

State of Maine  
2024-2025  
Governor's Budget  
Overview

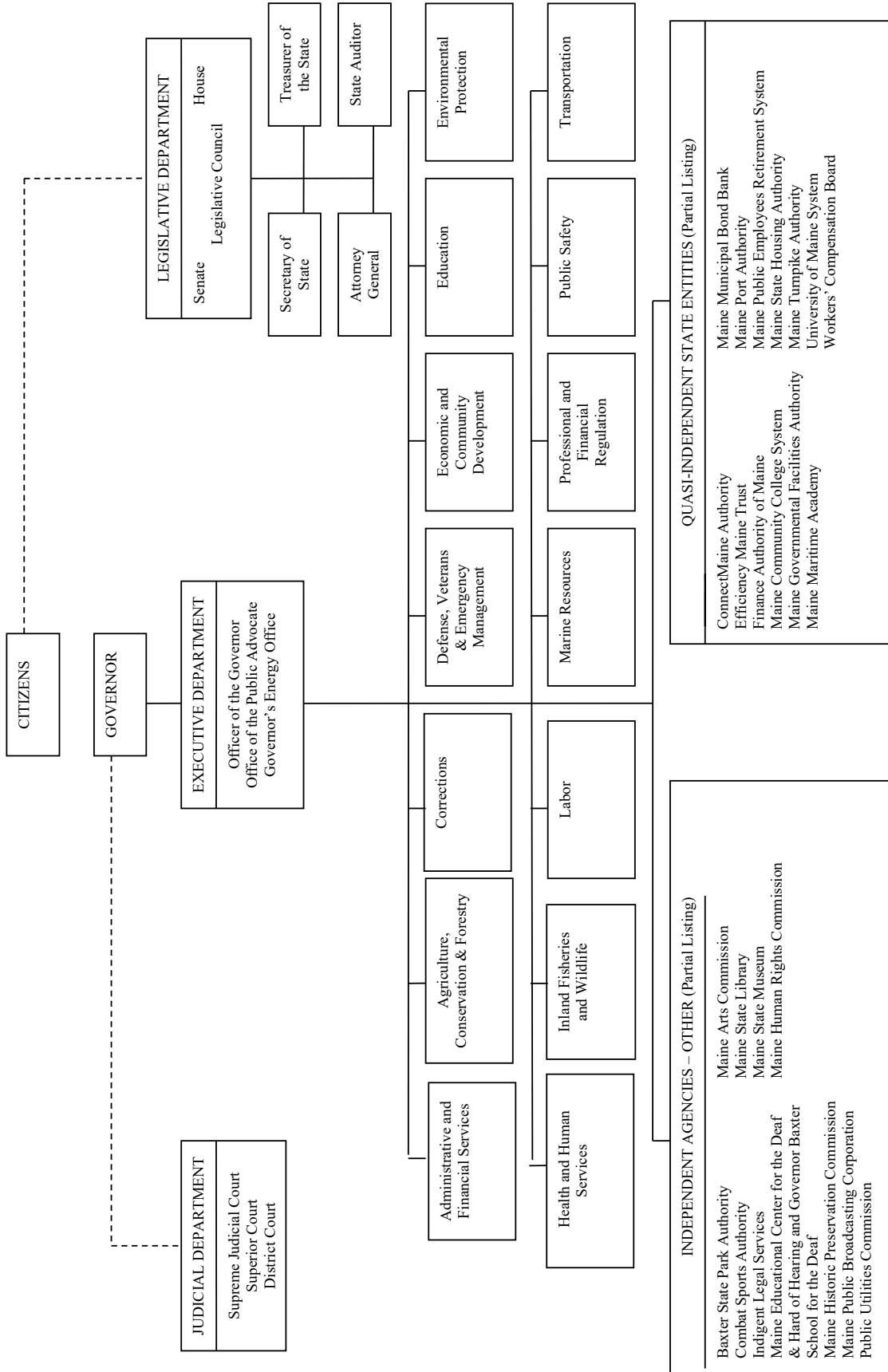
Submitted by

Janet T. Mills

Governor

January 11, 2023

# ORGANIZATIONAL CHART OF MAINE STATE GOVERNMENT



**STATE OF MAINE**  
**2024-2025 GOVERNOR’S BUDGET OVERVIEW**  
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Janet T. Mills  
GOVERNOR

STATE OF MAINE  
OFFICE OF THE GOVERNOR  
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AUGUSTA, MAINE  
04333-0001

January 17, 2023

Honorable Members of the 131st Legislature:

In the last legislative session, and in our last budget, we got a lot done.

We enacted the Maine Jobs & Recovery Plan, which invests nearly \$1 billion in Federal American Rescue Plan funds to improve the lives of Maine people and families, help businesses create good-paying jobs, and build an economy poised for future prosperity.

We enacted a budget that achieves 55 percent of the cost of education for the first time in Maine history, fully restores municipal revenue sharing, delivers two years of free community college, overhauls our student loan debt relief program, provides significant tax relief, provides free school meals, and delivers the strongest inflation relief measure in the country, among many other strong, worthwhile initiatives.

This incredible, bipartisan progress on issues critical to Maine people became the foundation for my Fiscal Year (FY) 2024-2025 budget proposal.

This proposal advances my guiding belief that if we want to build a stronger, more prosperous state where opportunity is available to all, then we must invest in the infrastructure that supports our greatest asset: the people of Maine.

That is why this proposal strengthens the very things that Maine people rely on every day to succeed, like education, housing, health care, child care, and transportation infrastructure.

This proposal is also balanced, it does not raise taxes, and it leaves the Rainy Day Fund untouched at a record high of more than \$900 million to protect us against the possibility of an economic downturn. We have governed cautiously and in a fiscally prudent way over the past four years, making sure that – even in the hardest of times during the pandemic – we lived within our means, and this proposal continues that practice.

Fundamentally, I believe people want to see stability and dependability in State government, and this proposal is a stabilizing document. It carries forward what we promised to the people of Maine: education, health care, housing, child care, and progress for all people of Maine.

I am pleased to present this proposal to you for your consideration, and I look forward to working with you throughout the budget process so that we may come together to enact a strong, bipartisan budget that will serve the interests of Maine people.

Sincerely,



Janet T. Mills  
Governor



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## Budget Process Overview

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The Constitution of Maine requires the Governor and the Legislature to submit, enact and approve a balanced budget that achieves each fiscal year a balance between resources and commitments. The State of Maine develops General Fund and Highway Fund revenue forecasts for the biennial budget within the context of a consensus revenue forecasting model. The Consensus Economic Forecasting Commission first meets to prepare a four-year economic forecast for the State of Maine. The six-member Revenue Forecasting Committee (RFC) uses the economic assumptions recommended by the Consensus Economic Forecasting Commission (CEFC) to prepare its four-year revenue forecast for the General Fund and the Highway Fund. The committee's recommendations for revenues affecting the upcoming biennium are made in November and are subsequently used by the Governor in developing the General Fund and Highway Fund budget recommendations for the upcoming biennium.

The State of Maine uses a biennial budget process in which the budget is presented by the Governor and acted upon by the Legislature for two fiscal year periods beginning in even numbered years. Each fiscal year of the biennium encompasses the period of July 1 through June 30. Appropriations and allocations are provided for each fiscal year of the biennium. The biennial budget for each ensuing biennium is presented and acted upon by the first regular session of the Legislature. During the first regular session, the Legislature may also make adjustments to the appropriations and allocations by program for the last fiscal year of the current biennium. The second regular session of the Legislature may make adjustments to both the first and second fiscal years of the current biennium.

Appropriations and allocations by program are further delineated by three line categories: Personal Services, All Other, and, Capital Expenditures. The Personal Services line category includes the salaries, wages and benefits for all positions authorized by the Legislature reduced by an attrition factor of 1.6% in current law. The All Other line category includes the operational expenditures of a program such as vehicle operations, in state travel, supplies, etc. The Capital Expenditures line category includes funds for the purchase and replacement of equipment assets valued at \$5,000 or more with a useful life greater than one year, and for real property purchases and facility improvements and construction.

Each appropriation and allocation to a program also includes the number of positions authorized by the Legislature. Referred to as "headcount", these positions are further classified by the Legislature as "legislative count" or "full-time equivalent". Legislative count represents positions authorized by the Legislature for 52 weeks in a fiscal year. These may include full-time and part-time positions. Full-time equivalent represents positions authorized by the Legislature for less than 52 weeks in a fiscal year. These typically include seasonal and intermittent positions. Positions authorized by the Legislature may not vary from the position titles and detailed funding that support the positions without legislative approval unless permanent funding is identified and approved by the State Budget Officer.

Once the Legislature has enacted the biennial budget, and it has been signed into law, the departments and agencies receiving expenditure authorization are required to develop budgets by program for each fiscal year, requesting allotment by account, line category and quarter. Allotment is established in four quarters and is approved by the Governor. Fiscal year budgets may be adjusted, or funds transferred between line categories and programs within the same fund and department or agency, to

meet changing conditions upon approval by the Governor. Limitations on the transferability of funds between line categories and programs in a fiscal year are guided in law.

## **Basis of Budgeting**

### **Governmental Funds**

Expenditures for Governmental Funds are budgeted on an encumbrance and cash basis. Tax revenues, including Sales and Use Tax, Service Provider Tax, Individual Income Tax, Corporate Income Tax, Cigarette and Tobacco Tax, Estate Tax, Real Estate Transfer Tax and Fuel Taxes, are budgeted on a modified accrual basis. These tax revenues are recognized as available for appropriation or allocation in the fiscal year earned, providing they are measurable and available to liquidate liabilities in the current fiscal year period. These tax revenues that are due in the current fiscal year, but which are payable by the taxpayer subsequent to the close of the fiscal year, are accrued as accounts receivable and, therefore, recognized as revenue in the fiscal year benefited. Other revenues are recognized on a cash basis or are accrued as accounts receivable depending upon the circumstance and past practice.

### **Account Groups**

Expenditures for Internal Service Funds and Enterprise Funds are budgeted on an encumbrance and cash basis. All revenues are recognized on an accrual basis. All revenues are recognized as available for allocation in the fiscal year earned. All revenues due in the current fiscal year, but which are payable subsequent to the close of the fiscal year, are accrued as accounts receivable and, therefore, recognized as revenue in the fiscal year benefited.

### **Biennial Budget Timeline**

Biennial budget guidance is provided to departments and agencies in July of the last fiscal year of the current biennium. This guidance includes a description of the required documentation to support each budget request. Alternative funding scenarios from departments and agencies may also be requested to show the program impact if funds by program were limited to 90%, for example, of the base year appropriations or allocations. In addition, the guidelines and instructions may request other detailed budget information from each department and agency as necessary.

Pursuant to Title 5, section 1665, biennial budget requests are due in the Bureau of the Budget by September 1 of each even numbered year. During the months of September and October, the budget analysts in the Bureau of the Budget prepare budget recommendations for the Governor/Governor-elect based on independent analysis and forecasts as well as one-on-one discussions with department and agency staff. Following the election, one-on-one budget meetings are held with key department and agency staff to discuss specific requests, departmental priorities, and impact of reductions from alternative budget scenarios. These meetings may include the Governor/Governor-elect, the Commissioner of the Department of Administrative and Financial Services, the State Budget Officer, the Governor/Governor-elect's Chief of Staff and the Governor/Governor-elect's Senior Policy Advisors, depending upon the department or agency and the issue under consideration.

In late December, all budget decisions are finalized, including the development of the capital budget. Title 5, section 1666 requires that the budget bills are transmitted to the Legislature in January or February, dependent on the status of the Governor. Two budget bills may be provided to the Legislature. If necessary, one of those is a supplemental budget bill (also referred to as an



emergency budget bill) that proposes adjustments to appropriations and allocations for the last fiscal year of the current biennium. The second is referred to as a unified budget bill in that it presents all appropriations and allocations for a program regardless of funding source. Part A of the bill presents the Governor's appropriation and allocation recommendations for the upcoming biennium. Part B of the bill presents adjustments associated with approved reclassifications and range changes that are self-funded by departments and agencies. Other parts of the unified budget bill include proposed statutory and unallocated language required to give legal effect to the Governor's budget proposals.

The content of the budget document is prescribed by statute. The budget document presents the budget, financial and operational plan of the Governor for the upcoming biennium. Details are provided in the budget document to show how those plans will be realized and the manner in which the budget has been balanced.

The Legislature conducts separate public hearings for each budget bill type before the Joint Standing Committee of the Legislature having jurisdiction over appropriations and financial affairs. At each public hearing, department and agency heads present and defend each budget request by program for his or her department or agency. Testimony from the public, either for or against the request, is solicited by the committee during the public hearing. Members of the joint standing committee of the Legislature having policy jurisdiction over the department or agency are also included in the public hearing process.

Following each public hearing, the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs engages in work sessions for each budget bill type. The initial stage of the work session involves the receipt of recommendations from the legislative policy committees of jurisdiction. The committee next engages each department or agency head, and their staff, in one-on-one discussions in order to elicit additional program information pertinent to the budget decision making process. Such information may include staffing and organization, performance measures, caseload forecasts, etc. The committee takes public votes on each item in the Governor's budget, adjusting each budget bill to reflect the priorities of the Legislature. At the conclusion of the work session, the committee reports out each budget bill type for consideration by the full Legislature followed by referral to the Governor for his or her approval.

Budget bills are submitted as emergency bills that require a 2/3 vote of the members of both legislative bodies in order to take effect when approved by the Governor. Non-emergency budget bills require a majority vote of those legislators present and voting in each legislative body. These budget bills take effect 90 days after the adjournment of the Legislature if signed into law by the Governor.

## Summary of Governor's Biennial Budget Recommendations

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### General Fund

The Governor's Recommended Budget for the 2024-2025 biennium includes \$10,282.5 million in General Fund appropriations over the biennium. This is an increase of 18.5% over total appropriations enacted for the 2022-2023 biennium through the Second Regular Session of the 130<sup>th</sup> Legislature. The recommended budget also includes nearly (\$241.7) million in net transfers in and out of the General Fund and net adjustments to General Fund revenues over the biennium totaling just over \$11.5 million, including a positive adjustment of \$14 million from liquor sales revenue. The recommended budget

leaves a projected General Fund unappropriated balance at the end of fiscal year 2025 of nearly \$6.3 million.

Of the \$10,282.5 million in appropriations:

- Approximately \$9,422.3 million is for the baseline budget which is an 8.45% increase over total appropriations enacted for the 2022-2023 biennium through the Second Regular Session of the 130<sup>th</sup> Legislature. The increase in baseline budget primarily reflects: the impacts of collective bargaining and additional positions legislatively authorized; initiatives begun and partially funded in fiscal year 2023 (e.g. free school meals); programs like General Purpose Aid that had higher All Other costs in fiscal year 2023 than fiscal year 2022 (since fiscal year 2023 is the base used for fiscal years 2024 and 2025); and nearly \$200 million to restore the appropriation for Homestead Property Tax Exemption that was funded one-time with a General Fund transfer to Other Special Revenue Funds in 2022-2023.
- Nearly \$55 million is for new one-time appropriations for capital and one-time purposes.
- The remaining \$805.2 million is to fund the annualized costs for full biennial implementation of existing, legislatively authorized programs and activities as well as new positions and initiatives.

