



STRESS TESTING MAINE GENERAL FUND REVENUES & RESERVES FY2027-FY2031

OCTOBER 1, 2026

**Consensus Economic Forecasting Commission
and
Revenue Forecasting Committee**



STATE OF MAINE

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October 1, 2026

TO: Governor Janet T. Mills
President of the Senate Matthea Daughtry
Speaker of the House Ryan D. Fecteau
Members, Joint Standing Committee on Appropriations and Financial Affairs

FROM: Dr. Sheena Bunnell, Chair
Consensus Economic Forecasting Commission
Michael Allen, Chair
Revenue Forecasting Committee

In accordance with Title 5, Chapter 151-B, Section 1710-G, the Consensus Economic Forecasting Commission (CEFC) and the Revenue Forecasting Committee (RFC) are pleased to present the biennial stress test of sales and individual income taxes based on two economic recession scenarios: one a moderate recession, the other a severe recession. Additionally, this report 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 a handful of states that regularly performs a stress test as part of their budget process.

This year's report is issued as uncertainty in the direction of U.S. monetary policy grows with inflation remaining above the Federal Reserve's 2 percent target, geo-political conflicts in Europe and Middle East continue, and modest state revenue growth combined with a reduction in federal support challenge state budgets. As a result, this year's report is timely in providing policymakers with the estimated impact of a moderate and severe recession on sales and individual income tax revenues, and the sufficiency and needs of the Maine Budget Stabilization Fund in each of the recession scenarios.

Table 1 below provides a summary of the primary macroeconomic parameters defining the hypothetical moderate and severe recession scenarios relative to the equivalent assumptions in the CEFC's February 2026 baseline forecast.

Table 1

Calendar Years	2026	2027	2028	2029	2030	2031
Wage & Salary Employment (in Thousands)						
CEFC Forecast 02/2026	655.9	655.9	655.9	655.9	655.9	655.9
Hypothetical Moderate Recession	655.9	645.8	646.7	650.0	651.3	651.9
Hypothetical Severe Recession	655.9	631.0	624.8	633.8	639.4	643.7
Personal Income (\$ Millions)						
CEFC Forecast 02/2026	106,432	110,856	115,412	120,011	124,794	129,653
Hypothetical Moderate Recession	106,432	108,717	111,886	116,341	121,824	127,290
Hypothetical Severe Recession	106,432	108,190	110,036	114,144	119,203	124,552
Wage and Salary Income (\$ Millions)						
CEFC Forecast 02/2026	47,403	49,062	50,779	52,455	54,186	55,866
Hypothetical Moderate Recession	47,403	47,214	48,469	50,681	52,824	54,863
Hypothetical Severe Recession	47,403	47,835	48,916	50,690	52,373	54,097
CPI (Annual Percentage Change)						
CEFC Forecast 02/2026	2.8	2.8	2.3	2.3	2.3	2.3
Hypothetical Moderate Recession	2.8	3.0	2.2	2.4	2.2	2.2
Hypothetical Severe Recession	2.8	3.4	1.8	2.2	2.2	2.3

The two forecasting committees estimate that a hypothetical moderate recession beginning in the first quarter of CY2027 would reduce General Fund revenues relative to the March baseline revenue forecast by 0.9 percent in FY2027 and 5.5 percent in FY2028. The revenue decline would continue at 4.1 percent in FY2029 before narrowing to 2.3 percent in FY2030. The moderate recession scenario assumes a relatively slow recovery, resulting in General Fund revenues still below the baseline revenue forecast by 1.3 percent in FY2031. The current MBSF level of \$759.9 million and other available resources would be enough to maintain current FY2027 appropriations of \$6.2 billion and provide sufficient resources to maintain the spending limitation (the current baseline revenue forecast) through the FY2028-29 biennium. The current MBSF, which is equal to 13.0 percent of FY2026 General Fund revenue, would fall short of the current revenue forecast for the FY2030-31 biennium by approximately \$170.0 million. If the MBSF was at its maximum level of 18 percent of FY2026 General Fund revenue (\$1,056.2

million) there would be sufficient funds to fully offset the revenue shortfall through the FY2030-31 biennium, reaffirming that the statutory 18 percent cap on the MBSF is sufficient to offset a moderate recession.

The two forecasting committees estimate that the hypothetical severe recession beginning in the first quarter of CY2027 would reduce General Fund revenues relative to the March baseline revenue forecast by 3.1 percent in FY2027, peaking at 14.3 percent in FY2028, and then declining to 12.9 in FY2029 and 10.2 percent and 8.2 percent in FY2030 and FY2031, respectively. The current MBSF level of \$759.9 million and other available resources would be exhausted by FY2028 but provide 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 percent of FY2026 General Fund revenue would allow for additional funding in FY2028 but would still fall short of the March 1, 2026, baseline revenue forecast for FY2028.

Cc:

Elaine Clark, Commissioner, Department of Administrative and Financial Service
Jeremy Kennedy, Chief of Staff, Office of the Governor
Members, Joint Standing Committee on Taxation
Suzanne Gresser, Executive Director of the Maine Legislature

I: EXECUTIVE SUMMARY

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 were exacerbated following the unprecedented fiscal and monetary stimulus during the COVID-19 pandemic and the resulting economic imbalances in the aftermath of the pandemic. This revenue volatility has 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.

The FY2018-2019 biennial budget included a proposal that was subsequently enacted in Public Law 2017, chapter 284, Part N requiring 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.

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offset the reduction in revenue during the budget window studied. A MBSF equal to the current maximum of 18 percent of FY2026 General Fund revenue would allow for additional funding in FY2028 but would still fall short of the March 1, 2026, baseline revenue forecast for FY2028.

II: REVENUE VOLATILITY

Following the end of the “Great Recession” (2007-09) and the relatively weak recovery, economists, state budget experts and bond rating agencies began to study to what extent state government revenue streams had become increasingly volatile, and what policies could be enacted to stabilize state budgets over the business cycle. The general conclusion of researchers is that state revenue bases have become more elastic since the mid-1990s, particularly taxable sources of the individual income tax, and that there is no reason to believe this will change in the near term.¹ This volatility and the difficulty of forecasting both the economy and revenues was further exposed during and after the unique nature of the COVID-19 pandemic recession and the historic fiscal and monetary response by the Federal government.

State revenues have historically increased or decreased consistent with the underlying national economy, and more specifically with changes in their respective state economies. Recent research has concluded that sometime in the late 1990s the elasticity of state tax revenues to economic conditions increased, making the management of state budgets that are required to be balanced on an annual basis more difficult. The reliance on and responsiveness of individual income tax receipts has become the primary source of this increased state revenue volatility. Sales, corporate income taxes, and severance taxes have also contributed to revenue uncertainty, but six studies cited here conclude that changes in sources of income, primarily investment income from capital gains, have made the individual income tax more difficult to forecast over the business cycle and thus resulted in state and local expenditures becoming more procyclical (declining during recessions).

Mattoon and McGranahan (2012) find that the individual income tax elasticity doubled in the late 90s, and that two-thirds of the increase in cyclicalities is from the income tax base, primarily from investment income. Structural changes in labor markets, especially at the high end of the income distribution, have made employee compensation more cyclical over the last 25 years as well.

¹ Richard Mattoon and Leslie McGranahan, (2012), “Revenue Bubbles and Structural Deficits: What’s a state to do?”, Federal Reserve Bank of Chicago.

Yolanda K. Kodrzycki, (2014), “Smoothing State Tax Revenues over the Business Cycle: Gauging Fiscal Needs and Opportunities”, Federal Reserve Bank of Boston.

Yolanda K. Kodrzycki and Bo Zhao, (2015), “Achieving Greater Fiscal Stability: Guidance for the New England States”, Federal Reserve Bank of Boston.

Don Boyd (2022), “State Tax Revenue Volatility and its Impact on State Governments”, PEW Charitable Trusts.

Huixin Bi, Chaitri Gulati, and Nora Traum (2023), “Understanding State and Local Government Spending over the Business Cycle”, Federal Reserve Bank of Kansas City.

Dadayan, Lucy (2024), “Beyond the Crystal Ball: State Revenue Forecasts before, during, and after the COVID-19 Pandemic”, The Urban-Brookings Tax Policy Center.

Yolanda Kodrzycki (2014) of the Federal Reserve Bank of Boston focuses on the volatility of each state's revenue system. Like Mattoon and McGranahan, Kodrzycki finds that individual income taxes are the main source of the increased revenue volatility since the late 1990s, and that the concentration of capital gains and other investment income in the upper end of the income distribution has increased the elasticity of individual income tax receipts.²

Kodrzycki and Zhao (2015) build on prior studies by focusing on the revenue volatility of the six New England states and the size of rainy-day funds needed by each state to offset the revenue shortfalls from moderate and severe recessions. The authors calculate the estimated deviation of revenues from trend for the 1988-2013 period for each state, showing that revenue volatility has increased in most of the New England states since the late 1990s, with Maine being an exception. In Maine, the volatility was slightly higher in the 2000s, but its estimated deviation from revenue trend during economic expansions and recessions was generally consistent over the 25-year period reviewed.

Boyd (2022) examines various ways of measuring the volatility of a state's tax system to help policymakers and budget officials in understanding and managing volatility. Like the other studies, Boyd concludes that "tax revenue volatility increased substantially in the decade of the 2000s" and that the individual income tax has been the primary source for that increased volatility. While severance taxes and corporate income taxes are the most volatile sources of state revenues, the sales and individual income taxes are the most common and largest components of most states' systems, and their structures have contributed to their rising volatility. Most states' sales taxes are narrowly focused on durable and nondurable goods, which are volatile over the business cycle. A focus on individual income tax progressivity in many states has increased the reliance on a relatively small number of taxpayers that have volatile income sources such as capital gains and business income.

Bi, Gulati and Traum (BGT, 2023) study state and local (S&L) spending during and after recessions and conclude that between 1950 and the mid-80s there is no discernable pattern of spending after recessions, but after the mid-80s "S&L spending has followed a consistently procyclical pattern, beginning to recover three years, on average, after the start of a recession." The reason for this change in S&L spending is the individual income tax. The authors demonstrate that "a growing reliance on income tax revenues coupled with an increase in the procyclicality of these revenues may account for the change in expenditure cyclicity."

All these papers explore policy options to smooth resources over the business cycle. Policy changes such as increasing (decreasing) income tax rates during recessions (expansions) could be made to offset the increasing volatility of the tax, but there are other tax policy objectives such as consistency, competitiveness, and equity to consider. Shifting to consumption taxes is another option, but most states have a narrow sales tax base that excludes many services that make up much of household spending offsetting the theoretical stability of consumption taxes. Reliance on federal

² Kodrzycki's results show that Maine's individual income tax is more cyclical than the sales tax, but it is one of seven states where the elasticity decreased in the 2000-2012 period compared to the 1980-1999 period.

assistance is one-way states can limit raising taxes or cutting spending during recessionary periods, but the effectiveness of federal fiscal and monetary policy to offset state revenue shortfalls prior to the pandemic recession varies by state and the economic circumstances in which they are being implemented.³ In addition, the passage in 2025 of the federal reconciliation bill (H.R. 1 – The One Big Beautiful Bill Act - OBBA) reduced future federal funding for Medicaid and the Supplemental Nutrition Assistance Program (SNAP), raising concerns about the level of federal assistance during the next recession.

