Administrative & Financial Services

**DATE:** July 21, 2011

**SUBJ:** Revenues – June

\*\*\*\*\*

June General Fund revenues were over budget by \$33.4 million or 7.8%. General Fund revenues ended the fiscal year over budget by \$48.9 million or 1.7%. Total FY11 General Fund revenues equaled \$2,944,956,756, an increase of \$189.3 million (+6.9%) over FY10. Despite the solid growth in FY11, General Fund revenues remain below their pre-recession peak of \$3,087,818,992 reached in FY08.

Most of the monthly surplus (\$25.5 million) and annual surplus (\$38.3 million) came from the individual and corporate income tax lines. Withholding receipts were over budget for the month by \$3.5 million. For the fiscal year, withholding receipts increased by 4.9%; the strongest growth since FY05. For the first-half of calendar year 2011 withholding revenue is up 5.4%. The second estimated payment for the tax year was due in June and was over budget by \$3.1 million. The first two estimated payments for tax year 2011 were up 17% over the same period last year. Estimated payments reflect earnings from non-wage income such as capital gains, business income, and interest and dividend income.

Corporate income taxes increased by 19% over FY10, exceeding the \$200 million mark for the first time in the state's history. Estimated payments were particularly strong, increasing by 25% over last fiscal year. Corporate profitability remains healthy; much better than the forecast used in the May 1<sup>st</sup> revenue forecast.

While the sales & use and service provider taxes were over budget for the fiscal year by a net \$4.4 million, they only increased by 2.4% over last fiscal year. A slowing national economy and rising energy prices resulted in weak year-over-year growth during the second quarter of 2011. These two lines will need to grow by a combined average of 3.75% for the first-half of FY12 to stay on budget. Taxable sales in Maine have not grown by that much over a six month period since the first-half of calendar year 2006.

### Sales & Use Taxes

Revenue was \$1.1 million over budget for the month and \$6.9 million (+0.8%) over budget fiscal year-to-date. Fiscal year-to-date revenue was \$25.7 million (+2.9%) over fiscal year 2010.

### Taxable Sales

Total taxable sales for the month of May (June revenue) were up 2.2% from May 2010. The annual rate of change was 2.0%. Building supply sales were up 3.1% for the month and down 1.9% for the year ending in May. Sales of taxable items in food stores were down 3.3% for the month and up 1.0% for the year. General merchandise sales (primarily sales of goods sold in large department and discount stores) were down 1.8% for the month and up 0.4% for the year. Sales in other retail stores such as jewelry, drug, sporting goods, book, antique, pet, photo, toy, and craft stores were up 1.4% for the month and 2.7% for the year. Auto/transportation sector sales were up 5.4% for the month and 2.2% for the year. Sales of meals and other prepared foods were down 2.2% for the month and up 2.7% for the year. Lodging sales were up 3.4% for the month and 8.4% for the year. Business operating sales (primarily use tax paid by businesses) were up 12.0% for the month and 5.5% for the year.

### Service Provider Tax

Revenue was \$418,933 over budget for the month and \$2.5 million (-4.6%) under budget fiscal year-to-date.

### Individual Income Tax

Revenue was \$12.5 million over budget for the month and \$22.6 million (+1.6%) over budget fiscal year-to-date. Fiscal year-to-date cash withholding payments were 4.4% over fiscal year 2010. Estimated payments were up 10.4% and final payments were up 8.7% fiscal year-to-date. Fiscal year-to-date revenue was \$117.2 million (+9.0%) over fiscal year 2010.

### Corporate Income Tax

Revenue was \$13.1 million over budget for the month and \$15.8 million (+8.2%) over budget fiscal year-to-date. Estimated payments were up 25.0% and final payments were up 0.8% fiscal year-to-date. Fiscal year-to-date revenue was \$33.7 million (+19.2%) over fiscal year 2010.

### Cigarette & Tobacco Taxes

Cigarette and tobacco products tax revenue was \$571,334 over budget for the month and \$980,252 (-0.7%) under budget fiscal year-to-date.

### Insurance Companies Taxes

The Insurance Companies Taxes were \$1.1 million under budget for the month and \$165,329 over budget fiscal year-to-date.

### Estate Tax

The estate tax was \$3.5 million over budget for the month and \$4.3 million over budget fiscal year-to-date.

### Transfers for Tax Relief Programs

Refunds for the tax & rent, Business Equipment Tax Reimbursement (BETR) and Business Equipment Tax Exemption (BETE) programs were essentially on budget for the month and year-to-date.

### Municipal Revenue Sharing

Revenue sharing for the month was over budget by \$0.831 million. For the fiscal year revenue sharing was over budget by \$1.2 million (+1.3%).

### Lottery

Lottery Revenues were under budget in June by \$201,928. The fiscal year variance was \$0.5 million.

### Other Revenues

Other Revenues were over budget for the month by \$0.9 million and for the fiscal year by \$1.6 million.

### Highway Fund

Motor fuel tax receipts were over budget in June by \$3.6 million. The Highway Fund as a whole was \$3.8 million over budget for the month. For the fiscal year motor fuel excise tax receipts were over budget by \$1.5 million or 0.7%. The total Highway Fund was over budget by \$3.1 million (+1.0 %).



## National Economy

With most of the key economic reports for June now released it is clear that the US economy grew well below the rate necessary to create jobs during the first-half of 2011. The European debt crises, rising energy prices, the disaster in Japan and a struggling housing market quickly slowed the US economy soon after the start of the New Year. Most economists expect second quarter growth to be less than 2%; similar to the 1.9% for the first quarter. While economic forecasters are projecting stronger growth in the second-half of the calendar year, many have brought their projections down and expect economic growth to average less than 3% during the July-December period.

A new recession is not considered to be likely in the next six months, but the risks of another recession have started to increase. A calculation by Moody's Analytics puts the probability of recession in the next six months at 26%; the highest since November. Usually an estimate of 60% or more precedes an actual recession. Nonetheless, the weakness of the economy puts it at risk of another recession should some significant event(s) shock the system. One such event is a failure by the US Congress to increase the debt ceiling.

## Maine Economy

FY11 taxable sales in Maine were up over last fiscal year by 2.2%. Most of that growth came during the first-half of the fiscal year, as a slowing national economy and rising energy prices have cut that growth in half during the final months of FY11. There are a number of anecdotal and statistical reports that indicate that lower and middle income households continue to struggle as rising gasoline and food prices are taking a bigger portion of their monthly budgets. Stores frequented by these households have seen sluggish sales and sales activity driven by the paycheck cycle. Credit card usage has increased in recent months, especially to pay for food and gasoline. This is a clear indication that income is not keeping up with the rise in the price of necessities, forcing households to use credit cards.

Cigarette and tobacco taxes were under budget at the close of FY11. Cigarette stamp sales fell by 2.7% during the fiscal year after increasing by 1% last fiscal year. The New Hampshire Legislature decreased that state's cigarette excise tax by \$0.10 per pack during the latest session. Effective July 1<sup>st</sup> the cigarette excise tax in NH is \$1.68 per pack compared to \$2.00 per pack in Maine. While a \$0.10 increase in the differential between the two states' tax rates is not substantial, it's likely there will be some increase in Maine residents crossing the border with NH to purchase cigarettes. Cigarette stamp sales will be watched closely in the coming months to see if adjustments are necessary when the Revenue Forecasting Committee meets in late November.

HSM:mja

Attachments

cc: John McGough

Grant Pennoyer  
Maureen Dawson  
Marc Cyr  
David Boulter  
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Jim Breece  
Jerome Gerard  
Dawna Lopatosky  
Terry Brann

Maine Revenue Services  
Taxable Sales by Sector  
In Thousands of Dollars

	May '11	% Ch.	May '10	% Ch.	May '09	Average Last 3 Mos. Vs. Last Yr. % Change	Moving Total Last 12 Mos. Vs. Prior % Change	YTD Growth CY'11 vs. '10 Thru. May % Change
Building Supply	\$186,794	3.1%	\$181,259	2.6%	\$176,639	-4.6%	-1.9%	-3.6%
Food Store	\$123,657	-3.3%	\$127,878	2.3%	\$125,062	-1.2%	1.0%	0.1%
General Merchandise	\$232,266	-1.8%	\$236,617	0.7%	\$234,908	-2.1%	0.4%	-2.3%
Other Retail	\$160,459	1.4%	\$158,316	1.0%	\$156,790	2.2%	2.7%	1.9%
Auto/Transportation	\$300,825	5.4%	\$285,438	3.3%	\$276,318	3.7%	2.2%	5.3%
Restaurant	\$159,042	-2.2%	\$162,538	2.2%	\$159,020	0.7%	2.7%	0.1%
Lodging	\$42,699	3.4%	\$41,298	5.9%	\$39,013	4.2%	8.4%	4.4%
Consumer Sales	\$1,205,743	1.0%	\$1,193,343	2.2%	\$1,167,749	0.2%	1.5%	0.8%
Business Operating	\$156,225	12.0%	\$139,484	3.6%	\$134,672	4.8%	5.5%	6.6%
Total	\$1,361,967	2.2%	\$1,332,827	2.3%	\$1,302,421	0.8%	2.0%	1.5%

**STATE OF MAINE**

Undedicated Revenues - General Fund  
 For the Twelfth Month Ended June 30, 2011  
 For the Fiscal Year Ending June 30, 2011  
 Comparison to Budget

EXHIBIT I

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2011
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
Sales and Use Tax	163,623,628	162,523,383	1,100,245	0.7%	923,686,973	916,746,307	6,940,666	0.8%	916,746,307
Service Provider Tax	10,125,348	9,706,415	418,933	4.3%	52,672,306	55,214,486	(2,542,180)	(4.6%)	55,214,486
Individual Income Tax	180,510,617	168,044,024	12,466,593	7.4%	1,415,283,534	1,392,702,302	22,581,232	1.6%	1,392,702,302
Corporate Income Tax	38,597,587	25,517,653	13,079,934	51.3%	208,996,598	193,182,264	15,814,334	8.2%	193,182,264
Cigarette and Tobacco Tax	15,161,096	14,589,762	571,334	3.9%	145,229,303	146,209,555	(980,252)	(0.7%)	146,209,555
Insurance Companies Tax	23,979,883	25,064,580	(1,084,697)	(4.3%)	76,930,329	76,765,000	165,329	0.2%	76,765,000
Estate Tax	9,924,436	6,470,689	3,453,747	53.4%	49,323,494	45,052,787	4,270,707	9.5%	45,052,787
Fines, Forfeits & Penalties	2,730,316	2,460,331	269,985	11.0%	28,513,040	28,799,339	(286,299)	(1.0%)	28,799,339
Income from Investments	69,719	43,599	26,120	59.9%	277,770	245,127	32,643	13.3%	245,127
Transfer from Lottery Commission	3,569,933	3,771,860	(201,928)	(5.4%)	49,547,800	49,034,250	513,550	1.0%	49,034,250
Transfers for Tax Relief Programs	(1,549,078)	(1,566,689)	17,611	1.1%	(113,934,585)	(113,986,593)	52,008	0.0%	(113,986,593)
Transfer to Municipal Revenue Sharing	(8,516,069)	(7,684,780)	(831,289)	(10.8%)	(93,156,725)	(91,930,345)	(1,226,380)	(1.3%)	(91,930,345)
Other Taxes and Fees	16,288,527	13,080,899	3,207,628	24.5%	151,676,495	149,672,089	2,004,406	1.3%	149,672,089
Other Revenues	7,888,336	6,946,079	942,257	13.6%	49,910,424	48,357,956	1,552,468	3.2%	48,357,956
<b>Total Collected</b>	<b>462,404,280</b>	<b>428,967,805</b>	<b>33,436,475</b>	<b>7.8%</b>	<b>2,944,956,756</b>	<b>2,896,064,524</b>	<b>48,892,232</b>	<b>1.7%</b>	<b>2,896,064,524</b>

NOTES: (1) Included in the above is \$8,516,069 for the month and \$93,156,725 year to date, that was set aside for Revenue Sharing with cities and towns.

(2) Figures reflect estimates of the Maine State Revenue Forecasting Committee approved in May 2011.

(3) This report has been prepared from preliminary month end figures and is subject to change.

**STATE OF MAINE**

Undedicated Revenues - General Fund  
 For the Twelfth Month Ended June 30, 2011 and 2010  
 For the Fiscal Years Ending June 30, 2011 and 2010  
 Comparison to Prior Year

EXHIBIT II

	Month				Year to Date			
	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)
Sales and Use Tax	163,623,628	162,579,445	1,044,184	0.6%	923,686,973	897,938,873	25,748,100	2.9%
Service Provider Tax	10,125,348	10,516,340	(390,992)	(3.7%)	52,672,306	56,086,391	(3,414,086)	(6.1%)
Individual Income Tax	180,510,617	163,165,106	17,345,511	10.6%	1,415,283,534	1,298,036,055	117,247,479	9.0%
Corporate Income Tax	38,597,587	31,997,830	6,599,756	20.6%	208,996,598	175,292,433	33,704,165	19.2%
Cigarette and Tobacco Tax	15,161,096	15,353,860	(192,764)	(1.3%)	145,229,303	149,066,678	(3,837,374)	(2.6%)
Insurance Companies Tax	23,979,883	25,854,478	(1,874,595)	(7.3%)	76,930,329	80,019,145	(3,088,816)	(3.9%)
Estate Tax	9,924,436	7,039,186	2,885,250	41.0%	49,323,494	31,209,840	18,113,653	58.0%
Fines, Forfeits & Penalties	2,730,316	3,177,807	(447,490)	(14.1%)	28,513,040	32,787,060	(4,274,020)	(13.0%)
Income from Investments	69,719	169,675	(99,956)	(58.9%)	277,770	265,091	12,679	4.8%
Transfer from Lottery Commission	3,569,933	4,880,824	(1,310,891)	(26.9%)	49,547,800	52,201,531	(2,653,732)	(5.1%)
Transfers for Tax Relief Programs	(1,549,078)	(807,382)	(741,696)	(91.9%)	(113,934,585)	(113,604,905)	(329,680)	(0.3%)
Transfer to Municipal Revenue Sharing	(8,516,069)	(7,446,656)	(1,069,411)	(14.4%)	(93,156,725)	(97,425,079)	4,268,355	4.4%
Other Taxes and Fees	16,288,527	17,303,885	(1,015,358)	(5.9%)	151,676,495	149,588,680	2,087,816	1.4%
Other Revenues	7,888,336	11,429,924	(3,541,588)	(31.0%)	49,910,424	44,220,707	5,689,717	12.9%
<b>Total Collected</b>	<b>462,404,280</b>	<b>445,214,317</b>	<b>17,189,962</b>	<b>3.9%</b>	<b>2,944,956,756</b>	<b>2,755,682,500</b>	<b>189,274,256</b>	<b>6.9%</b>

STATE OF MAINE

Undedicated Revenues - General Fund  
 For the Twelfth Month Ended June 30, 2011  
 For the Fiscal Year Ending June 30, 2011  
 Comparison to Budget

EXHIBIT III

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2011
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
<u>Detail of Other Taxes &amp; Fees</u>									
0100s All Others	3,624,496	3,421,558	202,938	5.9%	30,935,037	31,245,729	(310,692)	(1.0%)	31,245,729
0300s Aeronautical Gas Tax	24,407	21,049	3,358	16.0%	262,326	262,278	48	0.0%	262,278
0400s Alcohol Excise Tax	1,596,954	1,660,743	(63,789)	(3.8%)	17,464,292	17,368,249	96,043	0.6%	17,368,249
0700s Corporation Taxes	2,515,098	1,156,248	1,358,850	117.5%	8,479,743	7,697,099	782,644	10.2%	7,697,099
0800s Public Utilities	(81,224)	-	(81,224)	-	17,668,244	16,775,988	892,256	5.3%	16,775,988
1000s Banking Taxes	2,141,850	1,471,779	670,071	45.5%	24,688,570	23,679,930	1,008,640	4.3%	23,679,930
1100s Alcoholic Beverages	715,569	479,296	236,273	49.3%	5,989,738	5,396,413	593,325	11.0%	5,396,413
1200s Amusements Tax	-	-	-	-	-	-	-	-	-
1300s Harness Racing Parimutual	1,798,657	1,755,181	43,476	2.5%	10,008,185	10,193,245	(185,060)	(1.8%)	10,193,245
1400s Business Taxes	1,066,650	437,228	629,422	144.0%	11,041,582	10,255,963	785,619	7.7%	10,255,963
1500s Motor Vehicle Licenses	494,057	306,980	187,077	60.9%	4,607,420	4,795,515	(188,095)	(3.9%)	4,795,515
1700s Inland Fisheries & Wildlife	2,351,173	2,341,615	9,558	0.4%	15,863,627	17,320,998	(1,457,371)	(8.4%)	17,320,998
1900s Other Licenses	40,841	29,222	11,619	39.8%	4,667,732	4,680,682	(12,950)	(0.3%)	4,680,682
<b>Total Other Taxes &amp; Fees</b>	<b>16,288,527</b>	<b>13,080,899</b>	<b>3,207,628</b>	<b>24.5%</b>	<b>151,676,496</b>	<b>149,672,089</b>	<b>2,004,407</b>	<b>1.3%</b>	<b>149,672,089</b>
<u>Detail of Other Revenues</u>									
2200s Federal Revenues	366,435	(390,335)	756,770	193.9%	10,378,715	9,093,757	1,284,958	14.1%	9,093,757
2300s County Revenues	-	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	54,477	17,625	36,852	209.1%	219,436	256,825	(37,389)	(14.6%)	256,825
2500s Revenues from Private Sources	158,627	150,943	7,684	5.1%	8,922,920	9,039,412	(116,492)	(1.3%)	9,039,412
2600s Current Service Charges	2,889,311	3,446,793	(557,482)	(16.2%)	30,556,538	30,097,654	458,884	1.5%	30,097,654
2700s Transfers from Other Funds	4,029,136	3,683,553	345,583	9.4%	(748,954)	(835,368)	86,414	10.3%	(835,368)
2800s Sales of Property & Equipment	390,349	37,500	352,849	940.9%	581,770	705,676	(123,906)	(17.6%)	705,676
<b>Total Other Revenues</b>	<b>7,888,336</b>	<b>6,946,079</b>	<b>942,257</b>	<b>13.6%</b>	<b>49,910,424</b>	<b>48,357,956</b>	<b>1,552,468</b>	<b>3.2%</b>	<b>48,357,956</b>

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

**STATE OF MAINE**

Undedicated Revenues - General Fund  
 For the Twelfth Month Ended June 30, 2011 and 2010  
 For the Fiscal Years Ending June 30, 2011 and 2010  
 Comparison to Prior Year

EXHIBIT IV

	Month				Year to Date			
	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)
<b><u>Detail of Other Taxes &amp; Fees</u></b>								
0100s All Others	3,624,496	3,637,476	(12,980)	(0.4%)	30,935,037	29,154,814	1,780,224	6.1%
0300s Aeronautical Gas Tax	24,407	23,249	1,158	5.0%	262,326	262,696	(370)	(0.1%)
0400s Alcohol Excise Tax	1,596,954	1,571,095	25,858	1.6%	17,464,292	16,863,869	600,423	3.6%
0700s Corporation Taxes	2,515,098	2,583,418	(68,320)	(2.6%)	8,479,743	8,168,981	310,761	3.8%
0800s Public Utilities	(81,224)	(222,517)	141,292	63.5%	17,668,244	17,523,926	144,318	0.8%
1000s Banking Taxes	2,141,850	2,195,650	(53,800)	(2.5%)	24,688,570	23,831,582	856,988	3.6%
1100s Alcoholic Beverages	715,569	647,670	67,899	10.5%	5,989,738	4,711,185	1,278,552	27.1%
1200s Amusements Tax	-	-	-	-	-	-	-	-
1300s Harness Racing Parimutual	1,798,657	1,632,805	165,852	10.2%	10,008,185	9,922,722	85,463	0.9%
1400s Business Taxes	1,066,650	2,166,640	(1,099,990)	(50.8%)	11,041,582	17,673,559	(6,631,977)	(37.5%)
1500s Motor Vehicle Licenses	494,057	585,522	(91,465)	(15.6%)	4,607,420	4,862,624	(255,204)	(5.2%)
1700s Inland Fisheries & Wildlife	2,351,173	2,434,845	(83,672)	(3.4%)	15,863,627	16,277,082	(413,455)	(2.5%)
1900s Other Licenses	40,841	48,031	(7,191)	(15.0%)	4,667,732	335,639	4,332,092	1290.7%
<b>Total Other Taxes &amp; Fees</b>	<b>16,288,527</b>	<b>17,303,885</b>	<b>(1,015,358)</b>	<b>(5.9%)</b>	<b>151,676,496</b>	<b>149,588,680</b>	<b>2,087,816</b>	<b>1.4%</b>
<b><u>Detail of Other Revenues</u></b>								
2200s Federal Revenues	366,435	955,142	(588,706)	(61.6%)	10,378,715	9,308,380.87	1,070,335	11.5%
2300s County Revenues	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	54,477	101,743	(47,266)	(46.5%)	219,436	187,014.75	32,421	17.3%
2500s Revenues from Private Sources	158,627	505,320	(346,693)	(68.6%)	8,922,920	8,696,966.06	225,954	2.6%
2600s Current Service Charges	2,889,311	3,571,162	(681,851)	(19.1%)	30,556,538	33,328,573.42	(2,772,036)	(8.3%)
2700s Transfers from Other Funds	4,029,136	6,288,263	(2,259,127)	(35.9%)	(748,954)	(7,515,524.69)	6,766,571	90.0%
2800s Sales of Property & Equipment	390,349	8,294	382,055	4606.4%	581,770	215,297.04	366,473	170.2%
<b>Total Other Revenues</b>	<b>7,888,336</b>	<b>11,429,924</b>	<b>(3,541,588)</b>	<b>(31.0%)</b>	<b>49,910,424</b>	<b>44,220,707</b>	<b>5,689,717</b>	<b>12.9%</b>

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

**STATE OF MAINE**

Undedicated Revenues - Highway Fund  
 For the Twelfth Month Ended June 30, 2011  
 For the Fiscal Year Ending June 30, 2011  
 Comparison to Budget

EXHIBIT V

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2011
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
Fuel Taxes	40,820,685	37,255,077	3,565,608	9.6%	217,033,892	215,546,404	1,487,488	0.7%	215,546,404
Motor Vehicle Registration & Fees	6,007,730	5,471,831	535,899	9.8%	80,841,240	78,986,392	1,854,848	2.3%	78,986,392
Motor Vehicle Inspection Fees	445,201	315,800	129,401	41.0%	2,977,702	3,032,500	(54,799)	(1.8%)	3,032,500
Miscellaneous Taxes & Fees	171,681	137,322	34,359	25.0%	1,358,069	1,325,823	32,246	2.4%	1,325,823
Fines, Forfeits & Penalties	83,266	143,370	(60,104)	(41.9%)	1,145,044	1,205,049	(60,005)	(5.0%)	1,205,049
Earnings on Investments	19,092	7,840	11,252	143.5%	124,518	120,434	4,084	3.4%	120,434
All Other	470,333	866,535	(396,202)	(45.7%)	7,870,691	8,072,531	(201,840)	(2.5%)	8,072,531
<b>Total Collected</b>	<b>48,017,988</b>	<b>44,197,775</b>	<b>3,820,213</b>	<b>8.6%</b>	<b>311,351,155</b>	<b>308,289,133</b>	<b>3,062,022</b>	<b>1.0%</b>	<b>308,289,133</b>

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



**STATE OF MAINE**

Undedicated Revenues - Highway Fund  
 For the Twelfth Month Ended June 30, 2011 and 2010  
 For the Fiscal Years Ending June 30, 2011 and 2010  
 Comparison to Prior Year

