

## FOR IMMEDIATE RELEASE

Maine Department of Administrative and Financial Services

February 25, 2021 | Contact: [Kelsey Goldsmith](#)

### Amid Pandemic, State Revenue Up 6.6 Percent Over Downgraded Expectations

**Augusta, MAINE** – In its monthly revenue update, Maine’s Department of Administrative & Financial Services (DAFS) is reporting that January’s General Fund revenues surpassed the projections of the non-partisan, independent Revenue Forecasting Committee by \$89.5 million or 25 percent for the month, and by \$154.3 million or 6.6 percent for the first seven months of the fiscal year. Adjusting for the increase in the rate of revenue sharing to local cities and towns, when compared to the same seven-month period last fiscal year, General Fund revenues are up by 4.7 percent.

“While current revenues are still below pre-pandemic estimates, they have, so far, outpaced our downgraded expectations,” **said Kirsten Figueroa, Commissioner for DAFS.** “We will continue to closely monitor the State’s fiscal health, prioritizing Maine’s pandemic response and the programs crucial to Maine people during these times. Our relatively stable footing at this juncture is a direct reflection of increased Federal funding, the Governor’s strategic utilization of Coronavirus Relief Funds, our relative success in fighting COVID-19, and ongoing, methodical budgetary planning despite unprecedented circumstances.”

Revenue from December taxable sales, received as revenue in January, was up 12.7 percent over last year despite significant declines in the restaurant and lodging receipts from a year ago, with year-over-year declines of 25.8 and 26.1 percent respectively. For the month, sales and use and service provider taxes, combined, were \$23.7 million over budget. Consumer sales increased by 12.5 percent over a year ago. Auto and transportation posted year-over-year growth of 16.9 percent. Other retail sales grew by 23.6 percent as holiday shopping on the internet continued to increase. Building supply stores continue to have strong demand for their products, increasing by 37.7 percent, while business operating sales increased in December by 21.6 percent over a year ago.

“Though these revenue figures are promising, we remain cautious and will continue to monitor developments closely; this will include thorough review of two reports, forthcoming this spring, from Maine’s independent Consensus Economic Forecasting Commission and Revenue Forecasting Committee, the two non-partisan groups responsible for identifying not just short-term gains but also the long-term trends, which are the foundation of the State’s budget,” **said Figueroa.** “Economists are becoming more optimistic about 2021 economic growth after enactment of the December 2020 stimulus package and ongoing discussions in Washington about the President’s stimulus proposal, with real GDP growth forecasts for 2021 jumping from 4 percent to 6 percent.”

This year, the Consensus Economic Forecasting Commission and the Revenue Forecasting Committee are required by State statute to release reports on April 1 and May 1, respectively. It is these reports that would trigger any official adjustment to revenue projections.

Income tax receipts were over budget in January by \$59.1 million (29.4 percent) on the individual side, coming in at 7.1 percent over last fiscal year, led in large part by the final estimated payment for tax year 2020, up 40.5 percent compared to last year. This is the strongest performance in this category since 2012.

Corporate income tax receipts were over in January by \$7.9 million for the month, bringing the category total to 13.2 percent compared to the same fiscal period last fiscal year. Figueroa says the performance on the corporate side may be attributable to businesses reforecasting revenues and, now realizing they are going to have a better year than anticipated, backfilling lower quarterly payments made at the onset of the pandemic.

For the fiscal year, revenue sharing to local cities and towns is \$20.3 million higher than last year, boosted by an increase of \$2.2 million for the month. The increase in revenue sharing from 3.0 percent to 3.75 percent contributes to the increase compared to a year ago.

A recent report by the Urban Institute shows that Maine was one of 21 states that reported growth in tax revenues between March and December 2020 compared to the same period of 2019.

The full report is [attached](#).

###