



STATE OF MAINE  
EXECUTIVE DEPARTMENT  
STATE PLANNING OFFICE  
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GOVERNOR

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DIRECTOR

TO: Municipal and County Officials  
FROM: Maine State Planning Office  
DATE: September 19, 2008  
RE: **Next Year's LD 1 Average Personal Income Growth is 2.28%**

With the passage of "LD 1" in 2005, towns are required to calculate a municipal property tax levy limit each year based on local property growth and statewide average personal income growth. Each town is responsible for calculating its property growth. The State Planning Office (SPO) is responsible for calculating income growth. For the 2008 property tax year (the 2009 budget year for most towns), SPO has determined that figure to be 2.28%. The table below shows how SPO calculated that percentage.

**Calculation of Maine's "Average Personal Income Growth"**

Calendar Year	Nominal Personal Income (thousands)		CPI-U	Real Personal Income	
		% Change		% Change	
1997	\$27,829,739		160.5		
1998	\$29,709,976	6.76%	163.0	1.56%	5.20%
1999	\$31,016,020	4.40%	166.6	2.21%	2.19%
2000	\$33,173,133	6.95%	172.2	3.36%	3.59%
2001	\$35,107,104	5.83%	177.1	2.85%	2.98%
2002	\$35,998,489	2.54%	179.9	1.58%	0.96%
2003	\$37,532,859	4.26%	184.0	2.28%	1.98%
2004	\$39,487,538	5.21%	188.9	2.66%	2.54%
2005	\$40,379,638	2.26%	195.3	3.39%	-1.13%
2006	\$42,410,500	5.03%	201.6	3.23%	1.80%
2007	\$44,735,475	5.48%	207.3	2.83%	2.65%
<b>AVERAGE</b>					<b>2.28%</b>

Sources: U.S. Department of Commerce, Bureau of Economic Analysis and U.S. Department of Labor, Bureau of Labor Statistics

This calculation reflects the methodology described in LD 1, which is now Public Law 2005, Chapter 2: **"Average real personal income growth"** means 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, less the percent change in the Consumer Price Index for the calendar year."

2007 is currently the most recent year for which data is available. The Bureau of Economic Analysis (BEA) will release a preliminary estimate of 2008 personal income in March 2009. That will be a preliminary estimate only. BEA will release another estimate in June 2009. **SPO will not release a new estimate that incorporates 2008 data until BEA releases its more substantial, revised estimates in September 2009.** Until that time, SPO will consider 2007 the most recent year for which data is available and it will consider 2.28% the average real personal income growth described in LD 1.