

**DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES
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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: Richard W. Rosen, Commissioner
Department of Administrative & Financial Services

DATE: August 11, 2016

SUBJ: Revenues – July

July General Fund revenues were under budget by \$3.1 million or -1.3%. Compared to last fiscal year, General Fund revenues for the first month of FY17 were down by 3.3% (-\$8.2 million). The comparison to last fiscal year is impacted by the fact that last July budgeted transfers from the General Fund to the Tourism Marketing and Multimodal Transportation Funds did not occur until August. This fiscal year those transfers took place in July as scheduled.

June taxable sales (July revenue) rebounded from a relatively weak May increasing by 5.3% over a year ago. For the month, sales and use and service provider taxes combined were \$1.6 million over budget. Auto/transportation sales decreased by 0.2% over last June, and are up only 1.0%, year-over-year, for the second quarter of calendar year 2016. Auto sales have flattened out in recent months; most of the robust growth first half of 2016 (+5.7% year-over-year) came in the first quarter of the calendar year. Tourism related sales, restaurants and lodging, increased over last June, growing 6.9% and 6.1%, respectively. Building supply store sales in June increased by 5.3% year-over-year, and have risen by 10.4% during the first half of CY16 compared to a year ago.

Cigarette and tobacco taxes were under budget in July by \$2.1 million, a negative variance of -15.1%. Cigarette and tobacco tax receipts ended FY16 over budget by \$4.8 million, leading us to conclude at this time that the negative variance in July is a timing issue with cigarette stamp sales. Cigarette stamp sales historically decline on an annual basis by 1 to 2%, but in recent months have been increasing consistent with the increase in other consumption based taxes.

Sales & Use Taxes

Revenue was \$2.1 million over budget for the first month of the fiscal year.

Taxable Sales

Total taxable sales for the month of June (July revenue) were 5.3% over June 2015. The annual rate of change, excluding utilities, was 6.2%. Building supply sales were up 5.3% for the month and 7.4% for the year ending in June. Sales of taxable items in food stores were up 27.5% for the month and 13.6% for the year. General merchandise sales (primarily sales of goods sold in large department and discount stores) were up 9.0% for the month and 4.2% for the year. Sales in other retail stores such as jewelry, drug, sporting goods, book, antique, pet, photo, toy, and craft stores were up 5.4% for the month and 6.3% for the year. Auto/transportation sector sales were down 0.2% for the month and up 7.1% for the year. Sales of meals and other prepared foods were up 6.9% for the month and 6.4% for the year. Lodging sales were up 6.1% for the month and 6.4% for the year. Business operating sales (primarily use tax paid by businesses) were down 2.3% for the month and flat for the year.

Service Provider Tax

Revenue was \$539,448 under budget for the first month of the fiscal year.

Individual Income Tax

Revenue was \$2.4 million over budget for the month.

Corporate Income Tax

Revenue was \$1.8 million under budget for the month.

Cigarette & Tobacco Taxes

Cigarette and tobacco products tax revenue was \$2.1 million under budget for the month.

Insurance Companies Taxes

The Insurance Companies Taxes were \$51,487 under budget for the month.

Estate Tax

The estate tax was \$713,585 under budget for the month.

Transfers for Tax Relief Programs

Refunds for the Business Equipment Tax Reimbursement (BETR) and Business Equipment Tax Exemption (BETE) programs were over budget in July. July is a very minor month for both these programs. The next program year for BETR begins in August and BETE reimbursement to municipalities won't begin until December.

Municipal Revenue Sharing

Revenue sharing was very close to budget in July, coming in under budget by \$0.058 million.

Lottery

Lottery Revenues were under budget for the month by \$0.2 million.

Other Revenues

Other Revenues were under budget for the month by \$2.2 million. Transfers to the Tourism Marketing and Multimodal Transportation Funds, as well as the Milk Pool accounted for the variance in July.

Highway Fund

Motor fuel excise tax receipts were on budget in July. The Highway Fund, as a whole, was over budget for the month by \$0.541 million (+1.8%).

