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M E M O R A N D U M

TO: Governor Paul R. LePage
Members, Legislative Council
Members, Joint Standing Committee on Appropriations and Financial Affairs
Members, Joint Standing Committee on Taxation

FROM: H. Sawin Millett Jr., Commissioner
Department of Administrative & Financial Services

DATE: June 18, 2013

SUBJ: Revenues - May

May General Fund revenues were over budget by \$21.5 million or 9.4%. With one month remaining in FY13, General Fund revenues are \$18.3 million over budget (+0.7%). Compared to the same eleven month period last fiscal year, revenues are up 2.1% (\$52.8 million). Please note that the May Controller's Report reflects the new revenue forecast adopted by the Revenue Forecasting Committee on May 1st.

Sales and use tax receipts showed moderate growth in May, increasing 3.8% over the same month last year; \$1.3 million over budget. April taxable sales (May revenue) were up 5%, with building supply stores and auto/transportation establishments increasing by 12.3% and 9.2%, respectively. For the calendar year taxable sales are only up 1.3%. The strength in monthly sales may be a timing issue with consumers making outdoor and gardening purchases later this spring, or it may represent a stabilization of consumer sentiment after a difficult start to the year.

May individual income tax receipts were over budget by \$15.6 million. Withholding was over budget by \$10.3 million. The surplus on withholding may be associated with a stronger than projected quarterly payment. Final payments were \$3 million over for the month and refunds were \$1.9 million under for the month. Strong final payments and weak refunds likely reflect stronger than budgeted 2012 liability.

Sales & Use Taxes

Revenue was \$1.3 million over budget for the month and \$925,757 (-0.1%) under budget fiscal year-to-date. Fiscal year-to-date revenue was \$790,434 (-0.1%) under fiscal year 2012.

Taxable Sales

Total taxable sales for the month of April (May revenue) were up 5.0% from April 2012. The annual rate of change was 1.6%. Building supply sales were up 12.3% for the month and down 4.8% for the year ending in April. Sales of taxable items in food stores were flat for the month and up 2.2% for the year. General merchandise sales (primarily sales of goods sold in large department and discount stores) were down 3.4% for the month and up 0.5% for the year. Sales in other retail stores such as jewelry, drug, sporting goods, book, antique, pet, photo, toy, and craft stores were up 2.1% for the month and 0.1% for the year. Auto/transportation sector sales were up 9.2% for the month and 4.1% for the year. Sales of meals and other prepared foods were up 2.6% for the month and 4.0% for the year. Lodging sales were up 4.9% for the month and 7.3% for the year. Business operating sales (primarily use tax paid by businesses) were up 9.8% for the month and 1.9% for the year.

Service Provider Tax

Revenue was \$681,084 over budget for the month and \$1.5 million (+3.8%) over budget fiscal year-to-date.

Individual Income Tax

Revenue was \$15.6 million over budget for the month and \$18.8 million (+1.4%) over budget fiscal year-to-date. Fiscal year-to-date withholding payments were 0.1% under fiscal year 2012. Estimated payments were up 18.2% and final payments were up 29.3% fiscal year-to-date. Fiscal year-to-date revenue was \$92.3 million (+7.4%) over fiscal year 2012.

Corporate Income Tax

Revenue was \$1.5 million under budget for the month and \$1.7 million (-1.2%) under budget fiscal year-to-date. Estimated payments were down 13.6% and final payments were down 30.8% fiscal year-to-date. Fiscal year-to-date revenue was \$54.4 million (-28.5%) under fiscal year 2012.

Cigarette & Tobacco Taxes

Cigarette and tobacco products tax revenue was \$1.6 million over budget for the month and \$1.4 million (+1.2%) over budget fiscal year-to-date.

Insurance Companies Taxes

The Insurance Companies Taxes were \$527,929 under budget for the month and \$1 million under budget fiscal year-to-date.

Estate Tax

The estate tax was \$1.7 million over budget for the month and \$1.2 million under budget fiscal year-to-date.

