

# **Appendix C - Fund for a Healthy Maine**

## **Table of Contents**

<b>Revenue Category</b>	<b>Page</b>
Fund for a Healthy Maine Summary Table	C-1
Racino Revenue	C-4
Income from Investments	C-5

**FUND FOR A HEALTHY MAINE REVENUE  
(TOBACCO SETTLEMENT REVENUE)  
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2008**

Source	FY04 Actual	% Chg.	FY05 Actual	% Chg.	FY06 Actual	% Chg.	FY07 Actual	% Chg.	FY07 Budget	FY07 Variance	% Chg.
Initial Payments	0	-100.0%	0	N/A	0	N/A	0	N/A	0	0	N/A
Base Payments	48,952,964	24.4%	49,033,129	0.2%	45,011,759	-8.2%	47,113,687	4.7%	46,749,694	363,993	0.8%
Racino Revenue **	0	N/A	0	N/A	1,771,173	N/A	3,538,805	99.8%	3,570,300	(31,495)	-0.9%
Income from Investments	54,830	-92.0%	91,444	66.8%	124,780	36.5%	297,803	138.7%	90,000	207,803	230.9%
Attorney General Reimbursements and Other Income	0	N/A	220	N/A	39	-82.2%	217	453.5%	0	217	N/A
<b>Total - Tobacco Settlement Revenue</b>	<b>49,007,794</b>	<b>-13.2%</b>	<b>49,124,793</b>	<b>0.2%</b>	<b>46,907,751</b>	<b>-4.5%</b>	<b>50,950,512</b>	<b>8.6%</b>	<b>50,409,994</b>	<b>540,518</b>	<b>1.1%</b>

\*\* Racino Revenue includes a portion of the State's share of proceeds from slot machines at commercial race tracks.

**FUND FOR A HEALTHY MAINE REVENUE  
(TOBACCO SETTLEMENT REVENUE)  
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2008**

Source	FY08 Budget	% Chg.	Recom. Chg.	FY08 Revised	% Chg.	FY09 Budget	% Chg.	Recom. Chg.	FY09 Revised	% Chg.
Initial Payments	0	N/A	0	0	N/A	0	N/A	0	0	N/A
Base Payments	57,439,281	33.5%	0	57,439,281	22.9%	59,109,609	2.9%	0	59,109,609	2.9%
Racino Revenue **	3,833,790	23.8%	(66,318)	3,767,472	5.5%	6,436,969	67.9%	0	6,436,969	70.9%
Income from Investments	80,000	14.3%	(12,000)	68,000	-24.4%	80,000	0.0%	(12,000)	68,000	0.0%
Attorney General Reimbursements and Other Income	0	N/A	0	0	N/A	0	N/A	0	0	N/A
<b>Total - Tobacco Settlement Revenue</b>	<b>61,353,071</b>	<b>32.8%</b>	<b>(78,318)</b>	<b>61,274,753</b>	<b>21.6%</b>	<b>65,626,578</b>	<b>7.0%</b>	<b>(12,000)</b>	<b>65,614,578</b>	<b>7.1%</b>
<b>Change in Biennial Totals</b>								<b>(90,318)</b>		

\*\* Racino Revenue includes a portion of the State's share of proceeds from slot machines at commercial race tracks.

**FUND FOR A HEALTHY MAINE REVENUE  
(TOBACCO SETTLEMENT REVENUE)  
REVENUE FORECASTING COMMITTEE RECOMMENDATIONS - MARCH 2008**

Source	FY10 Projection	% Chg.	Recom. Chg.	FY10 Revised	% Chg.	FY11 Projection	% Chg.	Recom. Chg.	FY11 Revised	% Chg.
Initial Payments	0	N/A	0	0	N/A	0	N/A	0	0	N/A
Base Payments	63,876,892	8.1%	0	63,876,892	8.1%	62,792,929	-1.7%	0	62,792,929	-1.7%
Racino Revenue **	6,610,613	2.7%	0	6,610,613	2.7%	6,794,888	2.8%	0	6,794,888	2.8%
Income from Investments	80,000	0.0%	(12,000)	68,000	0.0%	80,000	0.0%	(12,000)	68,000	0.0%
Attorney General Reimbursements and Other Income	0	N/A	0	0	N/A	0	N/A	0	0	N/A
<b>Total - Tobacco Settlement Revenue</b>	<b>70,567,505</b>	<b>7.5%</b>	<b>(12,000)</b>	<b>70,555,505</b>	<b>7.5%</b>	<b>69,667,817</b>	<b>-1.3%</b>	<b>(12,000)</b>	<b>69,655,817</b>	<b>-1.3%</b>
	<b>0</b>							<b>(24,000)</b>		

