



# Revenue Update – March 31, 2023

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***Maine Revenue Services***

**[www.maine.gov/revenue](http://www.maine.gov/revenue)**



# Maine's Revenue Forecast March 1, 2020 – December 1, 2022

	General Fund Summary					
	FY20	FY21	FY22	FY23	FY24	FY25
<b>March 1, 2020 Forecast</b>	\$ 3,996,891,025	\$ 4,073,720,452	\$ 4,176,037,522	\$ 4,319,113,893		
Annual % Growth	3.9%	1.9%	2.5%	3.4%		
Net Increase (Decrease) /1	\$ (27,547,323)	\$ (531,250,478)	\$ (435,237,240)	\$ (450,981,952)		
<b>August 1, 2020 Forecast</b>	<b>\$ 3,969,343,702</b>	\$ 3,542,469,974	\$ 3,740,800,282	\$ 3,868,131,941		
Annual % Growth	3.1%	-10.8%	5.6%	3.4%		
Net Increase (Decrease) /1	\$ -	\$ 272,806,942	\$ 231,967,435	\$ 255,473,700		
<b>December 1, 2020 Forecast</b>	<b>\$ 3,969,343,702</b>	\$ 3,815,276,916	\$ 3,972,767,717	\$ 4,123,605,641	\$ 4,276,170,128	\$ 4,431,148,462
Annual % Growth	3.1%	-3.9%	4.1%	3.8%	3.7%	3.6%
Net Increase (Decrease) /1	\$ -	\$ 355,665,917	\$ 275,657,159	\$ 273,243,332	\$ 229,268,397	\$ 219,619,979
<b>May 1, 2021 Forecast</b>	<b>\$ 3,969,343,702</b>	\$ 4,170,942,833	\$ 4,248,424,876	\$ 4,396,848,973	\$ 4,505,438,525	\$ 4,650,768,441
Annual % Growth	3.1%	5.1%	1.9%	3.5%	2.5%	3.2%
Net Increase (Decrease) /1	\$ -	\$ 349,648,312	\$ 373,902,390	\$ 307,611,533	\$ 380,872,595	\$ 397,609,649
<b>December 1, 2021 Forecast</b>	<b>\$ 3,969,343,702</b>	<b>\$ 4,520,591,145</b>	\$ 4,622,327,266	\$ 4,704,460,506	\$ 4,886,311,120	\$ 5,048,378,090
Annual % Growth	3.1%	13.9%	2.3%	1.8%	3.9%	3.3%
Net Increase (Decrease) /1	\$ -	\$ -	\$ 234,855,224	\$ 176,839,781	\$ 162,631,910	\$ 198,124,938
<b>March 1, 2022 Forecast</b>	<b>\$ 3,969,343,702</b>	<b>\$ 4,520,591,145</b>	\$ 4,857,182,490	\$ 4,881,300,287	\$ 5,048,943,030	\$ 5,246,503,028
Annual % Growth	3.1%	13.9%	7.4%	0.5%	3.4%	3.9%
Net Increase (Decrease) /1	\$ -	\$ -	\$ 534,431,079	\$ 159,953,681	\$ 131,056,202	\$ 71,391,422
<b>Forecast as of December 1, 2022</b>	<b>\$ 3,969,343,702</b>	<b>\$ 4,520,591,145</b>	<b>\$ 5,391,613,569</b>	\$ 5,041,253,968	\$ 5,179,999,232	\$ 5,317,894,450
Annual % Growth	3.1%	13.9%	19.3%	-6.5%	2.8%	2.7%
<b>Total Change since March 1, 2020</b>	<b>\$ (27,547,323)</b>	<b>\$ 446,870,693</b>	<b>\$ 1,215,576,047</b>	\$ 722,140,075		
<b>Percent Change</b>	<b>-0.7%</b>	<b>11.0%</b>	<b>29.1%</b>	16.7%		

1/ Includes impact of legislation enacted after release of the revenue forecast

Bold denotes actual revenue



# FY22 General Fund Revenues Relative to Budget

Exhibit I

**STATE OF MAINE**  
**Undedicated Revenues - General Fund**  
**For the Twelfth Month Ended June 30, 2022**  
**For the Fiscal Year Ending June 30, 2022**  
**Comparison to Budget**

**PRELIMINARY AND TENTATIVE**  
**FOR VERIFICATION PURPOSES & INTERNAL USE ONLY**

	Month				Fiscal Year to Date				Total Budgeted Fiscal Year Ending 6/30/2022
	Actual	Budget	Variance Over(Under)	Percent Over(Under)	Actual	Budget	Variance Over(Under)	Percent Over(Under)	
Sales and Use Tax	\$ 212,095,895	\$ 212,063,078	\$ 32,817	- %	\$ 2,078,875,746	\$ 2,040,737,567	\$ 38,138,179	1.9 %	\$ 2,040,737,567
Service Provider Tax	5,192,901	4,925,849	267,052	5.4 %	51,328,641	51,000,000	328,641	0.6 %	51,000,000
Individual Income Tax	257,906,645	203,505,039	54,401,606	26.7 %	2,580,656,661	2,174,749,999	405,906,662	18.7 %	2,174,749,999
Corporate Income Tax	81,477,801	41,804,279	39,673,522	94.9 %	415,817,438	330,033,737	85,783,701	26.0 %	330,033,737
Cigarette and Tobacco Tax	12,191,533	15,173,438	(2,981,905)	(19.7)%	146,424,162	150,220,000	(3,795,838)	(2.5)%	150,220,000
Insurance Companies Tax	32,149,122	29,746,666	2,402,456	8.1 %	101,673,456	88,250,000	13,423,456	15.2 %	88,250,000
Estate Tax	538,619	2,250,000	(1,711,381)	(76.1)%	34,183,165	40,000,000	(5,816,835)	(14.5)%	40,000,000
Fines, Forfeits & Penalties	613,963	586,670	27,293	4.7 %	4,905,201	8,265,701	(3,360,500)	(40.7)%	8,265,701
Income from Investments	2,582,434	1,185,933	1,396,501	117.8 %	9,023,821	6,979,207	2,044,614	29.3 %	6,979,207
Transfer from Lottery Commission	5,032,611	5,247,723	(215,112)	(4.1)%	71,351,415	65,000,000	6,351,415	9.8 %	65,000,000
Transfers for Tax Relief Programs	(208,008)	(115,000)	(93,008)	(80.9)%	(78,022,118)	(77,380,000)	(642,118)	(0.8)%	(77,380,000)
Transfer to Municipal Revenue Sharing	(20,131,914)	(18,250,707)	(1,881,207)	(10.3)%	(232,362,929)	(212,935,550)	(19,427,379)	(9.1)%	(212,935,550)
Other Taxes and Fees	18,236,882	14,430,082	3,806,800	26.4 %	160,147,600	154,164,934	5,982,666	3.9 %	154,164,934
Other Revenues	21,202,508	15,393,551	5,808,957	37.7 %	47,611,311	38,096,895	9,514,416	25.0 %	38,096,895
<b>Total Collected</b>	<b>\$ 628,880,991</b>	<b>\$ 527,946,601</b>	<b>\$ 100,934,390</b>	<b>19.1 %</b>	<b>\$ 5,391,613,569</b>	<b>\$ 4,857,182,490</b>	<b>\$ 534,431,079</b>	<b>11.0 %</b>	<b>\$ 4,857,182,490</b>

