

Appendix A - General Fund

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GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2008

Source	FY04 Actual	% Chg.	FY05 Actual	% Chg.	FY06 Actual	% Chg.	FY07 Actual	% Chg.	FY07 Budget	FY07 Variance	% Var.
Sales and Use Tax	917,243,245	7.0%	896,576,322	-2.3%	946,174,276	5.5%	971,455,721	2.7%	974,740,367	(3,284,646)	-0.3%
Service Provider Tax	0	N/A	44,645,517	N/A	47,028,430	5.3%	49,400,532	5.0%	48,911,765	488,767	1.0%
Individual Income Tax *	1,156,715,909	7.9%	1,270,225,329	9.8%	1,254,506,663	-1.2%	1,353,934,495	7.9%	1,347,436,142	6,498,353	0.5%
Corporate Income Tax	111,616,051	22.4%	135,862,913	21.7%	188,015,558	38.4%	183,851,533	-2.2%	172,038,386	11,813,147	6.9%
Cigarette and Tobacco Tax	96,604,646	-1.8%	96,350,704	-0.3%	156,951,370	62.9%	158,953,466	1.3%	158,502,981	450,485	0.3%
Public Utilities Tax	27,991,188	-4.4%	25,403,214	-9.2%	20,627,030	-18.8%	16,317,029	-20.9%	16,891,746	(574,717)	-3.4%
Insurance Companies Tax	72,206,153	1.6%	75,669,053	4.8%	76,065,864	0.5%	74,452,542	-2.1%	76,336,389	(1,883,847)	-2.5%
Estate Tax	32,075,501	5.1%	32,255,727	0.6%	75,330,514	133.5%	54,820,038	-27.2%	55,465,498	(645,460)	-1.2%
Prop. Tax - Unorganized Territory	10,709,308	7.8%	10,622,666	-0.8%	11,559,305	8.8%	11,376,293	-1.6%	11,597,312	(221,019)	-1.9%
Income from Investments	2,310,207	-1.5%	5,854,625	153.4%	8,271,869	41.3%	1,215,836	-85.3%	1,517,319	(301,483)	-19.9%
Transfer to Municipal Rev. Sharing	(111,464,335)	-8.2%	(119,712,814)	-7.4%	(124,222,180)	-3.8%	(130,490,756)	-5.0%	(129,699,458)	(791,298)	0.6%
Transfer from Lottery Commission	41,272,645	4.6%	49,328,102	19.5%	50,879,647	3.1%	50,624,741	-0.5%	50,334,250	290,491	0.6%
Other Revenues **	326,259,040	66.2%	267,763,694	-17.9%	220,637,339	-17.6%	223,683,920	1.4%	220,834,877	2,849,043	1.3%
Total - General Fund Revenue	2,683,539,557	12.1%	2,790,845,053	4.0%	2,931,825,687	5.1%	3,019,595,389	3.0%	3,004,907,574	14,687,815	0.5%
Change in Biennial Totals											

*** Detail of Property Tax Reimbursement Programs Deducted from Individual Income Tax Revenue**

- Maine Resident Property Tax Program	(26,030,227)	N/A	(42,796,070)	-64.4%	(44,440,759)	-3.8%	(44,957,021)	516,262	-1.1%
- Business Equipment Tax Reimbursement (BETR)	0	N/A	(67,065,810)	N/A	(66,553,092)	0.8%	(67,000,708)	447,616	-0.7%
- Municipal Business Equipment Tax Reimbursement	0	N/A	0	N/A	0	N/A	0	0	N/A

**** Detail of Other Revenues:**

- Real Estate Transfer Tax	22,196,221	106.1%	24,113,439	8.6%	24,595,580	2.0%	22,206,638	-9.7%	22,309,074	(102,436)	-0.5%
- Milk Handling Fee	0	N/A	0	N/A	1,867,527	N/A	2,561,972	37.2%	2,430,175	131,797	5.4%
- Liquor Sales and Operations	102,182,743	291.9%	49,845,027	-51.2%	2,560,044	-94.9%	4,440,935	73.5%	4,400,000	40,935	0.9%
- Liquor Taxes and Fees	17,485,024	2.0%	17,432,377	-0.3%	18,814,733	7.9%	20,283,406	7.8%	19,964,727	318,679	1.6%
- Finance Industry Fees	9,572,280	3.0%	18,641,800	94.7%	20,471,110	9.8%	22,004,030	7.5%	21,567,380	436,650	2.0%
- Corporation Fees & Licenses	3,600,455	3.4%	5,637,743	56.6%	6,385,451	13.3%	6,639,084	4.0%	5,815,012	824,072	14.2%
- Hunting and Fishing License Fees	16,898,278	21.1%	16,691,165	-1.2%	16,840,079	0.9%	16,401,841	-2.6%	15,705,573	696,268	4.4%
- Boat, ATV and Snowmobile Fees	3,974,546	60.0%	4,148,936	4.4%	3,477,043	-16.2%	4,162,079	19.7%	3,636,271	525,808	14.5%
- Parimutuel and Gaming Revenue	1,036,539	-4.6%	1,362,611	31.5%	5,262,230	286.2%	8,604,917	63.5%	8,389,322	215,595	2.6%
- Fines, Forfeits and Penalties	38,219,275	41.6%	35,506,972	-7.1%	37,781,055	6.4%	41,415,132	9.6%	41,918,483	(503,351)	-1.2%
- Targeted Case Management (HHS)	34,762,095	4.6%	34,518,055	-0.7%	25,687,188	-25.6%	23,550,288	-8.3%	23,609,894	(59,606)	-0.3%
- HHS Services Rendered	9,481,895	89.2%	7,966,194	-16.0%	9,613,394	20.7%	11,125,914	15.7%	11,681,023	(555,109)	-4.8%
- State Cost Allocation Program	10,438,262	-5.0%	12,891,574	23.5%	13,281,561	3.0%	15,428,622	16.2%	14,592,926	835,696	5.7%
- Unclaimed Property Transfer	16,763,948	104.9%	10,000,000	-40.3%	14,880,517	48.8%	10,499,528	-29.4%	13,703,693	(3,204,165)	-23.4%
- Tourism Transfer	(7,213,282)	N/A	(7,554,190)	-4.7%	(7,762,689)	-2.8%	(8,221,338)	-5.9%	(8,221,338)	0	0.0%
- Transfer to Maine Milk Pool	0	N/A	0	N/A	(2,616,160)	N/A	(10,158,802)	-288.3%	(10,997,887)	839,085	-7.6%
- Other Miscellaneous	46,860,761	69.5%	36,561,993	-22.0%	29,498,676	-19.3%	32,739,674	11.0%	30,330,549	2,409,125	7.9%
IF&W Total Revenue ***	21,902,902	24.5%	21,817,659	-0.4%	21,530,955	-1.3%	21,663,828	0.6%	20,764,533	899,295	4.3%

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

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2008

Source	FY08 Budget	% Chg.	Recom. Chg.	FY08 Revised	% Chg.	FY09 Budget	% Chg.	Recom. Chg.	FY09 Revised	% Chg.
Sales and Use Tax	985,065,063	1.4%	(6,827,961)	978,237,102	0.7%	1,030,088,524	4.6%	(22,731,976)	1,007,356,548	3.0%
Service Provider Tax	51,181,910	3.6%	0	51,181,910	3.6%	53,452,742	4.4%	0	53,452,742	4.4%
Individual Income Tax *	1,400,953,225	3.5%	(421,000)	1,400,532,225	3.4%	1,412,984,780	0.9%	(18,092,000)	1,394,892,780	-0.4%
Corporate Income Tax	194,600,000	5.8%	(12,430,000)	182,170,000	-0.9%	199,984,298	2.8%	(10,814,298)	189,170,000	3.8%
Cigarette and Tobacco Tax	157,706,180	-0.8%	(2,920,000)	154,786,180	-2.6%	156,088,502	-1.0%	(2,680,000)	153,408,502	-0.9%
Public Utilities Tax	17,476,987	7.1%	0	17,476,987	7.1%	16,464,397	-5.8%	0	16,464,397	-5.8%
Insurance Companies Tax	76,751,673	3.1%	0	76,751,673	3.1%	77,169,754	0.5%	0	77,169,754	0.5%
Estate Tax	45,258,169	-17.4%	(695,929)	44,562,240	-18.7%	50,709,673	12.0%	(1,184,791)	49,524,882	11.1%
Prop. Tax - Unorganized Territory	12,611,986	10.9%	0	12,611,986	10.9%	12,353,336	-2.1%	0	12,353,336	-2.1%
Income from Investments	901,571	-25.8%	50,447	952,018	-21.7%	(4,024,682)	-546.4%	0	(4,024,682)	-522.8%
Transfer to Municipal Rev. Sharing	(134,221,812)	-2.9%	1,003,627	(133,218,185)	-2.1%	(138,102,080)	-2.9%	2,633,552	(135,468,528)	-1.7%
Transfer from Lottery Commission	49,834,250	-1.6%	(1,000,000)	48,834,250	-3.5%	49,834,250	0.0%	1,000,000	50,834,250	4.1%
Other Revenues **	209,801,236	-6.2%	(3,630,178)	206,171,058	-7.8%	219,526,167	4.6%	(16,041,057)	203,485,110	-1.3%
Total - General Fund Revenue	3,067,920,438	1.6%	(26,870,994)	3,041,049,444	0.7%	3,136,529,661	2.2%	(67,910,570)	3,068,619,091	0.9%
Change in Biennial Totals								(94,781,564)		

*** Detail of Property Tax Reimbursement Programs Deducted from Individual Income Tax Revenue**

- Maine Resident Property Tax Program	(46,253,766)	-4.1%	0	(46,253,766)	-4.1%	(47,573,249)	-2.9%	0	(47,573,249)	-2.9%
- BETR - Business Equipment Tax Reimb.	(68,490,826)	-2.9%	0	(68,490,826)	-2.9%	(69,059,334)	-0.8%	0	(69,059,334)	-0.8%
- Municipal Business Equip. Tax Reimb.	0	N/A	0	0	N/A	(11,373,516)	N/A	0	(11,373,516)	N/A