The tables and charts that follow show in summary form the Governor's General Fund budget recommendations for the 2024-2025 biennium.

**Table A-1** shows total General Fund appropriations by department or agency (including one-time appropriations) with percent change for the 2024-2025 biennium compared to the 2022-2023 biennium as enacted through the end of the 130<sup>th</sup> Legislature's Second Regular Session. The amount reflected for the Department of Administrative and Financial Services in the 2024-2025 biennium includes a reduction from projected savings associated with various initiatives that will have a statewide impact. The savings will be distributed to the appropriate accounts by financial order during the fiscal year.

**Chart A-1** shows the Governor's recommended General Fund appropriations by major program for the 2024-2025 biennium.

**Table A-2** shows the General Fund revenues recommended by the Governor for fiscal year 2023-24 and fiscal year 2024-25. The columns labeled ORIG represent the General Fund revenue forecast of the Revenue Forecasting Committee. Summaries of the relevant economic and revenue forecasts are on pages 25 - 29. The columns labeled ADJ in the table reflect the Governor's recommended adjustments to those base revenues.

**Chart A-2** shows the Governor's recommended General Fund revenues by revenue source for the 2024-2025 biennium. These revenues include the base revenue projections of the Revenue Forecasting Committee, including Transfers for Tax Relief Programs, and adjustments to the base revenues recommended by the Governor.

## Highway Fund

The Governor's Recommended Budget for the 2024-2025 biennium includes \$779.6 million in Highway Fund allocations over the biennium which is an increase of 4.14% over total allocations enacted for the 2022-2023 biennium through the Second Regular Session of the 130<sup>th</sup> Legislature. The recommended budget also includes net adjustments to Highway Fund revenues of approximately \$92.2 million over the biennium, including a positive adjustment of \$106 million from liquor sales revenue. The recommended budget leaves a projected Highway Fund unappropriated balance at the end of fiscal year 2025 of \$93,455.

Of the \$779.6 million in allocations:

- Approximately \$716.8 million is for the baseline budget which is a 4.14% increase over the allocations enacted for the 2022-2023 biennium through the Second Regular Session of the 130<sup>th</sup> Legislature. The increase in baseline budget primarily reflects the impacts of collective bargaining and additional positions legislatively authorized during the 2022-2023 biennium.
- Just over \$4.9 million is for new one-time allocations for capital and one-time purposes.
- The remaining \$57.9 million is to fund the annualized costs for full biennial implementation of existing, legislatively authorized programs and activities as well as new positions and initiatives.

The tables and charts that follow show in summary form the Governor's General Fund budget recommendations for the 2024-2025 biennium.

**Table B-1** shows total Highway Fund allocations by department or agency (including one-time allocations) with percent change for the 2024-2025 biennium compared to the 2022-2023 biennium as enacted through the end of the 130<sup>th</sup> Legislature's Second Regular Session.

**Chart B-1** shows the Governor's recommended Highway Fund allocations by major program.

**Table B-2** shows the Highway Fund revenues recommended by the Governor for fiscal year 2023-24 and fiscal year 2024-25. The columns labeled ORIG represent the Highway Fund revenue forecast of the Revenue Forecasting Committee. Summaries of the relevant economic and revenue forecasts are on pages 25 - 29.

**Chart B-2** shows the Governor's recommended Highway Fund revenues by revenue source for the 2024-2025 biennium. These revenues include the base revenue projections of the Revenue Forecasting Committee.

## **Positions – All Funds**

**Chart C-1** shows the total positions recommended in the Governor's 2024-2025 biennial budget as well as the position trend and attrition savings rates for the past 15 fiscal years.

## **Fund Status**

The final page of this section shows the projected ending balances for the General Fund, Highway Fund and Fund for a Healthy Maine for the 2022-2023 biennium and the 2024-2025 biennium. The figures for the 2022-2023 biennium are based on revenues, appropriations and allocations in currently enacted laws, including the recently enacted Public Law 2023, chapter 1, plus the Governor's Recommended FY23 Emergency Supplemental Budget. The fund statuses for the 2024-2025 biennium capture the Governor's biennial budget recommendations.

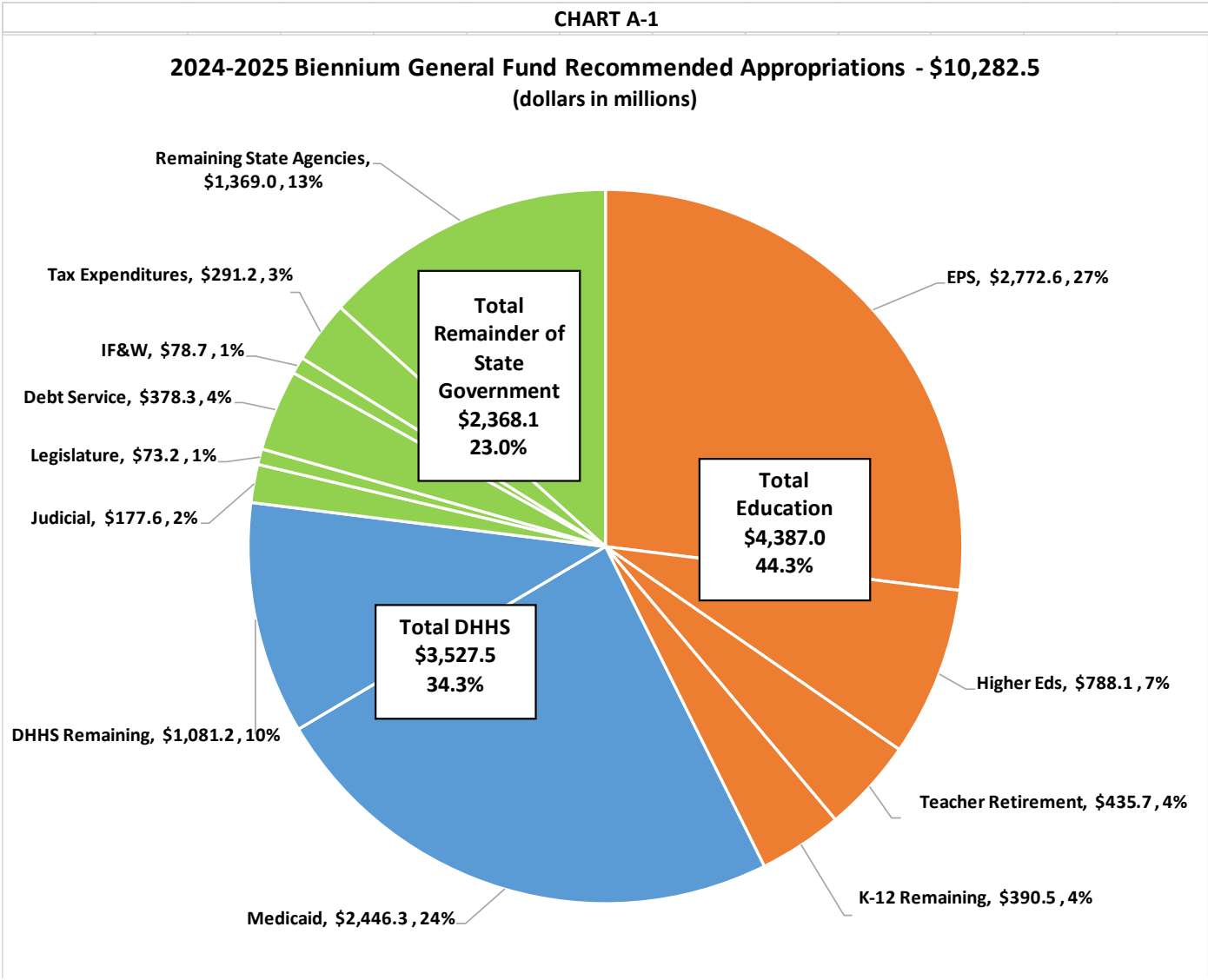
TABLE A-1

**GENERAL FUND APPROPRIATIONS**

DEPARTMENT/AGENCY	ENACTED*	GOVERNOR'S BUDGET		PERCENT CHANGE
	2022-2023 Total Biennium	2024-2025 Baseline**	2024-2025 Total Biennium	
(OFFICE OF) TREASURER OF STATE	231,066,964	231,433,269	256,643,996	11.07%
BOARD OF TRUSTEES OF THE UNIVERSITY OF MAINE SYSTEM	489,558,438	498,288,476	549,651,477	12.27%
CENTERS FOR INNOVATION	236,018	236,018	236,018	0.00%
COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES	640,267	975,856	1,095,887	71.16%
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES	298,834,458	512,376,125	609,139,631	103.84%
DEPARTMENT OF AGRICULTURE, CONSERVATION AND FORESTRY	83,711,693	92,746,857	111,011,862	32.61%
DEPARTMENT OF CORRECTIONS	416,522,758	447,512,282	461,312,250	10.75%
DEPARTMENT OF DEFENSE, VETERANS AND EMERGENCY MANAGEMENT	19,763,919	20,590,490	42,358,349	114.32%
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	29,764,683	32,408,589	32,477,633	9.11%
DEPARTMENT OF EDUCATION	3,314,243,145	3,388,674,296	3,609,386,930	8.91%
DEPARTMENT OF ENVIRONMENTAL PROTECTION	23,607,719	25,175,644	37,624,420	59.37%
DEPARTMENT OF HEALTH AND HUMAN SERVICES	2,903,519,772	3,246,414,880	3,529,332,574	21.55%
DEPARTMENT OF INLAND FISHERIES AND WILDLIFE	65,267,731	69,830,499	78,657,888	20.52%
DEPARTMENT OF LABOR	25,073,737	26,544,881	27,210,719	8.52%
DEPARTMENT OF MARINE RESOURCES	30,233,748	35,526,545	42,342,840	40.05%
DEPARTMENT OF PUBLIC SAFETY	109,802,122	118,698,306	127,617,077	16.22%
DEPARTMENT OF THE ATTORNEY GENERAL	48,436,568	52,960,083	55,974,911	15.56%
DEPARTMENT OF THE SECRETARY OF STATE	14,358,906	15,578,580	19,160,311	33.44%
DIRIGO HEALTH	2,433,884	2,473,259	2,473,259	1.62%
DISABILITY RIGHTS MAINE	252,090	252,090	292,090	15.87%
DOWNEAST INSTITUTE FOR APPLIED MARINE RESEARCH AND EDUCATION	25,108	25,108	25,108	0.00%
EFFICIENCY MAINE TRUST	500,000	-	-	-100.00%
EXECUTIVE DEPARTMENT	22,179,745	19,716,488	26,502,109	19.49%
FINANCE AUTHORITY OF MAINE	46,834,288	57,080,788	67,080,788	43.23%
JUDICIAL DEPARTMENT	184,604,365	197,876,922	209,737,550	13.61%
LAW AND LEGISLATIVE REFERENCE LIBRARY	3,872,473	3,733,315	3,733,315	-3.59%
LEGISLATURE	62,783,085	64,812,531	64,812,531	3.23%
MAINE ARTS COMMISSION	2,048,201	2,081,072	2,081,072	1.60%
MAINE COMMISSION ON INDIGENT LEGAL SERVICES	34,162,209	35,683,034	70,099,571	105.20%
MAINE COMMUNITY COLLEGE SYSTEM	153,049,667	157,978,026	168,900,091	10.36%
MAINE DEVELOPMENT FOUNDATION	116,888	116,888	116,888	0.00%
MAINE FIRE PROTECTION SERVICES COMMISSION	2,004,000	4,000	4,000	-99.80%
MAINE HISTORIC PRESERVATION COMMISSION	867,493	830,454	881,435	1.61%
MAINE HISTORICAL SOCIETY	89,728	89,728	189,728	111.45%
MAINE HOSPICE COUNCIL	127,012	127,012	127,012	0.00%
MAINE HUMAN RIGHTS COMMISSION	2,337,393	2,498,569	2,952,392	26.31%
MAINE HUMANITIES COUNCIL	216,714	326,714	326,714	50.76%
MAINE INDIAN TRIBAL-STATE COMMISSION	333,628	223,228	537,000	60.96%
MAINE MARITIME ACADEMY	28,404,109	23,530,100	32,012,468	12.70%
MAINE MUNICIPAL BOND BANK	138,662	138,662	138,662	0.00%
MAINE POTATO BOARD	321,804	321,804	321,804	0.00%
MAINE PUBLIC BROADCASTING CORPORATION	3,300,000	3,300,000	3,300,000	0.00%
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM	980,481	713,512	419,640	-57.20%
MAINE STATE CULTURAL AFFAIRS COUNCIL	78,890	78,890	80,481	2.02%
MAINE STATE HOUSING AUTHORITY	5,400,000	5,000,000	5,000,000	-7.41%
MAINE STATE LIBRARY	8,101,173	8,697,082	9,769,323	20.59%
MAINE STATE MUSEUM	5,022,864	4,726,438	4,915,182	-2.14%
NEW ENGLAND INTERSTATE WATER POLLUTION CONTROL COMMISSION	105,900	105,900	105,900	0.00%
OFFICE OF AFFORDABLE HEALTH CARE	695,213	847,358	847,358	21.88%
OFFICE OF PROGRAM EVALUATION AND GOVERNMENT ACCOUNTABILITY	3,088,671	3,097,902	3,097,902	0.30%
OFFICE OF THE STATE AUDITOR	3,262,164	3,556,302	3,639,241	11.56%
PERM COMM ON THE STATUS OF RACIAL, INDIGENOUS AND TRIBAL POP	1,925,891	2,176,921	2,586,579	34.31%
PINE TREE LEGAL ASSISTANCE	1,300,000	1,300,000	1,300,000	0.00%
RESERVE FUND FOR STATE HOUSE PRESERVATION AND MAINTENANCE	1,600,000	1,600,000	1,600,000	0.00%
SACO RIVER CORRIDOR COMMISSION	93,920	93,920	93,920	0.00%
ST. CROIX INTERNATIONAL WATERWAY COMMISSION	100,000	100,000	170,000	70.00%
STATE BOARD OF EDUCATION	364,008	378,047	403,194	10.77%
STATE BOARD OF PROPERTY TAX REVIEW	397,046	640,172	640,172	61.23%
<b>Total General Fund Appropriations</b>	<b>8,688,161,413</b>	<b>9,422,303,912</b>	<b>10,282,549,252</b>	<b>18.35%</b>

\*Represents General Fund appropriations enacted through the Second Regular Session of the 130th Legislature.

\*\*The 2024-2025 biennial baseline budget for the General Fund is an increase of 8.45% over enacted appropriations for the 2022-2023 biennium through the Second Regular Session of the 130th Legislature.



