

**DEPARTMENT OF ADMINISTRATIVE AND 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: Commissioner Alexander E. Porteous
Department of Administrative and Financial Services

DATE: March 29, 2018

SUBJECT: Revenues – February

February General Fund revenues were under budget by \$2.6 million or 1.6 percent. For the first eight months of fiscal year 2018, General Fund revenues are \$79.2 million over budget (+3.6 percent). Compared to the same eight-month period of last fiscal year, fiscal year 2018 General Fund revenues are up by 4.6 percent (+\$101.9 million). Note, this report is relative to the December 1, 2017 Revenue Forecasting Committee (RFC) forecast as adjusted for legislation enacted during the second session of the 128th Legislature. The March Controller's report will be based on the March 1, 2018 forecast by the RFC.

January taxable sales (February revenue) increased 5.7 percent over last year. For the month, sales and use and service provider taxes, combined, were \$2 million over budget. Other retail sales increased by 15.1 percent, year-over-year, and general merchandise sales increased by 5.5 percent. Automobile sales increased by 2.9 percent compared to last year. Restaurant and lodging sales were mixed, with restaurants decreasing by 2.6 percent and lodging sales increasing by 32.1 percent. It's not clear why the lodging and other retail categories increased by so much, but it may be related to new sales tax registrations by remote sellers that began in the second quarter of 2017.

Individual income tax revenues were under budget in February by \$8.6 million. Most of the monthly negative variance was from refunds being over budget by \$10.1 million. Year-to-date 1040 refunds are very close to budget. Withholding receipts exceeded budget in February, but was much closer to budget than previous months; receipts were over budget in February by \$1.4 million.

Sales and Use Taxes

Revenue was \$2.4 million over budget for the month and \$6.8 million over budget for the fiscal year. Revenue was \$51.1 million or 5.4 percent over prior fiscal year-to-date collections.

Taxable Sales

Total taxable sales for the month of January (February revenue) were 5.7 percent over January 2017. The annual rate of change, excluding utilities, was 5 percent. Building supply sales were down 1.4 percent for the month and 5.3 percent for the year ending in January. Sales of taxable items in food stores were up 4.2 percent for the month and up 3.8 percent for the year. General merchandise sales (primarily sales of goods sold in large department and discount stores) were up 5.5 percent for the month and 6.8 percent for the year. Sales in other retail stores such as jewelry, drug, sporting goods, book, antique, pet, photo, toy, and craft stores were up 15.1 percent for the month and up 2.3 percent for the year. Auto/transportation sector sales were up 2.9 percent for the month and 3.7 percent for the year. Sales of meals and other prepared foods were down 2.6 percent for the month and up 3.7 percent for the year. Lodging sales were up 32.1 percent for the month and up 7.8 percent for the year. Business operating sales (primarily use tax paid by businesses) were up 10.1 for the month and up 2.7 percent for the year.

Service Provider Tax

Revenue was under budget for the month by \$0.4 million and is now \$1.1 million under budget for the fiscal year. Revenue is \$0.4 million or 0.9 percent below prior fiscal year-to-date collections.

Individual Income Tax

Revenue was \$8.6 million or 16.6 percent under budget for the month and \$49.4 million or 4.9 percent over budget fiscal year-to-date. Fiscal year-to-date withholding payments were 6.3 percent over fiscal year 2017. Estimated payments were up 14.2 percent and final payments were down 0.9 percent fiscal year-to-date.

Corporate Income Tax

Revenue was over budget for the month by \$2.6 million and fiscal year-to-date by \$4.5 million. Estimated payments were up 7.9 percent and final payments were down 2.7 percent fiscal year-to-date. Revenue was \$1.1 million or 1.3 percent under prior fiscal year-to-date collections.