While the Boyd and BGT papers focus on measuring revenue and spending volatility and how the structure of state tax systems have increased that volatility, they conclude like the other papers that managing a tax system’s volatility is difficult and that “Rainy day funds, or budget stabilization funds, are an institutionalized form of saving, such that states can save funds during an economic boom and withdraw from them during a recession.” The general conclusion of all these studies is that sufficiently funded state rainy-day funds (RDFs) or budget stabilization funds (BSFs) may be the best approach to smooth resources over the business cycle and act as a countercyclical policy measure.⁴

III: BUDGET STABILIZATION FUNDS

While policies to broaden state tax bases have been suggested to help reduce revenue volatility, most researchers have concluded that changes to the tax base will have a limited impact, and BSFs would be the best policy for states, all of which have balanced budget requirements, to pursue to offset revenue losses during recessions. This recommendation has been endorsed by groups across the ideological spectrum.⁵ A well-funded BSF will lessen the need for spending cuts or tax increases during the recession, thereby lowering the fiscal drag on the state’s economy and contributing to a faster recovery.

The PEW Charitable Trusts (PEW) has taken the lead on the use of BSFs to address revenue volatility, publishing numerous reports on the need for state BSFs and best practices around the design of such funds so that they best serve the unique characteristics of each state’s economy, revenue structure, and budget needs.⁶

³ Joe Peek, Eric Rosengren, and Geoffrey M.B. Tootell, (2018), “Some Unpleasant Stabilization Arithmetic”, Federal Reserve Bank of Boston.

⁴ Many people use the terms “Budget Stabilization Fund” and “Rainy Day Fund” interchangeably, but as this report will show most state budget experts believe there are important differences between the two.

⁵ “Managing Uncertainty: How State Budgeting Can Smooth Revenue Volatility”, (2014), The PEW Charitable Trusts. Elizabeth McNichol, Iris Lav, and Michael Leachman, (2015), “Better State Budget Planning Can Help Build Healthier Economies”, Center on Budget and Policy Priorities.

“A Primer on State Rainy Day Funds”, (2015), Institute on Taxation and Economic Policy.

Joseph Henchman, (2013), “Tax Foundation and CBPP Agree: States Need Strong Rainy-Day Funds”, Tax Foundation.

⁶ “Why States Save: Using Evidence to Inform How Large Rainy-Day Funds Should Grow”, (2015), The PEW Charitable Trusts.

RDFs traditionally have been savings accounts that had little statutory language that directed funds into and out of the fund, or purposes for its use. BSFs have a defined purpose, primarily to smooth spending over the budget cycle so that spending and taxes can remain relatively stable during recessionary periods. Maine is a good example: it moved from a RDF that had little statutory language that set out its purpose, funding, or uses to a BSF that has clear statutory guidance on how and when it can be utilized.⁷

In PEW's "Why States Save" (2015), they recommend states consider three factors in constructing their BSFs: (1) the fund should have an explicit and narrowly defined purpose for its use, (2) states should perform a regular analysis of their revenue system to determine the degree of revenue volatility, and (3) the fund should have a target level of funding that is consistent with its stated purpose and guided by the findings of a revenue volatility study. In its December 2015 report PEW judged Maine to have an explicit and narrowly defined purpose for its BSF, but at the time of the report did not engage in a regular study of revenue volatility to estimate the reserves necessary during a recession.

Like Maine, most states have learned from the Great Recession and used a portion of the historic increase in revenues during the recovery from the pandemic to strengthen their fiscal reserves but moderating revenues in recent years has started to reverse that trend. Using information gathered by the National Association of State Budget Officers (NASBO), a recent PEW report showed that at the end of fiscal year 2025 the number of days state RDF/BSFs alone could cover state operations fell for the first time since the Great Recession from 54.5 days in fiscal year 2024 to 47.8 days. While the overall number of days fell, 24 states had an increase in their days covered and 26 states experienced a decline. Of the 26 states where the sufficiency of RDF/BSFs fell "14 drew on their reserves, 10 grew their balances – but did so more slowly than they increased expenditures - and two maintained reserves as expenditures grew".⁸ PEW estimates that Maine's BSF at the end of fiscal year 2025 could cover 68.2 days of government operations (11th highest in the nation), down from 69.6 days in fiscal year 2024.⁹

IV: STRESS TESTING STATE REVENUES AND RESERVES

Historically the general rule of thumb for RDFs and BSFs was 5 percent of general fund revenue.¹⁰ The experience of state budgets over the last thirty years has demonstrated that for most states 5 percent of the previous year's revenues is below what is needed to adequately offset revenue

⁷ See the next section for a description of Maine's Budget Stabilization Fund and how it is designed to interact with the State's appropriation limitation.

⁸ Theal, Justin and Forrest, Page (2026), "Strength of State Rainy Day Funds Declines as Budgets Tighten", The PEW Charitable Trusts.

⁹ PEW used the amount in the Maine BSF at the end of fiscal year 2025 (\$1.03 billion) which was 18.7% of spending. PEW did a different calculation looking at total balances (RDF/BSF plus ending balances), Maine had 78.5 days of government operations using this measure. Maine ranked 31st highest using total balances.

¹⁰ National Conference of State Legislators (1983).

shortfalls, even during a moderate recession. This is particularly true for resource-based states where commodity price fluctuations can lead to highly volatile revenue streams even during periods when the national economy is in an expansion phase. For states to estimate the level of reserves best for their budget needs, researchers have recommended a regular review of their revenue volatility over the business cycle.

Two approaches have emerged for measuring the volatility of state tax revenues and applying those measures to provide guidance on the level of reserves that would be necessary to counter recessions of varying magnitudes.¹¹ These studies conclude that the MBSF would need approximately 10 to 20 percent of General Fund revenue in reserve to offset a revenue shortfall associated with a moderate recession.¹²

Kodrzycki and Zhao (2015) utilize a look-back approach to calculate the funds necessary to fully offset a revenue shortfall, which is defined as the difference between “actual revenue for the fiscal year (adjusted for policy changes) and the amount that states would have collected if revenue had been consistent with long-run trends.” In this study “fully offset” means sufficient funds to get revenue resources back to the long-run revenue trend and prevent a reduction in services and/or revenue increases during the below trend period. For the 1988-2012 period the authors conclude that Maine would have needed reserves of 9.6 percent of General Fund revenue to fully offset a period of revenue shortfalls from a “Middle-Case Scenario”, and 14.9 percent for a “Worst-Case Scenario”.

Moody’s Analytics (2024) uses a forward-looking approach by “stress-testing” each state’s revenues and Medicaid expenditures during a moderate recession scenario occurring in early fiscal year 2025. In this study the FY2025-FY2026 revenue “shortfall” is the estimated revenue during the recession scenario compared to a baseline revenue forecast for FY2025 and FY2026 that assumes state forecasted FY2024 revenue, as reported by NASBO, increased by the forecasted increase in the implicit price deflator for state and local government consumption expenditures and investment. An estimate of increased Medicaid costs during the FY2025-FY2026 period is added to the revenue shortfall to project the combined “fiscal shock” for each state. The “fiscal shock” is measured relative to estimated FY2024 revenue in each state. Moody’s concludes that Maine would experience a revenue shortfall during FY2025-FY2026 equal to 16.0 percent of FY2024 revenue if a moderate recession started in early FY2025, and a combined fiscal shock equal to 18.2 percent of FY2024 revenue. The 16.0 percent tax revenue shortfall is slightly below the national average of 17.5 percent as is the combined fiscal shock which is just below the national average of 19.4

¹¹ Kodrzycki and Zhao (2015), Dan White, Bernard Yaros, and Brittany Merollo (2017), “Stress-Testing States”, Moody’s Analytics, Dan White, Todd Metcalfe, and Sarah Crane (2018), “Stress-Testing States 2018”, Moody’s Analytics, Sarah Crane and Colin Seitz (2019), “Stress-Testing States 2019”, Moody’s Analytics, Emily Mandel, Haley Curtin, and Bridget Ryan (2022), “Stress-Testing States: Looking Toward the Next Recession”, Moody’s Analytics, Emily Mandel and Colin Seitz (2024), “Stress-Testing States: Looking Toward the Next Recession”, Moody’s Analytics

¹² The Moody’s Analytics’ reports calculate a “combined fiscal shock” which includes not only the revenue shortfall because of the recession, but the increased spending to fully fund the state’s Medicaid program.

percent. Moody's concludes that Maine's BSF would have enough funds to fully cover the estimated two-year fiscal shock of a moderate recession.

Moody's provides three "takeaways" from their latest stress test study. First, the historic revenue growth most states have experienced since the start of the pandemic has left states with equally historic levels of RDF/BSF and total balances (RDF/BSF plus other cash balances). Second, on average RDF/BSFs represent 50 percent of total balances available. Unlike RDF/BSFs, it's unclear if those other cash balances are available to offset a revenue shortfall, and if available how quickly they could be deployed for such use. If only RDF/BSFs are considered, just 17 states are prepared to cover a fiscal shock. Third, having a plan to offset the revenue shortfall is important so that sufficient reserves can be generated, and how to deploy those reserves understood so that they can quickly be used to hasten the state's economic recovery. It's on this last finding that Moody's is encouraged to see "more state governments implementing their own "stress-testing" exercises as a part of their normal budget procedures." Moody's views such "stress-testing" exercises as a best practice in state budgeting.

Use of 2018 Stress-Test Report to Initially Forecast Impact of COVID-19

Following adjournment of the 129th Legislature in March 2020 due to the COVID-19 pandemic, the Department of Administrative and Financial Services (DAFS) utilized the 2018 report on "Stress-Testing Maine General Fund Revenues & Reserves FY2019-FY2023" to quickly inform the Governor of the expected revenue shortfall over the final quarter of FY2020 and the sufficiency of reserves to manage that shortfall.

Using the severe recession scenario from the 2018 report, DAFS estimated that the FY2020 revenue shortfall could be as much as \$200 million: 5 percent of the approximately \$4 billion revenue forecast. The supplemental budget, enacted as the Legislature adjourned, left a FY2020 balance of \$193.2 million in the General Fund. Based on this initial analysis, it appeared that the State could absorb the estimated revenue shortfall without significant budget adjustments.

A more detailed analysis was carried out to support the \$200 million estimated revenue shortfall over the remaining three months of the fiscal year. The \$200 million was assumed to be split evenly between sales and use and service provider taxes (consumption taxes) and individual and corporate income taxes, which represent over 85 percent of the State's General Fund revenue. Actual withholding taxes were much stronger than anticipated, primarily because of the increased taxable unemployment benefits included in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of 2020. In total, the actual FY2020 shortfall was less than half that projected using the 2018 stress-test report. The Maine specific stress-test, however, provided a quick and reasonable assessment of the impact of an unprecedented pandemic-induced recession on state revenues and proved to be more accurate than many other estimates provided by out-of-state non-government entities.

V: MAINE APPROPRIATION LIMITATION & BUDGET STABILIZATION FUND

General Fund Appropriation Limitation¹³

As of December 1 of each even-numbered year, a General Fund appropriation limit is established for the ensuing two fiscal years. For the first fiscal year, the General Fund appropriation limit is equal to the “biennial base year appropriation” multiplied by one plus the Growth Limitation Factor. For the second fiscal year, the General Fund appropriation limit is the General Fund appropriation limit of the first year multiplied by one plus the Growth Limitation Factor. As amended in 2024, for FY2025, the “biennial base year appropriation” means 99 percent of the projected fiscal year 2024 General Fund revenue forecast reported by the Revenue Forecasting Committee as of December 1, 2023. Beginning in FY2026, the “biennial base year appropriation” means 98 percent of the fiscal year 2024 projected General Fund revenue forecast reported by the Revenue Forecasting Committee as of December 1, 2023, and for subsequent fiscal years, the amount of the General Fund appropriation limit for the current year as of December 1 of even-numbered years. The Growth Limitation factor means "Average personal income growth," which is 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 1, annually, by the State Economist. Table 2 below shows both the annual growth limitation factor and the base appropriation limitation.