**** Detail of Other Revenues:**

- Real Estate Transfer Tax	19,565,275	-11.9%	(2,560,982)	17,004,293	-23.4%	20,314,869	3.8%	(4,768,654)	15,546,215	-8.6%
- Milk Handling Fee	558,818	-78.2%	215,506	774,324	-69.8%	2,381,714	326.2%	(70)	2,381,644	207.6%
- Liquor Sales and Operations	4,500,000	1.3%	1,034,300	5,534,300	24.6%	4,500,000	0.0%	1,050,000	5,550,000	0.3%
- Liquor Taxes and Fees	20,042,626	-1.2%	355,000	20,397,626	0.6%	20,122,424	0.4%	75,000	20,197,424	-1.0%
- Finance Industry Fees	21,565,980	-2.0%	863,830	22,429,810	1.9%	21,365,980	-0.9%	0	21,365,980	-4.7%
- Corporation Fees & Licenses	6,646,012	0.1%	0	6,646,012	0.1%	7,467,012	12.4%	0	7,467,012	12.4%
- Hunting and Fishing License Fees	16,240,944	-1.0%	0	16,240,944	-1.0%	16,249,867	0.1%	0	16,249,867	0.1%
- Boat, ATV and Snowmobile Fees	3,636,271	-12.6%	0	3,636,271	-12.6%	3,636,271	0.0%	0	3,636,271	0.0%
- Parimutuel and Gaming Revenue	8,631,176	0.3%	(60,594)	8,570,582	-0.4%	12,824,311	48.6%	(41,970)	12,782,341	49.1%
- Fines, Forfeits and Penalties	41,182,968	-0.6%	1,438,750	42,621,718	2.9%	41,287,968	0.3%	1,162,285	42,450,253	-0.4%
- Targeted Case Management (HHS)	20,045,007	-14.9%	(3,576,797)	16,468,210	-30.1%	20,045,007	0.0%	(11,435,305)	8,609,702	-47.7%
- HHS Services Rendered	4,363,607	-60.8%	(295,877)	4,067,730	-63.4%	4,363,607	0.0%	(295,877)	4,067,730	0.0%
- State Cost Allocation Program	15,140,940	-1.9%	0	15,140,940	-1.9%	17,566,608	16.0%	0	17,566,608	16.0%
- Unclaimed Property Transfer	9,775,369	-6.9%	0	9,775,369	-6.9%	9,775,369	0.0%	0	9,775,369	0.0%
- Tourism Transfer	(8,708,437)	-5.9%	0	(8,708,437)	-5.9%	(8,911,584)	-2.3%	(78,293)	(8,989,877)	-3.2%
- Transfer to Maine Milk Pool	(347,260)	96.6%	(378,009)	(725,269)	92.9%	(2,338,875)	-573.5%	41,430	(2,297,445)	-216.8%
- Other Miscellaneous	26,961,940	-17.6%	(665,305)	26,296,635	-19.7%	28,875,619	7.1%	(1,749,603)	27,126,016	3.2%
IF&W Total Revenue ***	21,298,620	-1.7%	(103,495)	21,195,125	-2.2%	21,321,007	0.1%	(104,508)	21,216,499	0.1%

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

GENERAL FUND REVENUE

REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2008

Source	FY10 Projection	% Chg.	Recom. Chg.	FY10 Revised	% Chg.	FY11 Projection	% Chg.	Recom. Chg.	FY11 Revised	% Chg.
Sales and Use Tax	1,079,368,008	4.8%	(35,583,027)	1,043,784,981	3.6%	1,129,584,645	4.7%	(44,045,075)	1,085,539,570	4.0%
Service Provider Tax	55,590,852	4.0%	0	55,590,852	4.0%	57,814,486	4.0%	0	57,814,486	4.0%
Individual Income Tax *	1,432,186,735	1.4%	(14,835,000)	1,417,351,735	1.6%	1,461,052,033	2.0%	(13,122,000)	1,447,930,033	2.2%
Corporate Income Tax	204,175,313	2.1%	(1,045,313)	203,130,000	7.4%	204,200,000	0.0%	(2,070,000)	202,130,000	-0.5%
Cigarette and Tobacco Tax	154,354,033	-1.1%	(1,094,958)	153,259,075	-0.1%	152,782,116	-1.0%	(1,452,319)	151,329,797	-1.3%
Public Utilities Tax	15,451,807	-6.2%	0	15,451,807	-6.2%	15,251,807	-1.3%	0	15,251,807	-1.3%
Insurance Companies Tax	77,594,734	0.6%	0	77,594,734	0.6%	78,021,464	0.5%	0	78,021,464	0.5%
Estate Tax	54,569,248	7.6%	(527,510)	54,041,738	9.1%	5,145,335	-90.6%	(606,439)	4,538,896	-91.6%
Prop. Tax - Unorganized Territory	12,739,356	3.1%	0	12,739,356	3.1%	13,137,280	3.1%	0	13,137,280	3.1%
Income from Investments	901,571	122.4%	0	901,571	122.4%	901,571	0.0%	0	901,571	0.0%
Transfer to Municipal Rev. Sharing	(145,228,685)	-5.2%	2,676,094	(142,552,591)	-5.2%	(149,767,136)	-3.1%	3,080,328	(146,686,808)	-2.9%
Transfer from Lottery Commission	49,834,250	0.0%	1,000,000	50,834,250	0.0%	49,834,250	0.0%	1,000,000	50,834,250	0.0%
Other Revenues **	214,855,552	-2.1%	(16,568,066)	198,287,486	-2.6%	218,908,490	1.9%	(16,750,024)	202,158,466	2.0%
Total - General Fund Revenue	3,206,392,774	2.2%	(65,977,780)	3,140,414,994	2.3%	3,236,866,341	1.0%	(73,965,529)	3,162,900,812	0.7%
Change in Biennial Totals								(139,943,309)		

*** Detail of Property Tax Reimbursement Programs Deducted from Individual Income Tax Revenue**

- Maine Resident Property Tax Program	(48,073,804)	-1.1%	0	(48,073,804)	-1.1%	(50,473,026)	-5.0%	0	(50,473,026)	-5.0%
- BETR - Business Equipment Tax Reimb.	(65,653,487)	4.9%	0	(65,653,487)	4.9%	(60,047,934)	8.5%	0	(60,047,934)	8.5%
- Municipal Business Equip. Tax Reimb.	(21,538,412)	-89.4%	0	(21,538,412)	-89.4%	(27,486,069)	-27.6%	0	(27,486,069)	-27.6%

**** Detail of Other Revenues:**

- Real Estate Transfer Tax	16,907,180	-16.8%	(5,290,155)	11,617,025	-25.3%	18,867,770	11.6%	(5,438,955)	13,428,815	15.6%
- Milk Handling Fee	2,381,714	0.0%	(70)	2,381,644	0.0%	2,381,714	0.0%	(70)	2,381,644	0.0%
- Liquor Sales and Operations	4,500,000	0.0%	1,050,000	5,550,000	0.0%	4,500,000	0.0%	1,050,000	5,550,000	0.0%
- Liquor Taxes and Fees	20,203,342	0.4%	75,000	20,278,342	0.4%	20,285,996	0.4%	75,000	20,360,996	0.4%
- Finance Industry Fees	21,365,980	0.0%	0	21,365,980	0.0%	21,365,980	0.0%	0	21,365,980	0.0%
- Corporation Fees & Licenses	8,024,012	7.5%	0	8,024,012	7.5%	8,591,012	7.1%	0	8,591,012	7.1%
- Hunting and Fishing License Fees	16,249,867	0.0%	0	16,249,867	0.0%	16,249,867	0.0%	0	16,249,867	0.0%
- Boat, ATV and Snowmobile Fees	3,636,271	0.0%	0	3,636,271	0.0%	3,636,271	0.0%	0	3,636,271	0.0%
- Parimutuel and Gaming Revenue	13,574,624	5.9%	(58,500)	13,516,124	5.7%	14,157,955	4.3%	(58,500)	14,099,455	4.3%
- Fines, Forfeits and Penalties	41,351,968	0.2%	1,062,285	42,414,253	-0.1%	41,406,968	0.1%	1,062,285	42,469,253	0.1%
- Targeted Case Management (HHS)	20,045,007	0.0%	(11,435,306)	8,609,701	0.0%	20,045,007	0.0%	(11,435,305)	8,609,702	0.0%
- HHS Services Rendered	4,363,607	0.0%	(295,877)	4,067,730	0.0%	4,363,607	0.0%	(295,877)	4,067,730	0.0%
- State Cost Allocation Program	16,442,672	-6.4%	0	16,442,672	-6.4%	17,447,328	6.1%	0	17,447,328	6.1%
- Unclaimed Property Transfer	9,775,369	0.0%	0	9,775,369	0.0%	9,775,369	0.0%	0	9,775,369	0.0%
- Tourism Transfer	(9,365,681)	-5.1%	12,337	(9,353,344)	-4.0%	(9,811,800)	-4.8%	(18,012)	(9,829,812)	-5.1%
- Transfer to Maine Milk Pool	(2,338,875)	0.0%	41,430	(2,297,445)	0.0%	(2,338,875)	0.0%	41,430	(2,297,445)	0.0%
- Other Miscellaneous	27,738,495	-3.9%	(1,729,210)	26,009,285	-4.1%	27,984,321	0.9%	(1,732,020)	26,252,301	0.9%
IF&W Total Revenue ***	21,329,704	0.0%	(100,039)	21,229,665	0.1%	21,335,160	0.0%	(101,444)	21,233,716	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.

General Fund - Sales and Use Tax

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$917,243,245	\$896,576,322	\$946,174,276	\$971,455,721	\$985,065,063	\$1,030,088,524	\$1,079,368,008	\$1,129,584,644
Annual % Growth	7.0%	-2.3%	5.5%	2.7%	1.4%	4.6%	4.8%	4.7%
Net Increase (Decrease)					(\$6,827,961)	(\$22,731,976)	(\$35,583,027)	(\$44,045,075)
Revised Forecast	\$917,243,245	\$896,576,322	\$946,174,276	\$971,455,721	\$978,237,102	\$1,007,356,548	\$1,043,784,981	\$1,085,539,569
Annual % Growth	7.0%	-2.3%	5.5%	2.7%	0.7%	3.0%	3.6%	4.0%

Revenue Source Summary:

The sales tax is imposed at the rate of 5% of the sale price on retail sales of tangible personal property and taxable services; at 7% on temporary rentals of living quarters in hotels, rooming houses, tourist and trailer camps, the sale of liquor by the drink and prepared food; and at 10% on the short-term rental of automobiles. The tax is also imposed on casual sales of motor vehicles, camper trailers, truck campers, livestock trailers, special mobile equipment, boats and aircraft. Sales of new manufactured housing (mobile homes and modular homes) are subject to the 5% tax, usually at 50% of the selling price. Many exemptions and exclusions exist, including grocery staples.

