

**DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES
78 STATE HOUSE STATION
AUGUSTA, ME 04333-0078**

**PHONE: 207-624-7800
FAX: 207-624-7804
TDD: 207-287-4537**

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: Richard W. Rosen, Acting Commissioner
Department of Administrative & Financial Services

DATE: August 14, 2014

SUBJ: Revenues – July

July General Fund revenues were over budget by \$8 million or 3.3%. Compared to the first month of last fiscal year, FY15 General Fund revenues were up 15.8% (+\$34.4 million).

Sales & use tax receipts were over budget for the month by \$0.2 million. July revenues (June sales) continue to reflect slow income growth for low and middle income households and rising energy prices from unrest in the Middle East. June taxable sales increased by 3.5% compared to a year ago, very close to the 3.7% growth target set by the Revenue Forecasting Committee. Auto/transportation and building supply sales posted strong year-over-year gains in June; up 7.4% and 7.8%, respectively. Restaurant and lodging sales were up in June consistent with the forecast, but at an overall increase of less than 3%. General merchandise store sales remain flat on a year-over-year basis.

Individual income taxes were over budget in July by \$4.4 million. Most of the monthly surplus was the result of stronger than projected withholding and final payments. Corporate income tax receipts were also over budget in July (+\$1.1 million) mostly from refunds being below estimate.

Sales & Use Taxes

Revenue was \$187,412 over budget for the month and \$187,712 (+0.2%) over budget fiscal year-to-date. Fiscal year-to-date revenue was \$15 million (+15.3%) over fiscal year 2014.

Taxable Sales

Total taxable sales for the month of June (July revenue) were 3.2% over June 2013. The annual rate of change excluding utilities was 3.9%. Building supply sales were up 7.8% for the month and 5.0% for the year ending in June. Sales of taxable items in food stores were up 3.8% for the month and 3.0% for the year. General merchandise sales (primarily sales of goods sold in large department and discount stores) were up 0.2% for the month and down 0.3% for the year. Sales in other retail stores such as jewelry, drug, sporting goods, book, antique, pet, photo, toy, and craft stores were down 1.0% for the month and up 1.9% for the year. Auto/transportation sector sales were up 7.4% for the month and 7.5% for the year. Sales of meals and other prepared foods were up 2.5% for the month and 3.4% for the year. Lodging sales were up 3.1% for the month and 5.1% for the year. Business operating sales (primarily use tax paid by businesses) were up 2.2% for the month and 5.3% for the year.

Service Provider Tax

Revenue was \$706,858 over budget for the month and \$706,858 (+16.8%) over budget fiscal year-to-date.

Individual Income Tax

Revenue was \$4.4 million over budget for the month and \$4.4 million (+4.4%) over budget fiscal year-to-date. Fiscal year-to-date withholding payments were 12.5% over fiscal year 2014. Estimated payments were down 4.3% and final payments were down 12.4% fiscal year-to-date. Fiscal year-to-date revenue was \$13 million (+14.3%) over fiscal year 2014.

Corporate Income Tax

Revenue was \$1.1 million over budget for the month and \$1.1 million (+17.5%) over budget fiscal year-to-date. Estimated payments were up 1.0% and final payments were down 15.1% fiscal year-to-date. Fiscal year-to-date revenue was \$1.5 million (+25.9%) over fiscal year 2014.

Cigarette & Tobacco Taxes

Cigarette and tobacco products tax revenue was \$1.1 million over budget for the month and \$1.1 million (+8.8%) over budget fiscal year-to-date.

Insurance Companies Taxes

The Insurance Companies Taxes were \$490,078 under budget for the month and \$490,078 under budget fiscal year-to-date.

Estate Tax

The estate tax was \$505,249 over budget for the month and \$505,249 over budget fiscal year-to-date.

Transfers for Tax Relief Programs

Refunds for the Business Equipment Tax Reimbursement (BETR) and Business Equipment Tax Exemption (BETE) were under budget in July by \$0.034 million.

Municipal Revenue Sharing

Revenue sharing was over budget in July by \$0.8 million.

Lottery

Lottery Revenues were under budget for the month by \$0.4 million.

Other Revenues

Other Revenues were over budget for the month by \$0.5 million.