**NOTES:**

- (1) Included in the above is \$20,131,914 for the month and \$232,362,929 year to date, that was set aside for Revenue Sharing with cities and towns.
- (2) Figures reflect estimates of the Maine State Revenue Forecasting Committee approved in March 2022, laws enacted through the 130th Legislature, 2nd Regular Session for all laws and any emergency laws.
- (3) This report has been prepared from preliminary month end figures and is subject to change.





# FY22 General Fund Revenues Relative to FY21

Exhibit II

## STATE OF MAINE

Undedicated Revenues - General Fund  
For the Twelfth Month Ended June 30, 2022 and 2021  
For the Fiscal Year Ending June 30, 2022 and 2021  
Comparison to To Prior Year

PRELIMINARY AND TENTATIVE  
FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

	Month				Fiscal Year to Date			
	Current Year	Prior Year	Variance Over(Under)	Percent Over(Under)	Current Year	Prior Year	Variance Over(Under)	Percent Over(Under)
Sales and Use Tax	\$ 212,095,895	\$ 203,520,349	\$ 8,575,546	4.2 %	\$ 2,078,875,746	\$ 1,804,226,077	\$ 274,649,668	15.2 %
Service Provider Tax	5,192,901	3,308,113	1,884,788	57.0 %	51,328,641	51,350,442	(21,801)	- %
Individual Income Tax	257,906,645	246,095,325	11,811,320	4.8 %	2,580,656,661	2,069,715,243	510,941,418	24.7 %
Corporate Income Tax	81,477,801	51,802,729	29,675,072	57.3 %	415,817,438	284,316,774	131,500,665	46.3 %
Cigarette and Tobacco Tax	12,191,533	18,221,838	(6,030,305)	(33.1)%	146,424,162	146,750,671	(326,509)	(0.2)%
Insurance Companies Tax	32,149,122	26,953,028	5,196,094	19.3 %	101,673,456	84,462,691	17,210,764	20.4 %
Estate Tax	538,619	219,058	319,561	145.9 %	34,183,165	40,399,594	(6,216,429)	(15.4)%
Fines, Forfeits & Penalties	613,963	834,929	(220,967)	(26.5)%	4,905,201	8,720,806	(3,815,606)	(43.8)%
Income from Investments	2,582,434	1,513,208	1,069,226	70.7 %	9,023,821	6,748,690	2,275,132	33.7 %
Transfer from Lottery Commission	5,032,611	3,117,308	1,915,303	61.4 %	71,351,415	70,647,717	703,698	1.0 %
Transfers for Tax Relief Programs	(208,008)	(14,267)	(193,742)	(1,358.0)%	(78,022,118)	(75,987,519)	(2,034,599)	(2.7)%
Transfer to Municipal Revenue Sharing	(20,131,914)	(21,623,000)	1,491,086	6.9 %	(232,362,929)	(156,047,730)	(76,315,200)	(48.9)%
Other Taxes and Fees	18,236,882	18,096,413	140,469	0.8 %	160,147,600	157,423,727	2,723,873	1.7 %
Other Revenues	21,202,508	19,922,032	1,280,476	6.4 %	47,611,311	27,863,962	19,747,349	70.9 %
<b>Total Collected</b>	<b>\$ 628,880,991</b>	<b>\$ 571,967,064</b>	<b>\$ 56,913,928</b>	<b>10.0 %</b>	<b>\$ 5,391,613,569</b>	<b>\$ 4,520,591,145</b>	<b>\$ 871,022,424</b>	<b>19.3 %</b>