RWR:mja

Attachments

cc: John McGough
Aaron Chadbourne
Grant Pennoyer
Chris Nolan
Marc Cyr
Amanda Rector
Jim Breece
Jerome Gerard
Melissa Gott

STATE OF MAINE

Undedicated Revenues - General Fund
 For the First Month Ended July 31, 2016
 For the Fiscal Year Ending June 30, 2017
 Comparison to Budget

EXHIBIT I

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2017
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
Sales and Use Tax	128,299,874	126,158,261	2,141,613	1.7%	128,299,874	126,158,261	2,141,613	1.7%	1,321,353,711
Service Provider Tax	4,814,022	5,353,470	(539,448)	(10.1%)	4,814,022	5,353,470	(539,448)	(10.1%)	66,149,448
Individual Income Tax	87,440,668	85,000,000	2,440,668	2.9%	87,440,668	85,000,000	2,440,668	2.9%	1,466,798,976
Corporate Income Tax	5,902,153	7,700,000	(1,797,847)	(23.3%)	5,902,153	7,700,000	(1,797,847)	(23.3%)	149,293,471
Cigarette and Tobacco Tax	11,791,822	13,882,668	(2,090,846)	(15.1%)	11,791,822	13,882,668	(2,090,846)	(15.1%)	135,279,000
Insurance Companies Tax	151,832	203,319	(51,487)	(25.3%)	151,832	203,319	(51,487)	(25.3%)	82,700,000
Estate Tax	1,336,415	2,050,000	(713,585)	(34.8%)	1,336,415	2,050,000	(713,585)	(34.8%)	18,378,323
Fines, Forfeits & Penalties	1,310,049	1,941,290	(631,241)	(32.5%)	1,310,049	1,941,290	(631,241)	(32.5%)	22,527,275
Income from Investments	-	-	-	-	-	-	-	-	1,744,002
Transfer from Lottery Commission	5,085,072	5,278,855	(193,783)	(3.7%)	5,085,072	5,278,855	(193,783)	(3.7%)	54,900,000
Transfers for Tax Relief Programs	973	(50,000)	50,973	101.9%	973	(50,000)	50,973	101.9%	(65,948,340)
Transfer to Municipal Revenue Sharing	(5,856,721)	(5,914,313)	57,592	1.0%	(5,856,721)	(5,914,313)	57,592	1.0%	(64,416,722)
Other Taxes and Fees	11,130,104	10,768,565	361,539	3.4%	11,130,104	10,768,565	361,539	3.4%	140,091,830
Other Revenues	(13,264,768)	(11,091,339)	(2,173,429)	(19.6%)	(13,264,768)	(11,091,339)	(2,173,429)	(19.6%)	27,809,526
Total Collected	<u>238,141,493</u>	<u>241,280,776</u>	<u>(3,139,283)</u>	<u>(1.3%)</u>	<u>238,141,493</u>	<u>241,280,776</u>	<u>(3,139,283)</u>	<u>(1.3%)</u>	<u>3,356,660,500</u>

NOTES: (1) Included in the above is \$5,856,721 for the month and \$5,856,721 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 2016 and laws enacted through the 127th Legislature, 2nd Regular Session, excluding PL 2015 c. 465, c. 481, c. 486, c. 495 and c. 510.