The use tax is imposed at the same rate as the sales tax on the sale price of tangible personal property and taxable services purchased at retail sale beyond the collection jurisdiction of the State for use, storage or other consumption in Maine, unless substantial (12 months) use was made of the property elsewhere before it was brought to Maine. An exception is made for motor vehicles registered as automobiles that were purchased and actually used in another state before being brought to Maine, if the purchaser was a resident of the other state at the time of purchase. The use tax does not apply to purchases on which Maine sales tax has been paid, and credit is allowed for sales or use tax paid in another jurisdiction up to the amount of the Maine tax.

Beginning in FY05, certain services previously included in this category were moved to the Service Provider Tax (see next page in Appendix for this revenue category). This change accounts for the negative growth in FY05.

Revenue Source Forecast Factors and Trends:

Sales and Use Tax is one of the major revenue sources tied to economic activity with projections developed using Maine Revenue Services tax models with input from the economic variables forecast by the Consensus Economic Forecasting Commission (CEFC). Sales and Use Tax projections in the tax models are derived primarily from aggregate Personal Income growth assumptions. Total employment growth is used to predict business purchases. Inflation projections are also used for those elements of the sales and excise tax models that are based on units sold in order to produce an inflation adjusted dollar value.

Sales and Use Tax revenue has been under budget consistently since the beginning of the heating season late last fall. The Committee made a late adjustment in June 2005 revising the forecast for this line downward by \$15.0 million. Sales and Use Tax revenue was under budget after this revision by \$3.1 million (-0.3%). The growth of this revenue line, which had been very strong after the FY02 (4.9% growth in FY03 and 7.0% growth in FY04), dropped to 2.6% in FY05 (after adjusting and adding back in the components that were separated into the Service Provider Tax).

Taxable Sales Trends - For calendar year 2007, taxable sales were up 1% over the previous year. The strongest growth was in the restaurant/lodging and business operating categories, up 4%, followed by the food store sector, up 3%. The general merchandise sector was up 1%, auto/transportation sales and other retail sales were flat, and building supply sales were down 4%. See Appendix G for more detail on taxable sales growth.

Forecast Recommended Changes:

The reduction in the forecast for personal income and inflation, high energy prices and a forecast of declining motor vehicle sales contributed to the downward reprojected of sales and use tax revenue.

General Fund - Individual Income Tax

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$1,156,715,909	\$1,270,225,329	\$1,254,506,663	\$1,353,934,495	\$1,400,953,225	\$1,412,984,780	\$1,432,186,735	\$1,461,052,033
Annual % Growth	7.9%	9.8%	-1.2%	7.9%	3.5%	0.9%	1.4%	2.0%
Net Increase (Decrease)					(\$421,000)	(\$18,092,000)	(\$14,835,000)	(\$13,122,000)
Revised Forecast	\$1,156,715,909	\$1,270,225,329	\$1,254,506,663	\$1,353,934,495	\$1,400,532,225	\$1,394,892,780	\$1,417,351,735	\$1,447,930,033
Annual % Growth	7.9%	9.8%	-1.2%	7.9%	3.4%	-0.4%	1.6%	2.2%

Revenue Source Summary:

This category includes all revenue from individual income tax including penalties and interest associated with the collection of individual income tax. It also includes income tax on fiduciaries and income tax from Partnerships, Limited Liability Corpora

Beginning in FY05, Individual Income Tax revenue was reduced by the amount of the payments under the Maine Residents Property Tax Program (Tax and Rent Refund or Circuit Breaker). Amounts necessary for the benefit payments are transferred from Individual Income Tax revenue to a reserve account for payment. Beginning in FY06, a similar arrangement was established for the Business Equipment Tax Reimbursement (BETR) program. Estimates of these transfers and the effect that they have on the forecast of Individual Income are detailed in separate sections. The amounts above reflect net amounts after the transfers for these tax reimbursement programs, but do not reflect the transfer to the Local Government Fund for State-Municipal Revenue Sharing.

Revenue Source Forecast Factors and Trends:

The individual income tax simulation model is the most complicated and involves the input of multiple economic variables. The individual components of Personal Income, which include salaries and wages; dividend interest and rents; proprietor's income; supplements to wages and salaries; and transfer payments are fed into the model. Other factors include: inflation projections that drive statutory indexing provisions (tax brackets and standard deduction amounts); total employment growth and unemployment rate affecting assumed number of tax filings; and the 3-month and 10-year Treasury Rates that drive interest earnings assumptions and the mortgage interest deduction.

A major variable that is not included in the consensus economic forecast is net capital gains realizations. This variable has produced some significant volatility in the individual income tax collections. A detailed discussion is included in the body of the report.

Current Year Variance - Individual Income Tax collections have dropped below projections in recent months. This category was adjusted upward by \$18.2 million in the December 2007 revenue forecast. The current year variance through January is -\$11.3 million (-2.4% of budget), excluding the variances associated with the BETR and Circuit Breaker programs. Estimated payments were under budget in December and January resulting in a negative variance of \$18.6 million (-9.5%) through January. Refunds associated with the filing of 2007 tax returns are slightly below budget through January, and are expected to remain close to budget through the remainder of the fiscal year. Fiscal year-to-date withholding payments were up .6% over FY07 amounts and have been tracking very close to revised projections (less than 0.6% variance through January).

Forecast Recommended Changes:

The lower personal income forecast from the CEFC for calendar year 2008 results in a downward re-projection in individual income tax receipts of \$18.1 million in FY09. Most of the net revenue on this line in the second-half of FY08 reflects economic activity during calendar year 2007, which was not substantially altered by the CEFC in their February report, therefore the forecast for FY08 is adjusted by only -\$0.421 million.

General Fund - Corporate Income Tax

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$111,616,051	\$135,862,913	\$188,015,558	\$183,851,533	\$194,600,000	\$199,984,298	\$204,175,313	\$204,200,000
Annual % Growth	22.4%	21.7%	38.4%	-2.2%	5.8%	2.8%	2.1%	0.0%
Net Increase (Decrease)					(\$12,430,000)	(\$10,814,298)	(\$1,045,313)	(\$2,070,000)
Revised Forecast	\$111,616,051	\$135,862,913	\$188,015,558	\$183,851,533	\$182,170,000	\$189,170,000	\$203,130,000	\$202,130,000
Annual % Growth	22.4%	21.7%	38.4%	-2.2%	-0.9%	3.8%	7.4%	-0.5%

Revenue Source Summary:

This revenue is derived by a corporate income tax imposed on all corporations subject to federal income tax and having nexus with Maine, with the exception of financial institutions subject to the franchise tax and insurance companies subject to the premium tax. The tax is levied on Maine net income which is federal taxable income as modified by Maine law. In the case of a corporation doing business both within and outside of the State, Maine net income is determined by apportioning the modified federal taxable income according to a formula using payroll, property and sales. Tax rates are progressive from 3.5% to 8.93%. The amounts reflected in the table above are prior to the deduction for state-municipal revenue sharing. A small portion of this revenue line includes taxes received from financial institutions through the Franchise Tax.

Revenue Source Forecast Factors and Trends:

Revenue projections are driven by the corporate income tax model with assumptions for inflation (CPI-U), total employment growth and growth by sector. The model also relies on a forecast of corporate pre-tax profits from Global Insight.

Forecast Recommended Changes:

Consistent with most national forecasts, the Revenue Forecasting Committee is forecasting a decline in corporate receipts. The new forecast of corporate profits is based on a mild recession scenario that results in an estimated 15% reduction in corporate profits in calendar year 2008, and a subsequent recovery (20% increase in pre-tax profits) in calendar year 2009. As with individual income tax, the forecast for corporate income tax also reflects a technical adjustment to adjust the assumptions regarding the timing of the bonus depreciation recapture, increasing the estimate in later fiscal years at the expense of earlier fiscal years.

General Fund - Cigarette and Tobacco Tax

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$96,604,646	\$96,350,704	\$156,951,370	\$158,953,466	\$157,706,180	\$156,088,502	\$154,354,033	\$152,782,116
Annual % Growth	-1.8%	-0.3%	62.9%	1.3%	-0.8%	-1.0%	-1.1%	-1.0%
Net Increase (Decrease)					(\$2,920,000)	(\$2,680,000)	(\$1,094,958)	(\$1,452,319)
Revised Forecast	\$96,604,646	\$96,350,704	\$156,951,370	\$158,953,466	\$154,786,180	\$153,408,502	\$153,259,075	\$151,329,797
Annual % Growth	-1.8%	-0.3%	62.9%	1.3%	-2.6%	-0.9%	-0.1%	-1.3%

Revenue Source Summary:

This revenue category includes revenue from the cigarette tax and tobacco products tax. The cigarette tax is imposed on all cigarettes held in this State for retail sale and a tax on the wholesale price of other tobacco products. The rate of the cigarette tax was 50 mills per cigarette or \$1.00 per pack before September 19, 2005. Beginning September 19, 2005 the cigarette tax rate was increased to \$2.00 per pack. On October 1, 2005 the rate of tax on smokeless tobacco products was increased from 62% of the wholesale price to 78% and the tax on cigars, pipe tobacco and other tobacco intended for smoking was increased from 16% of the wholesale price to 20%.

Revenue Source Forecast Factors and Trends:

The cigarette tax forecast is developed using Maine Revenue Services Sales and Excise Tax model.

Forecast Recommended Changes:

The February 2008 revenue forecast for the cigarette tax was reduced based on the January 2008 CEFC economic forecast. The projection for the tobacco products tax has not been changed.

General Fund - Estate Tax

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$32,075,501	\$32,255,727	\$75,330,514	\$54,820,038	\$45,258,169	\$50,709,673	\$54,569,248	\$5,145,335
Annual % Growth	5.1%	0.6%	133.5%	-27.2%	-17.4%	12.0%	7.6%	-90.6%
Net Increase (Decrease)					(\$695,929)	(\$1,184,791)	(\$527,510)	(\$606,439)
Revised Forecast	\$32,075,501	\$32,255,727	\$75,330,514	\$54,820,038	\$44,562,240	\$49,524,882	\$54,041,738	\$4,538,896
Annual % Growth	5.1%	0.6%	133.5%	-27.2%	-18.7%	11.1%	9.1%	-91.6%

Revenue Source Summary:

This revenue is derived primarily by the state tax imposed upon the transfer of the estate of every person who was a Maine resident at the time of death. For deaths occurring before January 1, 2002 the tax is equal to the amount by which the credit allowed against the federal estate tax for state death taxes exceeds the amount of such taxes actually paid to other states, provided that the allowance for such taxes may not exceed that percentage of the federal tax credit which the other states' portion of the estate is to the total estate. Beginning in 2002, the federal estate tax and the federal credit for state death taxes are being phased out. The federal credit was reduced to 75% in 2002, 50% in 2003, 25% in 2004 and completely eliminated beginning in 2005. For deaths occurring after 2002, the Maine estate tax is equal to the tax that would be owed using the formula for calculating the federal credit for state death taxes in effect on December 31, 2002 (exclusive of any reduction in the maximum credit amount) and based on the unified credit amount as of December 31, 2000.

