


**STATE OF MAINE
REVENUE FORECASTING COMMITTEE**

Members:

Michael Allen, Chair, Associate Commissioner of Tax Policy
James Breece, University of Maine System
Marc Cyr, Principal Analyst, Office of Fiscal and Program Review
Melissa Gott, State Budget Officer
Christopher Nolan, Director, Office of Fiscal and Program Review
Amanda Rector, State Economist

May 1, 2015

TO: Governor Paul LePage
Members, 127th Legislature

FROM: Michael Allen, Chair 
Revenue Forecasting Committee

RE: Revenue Forecast Committee's May 2015 Report

The Revenue Forecasting Committee (RFC) has concluded its mid-session update of the current revenue forecast to comply with this year's statutory reporting date of May 1st. The RFC's May 2015 report and appendices have been posted to the RFC's web page and are available through the link below. A limited number of copies of the full report will be available in the Office of Fiscal and Program Review, Room 226 of the State House, next week.

http://www.maine.gov/legis/ofpr/revenue_forecasting_committee/current/index.htm.

Once again the adjustments to the most recent revenue forecast are relatively small and reflect the slow, but steady growth of the Maine and national economies. Economists at the Center for Workforce Research believe job growth in the next year or two will be modest. The center projects that job growth will remain restrained unless we are able to entice working-age people to move into the state. These demographic challenges remain a concern of both the Consensus Economic Forecasting Commission (CEFC) and the RFC. The committees are committed to working together to better understand the implications of these labor force constraints on the Maine economy and state revenues.

April tax receipts were very strong as individual income tax final payments for the 2014 tax year were up 11% over last year. The real "April Surprise" came from the first estimated payment of 2015; up 38% over April, 2014. This is an unusually large increase for the first estimated payment of a tax year absent a change to the tax law and is being viewed as temporary. The RFC has assumed that the excess April revenue from the estimated payment will come at the expense of future estimated payments to be paid in FY16. Without a full understanding of what is generating this spike in the estimated payment the committee is taking a cautious approach to the individual income tax forecast consistent with its past practices.

cc: Members, Revenue Forecasting Committee
Members, Consensus Economic Forecasting Commission
John McGough, Chief of Staff, Governor's Office
Richard Rosen, Commissioner, DAFS
Clerk of the House
Secretary of the Senate
Grant T. Pennoyer, Executive Director, Legislative Council
Legislative Staff Office Directors