(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, 2016 and 2015
 For the Fiscal Years Ending June 30, 2017 and 2016
 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	128,299,874	121,092,106	7,207,768	6.0%	128,299,874	121,092,106	7,207,768	6.0%
Service Provider Tax	4,814,022	3,798,787	1,015,234	26.7%	4,814,022	3,798,787	1,015,234	26.7%
Individual Income Tax	87,440,668	102,575,979	(15,135,312)	(14.8%)	87,440,668	102,575,979	(15,135,312)	(14.8%)
Corporate Income Tax	5,902,153	(9,270,079)	15,172,232	163.7%	5,902,153	(9,270,079)	15,172,232	163.7%
Cigarette and Tobacco Tax	11,791,822	16,397,430	(4,605,608)	(28.1%)	11,791,822	16,397,430	(4,605,608)	(28.1%)
Insurance Companies Tax	151,832	151,826	6	0.0%	151,832	151,826	6	0.0%
Estate Tax	1,336,415	1,656,990	(320,575)	(19.3%)	1,336,415	1,656,990	(320,575)	(19.3%)
Fines, Forfeits & Penalties	1,310,049	1,683,191	(373,142)	(22.2%)	1,310,049	1,683,191	(373,142)	(22.2%)
Income from Investments	-	-	-	-	-	-	-	-
Transfer from Lottery Commission	5,085,072	3,956,155	1,128,917	28.5%	5,085,072	3,956,155	1,128,917	28.5%
Transfers for Tax Relief Programs	973	361,189	(360,216)	(99.7%)	973	361,189	(360,216)	(99.7%)
Transfer to Municipal Revenue Sharing	(5,856,721)	(9,227,468)	3,370,747	36.5%	(5,856,721)	(9,227,468)	3,370,747	36.5%
Other Taxes and Fees	11,130,104	10,597,724	532,380	5.0%	11,130,104	10,597,724	532,380	5.0%
Other Revenues	(13,264,768)	2,533,679	(15,798,448)	(623.5%)	(13,264,768)	2,533,679	(15,798,448)	(623.5%)
Total Collected	238,141,493	246,307,509	(8,166,017)	(3.3%)	238,141,493	246,307,509	(8,166,017)	(3.3%)

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, 2016
 For the Fiscal Year Ending June 30, 2017
 Comparison to Budget

EXHIBIT III

	<u>Month</u>				<u>Year to Date</u>				<u>Total Budgeted Fiscal Year Ending 6-30-2017</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	1,631,779	1,470,029	161,750	11.0%	1,631,779	1,470,029	161,750	11.0%	32,592,780
0300s Aeronautical Gas Tax	23,833	23,251	582	2.5%	23,833	23,251	582	2.5%	270,355
0400s Alcohol Excise Tax	2,095,461	2,035,335	60,126	3.0%	2,095,461	2,035,335	60,126	3.0%	18,061,850
0700s Corporation Taxes	560,936	402,557	158,379	39.3%	560,936	402,557	158,379	39.3%	9,088,649
0800s Public Utilities	-	-	-	-	-	-	-	-	7,500,000
1000s Banking Taxes	1,754,950	2,195,991	(441,041)	(20.1%)	1,754,950	2,195,991	(441,041)	(20.1%)	26,851,990
1100s Alcoholic Beverages	689,048	316,509	372,539	117.7%	689,048	316,509	372,539	117.7%	4,722,838
1200s Amusements Tax	-	-	-	-	-	-	-	-	-
1300s Harness Racing Pari-mutuel	759,482	837,666	(78,184)	(9.3%)	759,482	837,666	(78,184)	(9.3%)	8,850,013
1400s Business Taxes	1,312,057	971,530	340,527	35.1%	1,312,057	971,530	340,527	35.1%	11,591,277
1500s Motor Vehicle Licenses	464,110	575,667	(111,557)	(19.4%)	464,110	575,667	(111,557)	(19.4%)	4,281,202
1700s Inland Fisheries & Wildlife	1,812,808	1,911,498	(98,690)	(5.2%)	1,812,808	1,911,498	(98,690)	(5.2%)	15,878,217
1900s Other Licenses	25,638	28,532	(2,894)	(10.1%)	25,638	28,532	(2,894)	(10.1%)	402,659
Total Other Taxes & Fees	11,130,104	10,768,565	361,539	3.4%	11,130,104	10,768,565	361,539	3.4%	140,091,830
<u>Detail of Other Revenues</u>									
2200s Federal Revenues	16,768	32,917	(16,149)	(49.1%)	16,768	32,917	(16,149)	(49.1%)	395,000
2300s County Revenues	-	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	55,206	38,744	16,462	42.5%	55,206	38,744	16,462	42.5%	277,996
2500s Revenues from Private Sources	151,139	138,924	12,215	8.8%	151,139	138,924	12,215	8.8%	1,645,000
2600s Current Service Charges	2,495,315	2,675,126	(179,811)	(6.7%)	2,495,315	2,675,126	(179,811)	(6.7%)	25,318,692
2700s Transfers from Other Funds	(15,983,461)	(13,985,250)	(1,998,211)	(14.3%)	(15,983,461)	(13,985,250)	(1,998,211)	(14.3%)	39,238
2800s Sales of Property & Equipment	264	8,200	(7,936)	(96.8%)	264	8,200	(7,936)	(96.8%)	133,600
Total Other Revenues	(13,264,768)	(11,091,339)	(2,173,429)	(19.6%)	(13,264,768)	(11,091,339)	(2,173,429)	(19.6%)	27,809,526