Highway Fund

Motor fuel tax receipts were over budget in July by \$1.7 million. The Highway Fund as a whole was over budget for the month by \$2.1 million. Compared to last fiscal year motor fuel excise tax receipts increased by 5.6% in July.

National Economy

As expected the first quarter GDP estimate was revised up from -2.9% to -2.1%, and the preliminary estimate of second quarter GDP showed a reversal in growth to 4%. Both of these estimates will continue to be revised as new information comes available, but supports the general view that the first quarter was negatively impacted by the bad winter, and the second quarter was a snap back from that delayed activity. Going forward most economists expect the US economy to settle into a 3% growth pattern. Weakness in Europe, conflict in the Middle East and Ukraine, and missteps in fiscal or monetary policy are risks to that accelerated growth.

Maine Economy

Summer tourism related sales got off to a slow start in June as restaurant and lodging sales increased by 2.5% and 3.1%, respectively, compared to last June. Cool weather likely accounted for the below trend sales in June. Anecdotal reports indicate tourism activity picked up in July, as warmer weather finally arrived and gasoline prices reversed direction and began declining. August and September revenues will provide a more accurate picture of tourism activity.

RWR:mja

Attachments

cc: John McGough
Jonathan Nass
Grant Pennoyer
Maureen Dawson
Marc Cyr
David Boulter
Amanda Rector
Jim Breece
Jerome Gerard
Melissa Gott

STATE OF MAINE

Undedicated Revenues - General Fund
 For the First Month Ended July 31, 2014
 For the Fiscal Year Ending June 30, 2015
 Comparison to Budget

EXHIBIT I

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2015
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
Sales and Use Tax	113,057,060	112,869,648	187,412	0.2%	113,057,060	112,869,648	187,412	0.2%	1,187,800,113
Service Provider Tax	4,916,263	4,209,405	706,858	16.8%	4,916,263	4,209,405	706,858	16.8%	50,303,776
Individual Income Tax	103,739,312	99,375,000	4,364,312	4.4%	103,739,312	99,375,000	4,364,312	4.4%	1,454,337,600
Corporate Income Tax	7,111,380	6,050,000	1,061,380	17.5%	7,111,380	6,050,000	1,061,380	17.5%	177,651,225
Cigarette and Tobacco Tax	14,099,211	12,954,226	1,144,985	8.8%	14,099,211	12,954,226	1,144,985	8.8%	133,590,000
Insurance Companies Tax	500,605	990,683	(490,078)	(49.5%)	500,605	990,683	(490,078)	(49.5%)	80,715,000
Estate Tax	2,655,249	2,150,000	505,249	23.5%	2,655,249	2,150,000	505,249	23.5%	26,957,040
Fines, Forfeits & Penalties	1,936,507	2,195,315	(258,808)	(11.8%)	1,936,507	2,195,315	(258,808)	(11.8%)	23,421,666
Income from Investments	6	-	6	-	6	-	6	-	93,858
Transfer from Lottery Commission	4,062,846	4,442,343	(379,497)	(8.5%)	4,062,846	4,442,343	(379,497)	(8.5%)	57,350,462
Transfers for Tax Relief Programs	159	(34,065)	34,224	100.5%	159	(34,065)	34,224	100.5%	(58,183,362)
Transfer to Municipal Revenue Sharing	(3,229,972)	(2,448,891)	(781,081)	(31.9%)	(3,229,972)	(2,448,891)	(781,081)	(31.9%)	(20,994,431)
Other Taxes and Fees	10,444,023	9,068,140	1,375,883	15.2%	10,444,023	9,068,140	1,375,883	15.2%	133,020,958
Other Revenues	(6,610,626)	(7,144,326)	533,700	7.5%	(6,610,626)	(7,144,326)	533,700	7.5%	39,939,411
Total Collected	<u>252,682,023</u>	<u>244,677,478</u>	<u>8,004,545</u>	<u>3.3%</u>	<u>252,682,023</u>	<u>244,677,478</u>	<u>8,004,545</u>	<u>3.3%</u>	<u>3,286,003,316</u>

NOTES: (1) Included in the above is \$3,229,972 for the month and \$3,229,972 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 March 2014, updated by PL 2013 c. 502, PL 2013 c. 564 and PL 2013 c. 586.