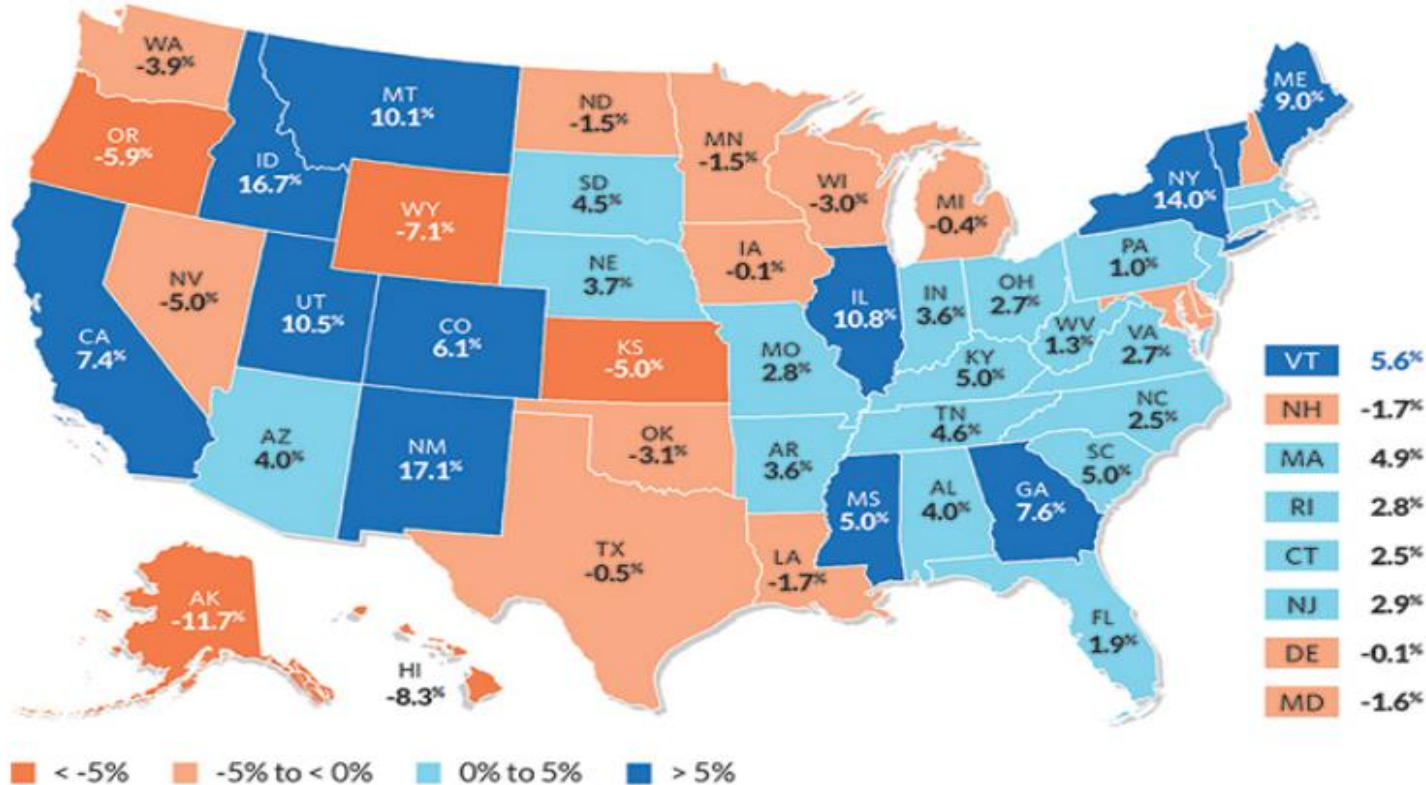
NOTE: This report has been prepared from preliminary month end figures and is subject to change.



# Maine Outperforms Most of the Country

## Tax Revenue in Most States Outperforms Pre-Pandemic Trends

Collections relative to estimated totals based on pre-COVID growth trajectories, Q1 2020 to Q2 2022, inflation-adjusted



Note: Tax revenue growth for both Kentucky and South Carolina was slightly below 5 percent (4.95% and 4.99%); tax revenue growth for Nevada was -4.99%.

Source: Pew analysis of data licensed by the Urban Institute, which adjusts the U.S. Census Bureau's quarterly summary of state and local tax revenue

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# December 1, 2022 Revenue Forecast

- FY23 increased by \$282.8 million, \$239.0 million from the individual income tax and \$20.6 million from the sales and use tax.
- FY24/25 biennium increased by a combined \$488.6 million. Again, individual income tax accounts for most of the increase (\$512.5 million over the biennium). Sales and use is forecasted to be \$72.6 million lower than the March 1, 2022 RFC forecast.
- Total General Fund revenues for FY24/25 biennium is now forecasted to be \$10.5 billion.
- Sales and use tax forecast assumes real (inflation adjusted) revenue growth will be flat or slightly declining. This means all FY24-FY27 revenue growth will be less than or equal to inflation.
- Individual income tax forecast has conservative forecast of capital gains realizations for tax years 2022-27

# Sales & Use Tax Forecast





# Sales Tax History and Forecast

\$million

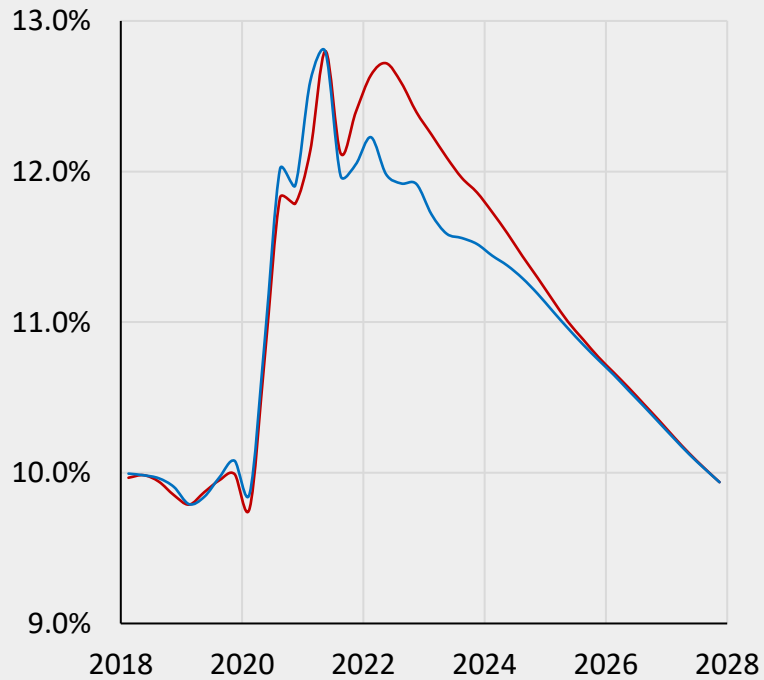
Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2019	\$1,503.8	5.6%		
2020	\$1,555.7	3.5%		
2021	\$1,804.2	16.0%		
2022	\$2,078.9	15.2%	\$36.0	1.8%
2023	\$2,135.2	2.7%	\$20.6	1.0%
2024	\$2,160.9	1.2%	-\$17.7	-0.8%
2025	\$2,188.3	1.3%	-\$54.9	-2.5%
2026	\$2,240.4	2.4%	-	-
2027	\$2,292.0	2.3%	-	-