Cigarette and Tobacco Taxes

Cigarette and tobacco products tax revenue was \$1.1 million over budget for the month and \$1.8 million or 2.1 percent over budget fiscal year-to-date. Fiscal year-to-date revenue was \$6.3 million or 6.9 percent under prior fiscal year-to-date collections.

Insurance Companies Taxes

The Insurance Companies Taxes were \$0.6 million over budget for the month and \$2.2 million under budget fiscal year-to-date.

Estate Tax

The estate tax was \$0.127 million under budget for the month and \$1.7 million over budget fiscal year-to-date.

Property Tax Relief Programs

Refunds for the Business Equipment Tax Reimbursement (BETR) and Business Equipment Tax Exemption (BETE) programs were under budget in February by \$0.2 million and are now \$7.9 million under budget year-to-date.

Municipal Revenue Sharing

Revenue sharing was over budget in February by \$0.7 million and over budget by \$1.7 million for the first eight months of the fiscal year.

Lottery

Lottery revenues were over budget for the month by \$0.6 million and are now over budget for the fiscal year by \$5.9 million.

Other Revenues

Other Revenues were under budget for the month by \$0.1 million. For the fiscal year, other revenues are over budget by \$3.4 million or 29 percent.

Highway Fund

Motor fuel excise tax receipts were over budget in February by \$0.9 million. The Highway Fund, in total, was over budget for the month by \$1.5 million or 5.8 percent. For the first eight months of the fiscal year, motor fuel excise tax revenues are over budget by \$2.2 million and total Highway Fund receipts are over budget by \$6.4 million.

AP: mja

Attachments

cc: Holly Lusk
Nick Adolphsen
Grant Pennoyer
Chris Nolan
Marc Cyr
Amanda Rector
Jim Breece
Jerome Gerard
Melissa Gott

STATE OF MAINE

Undedicated Revenues - General Fund
 For the Eighth Month Ended February 28, 2018
 For the Fiscal Year Ending June 30, 2018
 Comparison to Budget

EXHIBIT I

	<u>Month</u>				<u>Year to Date</u>				<u>Total Budgeted Fiscal Year Ending 6-30-2018</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>	
Sales and Use Tax	89,236,237	86,829,125	2,407,112	2.8%	991,775,769	985,020,386	6,755,383	0.7%	1,405,048,328
Service Provider Tax	4,756,737	5,160,466	(403,729)	(7.8%)	39,975,826	41,049,332	(1,073,506)	(2.6%)	62,224,469
Individual Income Tax	43,195,992	51,800,000	(8,604,008)	(16.6%)	1,049,989,626	1,000,550,000	49,439,626	4.9%	1,523,504,704
Corporate Income Tax	2,303,512	(250,000)	2,553,512	1021.4%	83,575,645	79,085,000	4,490,645	5.7%	171,924,242
Cigarette and Tobacco Tax	9,879,372	8,758,684	1,120,688	12.8%	85,515,294	83,715,633	1,799,661	2.1%	129,032,000
Insurance Companies Tax	1,806,422	1,244,657	561,765	45.1%	14,398,061	16,632,173	(2,234,112)	(13.4%)	74,150,000
Estate Tax	897,925	1,025,000	(127,075)	(12.4%)	9,967,644	8,296,000	1,671,644	20.1%	12,416,710
Fines, Forfeits & Penalties	2,223,995	1,874,839	349,156	18.6%	12,127,411	12,583,400	(455,989)	(3.6%)	19,317,146
Income from Investments	593,917	396,780	197,137	49.7%	3,454,688	3,011,142	443,546	14.7%	4,549,680
Transfer from Lottery Commission	4,713,598	4,143,413	570,185	13.8%	42,176,428	36,254,863	5,921,565	16.3%	54,900,000
Transfers for Tax Relief Programs	(5,025,653)	(5,250,000)	224,347	4.3%	(55,607,887)	(63,550,000)	7,942,113	12.5%	(64,768,101)
Transfer to Municipal Revenue Sharing	(6,982,010)	(6,239,580)	(742,430)	(11.9%)	(47,089,221)	(45,373,770)	(1,715,451)	(3.8%)	(68,585,604)
Other Taxes and Fees	8,479,515	9,078,624	(599,109)	(6.6%)	88,266,630	85,421,540	2,845,090	3.3%	135,581,313
Other Revenues	1,653,971	1,752,611	(98,640)	(5.6%)	(8,261,706)	(11,651,167)	3,389,461	29.1%	7,453,037
Total Collected	<u>157,733,530</u>	<u>160,324,619</u>	<u>(2,591,089)</u>	<u>(1.6%)</u>	<u>2,310,264,207</u>	<u>2,231,044,532</u>	<u>79,219,675</u>	<u>3.6%</u>	<u>3,466,747,924</u>