Table 2 shows the preliminary General Fund Appropriations Limit out to FY2031 as calculated by the State Budget Officer for the purposes of this stress test. The preliminary Limit is calculated using estimated Growth Factors from the State Economist. The Limit will be recalculated for the December 1st submission using actual data for the Growth Factors.

Table 2: General Fund Appropriations Limits for 2021-2031 (limits for 2028-2031 are preliminary)

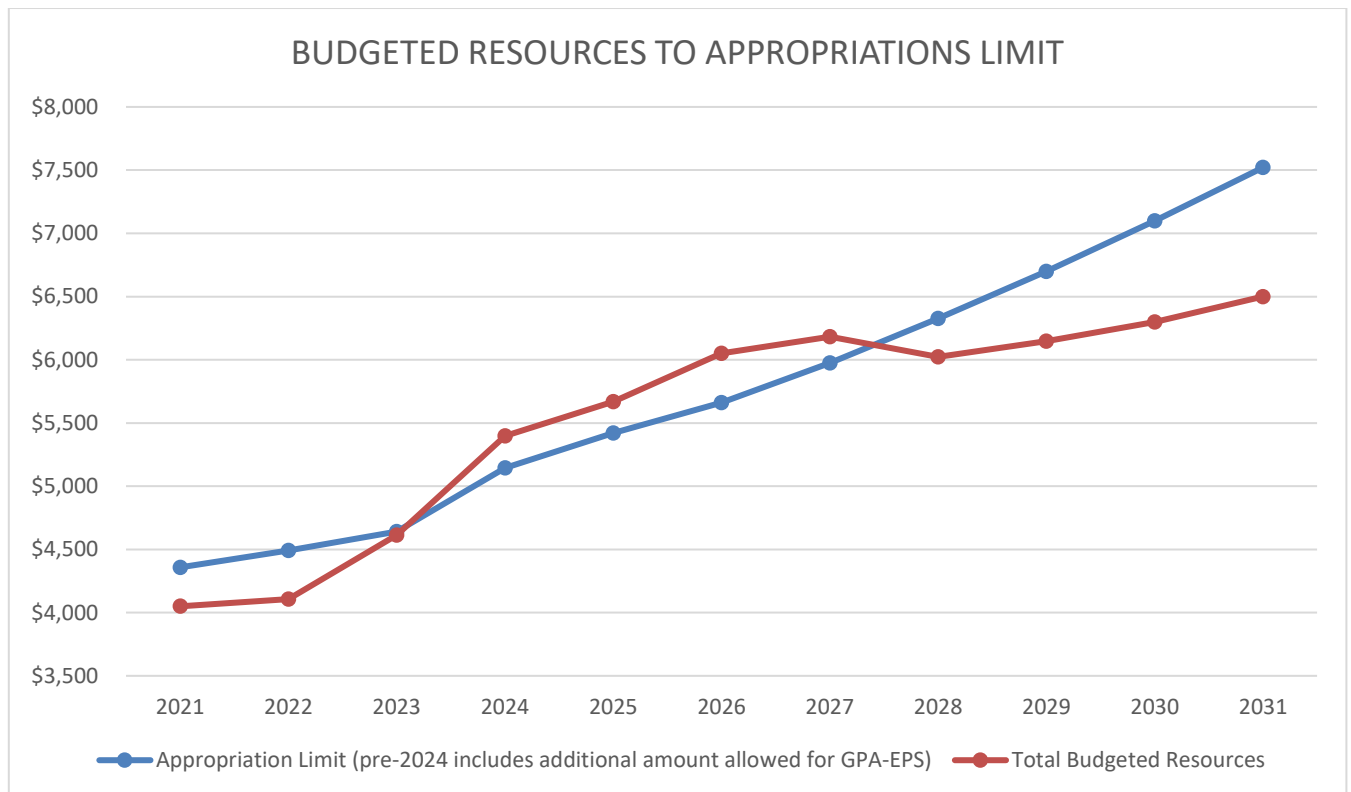
Calculation of General Fund Appropriation Limit as per 5 M.R.S. § 1534 (Dollars in millions - rounded)											
		State achieves 55% EPS		Rebased Approp Limit							
Fiscal Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
A Annual Growth Limitation Factor	2.77%	3.30%	3.30%		4.31%	5.51%	5.51%	5.89%	5.89%	5.96%	5.96%
B General Fund Revenue Forecast as of December 1, 2023				\$5,250							
C Biennial Base Year Appropriation (5 MRSA §1534) 98% of Revenue Forecast				\$5,145							
Revised Biennial Base Year Appropriation for Fiscal Year 2025 calculation only				\$5,197							
D (PL 23, c.643, Pt. F, Sec. F-4)											
E Appropriation Limit (pre-2024 includes additional amount allowed for GPA-EPS)	\$ 4,358	\$ 4,492	\$ 4,640	\$5,145	\$5,421	\$5,662	\$5,974	\$6,326	\$6,698	\$7,098	\$7,521

¹³ 5 MRSA §1534

Table 3 shows the current forecast of budgeted resources and how budgeted resources compare to the General Fund Appropriations Limitation. Budgeted resources are based on the March 1, 2026, revenue forecast and laws enacted through the Second Regular Session of the 132nd Legislature. The graph illustrates the comparison of the Appropriation Limit Including GPA to the projected level of budgeted resources.

Table 3: Budgeted Resources and Appropriations Limitation Including GPA: Fiscal Years 2021-31

Comparison of General Fund Budgeted Resources and Appropriations to the GF Appropriation Limit based on current law through the 132nd 2nd Regular Session (Dollars in millions - rounded)											
Fiscal Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
F General Fund Budgeted Resources											
G Beginning Budgeted Balance	\$ 184	\$ 155	\$ 34	\$ 165	\$ 322	\$ 156	\$ 230	\$ 2	\$ -	\$ -	\$ -
H Net Transfers/Adjustments to Fund Balance	\$ (305)	\$ (1,440)	\$ (801)	\$ (120)	\$ (375)	\$ 146	\$ (30)	\$ -	\$ -	\$ -	\$ -
I Net General Fund Revenue	\$ 4,171	\$ 5,392	\$ 5,380	\$ 5,353	\$ 5,722	\$ 5,749	\$ 5,982	\$ 6,021	\$ 6,148	\$ 6,300	\$ 6,500
J Total Budgeted Resources	\$ 4,050	\$ 4,107	\$ 4,613	\$ 5,398	\$ 5,669	\$ 6,051	\$ 6,182	\$ 6,023	\$ 6,148	\$ 6,300	\$ 6,500
K Amount Budgeted Resources are (below) above the GF Appropriations Limit	\$ (308)	\$ (385)	\$ (27)	\$ 253	\$ 248	\$ 389	\$ 208	\$ (303)	\$ (550)	\$ (798)	\$ (1,021)
L Total Budgeted Appropriations through 2027 and Estimates for 2028 - 2031	\$ 3,895	\$ 4,074	\$ 4,447	\$ 5,076	\$ 5,513	\$ 5,822	\$ 6,179	\$ 6,066	\$ 6,059	\$ 6,200	\$ 6,300
M Amount Budgeted Appropriations are (below) above the GF Appropriations Limit	\$ (463)	\$ (418)	\$ (193)	\$ (68)	\$ 92	\$ 160	\$ 205	\$ (260)	\$ (639)	\$ (898)	\$ (1,221)



Historically, budgeted resources have consistently fallen well below the state’s spending limitation. The baseline revenue forecasts for the FY2024-2025 and FY2026-FY2027 biennia, however, estimated that budgeted revenues would exceed the General Fund Appropriations Limit Including GPA and fall below the limitation again starting with the FY2028-2029 biennium.

According to 5 MRSA §1535, “Baseline General Fund revenue” and other available budgeted General Fund resources that exceed the spending limitation must be transferred to the MBSF (if below the statutory cap).¹⁴ In addition, pursuant to 5 MRSA §1536, eighty percent of fiscal year end General Fund unappropriated surplus must be transferred to the MBSF (if below the statutory cap). The requirement to transfer revenue exceeding the spending limitation in fiscal year 2023, 2024 and 2025 was suspended in Public Laws 2023, chapters 1 and 412.

The General Fund appropriation limitation may be exceeded for certain extraordinary circumstances which must be outside the control of the Legislature, including (a) catastrophic events, such as natural disaster, terrorism, fire, war, and riot, (b) unfunded or underfunded State or Federal mandates, (c) citizens’ initiatives or other referendum, (d) court orders or decrees or (e) loss of Federal funding. Extraordinary circumstances do not include changes in economic conditions, revenue shortfalls, increases in salaries or benefits, new programs or program expansions that go beyond existing program criteria and operation. The General Fund appropriation limit may be temporarily increased for such other purposes only by a vote of both Houses of the Legislature in a separate measure that identifies the intent of the Legislature to exceed the General Fund appropriation limit. Public Laws 2025, Chapters 2 and 650 suspended the appropriation limit for fiscal years 2025, 2026, and 2027. Finally, the statutes relating to the MBSF, and the appropriation limitation are subject to modification or repeal at any time by the Legislature.

Maine Budget Stabilization Fund¹⁵

The Maine Budget Stabilization Fund, formerly known as the “Rainy Day Fund”, was restructured in Public Law 2005, Chapter 2, to be expended primarily to offset a general fund revenue shortfall. Amounts in the stabilization fund may not exceed 18 percent of the total General Fund revenues in the immediately preceding state fiscal year, and except as provided by 5 MRSA §1533, may not be reduced below 1 percent of total General Fund revenue in the immediately preceding state fiscal year. If the stabilization fund is at its limit of 18 percent of General Fund revenue of the immediately preceding year, amounts that would otherwise have been transferred to the stabilization

¹⁴ “Baseline General Fund revenue” means the recommended General Fund revenue forecast reported by the Revenue Forecasting Committee in its December 1 report in even-numbered years, increased by the estimated amount of net General Fund revenue decrease, if any, for all enacted changes affecting the state and local tax burden included in that forecast.

¹⁵ 5 MRSA §1532

fund must be transferred to the Maine Department of Transportation's Highway and Bridge Capital program in accordance with 5 MRSA §1536, sub-§3.