A similar tax is imposed on real and tangible personal property having Maine situs passing by reason of the death of a person not a Maine resident, at the same percentage of the federal allowance for state death taxes that the value of the property taxable in Maine bears to the total estate.

Revenue Source Forecast Factors and Trends:

The estate tax is forecast using Maine Revenue Services tax models. The models are supplemented with a look at actual tax file data through queries of the data base to pick out the unusual large returns. Actual FY 06 revenue was over budget by \$5.2M and significantly over FY 05 amounts. This significant growth is due to a few unusually large estate tax payments for deaths in 2005. FY07 and FY08 FYTD reflect estates consistent with long-term trends and the increase in the state tax exemption to \$1 million for deaths occurring on or after January 1, 2006.

Forecast Recommended Changes: The forecast for the 2008-2009 and 2010-2011 biennia are based on a forecast of the growth in household net worth from Global Insight. The on-going correction in the residential housing market and the forecasted recession in calendar year 2008 is projected to reduce household net worth and therefore the forecast of estate tax receipts.

General Fund - Income from Investments

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$2,310,207	\$5,854,625	\$8,271,869	\$1,215,836	\$901,571	(\$4,024,682)	\$901,571	\$901,571
Annual % Growth	-1.5%	153.4%	41.3%	-85.3%	-25.8%	-546.4%	-122.4%	0.0%
Net Increase (Decrease)					\$50,447	\$0	\$0	\$0
Revised Forecast	\$2,310,207	\$5,854,625	\$8,271,869	\$1,215,836	\$952,018	(\$4,024,682)	\$901,571	\$901,571
Annual % Growth	-1.5%	153.4%	41.3%	-85.3%	-21.7%	-522.8%	-122.4%	0.0%

Revenue Source Summary:

This category represents the Treasurer of State's investment of excess money in the state treasury that is not needed to meet current obligations (see 5 MRSA section 135). The Treasurer of State is authorized to invest these funds in bonds, notes, certificates of indebtedness or other obligations specified in statute. Earnings on these investments are credited to the General Fund unless specifically designated otherwise. Occasionally, there are credits to this revenue category for small miscellaneous items collected by the State. These items are generally insignificant and unpredictable.

Revenue Source Forecast Factors and Trends:

The major factors that affect earnings are the rates of return on investments and the balances of cash available for investment. These factors are heavily influenced by the economy, the budget, the reliance on Tax Anticipation Notes (TAN's) and the Treasurer's investment policies.

Economy - After a period of rising interest rates based on Federal Reserve Board monetary policy that tightened the money supply and helped improve earnings in FY05 and FY06, a recent loosening of the the money supply in response to a slower economy has lowered expectations for the earnings rate in the Cash Pool.

Budget - In FY07 cash flow softened, in part because collections of MaineCare interim payments at DHHS were below anticipation, contributing to lower balances in General Fund cash. Revenue shortfalls in several areas are lowering investable cash balances in FY08 which will hurt earnings. In FY09 teacher retirement payments are being made at the beginning of the fiscal year, greatly reducing available cash.

Investment Policy - The Treasurer's investment policy (type of investment vehicle purchased, liquidity to meet daily needs, selection criteria for specific investments, etc.) affects the rate of return on the pool. A new policy to restrict certain outside agency funds from benefitting from the distribution of float earnings will increase the credit to the General Fund. The freezing of a \$20,000,000 investment in commercial paper has meant a loss of earnings in FY08 for this non-performing asset.

TAN Amounts - See below for assumptions. With no Tax Anticipation Note (TAN) being issued in FY07, a reduced cash position has meant higher internal borrowing within the Treasurer's Cash Pool. No TANs are assumed to be issued in the foreseeable future.

Historical Data and Assumptions								
	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
TAN								
Current Forecast	\$275,000,000	\$190,000,000	\$123,625,000	\$0	\$0	\$0	\$0	\$0
Revised Forecast					\$0	\$0	\$0	\$0
Pool Earnings Rate								
Current Forecast	1.32%	2.39%	4.51%	5.88%	4.50%	4.50%	4.50%	4.50%
Revised Forecast					4.50%	4.50%	4.50%	4.50%

Forecast Recommended Changes:

This forecast recognizes interest on settlements collected by the Department of Health and Human Services in FY08, based on actual collections through February. The core assumptions for earnings on the cash pool remain unchanged in this forecast.

General Fund - Transfer to Municipal Revenue Sharing

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	(\$111,464,335)	(\$119,712,814)	(\$124,222,180)	(\$130,490,756)	(\$134,221,812)	(\$138,102,080)	(\$145,228,685)	(\$149,767,136)
Annual % Growth	-8.2%	-7.4%	-3.8%	-5.0%	-2.9%	-2.9%	-5.2%	-3.1%
Net Increase (Decrease)					\$1,003,627	\$2,633,552	\$2,676,094	\$3,080,328
Revised Forecast	(\$111,464,335)	(\$119,712,814)	(\$124,222,180)	(\$130,490,756)	(\$133,218,185)	(\$135,468,528)	(\$142,552,591)	(\$146,686,808)
Annual % Growth	-8.2%	-7.4%	-3.8%	-5.0%	-2.1%	-1.7%	-5.2%	-2.9%

Revenue Source Summary:

These amounts above represent transfers made on the last day of each month from the General Fund to the Local Government Fund or the Disproportionate Tax Burden Fund. Amounts equal to 5.1%, increasing to 5.2% on July 1, 2007, of the taxes collected and credited to the General Fund under the individual income tax, the corporate income tax, the franchise tax on financial institutions, the General Fund portion of the service provider tax and the sales and use taxes are transferred. The amounts transferred are distributed to municipalities each month based on a formula.

Revenue Source Forecast Factors and Trends:

See discussion of Individual Income Tax, Sales and Use Tax, Corporate Income Tax and Service Provider Tax for trends. The monthly transfers are inverse determined by these major tax sources. The 123rd Legislature delayed by an additional 2 years, the increase in the percentage of the major taxes that gets transferred each month. This increase was also delayed by the 121st and the 122nd Legislatures. The percentage is now schedule to increase from 5.1% to 5.2% on July 1, 2009.

Forecast Recommended Changes:

The increase of revenue or the reduction in the transfer results in the inverse relationship to the overall downward revision in the taxes included in the revenue sharing base.

General Fund - Transfer from Lottery Commission

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$41,272,645	\$49,328,102	\$50,879,647	\$50,624,741	\$49,834,250	\$49,834,250	\$49,834,250	\$49,834,250
Annual % Growth	4.6%	19.5%	3.1%	-0.5%	-1.6%	0.0%	0.0%	0.0%
Net Increase (Decrease)					(\$1,000,000)	\$1,000,000	\$1,000,000	\$1,000,000
Revised Forecast	\$41,272,645	\$49,328,102	\$50,879,647	\$50,624,741	\$48,834,250	\$50,834,250	\$50,834,250	\$50,834,250
Annual % Growth	4.6%	19.5%	3.1%	-0.5%	-3.5%	4.1%	0.0%	0.0%

Revenue Source Summary:

Revenue from the sales of lottery tickets, net of the costs of administering the lottery and the set aside of funds for prizes, is transferred to the State as General Fund revenue. In addition to its own instant ticket games, the Maine Lottery participates with the New Hampshire and Vermont lotteries as a member of the Tri-State Lottery to offer Tri-State Pick 3 and Pick 4, Triple Play and Megabucks. Maine is also one of 29 jurisdictions participating in Powerball. Pursuant to Title 12 M.R.S.A, Chapter 714, the Maine Lottery also administers a wildlife lottery game to raise funds for the Maine Outdoor Heritage Fund. Maine Law (Title 8 M.R.S.A., §387) requires that at least 45% of sales must be returned to the players in the form of prizes.

Revenue Source Forecast Factors and Trends:

Lottery revenues are considered to be the result of discretionary spending by Maine's citizens; this type of discretionary spending tends to be fairly predictable. Most recent major change was the addition of Powerball as an additional game offered by the Maine State Lottery in the fall of 2004. The Lottery is a mature industry and its revenue remains relatively flat; aggressive marketing such as constantly changing instant tickets games are required to maintain sales. Revenue is also significantly affected by the size of jackpots in the Megabuck and Powerball games, which is very unpredictable.

Forecast Recommended Changes:

Based on the performance of revenue through February, revenue is projected to increase each year over the forecast period. However, FY08 is being adjusted downward to reflect an accounting adjustment based on an audit finding. Lottery revenue is being adjusted downward by \$2.7 million in FY08 as a result of this finding. Projections for FY09 through FY11 reflect no growth after an initial modest increase over FY07 revenue amounts.

General Fund - Real Estate Transfer Tax

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$22,196,221	\$24,113,439	\$24,595,580	\$22,206,638	\$19,565,275	\$20,314,869	\$16,907,180	\$18,867,770
Annual % Growth	106.1%	8.6%	2.0%	-9.7%	-11.9%	3.8%	-16.8%	11.6%
Net Increase (Decrease)					(\$2,560,982)	(\$4,768,654)	(\$5,290,155)	(\$5,438,955)
Revised Forecast	\$22,196,221	\$24,113,439	\$24,595,580	\$22,206,638	\$17,004,293	\$15,546,215	\$11,617,025	\$13,428,815
Annual % Growth	106.1%	8.6%	2.0%	-9.7%	-23.4%	-8.6%	-25.3%	15.6%

Revenue Source Summary:

A tax is imposed on each deed that transfers title to real property in the state or on the transfer of a controlling interest in an entity with a fee interest in real property in the state at the rate of \$2.20 for each \$500 or fractional part of the value of the real property. There are certain exemptions. Of the total tax, ½ is imposed on the grantor and ½ is imposed on the grantee. Ninety percent of the tax collected during the previous month is forwarded by each Registrar of Deeds to the State Tax Assessor. The remaining 10% is retained by the county and accounted for as reimbursement for services rendered in collecting the tax. Of the 90% that is forwarded to the State, ½ of the revenue attributable to the transfer of title to real property is credited to the Maine State Housing Authority's Housing Opportunities for Maine (H.O.M.E.) Fund, an Other Special Revenue program established by 30-A M.R.S.A. §4853. The remainder is credited to the General Fund.