NOTES: (1) Included in the above is \$6,982,010 for the month and \$47,089,221 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 December 2017.

(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 Eighth Month Ended February 28, 2018 and 2017
 For the Fiscal Years Ending June 30, 2018 and 2017
 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	89,236,237	83,066,724	6,169,513	7.4%	991,775,769	940,701,980	51,073,789	5.4%
Service Provider Tax	4,756,737	4,573,465	183,272	4.0%	39,975,826	40,337,317	(361,490)	(0.9%)
Individual Income Tax	43,195,992	47,817,603	(4,621,610)	(9.7%)	1,049,989,626	985,743,402	64,246,224	6.5%
Corporate Income Tax	2,303,512	245,956	2,057,556	836.6%	83,575,645	84,687,962	(1,112,317)	(1.3%)
Cigarette and Tobacco Tax	9,879,372	7,500,841	2,378,531	31.7%	85,515,294	91,835,923	(6,320,629)	(6.9%)
Insurance Companies Tax	1,806,422	1,424,854	381,569	26.8%	14,398,061	17,145,897	(2,747,836)	(16.0%)
Estate Tax	897,925	998,371	(100,446)	(10.1%)	9,967,644	11,416,706	(1,449,063)	(12.7%)
Fines, Forfeits & Penalties	2,223,995	1,565,309	658,685	42.1%	12,127,411	11,801,061	326,350	2.8%
Income from Investments	593,917	329,765	264,153	80.1%	3,454,688	1,901,918	1,552,770	81.6%
Transfer from Lottery Commission	4,713,598	4,156,412	557,186	13.4%	42,176,428	37,503,551	4,672,877	12.5%
Transfers for Tax Relief Programs	(5,025,653)	(2,109,468)	(2,916,185)	(138.2%)	(55,607,887)	(58,239,617)	2,631,730	4.5%
Transfer to Municipal Revenue Sharing	(6,982,010)	(6,336,113)	(645,897)	(10.2%)	(47,089,221)	(44,172,060)	(2,917,161)	(6.6%)
Other Taxes and Fees	8,479,515	9,607,023	(1,127,508)	(11.7%)	88,266,630	91,996,235	(3,729,604)	(4.1%)
Other Revenues	1,653,971	2,600,001	(946,030)	(36.4%)	(8,261,706)	(4,271,392)	(3,990,313)	(93.4%)
Total Collected	157,733,530	155,440,742	2,292,788	1.5%	2,310,264,207	2,208,388,881	101,875,327	4.6%

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 Eighth Month Ended February 28, 2018
 For the Fiscal Year Ending June 30, 2018
 Comparison to Budget