**TABLE A-2**

**GENERAL FUND REVENUE FORECAST**

SOURCE	FY 2023			FY 2024			FY 2025		
	ORIG	ADJ	BUDGET	ORIG	ADJ	BUDGET	ORIG	ADJ	BUDGET
Sales and Use Tax	2,135,130,279		2,135,130,279	2,160,892,267	(25,000)	2,160,867,267	2,188,336,353	(175,000)	2,188,161,353
Service Provider Tax	50,051,352		50,051,352	48,850,285		48,850,285	47,340,363		47,340,363
Individual Income Tax	2,293,227,867		2,293,227,867	2,391,856,714		2,391,856,714	2,483,903,451	(75,000)	2,483,828,451
Corporate Income Tax	335,688,199		335,688,199	371,903,000		371,903,000	404,565,000	(75,000)	404,490,000
Cigarette & Tobacco Tax	153,052,319		153,052,319	156,044,800		156,044,800	158,258,415		158,258,415
Insurance Company Tax	103,700,000		103,700,000	106,800,000		106,800,000	112,550,000		112,550,000
Inheritance & Estate Tax	37,400,000		37,400,000	23,700,000		23,700,000	23,150,000		23,150,000
Fines, Forfeits and Penalties	10,530,792		10,530,792	12,288,139	(1,044,509)	11,243,630	11,938,139	(1,072,246)	10,865,893
Income from Investments	25,352,599		25,352,599	24,624,692		24,624,692	22,495,911		22,495,911
Transfer from Lottery	62,500,000		62,500,000	62,500,000		62,500,000	62,500,000		62,500,000
Trans for Tax Relief Progs	(80,610,000)		(80,610,000)	(83,690,000)		(83,690,000)	(87,160,000)		(87,160,000)
Trans. to Muni. Rev. Share	(249,471,176)		(249,471,176)	(252,049,584)	1,250	(252,048,334)	(259,532,885)	16,250	(259,516,635)
Other Taxes and Fees	153,495,564		153,495,564	149,898,271	7,000,000	156,898,271	149,971,564	7,000,000	156,971,564
Other Revenues	11,206,174		11,206,174	6,380,647	(4,000)	6,376,647	(421,862)	(4,000)	(425,862)
<b>TOTAL REVENUE</b>	<b>5,041,253,970</b>	<b>-</b>	<b>5,041,253,970</b>	<b>5,179,999,231</b>	<b>5,927,741</b>	<b>5,185,926,972</b>	<b>5,317,894,449</b>	<b>5,615,004</b>	<b>5,323,509,453</b>

CHART A-2

**2024-2025 Biennium General Fund Forecasted Revenues - \$10,509.4**

(dollars in millions)

*Includes transfers for Municipal Revenue Sharing of (\$511.6) million and Transfers to Tax Relief Programs of (\$170.9) million*

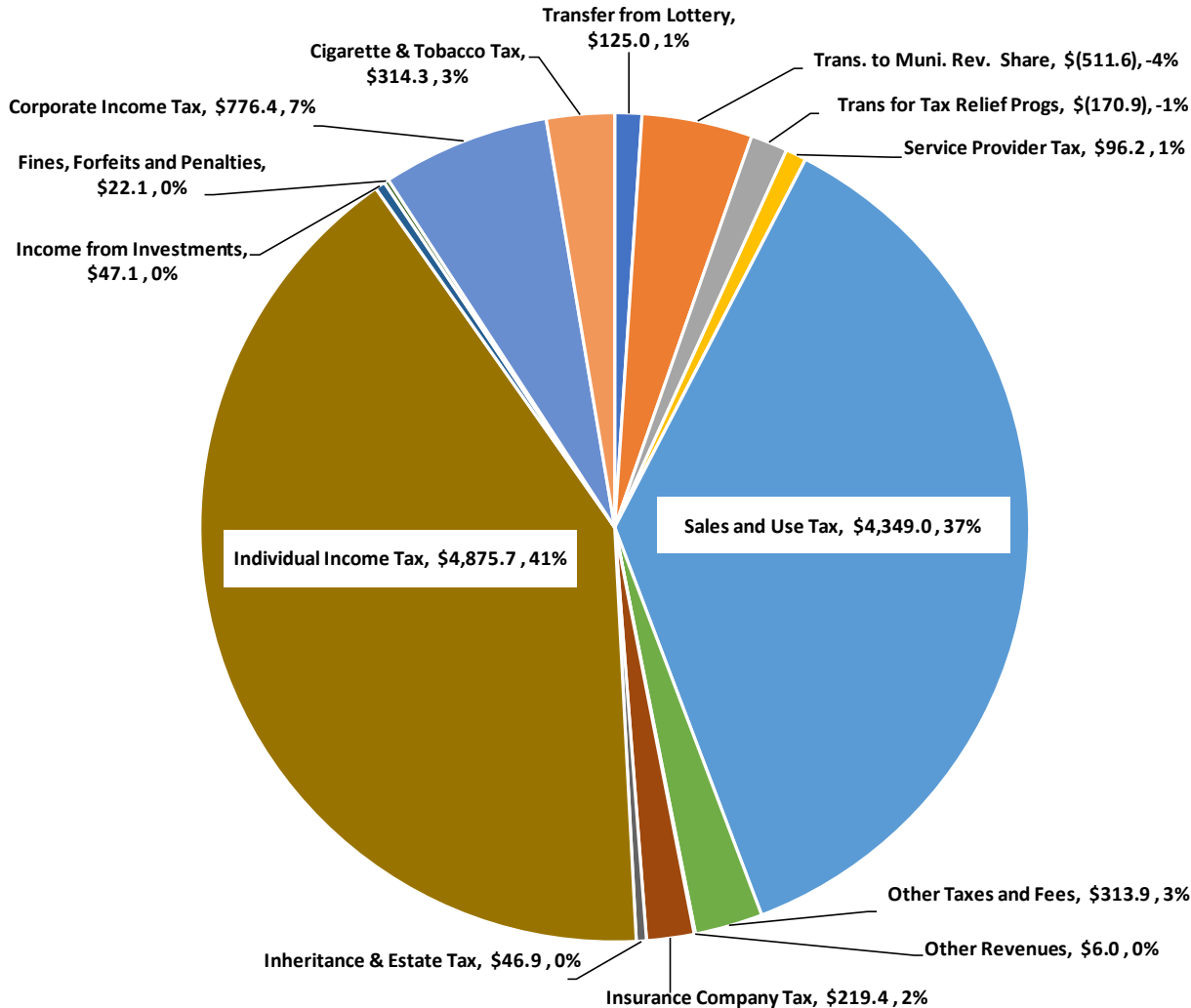


TABLE B-1

**HIGHWAY FUND ALLOCATIONS**

DEPARTMENT/AGENCY	ENACTED*	GOVERNOR'S BUDGET		PERCENT CHANGE
	2022-2023 Biennium	2024-2025 Baseline**	2024-2025 Biennium	
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES	5,132,948	5,505,425	(4,378,165)	-185.30%
DEPARTMENT OF ENVIRONMENTAL PROTECTION	63,198	66,108	67,470	6.76%
DEPARTMENT OF PUBLIC SAFETY	64,411,920	68,897,221	71,833,198	11.52%
DEPARTMENT OF THE SECRETARY OF STATE	90,777,748	96,470,840	102,609,086	13.03%
DEPARTMENT OF TRANSPORTATION	527,943,822	545,854,609	609,493,043	15.45%
LEGISLATURE	21,125	21,125	21,125	0.00%
<b>TOTAL HIGHWAY FUND ALLOCATIONS</b>	<b>688,350,761</b>	<b>716,815,328</b>	<b>779,645,757</b>	<b>13.26%</b>

\*Represents Highway Fund allocations enacted through the Second Regular Session of the 130th Legislature.

\*\*The 2024-2025 biennial baseline budget for the Highway Fund is an increase of 4.14% over enacted appropriations for the 2022-2023 biennium through the Second Regular Session of the 130th Legislature.

CHART B-1

**2024-2025 Biennium Highway Fund Recommended Allocations - \$779.7**  
(dollars in millions)

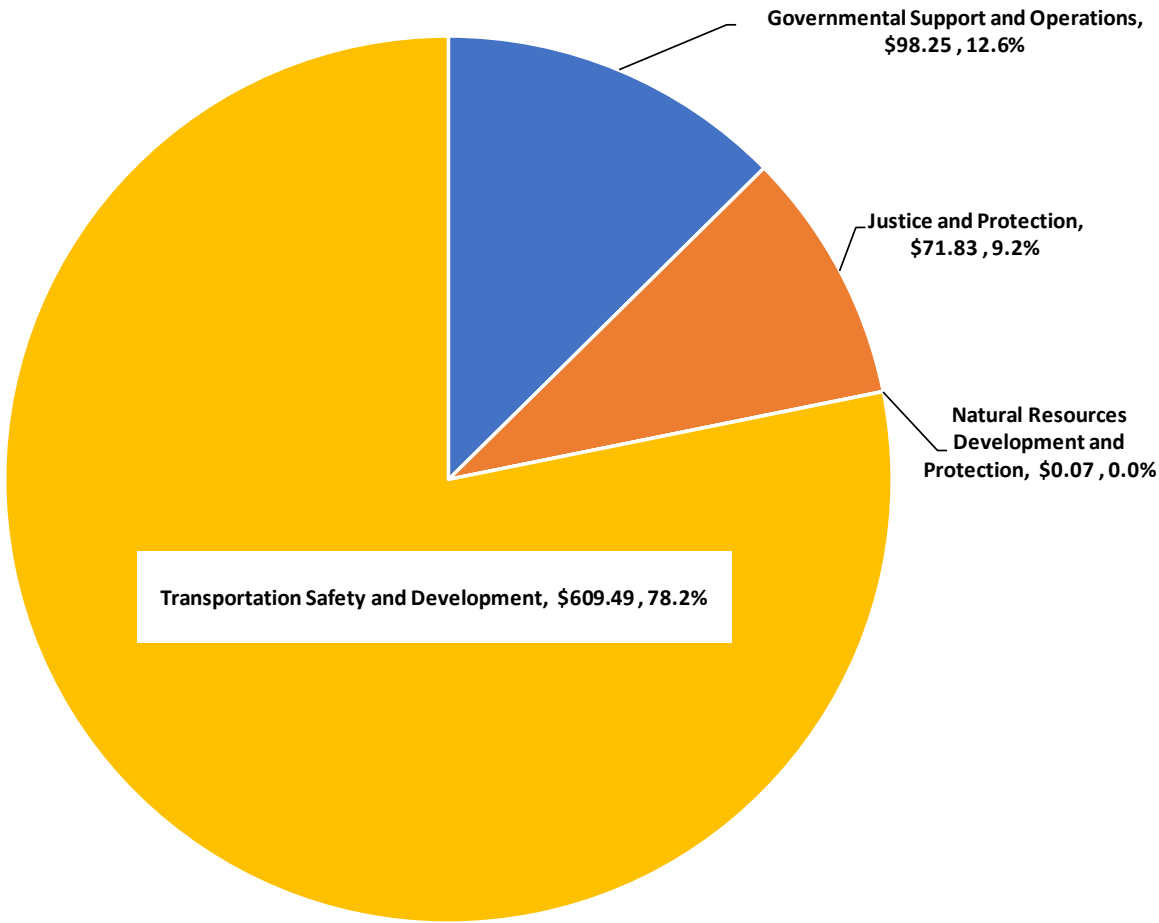


TABLE B-2

HIGHWAY FUND REVENUE FORECAST

SOURCE	FY 2023			FY 2024			FY 2025		
	ORIG	ADJ	BUDGET	ORIG	ADJ	BUDGET	ORIG	ADJ	BUDGET
Fuel Tax	227,331,984		227,331,984	230,353,005	(6,848,333)	223,504,672	232,329,099	(6,907,082)	225,422,017
Motor Vehicle Registrations & Fees	93,998,537		93,998,537	93,427,801		93,427,801	93,429,423		93,429,423
Inspection Fees	3,202,500		3,202,500	3,202,500		3,202,500	3,202,500		3,202,500
Miscellaneous Taxes & Fees	1,267,454		1,267,454	1,267,454	53,000,000	54,267,454	1,267,454	53,000,000	54,267,454
Fines Forfeits & Penalties	606,412		606,412	606,412		606,412	606,412		606,412
Income from Investments	341,649		341,649	482,071		482,071	447,371		447,371
Other Revenues	13,025,283		13,025,283	11,804,465		11,804,465	11,804,465		11,804,465
<b>TOTAL REVENUE</b>	<b>339,773,819</b>	<b>-</b>	<b>339,773,819</b>	<b>341,143,708</b>	<b>46,151,667</b>	<b>387,295,375</b>	<b>343,086,724</b>	<b>46,092,918</b>	<b>389,179,642</b>