In FY04, FY05 and FY06 \$7,500,000 of the portion that would ordinarily be credited to the H.O.M.E. Fund was credited to the General Fund. In FY07, \$7,687,067 of the portion ordinarily credited to the H.O.M.E. Fund was credited to the General Fund. In FY08 and FY09, \$5,000,000 of the portion credited to the H.O.M.E. Fund will again be credited to the General Fund.

Beginning July 1, 2002, transfers of controlling interests are subject to the same tax. After the deduction of 10% county share, the remaining 90% of proceeds from the tax on the transfers of controlling interests accrues to the General Fund.

Revenue Source Forecast Factors and Trends:

Real estate market was growing very fast throughout most of FY05. In the June 2005 forecast, this line was revised downward by \$1,000,000 for FY05 based on 2 months of negative variances. However, the positive variance at the end of FY05 nearly completely reversed that revision, coming in ahead of the revised forecast by \$807,093. The FY06 positive variance was \$2.1 million. In FY07, the forecast was projected to decline. The decline in FY07 was greater than anticipated resulting in a negative variance of \$0.1 million or (0.5%).

Forecast Recommended Changes:

The revised revenue projection is based on the Winter 2008 Global Insight forecast of existing single family home sales and the median price of existing homes in Maine.

General Fund - Milk Handling Fee

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$0	\$0	\$1,867,527	\$2,561,972	\$558,818	\$2,381,714	\$2,381,714	\$2,381,714
Annual % Growth	N/A	N/A	N/A	37.2%	-78.2%	326.2%	0.0%	0.0%
Net Increase (Decrease)					\$215,506	(\$70)	(\$70)	(\$70)
Revised Forecast	\$0	\$0	\$1,867,527	\$2,561,972	\$774,324	\$2,381,644	\$2,381,644	\$2,381,644
Annual % Growth	N/A	N/A	N/A	37.2%	-69.8%	207.6%	0.0%	0.0%

Revenue Source Summary:

PL 2005, c. 396 imposed a fee on the handling of packaged milk for retail sale in the State. The fee rate is determined monthly in relation to the price of milk. The fee ranges from \$0.00 per gallon when the price of milk is \$18.50 per hundredweight or more to \$0.12 per gallon when the price of milk is below \$16.00 per hundredweight. PL 2007, c. 269 revised the fee to range from \$0.00 per gallon when the price of milk is \$24.00 per hundredweight or more to \$0.36 per gallon when the price dips below \$15.50 per hundredweight. Below \$15.00 the rate increases \$0.06 per gallon for each \$0.50 drop in the price of milk.

Budgeted revenue for the Milk Handling Fee is calculated on a monthly basis by first determining what the corresponding fee is for the monthly price of milk as established by federal order. Once the correct milk handling fee has been determined, that fee is multiplied by the estimated number of gallons that will be sold based on previous years' consumption patterns. There is no fee on the handling in this state of packaged milk for sale in containers that were less than one quart or 20 or more quarts in volume, or packaged milk that is sold to an institution that is owned or operated by the State or Federal Government.

Revenue Source Forecast Factors and Trends:

The price of milk is relatively volatile and is difficult to accurately predict on a long-term basis. Since the amount of the Milk Handling Fee at any one time is based on the price of milk, long term revenue forecasts will be subject to frequent change.

Forecast Recommended Changes:

The short-term forecast of milk prices has been revised resulting in an increase of budgeted revenue in FY08, but a slightly lower estimate in FY 09 and beyond.

General Fund - Liquor Sales and Operations

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$102,182,743	\$49,845,027	\$2,560,044	\$4,440,935	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000
Annual % Growth	291.9%	-51.2%	-94.9%	73.5%	1.3%	0.0%	0.0%	0.0%
Net Increase (Decrease)					\$1,034,300	\$1,050,000	\$1,050,000	\$1,050,000
Revised Forecast	\$102,182,743	\$49,845,027	\$2,560,044	\$4,440,935	\$5,534,300	\$5,550,000	\$5,550,000	\$5,550,000
Annual % Growth			-94.9%	73.5%	24.6%	0.3%	0.0%	0.0%

Revenue Source Summary:

In July 2004, the State signed a ten year lease with a private entity for the sale and distribution of spirits subject to price regulation by the Bureau of Alcoholic Beverages and Lottery Operations. Throughout the term the private entity is guaranteed a gross profit baseline percentage of 36.8%. Revenue sharing with the state is determined on a calendar year basis when aggregate profits exceed 36.8% at which time an amount equal to 50% of the gross profit overage is deposited in the General Fund.

Revenue Source Forecast Factors and Trends:

As a result of the lease with the private entity, the State collected one-time payments from the private entity of \$75,000,000 in FY04 and \$50,000,000 in FY05. The revenue collected through the profit sharing arrangement of the lease has grown over the last few years. With the exception of FY05, the first year of operations for the lessee, profits have grown substantially each year. The growth for 2007 is attributed a 2.0% increase in cases sold and a 4.8% increase in sales. 45 more retail stores selling distilled spirits have been added since the privatization. Product margins have been managed over the last three years so that any growth in sales is reflected in profits.

Forecast Recommended Changes:

The estimates for the profits from Liquor Operations are increased in FY08 based on a preliminary, unaudited report of the lessee on calendar year 2007 operations. Estimates in future years are increased to bring future years in line with the current year amounts. While Maine Beverage is projecting similar growth for 2008 and affecting FY09 profit sharing, only a modest increase is included due to doubts about the current economic situation. Projections for FY10 and FY11 have been increased to the revised FY09 level.

General Fund - Liquor Taxes and Fees

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$17,485,024	\$17,432,377	\$18,814,733	\$20,283,406	\$20,042,626	\$20,122,424	\$20,203,342	\$20,285,996
Annual % Growth	2.0%	-0.3%	7.9%	7.8%	-1.2%	0.4%	0.4%	0.4%
Net Increase (Decrease)					\$355,000	\$75,000	\$75,000	\$75,000
Revised Forecast	\$17,485,024	\$17,432,377	\$18,814,733	\$20,283,406	\$20,397,626	\$20,197,424	\$20,278,342	\$20,360,996
Annual % Growth			7.9%	7.8%	0.6%	-1.0%	0.4%	0.4%

Revenue Source Summary:

This revenue category is comprised of two principal revenue sources: taxes on alcoholic beverages and fees levied entities that are involved in the production, retailing and wholesaling of alcoholic beverages. The overwhelming majority of taxation and licensing revenue is collected by for the General Fund by the Liquor Enforcement program within the Department of Public Safety.

Revenue Source Forecast Factors and Trends:

The collection of revenue derived from the various taxes on alcoholic beverages is based on trends of the consumption of alcoholic beverages; variations in this trend are generally tied to shifts in public taste for certain types of alcoholic beverages and tend to take place gradually over a number of years. Revenue that is collected from the wide variety of licensing fees appears to be fairly stable and is somewhat limited by various statutory requirements. Effective October 1, 2005, flavored malt beverages are no longer taxed as malt beverages and instead are taxed at the higher rate established for low-alcohol spirits.

Forecast Recommended Changes:

Based on the revised estimates of the sales volume for spirits by Maine Beverage Company, the premium tax on spirits is increased by \$75,000 annually beginning in FY08. In addition, based on performance through January 2008, beer excise and premium taxes are increased on a proportional basis for FY08 only.

General Fund - Finance Industry Fees

	FY04 Actual	FY05 Actual	FY06 Actual	FY07	FY08	FY09	FY10	FY11
Current Forecast	\$9,572,280	\$18,641,800	\$20,471,110	\$22,004,030	\$21,565,980	\$21,365,980	\$21,365,980	\$21,365,980
Annual % Growth	3.0%	94.7%	9.8%	7.5%	-2.0%	-0.9%	0.0%	0.0%
Net Increase (Decrease)					\$863,830	\$0	\$0	\$0
Revised Forecast	\$9,572,280	\$18,641,800	\$20,471,110	\$22,004,030	\$22,429,810	\$21,365,980	\$21,365,980	\$21,365,980
Annual % Growth	3.0%	94.7%	9.8%	7.5%	1.9%	-4.7%	0.0%	0.0%

Revenue Source Summary:

Securities Act Fees - 32 M.R.S.A. c. 135 (§16302, 16305 & §16410) The Maine Office of Securities within the Department of Professional and Financial Regulation oversees the registration of securities and the licensing of broker-dealers, agents, investment advisers, and investment adviser representatives. The \$30 annual renewal fee for agents and investment adviser representatives accrues as dedicated revenue to fund the operations of the Maine Office of Securities. The remainder of the fees collected by the office, which include: agent initial license fees, broker-dealer fees, investment adviser fees, investment adviser representative initial fees, securities registration and exemption fees, and federal-covered securities notice filing fees, accrue to the General Fund. The revenue collected from the securities registration filing fee now accounts for more than 90% of this revenue source.

Revenue Source Forecast Factors and Trends:

PL 2003, c. 673, Part RRR, increased the fee for most security registration filings from \$500 to \$1,000 effective August 1, 2004.

PL 2005, c. 12, Part KKKK increased initial and renewal license fees for broker-dealers from \$200 to \$250, renewal license fees for investment advisers from \$100 to \$200, and initial license fees for agents and investment adviser representatives from \$40 to \$50 effective June 29, 2005. PL 2005, c. 65, repealed the Revised Maine Securities Act (32 MRSA, c.105) replacing it with the Maine Uniform Securities Act (32 MRSA, c.135) and replaced these statutorily defined fees with upper limits within which the Office establishes the fees. With the exception of the investment advisor representative annual renewal fee, which was lowered to \$30 effective December 31, 2005, the fees have been set at the same level that existed under the prior securities act.

Forecast Recommended Changes:

The forecast has been updated to reflect FY08 collections through January 2008. The updated forecast includes a one-time \$750,000 increase in the revenue estimated to be collected this year from the securities registration fee (from \$19.8 million to \$20.55 million). This adjustment is in addition to the December 2007 forecasted increase in this fee of \$800,000 per year. Two other smaller one-time adjustments are made in FY08 based on collections to date.

