Economic Overview

AGC Maine Annual Meeting
January 31, 2018

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Source: Governor’s Office of Policy and Management, Maine State and County Population Projections to 2034
Source: Maine Department of Labor, *Maine Workforce Outlook 2014 to 2024*
Percent Change in Real Personal Income, Maine

Petroleum Crude Oil Price: Brent

Sources: Moody’s Analytics and IHS, January 2018
<table>
<thead>
<tr>
<th>Maine Retail Sales</th>
<th>% Change from November 2016 to November 2017</th>
<th>% Change last three months / same 3 month period one year ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Supply</td>
<td>12.4%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Food Store</td>
<td>3.0%</td>
<td>2.7%</td>
</tr>
<tr>
<td>General Merchandise</td>
<td>14.4%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Other Retail</td>
<td>4.9%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Restaurant</td>
<td>7.3%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Lodging</td>
<td>23.6%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Auto Transportation</td>
<td>7.2%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Total</td>
<td>8.8%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Business Operating</td>
<td>7.2%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Personal Consumption</td>
<td>9.0%</td>
<td>5.2%</td>
</tr>
</tbody>
</table>

Source: Maine Revenue Services
• When Governor LePage took office, Maine’s Budget Stabilization Fund (BSF) was nearly empty → **today, due to sound financial management, Maine’s BSF to General Fund ratio is greater than the New England average** and nearly on par with Triple-A rated states.

"Conservative budgeting that has enabled state revenue to remain above budget during the current biennium, despite enacted tax cuts, and an increase to the state’s budget reserve in fiscal years 2015, 2016 and 2017…"

"In our opinion, the state has demonstrated commitment to building its reserves as evidenced by growth in the budget stabilization fund in the past several years."

- S&P, May 2017

**Maine Credit Strengths**

Closing thoughts

- Maine’s demographics are a limiting factor for employment and economic growth, but there have been some positive signs lately.

- Impacts from Tax Cuts and Jobs Act still being sorted out.

- State’s fiscal position is better than it has been in years – helpful for bond ratings (among other things)!
Keep an eye on...

- Augusta
  - The second ("short") legislative session has started
    - lots on the table
  - 2018 is a gubernatorial election year

- More to come on impacts of TCJA

- What will the next population projections bring?
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