At the close of every month during which the stabilization fund is below the 18% limitation the State Controller shall credit investment earnings as follows (5 MRSA §1532, sub-§4-A): A. Fifty percent of the investment earnings must be credited to the stabilization fund; B. Twenty-five percent of the investment earnings must be credited to the Irrevocable Trust Funds for Other Post-employment Benefits established in 5 MRSA section 286-B, subsection 2 for the state employee plan, and as defined in 5 MRSA section 286-B, subsection 1, paragraph D; and C. Twenty-five percent of the investment earnings must be credited to the Land for Maine's Future (LMF) Trust Fund. The LMF Trust Fund is established in 5 MRSA section 6203-D. At the close of every month during which the stabilization fund is at the 18 percent limit the State Controller shall credit investment earnings as follows (5 MRSA §1532, sub-§5): A. Seventy-five percent of the investment earnings must be credited to the Irrevocable Trust Funds for Other Post-employment Benefits established in section 286-B, subsection 2 for the state employee plan, as defined in section 286-B, subsection 1, paragraph D; and B. Twenty-five percent of the investment earnings must be credited to the Land for Maine's Future Trust Fund established in 5 MRSA section 6203-D.¹⁶

The MBSF, coupled with both the Reserve for General Fund Operating Capital and the temporary curtailment of allotment in 5 MRSA §1668, is an important tool in maintaining a low overall tax burden and a structurally balanced budget, indicated by both a positive budgetary balance (revenue-expenditures) and Generally Accepted Accounting Principles, net position (assets-liabilities). The fund's balance provides a smoothing mechanism and allows lawmakers to address counter-cyclical fiscal policy, such as funding for Federal Medical Assistance Percentage (FMAP) and caseload in the MaineCare program that run counter to the economic cycle, as well as maintain appropriate funding levels of the State's long-term obligations such as retirement, retiree health and debt service without raising taxes.¹⁷

The MBSF is integrated with the General Fund Appropriation limitation to provide funding consistent with the economic cycle. In addition, the fund receives deposits from the year-end General Fund unappropriated surplus. For example, in FY2026 actual revenues at year end exceeded budgeted revenues and, along with other year-end adjustments, resulted in a transfer of \$26.2 million to the MBSF in accordance with 5 MRSA §1535, bringing the total in the Stabilization Fund to the statutory maximum of \$1,056 million.¹⁸

¹⁶ 5 MRSA §1532, subsections 4-A and 5 were recently enacted in P.L. 2025, c. 650, Part UUU-2.

¹⁷ Sec. F-1. 5 MRSA §1532, sub-§9, as enacted by PL 2023, c. 424, §1, authorized the MBSF to be used for the following non-revenue related issues; (1) Emergency funding for nonprofit food banks, (2) Emergency heating assistance, and (3) Emergency nutrition assistance.

¹⁸ Transferring the full amount of 80% of the unappropriated surplus would have caused the balance in the BSF to exceed the statutory limit of 18% of FY26 GF revenue by \$87.3 million. The excess was transferred to the Highway and Bridge Capital Program.

The following table displays the fund’s deposit and withdrawal history since FY2010. Public Law 2023, chapter 643, Part UUUU includes the transfer of \$60 million from the MBSF to municipal, state or regionally significant infrastructure adaptation, repair and improvements that support public safety, protection of essential community assets, regional economic needs and long-term infrastructure resiliency and to provide grant opportunities for businesses and organizations, including nonprofit organizations, affected by severe weather-related events. Those transfers occurred in FY2025 based on the effective date of the law. Public Law 2025, Chapter 650 included transfers from the BSF totaling \$253,562,143 which occurred in FY2027 based on an effective date of July 29, 2026. As of August 1, 2026, the BSF was \$759.9 million, 13 percent of FY2026 General Fund revenue.

Table 4: History of Maine Budget Stabilization Fund

Budget Stabilization Fund									Balance as % of GF Revenue	
FY	Beginning Balance	Cascade	Special Deposits	Transfers to GF	Transfers to Programs (Death Benefits)	Interest	Ending Bal	Statutory Cap	GF Rev	%
2010	195,342.88	19,626,525.00	5,597,244.00		(50,000.00)	15,970.28	25,385,082.16	330,681,900.00	2,755,682,500.00	0.9%
2011	25,385,082.16	10,217,965.00	35,810,485.45		(50,000.00)	50,781.37	71,414,313.98	353,394,811.00	2,944,956,756.00	2.4%
2012	71,414,313.98	-	4,052,500.00	(29,700,000.00)	(1,205,982.00)	247,676.73	44,808,508.71	361,864,587.00	3,015,538,222.00	1.5%
2013	44,808,508.71	42,065,981.00	13,000,000.00	(40,000,000.00)	(303,091.00)	129,122.82	59,700,521.53	371,326,061.00	3,094,383,842.00	1.9%
2014	59,700,521.53	8,453,289.00	(48.00)		(50,000.00)	167,728.71	68,271,491.24	373,619,632.00	3,113,496,933.00	2.2%
2015	68,271,491.24	29,519,713.00	18,803,702.00		(100,000.00)	254,141.00	116,749,047.24	599,278,814.00	3,329,326,547.00	3.5%
2016	116,749,047.24	707,300.00	(5,665,553.97)			561,445.80	112,352,239.07	605,914,404.00	3,366,191,131.00	3.3%
2017	112,352,239.07	36,837,024.00	46,017,246.03		(50,000.00)	1,133,541.30	196,290,050.40	621,882,695.00	3,454,903,862.00	5.7%
2018	196,290,050.40	76,247,087.00		(2,000,000.00)	(200,000.00)	2,524,023.76	272,861,161.16	645,781,652.00	3,587,675,847.00	7.6%
2019	272,861,161.16	18,123,960.00	19,800,000.00	(19,194,185.00)	(100,000.00)	5,718,984.08	297,209,920.24	692,731,996.50	3,848,511,091.64	7.7%
2020	297,209,920.24	-	17,431,338.00	(60,305,815.00)	(100,000.00)	4,511,388.04	258,746,831.28	714,481,866.36	3,969,343,702.01	6.5%
2021	258,746,831.28	223,607,793.00	8,000,000.00	-	(200,000.00)	1,760,855.74	491,915,480.02	813,706,406.15	4,520,591,145.25	10.9%
2022	491,915,480.02	401,897,486.00	-	-	(300,000.00)	2,483,732.00	895,996,698.02	970,490,442.45	5,391,613,569.18	16.6%
2023	895,996,698.02	52,371,763.00	315,496.00			19,624,605.10	968,308,562.12	968,308,562.25	5,379,492,012.50	18.0%
2024	968,308,562.12	-	-			0.13	968,308,562.25	963,497,277.83	5,352,762,654.61	18.1%
2025	968,308,562.25	79,428,776.73		(60,000,000.00)	(347,232.00)	42,642,944.85	1,030,033,051.83	1,030,033,051.83	5,722,405,843.49	18.0%
2026	1,030,033,051.83	26,157,809.85	-	-	-	-	1,056,190,861.68	1,056,190,861.68	5,867,727,009.35	18.0%

VI: RECESSION SCENARIOS

Statute and Background: 5 M.R.S.A. §1710-A

4. Alternative economic scenarios. No later than February 1st of each even-numbered year the commission shall provide to the State Budget Officer, the State Economist, and the Associate Commissioner for Tax Policy at least 2 additional economic forecasts that assume potential economic recession scenarios of varying levels of severity. These additional forecasts must include economic assumptions for the current fiscal biennium and the next 2 fiscal biennia. In each report the commission shall fully describe the methodology employed in reaching its recommendations.

The FY2018-2019 biennial budget included a provision requiring the CEFC to provide the State Economist, the State Budget Officer, and the Associate Commissioner for Tax Policy with at least two alternative economic recession scenarios of varying levels of severity. The alternative scenarios are required to be included in the CEFC's report due February 1st of each even-numbered year and must include assumptions for calendar years that encompass the current and next two biennia. It is important to note that these recession scenarios are hypothetical in nature and should not be considered a prediction by the CEFC.

Methodology

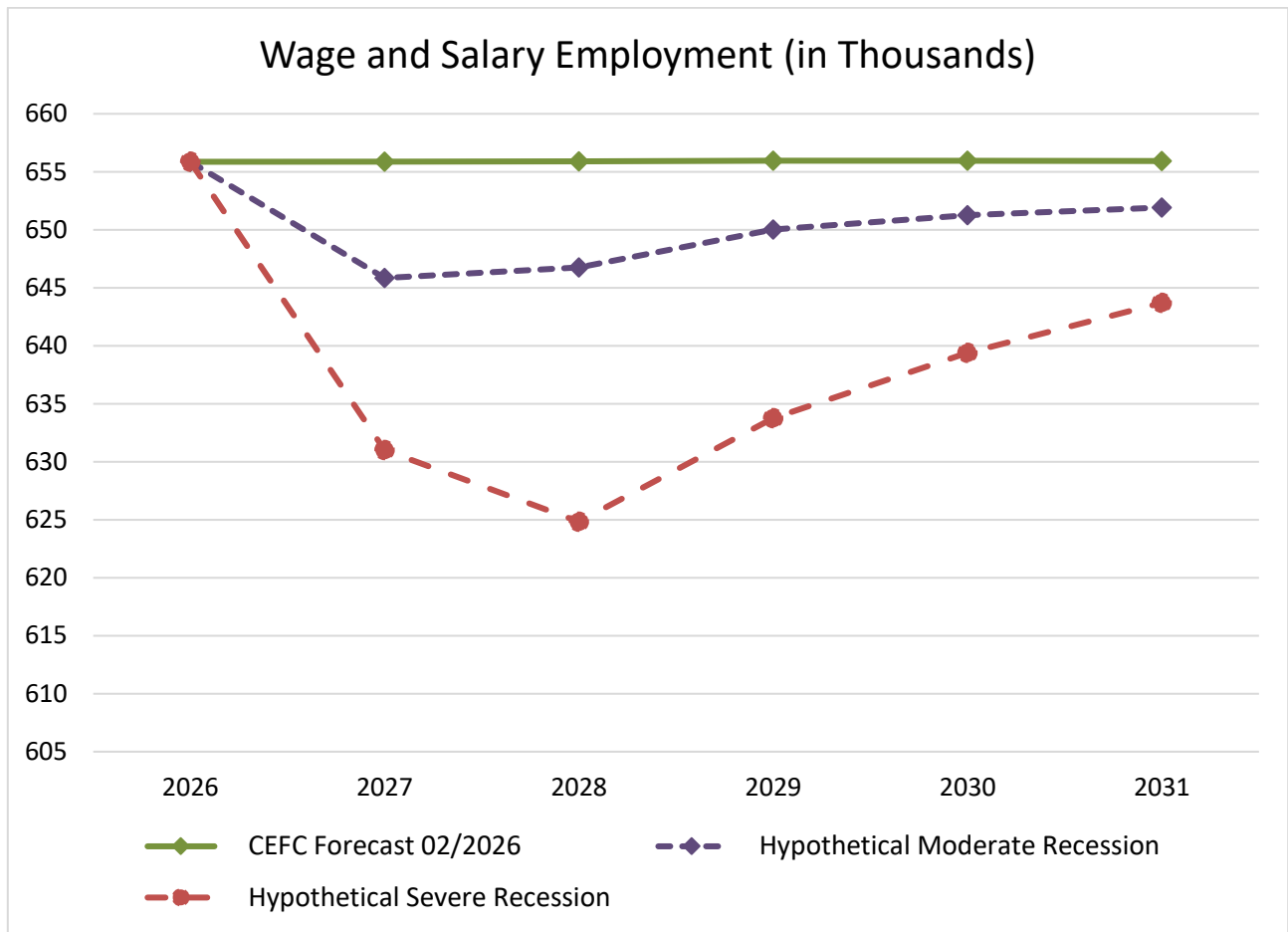
During their January 2026 meeting, the CEFC decided to designate two alternative scenarios provided by Moody's Analytics in January 2026 as the moderate and severe recession scenarios. While the scenarios describe a set of specific events surrounding the recessions, the CEFC does not ascribe to these specifics, instead selecting the scenarios based on the numbers and growth rates that seemed reasonable as generic "moderate" and "severe" recessions. These scenarios provided plausible economic inputs for an analysis of the General Fund revenue projections in both a moderate and severe downturn. These recession scenarios were identified explicitly for the stress-testing required by statute and are not an official economic forecast by the CEFC.