(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 First Month Ended July 31, 2014 and 2013
 For the Fiscal Years Ending June 30, 2015 and 2014
 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	113,057,060	98,057,431	14,999,628	15.3%	113,057,060	98,057,431	14,999,628	15.3%
Service Provider Tax	4,916,263	4,094,753	821,510	20.1%	4,916,263	4,094,753	821,510	20.1%
Individual Income Tax	103,739,312	90,735,095	13,004,217	14.3%	103,739,312	90,735,095	13,004,217	14.3%
Corporate Income Tax	7,111,380	5,647,577	1,463,803	25.9%	7,111,380	5,647,577	1,463,803	25.9%
Cigarette and Tobacco Tax	14,099,211	14,198,026	(98,815)	(0.7%)	14,099,211	14,198,026	(98,815)	(0.7%)
Insurance Companies Tax	500,605	653,301	(152,696)	(23.4%)	500,605	653,301	(152,696)	(23.4%)
Estate Tax	2,655,249	3,843,966	(1,188,716)	(30.9%)	2,655,249	3,843,966	(1,188,716)	(30.9%)
Fines, Forfeits & Penalties	1,936,507	2,194,247	(257,740)	(11.7%)	1,936,507	2,194,247	(257,740)	(11.7%)
Income from Investments	6	(3)	10	282.2%	6	(3)	10	282.2%
Transfer from Lottery Commission	4,062,846	4,521,009	(458,163)	(10.1%)	4,062,846	4,521,009	(458,163)	(10.1%)
Transfers for Tax Relief Programs	159	(499,371)	499,531	100.0%	159	(499,371)	499,531	100.0%
Transfer to Municipal Revenue Sharing	(3,229,972)	(8,880,137)	5,650,164	63.6%	(3,229,972)	(8,880,137)	5,650,164	63.6%
Other Taxes and Fees	10,444,023	10,183,271	260,751	2.6%	10,444,023	10,183,271	260,751	2.6%
Other Revenues	(6,610,626)	(6,510,416)	(100,210)	(1.5%)	(6,610,626)	(6,510,416)	(100,210)	(1.5%)
Total Collected	252,682,023	218,238,749	34,443,274	15.8%	252,682,023	218,238,749	34,443,274	15.8%

STATE OF MAINE

Undedicated Revenues - General Fund
 For the First Month Ended July 31, 2014
 For the Fiscal Year Ending June 30, 2015
 Comparison to Budget

EXHIBIT III

	<u>Month</u>				<u>Year to Date</u>				<u>Total Budgeted Fiscal Year Ending 6-30-2015</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	1,246,805	1,259,245	(12,440)	(1.0%)	1,246,805	1,259,245	(12,440)	(1.0%)	30,720,007
0300s Aeronautical Gas Tax	22,898	22,254	644	2.9%	22,898	22,254	644	2.9%	256,458
0400s Alcohol Excise Tax	1,840,380	1,471,816	368,564	25.0%	1,840,380	1,471,816	368,564	25.0%	17,661,852
0700s Corporation Taxes	524,057	426,750	97,307	22.8%	524,057	426,750	97,307	22.8%	8,313,649
0800s Public Utilities	17,442	-	17,442	-	17,442	-	17,442	-	9,200,000
1000s Banking Taxes	2,171,000	1,987,667	183,333	9.2%	2,171,000	1,987,667	183,333	9.2%	24,351,990
1100s Alcoholic Beverages	584,773	353,848	230,925	65.3%	584,773	353,848	230,925	65.3%	4,722,838
1200s Amusements Tax	-	-	-	-	-	-	-	-	-
1300s Harness Racing Pari-mutuel	858,027	853,228	4,799	0.6%	858,027	853,228	4,799	0.6%	9,232,406
1400s Business Taxes	593,794	583,529	10,265	1.8%	593,794	583,529	10,265	1.8%	7,658,649
1500s Motor Vehicle Licenses	464,385	397,518	66,867	16.8%	464,385	397,518	66,867	16.8%	4,411,202
1700s Inland Fisheries & Wildlife	2,094,509	1,689,872	404,637	23.9%	2,094,509	1,689,872	404,637	23.9%	16,081,148
1900s Other Licenses	25,952	22,413	3,539	15.8%	25,952	22,413	3,539	15.8%	410,759
Total Other Taxes & Fees	10,444,023	9,068,140	1,375,883	15.2%	10,444,023	9,068,140	1,375,883	15.2%	133,020,958
<u>Detail of Other Revenues</u>									
2200s Federal Revenues	58,263	33,751	24,512	72.6%	58,263	33,751	24,512	72.6%	405,000
2300s County Revenues	-	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	68,373	23,166	45,207	195.1%	68,373	23,166	45,207	195.1%	277,996
2500s Revenues from Private Sources	137,587	17,532	120,055	684.8%	137,587	17,532	120,055	684.8%	1,385,000
2600s Current Service Charges	3,275,598	2,376,782	898,816	37.8%	3,275,598	2,376,782	898,816	37.8%	25,552,040
2700s Transfers from Other Funds	(10,153,399)	(9,601,677)	(551,722)	(5.7%)	(10,153,399)	(9,601,677)	(551,722)	(5.7%)	12,205,935
2800s Sales of Property & Equipment	2,952	6,120	(3,168)	(51.8%)	2,952	6,120	(3,168)	(51.8%)	113,440
Total Other Revenues	(6,610,626)	(7,144,326)	533,700	7.5%	(6,610,626)	(7,144,326)	533,700	7.5%	39,939,411