Transfers for Tax Relief Programs

Refunds for the tax & rent, Business Equipment Tax Reimbursement (BETR) and Business Equipment Tax Exemption (BETE) were over budget in May by \$0.297 million, and are now \$0.250 million under budget for the fiscal year.

Municipal Revenue Sharing

Revenue sharing was over budget for the month by \$0.108 million. Year-to-date revenue sharing is over budget by approximately \$0.585 million.

Lottery

Lottery Revenues were over budget for the month by \$1.4 million or 34.4%. For the first eleven months of the fiscal year lottery receipts are over budget by \$1.5 million.

Other Revenues

Other Revenues were under budget by \$0.7 million for the month, a variance of -15.9%. For the fiscal year other revenues are \$0.5 million over budget.

Highway Fund

Motor fuel tax receipts were under budget in May by \$0.8 million. The Highway Fund as a whole was also over budget for the month by \$0.4 million. Fiscal year-to-date motor fuel excise taxes are on budget and the total Highway Fund is over budget by \$2.7 million (+1.0%).

National Economy

The Federal Reserve's Federal Open Market Committee (FOMC) meets this week to review economic conditions since they last met on May 1st. The economy continues to grow at a 2% pace, well below the rate necessary for significant ground to be made in reducing the unemployment rate. The FOMC will review reports that will show that consumers are starting to adjust to the higher federal taxes enacted at the start of 2013 and lower energy prices that have been relatively stable in recent months. At the same time a string of reports on manufacturing activity show that future activity may be weaker as the sequestration and the recession in Europe slow demand for their output. In addition, manufacturers appear to be cutting back on their spending for capital goods.

Maine Economy

The April taxable sales report was the best in a number of months. With the exception of general merchandise stores (-3.4% year-over-year), consumer sales rebounded in April. The late arrival of spring weather likely consolidated gardening and other outdoor purchases in April. The Maine data matched up well with national reports on April retail sales. Very preliminary data suggests that May sales may have been solid as well. We'll need to see a solid quarter of similar growth before concluding that Maine consumers are confident again about the economy.

HSM:mja

Attachments

cc: John McGough
Michael Cianchette
Grant Pennoyer
Maureen Dawson
Marc Cyr
David Boulter
Amanda Rector
Jim Breece
Jerome Gerard
Melissa Gott
Terry Brann

STATE OF MAINE

Undedicated Revenues - General Fund
 For the Eleventh Month Ended May 31, 2013
 For the Fiscal Year Ending June 30, 2013
 Comparison to Budget

EXHIBIT I

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2013
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
Sales and Use Tax	74,244,452	72,940,367	1,304,085	1.8%	804,586,500	805,512,257	(925,757)	(0.1%)	984,910,746
Service Provider Tax	4,761,696	4,080,612	681,084	16.7%	41,774,220	40,225,809	1,548,411	3.8%	48,739,710
Individual Income Tax	116,300,126	100,716,666	15,583,460	15.5%	1,347,497,548	1,328,708,223	18,789,325	1.4%	1,495,000,000
Corporate Income Tax	4,885,212	6,338,915	(1,453,703)	(22.9%)	136,818,001	138,483,131	(1,665,130)	(1.2%)	171,021,732
Cigarette and Tobacco Tax	12,533,914	10,982,226	1,551,688	14.1%	125,647,697	124,213,705	1,433,992	1.2%	138,180,000
Insurance Companies Tax	13,382,821	13,910,750	(527,929)	(3.8%)	54,623,853	55,647,287	(1,023,434)	(1.8%)	80,715,000
Estate Tax	5,313,958	3,587,800	1,726,158	48.1%	45,849,019	47,078,433	(1,229,414)	(2.6%)	70,230,328
Fines, Forfeits & Penalties	2,006,324	2,082,034	(75,710)	(3.6%)	21,643,930	21,977,429	(333,499)	(1.5%)	24,552,639
Income from Investments	501	(4,659)	5,160	110.8%	74,632	24,690	49,942	202.3%	83,883
Transfer from Lottery Commission	5,432,010	4,042,304	1,389,706	34.4%	48,962,100	47,497,111	1,464,989	3.1%	52,550,000
Transfers for Tax Relief Programs	(1,596,191)	(1,299,383)	(296,808)	(22.8%)	(110,802,262)	(111,051,762)	249,500	0.2%	(112,086,562)
Transfer to Municipal Revenue Sharing	(13,532,866)	(13,424,915)	(107,951)	(0.8%)	(85,571,567)	(84,987,059)	(584,508)	(0.7%)	(95,086,810)
Other Taxes and Fees	22,405,372	20,082,146	2,323,226	11.6%	137,492,798	137,436,239	56,559	0.0%	150,894,327
Other Revenues	3,464,845	4,119,175	(654,330)	(15.9%)	30,009,719	29,549,101	460,618	1.6%	41,600,064
Total Collected	<u>249,602,174</u>	<u>228,154,038</u>	<u>21,448,136</u>	<u>9.4%</u>	<u>2,598,606,187</u>	<u>2,580,314,594</u>	<u>18,291,593</u>	<u>0.7%</u>	<u>3,051,305,057</u>