EXHIBIT VI

	Month				Year to Date			
	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)
Fuel Taxes	40,820,685	38,885,642	1,935,043	5.0%	217,033,892	219,190,706	(2,156,815)	(1.0%)
Motor Vehicle Registration & Fees	6,007,730	6,369,572	(361,842)	(5.7%)	80,841,240	77,767,700	3,073,540	4.0%
Motor Vehicle Inspection Fees	445,201	201,507	243,694	120.9%	2,977,702	2,810,679	167,023	5.9%
Miscellaneous Taxes & Fees	171,681	141,666	30,015	21.2%	1,358,069	1,338,193	19,876	1.5%
Fines, Forfeits & Penalties	83,266	84,901	(1,635)	(1.9%)	1,145,044	1,440,062	(295,018)	(20.5%)
Earnings on Investments	19,092	22,835	(3,743)	(16.4%)	124,518	162,488	(37,971)	(23.4%)
All Other	470,333	612,524	(142,191)	(23.2%)	7,870,691	8,480,545	(609,855)	(7.2%)
<b>Total Collected</b>	<b>48,017,988</b>	<b>46,318,647</b>	<b>1,699,340</b>	<b>3.7%</b>	<b>311,351,155</b>	<b>311,190,374</b>	<b>160,781</b>	<b>0.1%</b>

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

**General Fund Revenue**  
**Fiscal Year Ending June 30, 2012 (FY 2012)**  
**October 2011 Revenue Variance Report**

Revenue Category				Fiscal Year-To-Date					FY 2012 Budgeted Totals
	October '11 Budget	October '11 Actual	October '11 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year	
Sales and Use Tax	89,027,995	90,662,252	1,634,257	278,922,920	286,197,872	7,274,952	2.6%	6.2%	955,812,221
Service Provider Tax	4,828,439	4,326,340	(502,099)	13,211,703	11,406,431	(1,805,272)	-13.7%	-10.4%	56,877,680
Individual Income Tax	104,736,722	107,808,252	3,071,530	429,906,630	427,205,434	(2,701,196)	-0.6%	4.1%	1,445,821,209
Corporate Income Tax	15,924,564	8,061,555	(7,863,009)	56,908,313	61,539,746	4,631,433	8.1%	2.7%	180,396,827
Cigarette and Tobacco Tax	11,935,647	11,782,554	(153,093)	51,100,327	49,624,742	(1,475,585)	-2.9%	-2.8%	143,623,350
Insurance Companies Tax	6,357,534	5,496,312	(861,222)	7,334,211	8,194,840	860,629	11.7%	41.4%	76,215,000
Estate Tax	3,021,116	2,752,486	(268,630)	5,737,191	5,875,363	138,172	2.4%	-54.7%	35,810,855
Other Taxes and Fees *	19,837,004	18,938,375	(898,629)	44,162,630	44,094,440	(68,190)	-0.2%	-12.9%	135,094,104
Fines, Forfeits and Penalties	2,285,640	1,740,280	(545,360)	10,105,828	8,135,344	(1,970,484)	-19.5%	-17.3%	28,399,692
Income from Investments	30,666	34,997	4,331	75,501	114,786	39,285	52.0%	52.0%	257,766
Transfer from Lottery Commission	4,783,038	4,655,413	(127,625)	17,218,936	17,546,851	327,915	1.9%	4.4%	50,700,000
Transfers to Tax Relief Programs *	(8,538,364)	(13,596,365)	(5,058,001)	(38,525,714)	(49,539,816)	(11,014,102)	-28.6%	-22.7%	(112,068,263)
Transfers for Municipal Revenue Sharing	(9,705,538)	(10,465,891)	(760,353)	(32,223,410)	(34,129,657)	(1,906,247)	-5.9%	-3.8%	(94,003,511)
Other Revenue *	(1,326,821)	(1,621,834)	(295,013)	3,018,743	3,976,588	957,845	31.7%	65.8%	42,691,921
<b>Totals</b>	<b>243,197,642</b>	<b>230,574,725</b>	<b>(12,622,917)</b>	<b>846,953,809</b>	<b>840,242,965</b>	<b>(6,710,844)</b>	<b>-0.8%</b>	<b>1.4%</b>	<b>2,945,628,851</b>

\* Additional detail by subcategory for these categories is presented on the following page.

**General Fund Revenue**  
**Fiscal Year Ending June 30, 2012 (FY 2012)**  
**October 2011 Revenue Variance Report**

Revenue Category				Fiscal Year-To-Date					FY 2012 Budgeted Totals
	October '11 Budget	October '11 Actual	October '11 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year	
<b>Detail of Other Taxes and Fees:</b>									
- Property Tax - Unorganized Territory	12,414,698	12,043,355	(371,343)	12,414,698	12,043,355	(371,343)	-3.0%	1.2%	13,536,928
- Real Estate Transfer Tax	909,405	750,730	(158,675)	2,510,436	2,541,181	30,745	1.2%	-56.2%	9,767,309
- Liquor Taxes and Fees	1,782,637	1,778,924	(3,713)	7,528,074	7,876,860	348,786	4.6%	-0.4%	20,467,530
- Corporation Fees and Licenses	173,330	191,622	18,292	1,069,095	939,603	(129,492)	-12.1%	-12.4%	7,697,099
- Telecommunication Personal Prop. Tax	0	0	0	0	71,690	71,690	N/A	N/A	14,641,734
- Finance Industry Fees	1,904,581	1,759,300	(145,281)	7,618,324	7,468,450	(149,874)	-2.0%	0.5%	23,265,980
- Milk Handling Fee	93,877	86,010	(7,867)	375,508	371,110	(4,398)	-1.2%	-82.1%	1,126,529
- Racino Revenue	911,503	661,178	(250,325)	3,531,388	3,787,303	255,915	7.2%	11.1%	10,849,437
- Boat, ATV and Snowmobile Fees	264,253	268,786	4,533	1,542,162	1,546,478	4,316	0.3%	1.9%	4,500,295
- Hunting and Fishing License Fees	880,429	911,146	30,717	5,463,473	5,447,507	(15,966)	-0.3%	2.5%	17,332,248
- Other Miscellaneous Taxes and Fees	502,291	487,325	(14,966)	2,109,472	2,000,903	(108,569)	-5.1%	-52.2%	11,909,015
<b>Subtotal - Other Taxes and Fees</b>	<b>19,837,004</b>	<b>18,938,375</b>	<b>(898,629)</b>	<b>44,162,630</b>	<b>44,094,440</b>	<b>(68,190)</b>	<b>-0.2%</b>	<b>-12.9%</b>	<b>135,094,104</b>
<b>Detail of Other Revenue:</b>									
- Liquor Sales and Operations	2,896	0	(2,896)	8,969	9,000	31	0.3%	-3.1%	7,669,727
- Targeted Case Management (DHHS)	116,666	123,496	6,830	1,422,964	2,602,550	1,179,586	82.9%	-43.7%	5,225,200
- State Cost Allocation Program	1,385,208	1,119,365	(265,843)	5,358,714	4,226,226	(1,132,488)	-21.1%	-11.5%	16,467,934
- Unclaimed Property Transfer	0	0	0	0	0	0	N/A	N/A	2,333,420
- Toursim Transfer	(3,428,755)	(3,543,250)	(114,495)	(9,305,250)	(9,419,745)	(114,495)	-1.2%	-4.1%	(9,305,250)
- Transfer to Maine Milk Pool	(58,380)	0	58,380	(640,684)	0	640,684	100.0%	100.0%	(1,108,312)
- Transfer to STAR Transportation Fund	(1,042,834)	(1,124,706)	(81,872)	(3,115,000)	(3,196,872)	(81,872)	-2.6%	-3.1%	(3,115,000)
- Other Miscellaneous Revenue	1,698,378	1,803,261	104,883	9,289,030	9,755,429	466,399	5.0%	20.7%	24,524,202
<b>Subtotal - Other Revenue</b>	<b>(1,326,821)</b>	<b>(1,621,834)</b>	<b>(295,013)</b>	<b>3,018,743</b>	<b>3,976,588</b>	<b>957,845</b>	<b>31.7%</b>	<b>65.8%</b>	<b>42,691,921</b>
<b>Detail of Transfers to Tax Relief Programs:</b>									
- Me. Resident Prop. Tax Program (Circuitbreaker)	(5,089,431)	(7,072,674)	(1,983,243)	(24,859,505)	(28,260,437)	(3,400,932)	-13.7%	-11.7%	(41,083,286)
- BETR - Business Equipment Tax Reimb.	(3,448,933)	(6,523,691)	(3,074,758)	(13,666,209)	(21,279,379)	(7,613,170)	-55.7%	-45.4%	(51,552,995)
- BETE - Municipal Bus. Equip. Tax Reimb.	0	0	0	0	0	0	N/A	100.0%	(19,431,982)
<b>Subtotal - Tax Relief Transfers</b>	<b>(8,538,364)</b>	<b>(13,596,365)</b>	<b>(5,058,001)</b>	<b>(38,525,714)</b>	<b>(49,539,816)</b>	<b>(11,014,102)</b>	<b>-28.6%</b>	<b>-22.7%</b>	<b>(112,068,263)</b>
<b>Inland Fisheries and Wildlife Revenue - Total</b>	<b>1,222,014</b>	<b>1,262,047</b>	<b>40,033</b>	<b>7,349,499</b>	<b>7,341,923</b>	<b>(7,576)</b>	<b>-0.1%</b>	<b>2.1%</b>	<b>22,820,946</b>

**Highway Fund Revenue**  
**Fiscal Year Ending June 30, 2012 (FY 2012)**  
**October 2011 Revenue Variance Report**

Revenue Category				Fiscal Year-To-Date					FY 2012 Budgeted Totals
	October '11 Budget	October '11 Actual	October '11 Variance	Budget	Actual	Variance	% Variance	% Change from Prior Year	
Fuel Taxes:									
- Gasoline Tax	17,257,005	16,856,049	(400,956)	56,003,403	55,405,399	(598,004)	-1.1%	-1.5%	198,610,000
- Special Fuel and Road Use Taxes	3,506,266	4,666,919	1,160,653	11,264,732	11,324,573	59,841	0.5%	-1.3%	44,360,000
- Transcap Transfers - Fuel Taxes	(1,524,879)	(1,563,123)	(38,244)	(6,432,565)	(6,447,677)	(15,112)	-0.2%	0.3%	(17,842,752)
- Other Fund Gasoline Tax Distributions	(431,544)	(423,166)	8,378	(1,903,607)	(1,912,531)	(8,924)	-0.5%	-0.3%	(5,066,641)
Subtotal - Fuel Taxes	18,806,848	19,536,679	729,831	58,931,963	58,369,764	(562,199)	-1.0%	-1.7%	220,060,607
Motor Vehicle Registration and Fees:									
- Motor Vehicle Registration Fees	4,814,363	6,047,337	1,232,974	22,088,490	21,902,401	(186,089)	-0.8%	-1.4%	64,805,936
- License Plate Fees	165,795	180,950	15,155	1,156,469	1,227,671	71,202	6.2%	2.3%	3,345,309
- Long-term Trailer Registration Fees	484,669	684,799	200,130	1,436,908	1,682,160	245,252	17.1%	10.3%	8,884,523
- Title Fees	944,329	999,803	55,474	3,833,077	4,035,388	202,311	5.3%	6.3%	11,044,291
- Motor Vehicle Operator License Fees	762,395	707,781	(54,614)	3,097,396	2,814,197	(283,200)	-9.1%	36.9%	9,124,826
- Transcap Transfers - Motor Vehicle Fees	0	0	0	(4,227,144)	(3,878,378)	348,766	8.3%	4.3%	(14,883,030)
Subtotal - Motor Vehicle Reg. & Fees	7,171,551	8,620,670	1,449,119	27,385,196	27,783,438	398,242	1.5%	3.9%	82,321,855
Motor Vehicle Inspection Fees	177,200	167,917	(9,283)	923,300	871,035	(52,265)	-5.7%	-6.5%	2,982,500
Other Highway Fund Taxes and Fees	102,154	110,409	8,255	481,978	465,129	(16,849)	-3.5%	-10.3%	1,320,525
Fines, Forfeits and Penalties	98,082	72,852	(25,230)	427,057	325,123	(101,934)	-23.9%	-25.3%	1,205,049
Interest Earnings	2,950	7,057	4,107	8,850	24,989	16,139	182.4%	-42.5%	32,446
Other Highway Fund Revenue	535,583	493,482	(42,101)	2,030,520	2,050,809	20,289	1.0%	7.0%	8,449,178
<b>Totals</b>	<b>26,894,368</b>	<b>29,009,067</b>	<b>2,114,699</b>	<b>90,188,864</b>	<b>89,890,287</b>	<b>(298,577)</b>	<b>-0.3%</b>	<b>0.0%</b>	<b>316,372,160</b>

DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES  
78 STATE HOUSE STATION  
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MEMORANDUM

**TO:** Governor Paul R. LePage  
Members, Legislative Council  
Members, Joint Standing Committee on Appropriations and Financial Affairs  
Members, Joint Standing Committee on Taxation

**FROM:** H. Sawin Miller Jr., Commissioner  
Department of Administrative & Financial Services

**DATE:** November 18, 2011

**SUBJ:** Revenues – October

\*\*\*\*\*

October General Fund revenues were under budget by \$12.6 million or 5.2%. For the first four months of the fiscal year General Fund revenues are \$6.7 million under budget (-0.8%). Compared to the same four month period last fiscal year, General Fund revenues are up \$11.6 million (+1.4%).

Most of the monthly variance was from corporate income tax revenue being \$7.9 million under budget. Many corporations filed their 2010 tax returns on extension in October and as usual many businesses are seeking a refund. Corporate refunds associated with extensions have historically been issued between October and January. Relatively large refund requests are reviewed carefully and therefore are usually paid in December or January. Refund amount requests this year have been relatively small, and as a result more than projected were paid out in October.

Refunds associated with the property tax relief programs (tax & rent and BETR) were over budget in October by \$5.1 million and are now over budget for the year by \$11 million. \$7.6 million of the fiscal year overage is from the BETR program. It's still not clear if this is timing or a forecasting issue. The Revenue Forecasting Committee will be reviewing these refunds when they meet this month.

### Sales & Use Taxes

Revenue was \$1.6 million over budget for the month and \$7.3 million (+2.6%) over budget fiscal year-to-date. Fiscal year-to-date revenue was \$16.7 million (+6.2%) over fiscal year 2011.

### Taxable Sales

Total taxable sales for the month of September (October revenue) were up 3.2% from September 2010. The annual rate of change was 3.0%. Building supply sales were up 6.5% for the month and 2.9% for the year ending in September. Sales of taxable items in food stores were down 1.0% for the month and up 1.0% for the year. General merchandise sales (primarily sales of goods sold in large department and discount stores) were up 2.3% for the month and down 0.2% for the year. Sales in other retail stores such as jewelry, drug, sporting goods, book, antique, pet, photo, toy, and craft stores were up 2.1% for the month and 3.1% for the year. Auto/transportation sector sales were up 1.7% for the month and 4.2% for the year. Sales of meals and other prepared foods were up 2.7% for the month and 2.7% for the year. Lodging sales were up 2.6% for the month and 4.7% for the year. Business operating sales (primarily use tax paid by businesses) were up 8.9% for the month and 7.2% for the year.

### Service Provider Tax

Revenue was \$502,099 under budget for the month and \$1.8 million (-13.7%) under budget fiscal year-to-date.

### Individual Income Tax

Revenue was \$3.1 million over budget for the month and \$2.7 million (-0.6%) under budget fiscal year-to-date. Fiscal year-to-date withholding payments were 2.7% over fiscal year 2011. Estimated payments were up 12.0% and final payments were up 22.8% fiscal year-to-date. Fiscal year-to-date revenue was \$16.9 million (+4.1%) over fiscal year 2011.

### Corporate Income Tax

Revenue was \$7.8 million under budget for the month and \$4.6 million (+8.1%) over budget fiscal year-to-date. Estimated payments were up 7.8% and final payments were down 0.2% fiscal year-to-date. Fiscal year-to-date revenue was \$1.6 million (+2.7%) over fiscal year 2011.

### Cigarette & Tobacco Taxes

Cigarette and tobacco products tax revenue was \$153,093 under budget for the month and \$1.5 million (-2.9%) under budget fiscal year-to-date.

### Insurance Companies Taxes

The Insurance Companies Taxes were \$861,222 under budget for the month and \$860,629 over budget fiscal year-to-date.

### Estate Tax

The estate tax was \$268,630 under budget for the month and \$138,172 over budget fiscal year-to-date.

### Transfers for Tax Relief Programs

Refunds for the tax & rent, Business Equipment Tax Reimbursement (BETR) and Business Equipment Tax Exemption (BETE) were over budget in September by \$5.1 million. Fiscal year-to-date the tax relief programs are over budget by \$11 million (+29%).

### Municipal Revenue Sharing

Revenue sharing for the month was over budget by \$0.8 million. For the first four months of the fiscal year revenue sharing is over budget by \$1.9 million (+5.9%).

### Lottery

Lottery Revenues were under budget in October by \$0.1 million, a variance of -2.7%. Year-to-date this line is over budget by \$0.3 million.

### Other Revenues

Other Revenues are under budget for the month and over budget for the fiscal year by \$0.9 million.

### Highway Fund

Motor fuel tax receipts were over budget in October by \$0.7 million. The Highway Fund as a whole was \$2.1 million over budget for the month. For the fiscal year motor fuel excise taxes are under budget by \$0.6 million (-1.0%). The Highway Fund is also under budget year-to-date by \$0.3 million (-0.3%).

### National Economy

Recent economic data continues to show that the US economy has moved beyond the weak growth of the first-half of 2011, but the rate of growth remains below what is necessary to bring the national unemployment rate down. While the risk of a recession has diminished in recent months, the European debt crisis and the deliberations in Washington on solving the US budget deficit continue to threaten the struggling recovery. If one or both of those problems don't get resolved, the risk of another recession will rise significantly.

### Maine Economy

The Maine economy appears to have stabilized in recent months consistent with the national economy. Withholding has increased at an average rate of 3.5% since the start of the fiscal year and sales tax receipts continue to grow at a moderate rate of 3.5% as well. One emerging threat

to the Maine economy is energy prices. The price of a barrel of oil has increased significantly in recent weeks as positive economic data on the US economy has been released and the value of the dollar has depreciated. As the home heating oil season gets into full swing energy prices will rise to difficult levels for many Maine households if the price of a barrel of oil continues to be at or exceed \$100.

HSM:mja

#### Attachments

cc: John McGough  
Grant Pennoyer  
Maureen Dawson  
Marc Cyr  
David Boulter  
Amanda Rector  
Jim Breece  
Jerome Gerard  
Dawna Lopatosky  
Terry Brann



**Maine Revenue Services  
Taxable Sales by Sector  
In Thousands of Dollars**

	Sept. '11	% Ch.	Sept. '10	% Ch.	Sept. '09	Average Last 3 Mos. Vs. Last Yr. % Change	Moving Total Last 12 Mos. Vs. Prior % Change	YTD Growth CY'11 vs. '10 Thru. Sept. % Change
Building Supply	\$206,810	6.5%	\$194,152	-5.1%	\$204,617	8.5%	2.9%	3.4%
Food Store	\$143,732	-1.0%	\$145,161	2.4%	\$141,793	1.9%	1.0%	1.1%
General Merchandise	\$265,792	2.3%	\$259,722	1.0%	\$257,102	0.5%	-0.2%	-0.8%
Other Retail	\$201,301	2.1%	\$197,256	2.3%	\$192,752	3.8%	3.1%	3.0%
Auto/Transportation	\$301,495	1.7%	\$296,485	5.2%	\$281,802	2.3%	4.2%	4.3%
Restaurant	\$208,418	2.7%	\$203,031	2.8%	\$197,448	3.3%	2.7%	2.2%
Lodging	\$89,093	2.6%	\$86,804	5.3%	\$82,426	3.4%	4.7%	4.0%
Consumer Sales	\$1,416,641	2.5%	\$1,382,613	1.8%	\$1,357,939	3.1%	2.4%	2.3%
Business Operating	\$190,279	8.9%	\$174,779	2.6%	\$170,342	7.7%	7.2%	7.5%
<b>Total</b>	<b>\$1,606,920</b>	<b>3.2%</b>	<b>\$1,557,391</b>	<b>1.9%</b>	<b>\$1,528,281</b>	<b>3.6%</b>	<b>3.0%</b>	<b>2.9%</b>

**STATE OF MAINE**

Undedicated Revenues - General Fund  
 For the Fourth Month Ended October 31, 2011  
 For the Fiscal Year Ending June 30, 2012  
 Comparison to Budget

EXHIBIT I

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2012
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
Sales and Use Tax	90,662,252	89,027,995	1,634,257	1.8%	286,197,872	278,922,920	7,274,952	2.6%	955,781,596
Service Provider Tax	4,326,340	4,828,439	(502,099)	(10.4%)	11,406,431	13,211,703	(1,805,272)	(13.7%)	56,877,680
Individual Income Tax	107,808,252	104,736,722	3,071,530	2.9%	427,205,434	429,906,630	(2,701,196)	(0.6%)	1,445,821,209
Corporate Income Tax	8,061,555	15,924,564	(7,863,009)	(49.4%)	61,539,746	56,908,313	4,631,433	8.1%	180,396,827
Cigarette and Tobacco Tax	11,782,554	11,935,647	(153,093)	(1.3%)	49,624,742	51,100,327	(1,475,585)	(2.9%)	143,623,350
Insurance Companies Tax	5,496,312	6,357,534	(861,222)	(13.5%)	8,194,840	7,334,211	860,629	11.7%	76,215,000
Estate Tax	2,752,486	3,021,116	(268,630)	(8.9%)	5,875,363	5,737,191	138,172	2.4%	35,810,855
Fines, Forfeits & Penalties	1,740,280	2,285,640	(545,360)	(23.9%)	8,135,344	10,105,828	(1,970,484)	(19.5%)	28,399,692
Income from Investments	34,997	30,666	4,331	14.1%	114,786	75,501	39,285	52.0%	257,766
Transfer from Lottery Commission	4,655,413	4,783,038	(127,625)	(2.7%)	17,546,851	17,218,936	327,915	1.9%	50,700,000
Transfers for Tax Relief Programs	(13,596,365)	(8,538,364)	(5,058,001)	(59.2%)	(49,539,816)	(38,525,714)	(11,014,102)	(28.6%)	(112,068,263)
Transfer to Municipal Revenue Sharing	(10,465,891)	(9,705,538)	(760,353)	(7.8%)	(34,129,657)	(32,223,410)	(1,906,247)	(5.9%)	(94,001,980)
Other Taxes and Fees	18,988,061	19,847,421	(859,360)	(4.3%)	44,144,126	44,179,297	(35,171)	(0.1%)	135,144,104
Other Revenues	(1,671,520)	(1,337,238)	(334,282)	(25.0%)	3,926,902	3,002,076	924,826	30.8%	42,641,921
<b>Total Collected</b>	<b>230,574,725</b>	<b>243,197,642</b>	<b>(12,622,917)</b>	<b>(5.2%)</b>	<b>840,242,965</b>	<b>846,953,809</b>	<b>(6,710,844)</b>	<b>(0.8%)</b>	<b>2,945,599,757</b>

NOTES: (1) Included in the above is \$10,465,891 for the month and \$34,129,657 year to date, that was set aside for Revenue Sharing with cities and towns.

(2) Figures reflect estimates of the Maine State Revenue Forecasting Committee approved in May 2011.

(3) This report has been prepared from preliminary month end figures and is subject to change.