The moderate and severe recession scenarios were compared to the Moody's Analytics baseline scenario for January 2026 to create a ratio that eliminates any extra variation stemming from the differences between the Moody's baseline and the CEFC forecast. This ensures that the alternative scenario captures only the differences resulting from the economic conditions and not from a differing baseline. Additionally, both recession scenario forecasts were adjusted so that the recession begins in the first quarter of CY2027. For CY2026, the CEFC forecast was used; the alternative economic scenarios were then used to provide forecasts for CY2027-2031. Revised actual personal income data as available were incorporated for CY2025.

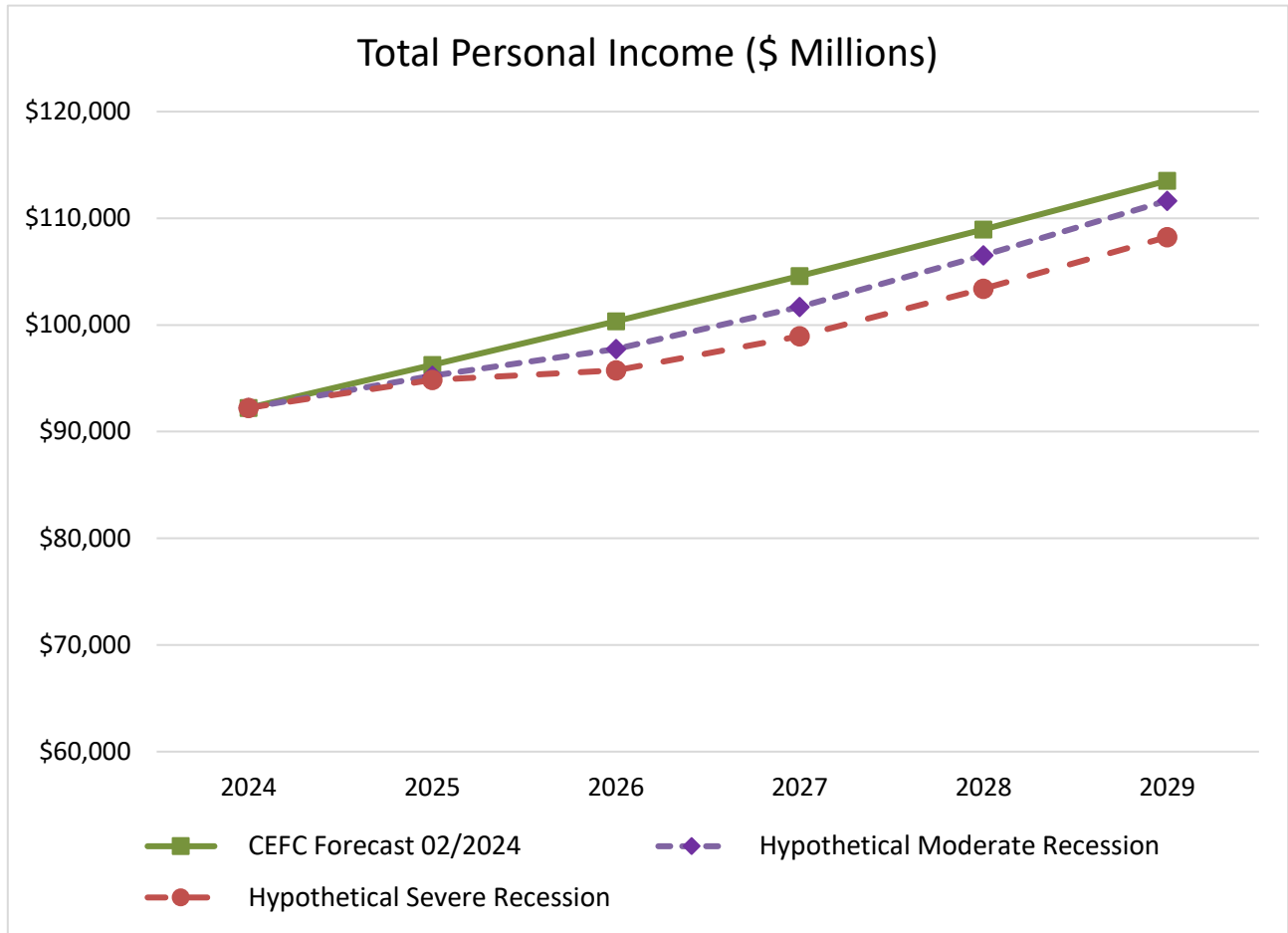
Detailed tables for the CEFC's February baseline economic forecast and the two recession scenarios are included in the Appendix to this report.

Key Economic Indicators

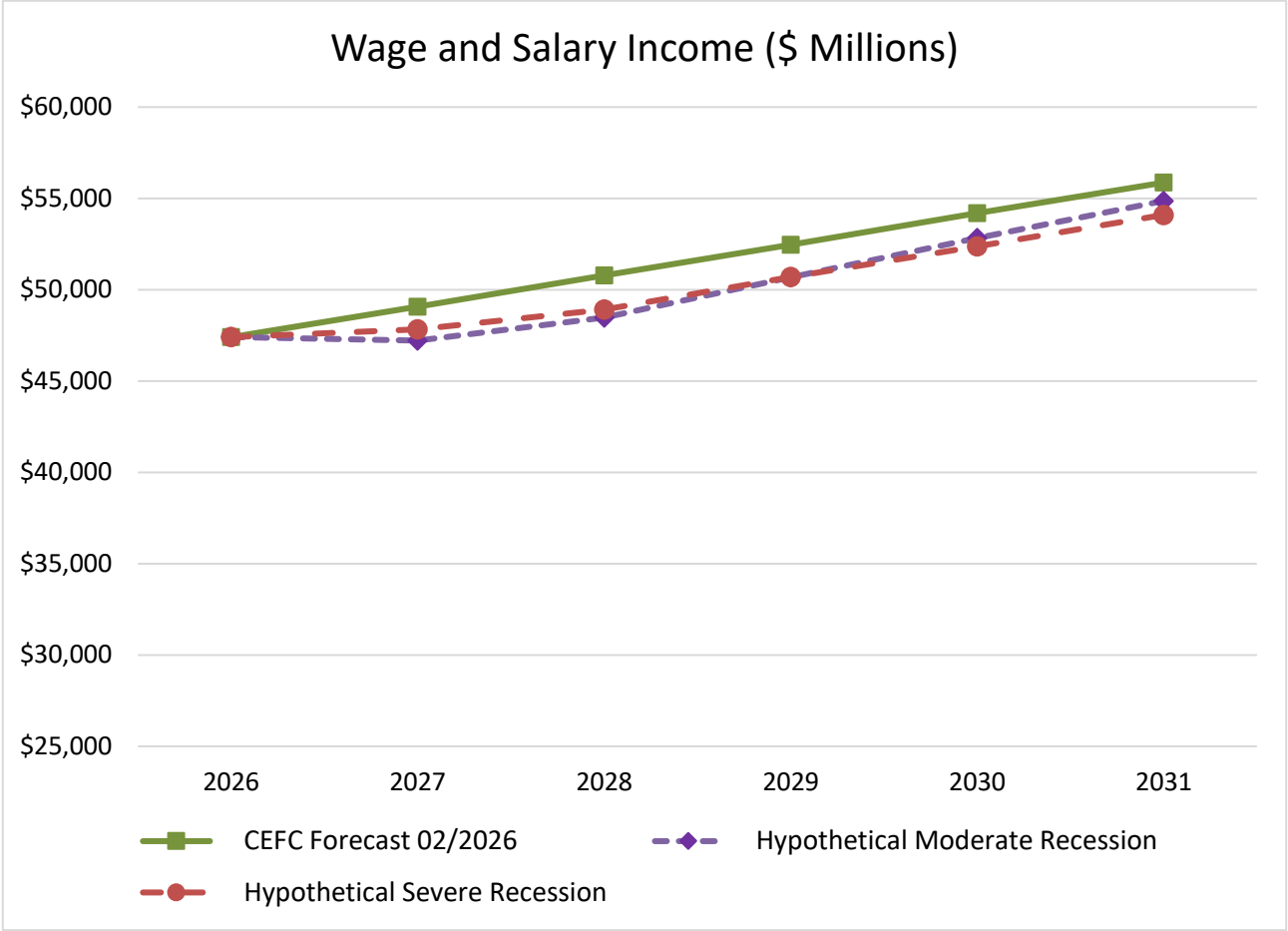
Total wage and salary employment in the baseline scenario from the CEFC is forecast to remain steady through CY2031 at 655,900. In the hypothetical moderate recession scenario, employment declines to 645,800 before recovering to 651,900. In the hypothetical severe recession scenario, employment declines to 624,800 and only returns to 643,700 by CY2031.



Total personal income rises from \$106.4 billion in CY2026 to \$129.7 billion in CY2031 in the baseline scenario from the CEFC. In the hypothetical moderate recession scenario, total personal income grows at a slower pace for two years before increasing at a faster rate to \$127.3 billion in CY2031. In the hypothetical severe recession scenario, total personal income grows at a slower pace for two years before increasing at a faster rate to \$124.6 billion.



Wage and salary income in the baseline scenario increases from \$47.4 billion in CY2026 to \$55.9 billion in CY2031. In the hypothetical moderate recession scenario, wage and salary income grow at a slower pace for one year before increasing at a faster rate to \$54.9 billion in CY2031. Similarly, in the hypothetical severe recession scenario, wage and salary income grow at a slower pace for one year before increasing at a faster rate to \$54.1 billion.



VII: REVENUE IMPACT OF RECESSION SCENARIOS

Statute and Background: 5 M.R.S.A. §1710-G

Use of Revenue Forecasts. No later than October 1st of each even-numbered year the commission and committee shall jointly issue a report to the Governor, the Legislative Council and the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs that uses the alternative economic scenarios recommended by the commission in accordance with section 1710-A, subsection 4. The report must include analyses and findings that detail the stress impact such potential economic recession scenarios would have on the current General Fund revenue projections of sales and income tax revenues. The report must include an analysis of the sufficiency of the current level of the Maine Budget Stabilization Fund and an estimate of the reserves in the Maine Budget Stabilization Fund necessary to offset the declines in revenue because of potential economic recessions of varying level of severity.

The FY2018-2019 biennial budget included a provision requiring the CEFC and the RFC to perform a biennial stress test of General Fund revenues assuming hypothetical moderate and severe recessions, and the sufficiency of the MBSF under each economic scenario. The methodology for performing the stress test is consistent with the approach used in the Moody's Analytics papers discussed earlier in the report.

Methodology

The moderate and severe recession revenue forecasts were performed using the same methodology as the semiannual revenue forecasting exercises. The State Economist provided the Maine Revenue Services' Office of Tax Policy (OTP) with the CEFC's economic forecasts for the two recession scenarios presented in the Appendix, and an extended baseline forecast for CY2030 and CY2031. Additionally, the State Economist provided forecasts of supplemental economic variables consistent with each recession scenario and the baseline that are typically used by OTP in developing their recommended forecasts for tax revenue lines administered by Maine Revenue Services.