NOTES: (1) Included in the above is \$13,532,866 for the month and \$85,571,567 year-to-date, that was set aside for Revenue Sharing with cities and towns.

(2) Figures reflect estimates of the Maine State Revenue Forecasting Committee approved in May 2013.

(3) This report has been prepared from preliminary month end figures and is subject to change.

STATE OF MAINE

Undedicated Revenues - General Fund
 For the Eleventh Month Ended May 31, 2013 and 2012
 For the Fiscal Years Ending June 30, 2013 and 2012
 Comparison to Prior Year

EXHIBIT II

	Month				Year to Date			
	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)
Sales and Use Tax	74,244,452	71,510,164	2,734,288	3.8%	804,586,500	805,376,934	(790,434)	(0.1%)
Service Provider Tax	4,761,696	4,000,599	761,096	19.0%	41,774,220	39,908,540	1,865,680	4.7%
Individual Income Tax	116,300,126	108,480,522	7,819,605	7.2%	1,347,497,548	1,255,183,152	92,314,397	7.4%
Corporate Income Tax	4,885,212	6,857,688	(1,972,476)	(28.8%)	136,818,001	191,226,234	(54,408,233)	(28.5%)
Cigarette and Tobacco Tax	12,533,914	13,186,323	(652,410)	(4.9%)	125,647,697	128,313,591	(2,665,893)	(2.1%)
Insurance Companies Tax	13,382,821	11,718,692	1,664,129	14.2%	54,623,853	59,437,834	(4,813,981)	(8.1%)
Estate Tax	5,313,958	8,524,688	(3,210,731)	(37.7%)	45,849,019	35,951,702	9,897,317	27.5%
Fines, Forfeits & Penalties	2,006,324	1,940,238	66,085	3.4%	21,643,930	22,477,945	(834,015)	(3.7%)
Income from Investments	501	(20,026)	20,527	102.5%	74,632	83,173	(8,541)	(10.3%)
Transfer from Lottery Commission	5,432,010	4,437,269	994,741	22.4%	48,962,100	49,991,178	(1,029,078)	(2.1%)
Transfers for Tax Relief Programs	(1,596,191)	(1,337,609)	(258,582)	(19.3%)	(110,802,262)	(114,177,850)	3,375,588	3.0%
Transfer to Municipal Revenue Sharing	(13,532,866)	(11,278,746)	(2,254,120)	(20.0%)	(85,571,567)	(87,169,551)	1,597,984	1.8%
Other Taxes and Fees	22,405,372	26,025,540	(3,620,168)	(13.9%)	137,492,798	120,593,082	16,899,716	14.0%
Other Revenues	3,464,845	10,341,366	(6,876,521)	(66.5%)	30,009,719	38,652,879	(8,643,160)	(22.4%)
Total Collected	249,602,174	254,386,709	(4,784,535)	(1.9%)	2,598,606,187	2,545,848,841	52,757,347	2.1%