**STATE OF MAINE**

Undedicated Revenues - General Fund  
 For the Fourth Month Ended October 31, 2011 and 2010  
 For the Fiscal Years Ending June 30, 2012 and 2011  
 Comparison to Prior Year

EXHIBIT II

	Month				Year to Date			
	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)
Sales and Use Tax	90,662,252	86,013,135	4,649,117	5.4%	286,197,872	269,498,068	16,699,804	6.2%
Service Provider Tax	4,326,340	4,660,655	(334,315)	(7.2%)	11,406,431	12,729,432	(1,323,001)	(10.4%)
Individual Income Tax	107,808,252	101,843,463	5,964,789	5.9%	427,205,434	410,312,066	16,893,368	4.1%
Corporate Income Tax	8,061,555	15,924,564	(7,863,009)	(49.4%)	61,539,746	59,908,311	1,631,435	2.7%
Cigarette and Tobacco Tax	11,782,554	10,977,164	805,390	7.3%	49,624,742	51,028,653	(1,403,912)	(2.8%)
Insurance Companies Tax	5,496,312	5,421,510	74,802	1.4%	8,194,840	5,793,792	2,401,049	41.4%
Estate Tax	2,752,486	9,210,307	(6,457,822)	(70.1%)	5,875,363	12,971,610	(7,096,247)	(54.7%)
Fines, Forfeits & Penalties	1,740,280	1,989,519	(249,239)	(12.5%)	8,135,344	9,835,057	(1,699,713)	(17.3%)
Income from Investments	34,997	30,669	4,328	14.1%	114,786	75,516	39,270	52.0%
Transfer from Lottery Commission	4,655,413	4,197,641	457,772	10.9%	17,546,851	16,800,035	746,816	4.4%
Transfers for Tax Relief Programs	(13,596,365)	(8,875,390)	(4,720,976)	(53.2%)	(49,539,816)	(40,386,408)	(9,153,408)	(22.7%)
Transfer to Municipal Revenue Sharing	(10,465,891)	(10,074,462)	(391,429)	(3.9%)	(34,129,657)	(32,889,607)	(1,240,050)	(3.8%)
Other Taxes and Fees	18,988,061	20,848,723	(1,860,663)	(8.9%)	44,144,126	50,613,623	(6,469,497)	(12.8%)
Other Revenues	(1,671,520)	(270,688)	(1,400,831)	(517.5%)	3,926,902	2,397,730	1,529,172	63.8%
<b>Total Collected</b>	<b>230,574,725</b>	<b>241,896,810</b>	<b>(11,322,085)</b>	<b>(4.7%)</b>	<b>840,242,965</b>	<b>828,687,877</b>	<b>11,555,088</b>	<b>1.4%</b>

**STATE OF MAINE**

Undedicated Revenues - General Fund  
 For the Fourth Month Ended October 31, 2011  
 For the Fiscal Year Ending June 30, 2012  
 Comparison to Budget

EXHIBIT III

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2012
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
<b><u>Detail of Other Taxes &amp; Fees</u></b>									
0100s All Others	12,809,184	13,343,338	(534,154)	(4.0%)	14,668,188	14,999,619	(331,431)	(2.2%)	27,019,805
0300s Aeronautical Gas Tax	22,844	23,304	(460)	(2.0%)	97,880	98,382	(502)	(0.5%)	268,207
0400s Alcohol Excise Tax	1,506,534	1,577,662	(71,128)	(4.5%)	6,826,020	6,594,256	231,764	3.5%	17,164,642
0700s Corporation Taxes	191,308	173,330	17,978	10.4%	939,289	1,069,095	(129,806)	(12.1%)	7,697,099
0800s Public Utilities	-	-	-	-	71,690	-	71,690	100%	14,641,734
1000s Banking Taxes	1,759,300	1,904,581	(145,281)	(7.6%)	7,468,450	7,618,324	(149,874)	(2.0%)	23,265,980
1100s Alcoholic Beverages	427,886	304,975	122,911	40.3%	1,463,406	1,333,818	129,588	9.7%	4,502,888
1200s Amusements Tax	-	-	-	-	-	-	-	-	-
1300s Harness Racing Pari-mutuel	675,536	886,580	(211,044)	(23.8%)	3,138,723	3,456,017	(317,294)	(9.2%)	10,565,582
1400s Business Taxes	331,950	343,478	(11,528)	(3.4%)	2,473,664	1,810,124	663,540	36.7%	7,472,410
1500s Motor Vehicle Licenses	321,810	381,410	(59,600)	(15.6%)	1,456,766	1,612,957	(156,191)	(9.7%)	4,795,515
1700s Inland Fisheries & Wildlife	911,146	880,429	30,717	3.5%	5,447,507	5,463,473	(15,966)	(0.3%)	17,332,248
1900s Other Licenses	30,563	28,334	2,229	7.9%	92,543	123,232	(30,689)	(24.9%)	417,994
<b>Total Other Taxes &amp; Fees</b>	<b>18,988,061</b>	<b>19,847,421</b>	<b>(859,360)</b>	<b>(4.3%)</b>	<b>44,144,126</b>	<b>44,179,297</b>	<b>(35,171)</b>	<b>(0.1%)</b>	<b>135,144,104</b>
<b><u>Detail of Other Revenues</u></b>									
2200s Federal Revenues	12,403	149,165	(136,762)	(91.7%)	1,569,381	596,663	972,718	163.0%	1,790,000
2300s County Revenues	-	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	26,633	19,300	7,333	38.0%	153,704	74,000	79,704	107.7%	261,961
2500s Revenues from Private Sources	105,125	149,432	(44,307)	(29.6%)	639,431	597,728	41,703	7.0%	9,435,417
2600s Current Service Charges	1,768,656	1,490,043	278,613	18.7%	9,883,956	9,312,682	571,274	6.1%	26,752,685
2700s Transfers from Other Funds	(3,605,868)	(3,155,178)	(450,690)	(14.3%)	(8,395,628)	(7,628,997)	(766,631)	(10.0%)	3,408,418
2800s Sales of Property & Equipment	21,530	10,000	11,530	115.3%	76,058	50,000	26,058	52.1%	993,440
<b>Total Other Revenues</b>	<b>(1,671,520)</b>	<b>(1,337,238)</b>	<b>(334,282)</b>	<b>(25.0%)</b>	<b>3,926,902</b>	<b>3,002,076</b>	<b>924,826</b>	<b>30.8%</b>	<b>42,641,921</b>

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

**STATE OF MAINE**

Undedicated Revenues - General Fund  
 For the Fourth Month Ended October 31, 2011 and 2010  
 For the Fiscal Years Ending June 30, 2012 and 2011  
 Comparison to Prior Year

EXHIBIT IV

	Month				Year to Date			
	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)
<u>Detail of Other Taxes &amp; Fees</u>								
0100s All Others	12,809,184	13,724,684	(915,501)	(6.7%)	14,668,188	17,983,587	(3,315,399)	(18.4%)
0300s Aeronautical Gas Tax	22,844	22,644	200	0.9%	97,880	97,556	324	0.3%
0400s Alcohol Excise Tax	1,506,534	1,517,352	(10,818)	(0.7%)	6,826,020	6,929,708	(103,687)	(1.5%)
0700s Corporation Taxes	191,308	184,853	6,455	3.5%	939,289	1,072,554	(133,265)	(12.4%)
0800s Public Utilities	-	-	-	-	71,690	-	71,690	-
1000s Banking Taxes	1,759,300	1,599,050	160,250	10.0%	7,468,450	7,429,350	39,100	0.5%
1100s Alcoholic Beverages	427,886	359,845	68,041	18.9%	1,463,406	1,344,877	118,529	8.8%
1200s Amusements Tax	-	-	-	-	-	-	-	-
1300s Harness Racing Pari-mutuel	675,536	547,177	128,359	23.5%	3,138,723	3,281,346	(142,624)	(4.3%)
1400s Business Taxes	331,950	689,132	(357,182)	(51.8%)	2,473,664	3,456,580	(982,915)	(28.4%)
1500s Motor Vehicle Licenses	321,810	320,382	1,429	0.4%	1,456,766	1,567,065	(110,299)	(7.0%)
1700s Inland Fisheries & Wildlife	911,146	780,430	130,716	16.7%	5,447,507	5,313,174	134,333	2.5%
1900s Other Licenses	30,563	1,103,175	(1,072,612)	(97.2%)	92,543	2,137,828	(2,045,285)	(95.7%)
<b>Total Other Taxes &amp; Fees</b>	<b>18,988,061</b>	<b>20,848,723</b>	<b>(1,860,663)</b>	<b>(8.9%)</b>	<b>44,144,126</b>	<b>50,613,623</b>	<b>(6,469,497)</b>	<b>(12.8%)</b>
<u>Detail of Other Revenues</u>								
2200s Federal Revenues	12,403	1,097,530	(1,085,127)	(98.9%)	1,569,381	2,203,510	(634,129)	(28.8%)
2300s County Revenues	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	26,633	19,259	7,374	38.3%	153,704	73,880	79,824	108.0%
2500s Revenues from Private Sources	105,125	(10,566)	115,691	1095.0%	639,431	274,825	364,606	132.7%
2600s Current Service Charges	1,768,656	2,163,175	(394,519)	(18.2%)	9,883,956	12,049,431	(2,165,475)	(18.0%)
2700s Transfers from Other Funds	(3,605,868)	(3,573,283)	(32,585)	(0.9%)	(8,395,628)	(12,252,828)	3,857,200	31.5%
2800s Sales of Property & Equipment	21,530	33,196	(11,666)	(35.1%)	76,058	48,913	27,145	55.5%
<b>Total Other Revenues</b>	<b>(1,671,520)</b>	<b>(270,688)</b>	<b>(1,400,831)</b>	<b>(51.7.5%)</b>	<b>3,926,902</b>	<b>2,397,730</b>	<b>1,529,172</b>	<b>63.8%</b>

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

**STATE OF MAINE**

Undedicated Revenues - Highway Fund  
 For the Fourth Month Ended October 31, 2011  
 For the Fiscal Year Ending June 30, 2012  
 Comparison to Budget

EXHIBIT V

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2012
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
Fuel Taxes	19,536,679	18,806,848	729,831	3.9%	58,369,764	58,931,963	(562,199)	(1.0%)	220,060,607
Motor Vehicle Registration & Fees	8,620,670	7,171,551	1,449,119	20.2%	27,783,438	27,385,196	398,242	1.5%	82,321,855
Motor Vehicle Inspection Fees	167,917	177,200	(9,283)	(5.2%)	871,033	923,300	(52,267)	(5.7%)	2,982,500
Miscellaneous Taxes & Fees	110,409	102,154	8,255	8.1%	465,131	481,978	(16,847)	(3.5%)	1,313,165
Fines, Forfeits & Penalties	72,852	98,082	(25,230)	(25.7%)	325,123	427,057	(101,934)	(23.9%)	1,205,049
Earnings on Investments	7,057	2,950	4,107	139.2%	24,989	8,850	16,139	182.4%	32,446
All Other	493,482	535,583	(42,101)	(7.9%)	2,050,809	2,030,520	20,289	1.0%	8,449,178
<b>Total Collected</b>	<b>29,009,067</b>	<b>26,894,368</b>	<b>2,114,699</b>	<b>7.9%</b>	<b>89,890,287</b>	<b>90,188,864</b>	<b>(298,577)</b>	<b>(0.3%)</b>	<b>316,364,800</b>

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

**STATE OF MAINE**

Undedicated Revenues - Highway Fund  
 For the Fourth Month Ended October 31, 2011 and 2010  
 For the Fiscal Years Ending June 30, 2012 and 2011  
 Comparison to Prior Year

EXHIBIT VI

	Month				Year to Date			
	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)
Fuel Taxes	19,536,679	18,961,998	574,681	3.0%	58,369,764	59,352,999	(983,236)	(1.7%)
Motor Vehicle Registration & Fees	8,620,670	6,945,861	1,674,809	24.1%	27,783,438	26,734,086	1,049,353	3.9%
Motor Vehicle Inspection Fees	167,917	164,443	3,475	2.1%	871,033	931,409	(60,376)	(6.5%)
Miscellaneous Taxes & Fees	110,409	142,990	(32,581)	(22.8%)	465,131	518,577	(53,446)	(10.3%)
Fines, Forfeits & Penalties	72,852	114,314	(41,462)	(36.3%)	325,123	435,187	(110,064)	(25.3%)
Earnings on Investments	7,057	12,821	(5,764)	(45.0%)	24,989	43,431	(18,442)	(42.5%)
All Other	493,482	450,126	43,356	9.6%	2,050,809	1,917,117	133,691	7.0%
<b>Total Collected</b>	<b>29,009,067</b>	<b>26,792,552</b>	<b>2,216,515</b>	<b>8.3%</b>	<b>89,890,287</b>	<b>89,932,806</b>	<b>(42,519)</b>	<b>(0.0%)</b>

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

## General Fund Summary Final Recommendations

	FY10 Actual	FY11 Actual	FY12	FY13	FY14	FY15
Current Forecast	\$2,755,682,500	\$2,944,956,756	\$2,945,628,851	\$3,039,933,432	\$3,020,369,958	\$3,140,244,893
Annual % Growth	-2.0%	6.9%	0.0%	3.2%	-0.6%	4.0%
Net Increase (Decrease)			\$10,645,254	(\$9,643,359)	(\$46,225,103)	(\$45,607,018)
Revised Forecast	\$2,755,682,500	\$2,944,956,756	\$2,956,274,105	\$3,030,290,073	\$2,974,144,855	\$3,094,637,875
Annual % Growth	-2.0%	6.9%	0.4%	2.5%	-1.9%	4.1%

### Summary of Revenue Revisions by Major Revenue Category

Sales and Use Tax			\$6,274,149	\$221,046	\$3,506,098	\$12,611,903
Service Provider Tax			(\$3,000,000)	(\$3,000,000)	(\$3,000,000)	(\$3,000,000)
Individual Income Tax			\$5,386,000	(\$5,368,000)	(\$40,512,000)	(\$46,024,000)
Corporate Income Tax			\$20,231,664	\$18,696,508	\$8,721,091	\$4,328,917
Cigarette and Tobacco Tax			(\$1,500,000)	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)
Insurance Companies Tax			\$0	\$0	\$0	\$0
Estate Tax			(\$2,647,182)	(\$5,577,887)	(\$2,956,156)	(\$1,815,576)
Other Taxes and Fees			(\$5,987,129)	(\$4,686,092)	(\$3,885,770)	(\$3,887,202)
Fines, Forfeits and Penalties			(\$1,734,371)	(\$1,734,371)	(\$1,734,371)	(\$1,734,371)
Income from Investments			(\$210,560)	(\$1,067,200)	(\$1,143,937)	(\$1,004,863)
Transfer from Lottery Commission			\$0	\$0	\$0	\$0
Transfer to Tax Relief Programs			(\$1,000,000)	(\$1,000,000)	(\$1,250,000)	(\$1,250,000)
Transfer to Municipal Rev. Sharing			(\$2,202,208)	(\$650,268)	\$1,311,636	\$1,611,223
Other Revenues			(\$2,965,109)	(\$3,977,095)	(\$3,781,694)	(\$3,943,049)
<b>Total Revisions - Increase (Decrease)</b>			<b>\$10,645,254</b>	<b>(\$9,643,359)</b>	<b>(\$46,225,103)</b>	<b>(\$45,607,018)</b>

### Other Taxes and Fees Detail:

- Prop. Tax - Unorganized Territory			(\$275,912)	(\$756,359)	(\$759,930)	(\$669,908)
- Real Estate Transfer Tax			\$0	\$0	\$0	\$0
- Liquor Taxes and Fees			\$0	\$0	\$0	\$0
- Corporation Fees & Licenses			\$0	\$0	\$0	\$0
- Telecommunications Personal Property Tax			(\$5,000,000)	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)
- Finance Industry Fees			\$0	\$0	\$0	\$0
- Milk Handling Fee			\$377,897	(\$657,142)	\$0	\$0
- Casino and Racino Revenue			(\$295,834)	(\$488,995)	(\$344,012)	(\$437,871)
- Boat, ATV and Snowmobile Fees			\$263,266	\$263,266	\$263,266	\$263,266
- Hunting and Fishing License Fees			(\$1,170,496)	(\$1,159,246)	(\$1,159,246)	(\$1,159,246)
- Other Miscellaneous Taxes and Fees			\$113,950	\$112,384	\$114,152	\$116,557

### Other Revenue Detail:

- Liquor Sales and Operations			(\$72,784)	(\$152,117)	(\$152,117)	(\$152,117)
- Targeted Case Management (HHS)			(\$356,676)	(\$2,053,914)	(\$2,307,617)	(\$2,541,025)
- State Cost Allocation Program			(\$2,366,924)	(\$1,437,253)	(\$1,437,253)	(\$1,437,253)
- Unclaimed Property Transfer			\$0	\$0	\$0	\$0
- Tourism Transfer			(\$114,495)	(\$191,330)	(\$48,284)	\$28,334
- Transfer to Maine Milk Pool			\$127,642	(\$282,420)	\$0	\$0
- Transfer to STAR Transportation Fund			(\$81,872)	\$139,939	\$163,577	\$159,012
- Other Miscellaneous Revenue			(\$100,000)	\$0	\$0	\$0

### Tax Relief Transfers Detail:

- Me. Resident Prop. Tax Program (Circuitbreaker)			(\$1,000,000)	(\$1,000,000)	(\$1,250,000)	(\$1,250,000)
- BETR - Business Equipment Tax Reimb.			\$0	\$0	\$0	\$0
- BETE - Municipal Bus. Equip. Tax Reimb.			\$0	\$0	\$0	\$0

### Total Inland Fisheries and Wildlife (All Sources):

- Inland Fisheries and Wildlife Revenue			(\$904,570)	(\$894,886)	(\$893,118)	(\$890,713)
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## **Notes on General Fund Revisions:**

### **Sales and Use Tax**

The adjustment to the sales and use tax forecast results from targeting FY12 business intermediate purchases in the sales tax model to growth of 7.5% over FY11. Business operating sales have been growing at roughly 7.5%. Untargeted, the model grows the business intermediate category at 1.9% in FY12. Through October, sales and service provider tax revenue is 4.8% over FY11. See Maine Revenue Services (MRS) detail in Appendix F.

### **Service Provider Tax**

MRS tax models do not separate out Service Provider Tax from Sales and Use Taxes. An off-model adjustment of \$3 million per year downward in the Service Provider Tax and a corresponding increase to the Sales and Use Tax Category is included to better reflect the split between the 2 categories based on experience to date. See MRS detail in Appendix F.

### **Individual Income Tax**

Technical changes consisted of final Internal Revenue Service (IRS) data on tax year 2009, preliminary IRS data on tax year 2010 and actual receipts data for the April – October period of 2011. The economic forecast from the CEFC and an updated forecast for capital gains were the primary drivers of the economic changes. See MRS detail in Appendix F.

### **Corporate Income Tax**

Final tax return data for the 2009 tax year, preliminary data for the 2010 tax year and receipts data from the April – October period of 2011 were the adjustments that resulted in the technical changes. The October, 2011 forecast of pre-tax corporate profit from Global Insight was the only economic change for the corporate income tax. See MRS detail in Appendix F.

### **Cigarette and Tobacco Products Tax**

The downward adjustment in the forecasts for these taxes is an off model adjustment to account for collections that are currently running under budget. This category ended FY11 with a roughly 1% negative variance and that variance has grown to a negative variance of roughly 3% through October. The recent tax decrease in New Hampshire appears to be a factor accelerating the decline in cigarette sales. See MRS detail in Appendix F.

### **Insurance Companies Tax**

No change is recommended at this time. Revenue is tracking closely to budget.

### **Estate Tax**

Updated information on 2009 and 2010 estate tax returns were the source of technical changes. The October, 2011 forecast of household net worth was the sole source of the economic changes. See MRS detail in Appendix F.

### **Fines, Forfeits and Penalties**

The Judicial Branch has experienced a significant decrease in filings which began in FY11 and is expected to continue through the forecast period. The State Police have experienced many trooper vacancies which have resulted in this decrease. In addition, the federal grant used to run the airplane is no longer available, contributing to this decrease.

### **Income from Investments**

Reflects lower than previously estimated balances in FY12 and lack of any significant improvements in interest rates in future years. See separate spreadsheet later in this appendix for the assumptions of average monthly balances, internal borrowing and interest rates.

### **Transfer from Lottery Commission**

No change is recommended at this time.

### **Transfer to Municipal Rev. Sharing**

The changes in this forecast are driven by the changes in income and sales taxes. To account for the one-month lag in the transfers of 5% of previous months income and sales taxes, calculations are based on the most recent monthly distribution. See calculations provided later in this appendix.

**Other Taxes and Fees Detail:**

- Prop. Tax - Unorganized Territory

Revenue from the Unorganized Territory Education and Service Fund is driven by projections of certain General Fund expenditures and budget items. A review of the various categories based on more recent experience and budget decisions has resulted in a downward revision in each year of the forecast. A spreadsheet summarizing the components and their respective changes is provided later in this appendix.

- Real Estate Transfer Tax

No change is recommended at this time. Revenue is tracking closely to budget.

- Liquor Taxes and Fees

No change is recommended at this time. Revenue is tracking closely to budget.

- Finance Industry Fees

No change is recommended at this time. Revenue is tracking closely to budget.

- Milk Handling Fee

Reflects updated milk prices. Revenue varies inversely with changes in milk prices - higher projected prices reduce revenue collections. Detail of assumptions is included on separate pages in this appendix.

- Casino and Racino Revenue

Hollywood Casino Bangor (formerly Hollywood Slots Racino)

This forecast includes new revenue for table games with an assumed start date of May 1, 2012. Since the legislation was contingent upon the Penobscot County vote in the November 2011 election, revenue for table games was not booked through the fiscal note process. The forecast assumes 14 table games with \$1,045 win per day with 2% growth in FY14 and 15.

The projected growth in slot machine revenue per machine per day was reduced from 3% in FY 14 and 15 in the May forecast to 2% in FY14 and 15. Additionally, the assumed one-time decrease in slot machine revenue per machine per day in FY11 continued, therefore FY12 income was reduced to reflect actual income during FY11.

Oxford Casino

Forecast assumes a July 1, 2012 opening and includes 500 slots (down from 700 in the May forecast) and 12 table games (down from 22 in the May forecast). As a result of fewer machines and table games, the win per day has been increased to \$210 for slots and \$1,250 for table games with 2% growth in FY14 and FY15. FY12 revenue reflects license fees received during the first quarter.

Updated spreadsheets detailing the assumptions and the distribution of the revenue from each casino are provided later in this appendix.

- Boat, ATV and Snowmobile Fees

This category is revised upward \$263,266 annually due to a review of actual historical trends (see detail later in this appendix) and performance in FY12 to date.

- Hunting and Fishing License Fees

Based on a review of historical trends (see detail later in this appendix), hunting license revenues have been adjusted downward by \$1,320,650 in each year, primarily in the nonresident license sales. The department is developing various plans to address the issue.

- Other Miscellaneous Taxes and Fees

Includes upward adjustments in Agriculture from an increased number of products registered within the Division of Quality Assurance and Regulation. It also includes the General Fund transfers reflecting a percentage of gasoline tax collections.

**Other Revenue Detail:****- Liquor Sales and Operations**

No adjustment was presented in this forecast. The contract for the operation of the wholesale liquor business is up for renewal/rebidding at the close of FY13. In the last session, the Legislature modified the minimum statutory requirements of the contract, which includes an advance payment of \$20 million due in FY13, which is included in the budget. These estimates have not been revised since the statutory changes.

**- Targeted Case Management (HHS)**

This forecast includes a significant decrease in revenue from Targeted Case Management reimbursement from Medicaid. The Department of Health and Human Services (DHHS) has decided to no longer seek reimbursement for services provided by the Office of Child and Family Services beginning in FY12. This forecast also includes a reduction in revenue from Targeted Case Management services for individuals with intellectual disabilities due to the DHHS decision to push work to community-based agencies.

**- State Cost Allocation Program**

This revenue designed to recover central General Fund administrative costs from other funds has fallen more than 20% below budget through October. Eligible expenditures to which a rate (negotiated with the federal government) is assessed have fallen well below projections. The downward adjustment in FY12 reflects experience through October. While some recover through a carryforward provision will increase future year revenue, the estimate of administrative costs has fallen. Adjustments for FY13 through FY15 are assumed to be \$15 million per year.

**- Transfer to Maine Milk Pool**

Reflects revised milk price forecast. Higher forecasted prices have reduced the amount of the budgeted transfers.