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, 2016 and 2015
 For the Fiscal Years Ending June 30, 2017 and 2016
 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	1,631,779	1,516,119	115,660	7.6%	1,631,779	1,516,119	115,660	7.6%
0300s Aeronautical Gas Tax	23,833	22,731	1,102	4.8%	23,833	22,731	1,102	4.8%
0400s Alcohol Excise Tax	2,095,461	2,094,049	1,412	0.1%	2,095,461	2,094,049	1,412	0.1%
0700s Corporation Taxes	560,936	466,253	94,684	20.3%	560,936	466,253	94,684	20.3%
0800s Public Utilities	-	-	-	-	-	-	-	-
1000s Banking Taxes	1,754,950	2,225,350	(470,400)	(21.1%)	1,754,950	2,225,350	(470,400)	(21.1%)
1100s Alcoholic Beverages	689,048	406,450	282,598	69.5%	689,048	406,450	282,598	69.5%
1200s Amusements Tax	-	-	-	-	-	-	-	-
1300s Harness Racing Pari-mutuel	759,482	910,586	(151,104)	(16.6%)	759,482	910,586	(151,104)	(16.6%)
1400s Business Taxes	1,312,057	764,146	547,911	71.7%	1,312,057	764,146	547,911	71.7%
1500s Motor Vehicle Licenses	464,110	475,459	(11,349)	(2.4%)	464,110	475,459	(11,349)	(2.4%)
1700s Inland Fisheries & Wildlife	1,812,808	1,689,246	123,562	7.3%	1,812,808	1,689,246	123,562	7.3%
1900s Other Licenses	25,638	27,335	(1,697)	(6.2%)	25,638	27,335	(1,697)	(6.2%)
Total Other Taxes & Fees	11,130,104	10,597,724	532,380	5.0%	11,130,104	10,597,724	532,380	5.0%
<u>Detail of Other Revenues</u>								
2200s Federal Revenues	16,768	12,028	4,740	39.4%	16,768	12,028	4,740	39.4%
2300s County Revenues	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	55,206	31,194	24,012	77.0%	55,206	31,194	24,012	77.0%
2500s Revenues from Private Sources	151,139	143,894	7,245	5.0%	151,139	143,894	7,245	5.0%
2600s Current Service Charges	2,495,315	2,399,163	96,152	4.0%	2,495,315	2,399,163	96,152	4.0%
2700s Transfers from Other Funds	(15,983,461)	(62,649)	(15,920,812)	(25412.6%)	(15,983,461)	(62,649)	(15,920,812)	(25412.6%)
2800s Sales of Property & Equipment	264	10,050	(9,786)	(97.4%)	264	10,050	(9,786)	(97.4%)
Total Other Revenues	(13,264,768)	2,533,679	(15,798,448)	(623.5%)	(13,264,768)	2,533,679	(15,798,448)	(623.5%)

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, 2016
 For the Fiscal Year Ending June 30, 2017
 Comparison to Budget