STATE OF MAINE

Undedicated Revenues - General Fund
 For the Eleventh Month Ended May 31, 2013
 For the Fiscal Year Ending June 30, 2013
 Comparison to Budget

EXHIBIT III

	<u>Month</u>				<u>Year to Date</u>				<u>Total Budgeted Fiscal Year Ending 6-30-2013</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance Over/(Under)</u>	<u>Percent Over/(Under)</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Over/(Under)</u>	<u>Percent Over/(Under)</u>	
<u>Detail of Other Taxes & Fees</u>									
0100s All Others	1,222,985	442,669	780,316	176.3%	22,522,528	23,448,533	(926,005)	(3.9%)	27,217,407
0300s Aeronautical Gas Tax	19,283	18,254	1,029	5.6%	237,467	239,005	(1,538)	(0.6%)	258,889
0400s Alcohol Excise Tax	1,603,341	1,417,204	186,137	13.1%	15,867,356	15,889,837	(22,481)	(0.1%)	17,349,326
0700s Corporation Taxes	1,881,070	1,829,247	51,823	2.8%	6,881,014	6,653,829	227,185	3.4%	7,847,099
0800s Public Utilities	10,459,524	10,000,000	459,524	4.6%	10,076,113	10,000,000	76,113	0.8%	10,000,000
1000s Banking Taxes	1,958,950	1,906,100	52,850	2.8%	23,165,080	22,445,801	719,279	3.2%	24,351,990
1100s Alcoholic Beverages	577,812	403,369	174,443	43.2%	4,858,857	4,140,129	718,728	17.4%	4,547,838
1200s Amusements Tax	-	-	-	-	-	-	-	-	-
1300s Harness Racing Pari-mutuel	1,240,564	1,012,316	228,248	22.5%	12,604,530	12,393,650	210,880	1.7%	13,400,644
1400s Business Taxes	1,458,468	1,338,257	120,211	9.0%	8,909,666	9,606,211	(696,545)	(7.3%)	10,835,987
1500s Motor Vehicle Licenses	332,215	370,307	(38,092)	(10.3%)	3,812,136	3,916,864	(104,728)	(2.7%)	4,410,602
1700s Inland Fisheries & Wildlife	1,598,726	1,304,281	294,445	22.6%	14,080,144	14,259,959	(179,815)	(1.3%)	16,214,189
1900s Other Licenses	52,433	40,142	12,291	30.6%	14,477,906	14,442,421	35,485	0.2%	14,460,356
Total Other Taxes & Fees	22,405,372	20,082,146	2,323,226	11.6%	137,492,798	137,436,239	56,559	0.0%	150,894,327
<u>Detail of Other Revenues</u>									
2200s Federal Revenues	17,181	29,500	(12,319)	(41.8%)	364,675	324,499	40,176	12.4%	354,000
2300s County Revenues	-	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	1,332	2,455	(1,123)	(45.7%)	184,779	200,865	(16,086)	(8.0%)	267,201
2500s Revenues from Private Sources	150,302	144,282	6,020	4.2%	10,004,583	10,008,510	(3,927)	(0.0%)	10,082,709
2600s Current Service Charges	1,853,139	2,727,092	(873,953)	(32.0%)	23,952,285	23,082,609	869,676	3.8%	27,218,185
2700s Transfers from Other Funds	1,442,762	1,215,846	226,916	18.7%	(4,593,722)	(4,576,542)	(17,180)	(0.4%)	3,138,809
2800s Sales of Property & Equipment	129	-	129	-	97,119	509,160	(412,041)	(80.9%)	539,160
Total Other Revenues	3,464,845	4,119,175	(654,330)	(15.9%)	30,009,719	29,549,101	460,618	1.6%	41,600,064

NOTE: This report has been prepared from preliminary month end figures and is subject to change

STATE OF MAINE

Undedicated Revenues - General Fund
 For the Eleventh Month Ended May 31, 2013 and 2012
 For the Fiscal Years Ending June 30, 2013 and 2012
 Comparison to Prior Year