**Tax Relief Transfers Detail:****- Me. Resident Prop. Tax Program (Circuitbreaker)**

Despite significant negative variances in this category through October, the only change reflects recent decisions on rental properties eligible for the Circuitbreaker (Tax & Rent Refund) program from the MRS Appellate Division are the sole reason for the technical change being recommended. If the variance through October continues and is not related to earlier than projected payments within the program year, the RFC will need to adjust in its March 2012 forecast.

**- BETR - Business Equipment Tax Reimb.**

Similar to the Circuitbreaker program, BETR payments are well above projections through October. No adjustment is being made at this time assuming that these are just earlier than projected payments within the fiscal year.

**- BETE - Municipal Bus. Equip. Tax Reimb.**

No adjustments are being recommended at this time. Reimbursement occur later in the fiscal year, so no updated data is available.

## Current Law through 125th Legislature, 1st Special Session

	FY11 Act.	FY12	FY13	FY14	FY15
2702 INDIVIDUAL INCOME TAX TRANSFER	(\$69,896,901)	(\$71,967,345)	(\$72,344,198)	(\$72,298,378)	(\$75,515,321)
2703 CORPORATE INCOME TAX TRANSFER	(\$10,119,842)	(\$9,115,540)	(\$9,951,181)	(\$11,820,611)	(\$12,750,690)
2704 SALES TAX TRANS/REV SHARING TRANSFER	(\$46,132,140)	(\$47,441,342)	(\$49,540,328)	(\$51,604,703)	(\$53,510,121)
2738 SERVICE PROVIDER TAX TRANSFER	(\$2,653,165)	(\$2,829,922)	(\$2,934,714)	(\$3,071,007)	(\$3,180,170)
<b>LGF Total 5% of Prior Months Sales and Income Tax Collections</b>	<b>(\$128,802,048)</b>	<b>(\$131,354,149)</b>	<b>(\$134,770,421)</b>	<b>(\$138,794,699)</b>	<b>(\$144,956,302)</b>
2727 FIXED TRANSFER FROM LOCAL GOVERNMENT FUND	\$38,145,323	\$40,350,638	\$44,267,343	\$0	\$0
2744 FIXED TRANSFER TO DISPRO TAX BURDEN FUND	(\$2,500,000)	(\$3,000,000)	(\$3,500,000)	(\$4,000,000)	(\$4,000,000)
Net General Fund Transfers for Revenue Sharing	(\$93,156,725)	(\$94,003,511)	(\$94,003,078)	(\$142,794,699)	(\$148,956,302)
Disproportionate Tax Burden Fund (Revenue Sharing II) % Share	16.0%	17.0%	18.0%	19.0%	20.0%
Disproportionate Tax Burden Fund (Revenue Sharing II) \$ Share	\$17,005,076	\$18,470,597	\$19,790,554	\$30,370,993	\$32,991,260
Local Government Fund (LGF) - Revenue Sharing I Share	\$76,151,649	\$75,532,914	\$74,212,524	\$112,423,706	\$115,965,042

## With December 2011 Revenue Revisions

	FY11 Act.	FY12	FY13	FY14	FY15
2702 INDIVIDUAL INCOME TAX TRANSFER	(\$69,896,901)	(\$72,632,510)	(\$72,136,105)	(\$70,484,780)	(\$73,252,836)
2703 CORPORATE INCOME TAX TRANSFER	(\$10,119,842)	(\$10,401,594)	(\$10,891,146)	(\$12,322,082)	(\$12,997,532)
2704 SALES TAX TRANS/REV SHARING TRANSFER	(\$46,132,140)	(\$47,819,213)	(\$49,610,541)	(\$51,757,554)	(\$54,066,248)
2738 SERVICE PROVIDER TAX TRANSFER	(\$2,653,165)	(\$2,703,040)	(\$2,782,897)	(\$2,918,647)	(\$3,028,463)
<b>LGF Total 5% of Prior Months Sales and Income Tax Collections</b>	<b>(\$128,802,048)</b>	<b>(\$133,556,357)</b>	<b>(\$135,420,689)</b>	<b>(\$137,483,063)</b>	<b>(\$143,345,079)</b>
2727 FIXED TRANSFER FROM LOCAL GOVERNMENT FUND	\$38,145,323	\$40,350,638	\$44,267,343	\$0	\$0
2744 FIXED TRANSFER TO DISPRO TAX BURDEN FUND	(\$2,500,000)	(\$3,000,000)	(\$3,500,000)	(\$4,000,000)	(\$4,000,000)
Net General Fund Transfers for Revenue Sharing	(\$93,156,725)	(\$96,205,719)	(\$94,653,346)	(\$141,483,063)	(\$147,345,079)
Disproportionate Tax Burden Fund (Revenue Sharing II) % Share	16.0%	17.0%	18.0%	19.0%	20.0%
Disproportionate Tax Burden Fund (Revenue Sharing II) \$ Share	\$17,005,076	\$18,844,972	\$19,907,602	\$30,121,782	\$32,669,016
Local Government Fund (LGF) - Revenue Sharing I Share	\$76,151,649	\$77,360,747	\$74,745,744	\$111,361,281	\$114,676,063

<b>Incremental Changes by Components</b>					
2702 INDIVIDUAL INCOME TAX TRANSFER		(\$665,165)	\$208,093	\$1,813,598	\$2,262,485
2703 CORPORATE INCOME TAX TRANSFER		(\$1,286,054)	(\$939,965)	(\$501,471)	(\$246,842)
2704 SALES TAX TRANS/REV SHARING TRANSFER		(\$377,871)	(\$70,213)	(\$152,851)	(\$556,127)
2738 SERVICE PROVIDER TAX TRANSFER		\$126,882	\$151,817	\$152,360	\$151,707
		(\$2,202,208)	(\$650,268)	\$1,311,636	\$1,611,223

## Revenue Sharing Transfer Calculations - December 2011 Revenue Forecast

Annual Totals for Revenue Sharing Taxes	FY 2011 Act.	FY 2012	FY 2013	FY 2014	FY 2015
Sales and Use Tax	923,686,973	962,086,370	998,645,106	1,042,948,378	1,089,521,811
Service Provider Tax	52,672,306	53,877,680	56,060,807	58,896,166	60,947,869
Individual Income Tax	1,415,283,534	1,451,207,209	1,441,527,714	1,405,214,877	1,473,480,120
Corporate Income Tax	208,996,598	200,628,491	220,988,558	251,127,739	261,575,011
<b>Total Revenue Sharing Base Changes</b>	<b>2,600,639,410</b>	<b>2,667,799,750</b>	<b>2,717,222,185</b>	<b>2,758,187,160</b>	<b>2,885,524,811</b>

June Revenue Sharing General Fund transfer amounts transferred in July of next fiscal year <sup>1</sup>	FY 2011 Act.	FY 2012	FY 2013	FY 2014	FY 2015	FY 2012 Dist. June %
Sales and Use Tax (2704)	(8,181,181)	(8,466,287)	(8,788,001)	(9,177,866)	(9,587,709)	17.60%
Service Provider Tax (2738)	(506,267)	(497,111)	(517,254)	(543,415)	(562,345)	18.45%
Individual Income Tax (2702)	(9,025,531)	(8,953,381)	(8,893,662)	(8,669,626)	(9,090,796)	12.34%
Corporate Income Tax (2703)	(1,929,879)	(1,559,710)	(1,717,992)	(1,952,297)	(2,033,516)	15.55%
<b>Total</b>	<b>(19,642,859)</b>	<b>(19,476,489)</b>	<b>(19,916,909)</b>	<b>(20,343,204)</b>	<b>(21,274,366)</b>	

### June Prior Year Minus June Current Year = General Fund Revenue Increase (Decrease) from Lag Effect

Sales and Use Tax	52,209	285,106	321,714	389,865	409,843
Service Provider Tax	(19,550)	(9,156)	20,143	26,161	18,930
Individual Income Tax	867,276	(72,150)	(59,719)	(224,036)	421,170
Corporate Income Tax	329,988	(370,169)	158,282	234,305	81,219
<b>Total</b>	<b>1,229,923</b>	<b>(166,369)</b>	<b>440,420</b>	<b>426,295</b>	<b>931,162</b>

### General Fund Transfers @ 5% of Base with Lag Effect

Sales and Use Tax (2704)	(46,132,140)	(47,819,213)	(49,610,541)	(51,757,554)	(54,066,248)
Service Provider Tax (2738)	(2,653,165)	(2,703,040)	(2,782,897)	(2,918,647)	(3,028,463)
Individual Income Tax (2702)	(69,896,901)	(72,632,510)	(72,136,105)	(70,484,780)	(73,252,836)
Corporate Income Tax (2703)	(10,119,842)	(10,401,594)	(10,891,146)	(12,322,082)	(12,997,532)
<b>Subtotal - Before Fixed Transfer</b>	<b>(128,802,048)</b>	<b>(133,556,357)</b>	<b>(135,420,689)</b>	<b>(137,483,063)</b>	<b>(143,345,079)</b>

### Notes:

<sup>1</sup> Reflects monthly distribution for FY 2012 based on monthly distribution updated September 28, 2011.

	A	B	E	F	G	H	I	L	M	N	O	R	S	
1	OST - Revenue Forecast											Account: 010-28A-002201-2105		10/18/2011
2	FY 2012 - GENERAL FUND Earnings Projection													
5	Month Earned	Month Distrib.	GF without IB	BSF	GF Feeder w/o IB	Total ADB to GF	Cash Pool Rate	GF + FF Earnings	Total Float	Float Contribution to GF	Total Earnings to GF	Type	Adjustments to GF Earnings	
6	Jul	Aug	(25,098,335.17)	(53,634,000.74)	187,596,414.14	108,864,078.23	0.25%	23,236.37	94,466,901	20,163.36	43,399.73	Actual		
7	Aug	Sep	(68,282,726.28)	(71,470,506.84)	203,927,037.59	64,173,804.47	0.27%	14,494.98	96,909,335	21,888.98	36,383.98	Actual		
8	Sep	Oct	(96,765,910.54)	(71,484,180.97)	203,501,630.41	35,251,538.90	0.30%	8,830.54	104,446,317	26,163.89	34,994.43	Actual		
9	Oct	Nov	(173,700,000.00)	(71,502,684.71)	185,000,000.00	(60,202,684.71)	0.30%	(15,583.52)	95,000,000	24,590.83	9,007.31	Projection		
10	Nov	Dec	(213,200,000.00)	(71,520,596.19)	185,000,000.00	(99,720,596.19)	0.30%	(24,980.09)	95,000,000	23,797.58	(1,182.51)	Projection		
11	Dec	Jan	(214,133,333.33)	(71,538,512.16)	185,000,000.00	(100,671,845.49)	0.30%	(26,058.99)	95,000,000	24,590.83	(1,468.16)	Projection		
12	Jan	Feb	(209,033,333.33)	(71,557,029.96)	185,000,000.00	(95,590,363.29)	0.30%	(24,743.65)	95,000,000	24,590.83	(152.82)	Projection	(2,000.00)	
13	Feb	Mar	(262,500,000.00)	(71,573,760.05)	185,000,000.00	(149,073,760.05)	0.30%	(34,853.56)	95,000,000	22,211.07	(12,642.49)	Projection		
14	Mar	Apr	(352,800,000.00)	(71,592,286.98)	185,000,000.00	(239,392,286.98)	0.30%	(61,966.89)	95,000,000	24,590.83	(37,376.06)	Projection	(5,000.00)	
15	Apr	May	(322,733,333.33)	(71,610,220.90)	185,000,000.00	(209,343,554.24)	0.30%	(52,440.73)	95,000,000	23,797.58	(28,643.15)	Projection		
16	May	Jun	(200,766,666.67)	(71,628,757.27)	185,000,000.00	(87,395,423.93)	0.30%	(22,622.38)	95,000,000	24,590.83	1,968.45	Projection		
17	Jun	Pd 12	(168,766,666.67)	(71,646,700.33)	185,000,000.00	(55,413,367.00)	0.30%	(13,881.09)	95,000,000	23,797.58	9,916.48	Projection		
18							0.30%	(230,569.00)		284,774.18	47,205.19		(7,000.00)	
19								LOC Interest Projection (NO TAN)			0.00			
20						298.68				Total	47,205.19			
21										Apr 2011 RFC Report	257,765.66			
22										Over/(Under) Projection	(210,560.46)			
23	Assumptions:													
24	1 GF without IB' - Month Earned July to March 2012 based on FY11 actuals; OSC Cash Flow - 3/15/11 thereafter													
25	2 Float balance estimated at 95mm													
26	3 Cash Pool rate estimated by PFM Advisors													
27	4 GF Feeder balances based upon FY10 & 11 average - 185mm													
28	5 No TAN borrowing needed													

	A	B	E	F	G	H	I	L	M	N	O	R	S	
1	OST - Revenue Forecast											Account: 010-28A-002201-2105		11/16/2011
2	FY 2013 - GENERAL FUND Earnings Projection													
5	Month Earned	Month Distrb.	GF without IB	BSF	GF Feeder w/o IB	Total ADB to GF	Cash Pool Rate	GF + FF Earnings	Total Float	Float Contribution to GF	Total Earnings to GF	Type	Adjustments to GF Earnings	
6	July	August	(25,098,335.17)	(53,634,000.74)	185,000,000.00	106,267,664.09	0.30%	27,507.47	90,000,000	23,296.58	50,804.09	Projection		
7	August	September	(68,282,726.28)	(71,470,506.84)	185,000,000.00	45,246,766.88	0.30%	11,712.16	90,000,000	23,296.58	35,008.74	Projection		
8	September	October	(96,765,910.54)	(71,484,180.97)	185,000,000.00	16,749,908.49	0.30%	4,195.87	90,000,000	22,545.07	26,740.94	Projection		
9	October	November	(173,700,000.00)	(71,502,684.71)	185,000,000.00	(60,202,684.71)	0.30%	(15,583.52)	90,000,000	23,296.58	7,713.06	Projection		
10	November	December	(213,200,000.00)	(71,520,596.19)	185,000,000.00	(99,720,596.19)	0.30%	(24,980.09)	90,000,000	22,545.07	(2,435.02)	Projection		
11	December	January	(214,133,333.33)	(71,538,512.16)	185,000,000.00	(100,671,845.49)	0.30%	(26,058.99)	90,000,000	23,296.58	(2,762.42)	Projection		
12	January	February	(209,033,333.33)	(71,557,029.96)	185,000,000.00	(95,590,363.29)	0.30%	(24,743.65)	90,000,000	23,296.58	(1,447.07)	Projection	(2,000.00)	
13	February	March	(262,500,000.00)	(71,573,760.05)	185,000,000.00	(149,073,760.05)	0.30%	(34,853.56)	90,000,000	21,042.07	(13,811.49)	Projection		
14	March	April	(352,800,000.00)	(71,592,286.98)	185,000,000.00	(239,392,286.98)	0.30%	(61,966.89)	90,000,000	23,296.58	(38,670.32)	Projection	(5,000.00)	
15	April	May	(322,733,333.33)	(71,610,220.90)	185,000,000.00	(209,343,554.24)	0.35%	(60,222.12)	90,000,000	25,890.41	(34,331.71)	Projection		
16	May	June	(200,766,666.67)	(71,628,757.27)	185,000,000.00	(87,395,423.93)	0.40%	(29,690.50)	90,000,000	30,575.34	884.84	Projection		
17	June	Jun Per 13	(168,766,666.67)	(71,646,700.33)	185,000,000.00	(55,413,367.00)	0.50%	(22,772.62)	90,000,000	36,986.30	14,213.68	Projection		
18							0.33%	(257,456.43)		299,363.72	34,907.33		(7,000.00)	
19								LOC Interest Projection (NO TAN)			0.00			
20										<b>Total</b>	<b>34,907.33</b>			
21										Apr 2011 RFC Report	1,102,107.33			
22										Revision - Over/(Under)	(1,067,200.00)			
23	Assumptions:													
24	1	GF without IB' - Month Earned July to March 2012 based on FY11 actuals; OSC Cash Flow - 3/15/11 thereafter												
25	2	Float balance estimated at 90mm												
26	3	Cash Pool rate estimated by PFM Advisors												
27	4	GF Feeder balances based upon FY10 & 11 average - 185mm												
28	5	No TAN borrowing needed												

	A	B	E	F	G	H	I	L	M	N	O	R	S
1	OST - Revenue Forecast										Account: 010-28A-002201-2105		11/16/2011
2	FY 2014 - GENERAL FUND Earnings Projection												
5	Month Earned	Month Distrb.	GF without IB	BSF	GF Feeder w/o IB	Total ADB to GF	Cash Pool Rate	GF + FF Earnings	Total Float	Float Contribution to GF	Total Earnings to GF	Type	Adjustments to GF Earnings
6	July	August	(25,098,335.17)	(53,634,000.74)	185,000,000.00	106,267,664.09	0.50%	45,127.36	85,000,000	36,095.89	81,223.29	Projection	
7	August	September	(68,282,726.28)	(71,470,506.84)	185,000,000.00	45,246,766.88	0.55%	21,135.82	85,000,000	39,705.48	60,841.30	Projection	
8	September	October	(96,765,910.54)	(71,484,180.97)	185,000,000.00	16,749,908.49	0.60%	8,260.23	85,000,000	41,917.81	50,178.04	Projection	
9	October	November	(173,700,000.00)	(71,502,684.71)	185,000,000.00	(60,202,684.71)	0.65%	(33,235.18)	85,000,000	46,924.66	13,689.48	Projection	
10	November	December	(213,200,000.00)	(71,520,596.19)	185,000,000.00	(99,720,596.19)	0.70%	(57,373.49)	85,000,000	48,904.11	(8,469.38)	Projection	
11	December	January	(214,133,333.33)	(71,538,512.16)	185,000,000.00	(100,671,845.49)	0.75%	(64,126.59)	85,000,000	54,143.84	(9,982.75)	Projection	
12	January	February	(209,033,333.33)	(71,557,029.96)	185,000,000.00	(95,590,363.29)	0.80%	(64,949.07)	85,000,000	57,753.42	(7,195.64)	Projection	(2,000.00)
13	February	March	(262,500,000.00)	(71,573,760.05)	185,000,000.00	(149,073,760.05)	0.85%	(97,204.26)	85,000,000	55,424.66	(41,779.60)	Projection	
14	March	April	(352,800,000.00)	(71,592,286.98)	185,000,000.00	(239,392,286.98)	0.90%	(182,987.53)	85,000,000	64,972.60	(118,014.93)	Projection	(5,000.00)
15	April	May	(322,733,333.33)	(71,610,220.90)	185,000,000.00	(209,343,554.24)	0.95%	(163,460.04)	85,000,000	66,369.86	(97,090.17)	Projection	
16	May	June	(200,766,666.67)	(71,628,757.27)	185,000,000.00	(87,395,423.93)	1.00%	(74,226.25)	85,000,000	72,191.78	(2,034.47)	Projection	
17	June	Jun Per 13	(168,766,666.67)	(71,646,700.33)	185,000,000.00	(55,413,367.00)	1.00%	(45,545.23)	85,000,000	69,863.01	24,317.78	Projection	
18							0.77%	(708,584.23)		654,267.12	(61,317.06)		(7,000.00)
19								LOC Interest Projection (NO TAN)			0.00		
20										<b>Total</b>	<b>(61,317.06)</b>		
21										Apr 2011 RFC Report	1,082,619.80		
22										Revision - Over/(Under)	(1,143,936.86)		
23	Assumptions:												
24	1	GF without IB' - Month Earned July to March 2012 based on FY11 actuals; OSC Cash Flow - 3/15/11 thereafter											
25	2	Float balance estimated at 85mm											
26	3	Cash Pool rate estimated by PFM Advisors											
27	4	GF Feeder balances based upon FY10 & 11 average - 185mm											
28	5	No TAN borrowing needed											



	A	B	E	F	G	H	I	L	M	N	O	R	S	
1	OST - Revenue Forecast											Account: 010-28A-002201-2105		11/16/2011
2	FY 2015 - GENERAL FUND Earnings Projection													
5	Month Earned	Month Distrib.	GF without IB	BSF	GF Feeder w/o IB	Total ADB to GF	Cash Pool Rate	GF + FF Earnings	Total Float	Float Contribution to GF	Total Earnings to GF	Type	Adjustments to GF Earnings	
6	July	August	(25,098,335.17)	(53,634,000.74)	185,000,000.00	106,267,664.09	1.05%	94,767.46	80,000,000	71,342.47	166,109.97	Projection		
7	August	September	(68,282,726.28)	(71,470,506.84)	185,000,000.00	45,246,766.88	1.10%	42,271.64	80,000,000	74,739.73	117,011.36	Projection		
8	September	October	(96,765,910.54)	(71,484,180.97)	185,000,000.00	16,749,908.49	1.15%	15,832.11	80,000,000	75,616.44	91,448.54	Projection		
9	October	November	(173,700,000.00)	(71,502,684.71)	185,000,000.00	(60,202,684.71)	1.20%	(61,357.26)	80,000,000	81,534.25	20,176.99	Projection		
10	November	December	(213,200,000.00)	(71,520,596.19)	185,000,000.00	(99,720,596.19)	1.25%	(102,452.67)	80,000,000	82,191.78	(20,260.89)	Projection		
11	December	January	(214,133,333.33)	(71,538,512.16)	185,000,000.00	(100,671,845.49)	1.30%	(111,152.75)	80,000,000	88,328.77	(22,823.98)	Projection		
12	January	February	(209,033,333.33)	(71,557,029.96)	185,000,000.00	(95,590,363.29)	1.35%	(109,601.55)	80,000,000	91,726.03	(17,875.53)	Projection	(2,000.00)	
13	February	March	(262,500,000.00)	(71,573,760.05)	185,000,000.00	(149,073,760.05)	1.40%	(160,101.13)	80,000,000	85,917.81	(74,183.33)	Projection		
14	March	April	(352,800,000.00)	(71,592,286.98)	185,000,000.00	(239,392,286.98)	1.45%	(294,813.24)	80,000,000	98,520.55	(196,292.69)	Projection	(5,000.00)	
15	April	May	(322,733,333.33)	(71,610,220.90)	185,000,000.00	(209,343,554.24)	1.45%	(249,491.63)	80,000,000	95,342.47	(154,149.17)	Projection		
16	May	June	(200,766,666.67)	(71,628,757.27)	185,000,000.00	(87,395,423.93)	1.50%	(111,339.38)	80,000,000	101,917.81	(9,421.57)	Projection		
17	June	Jun Per 13	(168,766,666.67)	(71,646,700.33)	185,000,000.00	(55,413,367.00)	1.50%	(68,317.85)	80,000,000	98,630.14	30,312.29	Projection		
18							1.31%	(1,115,756.25)		1,045,808.22	(76,947.99)		(7,000.00)	
19								LOC Interest Projection (NO TAN)			0.00			
20										<b>Total</b>	<b>(76,947.99)</b>			
21										Apr 2011 RFC Report	927,914.93			
22										Revision - Over/(Under)	(1,004,862.93)			
23	Assumptions:													
24	1	GF without IB' - Month Earned July to March 2012 based on FY11 actuals; OSC Cash Flow - 3/15/11 thereafter												
25	2	Float balance estimated at 80mm												
26	3	Cash Pool rate estimated by PFM Advisors												
27	4	GF Feeder balances based upon FY10 & 11 average - 185mm												
28	5	No TAN borrowing needed												