EXHIBIT V

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2017
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
Fuel Taxes	19,584,997	19,588,609	(3,612)	(0.0%)	19,584,997	19,588,609	(3,612)	(0.0%)	224,110,357
Motor Vehicle Registration & Fees	9,641,585	8,875,038	766,547	8.6%	9,641,585	8,875,038	766,547	8.6%	85,984,415
Motor Vehicle Inspection Fees	140,439	296,875	(156,436)	(52.7%)	140,439	296,875	(156,436)	(52.7%)	2,982,500
Miscellaneous Taxes & Fees	133,598	138,349	(4,751)	(3.4%)	133,598	138,349	(4,751)	(3.4%)	1,280,229
Fines, Forfeits & Penalties	58,795	58,868	(73)	(0.1%)	58,795	58,868	(73)	(0.1%)	739,039
Earnings on Investments	-	39,028	(39,028)	(100.0%)	-	39,028	(39,028)	(100.0%)	468,341
All Other	368,240	389,728	(21,488)	(5.5%)	368,240	389,728	(21,488)	(5.5%)	9,962,600
Total Collected	29,927,652	29,386,495	541,157	1.8%	29,927,652	29,386,495	541,157	1.8%	325,527,481

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, 2016 and 2015
 For the Fiscal Years Ending June 30, 2017 and 2016
 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	19,584,997	18,922,929	662,068	3.5%	19,584,997	18,922,929	662,068	3.5%
Motor Vehicle Registration & Fees	9,641,585	9,376,828	264,757	2.8%	9,641,585	9,376,828	264,757	2.8%
Motor Vehicle Inspection Fees	140,439	154,940	(14,501)	(9.4%)	140,439	154,940	(14,501)	(9.4%)
Miscellaneous Taxes & Fees	133,598	144,733	(11,135)	(7.7%)	133,598	144,733	(11,135)	(7.7%)
Fines, Forfeits & Penalties	58,795	65,155	(6,360)	(9.8%)	58,795	65,155	(6,360)	(9.8%)
Earnings on Investments	-	-	-	-	-	-	-	-
All Other	368,240	429,587	(61,348)	(14.3%)	368,240	429,587	(61,348)	(14.3%)
Total Collected	29,927,652	29,094,172	833,481	2.9%	29,927,652	29,094,172	833,481	2.9%

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**

	June '16	% Ch.	June '15	% Ch.	June '14	Average Last 3 Mos. Vs. Last Yr. % Change	Moving Total Last 12 Mos. Vs. Prior % Change	YTD Growth CY'16 vs. '15 Thru. June % Change
Building Supply	\$275,800.0	5.3%	\$262,026.2	4.2%	\$251,429.7	6.9%	7.4%	10.4%
Food Store	\$215,196.8	27.5%	\$168,741.3	4.9%	\$160,818.8	26.2%	13.6%	25.6%
General Merchandise	\$313,924.0	9.0%	\$288,047.2	0.9%	\$285,338.3	5.8%	4.2%	8.2%
Other Retail	\$244,916.5	5.4%	\$232,296.7	2.8%	\$225,872.3	7.5%	6.3%	8.8%
Auto/Transportation	\$458,650.8	-0.2%	\$459,743.6	14.6%	\$401,203.7	1.0%	7.1%	5.7%
Restaurant	\$257,112.0	6.9%	\$240,508.5	3.8%	\$231,776.9	5.5%	6.4%	7.1%
Lodging	\$106,589.6	6.1%	\$100,454.8	7.1%	\$93,830.3	6.8%	6.4%	7.7%
Consumer Sales	\$1,872,189.7	6.9%	\$1,751,818.3	6.2%	\$1,650,270.0	6.9%	7.1%	9.6%
Business Operating	\$230,124.3	-2.3%	\$235,565.3	4.0%	\$226,604.1	-2.1%	0.0%	-2.3%
Total	\$2,102,314.0	5.8%	\$1,987,383.6	5.9%	\$1,876,874.1	5.8%	6.2%	8.1%
Utilities	\$111,974.7	-3.6%	\$116,216.3	5.6%	\$110,036.7			
Total plus Utilities	\$2,214,288.7	5.3%	\$2,103,599.9	5.9%	\$1,986,910.8			