The baseline revenue forecast has been updated to account for all actions by the 132nd Legislature through the Second Regular Session. These adjustments primarily impact individual

and corporate income taxes. Significant changes to both individual and corporate income taxes are primarily the result of conformity to certain provisions of the 2025 federal tax act.¹⁹

The statute only requires a stress test of sales and use and individual income taxes. While these tax lines represent over 85 percent of General Fund revenue, we know that other General Fund revenue lines such as corporate income tax, estate tax and other consumption-based revenues (e.g., cigarette and tobacco taxes, real estate transfer tax, lottery revenues) will be negatively impacted in recessions as well. The revenue forecasts for the two recession scenarios include estimated changes for the corporate income and estate taxes, revenue sharing, and the transfer of a portion of sales tax revenue from new and used automobile sales to the Highway Fund. All the other General Fund revenue lines are assumed to be unchanged. This assumption regarding the other revenue lines will slightly understate the revenue shortfall estimated in the recession scenarios. Finally, unlike Moody's Analytics reports the stress test statute does not require an estimate of increased demands on Medicaid or other safety-net programs that historically rise during recessions. The omission of spending programs further understates the "fiscal shock" the budget will experience in a recession.

Moderate Recession Scenario

We estimate that a hypothetical moderate recession will reduce sales and use taxes by a minimal amount in FY2027, 3.8 percent in FY2028 and 0.5 percent in FY2029 (See Table 5). The economic recovery results in negligibly higher revenue in fiscal years 2030 and 2031. These percentage point reductions translate into a net loss of \$112.6 million in revenue over the forecast period, peaking at approximately \$94.0 million in reduced revenue in FY2028. In the moderate recession scenario, tariffs and deportations lead to rising production costs and consumer prices. Relative to the baseline, price increases are most severe for durable goods. Nondurable goods prices increase modestly, while services prices remain relatively unchanged. In combination with the lower personal income, this causes both a decrease in total consumer spending and a change in the composition of personal consumption expenditures.

Durable goods spending decreases sharply, falling 7.9 percent relative to the baseline in calendar year 2027 before rising back to slightly above the baseline in calendar year 2029 and beyond as consumers make purchases of durable goods that they deferred during the recession.

Services spending drops slightly, down by 1.1 percent in calendar year 2027 before returning roughly to the baseline in calendar year 2029 and beyond. The largest drop in services spending comes from the Food services & accommodations subcategory, 7.1 percent below baseline in 2027

¹⁹ In addition to conformity with the OBBBA the 132nd Legislature enacted a 2% individual income tax surcharge on taxable income above \$1 million (\$1.5 million for joint and head of household filers) and an elective Pass-Through Entity Tax (PTET).

and ending up 1.7 percent below baseline in 2031. That drop in Food services is offset by an increase in the Nondurable goods subcategory Food & beverages purchased for off-premises consumption, which drives an overall increase in Nondurable goods spending relative to the baseline (between 1.5 percent and 3 percent above the baseline throughout the forecast period, or 0.8 percent to 1.5 percent above the baseline after adjusting for inflation).

Table 5

Sales & Use Taxes						
Fiscal Years	2027	2028	2029	2030	2031	
March 2026 RFC Forecast	\$2,440.5	\$2,489.0	\$2,528.3	\$2,576.9	\$2,630.0	
Moderate Recession Forecast	\$2,418.4	\$2,395.2	\$2,515.1	\$2,586.8	\$2,636.6	
Variance	(\$22.2)	(\$93.8)	(\$13.2)	\$9.8	\$6.6	
Percent Change	-0.9%	-3.8%	-0.5%	0.4%	0.3%	

Individual income tax receipts decline by 1.2 percent in FY2027, followed by an 8.5 percent decline in FY2028, an 8.4 percent decrease in FY2029, and then declining in FY2030 and FY2031 by 5.2 and 3.1 percent, respectively (See Table 6). The primary impact on individual income tax receipts is through wage and salary income, which typically represents approximately two thirds of Federal Total Income. Wages and salaries are below the baseline forecast by 3.5 percent to 4.5 percent during calendar years 2027-2029 and remain below the baseline forecast by approximately 2.0 percent over the calendar years 2030 and 2031. The lack of a full recovery in wages and salaries results in individual income tax receipts never getting back to the baseline level during the forecast period.

Tax liability from capital gains realizations also decrease in the early stages of the recession, peaking at 32 percent below baseline capital gains in calendar year 2028. Consistent with the forecast of the stock market (S&P 500), capital gains realizations recover and are just below the baseline forecast by the end of the forecast period.

Nonfarm proprietors' income and national corporate profits are slightly higher in the moderate recession scenario compared to the baseline. It's not clear why business income rises in the

moderate recession, but revenues from nonfarm proprietor's income helps to moderate the individual income tax revenue loss.²⁰

Taxable IRA distributions would likely be significantly lower than the baseline forecast in 2028 due to stock market decline in 2027 and the fact that required minimum distributions are calculated based on end of year account balances. The stress test assumes these distributions are 15 percent below baseline in tax year 2028 and will almost fully recover in the moderate recession scenario by 2030.

Table 6

Individual Income Tax						
Fiscal Years	2027	2028	2029	2030	2031	
March 2026 RFC Forecast	\$2,986.2	\$2,960.4	\$3,109.0	\$3,248.9	\$3,401.6	
Moderate Recession Forecast	\$2,951.8	\$2,707.4	\$2,849.1	\$3,078.5	\$3,297.8	
Variance	(\$34.4)	(\$253.0)	(\$259.9)	(\$170.3)	(\$103.8)	
Percent Change	-1.2%	-8.5%	-8.4%	-5.2%	-3.1%	

When corporate income and estate tax changes from the recession are added to the remaining baseline forecasts for General Fund revenues, and revenue sharing and the auto sales tax transfer to the Highway Fund are adjusted, the total estimated impact of the moderate recession on General Fund revenues is -0.9 percent in FY2027, -5.5 percent in FY2028, and -4.1 percent in FY2029 (See Table 7). Because of the forecasted length of the recession and a relatively slow recovery General Fund revenues are estimated to remain below the baseline forecast in FY2030 by 2.3 percent (\$148 million) and by 1.3 percent (\$87 million) in FY2031. As discussed above, this should be a best-case scenario since the revenue forecast of the moderate recession scenario doesn't account for all revenue changes during the recession or additional spending needs.

²⁰ The forecast of higher pre-tax corporate profits increases corporate income tax revenues by approximately \$6 million a year over the FY2027-31 period compared to the baseline revenue forecast.

Table 7

Total General Fund						
Fiscal Years		2027	2028	2029	2030	2031
March 2026 RFC Forecast		\$5,982.0	\$5,998.4	\$6,158.5	\$6,358.6	\$6,580.6
Moderate Recession Forecast		\$5,929.3	\$5,669.6	\$5,908.8	\$6,210.2	\$6,493.9
Variance		(\$52.8)	(\$328.8)	(\$249.8)	(\$148.3)	(\$86.8)
Percent Change		-0.9%	-5.5%	-4.1%	-2.3%	-1.3%

The moderate recession scenario in this year's stress test has less impact on General Fund revenues than in previous reports. As a result, the 1.3 percent decrease in General Fund revenues relative to the baseline revenue forecast in the final year of the stress test is approximately half that of the last three reports.

Severe Recession Scenario

We estimate the severe recession scenario would reduce sales and use taxes by 2.5 percent in FY2027 and peak at 5.9 percent in FY2028. The decrease in revenues begins to moderate in FY2029 by decreasing 4.1 percent and then -2.8 percent and -2.4 percent by FY2030 and FY2031, respectively (See Table 8). These percentage point reductions translate into a loss of \$450 million in revenue over the forecast period, peaking at approximately \$150 million in reduced revenue in FY2028. Like the moderate recession, the impact of this year's severe recession scenario on sales and use tax receipts over the forecast period is half that of the previous three stress-tests.

The severe recession scenario is generally similar to the moderate recession scenario—lower income and higher prices lead to a reduction in total spending and a change in the composition of expenditures. Once again, durable goods spending declines most, dropping 15.1 percent below the baseline and remaining below the baseline throughout the forecast. Services spending drops less modestly and doesn't return to the baseline by the end of the forecast, again with the largest decrease coming from the Food services and accommodations subcategory.

As in the moderate recession scenario, nondurable goods spending initially increases relative to the baseline as declining restaurant sales drive higher spending on Food & beverages purchased for off-premises consumption, peaking at 1.5 percent above baseline spending in calendar year 2028 before dropping below the baseline in calendar year 2030. Unlike in the moderate recession

scenario however, this initial increase in nondurable goods spending is price-driven—after adjusting for inflation, nondurable goods spending is below the baseline in every forecast year.

Table 8

Sales & Use Taxes						
Fiscal Years		2027	2028	2029	2030	2031
March 2026 RFC Forecast		\$2,440.5	\$2,489.0	\$2,528.3	\$2,576.9	\$2,630.0
Severe Recession Forecast		\$2,379.8	\$2,342.3	\$2,424.8	\$2,504.2	\$2,565.9
Variance		(\$60.7)	(\$146.6)	(\$103.4)	(\$72.7)	(\$64.1)
Percent Change		-2.5%	-5.9%	-4.1%	-2.8%	-2.4%

In the severe recession scenario, the individual income tax is reduced by over 21 percent in the FY2028-FY2029 biennium, and by 13.4 percent in the FY2030-FY2031 biennium (See Table 9). The total loss in individual income tax receipts over the forecast period is just under \$2.5 billion. One interesting aspect of the severe recession scenario is that the level of wages and salaries is higher in CY2027 and CY2028 compared to the moderate recession scenario, roughly the same in both scenarios in CY2029, and then lower than the moderate recession scenario in CY2030 and CY2031.

A big difference between the two recession scenarios is the magnitude and length of decline in the stock market (S&P 500). The severe recession has an immediate steep decline in stock valuation in 2027 Q1; the gap with baseline valuations does not begin to narrow until 2028 Q4 and valuations are still 10 percent lower than baseline at the end of 2031. Under the severe recession scenario, capital gains are cut in half in the first two years. While capital gains as a share of personal income is much lower than recent years, it is still higher than the post great recession years (2007-2009).

Table 9

Individual Income Tax						
Fiscal Years		2027	2028	2029	2030	2031
March 2026 RFC Forecast		\$2,986.2	\$2,960.4	\$3,109.0	\$3,248.9	\$3,401.6
Severe Recession Forecast		\$2,888.3	\$2,314.2	\$2,486.3	\$2,755.7	\$3,005.9
Variance		(\$97.9)	(\$646.1)	(\$622.7)	(\$493.2)	(\$395.7)
Percent Change		-3.3%	-21.8%	-20.0%	-15.2%	-11.6%

When the sales, service provider, individual income tax, and corporate income tax severe recession forecasts are added to the forecasts for the rest of General Fund revenues, the total estimated impact of the severe recession on General Fund revenues is -3.1 percent in FY2027, -14.3 percent in FY2028, -12.9 percent in FY2029, -10.2 percent in FY2030, and -8.2 percent in FY2031 (See Table 10). The annual shortfall in General Fund revenue averages \$710 million from FY2028 to FY2031.

Table 10

Total General Fund						
Fiscal Years		2027	2028	2029	2030	2031
March 2026 RFC Forecast		\$5,982.0	\$5,998.4	\$6,158.5	\$6,358.6	\$6,580.6
Severe Recession Forecast		\$5,796.2	\$5,140.6	\$5,362.4	\$5,713.1	\$6,041.3
Variance		(\$185.8)	(\$857.8)	(\$796.1)	(\$645.4)	(\$539.4)
Percent Change		-3.1%	-14.3%	-12.9%	-10.2%	-8.2%

VIII: BUDGET STABILIZATION FUND SUFFICIENCY AND NEEDS

The stress-test results presented here are designed to determine if the current funding level of the MBSF is sufficient to provide resources to maintain spending at limitation levels during a period of revenue shortfall. This meets the third criteria of the PEW report that states set a BSF cap based on the unique characteristics of their revenue structure and economy.