**UNORGANIZED TERRITORY EDUCATION AND SERVICES  
PROJECTED UNDEDICATED REVENUE REIMBURSEMENT TO GENERAL FUND**

AGENCY	FY 12			FY 13			FY 14			FY 15		
	Projected Exp. Budget RFC May 2011	Projection		Projected Exp. Budget RFC May 2011	Projection		Exp. Budget RFC May 2011	Projection		Exp. Budget RFC May 2011	Projection	
		Proposed Exp. Budget 10/24/2011	Exp / rev Variance Adj RFC Dec 2011		Proposed Exp. Budget 10/24/2011	Exp / rev Variance Adj RFC Dec 2011		Proposed Exp. Budget 10/24/2011	Exp / rev Variance Adj RFC Dec 2011		Proposed Exp. Budget 10/24/2011	Exp / rev Variance Adj RFC Dec 2011
<b>Education</b>												
Personal Services	3,002,918	2,646,591	(356,327)	3,118,923	2,631,541	(487,382)	3,181,301	2,684,172	(497,130)	3,244,927	2,737,855	(507,072)
Less Lapsed Personal Services	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	0	(400,000)	(400,000)	0	(400,000)	(400,000)	(400,000)
Adjusted PS	2,602,918	2,246,591	(356,327)	2,718,923	2,231,541	(487,382)	2,781,301	2,284,172	(497,130)	2,844,927	2,337,855	(907,072)
All Other	9,227,056	9,227,056	0	9,227,056	9,227,056	0	9,729,895	9,469,978	(259,917)	9,827,194	9,659,377	(167,817)
Capital	0	0	0	0	0	0	160,000	160,000	0	162,000	162,000	0
Minus teachers' retirement	(218,508)	(218,508)	0	(225,000)	(225,000)	0	(230,000)	(230,000)	0	(235,000)	(235,000)	0
Total Education	11,611,466	11,255,139	(356,327)	11,720,979	11,233,597	(487,382)	12,441,196	11,684,149	(757,047)	12,599,121	11,924,232	(1,074,889)
Proj Exp of Carryover - AO	271,793	532,133	260,340	502,839	242,922	(259,917)	0	0	0	0	0	0
Proj Exp of Carryover - Cap	128,207	0	(128,207)	0	0	0	0	0	0	0	0	0
Total Adj Proj Exp EUT	12,011,466	11,787,272	(224,194)	12,223,818	11,476,519	(747,299)	12,441,196	11,684,149	(757,047)	12,599,121	11,924,232	(1,074,889)
<b>Property Tax Assessment</b>												
Personal Services	686,907	638,654	(48,253)	797,809	797,809	0	813,765	813,765	0	830,041	830,041	0
All Other	151,016	151,016	0	149,776	149,776	0	150,000	150,000	0	151,500	153,000	1,500
Total Property Tax	837,923	789,670	(48,253)	947,585	947,585	0	963,765	963,765	0	981,541	983,041	1,500
<b>Conservation</b>												
Forest Fire	95,385	94,956	(429)	96,339	94,966	(1,373)	97,302	96,865	(437)	98,275	98,803	527
LURC	534,154	531,118	(3,036)	539,498	531,811	(7,687)	544,893	542,447	(2,446)	550,342	553,296	2,954
Total Conservation	629,539	626,074	(3,465)	635,837	626,777	(9,060)	642,195	639,313	(2,883)	648,617	652,099	3,481
<b>Human Services</b>												
Payables												
Direct Services	12,000	12,000	0	12,000	12,000	0	12,500	12,500	0	13,000	13,000	0
Municipal Agents' fees	9,000	9,000	0	9,000	9,000	0	9,000	9,000	0	9,000	9,000	0
Private Agents' fees/payroll	37,000	37,000	0	37,000	37,000	0	37,500	37,500	0	38,000	38,000	0
Total General Assistance	58,000	58,000	0	58,000	58,000	0	59,000	59,000	0	60,000	60,000	0
<b>TOTAL</b>	<b>13,536,928</b>	<b>13,261,016</b>	<b>(275,912)</b>	<b>13,865,240</b>	<b>13,108,881</b>	<b>(756,359)</b>	<b>14,106,157</b>	<b>13,346,227</b>	<b>(759,930)</b>	<b>14,289,279</b>	<b>13,619,372</b>	<b>(1,069,908)</b>
Personal Services	3,071,317	2,666,737	(404,580)	3,291,732	2,804,350	(487,382)	3,365,067	2,867,937	(497,130)	3,439,968	2,932,896	(507,072)
All Other	10,337,404	10,594,279	256,875	10,573,508	10,304,531	(268,977)	10,581,090	10,318,290	(262,800)	10,687,311	10,524,476	(162,835)
Capital	128,207	0	(128,207)	0	0	0	160,000	160,000	0	162,000	162,000	0
Total	13,536,928	13,261,016	(275,912)	13,865,240	13,108,881	(756,359)	14,106,157	13,346,227	(759,930)	14,289,279	13,619,372	(669,908)

## Revenue Forecasting Committee - December 2011 - Hollywood Casino Bangor

<b>GENERAL FUND REVENUE</b>	<b>2009-10 Actual</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
Current Forecast - General Fund Revenue	\$10,428,101	\$10,597,066	\$10,849,437	\$10,103,163	\$9,517,375	\$9,790,176
Incremental Effect of December 2011 Forecast		\$0	(\$445,834)	\$61,925	\$68,006	(\$19,633)
December 2011 Forecast - Revised General Fund Revenue	\$10,428,101	\$10,597,066	\$10,403,603	\$10,165,088	\$9,585,381	\$9,770,543

<b>FUND FOR A HEALTHY MAINE REVENUE</b>	<b>2009-10 Actual</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
Current Forecast - Fund for a Healthy Maine Revenue	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$5,511,166	\$5,676,501
Incremental Effect of December 2011 Forecast		\$0	\$0	\$0	(\$195,705)	(\$254,731)
December 2011 Forecast - Fund for a Healthy Maine Revenue	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$5,315,461	\$5,421,770

### Detail of Current Revenue Forecast - Distribution of Total Income

		<b>2009-10 Actual</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
Gross Slot Income (Coin/Voucher In)	A	\$702,826,756	\$693,606,732	\$678,036,880	\$651,404,530	\$664,432,621	\$677,721,273
Player's Share (Payback Value)	B	\$641,581,943	\$632,584,112	\$616,952,468	\$592,778,123	\$604,633,685	\$616,726,359
3% Distribution to City of Bangor (.03*(A-B))	3.0%	\$1,837,344	\$1,830,679	\$1,832,532	\$1,758,792	\$1,793,968	\$1,829,847
General Fund - Administration (1% of Gross Slot Income)	C	\$7,028,268	\$6,936,067	\$6,780,369	\$6,514,045	\$6,644,326	\$6,777,213
Net Slot Machine Income (=A-B-C)		\$54,216,545	\$54,086,553	\$54,304,043	\$52,112,363	\$53,154,610	\$54,217,702
Licenses' Share of Net Slot Machine Income	61.0%	\$33,072,092	\$32,992,797	\$33,125,466	\$31,788,541	\$32,424,312	\$33,072,798
Licenses' Share of Net Slot after 3% Distribution to Bangor		\$31,234,748	\$31,162,118	\$31,292,934	\$30,029,749	\$30,630,344	\$31,242,951
Net Table Game Income		\$ -	\$ -	\$ 892,430	\$ 5,310,690	\$ 5,416,904	\$ 5,525,242
Licenses' Share of Net Table Game Income	84.0%	\$ -	\$ -	\$ -	\$4,460,980	\$4,550,199	\$4,641,203

<b>Distribution of State Share of Net Slot Machine Income</b>	<b>39.0%</b>	<b>2009-10 Actual</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
General Fund (other)	3.0%	\$1,626,496	\$1,622,597	\$1,629,121	\$1,563,371	\$1,594,638	\$1,626,531
General Fund (After 48 months - November 2009)	1.0%	\$339,753	\$540,866	\$543,040	\$521,124	\$531,546	\$542,177
Fund for Healthy Maine (FHM)	10.0%	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$5,315,461	\$5,421,770
FHM Amounts over \$4,500,000 (7/1/09 to 6/30/12) to General Fund		\$921,654	\$908,655	\$930,404	\$711,236		
University of Maine Scholarship Fund	2.0%	\$1,084,331	\$1,081,731	\$1,086,081	\$1,042,247	\$1,063,092	\$1,084,354
Maine Community College System - Scholarship Funds	1.0%	\$542,165	\$540,866	\$543,040	\$521,124	\$531,546	\$542,177
Resident Municipalities	1.0%	\$542,165	\$540,866	\$543,040	\$521,124	\$531,546	\$542,177
Purse Supplements	10.0%	\$5,421,654	\$5,408,655	\$5,430,404	\$5,211,236	\$5,315,461	\$5,421,770
Sire Stakes Fund	3.0%	\$1,626,496	\$1,622,597	\$1,629,121	\$1,563,371	\$1,594,638	\$1,626,531
Fund to Encourage Racing at Commercial Tracks	4.0%	\$2,168,662	\$2,163,462	\$2,172,162	\$2,084,495	\$2,126,184	\$2,168,708
Fund to Stabilize Off-Track Betting (48 months - until Oct 2009)	2.0%	\$404,824	\$0	\$0	\$0	\$0	\$0
Fund to Stabilize Off-Track Betting (after 48 months - Nov 2009)	1.0%	\$339,753	\$540,866	\$543,040	\$521,124	\$531,546	\$542,177
Agricultural Fair Support Fund	3.0%	\$1,626,496	\$1,622,597	\$1,629,121	\$1,563,371	\$1,594,638	\$1,626,531
GF Transfer to Gambling Addiction Prevention and Treatment Fund		\$0	\$0	(\$50,000)	(\$50,000)	(\$100,000)	(\$100,000)
Gambling Addiction Prevention and Treatment Fund		\$0	\$0	\$50,000	\$50,000	\$100,000	\$100,000

<b>Distribution of State Share of Net Table Game Income</b>	<b>16.0%</b>	<b>2009-10 Actual</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
General Fund	9.0%	\$0	\$0	\$80,319	\$477,962	\$487,521	\$497,272
Gambling Control Board	3.0%	\$0	\$0	\$26,773	\$159,321	\$162,507	\$165,757
Municipality	2.0%	\$0	\$0	\$17,849	\$106,214	\$108,338	\$110,505
Non-profits Conducting Beano and Games of Chance	2.0%	\$0	\$0	\$17,849	\$106,214	\$108,338	\$110,505

<b>Revenue Summary</b>	<b>2009-10 Actual</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>General Fund</b>						
General Fund Administration (1% of gross slot income)	\$7,028,268	\$6,936,067	\$6,780,369	\$6,514,045	\$6,644,326	\$6,777,213
General Fund (Other)	\$2,887,903	\$3,072,118	\$3,132,884	\$3,223,693	\$2,513,705	\$2,565,980
Licensing revenue	\$502,556	\$572,482	\$478,350	\$415,350	\$415,350	\$415,350
Reimbursement - Background Checks	\$9,374	\$16,399	\$12,000	\$12,000	\$12,000	\$12,000
<b>Subtotal - General Fund</b>	<b>\$10,428,101</b>	<b>\$10,597,066</b>	<b>\$10,403,603</b>	<b>\$10,165,088</b>	<b>\$9,585,381</b>	<b>\$9,770,543</b>
<b>Fund for Healthy Maine</b>	<b>\$4,500,000</b>	<b>\$4,500,000</b>	<b>\$4,500,000</b>	<b>\$4,500,000</b>	<b>\$5,315,461</b>	<b>\$5,421,770</b>
<b>Other Special Revenue Funds</b>						
Harness Racing Commission	\$11,587,885	\$11,358,177	\$11,403,848	\$10,943,597	\$11,162,467	\$11,385,717
<b>HRC - Subtotal</b>	<b>\$11,587,885</b>	<b>\$11,358,177</b>	<b>\$11,403,848</b>	<b>\$10,943,597</b>	<b>\$11,162,467</b>	<b>\$11,385,717</b>
PUS- host municipalities	\$25,000	\$0	\$25,000	\$25,000	\$25,000	\$25,000
University of Maine Scholarship Fund	\$1,084,331	\$1,081,731	\$1,086,081	\$1,042,247	\$1,063,092	\$1,084,354
Maine Community College System Scholarships	\$542,165	\$540,866	\$543,040	\$521,124	\$531,546	\$542,177
Resident Municipalities	\$542,165	\$540,866	\$560,889	\$627,338	\$639,884	\$652,682
Gambling Addiction Prevention and Treatment Fund	\$0	\$0	\$50,000	\$50,000	\$100,000	\$100,000
Gambling Control Board	\$0	\$0	\$1,451,773	\$228,321	\$231,507	\$234,757
Non-profits Conducting Beano and Games of Chance	\$0	\$0	\$17,849	\$106,214	\$108,338	\$110,505
<b>Subtotal - Other Special Revenue Funds</b>	<b>\$13,781,546</b>	<b>\$13,521,640</b>	<b>\$15,138,480</b>	<b>\$13,543,841</b>	<b>\$13,861,834</b>	<b>\$14,135,192</b>

**Details and Assumptions**

<b>Calculated Gross Slot Machine Income Per Month</b>	<b># of days</b>	<b>2009-10 Actual</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>Total Gross Slot Income - Fiscal Year</b>		<b>\$702,826,756</b>	<b>\$693,606,732</b>	<b>\$678,036,880</b>	<b>\$651,404,530</b>	<b>\$664,432,621</b>	<b>\$677,721,273</b>
July	31	\$78,820,881	\$72,671,581	\$57,628,697	\$60,613,040	\$61,825,301	\$63,061,807
August	31	\$57,008,179	\$60,902,277	\$57,831,769	\$60,826,629	\$62,043,161	\$63,284,024
September	30	\$72,488,512	\$74,709,334	\$71,218,838	\$57,992,482	\$59,152,332	\$60,335,379
October	31	\$55,447,256	\$55,778,532	\$50,917,576	\$53,554,379	\$54,625,467	\$55,717,976
November	30	\$50,876,475	\$49,760,317	\$53,400,000	\$50,730,000	\$51,744,600	\$52,779,492
December	30	\$55,372,467	\$49,480,973	\$43,800,000	\$41,610,000	\$42,442,200	\$43,291,044
January	31	\$48,382,311	\$45,758,764	\$50,840,000	\$48,298,000	\$49,263,960	\$50,249,239
February	28	\$55,260,578	\$49,979,310	\$50,120,000	\$47,614,000	\$48,566,280	\$49,537,606
March	31	\$69,451,996	\$63,386,493	\$56,420,000	\$53,599,000	\$54,670,980	\$55,764,400
April	29	\$53,118,522	\$48,421,984	\$52,200,000	\$49,590,000	\$50,581,800	\$51,593,436
May	31	\$52,447,407	\$54,817,621	\$60,760,000	\$57,722,000	\$58,876,440	\$60,053,969
June	30	\$54,152,172	\$67,939,547	\$72,900,000	\$69,255,000	\$70,640,100	\$72,052,902

<b>Player's Share of Slot Machine Income Per Month</b>	<b>2009-10 Actual</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>Total Player's Share - Fiscal Year</b>	<b>\$641,581,943</b>	<b>\$632,584,112</b>	<b>\$616,952,468</b>	<b>\$592,778,123</b>	<b>\$604,633,685</b>	<b>\$616,726,359</b>
July	\$72,130,008	\$66,261,420	\$52,422,087	\$55,157,867	\$56,261,024	\$57,386,244
August	\$52,015,680	\$55,524,326	\$52,690,207	\$55,352,232	\$56,459,277	\$57,588,462
September	\$66,211,063	\$68,131,178	\$64,790,386	\$52,773,159	\$53,828,622	\$54,905,195
October	\$50,529,209	\$50,808,377	\$46,249,388	\$48,734,485	\$49,709,175	\$50,703,358
November	\$46,604,391	\$45,213,650	\$48,594,000	\$46,164,300	\$47,087,586	\$48,029,338
December	\$50,483,462	\$45,111,372	\$39,858,000	\$37,865,100	\$38,622,402	\$39,394,850
January	\$44,177,641	\$41,728,275	\$46,264,400	\$43,951,180	\$44,830,204	\$45,726,808
February	\$50,227,404	\$45,596,796	\$45,609,200	\$43,328,740	\$44,195,315	\$45,079,221
March	\$63,414,548	\$57,752,346	\$51,342,200	\$48,775,090	\$49,750,592	\$50,745,604
April	\$48,499,324	\$44,238,189	\$47,502,000	\$45,126,900	\$46,029,438	\$46,950,027
May	\$47,919,275	\$50,223,175	\$55,291,600	\$52,527,020	\$53,577,560	\$54,649,112
June	\$49,369,938	\$61,995,009	\$66,339,000	\$63,022,050	\$64,282,491	\$65,568,141

Calculated Net Table Income Per Month	# of days	2009-10 Actual	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Total Net Table Game Income - Fiscal Year</b>		\$ -	\$ -	\$ 892,430	\$ 5,310,690	\$ 5,416,904	\$ 5,525,242
July	31	\$ -	\$ -	\$ -	\$ 453,530	\$ 462,601	\$ 471,853
August	31	\$ -	\$ -	\$ -	\$ 453,530	\$ 462,601	\$ 471,853
September	30	\$ -	\$ -	\$ -	\$ 438,900	\$ 447,678	\$ 456,632
October	31	\$ -	\$ -	\$ -	\$ 453,530	\$ 462,601	\$ 471,853
November	30	\$ -	\$ -	\$ -	\$ 438,900	\$ 447,678	\$ 456,632
December	30	\$ -	\$ -	\$ -	\$ 438,900	\$ 447,678	\$ 456,632
January	31	\$ -	\$ -	\$ -	\$ 453,530	\$ 462,601	\$ 471,853
February	28	\$ -	\$ -	\$ -	\$ 409,640	\$ 417,833	\$ 426,189
March	31	\$ -	\$ -	\$ -	\$ 453,530	\$ 462,601	\$ 471,853
April	29	\$ -	\$ -	\$ -	\$ 424,270	\$ 432,755	\$ 441,411
May	31	\$ -	\$ -	\$ 453,530	\$ 453,530	\$ 462,601	\$ 471,853
June	30	\$ -	\$ -	\$ 438,900	\$ 438,900	\$ 447,678	\$ 456,632

Licensing and Application Revenues - Racino:	Fee	2009-10 Actual	2010-11	2011-12	2012-13	2013-14	2014-15
Slot Machine Operator- Initial Application Fee	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0
Slot Machine Operator- Annual Renewal Fee	\$75,000	\$75,200	\$150,000	\$75,000	\$0	\$0	\$0
Transfer of Operator Renewal Fee to host municipality		(\$25,000)	\$0	(\$25,000)	\$0	\$0	\$0
Slot Machine Distributor - Initial Application Fee	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0
Slot Machine Distributor - Annual Renewal Fee	\$75,000	\$300,625	\$300,600	\$300,000	\$300,000	\$300,000	\$300,000
Slot Machines - Initial Registration Fee	\$100	\$0	\$0	\$0	\$0	\$0	\$0
Slot Machines - Annual Renewal Fee	\$100	\$117,400	\$103,224	\$101,200	\$101,200	\$101,200	\$101,200
Gambling Services Vendors	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Licensed Employees - All Fees	\$250/\$25	\$32,331	\$16,658	\$8,750	\$8,750	\$8,750	\$8,750
Other Revenue deposited as Licensing Revenue		\$0	\$0	\$0	\$0	\$0	\$0
<b>Total License Fees</b>		<b>\$502,556</b>	<b>\$572,482</b>	<b>\$461,950</b>	<b>\$411,950</b>	<b>\$411,950</b>	<b>\$411,950</b>
Licensee Background Check Cost Reimbursement		\$9,374	\$16,399	\$12,000	\$12,000	\$12,000	\$12,000

Licensing and Application Revenues - Casino:	Fee	2009-10 Actual	2010-11	2011-12	2012-13	2013-14	2014-15
Casino Operator - Initial Application Fee	\$25,000	\$0	\$0	\$25,000	\$0	\$0	\$0
Casino Operator- Annual Renewal Fee	\$80,000	\$0	\$0	\$0	\$80,000	\$80,000	\$80,000
Transfer of Operator Renewal Fee to host municipality		\$0	\$0	\$0	(\$25,000)	(\$25,000)	(\$25,000)
Table Game Distributor - Initial Application Fee	\$5,000	\$0	\$0	\$5,000	\$0	\$0	\$0
Table Game Distributor - Annual Renewal Fee	\$1,000	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000
Table Games - Initial Privilege Fee	\$100,000	\$0	\$0	\$1,400,000	\$0	\$0	\$0
Table Games - Annual Privilege Fee	\$1,000	\$0	\$0	\$0	\$14,000	\$14,000	\$14,000
Table Games - Initial Registration Fee	\$100	\$0	\$0	\$1,400			
Table Games -Annual Registration Fee	\$100	\$0	\$0		\$1,400	\$1,400	\$1,400
Licensed Employees - All Fees	\$250/\$25	\$0	\$0	\$10,000	\$1,000	\$1,000	\$1,000
<b>Total License Fees</b>		<b>\$0</b>	<b>\$0</b>	<b>\$1,441,400</b>	<b>\$72,400</b>	<b>\$72,400</b>	<b>\$72,400</b>
Licensee Background Check Cost Reimbursement							

Number of Machines	2009-10 Actual	2010-11	2011-12	2012-13	2013-14	2014-15
July	1,000	1,000	1,000	1,000	1,000	1,000
August	1,000	1,000	1,000	1,000	1,000	1,000
September	1,000	1,000	1,000	1,000	1,000	1,000
October	1,000	1,000	1,000	1,000	1,000	1,000
November	1,000	1,000	1,000	1,000	1,000	1,000
December	1,000	1,000	1,000	1,000	1,000	1,000
January	1,000	1,000	1,000	1,000	1,000	1,000
February	1,000	1,000	1,000	1,000	1,000	1,000
March	1,000	1,000	1,000	1,000	1,000	1,000
April	1,000	1,000	1,000	1,000	1,000	1,000
May	1,000	1,000	1,000	1,000	1,000	1,000
June	1,000	1,000	1,000	1,000	1,000	1,000

Payback % Average for Month	2009-10 Actual	2010-11	2011-12	2012-13	2013-14	2014-15
July	91.51%	91.18%	90.97%	91.00%	91.00%	91.00%
August	91.24%	91.17%	91.11%	91.00%	91.00%	91.00%
September	91.34%	91.20%	90.97%	91.00%	91.00%	91.00%
October	91.13%	91.09%	90.83%	91.00%	91.00%	91.00%
November	91.60%	90.86%	91.00%	91.00%	91.00%	91.00%
December	91.17%	91.17%	91.00%	91.00%	91.00%	91.00%
January	91.31%	91.19%	91.00%	91.00%	91.00%	91.00%
February	90.89%	91.23%	91.00%	91.00%	91.00%	91.00%
March	91.31%	91.11%	91.00%	91.00%	91.00%	91.00%
April	91.30%	91.36%	91.00%	91.00%	91.00%	91.00%
May	91.37%	91.62%	91.00%	91.00%	91.00%	91.00%
June	91.17%	91.25%	91.00%	91.00%	91.00%	91.00%

Average Total Slot Income Per Machine Per Day	2009-10 Actual	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Average for the Fiscal Year</b>	<b>\$1,937</b>	<b>\$1,918</b>	<b>\$1,888</b>	<b>\$1,794</b>	<b>\$1,830</b>	<b>\$1,866</b>
July	2,252.03	2,076.33	2,058.17	1,955	\$1,994	\$2,034
August	2,036.01	2,175.08	2,065.42	1,962	\$2,001	\$2,041
September	2,071.10	2,134.55	2,034.82	1,933	\$1,972	\$2,011
October	1,980.26	1,992.09	1,818.48	1,728	\$1,762	\$1,797
November	1,817.02	1,777.15	1,780	1,691	\$1,725	\$1,759
December	1,628.60	1,455.32	1,460	1,387	\$1,415	\$1,443
January	1,727.94	1,634.24	1,640	1,558	\$1,589	\$1,621
February	1,973.59	1,784.98	1,790	1,701	\$1,735	\$1,769
March	1,984.34	1,811.04	1,820	1,729	\$1,764	\$1,799
April	1,967.35	1,793.41	1,800	1,710	\$1,744	\$1,779
May	1,873.12	1,957.77	1,960	1,862	\$1,899	\$1,937
June	1,934.01	2,426.41	2,430	2,309	\$2,355	\$2,402