CHART B-2

**2024-2025 Biennium Highway Fund Forecasted Revenues - \$776.5**  
(dollars in millions)

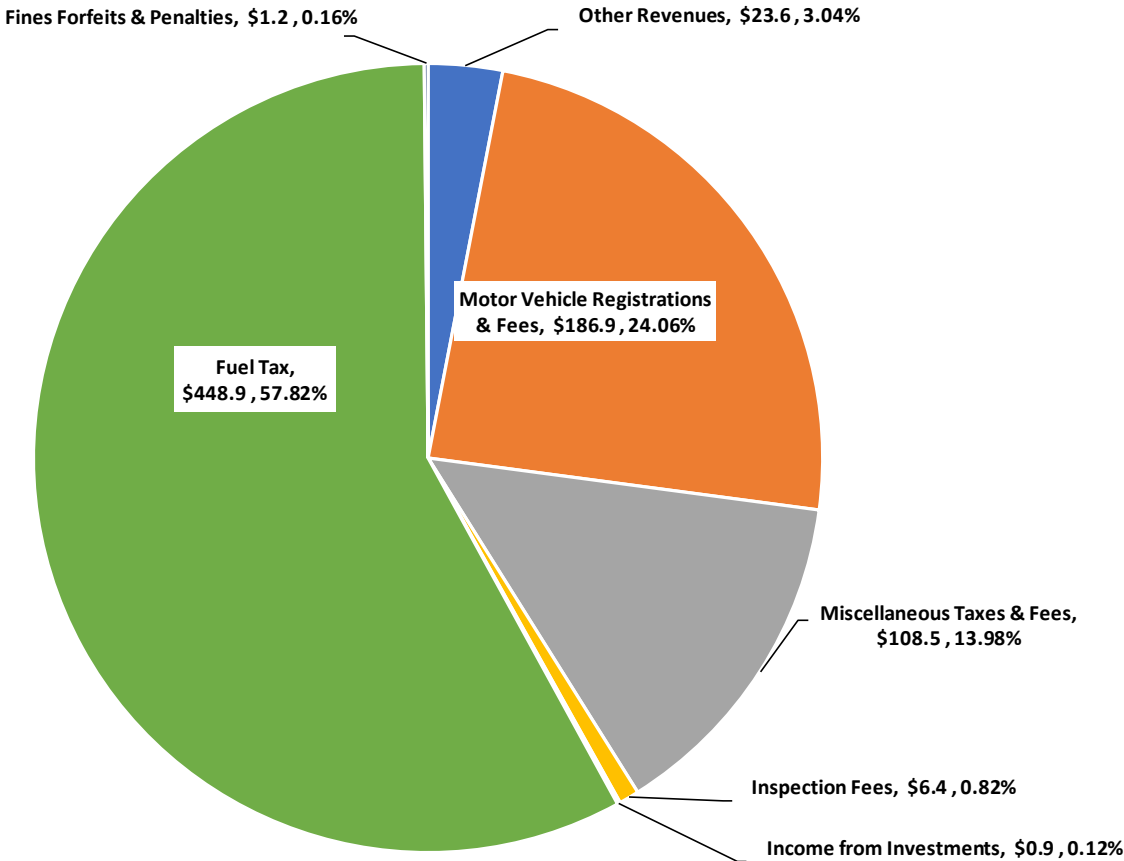
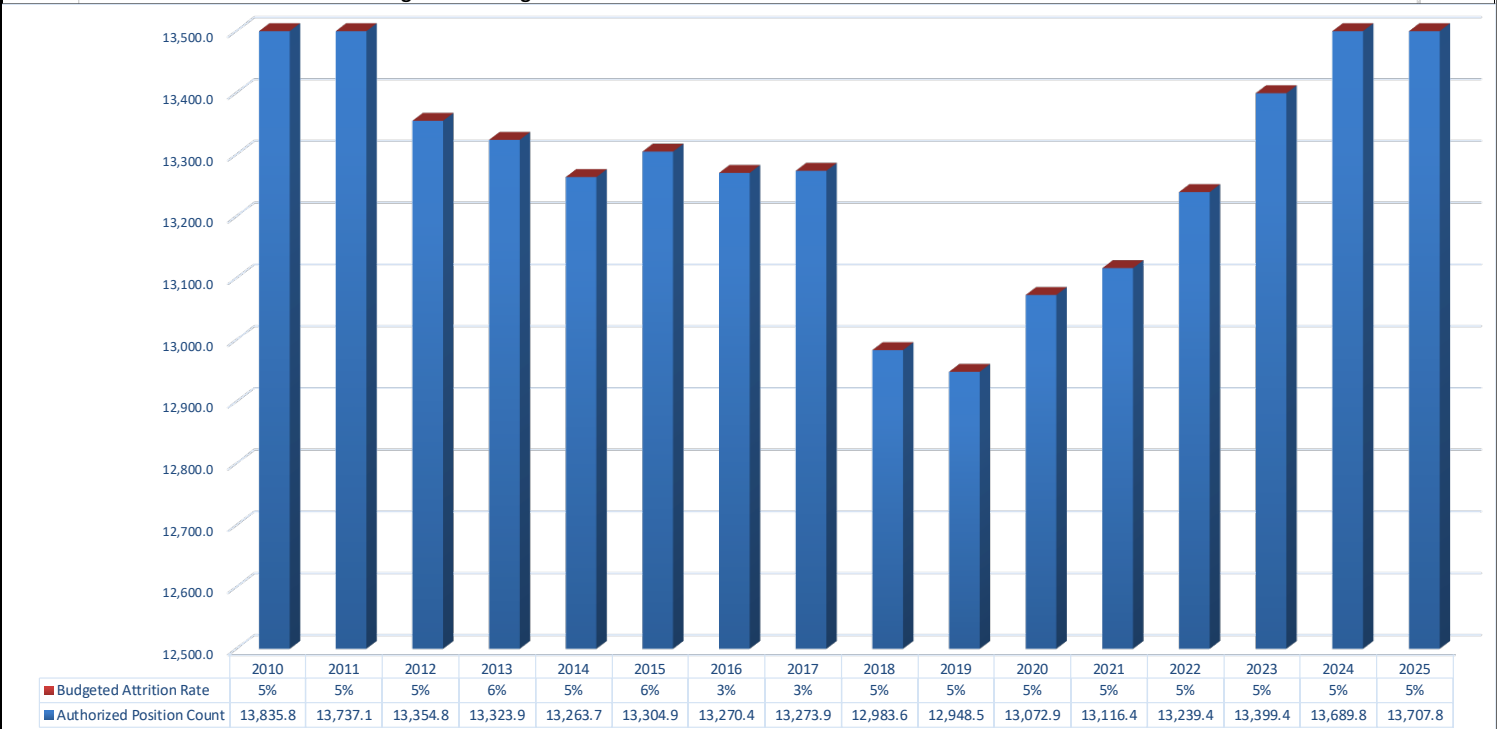


Chart C-1. Position Trend and Attrition Savings Rate through the Governor's Recommendation 2024-2025





<b>GENERAL FUND STATUS</b>						
	Fiscal Years 2022-2023 BUDGET			Fiscal Years 2024-2025 BUDGET		
	FY 2022	FY 2023	TOTAL	FY 2024	FY 2025	TOTAL
BALANCE	155,262,322		155,262,322	21,071,661		21,071,661
ADJUSTMENTS	(1,439,749,128)	(606,040,988)	(2,045,790,116)	(134,174,025)	(107,500,000)	(241,674,025)
REVENUE	5,391,613,570	5,041,253,969	10,432,867,539	5,185,926,973	5,323,509,454	10,509,436,427
<b>TOTAL RESOURCES</b>	<b>4,107,126,764</b>	<b>4,435,212,981</b>	<b>8,542,339,745</b>	<b>5,072,824,609</b>	<b>5,216,009,454</b>	<b>10,288,834,063</b>
ADJUSTMENTS						0
APPROPRIATIONS	4,073,526,967	4,447,741,117	8,521,268,084	5,067,585,621	5,214,963,631	10,282,549,252
<b>PROJECTED BALANCE (SHORTFALL)</b>	<b>33,599,797</b>	<b>(12,528,136)</b>	<b>21,071,661</b>	<b>5,238,988</b>	<b>1,045,823</b>	<b>6,284,811</b>

<b>HIGHWAY FUND STATUS</b>						
	Fiscal Years 2022-2023 BUDGET			Fiscal Years 2024-2025 BUDGET		
	FY 2022	FY 2023	TOTAL	FY 2024	FY 2025	TOTAL
BALANCE	27,905,895		27,905,895	3,264,195		3,264,195
ADJUSTMENTS	(2,441,312)	(6,831,841)	(9,273,153)			-
REVENUE	344,855,823	339,773,819	684,629,642	387,295,375	389,179,642	776,475,017
<b>TOTAL RESOURCES</b>	<b>370,320,406</b>	<b>332,941,978</b>	<b>703,262,384</b>	<b>390,559,570</b>	<b>389,179,642</b>	<b>779,739,212</b>
ADJUSTMENTS	11,842,737		11,842,737			-
ALLOCATIONS	337,140,519	351,014,933	688,155,452	387,116,897	392,528,860	779,645,757
<b>PROJECTED BALANCE (SHORTFALL)</b>	<b>21,337,150</b>	<b>(18,072,955)</b>	<b>3,264,195</b>	<b>3,442,673</b>	<b>(3,349,218)</b>	<b>93,455</b>

<b>FUND FOR A HEALTHY MAINE</b>						
	Fiscal Years 2022-2023 BUDGET			Fiscal Years 2024-2025 BUDGET		
	FY 2022	FY 2023	TOTAL	FY 2024	FY 2025	TOTAL
BALANCE	\$ 31,746,116		31,746,116	49,328,321		49,328,321
ADJUSTMENTS	17,271,347	-	17,271,347	-	-	-
REVENUE	\$ 54,737,749	53,616,896	108,354,645	40,629,626	37,764,351	78,393,977
<b>TOTAL RESOURCES</b>	<b>103,755,212</b>	<b>53,616,896</b>	<b>157,372,108</b>	<b>89,957,947</b>	<b>37,764,351</b>	<b>127,722,298</b>
ADJUSTMENTS						-
ALLOCATIONS	49,919,262	58,124,525	108,043,787	62,291,737	63,375,613	125,667,350
<b>PROJECTED BALANCE (SHORTFALL)</b>	<b>53,835,950</b>	<b>49,328,321</b>	<b>49,328,321</b>	<b>27,666,210</b>	<b>(25,611,262)</b>	<b>2,054,948</b>

FY 2022 figures in the above tables represent actuals and FY 2023 figures represent enacted laws through the Second Session of the 130th Legislature, PL 2023, chap. 1 and the Governor's Recommended FY23 Emergency Supplemental Budget which incorporates the December 2022 revenue forecast. Figures for FY 2024 and FY 2025 represent the Governor's Recommended Budget which includes the revenues from the December 2022 forecast.

Adjustments in the tables above include transfers and adjustments in budget bills and other enacted laws as well as year-end adjustments for unbudgeted lapsed balances, lapsed encumbrances, statutory transfers and other accounting adjustments.

## Tax Expenditures in the Governor's Budget

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State law requires Maine Revenue Services-Office of Tax Policy to provide two tax expenditure reports in January of every odd-numbered year. The first report must be included in the state budget document and is provided below. 5 M.R.S.A. §1664 provides that the document specifically include:

“the estimated loss in revenue during the last completed fiscal year and the fiscal year in progress, and the anticipated loss in revenue for each fiscal year of the ensuing biennium, caused by the tax expenditures provided in Maine statutes; the term "tax expenditures" means those State tax revenue losses attributable to provisions of Maine tax laws which allow a special exclusion, exemption or deduction or which provide a specific credit, a preferential rate of tax or a deferral of tax liability.”

The second report, required by 36 M.R.S.A. § 199-B, must be submitted to the Joint Standing Committee on Taxation. This report must contain

“a summary of each tax expenditure, a description of the purpose and background of the tax expenditure and the groups likely to benefit from the tax expenditure, an estimate of the cost of the tax expenditure for the current biennium, any issues regarding tax expenditures that need to be considered by the Legislature, and any recommendation regarding the amendment, repeal or replacement of the tax expenditure.”

The tax expenditure budget is a concept that was developed to assure a budget review process for tax preferences similar to the review required for direct expenditure programs. The federal government and most state governments engage in a periodic review of tax expenditures. At the federal level a “normal” income tax structure is first determined using the broadest possible definition of income. Tax expenditures are reductions in income caused by a special exclusion, exemption or deduction, or reductions in tax liability which provide a tax credit, preferential tax rate or deferral of tax liability. At the state level this same “normal” tax law reference is used to calculate both sales and income tax expenditures.

Generally, tax expenditures provide tax incentives designed to encourage certain activities by taxpayers or provide relief to taxpayers in special circumstances. Many tax expenditures are the equivalent of a governmental subsidy in which the foregone tax revenue is essentially a direct budget outlay to specific groups of taxpayers. The object of this report is to identify and estimate the fiscal impact of those provisions of the state tax structure which grant benefits analogous to those provided by direct state spending programs.

In developing this report, certain expenditures have been excluded from the above definition of tax expenditure. These include those expenditures that are (1) established by federal mandate (e.g., the sales tax exclusion for food stamp purchases), (2) created at the state level to maintain conformity with traditional tax law when the federal government deviates from that law because it creates credits that the state does not adopt (e.g., the subtraction modification associated with federal work opportunity credit), or (3) the result of the state taxing certain activities under a different tax system (e.g., the income of a financial institution that is an S corporation).

In estimating the revenue loss attributed to a particular tax expenditure, it is assumed that the provision of law granting special tax treatment is repealed and that no other changes in tax law, taxpayer behavior or general economic activity occur as a result of its repeal. Consequently, it should not be concluded that the repeal of any of these tax expenditures will necessarily generate the amount of revenue which they are estimated to forego.

Some tax expenditures are estimated rather accurately from available administrative information or the state's micro-simulation tax models. For a much larger number of expenditures, special data must be developed which is less complete and accurate. Estimates for fiscal year 2023-24 and fiscal year 2024-25 generally assume modest increases in household and business activity as the economy continues its recovery from the COVID-19 recession, based on the economic forecast provided by the Consensus Economic Forecasting Committee in November 2022.

Finally, there are some expenditures where no information exists, and our limited resources prevent any special survey or other data generation procedures. Estimates for this group are reported as a range in an attempt to place some bounds on the size of these expenditures.

Maine's individual and corporate income tax systems are based upon the federal definitions of adjusted gross income and taxable income. Therefore, certain tax expenditures are authorized by continued acceptance of the provisions of the Internal Revenue Code. Unlike sales and excise tax expenditures or state income tax expenditures related to state tax credits or modifications from Federal Adjusted Gross Income (AGI), these are not subject to a systematic, periodic review by the Legislature. In many cases, the basis for identifying, estimating and forecasting income tax expenditures which are derived from federal conformity is the Joint Committee on Taxation's (JCT) Estimates of Federal Tax Expenditures for Federal Fiscal Years 2020-2024, compiled by the U.S. Joint Standing Committee on Taxation in their November 2020 report.

Tax expenditures resulting from conformity to Federal AGI that do not involve an above-the-line deduction on the Federal Form 1040 are particularly challenging to estimate due to a lack of data. For this reason, these expenditures are isolated at the end of the income tax section and provide specific estimates only for the largest expenditures. These estimates, based on the JCT study, are only intended to convey the order of magnitude of the expenditure.

All tax expenditure estimates in this report reflect revenue loss to the General Fund.

## General Fund Tax Expenditures – Income Tax (Personal and Corporate) and Property Tax Reimbursement

General Fund Income Tax Expenditures	36 MRSA §	FY'22	FY'23	FY'24	FY'25
Reimbursement For Business Equipment Tax Exemption to Municipalities	Chapter 105, Subchapter 4-c	\$58,399,654	\$61,610,000	\$66,190,000	\$70,660,000
Reimbursement for Taxes Paid on Certain Business Property (BETR)	Chapter 915	\$19,625,176	\$19,000,000	\$17,500,000	\$16,500,000
Income from depreciation recapture on sale of multi-family affordable housing property	5122(2)(Z)	\$32,000	\$32,000	\$32,000	\$32,000
Deduction for Social Security Benefits Taxable at Federal Level	5122(2)(C)	\$122,050,000	\$131,150,000	\$147,050,000	\$155,500,000
Deduction for Contributions to Capital Construction Funds	5122(2)(I)	\$172,000	\$287,000	\$287,000	\$287,000
Deduction for Pension Income	5122(2)(M)	\$33,500,000	\$67,750,000	\$78,300,000	\$88,700,000
Deduction for Interest and Dividends on Maine State and Local Securities - Individual Income Tax	5122(2)(N)	\$107,000	\$110,000	\$113,000	\$116,000
Deduction for Holocaust Victim Settlement Payments	5122(2)(O)	A	A	A	A
Deduction for active duty military pay earned outside of Maine	5122(2)(LL)	\$1,780,000	\$1,990,000	\$2,080,000	\$2,140,000
Military annuity payments made to survivor	5122(2)(HH)	\$162,000	\$162,000	\$162,000	\$162,000
	10 MRSA				
Family development account proceeds	§1077	A	A	A	A
Municipal property tax benefits for senior citizens	5122(2)(EE)	A	A	A	A
Deduction for gain on sales of eligible timberlands	5122(2)(U)	\$11,000	\$190,000	\$230,000	\$250,000
Deduction for student loan payments made directly to lender by a program funded by a nonprofit and administered by FAME	5122(2)(XX) 5122(2)(ZZ) and	\$0	\$50,000	\$50,000	\$50,000
Exclusion of income earned by tribal members on tribal land	5122(1)(PP)	\$0	\$0	\$45,000	\$45,000
Deduction for contributions to a 529 plan	5122(2)(YY)	\$0	\$0	\$950,000	\$997,500
Itemized Deductions	5125	\$8,150,000	\$7,150,000	\$7,550,000	\$7,650,000
Additional standard deduction for the elderly and disabled	5124-A	\$10,900,000	\$9,350,000	\$9,800,000	\$10,050,000
Deduction for Exempt Associations, Trusts and Organizations	5162(2)	A	A	A	A
Deduction for Interest and Dividends on U.S., Maine State and Local Securities	5200-A(2)(K)	C	C	C	C
Deduction for interest on Maine Space Corporation Bond Interest	Title 5, 3207(2)(B)	\$0	\$0	A	A
Nexus carve out for out-of-state suppliers of spirits	5202-D	\$0	\$366,000	\$377,000	\$389,000
Sales Tax Fairness Credit	5213-A	\$26,288,000	\$28,884,000	\$28,067,000	\$30,162,000
Credit to Beneficiary for Accumulation Distribution	5214-A	B	B	B	B
Seed Capital Investment Tax Credit	5216-B	\$4,903,000	\$5,209,000	\$5,240,000	\$4,918,000
Student Loan Repayment Tax Credit*	5217-E	\$0	\$45,040,000	\$69,605,000	\$75,660,000
Employer Support for Volunteer Firefighters Tax Credit	5217-F	\$0	\$335,000	\$335,000	\$335,000
Income Tax Credit for Child Care Expense	5218	\$13,240,000	\$4,110,000	\$4,110,000	\$4,110,000
Adult dependent care credit	5218-A	\$38,000	\$38,000	\$38,000	\$38,000
Research Expense Tax Credit	5219-K	\$2,630,000	\$2,940,000	\$3,090,000	\$3,240,000
Earned Income Credit**	5219-S	\$31,040,000	\$38,680,000	\$40,190,000	\$44,750,000
Pine Tree Development Zone Tax Credit	5219-W	\$5,380,000	\$5,280,000	\$5,510,000	\$4,740,000
Biofuel commercial production and commercial use	5219-X	\$0	\$0	B	B
	5219-Y, c. 919-				
Tax Benefits for Media Production Companies	A	\$339,000	\$1,050,000	\$860,000	\$860,000
Credit for Rehabilitation of Historic Properties	5219-BB	\$7,964,000	\$9,030,000	\$11,127,000	\$12,645,000
Dental Care Access Credit	5219-DD	\$92,000	\$133,000	\$161,000	\$119,000
Innovation Finance Credit	5219-EE	\$0	\$0	*	*
Credit for Wellness Programs	5219-FF	\$0	A	A	A
New Markets Capital Investment Credit	5219-HH	\$4,239,994	\$3,654,347	\$3,679,550	\$2,973,883
Property Tax Fairness Credit	5219-KK	\$47,253,000	\$72,024,000	\$70,055,000	\$74,453,000
Primary Care Access Credit	5219-LL	\$85,000	\$159,000	\$182,000	\$206,000
Maine Capital Investment Credit for tyboa 1/1/20	5219-NN	\$5,110,000	\$6,060,000	\$5,830,000	\$4,910,000