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 First Month Ended July 31, 2014 and 2013
 For the Fiscal Years Ending June 30, 2015 and 2014
 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	1,246,805	1,196,498	50,307	4.2%	1,246,805	1,196,498	50,307	4.2%
0300s Aeronautical Gas Tax	22,898	22,981	(83)	(0.4%)	22,898	22,981	(83)	(0.4%)
0400s Alcohol Excise Tax	1,840,380	1,844,363	(3,984)	(0.2%)	1,840,380	1,844,363	(3,984)	(0.2%)
0700s Corporation Taxes	524,057	461,174	62,884	13.6%	524,057	461,174	62,884	13.6%
0800s Public Utilities	17,442	-	17,442	-	17,442	-	17,442	-
1000s Banking Taxes	2,171,000	2,323,600	(152,600)	(6.6%)	2,171,000	2,323,600	(152,600)	(6.6%)
1100s Alcoholic Beverages	584,773	310,248	274,525	88.5%	584,773	310,248	274,525	88.5%
1200s Amusements Tax	-	-	-	-	-	-	-	-
1300s Harness Racing Pari-mutuel	858,027	768,478	89,549	11.7%	858,027	768,478	89,549	11.7%
1400s Business Taxes	593,794	405,516	188,278	46.4%	593,794	405,516	188,278	46.4%
1500s Motor Vehicle Licenses	464,385	346,598	117,787	34.0%	464,385	346,598	117,787	34.0%
1700s Inland Fisheries & Wildlife	2,094,509	2,473,290	(378,781)	(15.3%)	2,094,509	2,473,290	(378,781)	(15.3%)
1900s Other Licenses	25,952	30,524	(4,572)	(15.0%)	25,952	30,524	(4,572)	(15.0%)
Total Other Taxes & Fees	10,444,023	10,183,271	260,751	2.6%	10,444,023	10,183,271	260,751	2.6%
<u>Detail of Other Revenues</u>								
2200s Federal Revenues	58,263	29,970	28,293	94.4%	58,263	29,970	28,293	94.4%
2300s County Revenues	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	68,373	71,217	(2,844)	(4.0%)	68,373	71,217	(2,844)	(4.0%)
2500s Revenues from Private Sources	137,587	117,740	19,847	16.9%	137,587	117,740	19,847	16.9%
2600s Current Service Charges	3,275,598	2,233,704	1,041,895	46.6%	3,275,598	2,233,704	1,041,895	46.6%
2700s Transfers from Other Funds	(10,153,399)	(8,963,421)	(1,189,977)	(13.3%)	(10,153,399)	(8,963,421)	(1,189,977)	(13.3%)
2800s Sales of Property & Equipment	2,952	375	2,577	687.5%	2,952	375	2,577	687.5%
Total Other Revenues	(6,610,626)	(6,510,416)	(100,210)	(1.5%)	(6,610,626)	(6,510,416)	(100,210)	(1.5%)

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 First Month Ended July 31, 2014
 For the Fiscal Year Ending June 30, 2015
 Comparison to Budget