Number of Table Games	2009-10 Actual	2010-11	2011-12	2012-13	2013-14	2014-15
July	0	0	0	14	14	14
August	0	0	0	14	14	14
September	0	0	0	14	14	14
October	0	0	0	14	14	14
November	0	0	0	14	14	14
December	0	0	0	14	14	14
January	0	0	0	14	14	14
February	0	0	0	14	14	14
March	0	0	0	14	14	14
April	0	0	0	14	14	14
May	0	0	14	14	14	14
June	0	0	14	14	14	14

Table Game Win Per Day	2009-10 Actual	2010-11	2011-12	2012-13	2013-14	2014-15
July	\$ - \$	- \$	- \$	1,045 \$	1,066 \$	1,087
August	\$ - \$	- \$	- \$	1,045 \$	1,066 \$	1,087
September	\$ - \$	- \$	- \$	1,045 \$	1,066 \$	1,087
October	\$ - \$	- \$	- \$	1,045 \$	1,066 \$	1,087
November	\$ - \$	- \$	- \$	1,045 \$	1,066 \$	1,087
December	\$ - \$	- \$	- \$	1,045 \$	1,066 \$	1,087
January	\$ - \$	- \$	- \$	1,045 \$	1,066 \$	1,087
February	\$ - \$	- \$	- \$	1,045 \$	1,066 \$	1,087
March	\$ - \$	- \$	- \$	1,045 \$	1,066 \$	1,087
April	\$ - \$	- \$	- \$	1,045 \$	1,066 \$	1,087
May	\$ - \$	- \$	1,045 \$	1,045 \$	1,066 \$	1,087
June	\$ - \$	- \$	1,045 \$	1,045 \$	1,066 \$	1,087

## Revenue Forecasting Committee - December 2011 - Oxford Casino

GENERAL FUND REVENUE	2011-12	2012-13	2013-14	2014-15
Current Forecast - General Fund Revenue	\$0	\$2,228,420	\$1,885,404	\$1,918,283
Incremental Effect of December 2011 Forecast	\$150,000	(\$550,920)	(\$412,018)	(\$418,238)
December 2011 Forecast - Revised General Fund Revenue	\$150,000	\$1,677,500	\$1,473,386	\$1,500,045

### Detail of Current Revenue Forecast - Distribution of Total Income

	2011-12	2012-13	2013-14	2014-15
Total Net Slot Machine Income	\$0	\$38,115,000	\$38,877,300	\$39,654,846
Total Net Table Game Income	\$0	\$5,445,000	\$5,553,900	\$5,664,978
<b>Licensees' Share of Total Net Slot Machine Income</b>	<b>54.0%</b>	<b>\$0</b>	<b>\$20,993,742</b>	<b>\$21,413,617</b>
<b>Licensees' Share of Total Net Table Game Income</b>	<b>84.0%</b>	<b>\$0</b>	<b>\$4,665,276</b>	<b>\$4,758,582</b>
<b>Total Licensees' Share of Net Income</b>	<b>0</b>	<b>\$25,155,900</b>	<b>\$25,659,018</b>	<b>\$26,172,199</b>

Distribution of State Share of Net Slot Machine Income	46.0%	2011-12	2012-13	2013-14	2014-15
K-12 Essential Programs and Services	25.0%	\$0	\$9,528,750	\$9,719,325	\$9,913,712
Maine's Penobscot and Passamaquoddy Indian Tribes	4.0%	\$0	\$1,524,600	\$1,555,092	\$1,586,194
General Fund - Administration	3.0%	\$0	\$1,143,450	\$1,166,319	\$1,189,645
University of Maine System Scholarship Fund	4.0%	\$0	\$1,524,600	\$1,555,092	\$1,586,194
Agricultural Fair Support Fund	1.0%	\$0	\$381,150	\$388,773	\$396,548
Municipality in which casino is located	2.0%	\$0	\$762,300	\$777,546	\$793,097
Maine Community College System Scholarship Programs	3.0%	\$0	\$1,143,450	\$1,166,319	\$1,189,645
Fund to Supplement Harness Racing Purses	1.0%	\$0	\$381,150	\$388,773	\$396,548
Sire Stakes Fund	1.0%	\$0	\$381,150	\$388,773	\$396,548
County in which casino is located	1.0%	\$0	\$381,150	\$388,773	\$396,548
Maine Dairy Farm Stabilization Fund	1.0%	\$0	\$381,150	\$388,773	\$396,548

Distribution of State Share of Net Table Game Income	16.0%	2011-12	2012-13	2013-14	2014-15
K-12 Essential Programs and Services	10.0%	\$0	\$544,500	\$555,390	\$566,498
General Fund - Administration	3.0%	\$0	\$163,350	\$166,617	\$169,949
Municipality in which casino is located	2.0%	\$0	\$108,900	\$111,078	\$113,300
County in which casino is located	1.0%	\$0	\$54,450	\$55,539	\$56,650

Revenue Summary	2011-12	2012-13	2013-14	2014-15
<b>General Fund</b>				
General Fund Administration	\$0	\$1,306,800	\$1,332,936	\$1,359,595
License Fees	\$150,000	\$370,700	\$140,450	\$140,450
<b>Subtotal - General Fund</b>	<b>\$150,000</b>	<b>\$1,677,500</b>	<b>\$1,473,386</b>	<b>\$1,500,045</b>
<b>Other Special Revenue Funds</b>				
Gambling Control Board - License Fees	\$225,000	\$80,000	\$1,280,000	\$92,000
K-12 Essential Programs and Services	\$0	\$10,073,250	\$10,274,715	\$10,480,209
Maine's Penobscot and Passamaquoddy Indian Tribes	\$0	\$1,524,600	\$1,555,092	\$1,586,194
University of Maine System Scholarship Fund	\$0	\$1,524,600	\$1,555,092	\$1,586,194
Agricultural Fair Support Fund	\$0	\$381,150	\$388,773	\$396,548
Municipality in which casino is located	\$0	\$871,200	\$888,624	\$906,396
Maine Community College System Scholarship Programs	\$0	\$1,143,450	\$1,166,319	\$1,189,645
Fund to Supplement Harness Racing Purses	\$0	\$381,150	\$388,773	\$396,548
Sire Stakes Fund	\$0	\$381,150	\$388,773	\$396,548
County in which casino is located	\$0	\$435,600	\$444,312	\$453,198
Maine Dairy Farm Stabilization Fund	\$0	\$381,150	\$388,773	\$396,548
<b>Subtotal - Other Special Revenue Funds</b>	<b>\$0</b>	<b>\$17,097,300</b>	<b>\$17,439,246</b>	<b>\$17,788,031</b>



**Details and Assumptions**

Calculated Net Slot Machine Income Per Month	# of days	2011-12	2012-13	2013-14	2014-15
<b>Total Net Slot Income - Fiscal Year</b>		<b>\$0</b>	<b>\$38,115,000</b>	<b>\$38,877,300</b>	<b>\$39,654,846</b>
July	31	\$0	\$3,255,000	\$3,320,100	\$3,386,502
August	31	\$0	\$3,255,000	\$3,320,100	\$3,386,502
September	30	\$0	\$3,150,000	\$3,213,000	\$3,277,260
October	31	\$0	\$3,255,000	\$3,320,100	\$3,386,502
November	30	\$0	\$3,150,000	\$3,213,000	\$3,277,260
December	30	\$0	\$3,150,000	\$3,213,000	\$3,277,260
January	31	\$0	\$3,255,000	\$3,320,100	\$3,386,502
February	28	\$0	\$2,940,000	\$2,998,800	\$3,058,776
March	31	\$0	\$3,255,000	\$3,320,100	\$3,386,502
April	29	\$0	\$3,045,000	\$3,105,900	\$3,168,018
May	31	\$0	\$3,255,000	\$3,320,100	\$3,386,502
June	30	\$0	\$3,150,000	\$3,213,000	\$3,277,260

Calculated Net Table Game Income Per Month	# of days	2011-12	2012-13	2013-14	2014-15
<b>Total Net Table Game Income - Fiscal Year</b>		<b>\$0</b>	<b>\$5,445,000</b>	<b>\$5,553,900</b>	<b>\$5,664,978</b>
July	31	\$0	\$465,000	\$474,300	\$483,786
August	31	\$0	\$465,000	\$474,300	\$483,786
September	30	\$0	\$450,000	\$459,000	\$468,180
October	31	\$0	\$465,000	\$474,300	\$483,786
November	30	\$0	\$450,000	\$459,000	\$468,180
December	30	\$0	\$450,000	\$459,000	\$468,180
January	31	\$0	\$465,000	\$474,300	\$483,786
February	28	\$0	\$420,000	\$428,400	\$436,968
March	31	\$0	\$465,000	\$474,300	\$483,786
April	29	\$0	\$435,000	\$443,700	\$452,574
May	31	\$0	\$465,000	\$474,300	\$483,786
June	30	\$0	\$450,000	\$459,000	\$468,180

Licensing and Application Revenues:	#	Fee	2011-12	2012-13	2013-14	2014-15
Casino Operator- Initial Application Fee	1	\$225,000	\$225,000	\$0	\$0	\$0
Casino Operator- Annual Renewal Fee	1	\$80,000	\$0	\$80,000	\$80,000	\$80,000
Slot Machine Distributor - Initial Application Fee		\$200,000	\$0	\$200,000	\$0	\$0
Slot machine Distributor - Annual Renewal Fee		\$75,000	\$0	\$0	\$75,000	\$75,000
Table Game Distributor - Initial Application Fee		\$5,000	\$0	\$5,000	\$0	\$0
Table Game Distributor - Annual Renewal Fee		\$1,000	\$0	\$0	\$1,000	\$1,000
Slot Machine and Table Game - Initial	512	\$100	\$0	\$51,200	\$0	\$0
Slot Machine and Table Game - Annual Renewal Fee	512	\$100	\$0	\$0	\$51,200	\$51,200
Table Game - Initial Privilege Fee	12	\$100,000	\$0	\$0	\$1,200,000	\$0
Table Game - Annual Renewal Privilege Fee	12	\$1,000	\$0	\$0	\$0	\$12,000
Gambling Services Vendors	1	\$2,000	\$0	\$2,000	\$2,000	\$2,000
Number of Licensed Employees	450					
Application Fees from Licensed Employees		\$250	\$0	\$112,500	\$0	\$0
Licensed Employees - Annual Renewal Fees		\$25	\$0	\$0	\$11,250	\$11,250
Other Revenue deposited as Licensing Revenue			\$150,000	\$0	\$0	\$0
<b>Total License Fees</b>			<b>\$375,000</b>	<b>\$450,700</b>	<b>\$1,420,450</b>	<b>\$232,450</b>

Number of Machines	2012-13	2013-14	2014-15
July	500	500	500
August	500	500	500
September	500	500	500
October	500	500	500
November	500	500	500
December	500	500	500
January	500	500	500
February	500	500	500
March	500	500	500
April	500	500	500
May	500	500	500
June	500	500	500

Slot Machine Win per Day	2012-13	2013-14	2014-15
July	\$210	\$214	\$218
August	\$210	\$214	\$218
September	\$210	\$214	\$218
October	\$210	\$214	\$218
November	\$210	\$214	\$218
December	\$210	\$214	\$218
January	\$210	\$214	\$218
February	\$210	\$214	\$218
March	\$210	\$214	\$218
April	\$210	\$214	\$218
May	\$210	\$214	\$218
June	\$210	\$214	\$218

Number of Table Games	2012-13	2013-14	2014-15
July	12	12	12
August	12	12	12
September	12	12	12
October	12	12	12
November	12	12	12
December	12	12	12
January	12	12	12
February	12	12	12
March	12	12	12
April	12	12	12
May	12	12	12
June	12	12	12

Table Game Win per Day	2012-13	2013-14	2014-15
July	\$1,250	\$1,275	\$1,301
August	\$1,250	\$1,275	\$1,301
September	\$1,250	\$1,275	\$1,301
October	\$1,250	\$1,275	\$1,301
November	\$1,250	\$1,275	\$1,301
December	\$1,250	\$1,275	\$1,301
January	\$1,250	\$1,275	\$1,301
February	\$1,250	\$1,275	\$1,301
March	\$1,250	\$1,275	\$1,301
April	\$1,250	\$1,275	\$1,301
May	\$1,250	\$1,275	\$1,301
June	\$1,250	\$1,275	\$1,301

**HANDLING FEE INCOME**

Month	FY12	FY12	FY13	FY13
	Basic Price	Revenue	Basic Price	Revenue
June	\$23.57	\$93,907	\$20.10	\$187,755
July	\$24.28	\$88,585	\$20.10	\$187,755
August	\$24.68	\$101,527	\$20.44	\$187,755
Sept.	\$25.03	\$93,877	\$20.44	\$187,755
Oct.	\$22.90	\$93,877	\$20.44	\$187,755
Nov.	\$21.65	\$93,877	\$20.44	\$187,755
Dec.	\$21.52	\$93,877	\$20.40	\$187,755
Jan.	\$21.03	\$93,877	\$19.99	\$281,632
Feb.	\$20.24	\$187,755	\$19.99	\$281,632
March	\$20.07	\$187,755	\$19.99	\$281,632
April	\$20.35	\$187,755	\$19.99	\$281,632
May	\$20.36	\$187,755	\$19.99	\$281,632
Average	\$22.14	\$1,504,426	\$20.19	\$2,722,446
				<b>\$4,226,872</b>

**TIER PROGRAM PAYMENTS**

FY12	Month	Federal	Federal	Average	Average	Total	Support
		Blend/CWT	MILC/CWT	Premium	Support/CWT	Pounds	Payment
	Jun-11	\$22.09	\$0.00	\$0.72	\$0.00	49,132,000	\$0
	Jul-11	\$22.76	\$0.00	\$0.72	\$0.00	49,473,000	\$0
	Aug-11	\$22.97	\$0.00	\$0.72	\$0.00	50,416,000	\$0
	Sep-11	\$22.23	\$0.00	\$0.72	\$0.00	47,023,000	\$0
	Oct-11	\$21.09	\$0.00	\$0.72	\$0.00	48,126,000	\$0
	Nov-11	\$20.02	\$0.00	\$0.72	\$0.05	46,734,000	\$21,420
	Dec-11	\$19.66	\$0.00	\$0.72	\$0.13	49,564,000	\$66,240
	Jan-12	\$19.18	\$0.00	\$0.72	\$0.32	49,250,000	\$157,600
	Feb-12	\$18.75	\$0.16	\$0.72	\$0.45	44,341,000	\$200,090
	Mar-12	\$18.58	\$0.19	\$0.72	\$0.42	49,004,000	\$204,490
	Apr-12	\$18.63	\$0.13	\$0.72	\$0.35	48,511,000	\$169,580
	May-12	\$18.65	\$0.08	\$0.72	\$0.32	51,229,000	\$161,250
						<b>FY12 Exp</b>	<b>\$980,670</b>

FY13	Month	Federal	Federal	Average	Average	Total	Support
		Blend/CWT	MILC/CWT	Premium	Support/CWT	Pounds	Payment
	Jun-12	\$18.59	\$0.05	\$0.72	\$1.27	49,132,000	\$624,440
	Jul-12	\$18.77	\$0.07	\$0.72	\$0.93	49,473,000	\$460,560
	Aug-12	\$18.97	\$0.00	\$0.72	\$0.62	50,416,000	\$314,110
	Sep-12	\$18.98	\$0.00	\$0.72	\$0.55	47,023,000	\$258,000
	Oct-12	\$19.10	\$0.00	\$0.72	\$0.45	48,126,000	\$217,360
	Nov-12	\$18.94	\$0.00	\$0.72	\$0.47	46,734,000	\$221,520
	Dec-12	\$18.74	\$0.00	\$0.72	\$0.52	49,564,000	\$256,680
	Jan-13	\$18.00	\$0.00	\$0.72	\$1.10	49,250,000	\$540,720
	Feb-13	\$18.00	\$0.00	\$0.72	\$1.16	44,341,000	\$513,440
	Mar-13	\$18.00	\$0.00	\$0.72	\$0.95	49,004,000	\$465,890
	Apr-13	\$18.00	\$0.00	\$0.72	\$0.79	48,511,000	\$384,680
	May-13	\$18.00	\$0.00	\$0.72	\$0.70	51,229,000	\$358,156
						<b>FY13 Exp</b>	<b>\$4,615,556</b>

**Total for FY12 & 13** **\$5,596,226**

NOTE: Basic Price is the Class I Price and is higher than the Uniform Federal Blend Price  
Public Law Chapter 262 2007 Cost of Production (\$20.70, \$18.07, \$17.29)

Bob Wellington's forecast ends in Dec. 2012, prices after this are estimates of the Maine Milk Commission.  
Actual receipts for handling fee to date

**HANDLING FEE INCOME**

Month	FY14		FY15	
	Basic Price	Revenue	Basic Price	Revenue
June	\$19.99	\$281,632	\$19.99	\$281,632
July	\$19.99	\$281,632	\$19.99	\$281,632
August	\$19.99	\$281,632	\$19.99	\$281,632
Sept.	\$19.99	\$281,632	\$19.99	\$281,632
Oct.	\$19.99	\$281,632	\$19.99	\$281,632
Nov.	\$19.99	\$281,632	\$19.99	\$281,632
Dec.	\$19.99	\$281,632	\$19.99	\$281,632
Jan.	\$19.99	\$281,632	\$19.99	\$281,632
Feb.	\$19.99	\$281,632	\$19.99	\$281,632
March	\$19.99	\$281,632	\$19.99	\$281,632
April	\$19.99	\$281,632	\$19.99	\$281,632
May	\$19.99	\$281,632	\$19.99	\$281,632
Average		<b>\$3,379,588</b>		<b>\$3,379,588</b>

**\$6,759,176**

**TIER PROGRAM PAYMENTS**

FY14	Month	Federal	Federal	Average	Average	Total	Support
		Blend/CWT	MILC/CWT	Premium	Support/CWT	Pounds	Payment
Jun-13		\$18.50	\$0.00	\$0.72	\$1.40	49,132,000	\$689,680
Jul-13		\$18.50	\$0.00	\$0.72	\$1.21	49,473,000	\$597,920
Aug-13		\$18.50	\$0.00	\$0.72	\$0.92	50,416,000	\$461,456
Sep-13		\$18.50	\$0.00	\$0.72	\$0.81	47,023,000	\$381,840
Oct-13		\$18.50	\$0.00	\$0.72	\$0.76	48,126,000	\$365,560
Nov-13		\$18.50	\$0.00	\$0.72	\$0.67	46,734,000	\$315,240
Dec-13		\$18.50	\$0.00	\$0.72	\$0.62	49,564,000	\$306,360
Jan-14		\$18.50	\$0.00	\$0.72	\$0.59	49,250,000	\$291,560
Feb-14		\$18.50	\$0.00	\$0.72	\$0.62	44,341,000	\$276,760
Mar-14		\$18.50	\$0.00	\$0.72	\$0.51	49,004,000	\$250,120
Apr-14		\$18.50	\$0.00	\$0.72	\$0.42	48,511,000	\$205,720
May-14		\$18.50	\$0.00	\$0.72	\$0.37	51,229,000	\$190,920
						<b>FY14 Exp</b>	<b>\$4,333,136</b>

FY15	Month	Federal	Federal	Average	Average	Total	Support
		Blend/CWT	MILC/CWT	Premium	Support/CWT	Pounds	Payment
Jun-14		\$18.50	\$0.00	\$0.72	\$1.40	49,132,000	\$689,680
Jul-14		\$18.50	\$0.00	\$0.72	\$1.21	49,473,000	\$597,920
Aug-14		\$18.50	\$0.00	\$0.72	\$0.92	50,416,000	\$461,456
Sep-14		\$18.50	\$0.00	\$0.72	\$0.81	47,023,000	\$381,840
Oct-14		\$18.50	\$0.00	\$0.72	\$0.76	48,126,000	\$365,560
Nov-14		\$18.50	\$0.00	\$0.72	\$0.67	46,734,000	\$315,240
Dec-14		\$18.50	\$0.00	\$0.72	\$0.62	49,564,000	\$306,360
Jan-15		\$18.50	\$0.00	\$0.72	\$0.59	49,250,000	\$291,560
Feb-15		\$18.50	\$0.00	\$0.72	\$0.62	44,341,000	\$276,760
Mar-15		\$18.50	\$0.00	\$0.72	\$0.51	49,004,000	\$250,120
Apr-15		\$18.50	\$0.00	\$0.72	\$0.42	48,511,000	\$205,720
May-15		\$18.50	\$0.00	\$0.72	\$0.37	51,229,000	\$190,920
						<b>FY15 Exp</b>	<b>\$4,333,136</b>