A represents an estimated spread of \$0 - \$10,000

B represents an estimated spread of \$0 - \$49,999

C represents an estimated spread of \$20,000 - \$100,000

D represents an estimated spread of \$500,000 - \$2,000,000

E represents an estimated spread of \$1,500,000 - \$2,500,000

\* Represents a potential liability

\*\*The General Fund revenue loss from the EITC is net of reimbursements from TANF funds for the EITC. The gross revenue reduction from the EITC is approximately \$41 million in FY 2022 and \$49 million in FY 2023.

General Fund Income Tax Expenditures	36 MRSA §	FY’22	FY’23	FY’24	FY’25
Credit for disability income protection plans in the workplace	5219-OO	A	A	A	A
Credit for certain homestead modifications	5219-PP	\$8,500	\$8,500	\$8,500	\$8,500
Credit for major business headquarters expansions	5219-QQ	\$0	\$764,000	\$760,000	\$760,000
Shipbuilding Facility Credit	5219-RR	\$2,865,000	\$3,087,500	\$3,087,500	\$3,087,500
	5219-UU				
Employer Credit for Family Leave	and 2536	\$10,000	\$40,000	\$40,000	\$40,000
Credit for major food processing and manufacturing facility expansion	5219-VV	\$0	\$0	\$1,453,500	\$1,453,500
Credit for affordable housing	5219-WW	\$0	\$0	\$9,531,000	\$5,382,000
Renewable chemicals tax credit	5219-XX	\$0	\$0	B	B
Credit for paper manufacturing facility investment	5219-YY	\$0	\$0	\$0	\$0
Access to Justice Income Tax Credit	5219-ZZ	\$0	\$24,000	\$48,000	\$67,000
Employment Tax Increment Financing	Chapter 917 Title 5 Ch.383 SubCh. 3	\$9,228,143	\$9,416,219	\$8,850,000	\$9,500,000
Loring Job Increment Financing	Art. 1-C Title 5	\$0	\$512,476	\$580,191	\$625,000
Brunswick Naval Air Station Job Increment Financing	§13083-S-1	\$564,195	\$633,467	\$690,000	\$725,000
Credit for disability income protection plans in the workplace	5219-OO	A	A	A	A

CONFORMITY WITH INTERNAL REVENUE CODE DEFINITION OF FEDERAL ADJUSTED GROSS INCOME: ABOVE THE LINE DEDUCTIONS

Health Savings Accounts	5102(1-D)	\$2,509,000	\$2,625,000	\$2,741,000	\$2,852,000
Deduction for Interest of Student Loans	5102(1-D)	\$1,713,000	\$1,818,000	\$4,202,000	\$4,370,000
Moving Expenses Deduction	5102(1-D)	\$23,000	\$25,000	\$25,000	\$26,000
Pension Contributions -- Individual Retirement Plans	5102(1-D)	\$5,584,000	\$5,836,000	\$6,093,000	\$6,304,000
Pension Contributions -- Partners & Sole Proprietors --Self-employed SEP, SIMPLE, and KEOGH Plans	5102(1-D)	\$8,393,000	\$8,678,000	\$9,108,000	\$9,528,000
Self-Employed Medical Insurance Premiums	5102(1-D)	\$9,783,000	\$10,064,000	\$10,527,000	\$10,970,000
Teacher Expense Deduction	5102(1-D)	\$219,000	\$224,000	\$222,000	\$219,000
Health Savings Accounts	5102(1-D)	\$2,509,000	\$2,625,000	\$2,741,000	\$2,852,000

CONFORMITY WITH INTERNAL REVENUE CODE DEFINITION OF FEDERAL ADJUSTED GROSS INCOME: OTHER

Certain Interest Income Excluded from Federal Adjusted Gross Income	5102(1-D)	\$10,300,000	\$10,650,000	\$11,450,000	\$12,450,000
Section 179 Expensing	5102(1-D)	\$2,500,000	\$3,700,000	\$3,900,000	\$4,200,000
Deduction for dividends received by domestic corporations from certain foreign corporations	5102(1-D)	D	D	D	D
Opportunity Zones	5102(1-D)	E	E	E	E
Pension Contributions & Earnings -- Employer-Provided Pension Contributions and Earnings	5102(1-D)	\$373,400,000	\$428,100,000	\$474,300,000	\$483,600,000
Employer-Paid Medical Insurance and Expenses	5102(1-D)	\$235,400,000	\$248,900,000	\$264,700,000	\$278,900,000
Exclusion of Capital Gains at Death	5102(1-D)	\$29,600,000	\$31,200,000	\$32,900,000	\$33,900,000
Exclusion of Capital Gains on Sales of Principal Residences	5102(1-D)	\$31,200,000	\$32,000,000	\$33,100,000	\$34,300,000
Social Security and Railroad Retirement Benefits Untaxed at the Federal Level	5102(1-D)	\$45,900,000	\$48,400,000	\$49,000,000	\$49,200,000

A represents an estimated spread of \$0 - \$10,000

B represents an estimated spread of \$0 - \$49,999

C represents an estimated spread of \$20,000 - \$100,000

D represents an estimated spread of \$500,000 - \$2,000,000

E represents an estimated spread of \$1,500,00 - \$2,500,000

**General Fund Tax Expenditures – Sales, Motor Fuel and Service Provider Taxes**

	36 MRSA				
General Fund Sales & Use Tax Expenditures	\$	FY'22	FY'23	FY'24	FY'25
Exempt from Sales Tax the Fee Associated with the Paint	1752.14	\$81,000	\$82,000	\$83,000	\$84,000
	1760.2 &				
Sales to the State & Political Subdivisions	2557.2	\$204,638,000	\$210,325,000	\$216,161,000	\$222,148,000
Grocery Staples	1760.3	\$202,649,000	\$216,938,000	\$239,183,000	\$249,482,000
Ships Stores	1760.4	B	B	B	B
Prescription Drugs	1760.5	\$128,478,000	\$136,717,000	\$145,484,000	\$154,813,000
Prosthetic or Orthotic Device	1760.5A	\$6,667,000	\$6,999,000	\$7,040,000	\$7,077,000
Meals Served by Public or Private Schools	1760.6A	\$6,444,000	\$6,628,000	\$6,822,000	\$7,030,000
Meals Served to Patients in Hospitals & Nursing Homes	1760.6B	\$7,905,000	\$8,143,000	\$8,330,000	\$8,517,000
Providing Meals for the Elderly	1760.6C	D	D	D	D
Providing Meals to Residents of Certain Nonprofit Congregate Housing Facilities	1760.6D	A	A	A	A
Certain Meals Served by Colleges to Employees of the College	1760.6E	A	A	A	A
Meals Served by Youth Camps that are Licensed by DHHS	1760.6F	C	C	C	C
Meals Served by a Retirement Facility to its Residents	1760.6G	D	D	D	D
Products Used in Agricultural and Aquacultural Production & Bait	1760.7A-C	\$8,953,000	\$8,820,000	\$8,691,000	\$8,564,000
Certain Jet Fuel	1760.8B	\$5,421,000	\$7,296,000	\$5,339,000	\$4,974,000
Coal, Oil & Wood for Cooking & Heating Homes	1760.9	\$34,219,000	\$35,397,000	\$32,143,000	\$30,190,000
Fuel Oil for Burning Blueberry Land	1760.9A	A	A	A	A
First 750 KW Hours of Residential Electricity Per Month	1760.9B	\$35,910,000	\$47,660,000	\$52,830,000	\$53,540,000
Gas When Used for Cooking & Heating in Residences	1760.9C	\$18,152,000	\$20,554,000	\$20,577,000	\$21,327,000
Fuel and Electricity Used in Manufacturing	1760.9D	\$26,993,000	\$21,070,000	\$21,389,000	\$21,760,000
Fuel Oil or Coal which become an Ingredient or Component Part	1760.9G	A	A	A	A
Certain Returnable Containers	1760.12	D	D	D	D
Packaging Materials	1760.12A	\$28,243,000	\$30,623,000	\$31,850,000	\$32,864,000
Free Publications and Components of Publications	1760.14-A	\$1,210,000	\$1,210,000	\$1,210,000	\$1,210,000
	1760.16 &				
Sales to Hospitals, Research Centers, Churches and Schools	2557.3	F	F	F	F
Rental Charges for Living Quarters in Nursing Homes and Hospitals	1760.18	F	F	F	F
	1760.18A				
Sales to Certain Residential Child Care Facilities	& 2557.4	C	C	C	C
Rental of Living Quarters at Schools	1760.19	\$15,242,000	\$16,029,000	\$16,627,000	\$16,881,000
Rental Charges on Continuous Residence for More Than 28 Days	1760.20	\$79,657,000	\$82,865,000	\$86,202,000	\$89,673,000
Automobiles Used in Driver Education Programs	1760.21	A	A	A	A
Certain Loaner Vehicles	1760.21A	C	C	C	C
Automobiles Sold to Amputee Veterans	1760.22	A	A	A	A
Certain Vehicles Purchased or Leased by Nonresidents	1760.23C	C	C	C	C
Certain Vehicles Purchased or Leased by Qualifying Resident Businesses	1760.23D	D	D	D	D
Funeral Services	1760.24	\$8,148,000	\$7,927,000	\$8,098,000	\$8,248,000
Watercraft Purchased by Nonresidents	1760.25	C	C	C	C
Certain Sales of Snowmobiles and All terrain Vehicles to Nonresidents	1760.25C	A	A	A	A
	1760.26 &				
Sales to Ambulance Services & Fire Departments	2557.5	C	C	C	C
Sales to Comm. Mental Health, Substance Abuse Facilities & Facilities for the Developmentally Disabled	1760.28 &				
	2557.6	C	C	C	C
Water Pollution Control Facilities	1760.29	C	C	C	C
Air Pollution Control Facilities	1760.30	C	C	C	C
Machinery & Equipment	1760.31	\$31,500,000	\$32,140,000	\$32,792,000	\$33,458,000
New Machinery for Experimental Research	1760.32	B	B	B	B
Diabetic Supplies	1760.33	\$1,362,000	\$1,451,000	\$1,546,000	\$1,650,000
Sales Through Coin Operated Vending Machines	1760.34	\$1,236,000	\$1,284,000	\$1,334,000	\$1,386,000
Goods& Services for Seeing Eye Dogs	1760.35	A	A	A	A
	1760.37 &				
Sales to Regional Planning Agencies	2557.7	A	A	A	A
Water Used in Private Residences	1760.39	\$9,206,000	\$9,410,000	\$9,618,000	\$9,831,000
Mobile & Modular Homes	1760.40	\$5,382,000	\$5,611,000	\$5,848,000	\$6,096,000
Property Used in Interstate Commerce	1760.41	D	D	D	D

A represents an estimated spread of \$0 - \$49,999  
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 C represents an estimated spread of \$250,000 - \$999,999  
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 E represents an estimated spread of \$3,000,000 - \$5,999,999  
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General Fund Sales & Use Tax Expenditures	36 MRSA \$	FY'22	FY'23	FY'24	FY'25
	1760.42 &				
Sales to Historical Societies & Museums	2557.8	B	B	B	B
	1760.43 &				
Sales to Child Care Facilities	2557.9	B	B	B	B
	1760.44 &				
Sales to Church Affiliated Residential Homes	2557.10	A	A	A	A
Certain Property Purchased Out of State	1760.45	D	D	D	D
	1760.46 &				
Sales to Organ. that Provide Residential Facilities for Med. Patients	2557.11	A	A	A	A
	1760.47A				
Sales to Emergency Shelters & Feeding Organizations	& 2557.12	C	C	C	C
Sales to Comm. Action Agencies; Child Abuse Councils; Child Advocacy Orgs.	1760.49 &				
	2557.13	C	C	C	C
	1760.50 &				
Sales to any Nonprofit Free Libraries	2557.14	B	B	B	B
	1760.51 &				
Sales to Veterans Memorial Cemetery Associations	2557.15	A	A	A	A
Railroad Track Materials	1760.52	\$824,000	\$886,000	\$909,000	\$927,000
	1760.53 &				
Sales to Nonprofit Rescue Operations	2557.16	A	A	A	A
	1760.55 &				
Sales to Hospice Organizations	2557.17	A	A	A	A
	1760.56 &				
Sales to Nonprofit Youth & Scouting Organizations	2557.18	C	C	C	C
Self Help Literature on Alcoholism	1760.57	A	A	A	A
Portable Classrooms	1760.58	A	A	A	A
	1760.59 &				
Sales to Certain Incorporated. Nonprofit Educational Orgs.	2557.19	A	A	A	A
Sales to Incorporated Nonprofit Animal Shelters	1760.60	A	A	A	A
	1760.61 &				
Construction Contracts with Exempt Organizations	2557.31	D	D	D	D
	1760.62 &				
Sales to Certain Charitable Suppliers of Medical Equipment	2557.20	A	A	A	A
Sales to Orgs that Fulfill the Wishes of Children with Life-threatening Diseases	1760.63 &				
	2557.21	A	A	A	A
Sales by Schools & School Sponsored Organizations	1760.64	C	C	C	C
Sales to Monasteries and Convents	1760.65	A	A	A	A
Sales to Providers of Certain Support Systems for Single Parent Families	1760.66 &				
	2557.22	A	A	A	A
	1760.67 &				
Sales to Nonprofit Home Construction Organizations	2557.23	B	B	B	B
Sales to Orgs that Create & Maintain a Registry of Vietnam Veterans	1760.69 &				
	2557.24	A	A	A	A
Sales to Orgs that Provide Certain Services for Hearing-impaired Persons	1760.70 &				
	2557.25	A	A	A	A
	1760.71 &				
Sales to State Chartered Credit Unions	2557.26	A	A	A	A
	1760.72 &				
Sales to Nonprofit Housing Development Organizations	2557.27	B	B	B	B
Seedlings for Commercial Forestry Use	1760.73	B	B	B	B
Property Used in Manufacturing Production	1760.74	\$412,420,000	\$424,908,000	\$418,413,000	\$424,823,000
Meals& Lodging Provided to Employees	1760.75	B	B	B	B
Certain Aircraft Parts	1760.76	A	A	A	A
	1760.77 &				
Sales to Eye Banks	2557.28	A	A	A	A
Sales of Certain Farm Animal Bedding & Hay	1760.78	C	C	C	C
Electricity Used for Net Billing	1760.80	\$2,473,000	\$8,596,000	\$11,022,000	\$10,954,000
Animal Waste Storage Facility	1760.81	C	C	C	C
Sales of Property Delivered Outside this State	1760.82	F	F	F	F
Sales of Certain Printed Materials	1760.83	C	C	C	C
	1760.84 &				
Sales to Centers for Innovation	2557.29	A	A	A	A