General Fund - Pari-mutuel and Gaming Revenue

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$1,036,539	\$1,362,611	\$5,262,230	\$8,604,917	\$8,631,176	\$12,824,311	\$13,574,624	\$14,157,955
Annual % Growth	-4.6%	31.5%	286.2%	63.5%	0.3%	48.6%	5.9%	4.3%
Net Increase (Decrease)					(\$60,594)	(\$41,970)	(\$58,500)	(\$58,500)
Revised Forecast	\$1,036,539	\$1,362,611	\$5,262,230	\$8,604,917	\$8,570,582	\$12,782,341	\$13,516,124	\$14,099,455
Annual % Growth	-4.6%	31.5%	286.2%	63.5%	-0.4%	49.1%	5.7%	4.3%

Revenue Source Summary:

For pari-mutuel revenue, the State collects a commission on live harness racing, race track simulcasting and off-track betting on horse racing. The commission for intrastate pools is 18% on regular wagers and 26% on exotic wagers. The commission on interstate common pools is the amount established by the State where the wager is pooled. Amounts collected as commissions are distributed among the General Fund and several dedicated funds or retained by or returned to race tracks and off-track betting facilities.

Gaming revenue is collected from slot machines that are currently authorized to be located on the premises of one commercial racetrack in Bangor and from various licensing and registration fees that are levied upon the private entities that own and operate the slot machines. Under current law (8 MRSA § 1036), 1% of the gross slot income (the amount collected from slot machine players) is distributed to the General Fund as well as 3% of the net slot machine income (the amount that is distributed to the owner and various governmental purposes after paybacks to the winning players).

Revenue Source Forecast Factors and Trends:

To a certain extent, the collection of budgeted pari-mutuel revenue is dependent on favorable weather and overall economic conditions; protracted periods of inclement weather and poor economic trends will adversely effect both the attendance at commercial racetracks and the availability of discretionary resources to make wagers. Through February, FY07 pari-mutuel revenue has been running about 11% ahead of budgeted revenue, which was revised downward in the December 2006 revenue forecast.

The forecasting of gaming revenue has been significantly hampered by changing timelines in the opening of a slot machine facility in Bangor. Recently, Penn National, the licensed slot machine operator, opened a temporary facility in early November of 2005 with 475 registered slot machines. In addition, the best available information appears to indicate that Penn National will be opening a larger, permanent facility with 1,000 registered slot machines in August of 2008.

For this forecast, the Revenue Forecasting Committee has 16 months of actual data from which the Revenue Forecasting Committee has revised the spreadsheet that calculates the revenue from the racino initiative to provide more detailed assumptions based on actual experience. Actual receipts continue to surpass expectations, particularly during the winter months. A mild winter may have contributed to enhanced revenue from this source as other normal winter activities were curtailed and there were few bad travel days that kept people away from the facility.

Forecast Recommended Changes:

The spreadsheet on the following details the assumptions that produce the revised estimate for revenue from the slot machine facility in Bangor. FY08 revenue amounts were adjusted to reflect actual revenue through January. There were 2 changes to the assumptions that produced this revenue revision. The date of the opening of the new facility was moved up one month sooner, that opening is now projected to be at the beginning of July 2008. The other assumption change was the payout percentage, which is projected lower when the new facility opens to reflect the change in the mix of machines to lower denomination slot machines that have a lower payback percentage.

In addition, pari-mutuel revenue is reduced beginning in FY08 and is adjusted in each year to remain constant through FY11.

Revenue Forecasting Committee - March 2008 - Racino Revenue

GENERAL FUND REVENUE	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
December 2007 Forecast - General Fund Revenue	\$7,703,401	\$7,749,176	\$11,942,311	\$12,674,624	\$13,257,955
Incremental Effect of December 2007 Forecast		(\$22,594)	(\$3,970)	(\$2,500)	(\$2,500)
March 2008 Forecast - Revised General Fund Revenue	\$7,703,401	\$7,726,582	\$11,938,341	\$12,672,124	\$13,255,455

FUND FOR A HEALTHY MAINE REVENUE	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
December 2007 Forecast - Fund for a Healthy Maine Revenue	\$3,538,805	\$3,833,790	\$6,436,969	\$6,610,613	\$6,794,888
Incremental Effect of December 2007 Forecast		(\$66,318)	\$0	\$0	\$0
March 2008 Forecast - Fund for a Healthy Maine Revenue	\$3,538,805	\$3,767,472	\$6,436,969	\$6,610,613	\$6,794,888

Detail of Current Revenue Forecast - Distribution of Total Slot Income

		2006-07 Actual	2007-08	2008-09	2009-10	2010-11
Gross Slot Income (Coin/Voucher In)	A	\$610,387,395	\$594,801,961	\$953,625,000	\$979,350,000	\$1,006,650,000
Player's Share (Payback Value)	B	\$568,895,474	\$551,179,219	\$879,719,063	\$903,450,375	\$928,634,625
General Fund - Administration (1% of Gross Slot Income)	C 1.0%	\$6,103,874	\$5,948,020	\$9,536,250	\$9,793,500	\$10,066,500
"Net Slot Machine Income" (=A-B-C)		\$35,388,046	\$37,674,723	\$64,369,688	\$66,106,125	\$67,948,875
Licensees' Share of "Net Slot Machine Income"	61.0%	\$21,586,708	\$22,981,581	\$39,265,509	\$40,324,736	\$41,448,814

Distribution of State Share of "Net Slot Machine Income"	39.0%	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund (other)	3.0%	\$1,061,641.39	\$1,130,242	\$1,931,091	\$1,983,184	\$2,038,466
General Fund (After 48 months - November 2009)	1.0%	\$0.00	\$0	\$0	\$424,440	\$679,489
Fund for Healthy Maine	10.0%	\$3,538,804.64	\$3,767,472	\$6,436,969	\$6,610,613	\$6,794,888
University of Maine Scholarship Fund	2.0%	\$707,760.93	\$753,494	\$1,287,394	\$1,322,123	\$1,358,978
Maine Community College System - Scholarship Funds	1.0%	\$353,880.46	\$376,747	\$643,697	\$661,061	\$679,489
Resident Municipalities	1.0%	\$353,880.46	\$376,747	\$643,697	\$661,061	\$679,489
Purse Supplements	10.0%	\$3,538,804.64	\$3,767,472	\$6,436,969	\$6,610,613	\$6,794,888
Sire Stakes Fund	3.0%	\$1,061,641.39	\$1,130,242	\$1,931,091	\$1,983,184	\$2,038,466
Fund to Encourage Racing at Commercial Tracks	4.0%	\$1,415,521.86	\$1,506,989	\$2,574,788	\$2,644,245	\$2,717,955
Fund to Stabilize Off-Track Betting (48 months - until Oct 2009)	2.0%	\$707,760.93	\$753,494	\$1,287,394	\$473,243	\$0
Fund to Stabilize Off-Track Betting (after 48 months - Nov 2009)	1.0%	\$0.00	\$0	\$0	\$424,440	\$679,489
Agricultural Fair Support Fund	3.0%	\$1,061,641.39	\$1,130,242	\$1,931,091	\$1,983,184	\$2,038,466

Revenue Summary	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
General Fund					
General Fund Administration	\$6,103,874.00	\$5,948,020	\$9,536,250	\$9,793,500	\$10,066,500
General Fund (Other)	\$1,061,641.39	\$1,130,242	\$1,931,091	\$2,407,624	\$2,717,955
Licensing revenue	\$504,897.00	\$634,850	\$459,000	\$459,000	\$459,000
Reimbursement - Background Checks	\$32,988.52	\$13,470	\$12,000	\$12,000	\$12,000
Subtotal - General Fund	\$7,703,400.91	\$7,726,582	\$11,938,341	\$12,672,124	\$13,255,455
Fund for Healthy Maine	\$3,538,804.64	\$3,767,472	\$6,436,969	\$6,610,613	\$6,794,888
Other Special Revenue Funds					
Harness Racing Commission	\$7,785,370.21	\$8,288,439	\$14,161,333	\$14,118,909	\$14,269,264
HRC - Subtotal	\$7,785,370.21	\$8,288,439	\$14,161,333	\$14,118,909	\$14,269,264
PUS- host municipalities	\$25,000.00	\$25,000	\$25,000	\$25,000	\$25,000
University of Maine Scholarship Fund	\$707,760.93	\$753,494	\$1,287,394	\$1,322,123	\$1,358,978
Maine Community College System Scholarships	\$353,880.46	\$376,747	\$643,697	\$661,061	\$679,489
Resident Municipalities	\$353,880.46	\$376,747	\$643,697	\$661,061	\$679,489
Subtotal - Other Special Revenue Funds	\$9,225,892.06	\$9,820,427	\$16,761,121	\$16,788,154	\$17,012,220

Details and Assumptions

Number of Machines	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
July	475	479	1,000	1,000	1,000
August	475	479	1,000	1,000	1,000
September	475	479	1,000	1,000	1,000
October	475	479	1,000	1,000	1,000
November	475	479	1,000	1,000	1,000
December	477	479	1,000	1,000	1,000
January	479	491	1,000	1,000	1,000
February	479	491	1,000	1,000	1,000
March	479	491	1,000	1,000	1,000
April	479	491	1,000	1,000	1,000
May	479	491	1,000	1,000	1,000
June	479	491	1,000	1,000	1,000

Payback % Average for Month	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
July	93.22%	92.98%	92.25%	92.25%	92.25%
August	93.32%	92.83%	92.25%	92.25%	92.25%
September	93.23%	92.71%	92.25%	92.25%	92.25%
October	93.51%	92.63%	92.25%	92.25%	92.25%
November	93.45%	92.87%	92.25%	92.25%	92.25%
December	93.46%	92.80%	92.25%	92.25%	92.25%
January	93.50%	92.62%	92.25%	92.25%	92.25%
February	93.32%	92.50%	92.25%	92.25%	92.25%
March	93.24%	92.50%	92.25%	92.25%	92.25%
April	92.44%	92.50%	92.25%	92.25%	92.25%
May	93.09%	92.50%	92.25%	92.25%	92.25%
June	92.56%	92.50%	92.25%	92.25%	92.25%

