



**Director**

Jonathan P. LaBonté

TO: Municipal and County Officials

FROM: Amanda Rector, State Economist

DATE: September 30, 2014

RE: **Next Year's LD 1 Average Personal Income Growth is 0.86%**

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 using the most recent valuation data available. The Office of Policy and Management (OPM) is responsible for calculating income growth. For the purpose of calculating municipal property tax levy limits for next year's municipal budgets (the 1/1/2015 - 12/31/2015 budget year for municipalities on a calendar-year budget or the 7/1/2015 - 6/30/2016 budget year for municipalities on a fiscal-year budget), OPM has determined average personal income growth to be 0.86%. The table below shows how this figure was calculated.

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

Calendar Year	Nominal Personal Income		CPI-U	Real Personal Income	
	(thousands)	% Change		% Change	
2003	\$39,522,843		184.0		
2004	\$41,664,127	5.42%	188.9	2.66%	2.75%
2005	\$42,542,595	2.11%	195.3	3.39%	-1.28%
2006	\$45,143,495	6.11%	201.6	3.23%	2.89%
2007	\$47,126,621	4.39%	207.3	2.85%	1.54%
2008	\$48,777,252	3.50%	215.3	3.84%	-0.34%
2009	\$48,984,861	0.43%	214.5	-0.36%	0.78%
2010	\$49,395,325	0.84%	218.1	1.64%	-0.80%
2011	\$51,523,515	4.31%	224.9	3.16%	1.15%
2012	\$52,957,962	2.78%	229.6	2.07%	0.71%
2013	\$54,358,810	2.65%	233.0	1.46%	1.18%
<b>AVERAGE</b>					<b>0.86%</b>

Sources: U.S. Bureau of Economic Analysis and U.S. 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." 2013 is currently the most recent year for which data is available.