

Office of Policy and Management

Executive Department

PAUL R. LePAGE
Governor

PETER J. ROGERS
Acting Director

TO: Municipal and County Officials
FROM: Amanda Rector, State Economist
DATE: September 25, 2012
RE: **Next Year's LD 1 Average Personal Income Growth is 1.05%**

With the passage of "LD 1" in 2005, towns and counties are required to calculate a property tax levy limit each year based on local property growth and statewide average personal income growth. Each town and county is responsible for calculating its property growth using the most recent valuation data available. The Office of Policy and Management (OPM) is responsible for calculating income growth. For the purpose of calculating municipal property tax levy limits for next year's municipal budgets (the 1/1/2013 - 12/31/2013 budget year for municipalities on a calendar-year budget or the 7/1/2013 - 6/30/2014 budget year for municipalities on a fiscal-year budget), OPM has determined average personal income growth to be 1.05%. The table below shows how this figure was calculated.

Calculation of Maine's "Average Personal Income Growth"

Calendar Year	Nominal Personal Income (thousands)	% Change	CPI-U	% Change	Real Personal Income
2001	\$36,232,131		177.1		
2002	\$37,383,244	3.18%	179.9	1.58%	1.60%
2003	\$39,000,530	4.33%	184.0	2.28%	2.05%
2004	\$41,164,305	5.55%	188.9	2.66%	2.89%
2005	\$41,981,794	1.99%	195.3	3.39%	-1.40%
2006	\$44,307,181	5.54%	201.6	3.23%	2.31%
2007	\$46,353,508	4.62%	207.3	2.85%	1.77%
2008	\$48,469,425	4.56%	215.3	3.84%	0.73%
2009	\$47,840,170	-1.30%	214.5	-0.36%	-0.94%
2010	\$48,620,161	1.63%	218.1	1.64%	-0.01%
2011	\$50,868,518	4.62%	224.9	3.16%	1.47%
AVERAGE					1.05%

Sources: U.S. Bureau of Economic Analysis and U.S. Bureau of Labor Statistics

This calculation reflects the methodology described in LD 1, which is now Public Law 2005, Chapter 2: **"Average real personal income growth"** means the average for the prior 10 calendar years, ending with the most recent calendar year for which data is available, of the percent change in personal income in this State, as estimated by the United States Department of Commerce, Bureau of Economic Analysis, less the percent change in the Consumer Price Index for the calendar year." 2011 is currently the most recent year for which data is available.