



STATE OF MAINE
EXECUTIVE DEPARTMENT
STATE PLANNING OFFICE
38 STATE HOUSE STATION AUGUSTA, MAINE 04333

JOHN ELIAS BALDACCI
GOVERNOR

MARTHA E. FREEMAN
DIRECTOR

TO: Municipal and County Officials
FROM: Maine State Planning Office
DATE: September 29, 2009
RE: **Next Year's LD 1 Average Personal Income Growth is 1.78%**

With the passage of "LD 1" in 2005, towns and counties are required to calculate a property tax levy limit each year based on local property growth and statewide average personal income growth. Each town and county is responsible for calculating its property growth. The State Planning Office (SPO) is responsible for calculating income growth. For the 2009 property tax year (the 2010 budget year for most towns), SPO has determined that figure to be 1.78%. The table below shows how SPO calculated that percentage.

Calculation of Maine's "Average Personal Income Growth"

Calendar Year	Nominal Personal Income (thousands)	% Change	CPI-U	% Change	Real Personal Income
1998	\$29,709,976		163.0		
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	\$40,377,970	2.25%	195.3	3.39%	-1.13%
2006	\$42,403,742	5.02%	201.6	3.23%	1.79%
2007	\$44,711,062	5.44%	207.3	2.83%	2.61%
2008	\$46,577,941	4.18%	215.3	3.86%	0.31%
AVERAGE					1.78%

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."

2008 is currently the most recent year for which data is available. The Bureau of Economic Analysis (BEA) released a preliminary estimate of 2008 personal income in June 2009. BEA was scheduled to release a revised estimate for 2008 in September 2009. Unfortunately, BEA has delayed their September release. Therefore, SPO will consider the June 2009 preliminary estimate for 2008 as the most recent year which data is available and it will consider 1.78% the average real personal income growth described in LD 1.