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<b>General Fund Sales &amp; Use Tax Expenditures</b>	<b>36 MRSA \$</b>	<b>FY'22</b>	<b>FY'23</b>	<b>FY'24</b>	<b>FY'25</b>
Certain Sales by an Auxiliary Organization of the American Legion	1760.85	B	B	B	B
Pine Tree Development Zone Businesses; Reimbursement of Certain Taxes	2016	\$23,000	\$202,000	\$207,000	\$212,000
Sales of Tangible Personal Property to Qualified Development Zone Businesses	1760.87	D	D	D	D
Sales of Certain Aircraft	1760.88	B	B	B	B
Sale, Use or Lease of Aircraft and Sales of Repair and Replacement Parts	1760.88-A	\$612,000	\$602,000	\$650,000	\$703,000
Sales of Certain Qualified Snowmobile Trail Grooming Equipment	1760.90	\$21,000	\$21,000	\$21,000	\$21,000
Certain Sales of Electrical Energy	1760.91	C	C	C	C
Certain Vehicle Rentals	1760.92	B	B	B	B
Plastic Bags Sold to Redemption Centers	1760.93	\$42,000	\$43,000	\$45,000	\$46,000
Positive Airway Pressure Equipment and Supplies	1760.94	C	C	C	C
Sales of Certain Adaptive Equipment	1760.95	B	B	B	B
	1760.98 &				
Sales to Certain Veterans Support Organizations	2557.37	A	A	A	A
	1760.99 &				
Sales to Nonprofit Library Collaboratives	2557.38	A	A	A	A
Sales to Certain Veterans Service Organizations	1760.100	A	A	A	A
Certain sales by civic, religious and fraternal organizations	1760.101	\$2,626,000	\$2,782,000	\$2,933,000	\$3,084,000
Nonprofit Heating Assistance Organizations	1760.102	\$500	\$500	\$500	\$500
	1760.103 &				
Certain Nonprofit Organizations Supporting Veterans	2557.39	A	A	A	A
Sales to Nonprofit Youth Camps	1760.104	B	B	B	B
Sales to Pet Food Pantries	1760.105	A	A	A	A
Locally organized member of nonprofit worldwide charitable organization	1760.106	\$205,500	\$211,600	\$218,000	\$224,500
Menstrual products	1760.107	\$551,000	\$857,000	\$906,000	\$948,000
Area agency on aging	1760.108	\$27,000	\$69,000	\$72,000	\$75,000
Nonprofit cemeteries	1760.109	\$2,000	\$6,000	\$6,000	\$6,000
Certain educational collaboratives	1760.110	\$2,000	\$4,000	\$4,000	\$4,000
Firearm safety devices	1760.111	\$52,000	\$105,000	\$104,000	\$104,000
Sales to Tribes	1760.112	\$0	A	A	A
Sales to Tribal Members	1760.113	\$0	A	B	B
Sales to Tribal Entities	1760.114	\$0	A	A	A
Trade In Credits	1765	\$32,970,000	\$29,958,000	\$28,744,000	\$28,437,000
Merchandise Donated from a Retailers Inventory to Exempt Organizations	1864	B	B	B	B
Refund of Sales Tax on Goods Removed from the State	2012	A	A	A	A
Refund of Sales Tax on Certain Depreciable Machinery and Equipment	2013	\$17,243,000	\$19,279,000	\$20,584,000	\$21,223,000
Fish Passage Facilities	2014	A	A	A	A
Refund of Sales Tax on Purchases of Parts and Supplies for Windjammers	2020	B	B	B	B
Reimbursement of the Sales Tax Paid on Certain Battery Energy Storage Systems	2021	\$0	\$1,962,000	\$2,803,000	\$841,000
Consumer Purchases of Medical Services	1752.11	\$662,472,000	\$691,161,000	\$738,796,000	\$792,447,000
Consumer Purchases of Transportation Services	1752.11	\$41,911,000	\$48,035,000	\$48,854,000	\$49,244,000
Consumer Purchases of Amusement and Recreational Services	1752.11	\$79,576,000	\$83,420,000	\$87,606,000	\$91,699,000
Consumer Purchases of Financial Services	1752.11	\$206,344,000	\$205,146,000	\$210,017,000	\$220,235,000
Consumer Purchases of Information Services Except Telecommunications	1752.11	\$31,754,000	\$33,750,000	\$36,155,000	\$38,409,000
Consumer Purchases of Education Services	1752.11	\$97,259,000	\$103,374,000	\$110,739,000	\$117,644,000
Consumer Purchases of Personal, Household and Business Services	1752.11	\$104,694,000	\$111,246,000	\$119,094,000	\$126,422,000
Consumer Purchases of Social Services	1752.11	\$84,624,000	\$89,945,000	\$96,353,000	\$102,361,000
Business Purchases of Transportation Services	1752.11	\$78,271,000	\$85,238,000	\$90,584,000	\$95,040,000
Business Purchases of Information Services Except Telecommunications	1752.11	\$43,169,000	\$47,510,000	\$50,543,000	\$52,957,000
Business Purchases of Financial Services	1752.11	\$319,343,000	\$346,298,000	\$367,530,000	\$385,392,000
Business Purchases of Legal, Business, Administrative and Support Services	1752.11	\$589,114,000	\$644,442,000	\$685,463,000	\$719,682,000

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<b>General Fund Sales &amp; Use Tax Expenditures</b>	<b>36 MRSa §</b>	<b>FY'22</b>	<b>FY'23</b>	<b>FY'24</b>	<b>FY'25</b>
Business Purchases of Educational Services	1752.11	\$8,831,000	\$9,674,000	\$10,312,000	\$10,829,000
Business Purchases of Medical Services	1752.11	\$15,577,000	\$17,038,000	\$18,196,000	\$19,134,000
Business Purchases of Social Services	1752.11	\$306,000	\$336,000	\$358,000	\$376,000
Business Purchases of Amusement and Recreational Services	1752.11	\$14,069,000	\$15,579,000	\$16,623,000	\$17,467,000
Business Purchases of Repair, Maintenance and Personal Services	1752.11	\$28,201,000	\$30,623,000	\$31,752,000	\$32,639,000
Business Purchases of Construction Services for Maintenance and Repair	1752.11	\$50,961,000	\$55,209,000	\$58,577,000	\$61,393,000
Casual Sales	1752.11	D	D	D	D
Sales by Executors	1752.11	A	A	A	A
Certain Telecommunications Services	2557.33,34	D	D	D	D
<b>General Fund Cigarette Tax Expenditure</b>					
Cigarette Stamp Tax Deduction for Licensed Distributors	4366A.2	\$1,331,301	\$1,307,396	\$1,284,534	\$1,262,532
<b>Highway Fund Sales &amp; Use Tax Expenditures</b>					
Motor Vehicle Fuel.	1760.8-A	\$154,100,000	\$238,665,000	\$233,164,000	\$212,986,000

### Other Fund Tax Expenditures – Sales, Motor Fuel and Service Provider Taxes

<b>Multimodal Transportation Fund Aeronautical Fuel Tax Expenditures</b>					
Excise Tax Exemption on Jet or Turbo Jet Fuel International Flights	2903.4	\$96,000	\$110,000	\$111,000	\$111,000
Refund of Excise Tax on Fuel Used in Piston Aircraft	2910	\$20,000	\$20,000	\$20,000	\$20,000
<b>Highway Fund Gasoline and Special Fuel Tax Expenditures</b>					
State and Local Government Exemption from the Gasoline Tax.	2903	\$829,000	\$830,000	\$836,000	\$842,000
Gasoline Exported from the State.	2903	\$35,690,000	\$35,761,000	\$36,006,000	\$36,253,000
Refund of the Gasoline Tax for Off-Highway Use and for Certain Bus Companies	2908 and 2909	\$149,000	\$209,000	\$212,000	\$215,000
Refund of the Gasoline Tax to Government Agencies and Political Subdivisions	2910-B	\$1,273,000	\$1,261,000	\$1,270,000	\$1,279,000
State & Local Government Exemption from the Special Fuel Tax	3204-A	\$1,908,000	\$1,895,000	\$1,916,000	\$1,936,000
Special Fuel Exported from the State.	3204-A	\$11,337,000	\$11,260,000	\$11,382,000	\$11,506,000
Refund of Special Fuel Tax for Off-Highway Use and for Certain Bus Companies	3215 and 3218	\$2,087,000	\$2,226,000	\$2,192,000	\$2,159,000
Refund of the Special Fuels Tax to Government Agencies and Political Subdivisions	3208-A	\$377,000	\$385,000	\$370,000	\$356,000
<b>Other Special Revenue</b>					
Wild Blueberries Grown on Tribal Land	4303-B	\$0	\$0	\$95,000	\$95,000
Potatoes Grown on Tribal Land	4605.1-A	\$0	\$0	A	A

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## Requested and Recommended Appropriations and Allocations

### Judicial Department

Pursuant to 5 MRSA, chapter 149, §1664, sub-§2, the Governor must provide notice when the recommended appropriations and allocations for the Judicial Department differ from the budget request submitted by the Judicial Department, providing an explanation for any differences.

The chart below summarizes the baseline budgets by fund type, for the Judicial Department for each year of the upcoming biennium, for Personal Services, All Other and Capital. It also provides summary information for changes to appropriations and allocations requested by the department and the recommended appropriations and allocations appearing in the Governor’s budget.

In its original submission, the Judicial Department requested an increase in General Fund appropriations of nearly \$38.9 million over the course of the biennium. However, the Department subsequently reduced its one-time Capital and All Other request by nearly \$16 million associated with equipment-related initiatives the Department was not ready to move forward on yet making the Department’s General Fund submission approximately \$23 million. The Governor’s budget for the 2024–2025 biennium recommends a total increase in appropriations of nearly \$15.4 million and a reduction of approximately \$3.5 million for an attrition savings initiative for a net increase in appropriations of about \$11.9 million. Careful consideration was given to the Department’s requests, taking into account the Chief Justice’s rationale for the proposed budget and the needs of the Department and within the larger context of the range of needs across state government.

The Judicial Department requested an increase in allocations of federal funds totaling approximately \$350 thousand; the Governor’s budget also recommends an increased allocation of that amount. Lastly, the Department requested an increase in Other Special Revenue of approximately \$1.5 million; the Governor’s budget recommends a reduction in allocation of nearly \$400 thousand. The Governor’s recommendation includes shifting approximately \$1.9 million related to guardian ad litem services from Other Special Revenue to a General Fund appropriation.

#### Judicial

	FY 24 Revised Baseline Budget	FY 25 Revised Baseline Budget	Requested Changes FY 24	Requested Changes FY 25	Recommended Changes FY24	Recommended Changes FY25	FY 24 Recommended Budget	FY25 Recommended Budget
<b>GENERAL FUND</b>								
Personal Services*	58,800,385	60,198,083	8,123,514	9,400,489	1,864,191	3,220,835	60,664,576	63,418,918
All Other	39,439,227	39,439,227	5,389,200	3,123,700	3,412,801	3,362,801	42,852,028	42,802,028
Capital Expenditures	-	-	11,050,000	1,800,000	-	-	-	-
Unallocated								
<b>Total</b>	<b>98,239,612</b>	<b>99,637,310</b>	<b>24,562,714</b>	<b>14,324,189</b>	<b>5,276,992</b>	<b>6,583,636</b>	<b>103,516,604</b>	<b>106,220,946</b>
<b>FEDERAL EXPENDITURE FUNDS</b>								
Personal Services	147,359	149,932	173,782	176,223	173,782	176,223	321,141	326,155
All Other	1,088,789	1,088,789	-	-	163	168	1,088,952	1,088,957
Capital Expenditures	-	-	-	-	-	-	-	-
Unallocated								
<b>Total</b>	<b>1,236,148</b>	<b>1,238,721</b>	<b>173,782</b>	<b>176,223</b>	<b>173,945</b>	<b>176,391</b>	<b>1,410,093</b>	<b>1,415,112</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>								
Personal Services	4,035,245	4,154,687	1,032,944	1,086,098	1,032,944	1,086,098	5,068,189	5,240,785
All Other	7,368,901	7,368,901	(788,997)	(793,729)	(1,755,243)	(1,759,670)	5,613,658	5,609,231
Capital Expenditures	300,000	300,000	500,000	500,000	500,000	500,000	800,000	800,000
Unallocated								
<b>Total</b>	<b>11,704,146</b>	<b>11,823,588</b>	<b>743,947</b>	<b>792,369</b>	<b>(222,299)</b>	<b>(173,572)</b>	<b>11,481,847</b>	<b>11,650,016</b>
<b>TOTAL</b>	<b>111,179,906</b>	<b>112,699,619</b>	<b>25,480,443</b>	<b>15,292,781</b>	<b>5,228,638</b>	<b>6,586,455</b>	<b>116,408,544</b>	<b>119,286,074</b>

### Office of Program Evaluation and Government Accountability

Pursuant to 5 MRSA, chapter 149, §1664, sub-§3, the Governor must provide notice when the recommended appropriations and allocations for the legislative Office of Program Evaluation and Government Accountability (OPEGA) differ from those requested by the Legislative Council, providing an explanation for any such difference.

The Legislative Council did not submit additional budget requests for OPEGA. The Baseline Budget is reflected in the Governor’s recommended biennial budget.