Average Total Slot Income Per Machine Per Day	2006-07 Actual	2007-08	2008-09	2009-10	2010-11
Average for the Fiscal Year	\$3,516.43	\$3,349	\$2,625	\$2,696	\$2,771
July	3,488.74	3,815.32	\$2,775	\$2,850	\$2,950
August	3,434.83	3,668.08	\$2,775	\$2,850	\$2,950
September	3,473.46	3,671.65	\$2,775	\$2,850	\$2,950
October	3,698.23	3,588.28	\$2,775	\$2,850	\$2,950
November	3,722.67	3,544.26	\$2,600	\$2,650	\$2,700
December	3,187.07	2,580.57	\$2,425	\$2,475	\$2,550
January	3,439.92	3,025.09	\$2,425	\$2,475	\$2,550
February	3,645.10	\$3,100	\$2,425	\$2,475	\$2,550
March	3,727.29	\$3,200	\$2,425	\$2,475	\$2,550
April	3,570.05	\$3,300	\$2,500	\$2,600	\$2,650
May	3,533.61	\$3,400	\$2,800	\$2,900	\$2,950
June	3,276.16	\$3,300	\$2,800	\$2,900	\$2,950

General Fund - Fines, Forfeits and Penalties

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$38,219,275	\$35,506,972	\$37,781,055	\$41,415,132	\$41,182,968	\$41,287,968	\$41,351,968	\$41,406,968
Annual % Growth		-7.1%	6.4%	9.6%	-0.6%	0.3%	0.2%	0.1%
Net Increase (Decrease)					\$1,438,750	\$1,162,285	\$1,062,285	\$1,062,285
Revised Forecast	\$38,219,275	\$35,506,972	\$37,781,055	\$41,415,132	\$42,621,718	\$42,450,253	\$42,414,253	\$42,469,253
Annual % Growth		-7.1%	6.4%	9.6%	2.9%	-0.4%	-0.1%	0.1%

Revenue Source Summary:

Revenue derived from fines, forfeitures and penalties is primarily collected through the efforts of the Violations Bureau and the courts within the Judicial Department. There is also fine revenue collected by the Department Environmental Protection, the Department of Inland Fisheries and Wildlife, the Department of Agriculture and other miscellaneous agencies. These funds statutorily accrue to the state's General Fund as undedicated revenue. There are some instances where fines, forfeitures and penalties are credited to other funds, such as fines from certain traffic infractions against motor carriers credited to the Highway Fund. There are other situations where funds are statutorily dedicated for other specific purposes.

Revenue Source Forecast Factors and Trends:

The major factors that affect this revenue source are the number of violators being prosecuted by law enforcement, the ability of violators to pay fines and the collection effort implemented by the Judicial Branch.

In FY06, computer conversion problems and slowed collection efforts by the Judicial Department resulted in a revenue shortfall of (\$2,761,941) for fines, forfeits and penalties even after a downward adjustment of (\$2,500,000). In FY07, the Judicial Branch revenue collections continued to run behind and finished the year with a negative variance of (\$1,049,426). Judicial Department fine revenue collections have improved in FY08 and was over budget for the fiscal year-to-date through January by \$1,632,008.

Forecast Recommended Changes:

Fines, forfeits and penalties collected by the Judicial Department have been adjusted upward by \$1,200,000 annually beginning in FY08. In addition to the on-going increase, an additional \$200,000 in FY08 in added to the forecast on a one-time basis from eliminating back logs.

JUDICIAL DEPT.	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$31,067,886	\$31,924,868	\$34,742,819	\$38,439,059	\$38,814,645	\$38,814,645	\$38,814,645	\$38,814,645
Annual % Growth		2.8%	8.8%	10.6%	1.0%	0.0%	0.0%	0.0%
Net Increase (Decrease)					\$1,400,000	\$1,200,000	\$1,200,000	\$1,200,000
Revised Forecast	\$31,067,886	\$31,924,868	\$34,742,819	\$38,439,059	\$40,214,645	\$40,014,645	\$40,014,645	\$40,014,645
Annual % Growth		2.8%	8.8%	10.6%	4.6%	-0.5%	0.0%	0.0%

The projected revenue adjustments for fines collected by other state agencies other than the Judicial Department are as follows:

OTHER DEPT'S.	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$7,151,389	\$3,582,103	\$3,038,236	\$2,976,073	\$2,368,323	\$2,473,323	\$2,537,323	\$2,592,323
Annual % Growth		-49.9%	-15.2%	-2.0%	-20.4%	4.4%	2.6%	2.2%
Net Increase (Decrease)					\$38,750	(\$37,715)	(\$137,715)	(\$137,715)
Revised Forecast	\$7,151,389	\$3,582,103	\$3,038,236	\$2,976,073	\$2,407,073	\$2,435,608	\$2,399,608	\$2,454,608
Annual % Growth		-49.9%	-15.2%	-2.0%	-19.1%	1.2%	-1.5%	2.3%

General Fund - Targeted Case Management (HHS)

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$34,762,095	\$34,518,055	\$25,687,188	\$23,550,288	\$20,045,007	\$20,045,007	\$20,045,007	\$20,045,007
Annual % Growth	4.6%	-0.7%	-25.6%	-8.3%	-14.9%	0.0%	0.0%	0.0%
Net Increase (Decrease)				\$0	(\$3,576,797)	(\$11,435,305)	(\$11,435,305)	(\$11,435,305)
Revised Forecast	\$34,762,095	\$34,518,055	\$25,687,188	\$23,550,288	\$16,468,210	\$8,609,702	\$8,609,702	\$8,609,702
Annual % Growth	4.6%	-0.7%	-25.6%	-8.3%	-30.1%	-47.7%	0.0%	0.0%

Revenue Source Summary:

This revenue source reflects Medicaid reimbursement for case management services provided by the Department of Health and Human Services' Office of Elder Services, Office of Children and Family Services, and the Maine Center for Disease Control and Prevention, as well as reimbursement for services provided by adult mental health caseworkers and case management for persons with mental retardation.

Revenue Source Forecast Factors and Trends:

Major factors include: the volume and timeliness of claims submitted and paid by Medicaid for these services; the rates billed and allowable for these services, and the prevailing federal match rate for these services. Ongoing implementation issues with the new Medicaid claims processing system (MECMS) has resulted in a disruption in the payment of all Medicaid claims including these for Targeted Case Management Services (i.e., services provided). The decline in revenue from this source in recent years is attributed to a decline in caseload in the individual revenue line projections for case management services provided by the Office of Children and Family Services and in case management provided by adult mental health caseworkers and case management for persons with mental retardation..

Forecast Recommended Changes:

Estimates are updated to reflect FY07 actual revenue and FY08 revenue collected through January 2008. It is further assumed that as a result of changes in federal regulations targeted case management revenue generated by the Office of Elder Services and the Office of Children and Family Services will be significantly reduced if not eliminated beginning March 1, 2008. The forecast does not reflect a potential impact that may arise as a result of audit findings by the federal Department of Health and Human Services, Office of the Inspector General (OIG) that may result in a significant repayment of prior year revenue.

General Fund - HHS Services Rendered

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$9,481,895	\$7,966,194	\$9,613,394	\$11,125,914	\$4,363,607	\$4,363,607	\$4,363,607	\$4,363,607
Annual % Growth	89.2%	-16.0%	20.7%	15.7%	-60.8%	0.0%	0.0%	0.0%
Net Increase (Decrease)					(\$295,877)	(\$295,877)	(\$295,877)	(\$295,877)
Revised Forecast	\$9,481,895	\$7,966,194	\$9,613,394	\$11,125,914	\$4,067,730	\$4,067,730	\$4,067,730	\$4,067,730
Annual % Growth	89.2%	-16.0%	20.7%	15.7%	-63.4%	0.0%	0.0%	0.0%

Revenue Source Summary:

This revenue category includes reimbursement for services provided within several DHHS programs. These revenues have historically included reimbursement for room and board at the Aroostook Residential Center, an ICF/MR facility in Presque Isle, reimbursement for residents' day programming at the Center, reimbursement for room and board at Freeport Towne Square (FTS) and the Pineland Center. These revenues also include reimbursement for day habilitation provided at FTS for residents of FTS and Medicaid reimbursement for day habilitation services provided by Freeport Towne Square to people who do not reside there, revenue generated by the Elizabeth Levinson Center from the School Nutrition Program through the Department of Education and reimbursement for room and board at the Elizabeth Levinson Center, an ICF/MR facility in Bangor.

This revenue category also reflects Medicaid reimbursement for the administrative costs associated with the portion of the Department and Health and Human Service's operations that involve the Medicaid program. The vast majority of this revenue is based on the 50% administrative match rate and represents the federal Medicaid program's "share" of these costs based on an approved cost allocation plan.

Revenue Source Forecast Factors and Trends:

Major factors include: the volume and timeliness of claims submitted and paid by Medicaid for these services; the rates billed and allowable for these services, and the prevailing federal match rate for these services. Ongoing implementation issues with the new Medicaid claims processing system has resulted in a delay in the payment of all Medicaid claims including these services. Consistent with the enacted closure and sale of the Freeport Towne Square facility (PL 2005, c.457, Pt. NN), the estimates for the forecast period assumes revenue from the Freeport Towne Square source (2629) will be reduced and then eliminated for 2007 and beyond. The federal approval and implementation of a new administrative cost allocation plan has also been a major factor affecting this revenue source.

Forecast Recommended Changes:

Estimates are updated to reflect FY07 actual revenue and FY08 revenue through January 2008. The forecast continues to reflect the significant negative adjustment in revenue from this source made in the December 2007 forecast primarily the result of a decrease in federal reimbursement for the current fiscal year under the Department's newly approved cost allocation plan. This reduced level of federal cost allocation plan revenue is assumed to continue for the forecast period. As the Department gains additional experience in implementing its new cost allocation plan, this assumption may need to be revisited in subsequent forecasts. The Administration's proposal included in LD 2173 - the 2008-2009 Supplemental Budget - to privatize the Elizabeth Levinson Center would also result in a significant reduction in revenue from this source.