\*\* Racino Revenue includes a portion of the State's share of proceeds from slot machines at commercial race tracks.

### Fund for a Healthy Maine - Racino Revenue

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$0	\$0	\$1,771,173	\$3,538,805	\$3,833,790	\$6,436,969	\$6,610,613	\$6,794,888
Annual % Growth	N/A	N/A	N/A	99.8%	8.3%	67.9%	2.7%	2.8%
Net Increase (Decrease)					(\$66,318)	\$0	\$0	\$0
Revised Forecast	\$0	\$0	\$1,771,173	\$3,538,805	\$3,767,472	\$6,436,969	\$6,610,613	\$6,794,888
Annual % Growth	N/A	N/A	N/A	99.8%	6.5%	70.9%	2.7%	2.8%

**Revenue Source Summary:**

This revenue category includes the Fund for a Healthy Maine's share of the gaming revenue from slot machines operated associated with the commercial race track in Bangor. For a more detail description of this source, see the General Fund description under category of "General Fund - Parimutuel and Gaming Revenue." Pursuant to 8 MRSA, §1036, the Fund for a Healthy Maine receives 10% of the "Gross Slot Income."

**Revenue Source Forecast Factors and Trends:**

See description and detailed spreadsheet under the General Fund - Parimutuel and Gaming Revenue category.

**Forecast Recommended Changes:**

See description and detailed spreadsheet under the General Fund - Parimutuel and Gaming Revenue category.

## Fund for a Healthy Maine - Income from Investments

	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08	FY09	FY10	FY11
Current Forecast	\$54,830	\$91,444	\$124,780	\$297,803	\$80,000	\$80,000	\$80,000	\$80,000
Annual % Growth	-92.0%	66.8%	36.5%	138.7%	-73.1%	0.0%	0.0%	0.0%
Net Increase (Decrease)					(\$12,000)	(\$12,000)	(\$12,000)	(\$12,000)
Revised Forecast	\$54,830	\$91,444	\$124,780	\$297,803	\$68,000	\$68,000	\$68,000	\$68,000
Annual % Growth	-92.0%	66.8%	36.5%	138.7%	-77.2%	0.0%	0.0%	0.0%

### Revenue Source Summary:

This revenue category reflects the cash pool earnings on the balances in the Fund for a Healthy Maine (FHM), the Other Special Revenue Funds account in the Department of Administrative and Financial Services, where tobacco settlement payments (TSP's) are deposited along with the Fund for a Healthy Maine's share of revenue from slot machines operated at commercial race tracks, "Racino" revenue. It also includes interest on settlement payments paid by contractors/providers of FHM services. It does not reflect interest earnings on the balances in the accounts to which Fund for a Healthy Maine resources are transferred for expenditure.

### Revenue Source Forecast Factors and Trends:

With the ending of the initial December payments and the reduction of balances in the Fund for a Healthy Maine, FHM programs have been relying on cash advances from the General Fund pursuant to 22 MRSA §1511, sub-§9 to operate until the TSP's are received in April of each year. The FHM balances available to earn interest in the cash pool have significantly decreased, with most of the interest earned in the final quarter of the state fiscal year when the TSP's are received. Recent and additional projected drops in interest rates are expected to lower earnings.

### Forecast Recommended Changes:

Continued low interest rates on short-term investments and the timing of the cash flows in the Fund for a Healthy Maine will reduce earnings to the Fund. The Revenue Forecasting Committee has lowered earnings by \$12,000 beginning in FY 08 and running through the forecast period.