The two forecasting committees estimate that in the hypothetical moderate recession, the current MBSF level of \$759.9 million and other available resources would be enough to maintain current FY2027 appropriations of \$6.2 billion and provide sufficient resources to maintain the spending limitation (the current baseline revenue forecast) through the FY2028-29 biennium (See Table 11). The current MBSF, which is equal to 13.0 percent of FY2026 General Fund revenue would fall short of the current revenue forecast for the FY2030-31 biennium by approximately \$170.0 million. If the MBSF was at its maximum level of 18 percent of FY2026 General Fund revenue (\$1,056.2 million) there would be sufficient funds to fully offset the revenue shortfall through the FY2030-31 biennium.

Table 11

General Fund Appropriation Limitation and Sufficiency of the Maine Budget Stabilization Fund (Moderate Recession)							
Fiscal Years	2026	2027	2028	2029	2030	2031	
Effective Spending Limitation as of 10/1/26 /1		\$6,179.0	\$5,998.4	\$6,158.5	\$6,358.6	\$6,580.6	
Revenues/Budgeted Resources Minus Appropriations Limitation /2		(\$50.4)	(\$331.2)	(\$249.8)	(\$148.3)	(\$86.8)	
Budget Stabilization Fund at Fiscal Year End /3	\$759.9	\$709.5	\$378.3	\$128.6	\$62.1	\$64.9	
1/ Calculated as the minimum of the GF Appropriation Limit or the baseline GF revenue forecast. For FY27 the spending limitation is the GF appropriation as of 10/1/26 .							
2/ GF total budgeted resources of \$6182.0 million reduced by the change in the revenue forecast is used in FY27.							
3/ FY26 year-end BSF is after transfers per the FY26/27 Supplemental Budget (PL 2025, c.650 (LD 2212))							

The two forecasting committees estimate that in the hypothetical severe recession, the current MBSF level of \$759.9 million and other available resources would be exhausted during FY2028 but provide approximately 15 months for the Governor and Legislature to address the revenue shortfalls caused by the severe recession (See Table 12). 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 percent of FY2026 General Fund revenue would allow for additional funding in FY2028 but would still fall short of the March 1, 2026, baseline revenue forecast for FY2028.

Table 12

General Fund Appropriation Limitation and Sufficiency of the Maine Budget Stabilization Fund (Severe Recession)							
Fiscal Years		2026	2027	2028	2029	2030	2031
Effective Spending Limitation as of 10/1/26 /1			\$6,179.0	\$5,998.4	\$6,158.5	\$6,358.6	\$6,580.6
Revenues/Resources Minus Appropriations Limitation /2			(\$185.8)	(\$857.8)	(\$796.1)	(\$645.4)	(\$539.4)
Budget Stabilization Fund at Fiscal Year End /3		\$759.9	\$574.0	\$51.4	\$53.6	\$57.1	\$60.4
1/ Calculated as the minimum of the GF Appropriation Limit or the baseline GF revenue forecast. For FY27 the spending limitation is the GF appropriation as of 10/1/26 .							
2/ GF total budgeted resources of \$6182.0 million reduced by the change in the revenue forecast is used in FY27.							
3/ FY26 year-end BSF is after transfers per the FY26/27 Supplemental Budget (PL 2025, c.650 (LD 2212))							

IX: CONCLUSIONS

This year's report is issued as uncertainty in the direction of U.S. monetary policy grows with inflation remaining above the Federal Reserve's 2 percent target, geo-political conflicts in Europe and Middle East continue, and modest state revenue growth combined with a reduction in federal support challenges state budgets. As a result, this year's report is timely in providing policymakers with the estimated impact of a moderate and severe recession on sales and individual income tax revenues, and the sufficiency and needs of the Maine Budget Stabilization Fund in each of the recession scenarios.

Based on the moderate recession scenario, the current MBSF level of \$759.9 million and other available resources would be enough to maintain current FY2027 appropriations of \$6.2 billion and provide sufficient resources to maintain the spending limitation (the current baseline revenue forecast) through the FY2028-29 biennium. The current MBSF, which is equal to 13.0 percent of FY2026 General Fund revenue, would fall short of the current revenue forecast for the FY2030-31 biennium by approximately \$170.0 million. While the current level of the MBSF falls short of covering all the revenue shortfall over the five-year forecasting period, the revenue shortfalls estimated in the FY2030-31 biennium are relatively small and provide the Governor and Legislature two and a half years to make any needed adjustments to General Fund expenditures and revenues to meet policy objectives. This stress-test reaffirms that if the MBSF was at its maximum level of 18 percent of FY2026 General Fund revenue (\$1,056.2 million) there would be sufficient funds to fully offset the revenue shortfall through the FY2030-31 biennium.

While the MBSF at its current level or at its statutory cap would not be sufficient to fully offset a revenue shortfall because of a severe recession, it would provide enough resources to maintain spending at the spending limit in FY2027 and most of FY2028. The MBSF at its current level or

at its statutory cap would provide approximately 15-18 months for the Governor and Legislature to bring the budget into balance.

APPENDIX

Baseline Scenario

The baseline economic scenario is the CEFC forecast from February 1, 2026. This scenario does not forecast a recession. Employment in Maine stays flat through 2031. Wage and salary income rises each year along with total personal income. Total personal income growth rates slow from 4.1 percent in 2026 to 3.9 percent in 2031. For wage and salary income, growth is 4.0 percent in 2026 and slows to 3.1 percent by 2031.

Maine Consensus Economic Forecasting Commission						
February 2026 Forecast	Forecast - Calendar Years					
	2026	2027	2028	2029	2030	2031
CPI-U* (Annual Change)	2.8%	2.8%	2.3%	2.3%	2.3%	2.3%
CPI for Energy Prices** (Annual Change)	1.2%	1.0%	0.9%	0.9%	1.4%	1.7%
Avg. Price of New Vehicles** (Annual Change)	3.4%	3.4%	5.1%	5.8%	6.3%	6.3%
New Vehicle Registrations** (Annual Change)	-3.8%	-1.0%	-0.3%	0.6%	-0.5%	-1.1%
Personal Savings Rate**	5.2%	6.3%	6.8%	6.8%	6.9%	7.0%
Maine Unemployment Rate**	3.4%	3.5%	3.5%	3.4%	3.4%	3.3%
3-Month Treasury Bill Rate**	3.24%	2.88%	2.84%	2.82%	2.81%	2.81%
10-Year Treasury Note Yield**	3.93%	3.85%	3.87%	3.93%	3.94%	3.92%
Before-Tax Corporate Profits* (Annual Change)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Maine Wage & Salary Employment* (thousands)	655.9	655.9	655.9	655.9	655.9	655.9
Natural Resources	2.0	2.0	2.0	2.0	2.0	2.0
Construction	34.5	34.3	34.0	33.5	33.1	32.8
Manufacturing	51.6	51.4	51.1	50.8	50.5	50.2
Trade/Trans./Public Utils.	118.8	118.7	118.7	118.6	118.5	118.3
Information	8.1	8.0	8.0	8.0	8.0	8.0
Financial Activities	33.4	33.6	33.7	33.8	33.9	33.9
Prof. & Business Services	78.1	78.5	79.2	79.6	80.0	80.2
Education & Health Services	135.8	136.3	136.5	136.7	136.8	137.3
Leisure & Hospitality Services	69.3	69.1	68.9	69.0	69.1	69.2
Other Services	22.1	22.0	21.9	21.9	21.9	22.0
Government	102.3	102.0	101.9	102.1	102.2	102.1
Maine Wage & Salary Employment* (Annual Change)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Natural Resources	-1.0%	-1.0%	-0.5%	-0.5%	-1.0%	-0.5%
Construction	-1.0%	-0.5%	-1.0%	-1.3%	-1.3%	-0.9%
Manufacturing	-0.2%	-0.4%	-0.5%	-0.7%	-0.5%	-0.6%
Trade/Trans./Public Utils.	-0.2%	-0.1%	0.0%	-0.1%	-0.1%	-0.1%
Information	-0.8%	-0.1%	-0.1%	-0.2%	0.0%	-0.1%
Financial Activities	0.4%	0.5%	0.4%	0.3%	0.1%	0.0%
Prof. & Business Services	-0.1%	0.6%	0.8%	0.6%	0.5%	0.2%
Education & Health Services	0.7%	0.4%	0.2%	0.1%	0.1%	0.4%
Leisure & Hospitality Services	-0.1%	-0.3%	-0.3%	0.1%	0.2%	0.2%
Other Services	-1.2%	-0.6%	-0.3%	0.1%	0.1%	0.1%
Government	0.1%	-0.3%	-0.1%	0.2%	0.1%	-0.1%
	2026	2027	2028	2029	2030	2031
Personal Income* (\$ million)	106,432	110,856	115,412	120,011	124,794	129,653
Wages & Salaries*	47,403	49,062	50,779	52,455	54,186	55,866
Supplements to Wages & Salaries*	10,948	11,342	11,750	12,150	12,563	12,965
Nonfarm Proprietors' Income*	8,002	8,322	8,655	9,001	9,361	9,736
Farm Proprietors' Income**	74	107	135	148	152	157
Dividends, Interest, & Rent*	20,591	21,518	22,486	23,498	24,555	25,660
Dividends	7,639	7,897	7,811	7,809	8,029	8,010
Interest	7,495	8,069	9,260	10,105	10,583	11,602
Rent	5,457	5,552	5,419	5,593	5,942	6,056
Personal Current Transfer Receipts*	25,612	26,893	28,237	29,649	31,131	32,688
Less: Contributions for Social Ins.**	7,815	8,090	8,413	8,744	9,080	9,417
Adjustment for Residence**	1,618	1,703	1,782	1,854	1,925	1,999
Personal Income* (Annual Change)	4.1%	4.2%	4.1%	4.0%	4.0%	3.9%
Wages & Salaries*	4.0%	3.5%	3.5%	3.3%	3.3%	3.1%
Supplements to Wages & Salaries*	4.0%	3.6%	3.6%	3.4%	3.4%	3.2%
Nonfarm Proprietors' Income*	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Farm Proprietors' Income**	-19.5%	45.3%	26.4%	9.4%	2.9%	3.2%
Dividends, Interest, & Rent*	3.0%	4.5%	4.5%	4.5%	4.5%	4.5%
Dividends	3.0%	3.4%	-1.1%	0.0%	2.8%	-0.2%
Interest	5.9%	7.7%	14.8%	9.1%	4.7%	9.6%
Rent	-0.7%	1.7%	-2.4%	3.2%	6.3%	1.9%
Personal Current Transfer Receipts*	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Less: Contributions for Social Ins.**	2.4%	3.5%	4.0%	3.9%	3.8%	3.7%
Adjustment for Residence**	4.1%	5.2%	4.6%	4.0%	3.8%	3.9%

*CEFC Forecast

**From S&P and Moody's Analytics baselines (January 2026)

Remaining lines derived from CEFC forecast by CEFC staff and reviewed by CEFC

Moderate Recession Scenario

The moderate recession scenario selected by the CEFC is the “S7” Next-Cycle Recession scenario. This scenario has the recession lasting three quarters. National real gross domestic product grows 1.9 percent in the first year and declines 0.9 percent in the second year. Employment in Maine declines by around 1.5 percent in the first year. Total personal income continues to grow, but at a slower rate.