General Fund - Tourism Transfer

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	(\$7,213,282)	(\$7,554,190)	(\$7,762,689)	(\$8,221,338)	(\$8,708,437)	(\$8,911,584)	(\$9,365,681)	(\$9,811,800)
Annual % Growth	N/A	4.7%	2.8%	5.9%	5.9%	2.3%	5.1%	4.8%
Net Increase (Decrease)					\$0	(\$78,293)	\$12,337	(\$18,012)
Revised Forecast	(\$7,213,282)	(\$7,554,190)	(\$7,762,689)	(\$8,221,338)	(\$8,708,437)	(\$8,989,877)	(\$9,353,344)	(\$9,829,812)
Annual % Growth	N/A	4.7%	2.8%	5.9%	5.9%	3.2%	4.0%	5.1%

Revenue Source Summary:

The amounts above reflect transfers to the Tourism Marketing Promotion Fund within the Department of Economic and Community Development, Office of Tourism. Beginning July 1, 2003 and every July 1st thereafter, the State Controller transfers to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to 5% of the 7% tax imposed on tangible personal property and taxable services pursuant to Title 36, section 1811, for the first 6 months of the prior fiscal year after the reduction for the transfer to the Local Government Fund as described by Title 30-A, section 5681, subsection 5. Beginning on October 1, 2003 and every October 1st thereafter, the State Controller transfers to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to 5% of the 7% tax imposed on tangible personal property and taxable services pursuant to Title 36, section 1811, for the last 6 months of the prior fiscal year after the reduction for the transfer to the Local Government Fund. The tax amount may not consider any accruals.

The amount transferred from General Fund sales and use tax revenues does not affect the calculation of the transfer to the Local Government Fund.

Revenue Source Forecast Factors and Trends:

This transfer is driven by the revenue forecast of the meals and lodging portion of the sales tax. Given the detail available for the 7% tax portion of the Sales and Use Tax, the Sales Tax model is used to budget for this category.

Forecast Recommended Changes:

The forecast was updated with the sales tax micro-simulation model which incorporates the latest economic forecast.

General Fund - Transfers to Maine Milk Pool

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$0	\$0	(\$2,616,160)	(\$10,158,802)	(\$347,260)	(\$2,338,875)	(\$2,338,875)	(\$2,338,875)
Annual % Growth	N/A	N/A	N/A	288.3%	-96.6%	573.5%	0.0%	0.0%
Net Increase (Decrease)					(\$378,009)	\$41,430	\$41,430	\$41,430
Revised Forecast	\$0	\$0	(\$2,616,160)	(\$10,158,802)	(\$725,269)	(\$2,297,445)	(\$2,297,445)	(\$2,297,445)
Annual % Growth	N/A	N/A	N/A	288.3%	-92.9%	216.8%	0.0%	0.0%

Revenue Source Summary:

Current law (7 MRSA §3153-D) requires the Administrator of the Maine Milk Pool to certify monthly amounts of General Fund undedicated revenue that must be transferred to the Maine Milk Pool. The certified amounts are based on a complicated series of factors which include milk production rates and milk prices. Milk prices are generally determined by the availability of milk supply which in turn is affected by weather conditions and the level of federal support programs. There is an inverse relationship between milk prices and the amounts transferred to the Maine Milk Pool for redistribution to milk producers (Maine's dairy farmers). As milk prices fall, the amount of the transfers certified by the Administrator of the Maine Milk Pool will increase.

Current law requires the Administrator of the Maine Milk Pool to establish the level of support payments to milk producers from the Maine Milk Pool through a determination of the most recent milk production ranges and milk costs. Budgeted transfers to the Maine Milk Pool are calculated on a monthly basis by first estimating the farmer price which is the sum of the monthly Milk Income Loss Contract payment, the monthly Boston Blend Price (expressed in hundredweight) and the average premium. The farmer price is then compared to the target price which corresponds to an individual farmer's tier (small, medium or large); if the tier target price is greater than the the farmer price then the payment to that farmer will equal the difference between the two multiplied by that month's production in terms of hundredweight; the total of estimated payments to each farmer is the budgeted monthly transfer to the Maine Milk Pool. The establishment of the amount of support payments from the Maine Milk Pool dictates the amounts of undedicated revenue that must be transferred from the General Fund to the Maine Milk Pool.

Revenue Source Forecast Factors and Trends:

Previous forecasts for these transfers to the Maine Milk Pool have not made adequate use of updated forecasts regarding milk price and production levels that determine the amounts to be transferred from the General Fund to the Maine Milk Pool. The decisions of the Maine Milk Commission have also increased the amounts to be transferred and distributed.

Forecast Recommended Changes:

The short-term adjustment reflects a more recent forecast of milk prices. Projections for FY10 and FY11 are based on the estimate for FY09.

General Fund - Other Miscellaneous

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$46,860,796	\$36,562,039	\$29,498,834	\$30,226,623	\$24,495,994	\$25,044,523	\$24,948,588	\$25,017,920
Annual % Growth	69.5%	-22.0%	-19.3%	2.5%	-19.0%	2.2%	-0.4%	0.3%
Net Increase (Decrease)					(\$665,305)	(\$1,749,603)	(\$1,729,210)	(\$1,732,020)
Revised Forecast	\$46,860,796	\$36,562,039	\$29,498,834	\$30,226,623	\$23,830,689	\$23,294,920	\$23,219,378	\$23,285,900
Annual % Growth	69.5%	-22.0%	-19.3%	2.5%	-21.2%	-2.2%	-0.3%	0.3%

Revenue Source Summary:

This group reflects all the other General Fund revenue sources collected by the various departments and agencies that are not otherwise classified in the General Fund Summary Table.

Summary of Revenue Adjustments to December 2007 Forecast:

Presented below are the major adjustments made to the various revenue sources in this category with a brief description of the reason for the change.

Administrative and Financial Services - Maine Revenue Services - Container Fee (1195)				
	FY08	FY09	FY10	FY11
	\$220,500	\$100,000	\$100,000	\$100,000
This revenue from certain bottle deposit initiators from unclaimed deposits is adjusted upward to reflect increased revenue in this area. FY08 is increased more than the on-going adjustment as a result of back payments.				
Attorney General - Administration - Attorney General (2690)				
	FY08	FY09	FY10	FY11
	\$862,725	\$0	\$0	\$0
Reflects the receipt of funds recovered as a result of a court order and settlements.				
Corrections - State Prison (2691&2296) and Long Creek Youth Development Center (2296)				
	FY08	FY09	FY10	FY11
	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
Reflects a reduction in housing federal and county prisoners.				
Conservation - Parks -General Operations - Recreational Use of Parks (2610)				
	FY08	FY09	FY10	FY11
	\$350,000	\$100,000	\$100,000	\$100,000
The Penobscot Narrows Observatory opened last summer and Parks has experienced a significant revenue increase from the visitors to the Observatory. For FY08, a one-time increase of \$350,000 reflects the additional fees from the Observatory. Revenue is predicted to be up on an ongoing basis, but not as much as in the first year. An on-going annual increase of \$100,000 beginning in FY09 is reflected.				

Conservation - Land Use Regulation Commission - Filing Fees (2632)	FY08	FY09	FY10	FY11
	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)
Adjusts the revenue associated with filing fees to reflect recent trends that have failed to achieve budgeted level of revenues in recent years.				
Conservation - Division of Forest Policy Management - Other Settlements (2830)	FY08	FY09	FY10	FY11
	\$63,400	\$30,000	\$30,000	\$30,000
Adjusts revenue to recognize current variance and increases the on-going amounts based on recent trends.				
Health and Human Services (DHS) - Foster Care 0137 (2543)	FY08	FY09	FY10	FY11
	(\$833,666)	(\$833,666)	(\$833,666)	(\$833,666)
Decreases estimates based on collections through January 2008 for Old Age Supplemental Insurance payments that DHHS receives for costs incurred by the State on behalf of children in state care. The Department had increased its estimate for this revenue source by \$1.2 million per year in the December 2007 forecast.				
Health and Human Services (DHS) - Child Support (2520) and Mis Services & Fees (2637)	FY08	FY09	FY10	FY11
	(\$72,818)	(\$23,670)	(\$23,670)	(\$23,670)
Adjusts estimates of child support payments in FY 08 from non-custodial parents for the care of children in State care based on collections to date. The Department has not fully implemented the PL 2007 c. 240 initiative that was budgeted to generate \$528,000 per year for the biennium but still expects to do so for FY 09 and beyond. Also adjusts revenue estimates from fees charged for child protective background checks based on experience to date.				
Health and Human Services (BDS) - OSA Driver Education and Evaluation Program 0700 (1515)	FY08	FY09	FY10	FY11
	(\$484,940)	(\$484,940)	(\$484,940)	(\$484,940)
Decreases estimates from fees charged to participants in the Office of Substance Abuse, Driver Education and Evaluation program.				
Inland Fisheries and Wildlife - Administrative Services - Gasoline Tax (0321)	FY08	FY09	FY10	FY11
	(\$4,280)	(\$5,293)	(\$824)	(\$2,229)
Reduces revenue consistent with changes made to the Gas Tax for Highway Fund revenue estimates.				
Marine Resources - Administrative Services - Lobster Crab Fishing License (1452)	FY08	FY09	FY10	FY11
	(\$25,000)	(\$25,000)	(\$25,000)	(\$25,000)
Reflects a decline in the number of licenses for lobster and crab fishing.				

Marine Resources - Marine Patrol - Sale of Equipment (2806)	FY08	FY09	FY10	FY11
	\$20,240	\$0	\$0	\$0
Recognizes revenue received from the unusual sale of surplus equipment.				
Public Safety - Liquor Enforcement - Games of Change (1248)	FY08	FY09	FY10	FY11
	(\$160,492)	\$0	\$0	\$0
This is recently enacted revenue source by PL 2007, c. 205 generates General Fund revenue when dedicated revenue collections exceed the cost of administration. That is not expected to happen in this first year of operation and the total amount of General Fund revenue booked by this legislation is reduced to \$0.				
Secretary of State - Bureau of Motor Vehicles - Excise Tax Non-resident Motor Vehicles (0186)	FY08	FY09	FY10	FY11
	(\$265,380)	(\$271,184)	(\$258,187)	(\$259,478)
These fees are collected from owners who do not have a primary residence in Maine. It appears other states are tightening the reins on residents registering their vehicles in other states where the rates are lower. This line has been in a steady decline since FY 2005 from 30% to 52% under budget. Based on the current trends, revenues are revised downward by 45% each year beginning in FY08.				
Secretary of State - Bureau of Motor Vehicles - Misc Services and Fees (2637)	FY08	FY09	FY10	FY11
	(\$25,594)	(\$25,850)	(\$22,923)	(\$23,037)
This line represents a \$1.00 fee collected for each vehicle sold from Dealer retail sales. Vehicle sales are trending downward; therefore, revenues are decreased by 13% each year. This amounts to (\$25,594) in FY08, (\$25,850) in FY09, (\$22,923) in FY10 and (\$23,037) in FY11.				