EXHIBIT V

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2015
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
Fuel Taxes	20,022,957	18,334,595	1,688,362	9.2%	20,022,957	18,334,595	1,688,362	9.2%	210,688,101
Motor Vehicle Registration & Fees	9,330,209	8,690,856	639,353	7.4%	9,330,209	8,690,856	639,353	7.4%	83,467,472
Motor Vehicle Inspection Fees	139,251	293,451	(154,200)	(52.5%)	139,251	293,451	(154,200)	(52.5%)	2,982,500
Miscellaneous Taxes & Fees	134,358	112,685	21,673	19.2%	134,358	112,685	21,673	19.2%	1,285,229
Fines, Forfeits & Penalties	156,863	92,294	64,569	70.0%	156,863	92,294	64,569	70.0%	1,007,998
Earnings on Investments	-	9,419	(9,419)	(100.0%)	-	9,419	(9,419)	(100.0%)	113,022
All Other	395,655	558,291	(162,636)	(29.1%)	395,655	558,291	(162,636)	(29.1%)	9,032,418
Total Collected	<u>30,179,293</u>	<u>28,091,591</u>	<u>2,087,702</u>	<u>7.4%</u>	<u>30,179,293</u>	<u>28,091,591</u>	<u>2,087,702</u>	<u>7.4%</u>	<u>308,576,740</u>

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 First Month Ended July 31, 2014 and 2013
 For the Fiscal Years Ending June 30, 2015 and 2014
 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	20,022,957	18,962,720	1,060,237	5.6%	20,022,957	18,962,720	1,060,237	5.6%
Motor Vehicle Registration & Fees	9,330,209	8,803,456	526,752	6.0%	9,330,209	8,803,456	526,752	6.0%
Motor Vehicle Inspection Fees	139,251	168,034	(28,783)	(17.1%)	139,251	168,034	(28,783)	(17.1%)
Miscellaneous Taxes & Fees	134,358	105,152	29,206	27.8%	134,358	105,152	29,206	27.8%
Fines, Forfeits & Penalties	156,863	86,027	70,836	82.3%	156,863	86,027	70,836	82.3%
Earnings on Investments	-	-	-	-	-	-	-	-
All Other	395,655	348,883	46,773	13.4%	395,655	348,883	46,773	13.4%
Total Collected	<u>30,179,293</u>	<u>28,474,272</u>	<u>1,705,021</u>	<u>6.0%</u>	<u>30,179,293</u>	<u>28,474,272</u>	<u>1,705,021</u>	<u>6.0%</u>

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**

	June '14	% Ch.	June '13	% Ch.	June '12	Average Last 3 Mos. Vs. Last Yr. % Change	Moving Total Last 12 Mos. Vs. Prior % Change	YTD Growth CY'14 vs. '13 Thru. June % Change
Building Supply	\$249,088.2	7.8%	\$231,060.9	7.1%	\$215,795.9	1.3%	5.0%	1.2%
Food Store	\$159,831.3	3.8%	\$154,009.2	0.0%	\$154,074.5	3.4%	3.0%	3.2%
General Merchandise	\$283,464.6	0.2%	\$282,956.5	1.8%	\$277,997.5	1.1%	-0.3%	-1.1%
Other Retail	\$221,035.7	-1.0%	\$223,256.4	2.9%	\$217,052.8	1.2%	1.9%	0.9%
Auto/Transportation	\$397,964.4	7.4%	\$370,633.8	2.7%	\$360,823.1	6.1%	7.5%	5.1%
Restaurant	\$229,443.4	2.5%	\$223,925.4	3.2%	\$217,039.8	4.1%	3.4%	3.0%
Lodging	\$91,712.1	3.1%	\$88,970.7	4.3%	\$85,275.3	3.6%	5.1%	4.7%
Consumer Sales	\$1,632,539.7	3.7%	\$1,574,812.9	3.1%	\$1,528,058.9	3.2%	3.7%	2.2%
Business Operating	\$223,580.4	2.2%	\$218,745.0	2.1%	\$214,169.7	1.6%	5.3%	4.9%
Total	\$1,856,120.1	3.5%	\$1,793,557.9	2.9%	\$1,742,228.6	3.0%	3.9%	2.6%
Utilities	\$108,693.6	-1.1%	\$109,939.4	2.1%	\$107,666.6			
Total plus Utilities	\$1,964,813.7	3.2%	\$1,903,497.3	2.9%	\$1,849,895.2			