**Total for FY14 & 15** **\$8,666,271**

Calendar Year Summary and Projections of Hunting and Fishing Licenses

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>RESIDENT</b>																
Fishing	108,207	107,995	106,511	111,452	112,929	111,809	108,242	104,324	102,619	104,232	102,188	108,447	107,963	108,343	112,656	110,298
Comb. Arch. & Fish.	505	499	544	554	558	537	532	522	905	1,041	1,188	1,473	1,113	1,166	819	765
Comb. Hunt. & Fish.	77,423	75,316	72,771	75,569	76,472	77,902	77,082	78,709	76,414	75,010	75,016	73,879	73,774	71,775	71,355	70,221
Serviceman Comb.	531	539	504	511	499	373	327	1,015	1,376	1,711	1,880	1,653	1,553	1,378	1,361	1,278
Serviceman Fish						172	203	141	161	160	192	175	161	188	155	148
Serviceman Hunt						160	172	50	47	60	41	34	38	33	35	30
Archery	11,731	11,128	10,689	10,029	9,976	9,792	9,541	10,636	13,165	12,991	12,838	12,277	12,494	11,536	11,673	10,839
Hunting	68,450	68,245	68,452	65,706	64,561	61,848	60,317	56,525	56,224	54,701	52,273	51,846	50,824	50,659	49,178	47,878
Junior Hunting	15,156	14,883	15,081	15,413	15,834	16,097	16,325	17,515	17,578	16,993	15,920	15,234	14,349	13,578	12,351	12,206
Small Game	960	892	878	864	898	828	857	949	1,013	1,079	931	876	861	799	967	1,151
Superpack												724	954	1,865	1,453	1,945
Apprentice Hunt														679	834	627
Apprentice Archery														172	179	59
<i>subtotal Fishing</i>	<b>186,666</b>	<b>184,349</b>	<b>180,330</b>	<b>188,086</b>	<b>190,458</b>	<b>190,621</b>	<b>186,386</b>	<b>184,761</b>	<b>181,522</b>	<b>182,214</b>	<b>180,464</b>	<b>186,351</b>	<b>185,518</b>	<b>184,715</b>	<b>187,799</b>	<b>184,655</b>
<i>subtotal Hunting</i>	<b>174,756</b>	<b>171,502</b>	<b>168,919</b>	<b>168,646</b>	<b>168,798</b>	<b>167,377</b>	<b>164,981</b>	<b>165,871</b>	<b>166,675</b>	<b>163,526</b>	<b>160,087</b>	<b>157,996</b>	<b>155,960</b>	<b>153,640</b>	<b>150,205</b>	<b>146,999</b>
<b>LIFETIME LICENSE</b>																
Fishing						203	579	830	1,568	1,932	2,484	2,941	3,527	4,172	4,851	5,675
Hunting						49	141	204	322	381	512	599	685	785	877	993
Combination						1,074	2,751	3,625	6,125	7,530	9,864	13,243	17,022	20,945	24,881	29,149
<i>subtotal Fishing</i>						<b>1,277</b>	<b>3,330</b>	<b>4,455</b>	<b>7,693</b>	<b>9,462</b>	<b>12,348</b>	<b>16,184</b>	<b>20,549</b>	<b>25,117</b>	<b>29,732</b>	<b>34,824</b>
<i>subtotal Hunting</i>						<b>1,123</b>	<b>2,892</b>	<b>3,829</b>	<b>6,447</b>	<b>7,911</b>	<b>10,376</b>	<b>13,842</b>	<b>17,707</b>	<b>21,730</b>	<b>25,758</b>	<b>30,142</b>
<b>Total Resident Licenses</b>																
<i>Fishing</i>	<b>186,666</b>	<b>184,349</b>	<b>180,330</b>	<b>188,086</b>	<b>190,458</b>	<b>191,898</b>	<b>189,716</b>	<b>189,216</b>	<b>189,215</b>	<b>191,676</b>	<b>192,812</b>	<b>202,535</b>	<b>206,067</b>	<b>209,832</b>	<b>217,531</b>	<b>219,479</b>
<i>Hunting</i>	<b>174,756</b>	<b>171,502</b>	<b>168,919</b>	<b>168,646</b>	<b>168,798</b>	<b>168,500</b>	<b>167,873</b>	<b>169,700</b>	<b>173,122</b>	<b>171,437</b>	<b>170,463</b>	<b>171,838</b>	<b>173,667</b>	<b>175,370</b>	<b>175,963</b>	<b>177,141</b>
<b>NONRESIDENT</b>																
Season Fishing	12,926	12,724	12,765	13,137	13,979	14,412	14,621	15,106	14,933	15,537	15,992	16,266	16,804	16,805	17,195	16,274
1-Day Fishing	25,293	18,576	17,821	17,240	16,908	15,718	14,321	13,755	12,507	11,161	10,594	10,577	11,264	10,390	11,089	11,863
3-Day Fishing	24,507	23,299	22,763	22,675	22,697	22,882	22,110	22,385	20,405	20,121	19,865	19,686	20,471	19,457	19,966	22,088
7-Day Fishing	15,962	15,499	15,324	15,894	16,516	16,971	16,884	17,216	16,592	16,234	16,537	17,044	18,065	17,490	17,204	14,460
15-Day Fishing	4,325	4,607	4,702	4,806	4,467	4,443	4,371	4,006	4,072	3,854	3,607	3,757	3,760	3,712	3,719	3,795
Junior Fishing	5,327	5,293	5,230	5,356	5,456	5,350	5,160	5,249	5,155	4,939	4,628	4,685	4,842	4,580	4,536	4,146
Comb. Hunt. & Fish.	2,778	2,624	2,652	2,741	3,025	3,341	3,545	3,941	3,751	4,107	4,251	4,519	4,765	4,676	4,557	4,177
Archery	1,124	1,199	1,139	1,044	997	1,099	1,115	1,152	1,227	1,292	1,297	1,310	1,275	1,115	1,030	926
Big Game	29,654	29,871	29,775	30,069	30,666	31,398	30,579	30,676	29,509	28,861	27,189	26,067	24,103	20,878	18,471	17,513
Small Game	2,078	1,870	1,645	1,602	1,775	1,895	2,051	2,293	2,083	2,179	2,223	2,089	2,232	2,101	2,033	2,282
3-Day Small Game	734	1,242	1,485	1,628	1,678	1,715	1,862	2,017	2,175	1,970	2,004	1,932	2,001	1,900	1,987	2,080
Junior Hunt	120	354	542	635	729	773	768	877	959	933	961	925	925	866	830	762
Apprentice Hunt														97	167	118
Apprentice Archery														18	23	3
Apprentice Small Game														92	84	37
<i>Total Fishing</i>	<b>91,118</b>	<b>82,622</b>	<b>81,257</b>	<b>81,849</b>	<b>83,048</b>	<b>83,117</b>	<b>81,012</b>	<b>81,658</b>	<b>77,415</b>	<b>75,953</b>	<b>75,474</b>	<b>76,534</b>	<b>79,971</b>	<b>77,110</b>	<b>78,266</b>	<b>76,803</b>
<i>Total Hunting</i>	<b>36,488</b>	<b>37,160</b>	<b>37,238</b>	<b>37,719</b>	<b>38,870</b>	<b>40,221</b>	<b>39,920</b>	<b>40,956</b>	<b>39,704</b>	<b>39,342</b>	<b>37,925</b>	<b>36,842</b>	<b>35,301</b>	<b>31,743</b>	<b>29,182</b>	<b>27,898</b>

Calendar Year Summary and Projections of Hunting and Fishing Licenses

<b>ALIEN</b>																
Fishing	148	154	127	120	134	112	106	122	114	125	138	152	183	194	191	187
Comb. Hunt. & Fish.	43	33	39	29	33	30	19	26	31	21	40	41	35	26	19	16
Archery	30	17	18	8	15	12	11	13	26	12	18	9	1	4	5	2
Big Game	1,709	1,392	1,289	976	927	865	556	490	445	437	429	403	219	150	141	159
Small Game	103	79	75	58	65	79	52	53	40	38	40	32	61	69	57	55
<i>Total Fishing</i>	<b>191</b>	<b>187</b>	<b>166</b>	<b>149</b>	<b>167</b>	<b>142</b>	<b>125</b>	<b>148</b>	<b>145</b>	<b>146</b>	<b>178</b>	<b>193</b>	<b>218</b>	<b>220</b>	<b>210</b>	<b>203</b>
<i>Total Hunting</i>	<b>1,885</b>	<b>1,521</b>	<b>1,421</b>	<b>1,071</b>	<b>1,040</b>	<b>986</b>	<b>638</b>	<b>582</b>	<b>542</b>	<b>508</b>	<b>527</b>	<b>485</b>	<b>316</b>	<b>249</b>	<b>222</b>	<b>232</b>
<b>NONRESIDENT &amp; ALIEN SUBTOTAL</b>																
<i>Total Fishing</i>	<b>91,309</b>	<b>82,809</b>	<b>81,423</b>	<b>81,998</b>	<b>83,215</b>	<b>83,259</b>	<b>81,137</b>	<b>81,806</b>	<b>77,560</b>	<b>76,099</b>	<b>75,652</b>	<b>76,727</b>	<b>80,189</b>	<b>77,330</b>	<b>78,476</b>	<b>77,006</b>
<i>Total Hunting</i>	<b>38,373</b>	<b>38,681</b>	<b>38,659</b>	<b>38,790</b>	<b>39,910</b>	<b>41,207</b>	<b>40,558</b>	<b>41,538</b>	<b>40,246</b>	<b>39,850</b>	<b>38,452</b>	<b>37,327</b>	<b>35,617</b>	<b>31,992</b>	<b>29,404</b>	<b>28,130</b>
<b>GRAND TOTAL</b>																
<i>Total Fishing</i>	<b>277,975</b>	<b>267,158</b>	<b>261,753</b>	<b>270,084</b>	<b>273,673</b>	<b>275,157</b>	<b>270,853</b>	<b>271,022</b>	<b>266,775</b>	<b>267,775</b>	<b>268,464</b>	<b>279,262</b>	<b>286,256</b>	<b>287,162</b>	<b>296,007</b>	<b>296,485</b>
<i>Total Hunting</i>	<b>213,129</b>	<b>210,183</b>	<b>207,578</b>	<b>207,436</b>	<b>208,708</b>	<b>209,707</b>	<b>208,431</b>	<b>211,238</b>	<b>213,368</b>	<b>211,287</b>	<b>208,915</b>	<b>209,165</b>	<b>209,284</b>	<b>207,362</b>	<b>205,367</b>	<b>205,271</b>

- Resident Fishing = 1 day exchange (1763) + 3 day exchange (1800) + Res. Fishing (1753)+fall fish (2753)**
- Resident Combo = Res. combo (1751) + 1 day combo exchange (1705) + 3 day combo exchange (1706)**
- NR 1 Day Fish = 1 day fish (1762) - one day fish exchange (1763) - one day combo (1705)**
- NR 3 Day Fish = NR 3 day fish (1769) - 3 day exchange (1800) - 3 day combo exchange (1706)**
- NR 15 Day Fish = NR 15 day fish (1767) - 15 day exchange (1768)**
- NR Season Fish = Season fish (1766) + 15 day exchange (1768)**
- Serviceman Combo = Serviceman Dependent hunt/fish (1710) + Serviceman hunt/fish (1790)**

Maine Resident/Nonresident Snowmobile Registrations 1992/93-2010/11								
Year	Resident	NR Seas	NR 10 Day	NR 3 Day	Res Trans	Nonres Trans	Fee Exempt	Total
1992-93	56966	7744					275	64985
1993-94	61437	8233					373	70043
1994-95	62233	8771					302	71306
1995-96	69773	6620			84		344	76821
1996-97								77754
1997-98								84205
1998-99	69755	8161	2509	1235		30	245	81935
1999-00	73255	9048	1376	2544		28	250	86501
2000-01	82181	10763	1589	2851	10	33	408	97835
2001-02								95395
2002-03	83706	17682	1861	3031	543	0	462	107285
2003-04	71382	15723	1811	2966	246	0	505	92633
2004-05	78102	17453	2138	4295	328	0	486	102802
2005-06	57242	13775	1217	2318	189	31	463	75235
2006-07	70158	15668	1706	3509	204	17	471	91733
2007-08	75824	19263	1899	3648	471	58	445	101608
2008-09	75605	15817	2298	4447	411	89	464	99131
2009-10	66324	15715		3214	328	69	485	86135
20010-11	70941	15269		3759	359	74	490	90892

**Maine ATV Registrations 1992/93-20010/11)**

Year	Resident	Res Trans	Res Fee Ex	NonRes	onRes	Tran	Res Fee	Total
1992-93	21447			0				21447
1993-94	22390			0				22390
1994-95	23857			0				23857
1995-96	24324			0				24324
1996-97	27270			0				27270
1997-98	28834			0				28834
1998-99	33854			0				33854
1999-00	40279			0				40279
2000-01	44796			0				44796
2001-02	46141							46141
2002-03	58552	386	235	684				59857
2003-04	59850	514	256	5376	20	7		66023
2004-05	56053	460	282	5942	36	1		62774
2005-06	55296	260	291	6395	23	3		62268
2006-07	55572	276	324	7265	30	0		63467
2007-08	55547	263	316	8519	35	0		64680
2008-09	53863	198	305	7742	29	0		62137
2009-10	54373	300	367	8275	28	0		63343
20010-11	52553	215	357	8369	36	0		61530

Source: Maine Department of Inland Fisheries and Wildlife

<b>Maine Boat Registrations 1992-2010</b>			
Year	Pleasure	Other	Total
1992	103503	9478	112981
1993	103912	9678	113590
1994	105232	9891	115123
1995	105872	10023	115895
1996	116713	11192	127905
1997	122046	11483	133529
1998	115786	10879	126665
1999	118264	10962	129226
2000	117306	11295	128601
2001	117359	10843	128202
2002			126850
2003			128228
2004			128307
2005			128202
2006			129028
2007			128023
2008			123894
2009			122864
2010			125828

Source: Maine Dept of Inland Fisheries and Wildlife



## Highway Fund Summary Final Recommendations

	FY10 Actual	FY11 Actual	FY12	FY13	FY14	FY15
Current Forecast	\$311,190,374	\$311,351,155	\$316,364,800	\$318,338,584	\$319,458,744	\$319,579,911
Annual % Growth	-4.0%	0.1%	1.6%	0.6%	0.4%	0.0%
Net Increase (Decrease)			\$1,569,931	\$537,166	\$1,676,069	\$3,615,983
Revised Forecast	\$311,190,374	\$311,351,155	\$317,934,731	\$318,875,750	\$321,134,813	\$323,195,894
Annual % Growth	-4.0%	0.1%	2.1%	0.3%	0.7%	0.6%
<b>Summary of Revenue Revisions by Major Revenue Category</b>						
<b>Fuel Taxes:</b>						
- Gasoline Tax			\$1,970,000	\$810,001	\$2,120,001	\$3,900,001
- Special Fuel and Road Use Taxes			(\$160,000)	\$160,000	\$160,000	\$330,000
- Transcap Transfers - Fuel Taxes			(\$132,055)	(\$71,231)	(\$167,023)	(\$309,936)
- Other Fund Gasoline Tax Distributions			(\$49,264)	(\$20,256)	(\$53,016)	(\$97,527)
Subtotal - Fuel Taxes			\$1,628,681	\$878,514	\$2,059,962	\$3,822,538
<b>Motor Vehicle Registration and Fees:</b>						
- Motor Vehicle Registration Fees			\$0	\$0	\$0	\$0
- License Plate Fees			\$0	\$0	\$0	\$0
- Long-term Trailer Registration Fees			\$0	\$0	\$0	\$0
- Title Fees			\$0	\$0	\$0	\$0
- Motor Vehicle Operator License Fees			\$0	\$0	\$0	\$0
- Transcap Transfers - Motor Vehicle Fees			\$38,730	\$38,730	\$38,730	\$38,730
Subtotal - Motor Vehicle Reg. & Fees			\$38,730	\$38,730	\$38,730	\$38,730
Motor Vehicle Inspection Fees			\$0	\$0	\$0	\$0
Other Highway Fund Taxes and Fees			\$0	\$0	\$0	\$0
Fines, Forfeits and Penalties			(\$102,000)	(\$102,000)	(\$102,000)	(\$102,000)
Interest Earnings			\$4,520	(\$278,078)	(\$320,623)	(\$143,285)
Other Highway Fund Revenue			\$0	\$0	\$0	\$0
<b>Totals</b>			<b>\$1,569,931</b>	<b>\$537,166</b>	<b>\$1,676,069</b>	<b>\$3,615,983</b>

### Notes on Highway Fund Revisions:

#### Fuel Taxes

Provided below are the fuel tax rates. The May 2011 rates do not reflect the legislative change in PL 2011, c. 392, Part C to end automatic indexing of fuel tax rates. The last change pursuant to this provision was effective July 1, 2011.

<b>Gasoline Tax Rate</b>	FY11	FY12	FY13	FY14	FY15
May 2011 Forecast	\$0.295	\$0.300	\$0.307	\$0.313	\$0.319
December 2011 Forecast	\$0.295	\$0.300	\$0.300	\$0.300	\$0.300
<b>Special Fuel Tax Rate</b>	FY11	FY12	FY13	FY14	FY15
May 2011 Forecast	\$0.307	\$0.312	\$0.320	\$0.326	\$0.332
December 2011 Forecast	\$0.307	\$0.312	\$0.312	\$0.312	\$0.312

The upward adjustment in the motor fuel tax revenue forecast results solely from the most recent forecast of motor fuel prices. Although aggregate Personal Income growth was revised downward in the economic forecast and would normally have lowered the fuel tax forecast throughout the forecast period, fuel prices are currently forecast to decline by 5.1% in 2012 and then increase by 4.1%, 3.4% and 1.1% in 2013 through 2015, respectively, and more than offset the downward pressure from the Personal Income growth decline.

An off model adjustment was made to off-highway tax refunds to account for higher than anticipated refunds. This results in a small negative adjustment to special fuel tax revenue in FY'12.

Additional detail is available in Appendix F.

**Motor Vehicle Registration and Fees**

Despite being significantly under budget through September, the RFC is not proposing any adjustments to the forecast at this time with the exception of a technical correction to Transcap transfer amounts that were not correctly updated last forecast.

**Fines, Forfeits and Penalties**

Highway Fund fine revenue is being affected negatively as a result of the same issues affecting the General Fund (see General Fund summary).

**Interest Earnings**

Increased slightly in FY12 as a result of higher than anticipated cash pool rates for the first quarter of the fiscal year. In FYs 13, 14, and 15, adjusted downward to reflect lower than anticipated cash pool balances and a lower than anticipated rate of return. See detail of assumptions for monthly cash balances and interest rates later in this appendix.

	A	B	C	D	E	F	G	H	I	
17	<b>OST - Revenue Forecast</b>					<b>012-17A-0339-05</b>	<b>11/16/2011</b>			
18	<b>FY 2012 - HIGHWAY FUND Earnings Projection</b>									
19	<b>Mo/Yr</b>	<b>Total ADB</b>	<b>CP Rate</b>	<b>HF Earnings</b>	<b>Type</b>					
20	Jul	46,981,674.47	0.25%	10,027.95	Actual					
21	Aug	34,992,243.52	0.27%	7,903.72	Actual					
22	Sep	28,172,548.65	0.30%	7,057.25	Actual					
23	Oct	25,000,000.00	0.30%	6,471.27	Projection					
24	Nov	24,033,333.33	0.30%	6,020.37	Projection					
25	Dec	23,900,000.00	0.30%	6,186.53	Projection					
26	Jan	25,666,666.67	0.30%	6,643.84	Projection					
27	Feb	31,500,000.00	0.30%	7,364.72	Projection					
28	Mar	39,100,000.00	0.30%	10,121.07	Projection					
29	Apr	52,333,333.33	0.30%	13,109.54	Projection					
30	May	37,333,333.33	0.30%	9,663.76	Projection					
31	Jun	28,466,666.67	0.30%	7,130.92	Projection					
32		<b>Total Projection:</b>	<b>0.30%</b>	<b>97,700.95</b>						
33		<b>Apr 2011 RFC Report</b>		<b>93,181.00</b>						
34		<b>Revision - Over/(Under)</b>		<b>4,519.95</b>						
35										
36	<b>1</b>	Total ADB - Based upon prior year ending cash and DOT cash flow estimate								
37										
38										

	A	B	C	D	E	F	G	H	I	
17	<b>OST - Revenue Forecast</b>					<b>012-17A-0339-05</b>	<b>11/16/2011</b>			
18	<b>FY 2013 - HIGHWAY FUND Earnings Projection</b>									
19	<b>Mo/Yr</b>	<b>Total ADB</b>	<b>CP Rate</b>	<b>HF Earnings</b>	<b>Type</b>					
20	July	46,981,674.47	0.30%	12,161.25	Projection					
21	August	34,992,243.52	0.30%	9,057.77	Projection					
22	September	28,172,548.65	0.30%	7,057.25	Projection					
23	October	25,000,000.00	0.30%	6,471.27	Projection					
24	November	24,033,333.33	0.30%	6,020.37	Projection					
25	December	23,900,000.00	0.30%	6,186.53	Projection					
26	January	25,666,666.67	0.30%	6,643.84	Projection					
27	February	31,500,000.00	0.30%	7,364.72	Projection					
28	March	39,100,000.00	0.30%	10,121.07	Projection					
29	April	52,333,333.33	0.35%	15,054.79	Projection					
30	May	37,333,333.33	0.40%	12,683.11	Projection					
31	June	28,466,666.67	0.50%	11,698.63	Projection					
32		<b>Total Projection:</b>	<b>0.33%</b>	<b>110,520.60</b>						
33		<b>Apr11 RFC Report</b>		<b>388,598.63</b>						
34		<b>Revision - Over/(Under)</b>		<b>(278,078.03)</b>						
35										
36	<b>1</b>	Total ADB - Based upon DOT cash flow estimate								
37										
38										

	A	B	C	D	E	F	G	H	I
17	<b>OST - Revenue Forecast</b>								
				<b>012-17A-0339-05</b>	<b>11/16/2011</b>				
18	<b>FY 2014 - HIGHWAY FUND Earnings Projection</b>								
19	<b>Mo/Yr</b>	<b>Total ADB</b>	<b>CP Rate</b>	<b>HF Earnings</b>	<b>Type</b>				
20	July	46,981,674.47	0.50%	19,951.12	Projection				
21	August	34,992,243.52	0.55%	16,345.69	Projection				
22	September	28,172,548.65	0.60%	13,893.31	Projection				
23	October	25,000,000.00	0.65%	13,801.37	Projection				
24	November	24,033,333.33	0.70%	13,827.40	Projection				
25	December	23,900,000.00	0.75%	15,223.97	Projection				
26	January	25,666,666.67	0.80%	17,439.27	Projection				
27	February	31,500,000.00	0.85%	20,539.73	Projection				
28	March	39,100,000.00	0.90%	29,887.40	Projection				
29	April	52,333,333.33	0.95%	40,863.01	Projection				
30	May	37,333,333.33	1.00%	31,707.76	Projection				
31	June	28,466,666.67	1.00%	23,397.26	Projection				
32		<b>Total Projection:</b>	<b>0.77%</b>	<b>256,877.29</b>					
33		<b>Apr 2011 RFC Report</b>		<b>577,500.01</b>					
34		<b>Revision - Over/(Under)</b>		<b>(320,622.72)</b>					
35									
36	<b>1</b>	Total ADB - Based upon DOT cash flow estimate							
37									
38									

	A	B	C	D	E	F	G	H	I
17	<b>OST - Revenue Forecast</b>								
				<b>012-17A-0339-05</b>	<b>11/16/2011</b>				
18	<b>FY 2015 - HIGHWAY FUND Earnings Projection</b>								
19	<b>Mo/Yr</b>	<b>Total ADB</b>	<b>CP Rate</b>	<b>HF Earnings</b>	<b>Type</b>				
20	July	46,981,674.47	1.05%	41,897.36	Projection				
21	August	34,992,243.52	1.10%	32,691.38	Projection				
22	September	28,172,548.65	1.15%	26,628.85	Projection				
23	October	25,000,000.00	1.20%	25,479.45	Projection				
24	November	24,033,333.33	1.25%	24,691.78	Projection				
25	December	23,900,000.00	1.30%	26,388.22	Projection				
26	January	25,666,666.67	1.35%	29,428.77	Projection				
27	February	31,500,000.00	1.40%	33,830.14	Projection				
28	March	39,100,000.00	1.45%	48,151.92	Projection				
29	April	52,333,333.33	1.45%	62,369.86	Projection				
30	May	37,333,333.33	1.50%	47,561.64	Projection				
31	June	28,466,666.67	1.50%	35,095.89	Projection				
32		<b>Total Projection:</b>	<b>1.31%</b>	<b>434,215.26</b>					
33		<b>Apr 2011 RFC Report</b>		<b>577,500.01</b>					
34		<b>Revision - Over/(Under)</b>		<b>(143,284.74)</b>					
35									
36	<b>1</b>	Total ADB - Based upon DOT cash flow estimate							
37									
38									

## Fund for a Healthy Maine Summary Final Recommendations

	FY10 Actual	FY11 Actual	FY12	FY13	FY14	FY15
Current Forecast	\$57,560,142	\$54,386,707	\$53,623,250	\$53,667,932	\$60,383,598	\$60,052,787
Annual % Growth	-15.9%	-5.5%	-1.4%	0.1%	12.5%	-0.5%
Net Increase (Decrease)		\$0	\$904,888	\$311,702	(\$6,108,865)	(\$6,187,485)
Revised Forecast	\$57,560,142	\$54,386,707	\$54,528,138	\$53,979,634	\$54,274,733	\$53,865,302
Annual % Growth	-15.9%	-5.5%	0.3%	-1.0%	0.5%	-0.8%
<b>Summary of Revenue Revisions by Major Revenue Category</b>						
Tobacco Settlement Payments:						
- Base Payments			\$823,455	\$345,915	(\$5,786,499)	(\$5,715,961)
- Strategic Contribution Payments			\$84,128	(\$17,523)	(\$114,874)	(\$211,266)
Racino Revenue			\$0	\$0	(\$195,705)	(\$254,731)
Income from Investments			(\$2,695)	(\$16,690)	(\$11,787)	(\$5,527)
Other Income			\$0	\$0	\$0	\$0
Total Revisions - Increase (Decrease)			<b>\$904,888</b>	<b>\$311,702</b>	<b>(\$6,108,865)</b>	<b>(\$6,187,485)</b>

### Notes:

#### **Tobacco Settlement Payments**

Tobacco Settlement Payments are being adjusted upward throughout the forecast period based on updated projections from the National Association of Attorneys General (NAAG). Due to the uncertainty regarding the timing of the resolution of legal proceeding regarding withheld disputed payments, amounts previously budgeted to be received beginning in FY14 have been delayed until outside of the forecast period. See additional detail of projections in this appendix.

#### **Racino Revenue**

The FHM does derive revenue from the Hollywood Casino Bangor (formerly designated as Racino Revenue). It does not receive any revenue from the Oxford Casino. The detail with the assumptions have been included in the General Fund section. During the 125th Legislature's, 1st Regular Session the \$4.5 million cap on the FHM share of the Hollywood Casino Bangor revenue was extended through FY13. Therefore, the impact of changes in assumptions only effect the FHM beginning in FY14.

#### **Income from Investments**

Income from Investments adjusted downward based on short-term balances and lower interest assumed to improve over the remainder of the forecast period.