Moody's Analytics January 2026 S7 - Next Cycle Recession						
Hypothetical Moderate Recession	Forecast - Calendar Years					
	2026	2027	2028	2029	2030	2031
CPI-U (Annual Change)	2.8%	3.0%	2.2%	2.4%	2.2%	2.2%
CPI for Energy Prices (Annual Change)	1.2%	-2.5%	0.3%	0.9%	1.4%	1.8%
CPI for New Vehicles (Annual Change)	3.4%	4.0%	4.8%	5.3%	6.0%	6.5%
New Vehicle Registrations (Annual Change)	-3.8%	-12.6%	4.8%	9.2%	0.6%	-1.0%
Personal Savings Rate	5.2%	6.0%	4.9%	3.7%	4.0%	4.7%
Maine Unemployment Rate	3.4%	4.1%	3.8%	3.5%	3.4%	3.4%
3-Month Treasury Bill Rate	3.24%	2.32%	2.16%	2.20%	2.20%	2.20%
10-Year Treasury Note Yield	3.93%	3.36%	3.57%	3.79%	3.80%	3.78%
Before-Tax Corporate Profits (Annual Change)	2.0%	2.6%	2.1%	3.9%	2.5%	0.4%
Maine Wage & Salary Employment (thousands)	655.9	645.8	646.7	650.0	651.3	651.9
Natural Resources	2.0	2.0	2.0	2.0	2.0	2.0
Construction	34.5	33.6	33.3	33.0	32.6	32.4
Manufacturing	51.6	50.5	50.3	50.2	50.0	49.7
Trade/Trans./Public Utils.	118.8	117.0	117.1	117.2	117.1	117.1
Information	8.1	8.0	7.9	7.9	7.9	7.9
Financial Activities	33.4	33.2	33.3	33.4	33.3	33.3
Prof. & Business Services	78.1	77.2	78.0	78.8	79.3	79.5
Education & Health Services	135.8	134.9	135.4	135.8	135.9	136.5
Leisure & Hospitality Services	69.3	67.0	67.5	68.8	69.4	69.6
Other Services	22.1	21.5	21.5	21.8	21.8	21.9
Government	102.3	101.0	100.3	101.3	101.9	102.1
Maine Wage & Salary Employment (Annual Change)	0.0%	-1.5%	0.1%	0.5%	0.2%	0.1%
Natural Resources	-1.0%	-1.6%	-0.8%	-0.6%	-0.9%	-0.6%
Construction	-1.0%	-2.6%	-0.8%	-1.0%	-1.1%	-0.7%
Manufacturing	-0.2%	-2.2%	-0.2%	-0.2%	-0.4%	-0.6%
Trade/Trans./Public Utils.	-0.2%	-1.5%	0.1%	0.1%	-0.1%	0.0%
Information	-0.8%	-1.3%	-0.2%	-0.4%	-0.2%	-0.2%
Financial Activities	0.4%	-0.6%	0.3%	0.1%	-0.1%	0.0%
Prof. & Business Services	-0.1%	-1.1%	1.0%	1.0%	0.6%	0.3%
Education & Health Services	0.7%	-0.7%	0.4%	0.3%	0.1%	0.4%
Leisure & Hospitality Services	-0.1%	-3.2%	0.7%	1.9%	0.9%	0.3%
Other Services	-1.2%	-2.8%	0.2%	1.1%	0.4%	0.2%
Government	0.1%	-1.3%	-0.6%	0.9%	0.6%	0.2%
	2026	2027	2028	2029	2030	2031
Personal Income (\$ million)	106,432	108,717	111,886	116,341	121,824	127,290
Wages & Salaries	47,403	47,214	48,469	50,681	52,824	54,863
Supplements to Wages & Salaries	10,948	11,011	11,336	11,831	12,317	12,783
Nonfarm Proprietors' Income	8,002	8,458	8,786	9,086	9,398	9,710
Farm Proprietors' Income	74	-47	59	82	90	95
Dividends, Interest, & Rent	20,591	20,963	21,471	22,781	24,464	25,905
Dividends	7,639	7,754	7,347	7,548	7,795	7,989
Interest	7,495	7,881	8,977	9,963	11,015	12,099
Rent	5,457	5,328	5,147	5,270	5,653	5,817
Personal Current Transfer Receipts	25,612	27,264	28,093	28,538	29,706	31,217
Less: Contributions for Social Ins.	7,815	7,784	8,031	8,449	8,853	9,249
Adjustment for Residence	1,618	1,639	1,702	1,792	1,878	1,965
Personal Income (Annual Change)	4.1%	2.1%	2.9%	4.0%	4.7%	4.5%
Wages & Salaries	4.0%	-0.4%	2.7%	4.6%	4.2%	3.9%
Supplements to Wages & Salaries	4.0%	0.6%	3.0%	4.4%	4.1%	3.8%
Nonfarm Proprietors' Income	4.0%	5.7%	3.9%	3.4%	3.4%	3.3%
Farm Proprietors' Income	-19.5%	-163.6%	-226.2%	39.0%	9.4%	5.7%
Dividends, Interest, & Rent	3.0%	1.8%	2.4%	6.1%	7.4%	5.9%
Dividends	3.0%	1.5%	-5.3%	2.7%	3.3%	2.5%
Interest	5.9%	5.2%	13.9%	11.0%	10.6%	9.8%
Rent	-0.7%	-2.4%	-3.4%	2.4%	7.3%	2.9%
Personal Current Transfer Receipts	5.0%	6.5%	3.0%	1.6%	4.1%	5.1%
Less: Contributions for Social Ins.	2.4%	-0.4%	3.2%	5.2%	4.8%	4.5%
Adjustment for Residence	4.1%	1.3%	3.8%	5.3%	4.8%	4.6%

Severe Recession Scenario

The severe recession scenario selected by the CEFC is the “S3” downside scenario. This scenario has the recession lasting three quarters. The cumulative decline in national real gross domestic product is 2.6 percent. Employment in Maine declines by around 3.8 percent in the first year and 1.0 percent in the second year. Total personal income continues to grow, but at a slower rate.

Moody's Analytics January 2026 S3 Downside Scenario						
Hypothetical Severe Recession	Forecast - Calendar Years					
	2026	2027	2028	2029	2030	2031
CPI-U (Annual Change)	2.8%	3.4%	1.8%	2.2%	2.2%	2.3%
CPI for Energy Prices (Annual Change)	1.2%	-10.0%	-0.7%	8.2%	3.5%	2.1%
CPI for New Vehicles (Annual Change)	3.4%	5.6%	6.9%	4.8%	4.5%	5.8%
New Vehicle Registrations (Annual Change)	-3.8%	-14.7%	-9.0%	16.4%	9.4%	1.0%
Personal Savings Rate	5.2%	6.1%	5.3%	5.1%	5.5%	6.2%
Maine Unemployment Rate	3.4%	6.5%	7.6%	6.7%	5.9%	5.2%
3-Month Treasury Bill Rate	3.24%	2.09%	1.02%	0.89%	1.33%	1.67%
10-Year Treasury Note Yield	3.93%	3.34%	3.31%	3.76%	3.95%	4.07%
Before-Tax Corporate Profits (Annual Change)	2.0%	-18.4%	1.4%	7.7%	4.5%	3.3%
Maine Wage & Salary Employment (thousands)	655.9	631.0	624.8	633.8	639.4	643.7
Natural Resources	2.0	1.9	1.9	1.9	1.9	1.9
Construction	34.5	32.4	31.0	31.4	32.0	32.5
Manufacturing	51.6	48.9	48.1	48.9	49.3	49.5
Trade/Trans./Public Utils.	118.8	114.3	113.5	115.8	116.9	117.6
Information	8.1	7.8	7.7	7.8	7.9	7.9
Financial Activities	33.4	32.5	32.3	32.8	33.1	33.3
Prof. & Business Services	78.1	74.8	74.4	76.2	77.5	78.4
Education & Health Services	135.8	132.2	131.8	133.7	134.6	135.8
Leisure & Hospitality Services	69.3	65.1	64.4	65.5	66.4	66.7
Other Services	22.1	20.8	20.5	20.9	21.1	21.2
Government	102.3	100.3	99.2	98.9	98.8	98.7
Maine Wage & Salary Employment (Annual Change)	0.0%	-3.8%	-1.0%	1.4%	0.9%	0.7%
Natural Resources	-1.0%	-6.2%	-0.5%	1.6%	-0.2%	-0.2%
Construction	-1.0%	-5.9%	-4.3%	1.2%	1.9%	1.6%
Manufacturing	-0.2%	-5.2%	-1.6%	1.7%	0.8%	0.4%
Trade/Trans./Public Utils.	-0.2%	-3.8%	-0.6%	2.0%	0.9%	0.6%
Information	-0.8%	-3.4%	-1.0%	1.4%	0.7%	0.4%
Financial Activities	0.4%	-2.7%	-0.7%	1.6%	0.9%	0.7%
Prof. & Business Services	-0.1%	-4.1%	-0.6%	2.4%	1.7%	1.1%
Education & Health Services	0.7%	-2.7%	-0.3%	1.4%	0.7%	0.9%
Leisure & Hospitality Services	-0.1%	-6.0%	-1.1%	1.7%	1.3%	0.6%
Other Services	-1.2%	-5.9%	-1.4%	1.7%	0.9%	0.9%
Government	0.1%	-1.9%	-1.1%	-0.3%	-0.1%	-0.1%
	2026	2027	2028	2029	2030	2031
Personal Income (\$ million)	106,432	108,190	110,036	114,144	119,203	124,552
Wages & Salaries	47,403	47,835	48,916	50,690	52,373	54,097
Supplements to Wages & Salaries	10,948	11,128	11,428	11,846	12,256	12,671
Nonfarm Proprietors' Income	8,002	8,235	8,548	8,813	9,187	9,550
Farm Proprietors' Income	74	-23	-1	-6	-9	-11
Dividends, Interest, & Rent	20,591	19,886	18,971	19,678	21,431	23,291
Dividends	7,639	6,714	6,060	6,120	6,620	6,847
Interest	7,495	7,548	7,725	8,153	8,829	10,104
Rent	5,457	5,624	5,186	5,405	5,982	6,339
Personal Current Transfer Receipts	25,612	27,299	28,498	29,716	30,811	32,065
Less: Contributions for Social Ins.	7,815	7,831	8,044	8,389	8,713	9,053
Adjustment for Residence	1,618	1,661	1,720	1,796	1,866	1,943
Personal Income (Annual Change)	4.1%	1.7%	1.7%	3.7%	4.4%	4.5%
Wages & Salaries	4.0%	0.9%	2.3%	3.6%	3.3%	3.3%
Supplements to Wages & Salaries	4.0%	1.6%	2.7%	3.7%	3.5%	3.4%
Nonfarm Proprietors' Income	4.0%	2.9%	3.8%	3.1%	4.2%	3.9%
Farm Proprietors' Income	-19.5%	-131.9%	-96.0%	547.3%	44.6%	18.4%
Dividends, Interest, & Rent	3.0%	-3.4%	-4.6%	3.7%	8.9%	8.7%
Dividends	3.0%	-12.1%	-9.7%	1.0%	8.2%	3.4%
Interest	5.9%	0.7%	2.4%	5.5%	8.3%	14.4%
Rent	-0.7%	3.1%	-7.8%	4.2%	10.7%	6.0%
Personal Current Transfer Receipts	5.0%	6.6%	4.4%	4.3%	3.7%	4.1%
Less: Contributions for Social Ins.	2.4%	0.2%	2.7%	4.3%	3.9%	3.9%
Adjustment for Residence	4.1%	2.7%	3.5%	4.4%	3.9%	4.1%