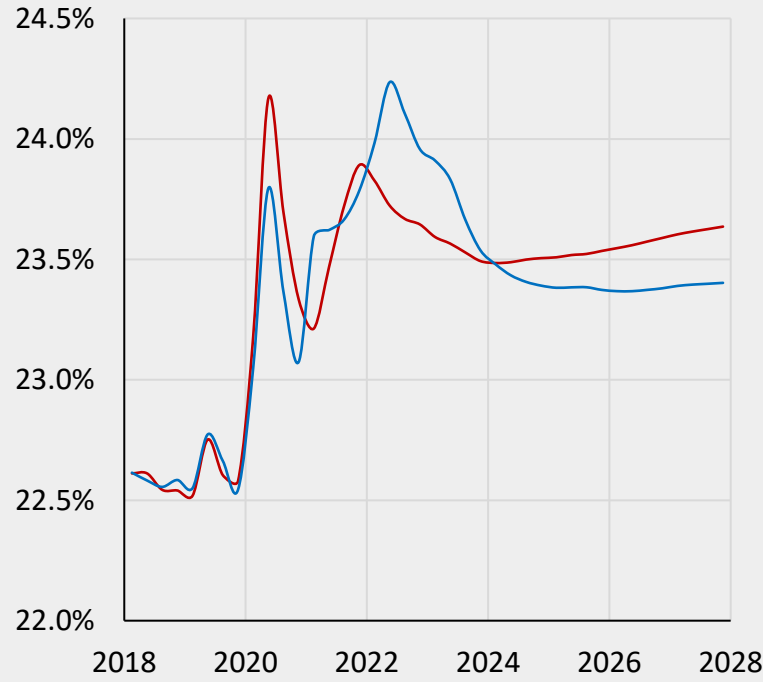
# PCE Composition – Moody's baseline forecast

## Durable goods



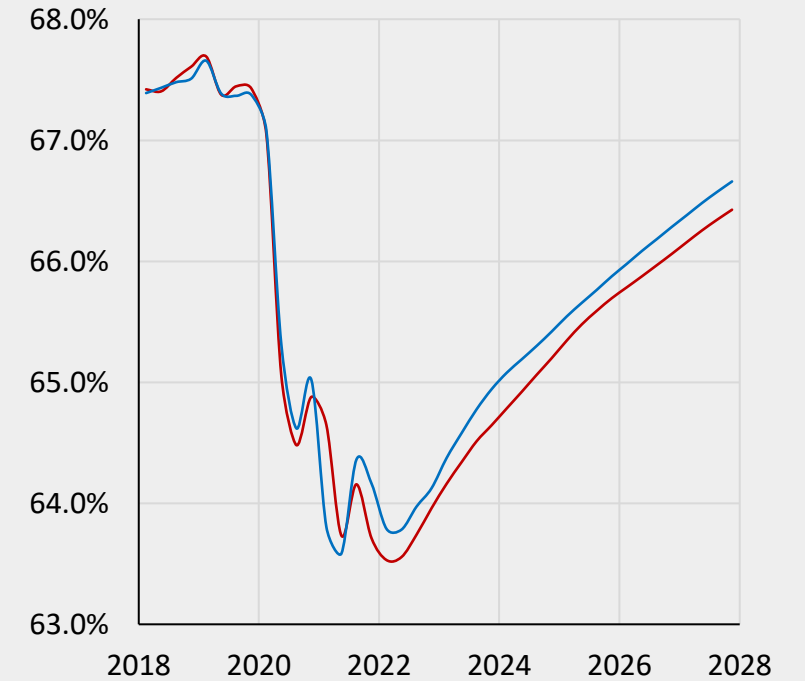
— January forecast — October forecast

## Nondurable goods



— January forecast — October forecast

## Services



— January forecast — October forecast



# Source of Forecast Adjustments

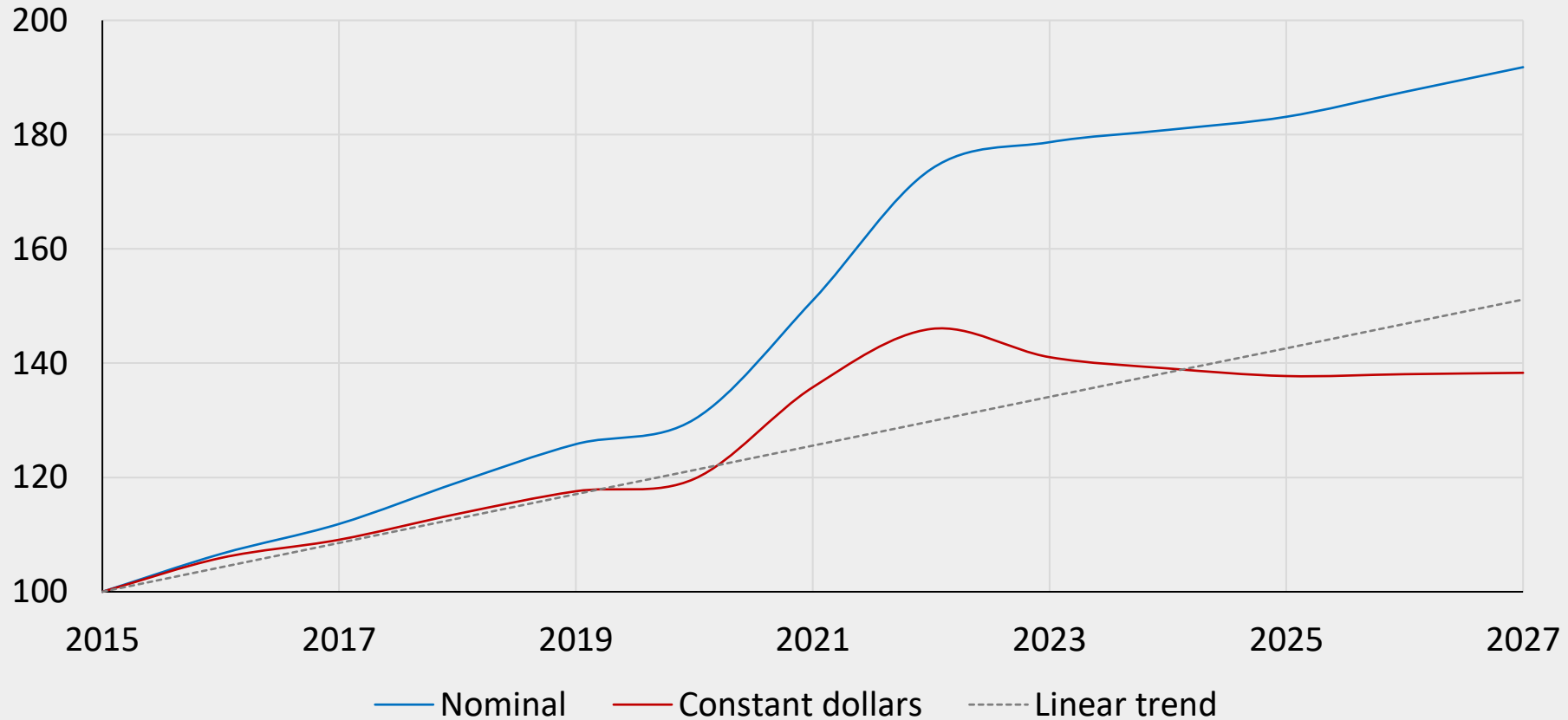
Fiscal Year, \$million  
(%)