EXHIBIT IV

	Month				Year to Date			
	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)
<u>Detail of Other Taxes & Fees</u>								
0100s All Others	1,222,985	1,456,521	(233,537)	(16.0%)	22,522,528	23,017,566	(495,038)	(2.2%)
0300s Aeronautical Gas Tax	19,283	20,636	(1,353)	(6.6%)	237,467	242,990	(5,522)	(2.3%)
0400s Alcohol Excise Tax	1,603,341	1,256,614	346,727	27.6%	15,867,356	15,619,787	247,569	1.6%
0700s Corporation Taxes	1,881,070	1,852,104	28,966	1.6%	6,881,014	6,789,303	91,711	1.4%
0800s Public Utilities	10,459,524	13,355,947	(2,896,423)	(21.7%)	10,076,113	10,812,559	(736,445)	(6.8%)
1000s Banking Taxes	1,958,950	2,493,460	(534,510)	(21.4%)	23,165,080	22,763,310	401,770	1.8%
1100s Alcoholic Beverages	577,812	603,827	(26,014)	(4.3%)	4,858,857	4,454,894	403,963	9.1%
1200s Amusements Tax	-	-	-	-	-	-	-	-
1300s Harness Racing Pari-mutuel	1,240,564	727,003	513,562	70.6%	12,604,530	8,055,776	4,548,754	56.5%
1400s Business Taxes	1,458,468	1,673,833	(215,364)	(12.9%)	8,909,666	10,218,582	(1,308,916)	(12.8%)
1500s Motor Vehicle Licenses	332,215	212,275	119,940	56.5%	3,812,136	3,662,468	149,668	4.1%
1700s Inland Fisheries & Wildlife	1,598,726	2,308,340	(709,615)	(30.7%)	14,080,144	14,527,071	(446,927)	(3.1%)
1900s Other Licenses	52,433	64,981	(12,548)	(19.3%)	14,477,906	428,776	14,049,130	3276.6%
Total Other Taxes & Fees	22,405,372	26,025,540	(3,620,168)	(13.9%)	137,492,798	120,593,082	16,899,716	14.0%
<u>Detail of Other Revenues</u>								
2200s Federal Revenues	17,181	62,074	(44,893)	(72.3%)	364,675	1,863,157	(1,498,482)	(80.4%)
2300s County Revenues	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	1,332	32,778	(31,446)	(95.9%)	184,779	230,637	(45,858)	(19.9%)
2500s Revenues from Private Sources	150,302	131,329	18,973	14.4%	10,004,583	9,528,402	476,181	5.0%
2600s Current Service Charges	1,853,139	8,698,589	(6,845,450)	(78.7%)	23,952,285	29,687,081	(5,734,796)	(19.3%)
2700s Transfers from Other Funds	1,442,762	1,415,928	26,834	1.9%	(4,593,722)	(2,795,067)	(1,798,655)	(64.4%)
2800s Sales of Property & Equipment	129	668	(539)	(80.6%)	97,119	138,668	(41,550)	(30.0%)
Total Other Revenues	3,464,845	10,341,366	(6,876,521)	(66.5%)	30,009,719	38,652,879	(8,643,160)	(22.4%)

NOTE: This report has been prepared from preliminary month end figures and is subject to change

STATE OF MAINE

Undedicated Revenues - Highway Fund
 For the Eleventh Month Ended May 31, 2013
 For the Fiscal Year Ending June 30, 2013
 Comparison to Budget

EXHIBIT V

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2013
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
Fuel Taxes	15,801,601	16,583,126	(781,525)	(4.7%)	175,340,146	175,323,677	16,469	0.0%	213,301,215
Motor Vehicle Registration & Fees	10,001,713	8,852,147	1,149,566	13.0%	84,371,672	81,979,276	2,392,396	2.9%	87,785,489
Motor Vehicle Inspection Fees	321,605	248,540	73,065	29.4%	3,168,209	2,733,940	434,269	15.9%	2,982,500
Miscellaneous Taxes & Fees	142,237	121,452	20,785	17.1%	1,117,513	1,138,919	(21,406)	(1.9%)	1,276,365
Fines, Forfeits & Penalties	80,597	76,295	4,302	5.6%	942,466	948,737	(6,271)	(0.7%)	1,039,868
Earnings on Investments	10,673	(1,645)	12,318	748.8%	82,946	101,668	(18,722)	(18.4%)	99,513
All Other	514,496	553,418	(38,922)	(7.0%)	8,249,455	8,363,901	(114,446)	(1.4%)	8,920,662
Total Collected	26,872,921	26,433,333	439,588	1.7%	273,272,407	270,590,118	2,682,289	1.0%	315,405,612