#### **Other Income**

A repeal of the transfer from the Fund for a Healthy Maine to the General Fund during the 125th Legislature, 1st Regular Session eliminates all revenue previously budgeted in the "Attorney General Reimbursements and Other Income" category.

**Fund for a Healthy Maine - Tobacco Settlement Payments**

	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Actual	FY11 Actual	FY12	FY13	FY14	FY15
Current Forecast	\$45,011,759	\$46,629,371	\$58,219,190	\$63,378,753	\$53,132,291	\$50,029,360	\$49,116,739	\$49,146,193	\$54,848,330	\$54,352,183
Annual % Growth	-8.2%	3.6%	24.9%	8.9%	-16.2%	-5.8%	-1.8%	0.1%		
Net Increase (Decrease)							\$907,582	\$328,391	(\$5,901,372)	(\$5,927,226)
Revised Forecast	\$45,011,759	\$46,629,371	\$58,219,190	\$63,378,753	\$53,132,291	\$50,029,360	\$50,024,321	\$49,474,585	\$48,946,958	\$48,424,957
Annual % Growth	-8.2%	3.6%	24.9%	8.9%	-16.2%	-5.8%	0.0%	-1.1%	-1.1%	-1.1%

<b>Forecast Recommended Changes:</b>										
<b>Detail of TSPs - Revised Forecast</b>										
	FY08 Actual	FY09 Actual	FY10	FY11	FY12	FY13	FY14	FY15		
Base Payments - Net of Withholding	\$47,679,747	\$52,579,385	\$43,756,453	\$41,484,713	\$41,479,554	\$41,024,383	\$40,587,014	\$40,154,309		
SCPs - Net of Withholding	\$10,539,443	\$10,799,369	\$9,375,838	\$8,544,647	\$8,544,768	\$8,450,202	\$8,359,943	\$8,270,648		
<b>Total TSPs - Revised Forecast</b>	<b>\$45,011,759</b>	<b>\$46,629,371</b>	<b>\$58,219,190</b>	<b>\$63,378,753</b>	<b>\$53,132,291</b>	<b>\$50,029,360</b>	<b>\$50,024,321</b>	<b>\$49,474,585</b>	<b>\$48,946,958</b>	<b>\$48,424,957</b>

Payment Year	Sales Year '05	Sales Year '06	Sales Year '07	Sales Year '08	Sales Year '09	Sales Year '10	Sales Year '11	Sales Year '12	Sales Year '13	Sales Year '14
	Apr-06	Apr-07	Apr-08	Apr-09	Apr-10	Apr-11	Apr-12	Apr-13	Apr-14	Apr-15
Amounts Owed - BP's	\$50,546,465	\$51,847,848	\$51,891,882	\$52,383,155	\$48,647,256	\$47,818,076	\$47,328,500	\$46,871,857	\$46,422,538	\$45,977,526
Amounts Owed SCP's			\$10,714,032	\$10,861,827	\$10,008,928	\$9,858,487	\$9,749,924	\$9,655,853	\$9,563,291	\$9,471,616
<b>Amounts Paid - BP's</b>	<b>\$44,873,801</b>	<b>\$46,700,821</b>	<b>\$47,679,747</b>	<b>\$48,419,716</b>	<b>\$43,756,453</b>	<b>\$41,484,712</b>	<b>\$41,479,554</b>	<b>\$41,024,383</b>	<b>\$40,587,014</b>	<b>\$40,154,309</b>
<b>Amounts Paid - SCP's</b>			<b>\$10,539,443</b>	<b>\$10,799,369</b>	<b>\$9,375,838</b>	<b>\$8,544,647</b>	<b>\$8,544,768</b>	<b>\$8,450,202</b>	<b>\$8,359,943</b>	<b>\$8,270,648</b>
Withholding Factor	10.76%	9.68%	9.77%	11.65%	9.42%	13.26%	12.36%	12.48%	12.57%	12.67%
Lag Factor - 2 Pmt Years	<b>Apr-06</b>	<b>Apr-07</b>	<b>Apr-08</b>	<b>Apr-09</b>	<b>Apr-10</b>					
Actual Withholding - BP's	(\$5,672,664)	(\$5,147,027)	(\$4,212,135)	(\$3,963,438)	(\$4,890,803)	(\$6,333,364)	(\$5,848,946)	(\$5,847,474)	(\$5,835,524)	(\$5,823,217)
Actual Withholding SCP's	\$0	\$0	(\$174,589)	(\$62,459)	(\$633,090)	(\$1,313,840)	(\$1,205,156)	(\$1,205,650)	(\$1,203,347)	(\$1,200,967)
Total Withheld	(\$5,672,664)	(\$5,147,027)	(\$4,386,724)	(\$4,025,897)	(\$5,523,894)	(\$7,647,204)	(\$7,054,102)	(\$7,053,124)	(\$7,038,871)	(\$7,024,185)
Other Payments and Arbitration Payments	\$0	\$0	\$0	\$4,159,476	\$0	\$0	\$0	\$0	\$0	\$0
Recaptured BP Withholding (undetermined)						\$0	\$0	\$0	\$0	\$0
Recaptured SCP Withholding (undetermined)						\$0	\$0	\$0	\$0	\$0
Total TSP Revenue	\$44,873,801	\$46,700,821	\$58,219,190	\$63,378,561	\$53,132,291	\$50,029,359	\$50,024,321	\$49,474,585	\$48,946,958	\$48,424,957
Change from May 2011 Forecast					\$0	(\$0)	\$907,582	\$328,391	(\$5,901,372)	(\$5,927,226)



	A	B	C	D	E	F	G	H	I
17	OST - Revenue Forecast 014-18F-092101-2105 11/16/2011								
18	FY 2012 - TOBACCO FUND Earnings Projection								
19	Mo/Yr	Total ADB	CP Rate	TF Earnings					
20	July	0.00	0.25%	0.00	Projection				
21	August	0.00	0.27%	0.00	Projection				
22	September	0.00	0.30%	0.00	Projection				
23	October	0.00	0.30%	0.00	Projection				
24	November	0.00	0.30%	0.00	Projection				
25	December	0.00	0.30%	0.00	Projection				
26	January	0.00	0.30%	0.00	Projection				
27	February	0.00	0.30%	0.00	Projection				
28	March	0.00	0.30%	0.00	Projection				
29	April	5,000,000.00	0.30%	1,252.50	Projection				
30	May	7,000,000.00	0.30%	1,811.96	Projection				
31	June	3,000,000.00	0.30%	751.50	Projection				
32		<b>Total Projection:</b>	<b>0.30%</b>	<b>3,815.96</b>					
33		<b>December 2010 RFC Report</b>		<b>6,511.00</b>					
34		<b>Revision - Over/(Under)</b>		<b>(2,695.04)</b>					
35									
36									
37									
38									

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	A	B	C	D	E	F	G	H	I
17	OST - Revenue Forecast 014-18F-092101-2105 11/16/2011								
18	FY 2013 - TOBACCO FUND Earnings Projection								
19	Mo/Yr	Total ADB	CP Rate	TF Earnings					
20	July	0.00	0.30%	0.00	Projection				
21	August	0.00	0.30%	0.00	Projection				
22	September	0.00	0.30%	0.00	Projection				
23	October	0.00	0.30%	0.00	Projection				
24	November	0.00	0.30%	0.00	Projection				
25	December	0.00	0.30%	0.00	Projection				
26	January	0.00	0.30%	0.00	Projection				
27	February	0.00	0.30%	0.00	Projection				
28	March	0.00	0.30%	0.00	Projection				
29	April	5,000,000.00	0.35%	1,438.36	Projection				
30	May	7,000,000.00	0.40%	2,378.08	Projection				
31	June	3,000,000.00	0.50%	1,232.88	Projection				
32		<b>Total Projection:</b>	<b>0.33%</b>	<b>5,049.32</b>					
33		<b>December 2010 RFC Report</b>		<b>21,739.00</b>					
34		<b>Revision - Over/(Under)</b>		<b>(16,689.68)</b>					
35									
36									

	A	B	C	D	E	F	G	H	I
17	OST - Revenue Forecast 014-18F-092101-2105 11/16/2011								
18	FY 2014 - TOBACCO FUND Earnings Projection								
19	Mo/Yr	Total ADB	CP Rate	TF Earnings					
20	July	0.00	0.50%	0.00	Projection				
21	August	0.00	0.55%	0.00	Projection				
22	September	0.00	0.60%	0.00	Projection				
23	October	0.00	0.65%	0.00	Projection				
24	November	0.00	0.70%	0.00	Projection				
25	December	0.00	0.75%	0.00	Projection				
26	January	0.00	0.80%	0.00	Projection				
27	February	0.00	0.85%	0.00	Projection				
28	March	0.00	0.90%	0.00	Projection				
29	April	5,000,000.00	0.95%	3,904.11	Projection				
30	May	7,000,000.00	1.00%	5,945.21	Projection				
31	June	3,000,000.00	1.00%	2,465.75	Projection				
32		<b>Total Projection:</b>	<b>0.77%</b>	<b>12,315.07</b>					
33		<b>December 2010 RFC Report</b>		<b>24,102.00</b>					
34		<b>Revision - Over/(Under)</b>		<b>(11,786.93)</b>					
35									

	A	B	C	D	E	F	G	H	I
17	OST - Revenue Forecast 014-18F-092101-2105 11/16/2011								
18	FY 2015 - TOBACCO FUND Earnings Projection								
19	Mo/Yr	Total ADB	CP Rate	TF Earnings					
20	July	0.00	1.05%	0.00	Projection				
21	August	0.00	1.10%	0.00	Projection				
22	September	0.00	1.15%	0.00	Projection				
23	October	0.00	1.20%	0.00	Projection				
24	November	0.00	1.25%	0.00	Projection				
25	December	0.00	1.30%	0.00	Projection				
26	January	0.00	1.35%	0.00	Projection				
27	February	0.00	1.40%	0.00	Projection				
28	March	0.00	1.45%	0.00	Projection				
29	April	5,000,000.00	1.45%	5,958.90	Projection				
30	May	7,000,000.00	1.50%	8,917.81	Projection				
31	June	3,000,000.00	1.50%	3,698.63	Projection				
32		<b>Total Projection:</b>	<b>1.31%</b>	<b>18,575.34</b>					
33		<b>December 2010 RFC Report</b>		<b>24,102.00</b>					
34		<b>Revision - Over/(Under)</b>		<b>(5,526.66)</b>					
35									
36									

**Medicaid/MaineCare Dedicated Revenue Taxes Summary**  
**Final Recommendations**

	<b>FY10 Actual</b>	<b>FY11 Actual</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
Current Forecast	\$140,012,817	\$148,021,777	\$153,594,346	\$154,373,049	\$154,373,049	\$154,373,049
Annual % Growth	1.4%	5.7%	3.8%	0.5%	0.0%	0.0%
Net Increase (Decrease)			(\$1,747,652)	\$0	\$0	\$0
Revised Forecast	\$140,012,817	\$148,021,777	\$151,846,694	\$154,373,049	\$154,373,049	\$154,373,049
Annual % Growth	1.4%	5.7%	2.6%	1.7%	0.0%	0.0%
<b>Summary of Revenue Revisions by Major Revenue Category</b>						
Nursing Facility Tax			(\$224,754)	\$0	\$0	\$0
Residential Treatment Facilities Tax			\$204,998	\$0	\$0	\$0
Hospital Tax			(\$233,690)	\$0	\$0	\$0
Service Provider Tax (PNMIs)			(\$1,494,206)	\$0	\$0	\$0
<b>Total Revisions - Increase (Decrease)</b>			<b>(\$1,747,652)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Notes:

FY12 projections are being revised downward based on FY11 actuals and experience to date. Adjustments assumed to be one-time in nature. Additional detail follows.

**Summary  
MaineCare Tax Revenue  
2004-2015**

APPROP NO	REV SHORT TITLE	REV SRC	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	2008-2009 % Chg.	FY 2010 Actuals	2009-2010 % Chg.	FY 2011 Budget	FY 2011 Actuals	2010-2011 % Chg.	Variance	2010-2011 % Chg.
01410A014802	NURSING FACILITIES-NF TAX	0670	30,501,448	29,241,327	31,397,376	30,061,513	31,343,582	28,777,390	-8.2%	32,403,540	12.6%	30,882,790	31,728,140	-2.1%	845,350	2.7%
01414A097801	RES TRMT FACILITIES TAX	0671	1,617,662	1,958,739	1,868,534	1,880,205	1,819,275	1,572,670	-13.6%	1,859,374	18.2%	1,779,799	1,817,768	-2.2%	37,969	2.1%
01410A014704	MEDICAL CARE-HOSPITAL TAX	1913	16,383,319	48,907,135	54,050,888	59,807,056	60,515,510	69,958,821	15.6%	70,140,794	0.3%	81,386,215	80,595,499	14.9%	(790,716)	-1.0%
01414A070542	MED MATCH MR-PNMI TAX	0675	-	397,235	518,809	460,870	539,224	564,489	4.7%	572,364	1.4%	576,225	569,809	-0.4%	(6,416)	-1.1%
01414A070552	MED MATCH MR-SERV PROV TAX	0675	-	10,533,372	13,367,167	15,198,875	16,288,095	15,823,609	7.2%	15,823,609	-2.9%	15,409,700	15,424,568	-2.5%	14,868	0.1%
01414A073244	MH SERV COMM MED-PNMI TAX	0675	-	1,103,712	1,888,064	2,070,753	2,405,171	2,519,049	4.7%	2,343,836	-7.0%	2,281,708	2,256,301	-3.7%	(25,407)	-1.1%
01414A073246	MH COMMUNITY SUPPORT TAX	0675	-	2,794,578	3,287,829	3,426,781	3,102,249	3,084,949	-9.5%	3,084,949	-0.6%	2,897,504	2,974,312	-3.6%	76,808	2.7%
01414G084401	MEDICAID SEED-PNMI TAX	0675	-	439,796	535,745	521,602	610,280	639,176	4.7%	614,320	-3.9%	582,719	576,231	-6.2%	(6,488)	-1.1%
01410A014701	MEDICAL CARE SERVICES	0675	-	13,043,143	14,508,674	14,247,192	14,314,549	14,607,424	2.0%	13,170,031	-9.8%	12,081,409	12,079,150	-8.3%	(2,259)	0.0%
Subtotal Service Provider (PNMI) Tax			-	<b>14,983,886</b>	<b>30,779,242</b>	<b>33,955,412</b>	<b>36,494,882</b>	<b>37,720,482</b>	3.4%	<b>35,609,109</b>	-5.6%	<b>33,829,265</b>	<b>33,880,370</b>	-4.9%	<b>51,105</b>	0.2%
Total			48,502,429	95,091,087	118,096,040	125,704,185	130,173,250	138,029,363	6.0%	140,012,817	1.4%	147,878,069	148,021,777	5.7%	143,708	0.1%
	Nursing Home Tax		30,501,448	29,241,327	31,397,376	30,061,513	31,343,582	28,777,390	-8.2%	32,403,540	12.6%	30,882,790	31,728,140	-2.1%	845,350	2.7%
	ICF's/MR Tax		1,617,662	1,958,739	1,868,534	1,880,205	1,819,275	1,572,670	-13.6%	1,859,374	18.2%	1,779,799	1,817,768	-2.2%	37,969	2.1%
	Hospital Tax		16,383,319	48,907,135	54,050,888	59,807,056	60,515,510	69,958,821	15.6%	70,140,794	0.3%	81,386,215	80,595,499	14.9%	(790,716)	-1.0%
	Service Provider (PNMI) Tax		-	14,983,886	30,779,242	33,955,412	36,494,882	37,720,482	3.4%	35,609,109	-5.6%	33,829,265	33,880,370	-4.9%	51,105	0.2%
			48,502,429	95,091,087	118,096,040	125,704,185	130,173,250	138,029,363	6.0%	140,012,817	1.4%	147,878,069	148,021,777	5.7%	143,708	0.1%

**Summary  
MaineCare Tax Revenue  
2004-2015**

APPROP NO	REV SHORT TITLE	REV SRC	FY 2012	FY 2012	FY 2012	2011-2012	FY 2012	FY 2012	2011-2012	FY 2013	FY 2013	FY 2013	2012-2013	FY 2013	FY 2013	2012-2013
			Budget	Leg Chg c. 411	Rev. Bud.	% Chg.	Req. Chg.	Rev. Est.	% Chg.	Budget	Leg Chg c. 411	Rev. Bud.	% Chg.	Req. Chg.	Rev. Est.	% Chg.
01410A014802	NURSING FACILITIES-NF TAX	0670	32,403,540	2,209,332	34,612,872	9.1%	(224,754)	34,388,118	8.4%	32,403,540	2,945,777	35,349,317	2.1%	0	35,349,317	2.8%
01414A097801	RES TRMT FACILITIES TAX	0671	1,859,374	126,776	1,986,150	9.3%	204,998	2,191,148	20.5%	1,859,374	169,034	2,028,408	2.1%	0	2,028,408	-7.4%
01410A014704	MEDICAL CARE-HOSPITAL TAX	1913	81,386,215	-	81,386,215	1.0%	(233,690)	81,152,525	0.7%	81,386,215	-	81,386,215	0.0%	0	81,386,215	0.3%
01414A070542	MED MATCH MR-PNMI TAX	0675	572,364	-	572,364	0.4%	(49,032)	523,332	-8.2%	572,364	-	572,364	0.0%	0	572,364	9.4%
01414A070552	MED MATCH MR-SERV PROV TAX	0675	15,823,609	-	15,823,609	2.6%	(143,234)	15,680,375	1.7%	15,823,609	-	15,823,609	0.0%	0	15,823,609	0.9%
01414A073244	MH SERV COMM MED-PNMI TAX	0675	2,343,836	-	2,343,836	3.9%	(200,788)	2,143,048	-5.0%	2,343,836	-	2,343,836	0.0%	0	2,343,836	9.4%
01414A073246	MH COMMUNITY SUPPORT TAX	0675	3,084,949	-	3,084,949	3.7%	(67,545)	3,017,404	1.4%	3,084,949	-	3,084,949	0.0%	0	3,084,949	2.2%
01414G084401	MEDICAID SEED-PNMI TAX	0675	614,320	-	614,320	6.6%	(52,628)	561,692	-2.5%	614,320	-	614,320	0.0%	0	614,320	9.4%
01410A014701	MEDICAL CARE SERVICES	0675	13,170,031	-	13,170,031	9.0%	(980,979)	12,189,052	0.9%	13,170,031	-	13,170,031	0.0%	0	13,170,031	8.0%
Subtotal Service Provider (PNMI) Tax			<b>35,609,109</b>	-	<b>35,609,109</b>	5.1%	<b>(1,494,206)</b>	<b>34,114,903</b>	0.7%	<b>35,609,109</b>	-	<b>35,609,109</b>	0.0%	0	<b>35,609,109</b>	4.4%
Total			151,258,238	2,336,108	153,594,346	3.8%	(1,747,652)	151,846,694	2.6%	151,258,238	3,114,811	154,373,049	0.5%	0	154,373,049	1.7%
	Nursing Home Tax		32,403,540	2,209,332	34,612,872	9.1%	(224,754)	34,388,118	8.4%	32,403,540	2,945,777	35,349,317	2.1%	0	35,349,317	2.8%
	ICF's/MR Tax		1,859,374	126,776	1,986,150	9.3%	204,998	2,191,148	20.5%	1,859,374	169,034	2,028,408	2.1%	0	2,028,408	-7.4%
	Hospital Tax		81,386,215	-	81,386,215	1.0%	(233,690)	81,152,525	0.7%	81,386,215	-	81,386,215	0.0%	0	81,386,215	0.3%
	Service Provider (PNMI) Tax		35,609,109	-	35,609,109	5.1%	(1,494,206)	34,114,903	0.7%	35,609,109	-	35,609,109	0.0%	0	35,609,109	4.4%
			151,258,238	2,336,108	153,594,346	3.8%	(1,747,652)	151,846,694	2.6%	151,258,238	3,114,811	154,373,049	0.5%	0	154,373,049	1.7%

**Summary  
MaineCare Tax Revenue  
2004-2015**

APPROP NO	REV SHORT TITLE	REV SRC	FY 2014 Projection	FY 2014 Leg Chg c. 411	FY 2014 Rev. Est.	2013-2014 % Chg.	FY 2014 Req. Chg.	FY 2014 Rev. Est.	2013-2014 % Chg.	FY 2015 Projection	FY 2015 Leg Chg c. 411	FY 2015 Rev. Est.	2014-2015 % Chg.	FY 2014 Req. Chg.	FY 2015 Rev. Est.	2014-2015 % Chg.
01410A014802	NURSING FACILITIES-NF TAX	0670	32,403,540	2,945,777	35,349,317	0.0%	0	35,349,317	0.0%	32,403,540	2,945,777	35,349,317	0.0%	0	35,349,317	0.0%
01414A097801	RES TRMT FACILITIES TAX	0671	1,859,374	169,034	2,028,408	0.0%	0	2,028,408	0.0%	1,859,374	169,034	2,028,408	0.0%	0	2,028,408	0.0%
01410A014704	MEDICAL CARE-HOSPITAL TAX	1913	81,386,215	-	81,386,215	0.0%	0	81,386,215	0.0%	81,386,215	-	81,386,215	0.0%	0	81,386,215	0.0%
01414A070542	MED MATCH MR-PNMI TAX	0675	572,364	-	572,364	0.0%	0	572,364	0.0%	572,364	-	572,364	0.0%	0	572,364	0.0%
01414A070552	MED MATCH MR-SERV PROV TAX	0675	15,823,609	-	15,823,609	0.0%	0	15,823,609	0.0%	15,823,609	-	15,823,609	0.0%	0	15,823,609	0.0%
01414A073244	MH SERV COMM MED-PNMI TAX	0675	2,343,836	-	2,343,836	0.0%	0	2,343,836	0.0%	2,343,836	-	2,343,836	0.0%	0	2,343,836	0.0%
01414A073246	MH COMMUNITY SUPPORT TAX	0675	3,084,949	-	3,084,949	0.0%	0	3,084,949	0.0%	3,084,949	-	3,084,949	0.0%	0	3,084,949	0.0%
01414G084401	MEDICAID SEED-PNMI TAX	0675	614,320	-	614,320	0.0%	0	614,320	0.0%	614,320	-	614,320	0.0%	0	614,320	0.0%
01410A014701	MEDICAL CARE SERVICES	0675	13,170,031	-	13,170,031	0.0%	0	13,170,031	0.0%	13,170,031	-	13,170,031	0.0%	0	13,170,031	0.0%
Subtotal Service Provider (PNMI) Tax			<b>35,609,109</b>	-	<b>35,609,109</b>	0.0%	0	<b>35,609,109</b>	0.0%	<b>35,609,109</b>	-	<b>35,609,109</b>	0.0%	0	<b>35,609,109</b>	0.0%
Total			151,258,238	3,114,811	154,373,049	0.0%	0	154,373,049	0.0%	151,258,238	3,114,811	154,373,049	0.0%	0	154,373,049	0.0%
	Nursing Home Tax		32,403,540	2,945,777	35,349,317	0.0%	0	35,349,317	0.0%	32,403,540	2,945,777	35,349,317	0.0%	0	35,349,317	0.0%
	ICF's/MR Tax		1,859,374	169,034	2,028,408	0.0%	0	2,028,408	0.0%	1,859,374	169,034	2,028,408	0.0%	0	2,028,408	0.0%
	Hospital Tax		81,386,215	-	81,386,215	0.0%	0	81,386,215	0.0%	81,386,215	-	81,386,215	0.0%	0	81,386,215	0.0%
	Service Provider (PNMI) Tax		35,609,109	-	35,609,109	0.0%	0	35,609,109	0.0%	35,609,109	-	35,609,109	0.0%	0	35,609,109	0.0%
							0							0		
			151,258,238	3,114,811	154,373,049	0.0%	0	154,373,049	0.0%	151,258,238	3,114,811	154,373,049	0.0%	0	154,373,049	0.0%