	2022	2023	2024	2025
<b>Non-auto 5.5% Sales</b>	\$24.5 (2.0%)	\$11.5 (0.9%)	-\$30.6 (-2.2%)	-\$54.1 (-3.9%)
<b>Lodging 9%</b>	\$4.4 (3.0%)	\$3.2 (2.0%)	-\$0.2 (-0.1%)	-\$0.04 (-0.02%)
<b>Auto Sales 5.5%</b>	\$0.9 (0.3%)	-\$20.0 (-7.3%)	-\$3.0 (-1.1%)	-\$8.6 (-3.1%)
<b>Prepared Food 8%</b>	\$5.9 (2.0%)	\$27.6 (8.8%)	\$23.6 (7.3%)	\$13.5 (4.0%)
<b>Short-term auto rental 10%</b>	\$0.5 (3.4%)	\$1.9 (12.5%)	\$0.7 (4.5%)	\$0.1 (0.8%)
<b>Adult use cannabis 10%</b>	\$0.2 (1.6%)	\$4.8 (32.3%)	\$9.2 (50.0%)	\$11.2 (50.2%)



# Sales & Use Tax Revenue by Fiscal Year

Actual and Dec 22 forecast recommendations (2015=100)







# Sales Tax Performance Since December 2022 Revenue Forecast

- Through February sales & use tax revenues are over budget by \$9.1 million
- December forecast assumed Nov-Feb revenues would increase YOY by 5.3% and actual revenue growth has been 6.4%.
- December RFC forecast assumes Mar-June YOY revenue growth will be -5.3%
- Vehicle sales have been much stronger than projected and General Merchandise and Other Retail sales have been relatively weak over the Oct-Jan sales period

# Individual Income Tax Forecast



# Individual Income Tax – December 2022 Forecast

- Tax year 2021 liability variance explained by super normal growth in business income, capital gains, IRA distributions, and nonresident tax liability + upward revision to 2021 wages
- Despite 11% wage growth forecast in 2022 and 15% growth in 2022 estimated payments to date, we forecast that tax year 2022 liability falls. Forecast growth in 2023 and 2024 is lower than normal.
  - Income sources far above trend fall or slow significantly.
  - Tax cuts phase in.
  - Inflation adjustments are a drag on TY 2023 and 2024 growth.
  - Tax year 2022 collections to date likely do not reflect the factors that we expect to pull down liability growth.
- The increase in the CEFC wage forecast is responsible for most of the revenue forecast revision.
- The student loan repayment credit contributes to the upward revision (>\$50 million in FY 23) due to federal student loan relief and is an ongoing source of forecast uncertainty.





# Individual Income Tax History and Forecast

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2019	\$1,701.0	6.6%		
2020	\$1,836.0	7.9%		
2021	\$2,069.7	12.7%		
2022	\$2,580.7	24.7%		
2023	\$2,293.2	-11.1%	\$239.0	11.6%
2024	\$2,391.9	4.3%	\$263.5	12.4%
2025	\$2,483.9	3.8%	\$249.0	11.1%
2026	\$2,645.0	6.5%	-	-
2027	\$3,075.0	16.3%	-	-



# Wage Forecast Has Significant Impact on Individual Income Tax Forecast

	2021	2022	2023	2024	2025	2026	2027
Feb. 2022 annual growth forecast	7.7%	6.5%	5.5%	5.0%	4.0%	4.3%	4.3%
Nov. 2022 annual growth forecast	9.5%	11.0%	6.0%	5.0%	4.0%	4.3%	4.3%
Current forecast vs. prior forecast level*	2.1%	6.5%	7.0%	7.0%	7.0%	7.0%	7.0%
Contribution to resident liability revision	\$44.2	\$151.0	\$171.1	\$179.1	\$186.5		