NOTE: This report has been prepared from preliminary month end figures and is subject to change.

STATE OF MAINE

Undedicated Revenues - Highway Fund
 For the Eleventh Month Ended May 31, 2013 and 2012
 For the Fiscal Years Ending June 30, 2013 and 2012
 Comparison to Prior Year

EXHIBIT VI

	Month				Year to Date			
	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)	Current Year	Prior Year	Variance Over/(Under)	Percent Over/(Under)
Fuel Taxes	15,801,601	16,913,868	(1,112,268)	(6.6%)	175,340,146	179,763,116	(4,422,969)	(2.5%)
Motor Vehicle Registration & Fees	10,001,713	9,083,293	918,420	10.1%	84,371,672	78,113,550	6,258,122	8.0%
Motor Vehicle Inspection Fees	321,605	235,923	85,682	36.3%	3,168,209	2,625,202	543,007	20.7%
Miscellaneous Taxes & Fees	142,237	127,299	14,939	11.7%	1,117,513	1,203,617	(86,103)	(7.2%)
Fines, Forfeits & Penalties	80,597	80,550	47	0.1%	942,466	948,870	(6,404)	(0.7%)
Earnings on Investments	10,673	14,209	(3,536)	(24.9%)	82,946	106,309	(23,363)	(22.0%)
All Other	514,496	528,255	(13,759)	(2.6%)	8,249,455	8,031,815	217,640	2.7%
Total Collected	26,872,921	26,983,395	(110,475)	(0.4%)	273,272,407	270,792,479	2,479,928	0.9%

NOTE: This report has been prepared from preliminary month end figures and is subject to change.

**Maine Revenue Services
Taxable Sales by Sector
In Thousands of Dollars**

	Apr. '13	% Ch.	Apr. '12	% Ch.	Apr.' 11	Average Last 3 Mos. Vs. Last Yr. % Change	Moving Total Last 12 Mos. Vs. Prior % Change	YTD Growth CY'13 vs. '12 Thru. Apr. % Change
Building Supply	\$181,710.9	12.3%	\$161,811.9	13.2%	\$142,981.5	0.2%	-4.8%	-0.7%
Food Store	\$117,121.2	0.0%	\$117,131.7	3.9%	\$112,701.5	-0.3%	2.2%	0.9%
General Merchandise	\$215,827.0	-3.4%	\$223,345.3	3.5%	\$215,848.0	-3.3%	0.5%	-0.8%
Other Retail	\$139,771.6	2.1%	\$136,956.1	0.5%	\$136,215.0	-0.2%	0.1%	1.5%
Auto/Transportation	\$336,437.6	9.2%	\$308,102.2	5.3%	\$292,666.1	2.1%	4.1%	4.0%
Restaurant	\$149,182.7	2.6%	\$145,408.3	3.5%	\$140,489.5	0.1%	4.0%	1.5%
Lodging	\$25,524.0	4.9%	\$24,341.6	6.7%	\$22,818.2	3.1%	7.3%	3.4%
Consumer Sales	\$1,165,575.0	4.3%	\$1,117,097.1	5.0%	\$1,063,719.8	-0.1%	1.5%	1.4%
Business Operating	\$167,905.3	9.8%	\$152,931.6	6.5%	\$143,595.6	-0.7%	1.9%	0.9%
Total	\$1,333,480.3	5.0%	\$1,270,028.7	5.2%	\$1,207,315.4	-0.2%	1.6%	1.3%