#### Office of Program Evaluation and Government Accountability

	FY 24 Revised Baseline Budget	FY 25 Revised Baseline Budget	Requested Changes FY 24	Requested Changes FY 25	Recommended Changes FY24	Recommended Changes FY25	FY 24 Recommended Budget	FY25 Recommended Budget
<b>GENERAL FUND</b>								
Personal Services	1,387,940	1,411,786	-	-	-	-	1,387,940	1,411,786
All Other	149,088	149,088	-	-	-	-	149,088	149,088
Capital Expenditures	-	-	-	-	-	-	-	-
Unallocated								
<b>Total</b>	<b>1,537,028</b>	<b>1,560,874</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,537,028</b>	<b>1,560,874</b>
<b>TOTAL</b>	<b>1,537,028</b>	<b>1,560,874</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,537,028</b>	<b>1,560,874</b>

### Maine Indian Tribal-State Commission

5 MRSA, chapter 149, §1664, sub-§3-B states that if the Governor submits legislation setting forth appropriations or allocations for the Maine Indian Tribal-State Commission that differ from the full budget proposal developed under 30 MRSA, §6212, sub-§ 6, the Governor shall simultaneously submit a report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs and the joint standing committee of the Legislature having jurisdiction over judiciary matters explaining why the Governor’s budget legislation differs from that proposal.

The Maine Indian Tribal-State Commission requested an increase in General Fund appropriations of \$313,772 for the 2024-2025 biennium and the Governor’s budget includes the requested amount.

#### Maine Indian Tribal- State Commission

	FY 24 Revised Baseline Budget	FY 25 Revised Baseline Budget	Requested Changes FY 24	Requested Changes FY 25	Recommended Changes FY24	Recommended Changes FY25	FY 24 Recommended Budget	FY25 Recommended Budget
<b>GENERAL FUND</b>								
Personal Services	-	-	-	-	-	-	-	-
All Other	111,614	111,614	156,886	156,886	156,886	156,886	268,500	268,500
Capital Expenditures	-	-	-	-	-	-	-	-
Unallocated								
<b>Total</b>	<b>111,614</b>	<b>111,614</b>	<b>156,886</b>	<b>156,886</b>	<b>156,886</b>	<b>156,886</b>	<b>268,500</b>	<b>268,500</b>
<b>TOTAL</b>	<b>111,614</b>	<b>111,614</b>	<b>156,886</b>	<b>156,886</b>	<b>156,886</b>	<b>156,886</b>	<b>268,500</b>	<b>268,500</b>

## Research and Development

5 MRSA, chapter 149, §1664, sub-§3-A, establishes a formula for determining a funding level for research and development. In FY10, that formula set the level at not less than 1% of total actual General Fund revenue in FY09. For each successive year for the following decade, that funding level is to increase by at least two-tenths of 1% until funding for research and development is the equivalent to not less than 3% of total actual General Fund revenue of the previous fiscal year.

The funding level recommended for research and development as recommended in the Governor’s budget includes an appropriation of approximately \$22.3 million in each year of the biennium to the Maine Economic Improvement Fund, University of Maine System. It also includes a recommended appropriation of just over \$7 million in each year for the Office of Innovation, within the Department of Economic and Community Development. Both of these appropriations are for the support of research and development activities.

This funding level falls short of that which would be otherwise calculated using the formula described above. Careful consideration was made in arriving at the recommended funding levels, as investment in research and development is critical to Maine’s economy and future.

### Research and Development

	FY 24 Revised Baseline Budget	FY 25 Revised Baseline Budget	Requested Changes FY 24	Requested Changes FY 25	Recommended Changes FY24	Recommended Changes FY25	FY 24 Recommended Budget	FY25 Recommended Budget
GENERAL FUND								
Personal Services	292,669	294,557	-	-	-	-	292,669	294,557
All Other	26,144,260	26,144,260	7,650,000	15,350,000	3,000,000	3,000,000	29,144,260	29,144,260
Capital Expenditures Unallocated	-	-	-	-	-	-	-	-
<b>Total</b>	<b>26,436,929</b>	<b>26,438,817</b>	<b>7,650,000</b>	<b>15,350,000</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>29,436,929</b>	<b>29,438,817</b>
<b>TOTAL</b>	<b>26,436,929</b>	<b>26,438,817</b>	<b>7,650,000</b>	<b>15,350,000</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>29,436,929</b>	<b>29,438,817</b>

## Debt Analysis

Statute requires that the biennial budget document include information on the bonded indebtedness of the State Government. The following information is as of July 27, 2022. As reflected in the table on debt service requirements, the final payment for Highway Funds bonds issued on June 8, 2011 was made on June 1, 2021.

General Obligation Bonds (GOs)	Debt secured by state's full faith, credit, and taxing power.	\$591,290,000
Authorized but Unissued GO Bonds	Bonds authorized by voters, but not yet borrowed upon.	\$71,470,000

**Authorized but Unissued Debt:** Debt that has been authorized but has not yet been issued

**Debt Service:** Principal and interest paid, or estimated to be paid, on outstanding debt

**General Obligation Debt:** General Fund and/or Highway Fund bonds approved by the voters with the full faith and credit of the State.

**Interest:** That part of debt service, which does not reduce the outstanding debt balance, as it represents the contract or coupon rate of the face amount of the bond payable on a periodic basis.

**Outstanding Debt:** Debt that has been issued, or is estimated to be issued, but has not yet been retired.

**Principal:** That part of the debt service which reduces the outstanding balance as it represents payments of the face amount of the bond on specified maturity dates that retire the debt.

<b>GENERAL FUND BONDS</b>			
<b>DEBT SERVICE REQUIREMENTS TO MATURITY July 27, 2022</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	97,840,000	26,908,898	124,748,898
2024	98,480,000	23,355,513	121,835,513
2025	87,185,000	19,050,225	106,235,225
2026	76,925,000	15,094,375	92,019,375
2027	67,155,000	11,433,175	78,588,175
2028	57,350,000	8,092,750	65,442,750
2029	46,225,000	5,250,000	51,475,000
2030	32,140,000	2,954,750	35,094,750
2031	19,375,000	1,399,500	20,774,500
2032	8,615,000	430,750	9,045,750
<b>Total</b>	<b>591,290,000</b>	<b>113,969,935</b>	<b>705,259,935</b>

<b>HIGHWAY FUND BONDS</b>			
<b>DEBT SERVICE REQUIREMENTS TO MATURITY July 27, 2022</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Total</b>	-	-	-
<b>GF and HF Total</b>	<b>591,290,000</b>	<b>113,969,935</b>	<b>705,259,935</b>

## General Fund Appropriation Limitation

Maine Revised Statutes, Title 5, section 1534, sub-section 1 requires establishing a General Fund Appropriation Limitation for the upcoming biennium by December 1<sup>st</sup> of each even-numbered year. The Appropriation Limitation has historically been established by the State Budget Officer and is calculated as prescribed in §1534, sub-§1 using definitions set out in Title 5 §1531.

The calculation uses appropriations for a defined fiscal year as a base to which a Growth Limitation Factor is applied to establish the Appropriation Limitation for subsequent fiscal years. As per statute, the Growth Limitation Factor is average personal income growth defined as the average for the prior 10 calendar years, ending with the most recent calendar year for which data is available, of the percent change in personal income in this State, as estimated by the United States Department of Commerce, Bureau of Economic Analysis. The average personal income growth is determined by October 1st, annually, by the State Economist.

Maine Revised Statutes, Title 5, section 1664, sub-section 5 requires that the total General Fund appropriation for each fiscal year of the biennium in the Governor's Recommended Budget may not exceed the established limitation.

The Governor's Recommended 2024-2025 Biennial Budget includes a recommendation to reset the base amount on which the Limitation is calculated to 98% of the General Fund revenue forecasted for fiscal year 2023-24 in the Revenue Forecasting Committee's December 2022 forecast. Based on this recommendation, the Appropriation Limitation is calculated at approximately \$5,076.4 million for fiscal year 2023-24 and \$5,295 million for fiscal year 2024-25.

<b>General Fund Appropriation Limitation at Rebased Level</b>		
	<b>FY24</b>	<b>FY25</b>
<b>Annual Growth Limitation Factor</b>		4.31%
<b>Appropriation Limit at rebased level*</b>	<b>5,076,399,247</b>	<b>5,295,192,055</b>
<b>Governor's Recommended 2024-2025 Budget Appropriations</b>	5,067,585,621	5,214,963,631

\* new base set at 98% of forecasted FY24 as of December 2022

The base for the Appropriation Limitation calculation was last reset in fiscal year 2016-17 for the 2018-2019 biennium. Since that time, the State has achieved the statutory requirement to fund 55% of the total cost of essential programs and services for K-12 education, expanded Medicaid and increased rates for providers across the healthcare spectrum. The State's revenues have also trended upward. The rebased Limitation that has been recommended represents an appropriation level that is projected to be sustainable, assuming modest annual appropriations growth, within currently anticipated revenues through the 2026-2027 biennium and beyond.

## Economic Outlook and Forecast

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### Background

The Maine Consensus Economic Forecasting Commission (CEFC) was originally established by Executive Order on May 25, 1992, in order to provide the Governor, the Legislature and the Revenue Forecasting Committee with analyses, findings and recommendations for state economic assumptions to be used in developing state revenue forecasts. Creation of the commission was in response to a recommendation of the Special Commission on Government Restructuring in 1991 to establish an independent, consensus process for state economic and revenue forecasting. Public Law 1995, chapter 368 enacted in statute the Consensus Economic Forecasting Commission, maintaining both the structure and intent of the original Executive Order.

The commission consists of five members having professional credentials and demonstrated expertise in economic forecasting. Members of the commission are appointed as follows: two members appointed by the Governor; one member recommended for appointment to the Governor by the President of the Senate; one member recommended for appointment to the Governor by the Speaker of the House of Representatives; and one member appointed by the other members of the commission. One member of the commission must be selected by a majority vote of the other commission members to serve as the chair of the commission.

The commission is required to develop two-year and four-year economic forecasts for the State of Maine. In performing this duty, the commission is required by statute to meet twice each fiscal year. No later than April 1st and November 1st of each odd-numbered year and no later than February 1st and November 1st of each even-numbered year the commission shall submit to the Governor, the Legislative Council, the Revenue Forecasting Committee and the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs a report that presents the commission's findings and recommendations for adjustments to the economic assumptions for the current fiscal biennium. In each report the commission shall fully describe the methodology employed in reaching its recommendations. The Revenue Forecasting Committee is required to use the economic assumptions and forecast of the commission in developing its four-year revenue projections.

### November 2022 CEFC Forecast Summary

The CEFC convened October 28, 2022 to review and revise its forecast through 2027. Table A-1 provides the forecast's major indicators along with a comparison to the previous two forecasts. The Commission's full November 1, 2022 report can be found on the State Economist's website at <https://www.maine.gov/dafs/economist/economic-forecasting>.

The CEFC was optimistic about recent strong in-migration to Maine and its potential to fuel the local economy. However, the Commission noted that limiting factors such as lack of housing and childcare may hamper growth in the coming years. Additionally, the CEFC was concerned about high rates of inflation and associated interest rate hikes. High heating oil prices during the coming winter season will present challenges for Maine households. These high energy costs, combined with high overall inflation, geopolitical upheaval, and tight labor markets were among the key risks to continued economic growth that the CEFC considered as it revised its forecasts.

Total nonfarm employment was forecasted to increase by 2.5% in 2022 based on year-to-date estimates from the Maine Department of Labor, 0.8% in 2023, 0.4% in 2024, and 0.2% in 2025, before leveling off to 0.0% growth in 2026 and 2027. This reflects an upward revision to the 2022 growth rate, but a downward revision for 2023. The revised forecast anticipates employment will nearly return to pre-pandemic levels in 2022, will surpass them in 2023 and will grow to 645,300 in 2025 before leveling off. These forecast levels of employment are higher than those expected in the Commission’s February 2022 forecast.

<b>Calendar Years</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>Wage &amp; Salary Employment (Annual Percentage Change)</b>							
CEFC Forecast 11/2021	3.7	2.3	1.0	0.7	0.7		
CEFC Forecast 02/2022	3.7	1.8	1.0	0.4	0.2	0.0	0.0
CEFC Forecast 11/2022	3.8	2.5	0.8	0.4	0.2	0.0	0.0
<b>Personal Income (Annual Percentage Change)</b>							
CEFC Forecast 11/2021	5.2	0.5	4.6	4.8	4.6		
CEFC Forecast 02/2022	6.5	1.7	5.0	4.9	4.6	4.6	4.5
CEFC Forecast 11/2022	7.3	3.6	5.0	4.7	4.4	4.5	4.6
<b>Wage and Salary Income (Annual Percentage Change)</b>							
CEFC Forecast 11/2021	5.5	5.0	5.0	5.0	4.0		
CEFC Forecast 02/2022	7.7	6.5	5.5	5.0	4.0	4.3	4.3
CEFC Forecast 11/2022	9.5	11.0	6.0	5.0	4.0	4.3	4.3
<b>CPI (Annual Percentage Change)</b>							
CEFC Forecast 11/2021	4.4	3.5	2.1	2.1	2.1		
CEFC Forecast 02/2022	4.7	5.0	4.0	2.5	2.5	2.5	2.5
CEFC Forecast 11/2022	4.7	8.3	5.8	4.0	3.5	3.5	3.0

The Commission raised its forecast for total personal income growth in 2022 from 1.7% to 3.6%, left its forecast unchanged for 2023 at 5.0%, and revised its forecast for 2024-2026 down slightly to 4.7%, 4.4%, and 4.5%, respectively, reflecting the Federal Reserve’s current efforts to restrain inflation by continuing modest increases in interest rates over the next few months. The Commission also revised its forecast for 2027 up from 4.5% to 4.6%. This revision in the near-term accounts for data pointing to strong wage growth in 2022.

The Commission revised its estimates of growth in wages and salaries, the largest component of personal income, up from 6.5% to 11.0% in 2022 and from 5.5% to 6.0% in 2023, leaving the remaining years unchanged. Similarly, it revised growth in supplements to wages and salaries up from 6.5% to 7.0% in 2022 but left all following years unchanged. The upward revision in 2022 is due to strong wage growth and the recognition that retirement contributions are often tied to wages and salaries.

Nonfarm proprietors’ income was revised down in all years except 2027, which was revised up. The forecast for growth in dividends, interest, and rent was left unchanged for all years, as was the forecast for personal current transfer receipts.

The CEFC forecast for growth in the Consumer Price Index (CPI) was revised up from 5.0% to 8.3% in 2022 following persistently high inflation in recent months. The forecasts for all following years were also revised up, from 4.0% to 5.8% in 2023, from 2.5% to 4.0% in 2024, from 2.5% to 3.5% in 2025 and 2026, and from 2.5% to 3.0% in 2027. High energy prices, labor market tightness, and continued supply challenges have led the CEFC to expect inflation to take several years to abate.

Finally, the Commission revised its forecast for corporate profits up in 2022, from 4.0% to 10.2%, and down in 2023 and 2024, to 2.0% and 5.0% (from 4.0% and 6.0%, respectively). The forecasts for 2025-2027 were left unchanged, at 6.0% each year.