# Business Income

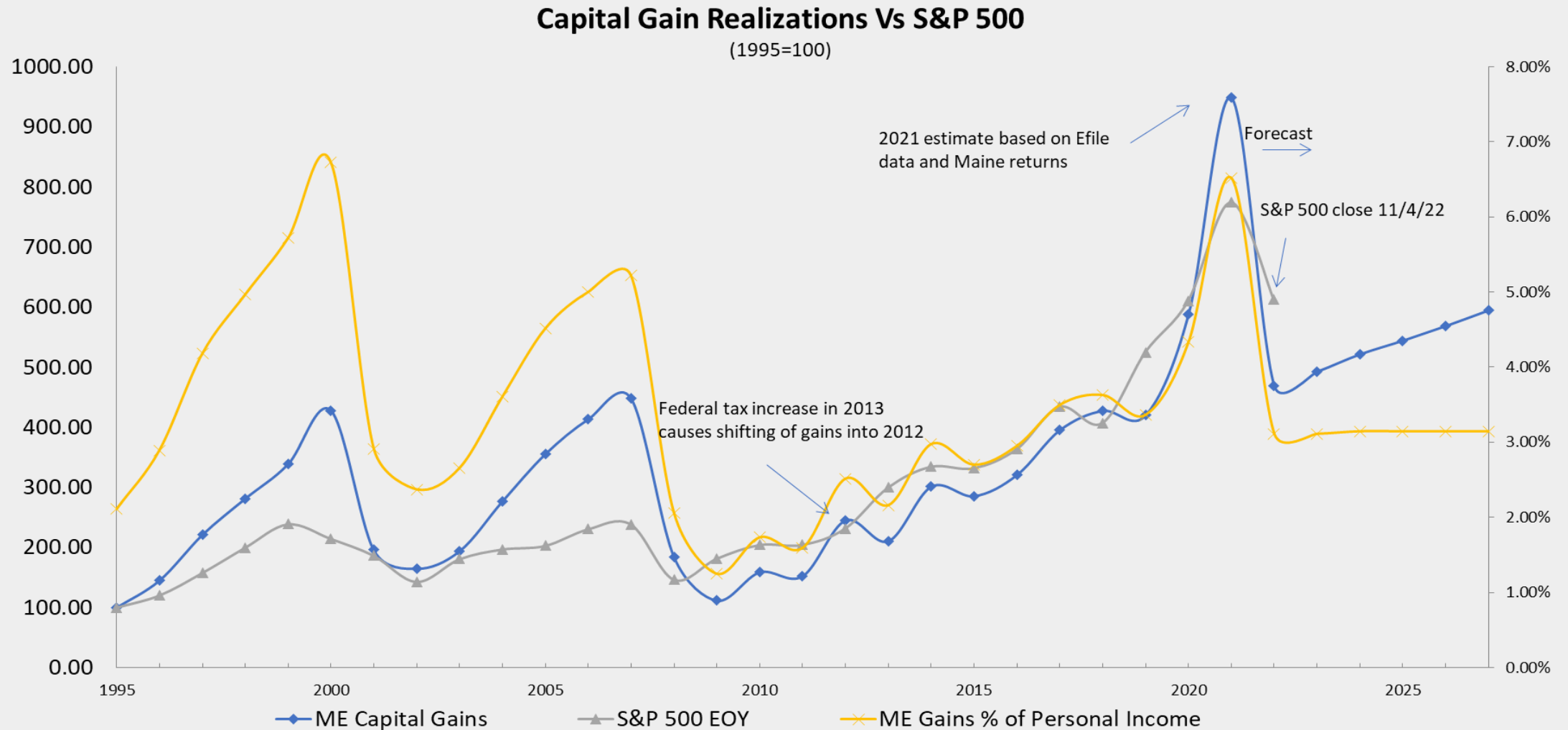
Tax Year	2021	2022	2023	2024	2025	2026	2027
<b>Nonfarm Proprietor's Income</b>							
Feb. 2022 annual growth forecast	10.0%	8.5%	6.0%	5.7%	5.4%	4.5%	3.7%
Nov. 2022 annual growth forecast	4.5%	4.0%	2.0%	2.5%	2.8%	3.0%	4.0%
Nov. 2022 annual growth, excluding PPP	8.8%	11.1%	2.0%	2.5%	2.8%	3.0%	4.0%
Current forecast vs. prior forecast level*	5.1%	0.7%	-3.1%	-6.0%	-8.3%	-9.7%	-9.4%
<b>Taxable income growth</b>							
Schedule E	37.9%	-4.1%	3.8%	5.4%	5.5%	5.4%	5.9%
Schedule C	19.5%	2.2%	1.2%	3.1%	3.3%	3.4%	4.2%
Contribution to resident liability revision	\$92.7	\$35.4	\$14.6	\$1.9	-\$9.0		

\*Reflects both changes to growth rates and pre-2021 revisions. 2020 nonfarm proprietor's income increased by more than 10% in the most recent revision.





# Capital Gains are Very Volatile





# Capital Gains

Tax Year	2019	2020	2021	2022	2023	2024	2025	2026	2027
Feb. 2022 annual growth forecast	-1.7%	40.0%	39.5%	-33.8%	-2.0%	0.0%	0.0%		
Nov. 2022 annual growth forecast	-1.7%	40.0%	61.2%	-50.6%	5.2%	5.9%	4.3%	4.5%	4.6%
Contribution to resident liability revision			\$42.8	-\$24.0	-\$9.4	\$2.1	\$11.9		



# CPI Inflation

Calendar Year	2022	2023	2024	2025	2026	2027
Feb. 2022 forecast	5.0%	4.0%	2.5%	2.5%	2.5%	2.5%
Nov. 2022 forecast	8.3%	5.8%	4.0%	3.5%	3.5%	3.0%
Contribution to resident liability revision from updated income tax COLAs by tax year		-\$9.5	-\$55.2	-\$64.6		



# TCJA expiration

Federal standard deduction reverts to its pre-TCJA amount starting in 2026.

The Maine standard deduction equals the federal standard deduction.

In 2026 we estimate that the single standard deduction is \$7,300 lower and the married standard deduction is \$14,600 lower than the standard deduction under the TCJA and Maine conformity.

Federal child credit reverts to pre-TCJA rules for eligibility starting in 2026.

Only qualifying children will be eligible for credit. Most importantly, qualifying children must be 17 or younger.

The Maine dependent exemption tax credit is allowed for dependents who are eligible for the federal child tax credit only.

In 2026 and later there is no Maine tax benefit for dependents age 18 or older.



# Full-Year Resident Tax Liability

Tax Year	Current Law		January 2022 Law + No PTFC Expansion*	
2019	\$1,521.5		\$1,521.5	
2020	\$1,680.8	10.5%	\$1,680.8	10.5%
2021	\$2,060.3	22.6%	\$2,060.3	22.6%
2022	\$1,972.8	-4.2%	\$2,065.2	.2%
2023	\$2,020.9	2.4%	\$2,139.5	3.6%
2024	\$2,076.2	2.7%	\$2,210.3	3.3%
2025	\$2,165.1	4.3%	\$2,297.8	4.0%
2026	\$2,587.7	19.5%	\$2,733.2	18.9%
2027	\$2,718.5	5.1%	\$2,864.8	4.8%
TCJA extended, Maine conforms:				
2026	\$2,271.1	4.9%	\$2,417.2	5.2%
2027	\$2,391.0	5.3%	\$2,539.1	5.0%

- January 2022 Law + No PTFC expansion, 2022 and later:
- EITC % same as 2020
  - PTFC 5% floor and 2020 cap
  - No increase in pension deduction
  - No SLRTC and no federal loan forgiveness





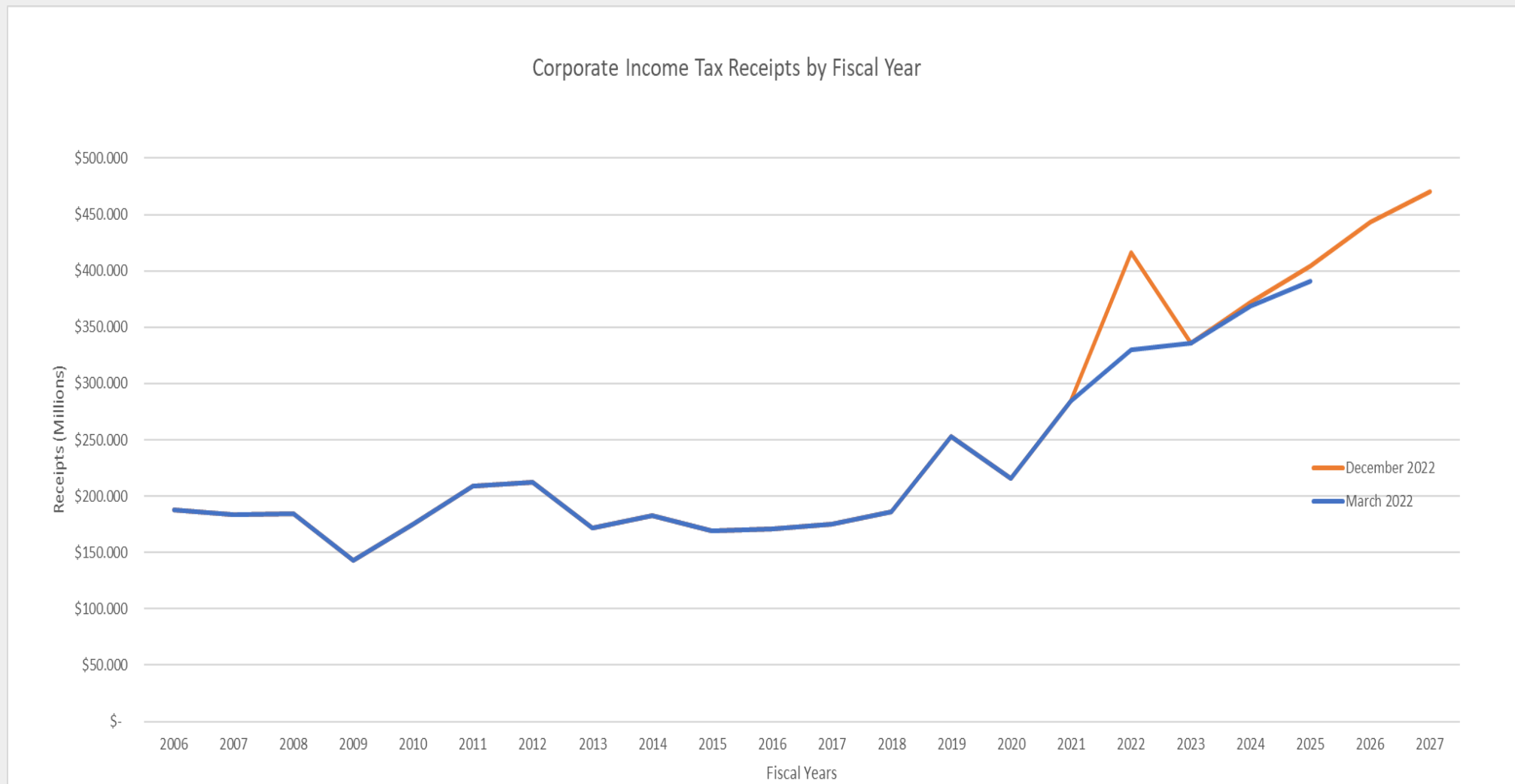
# Individual Income Tax Performance Since December 2022 Revenue Forecast

- Through February individual income tax revenues are over budget by \$53.8 million
- December forecast assumed final estimated payment would be down 20%, actual payment was down 3.5%
- Withholding through February is \$1.7 million over budget. FY23 WH growth is 7.1% through February.
- The FYTD surplus is from final payments (\$16 million), estimated payments (\$30 million ) and refunds (\$10.7 million)

# Corporate Income Tax Forecast



# Corporate Income Tax – Historic Levels in Last Two Fiscal Years



# FY23 Through February and Preliminary March Receipts





# FY23 General Fund Revenues Relative to Budget Through February

STATE OF MAINE  
 Undedicated Revenues - General Fund  
 For the Eighth Month Ended February 28, 2023  
 For the Fiscal Year Ending June 30, 2023  
 Comparison to Budget

Exhibit I

PRELIMINARY AND TENTATIVE  
 FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

	Month				Fiscal Year to Date				Total Budgeted Fiscal Year Ending 6/30/2023
	Actual	Budget	Variance Over(Under)	Percent Over(Under)	Actual	Budget	Variance Over(Under)	Percent Over(Under)	
Sales and Use Tax	\$ 140,826,544	\$ 136,760,287	\$ 4,066,257	3.0 %	\$ 1,517,365,434	\$ 1,508,264,305	\$ 9,101,129	0.6 %	\$ 2,131,464,714
Service Provider Tax	3,936,409	3,837,538	98,871	2.6 %	34,355,268	33,940,454	414,814	1.2 %	50,051,352
Individual Income Tax	55,813,457	36,146,227	19,667,230	54.4 %	1,536,054,528	1,482,299,562	53,754,966	3.6 %	2,293,227,867
Corporate Income Tax	10,409,253	500,000	9,909,253	1,981.9 %	216,517,456	195,229,819	21,287,637	10.9 %	335,688,199
Cigarette and Tobacco Tax	11,724,538	10,548,115	1,176,423	11.2 %	102,277,769	101,431,059	846,710	0.8 %	153,052,320
Insurance Companies Tax	2,040,056	1,104,630	935,426	84.7 %	19,249,907	18,060,818	1,189,089	6.6 %	103,700,000
Estate Tax	25,338	2,350,000	(2,324,662)	(98.9)%	22,358,237	28,137,083	(5,778,846)	(20.5)%	37,400,000
Fines, Forfeits & Penalties	168,006	299,783	(131,777)	(44.0)%	5,420,789	7,201,653	(1,780,864)	(24.7)%	10,532,292
Income from Investments	3,590,160	2,672,000	918,160	34.4 %	16,581,702	13,952,737	2,628,965	18.8 %	25,352,599
Transfer from Lottery Commission	4,162,612	4,807,693	(645,081)	(13.4)%	49,393,943	42,067,313	7,326,630	17.4 %	62,500,000
Transfers for Tax Relief Programs	(1,576,743)	(2,813,198)	1,236,455	44.0 %	(76,336,117)	(73,772,342)	(2,563,775)	(3.5)%	(80,610,000)
Transfer to Municipal Revenue Sharing	(25,291,878)	(24,652,468)	(639,410)	(2.6)%	(182,510,703)	(180,077,104)	(2,433,599)	(1.4)%	(249,474,776)
Other Taxes and Fees	12,429,293	9,853,912	2,575,381	26.1 %	91,982,947	94,653,936	(2,670,989)	(2.8)%	153,494,063
Other Revenues	2,547,086	3,730,096	(1,183,010)	(31.7)%	(12,316,800)	(8,822,155)	(3,494,645)	(39.6)%	14,943,739
<b>Total Collected</b>	<b>\$ 220,804,130</b>	<b>\$ 185,144,615</b>	<b>\$ 35,659,515</b>	<b>19.3 %</b>	<b>\$ 3,340,394,360</b>	<b>\$ 3,262,567,138</b>	<b>\$ 77,827,222</b>	<b>2.4 %</b>	<b>\$ 5,041,322,369</b>