## Revenue Outlook and Forecast

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### Background

The Revenue Forecasting Committee (RFC) was established by Executive Order on May 25, 1992, in order to provide the Governor, the Legislature and the State Budget Officer with analyses and recommendations related to the projection of General Fund and Highway Fund revenues. Creation of the committee was in response to the recommendation of Special Commission on Government Restructuring to develop independent and consensus-based revenue projections. Public Law 1995, chapter 368 enacted in statute the Revenue Forecasting Committee. This law provided that membership on the committee would include the State Budget Officer, the State Tax Assessor, the State Economist, the Director of the Legislative Office of Fiscal and Program Review and an economist on the faculty of the University of Maine System selected by the Chancellor.

Public Law 1997, chapter 655 expanded the membership of the committee to include an analyst from the Legislative Office of Fiscal and Program Review designated by the Director of that office. Public Law 2011, chapter 655 replaced the State Tax Assessor with the Associate Commissioner for Tax Policy as a member of the Committee. The revenue projections of the committee also would no longer be advisory but would become the actual revenue projections used by the Executive Branch in setting budget estimates and recommendations and out-biennium budget forecasts for both the General Fund and the Highway Fund. The State Budget Officer also was empowered to convene a meeting of the committee to review any new data that might become available, affecting the revenue projections for the General Fund and the Highway Fund.

The committee is required to meet at least four times a year or when called by a majority vote of the committee members, or at the request of the State Budget Officer. The committee is required to develop four-year revenue forecasts for the General Fund and the Highway Fund, or other funds of the state. No later than December 1<sup>st</sup> and March 1<sup>st</sup> (May 1<sup>st</sup> during odd-numbered years) annually the committee must submit to the Governor, the Legislative Council, the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs and the State Budget Officer its findings, analyses and recommendations for General Fund and Highway Fund revenues. The revenue forecasts are developed using econometric models for Sales and Use Tax, Individual Income Tax, Corporate Income Tax, Fuel Tax and Cigarette Tax. Forecasts for the remaining revenue lines are developed using trend data, national economic assumptions, department subject matter experts and operational analysis (e.g., net profit from liquor sales).

### December 2022 RFC Forecast Summary

The RFC convened November 29, 2022 to review and revise its forecast through 2027. Table B-1 provides a summary of the forecasted changes in the three funds forecast by the Committee, the General Fund, the Highway Fund and the Fund for a Healthy Maine. The Commissioner's full December 1, 2022 report can be found on the RFC's website at <https://legislature.maine.gov/ofpr/revenue-forecasting-committee/9609>.

The economic variables in the CEFC forecast play a prominent role in the RFC's revenue forecast. Maine Revenue Services' Office of Tax Policy (MRS/OTP) tax models use the CEFC economic variables to help project revenue from the major taxes. Data related to non-tax revenue lines were

provided by a number of different state agencies and reviewed by staff in the Office of Fiscal and Program Review and the Bureau of the Budget to come up with consensus recommendations. The RFC reviewed MRS/OTP and other staff recommendations and agreed to those recommendations with one modification, an increase in the estimated transfer from the Lottery Commission.

**Table E-1 – Summary of Changes in the RFC December 2022 Forecast**

<b>General Fund Summary</b>						
	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>
Current Forecast	\$5,391,613,569	\$4,758,487,167	\$4,913,788,247	\$5,095,515,994		
Annual % Growth	19.3%	-11.7%	3.3%	3.7%		
Net Increase (Decrease)	\$0	\$282,766,802	\$266,210,985	\$222,378,456		
Revised Forecast	\$5,391,613,569	\$5,041,253,968	\$5,179,999,232	\$5,317,894,450	\$5,557,257,689	\$6,037,175,196
Annual % Growth	19.3%	-6.5%	2.8%	2.7%	4.5%	8.6%

<b>Highway Fund Summary</b>						
	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>
Current Forecast	\$344,855,823	\$339,173,395	\$341,660,492	\$344,081,789		
Annual % Growth	3.2%	-1.6%	0.7%	0.7%		
Net Increase (Decrease)	\$0	\$600,424	(\$516,784)	(\$995,065)		
Revised Forecast	\$344,855,823	\$339,773,819	\$341,143,708	\$343,086,724	\$344,622,580	\$345,981,178
Annual % Growth	3.2%	-1.5%	0.4%	0.6%	0.4%	0.4%

<b>Fund for a Healthy Maine Summary</b>						
	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>
Current Forecast	\$54,737,748	\$48,897,786	\$36,092,491	\$36,100,820		
Annual % Growth	7.2%	-10.7%	-26.2%	0.0%		
Net Increase (Decrease)	\$0	\$4,719,110	\$4,537,135	\$1,663,531		
Revised Forecast	\$54,737,748	\$53,616,896	\$40,629,626	\$37,764,351	\$37,764,403	\$37,764,455
Annual % Growth	7.2%	-2.0%	-24.2%	-7.1%	0.0%	0.0%

**General Fund** revenue estimates were revised upward by \$282.8 million for FY23 and by \$488.6 million (4.9%) for the 2024-2025 biennium. The forecasted rate of year-over-year change in General Fund revenue for FY23 is now -6.5%, followed by growth of 2.8% for FY24 and 2.7% for FY25. The December 2022 forecast added projections for the 2026-2027 biennium, with overall FY26 General Fund revenue projected to grow at a 4.5% rate and FY27 at an 8.6% rate. These growth rates are greater than those projected for the 2024-2025 biennium largely because of the impact of expiring federal tax changes that under current law tax conformity would significantly increase individual income tax revenues starting in tax year 2026.

**Highway Fund** revenue estimates were revised upward by \$0.6 million for FY23 and revised downward by \$1.5 million (-0.2%) for the 2024-2025 biennium. The forecasted rate of year-over-year change for Highway Fund revenue for FY23 is -1.5%, followed by growth of 0.4% for FY24 and 0.6% for FY25. The December 2022 forecast adds projections for the 2026-2027 biennium, with Highway Fund revenue projected to grow at a 0.4% annual rate for FY26 and FY27. The Highway Fund revenue changes are largely the result of forecasted decreases in overall motor fuels revenue, with decreases in estimates for gas tax revenue partially offset by increases in estimates for special fuels tax revenue and forecasted increases in motor vehicle registration and fees and other highway fund revenue lines.

**Fund for a Healthy Maine (FHM)** revenue estimates were revised upward by \$4.7 million for FY23, by \$4.5 million for FY24 and by \$1.7 million for FY25. The December 2022 forecast adds projections for the 2026-2027 biennium, with FHM revenue for FY26 and FY27 assumed to be unchanged from FY25 levels. FHM revenue primarily derives from the State's annual Tobacco Settlement Payment (TSP). As in previous forecasts, the forecast for TSPs is based on the latest forecast from the National

Association of Attorneys General (NAAG). The FHM share of casino revenue was revised upward by \$1.1 million for FY23 and by \$1.3 million per year for FY24 and FY25, consistent with the changes in the overall forecast for Hollywood Casino Bangor revenue. The FHM forecast also assumes increased revenue from income from investments, consistent with the changes in the overall forecast for income from investments.

## CEFC-RFC Stress Test Report

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### Background

Since the mid-1990s state revenue bases have become more elastic, magnifying revenue forecasting errors over the course of the business cycle. These forecasting errors have made it difficult for state policymakers, who are required to have balanced budgets, to determine how much incoming revenue during good economic times should be saved to offset the revenue shortfalls that will follow the inevitable onset of the next recession. Led by PEW Charitable Trusts, researchers since the end of the 2007-09 recession have been evaluating best practices that states can use to guide them in determining the method of funding and uses of “rainy day” funds that will best serve their states during a recession. One best practice is a regular “stress-test” of a state’s revenue system to estimate the magnitude of revenue reductions during recessionary periods and the reserves necessary to achieve the policy goals of policymakers to offset those shortfalls.

Maine Revised Statutes, Title 5, Section 1710-G, enacted in the 2018-2019 biennial budget, requires the CEFC and the RFC to perform a biennial stress-test of General Fund revenues assuming hypothetical moderate and severe recessions and to evaluate the sufficiency of the Maine Budget Stabilization Fund (MBSF) under each economic scenario. Additionally, the stress test includes an analysis of the sufficiency of the current level of the Maine Budget Stabilization Fund (MBSF) and an estimate of the reserves in the MBSF necessary to offset the declines in General Fund revenue because of potential economic recession scenarios. Maine is one of three states, Utah and North Carolina being the other two, that regularly performs a stress-test as part of their budget process.

### October 2022 CEFC-RFC Stress Test Summary

The CEFC and RFC submitted the report for the most recent stress test in early October 2022. The full report can be found on the RFC’s website at <https://legislature.maine.gov/doc/9043>.

Unique circumstances led the CEFC and the RFC to report alternative approaches to analyzing the sufficiency of the MBSF in meeting the state’s spending limitation during the two recession scenarios. Conformity to the 2017 federal tax reform act (The Tax Cuts and Jobs Act (TCJA)) means that certain individual income tax provisions will expire beginning at the start of the 2026 tax year. Since this stress test extends the budget window out to the 2026-2027 biennium this is the first time the estimated revenue increase from the scheduled expiration of these conformity items has necessitated inclusion in the baseline revenue forecast. The estimated revenue increase is significant enough that the sufficiency of the MBSF is presented a) assuming these provisions expire according to current law (the “Current Law” analysis) and b) assuming the federal government extends these policies beyond tax year 2025, thereby retaining current policy (the “Current Policy” analysis). The “Current Policy” forecast prevents a significant increase in individual income tax receipts in the 2026-2027 biennium.

The two forecasting committees estimate that a hypothetical moderate recession beginning in the first quarter of CY2023, assuming either “Current Law” or “Current Policy” for the individual income tax, would reduce General Fund revenues relative to the March baseline revenue forecast by 1.2 percent in FY2023 and 6.4 percent in FY2024. The revenue decline would peak at 7.2 percent in FY2025 before narrowing to just under 3 percent by FY2027. The moderate recession scenario assumes a relatively weak and slow recovery, resulting in General Fund revenues still below the baseline revenue forecast in FY2027. The current MBSF level of \$896.0 million and other available resources would be enough to maintain current FY2023 appropriations of \$4.6 billion and provide sufficient resources to maintain the spending limitation throughout the FY2024-2027 period under the “Current Law” analysis. In the “Current Policy” analysis, the MBSF is large enough to offset the revenue shortfalls in FY2023-2025 but falls short of the spending limitation by a relatively small amount of \$21 million in FY2026 and by a larger \$200 million in FY2027. The current MBSF is equal to 16.6% of FY2022 General Fund revenue. If the MBSF was at its maximum level of 18% of the previous year’s General Fund revenue (\$970.5 million) there would be sufficient funds to fully offset the “Current Policy” revenue shortfall through FY2026.

The two forecasting committees estimate that the hypothetical severe recession beginning in the first quarter of CY2023, assuming either “Current Law” or “Current Policy” for the individual income tax, will reduce General Fund revenues relative to the March baseline revenue forecast by 3.9 percent in FY2023, 15.2 percent in FY2024, peaking at 19.2 percent in FY2025, and then declining by 17.0 and 14.0 percent in FY2026 and FY2027, respectively. The current MBSF level of \$896.0 million and other available resources would be exhausted by the start of FY2025 but provides approximately 15 months for the Governor and Legislature to address the revenue shortfalls caused by the severe recession. We estimate the MBSF would require a prohibitive level of funding to fully offset the reduction in revenue during the budget window studied. A MBSF equal to the current maximum of 18% of FY2022 General Fund revenue would allow for additional funding in FY2025 but would still fall far short of the FY2025 spending limitation appropriation amount.

## Appendix A: Glossary of Budget Terms

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**Allotment:** The designation of a department or agency's estimated expenditures in each fiscal year budget (called the annual work program) by quarter and line category. Four equal quarters are used each fiscal year. The approved amounts are recorded in the accounting general ledger by quarter and line category to form the basis on which the State Controller authorizes expenditures, in accordance with statute.

**Allocations:** The total amount of estimated expenditures authorized by the Legislature from resources legally restricted or otherwise designated for specific operating purposes. These resources typically constitute highway funds, federal funds, other special revenue funds, internal service funds, enterprise funds or any other funds, which may be designated for specific purposes by the Legislature.

**Alternative Budget:** The biennial budget scenario technique in which departments and agencies are required to present revised budget requests for each fiscal year of a biennium as an alternative to the department or agency's original budget proposal.

**Appropriations:** The total amount of estimated expenditures authorized by the Legislature from unrestricted or undesignated resources in each fiscal year. These resources typically constitute undedicated General Fund resources which are designated by appropriation account and line category in the estimated authorizations to spend of the Legislature.

**Biennial Budget:** The two year financial plan of the State of Maine which shows for each fiscal year all proposed expenditures, interest and debt, redemption charges, capital expenditures and estimated revenues in support of expenditures and obligations consistent with the Governor's, or Governor-elect's, program priorities, goals and objectives.

**Biennium:** The two fiscal years, beginning in even numbered fiscal years, which represent the period covered by the biennial budget financial plan of the State of Maine.

**Bond Issue:** A financing instrument for major capital purchases, projects, repairs, renovations or other limited projects by which the State incurs debt and retires the principal and interest amounts over time.

**Dedicated Revenue:** Revenue which accrues to a department or agency for use toward designated or legally restricted operational purposes.

**Encumbrance:** A commitment against allotment for legally binding purchase orders and contracts representing goods and services which have not yet been received. Encumbrances become expenditures and liabilities only when the goods and services are actually received.

**Enterprise Fund:** A proprietary fund in which goods and services are provided by a state department or agency to the general public through charges based on consumption. Such fund types may or may not be self-sustaining depending upon the cost structure of the agency whereby cost of goods sold, debt interest and other non-operating expenditures are deducted from gross revenue to determine the entity's net income or loss for the fiscal year.

**Fiscal Year:** The accounting and budgetary cycle of the Maine State Government. The fiscal year commences on the first day of July and ends on the 30th day of June each year.

**Full Time Equivalent:** The number of positions of less than 52 weeks in a fiscal year authorized by the Legislature for a specific department or agency and program.

**Fund:** A fiscal and accounting entity with a self-balancing set of accounts showing cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**Internal Service Fund:** A self-sustaining, proprietary fund which derives its resources in support of expenditures from service charges to other state departments and agencies and other units of government.

**Lapsed Funds:** Uncommitted funds remaining in an appropriation account at the close of a fiscal year which are returned to lapsed to the fund from which they were originally appropriated or allocated by the Legislature.

**Legislative Count:** The number of permanent full time and part time positions authorized by the Legislature for a specific department or agency and program.

**Line Category:** The expenditure groups represented by the following four classifications to which the Legislature appropriates and allocates funds by department or agency and program: personal services (salaries, wages and benefits); all other (operational support); capital expenditures (capital equipment purchases, real property purchases and facility improvement and construction); and, unallocated (undesignated items with respect to expenditure type).

**Program:** A grouping of activities and expected results that are directed toward the accomplishment of a set of goals and objectives consistent with statutorily defined missions and represents a department bureau, division or operational entity to which the Legislature appropriates or allocates resources defined by the Legislature.

**Undedicated Revenue:** Revenue collected by a department or agency but which accrues to a general ledger account for use toward undesignated or unrestricted operational purposes.

**Unappropriated Surplus:** An account maintained by the State Controller on the books of the State. The balances of all revenue and appropriation accounts not otherwise provided for by law, together with any other necessary adjustments of balances previously closed to the Unappropriated Surplus Account, are closed to this account at the end of each fiscal year.