NOTES:

- (1) Included in the above is \$25,291,878 for the month and \$182,510,703 year to date, that was set aside for Revenue Sharing with cities and towns.
- (2) Figures reflect estimates of the Maine State Revenue Forecasting Committee approved in December 2022, laws enacted through the 131st Legislature, 1st Regular Session for all laws and any emergency laws.
- (3) This report has been prepared from preliminary month end figures and is subject to change.





# FY23 General Fund Revenues Relative to FY22 Through February

## STATE OF MAINE

Undedicated Revenues - General Fund  
 For the Eighth Month Ended February 28, 2023 and 2022  
 For the Fiscal Year Ending June 30, 2023 and 2022  
 Comparison to To Prior Year

Exhibit II

PRELIMINARY AND TENTATIVE  
 FOR VERIFICATION PURPOSES & INTERNAL USE ONLY

	Month				Fiscal Year to Date			
	Current Year	Prior Year	Variance Over(Under)	Percent Over(Under)	Current Year	Prior Year	Variance Over(Under)	Percent Over(Under)
Sales and Use Tax	\$ 140,826,544	\$ 129,308,710	\$ 11,517,834	8.9 %	\$ 1,517,365,434	\$ 1,412,159,153	\$ 105,206,281	7.5 %
Service Provider Tax	3,936,409	3,988,568	(52,159)	(1.3)%	34,355,268	33,638,844	716,424	2.1 %
Individual Income Tax	55,813,457	87,168,996	(31,355,539)	(36.0)%	1,536,054,528	1,435,842,798	100,211,730	7.0 %
Corporate Income Tax	10,409,253	396,260	10,012,993	2,526.9 %	216,517,456	208,125,717	8,391,740	4.0 %
Cigarette and Tobacco Tax	11,724,538	8,740,207	2,984,331	34.1 %	102,277,769	98,275,481	4,002,288	4.1 %
Insurance Companies Tax	2,040,056	1,235,987	804,068	65.1 %	19,249,907	17,102,700	2,147,207	12.6 %
Estate Tax	25,338	440,368	(415,030)	(94.2)%	22,358,237	30,940,203	(8,581,967)	(27.7)%
Fines, Forfeits & Penalties	168,006	643,532	(475,526)	(73.9)%	5,420,789	3,663,164	1,757,625	48.0 %
Income from Investments	3,590,160	674,843	2,915,317	432.0 %	16,581,702	4,257,388	12,324,314	289.5 %
Transfer from Lottery Commission	4,162,612	4,065,525	97,086	2.4 %	49,393,943	45,255,211	4,138,732	9.1 %
Transfers for Tax Relief Programs	(1,576,743)	(3,156,320)	1,579,577	50.0 %	(76,336,117)	(67,186,591)	(9,149,526)	(13.6)%
Transfer to Municipal Revenue Sharing	(25,291,878)	(21,244,934)	(4,046,944)	(19.0)%	(182,510,703)	(151,813,372)	(30,697,331)	(20.2)%
Other Taxes and Fees	12,429,293	6,928,183	5,501,110	79.4 %	91,982,947	94,623,600	(2,640,653)	(2.8)%
Other Revenues	2,547,086	3,887,576	(1,340,490)	(34.5)%	(12,316,800)	8,589,687	(20,906,487)	(243.4)%
<b>Total Collected</b>	<b>\$ 220,804,130</b>	<b>\$ 223,077,501</b>	<b>\$ (2,273,371)</b>	<b>(1.0)%</b>	<b>\$ 3,340,394,360</b>	<b>\$ 3,173,473,983</b>	<b>\$ 166,920,377</b>	<b>5.3 %</b>

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



# What we Know as of March 31, 2023

- Sales & Use Tax
  - March sales tax receipts (Feb. sales) will be over budget; approximately \$8.0 million (6.2% variance) YOY growth of 8.2%
  - Current forecast assumed revenue growth of 7.4% for first-half of FY23 and -2.9% growth for second-half of FY23 (2.6% for the fiscal year). Actual growth July-March is 7.5% and forecasted growth for the Apr-June quarter is -8.3% resulting in forecasted growth of 3.4% for the fiscal year.
  - Unlikely sales and use tax receipts will reverse course to that extent over the final quarter of the fiscal year.
- Individual Income Tax
  - March individual income tax receipts will be over budget; approximately \$84.5 million (81% variance) YOY growth of 14.5%
  - CY23 Withholding is expected to be up 15.5% YOY through March; \$88.1 million YTD variance. Unusually large withholding payments in March are expected to be one-time and when adjusting for those one-time payments WH will still be much stronger than forecasted in March. Adjusting for one-time payments WH is up 5.7% for CY23:!
  - CY22 estimated payments (Feb.-Jan) increased approximately 8.2%; accounts for \$34.3 million of YTD positive variance. Final estimated payment down 3.5% had assumed a decline of 20%
  - TY21 increased YOY by over 20%. Revenues through March would indicate that April final payments may not be as bad as currently forecasted (-40%).
- Total Tax Revenues Administered by MRS
  - Through the first three quarters of FY23 estimate will be over budget by \$165 million