EXHIBIT III

	<u>Month</u>				<u>Year to Date</u>				<u>Total Budgeted Fiscal Year Ending 6-30-2018</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	1,279,138	1,020,956	258,182	25.3%	23,755,391	23,391,157	364,234	1.6%	32,214,337
0300s Aeronautical Gas Tax	21,584	21,121	463	2.2%	192,523	188,870	3,653	1.9%	268,562
0400s Alcohol Excise Tax	1,325,999	1,518,648	(192,649)	(12.7%)	13,257,368	11,526,452	1,730,916	15.0%	15,732,850
0700s Corporation Taxes	528,230	783,821	(255,592)	(32.6%)	2,709,475	2,572,436	137,039	5.3%	9,538,649
0800s Public Utilities	-	-	-	-	3,256	-	3,256	-	6,250,000
1000s Banking Taxes	2,591,250	2,196,000	395,250	18.0%	18,853,335	18,107,998	745,337	4.1%	26,891,990
1100s Alcoholic Beverages	404,041	432,251	(28,210)	(6.5%)	4,208,145	3,570,036	638,109	17.9%	5,053,838
1200s Amusements Tax	-	-	-	-	-	-	-	-	110,000
1300s Harness Racing Pari-mutuel	585,485	658,396	(72,911)	(11.1%)	5,411,861	5,746,900	(335,039)	(5.8%)	8,535,038
1400s Business Taxes	732,226	872,426	(140,200)	(16.1%)	5,369,911	5,887,702	(517,791)	(8.8%)	10,288,436
1500s Motor Vehicle Licenses	410,478	428,991	(18,513)	(4.3%)	2,873,833	3,046,560	(172,728)	(5.7%)	4,311,202
1700s Inland Fisheries & Wildlife	569,174	1,113,412	(544,238)	(48.9%)	11,319,292	11,024,460	294,832	2.7%	15,878,217
1900s Other Licenses	31,911	32,602	(691)	(2.1%)	312,241	358,969	(46,728)	(13.0%)	508,194
Total Other Taxes & Fees	8,479,515	9,078,624	(599,109)	(6.6%)	88,266,630	85,421,540	2,845,090	3.3%	135,581,313
<u>Detail of Other Revenues</u>									
2200s Federal Revenues	13,160	27,917	(14,757)	(52.9%)	176,723	223,334	(46,611)	(20.9%)	335,000
2300s County Revenues	-	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	23,589	23,166	423	1.8%	105,637	185,328	(79,691)	(43.0%)	277,996
2500s Revenues from Private Sources	268,448	122,926	145,522	118.4%	1,103,011	1,193,440	(90,429)	(7.6%)	1,527,000
2600s Current Service Charges	1,607,093	1,484,226	122,867	8.3%	16,305,168	15,230,417	1,074,751	7.1%	24,046,146
2700s Transfers from Other Funds	(270,225)	85,001	(355,226)	(417.9%)	(26,103,921)	(28,554,114)	2,450,193	8.6%	(18,866,705)
2800s Sales of Property & Equipment	11,905	9,375	2,530	27.0%	151,677	70,428	81,249	115.4%	133,600
Total Other Revenues	1,653,971	1,752,611	(98,640)	(5.6%)	(8,261,706)	(11,651,167)	3,389,461	29.1%	7,453,037

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 Eighth Month Ended February 28, 2018 and 2017
 For the Fiscal Years Ending June 30, 2018 and 2017
 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	1,279,138	1,241,442	37,696	3.0%	23,755,391	24,521,161	(765,770)	(3.1%)
0300s Aeronautical Gas Tax	21,584	20,798	786	3.8%	192,523	189,892	2,631	1.4%
0400s Alcohol Excise Tax	1,325,999	1,323,283	2,716	0.2%	13,257,368	12,986,656	270,712	2.1%
0700s Corporation Taxes	528,230	866,133	(337,904)	(39.0%)	2,709,475	2,846,455	(136,980)	(4.8%)
0800s Public Utilities	-	-	-	-	3,256	43,081	(39,825)	(92.4%)
1000s Banking Taxes	2,591,250	3,160,656	(569,406)	(18.0%)	18,853,335	18,953,536	(100,201)	(0.5%)
1100s Alcoholic Beverages	404,041	520,447	(116,406)	(22.4%)	4,208,145	4,677,747	(469,601)	(10.0%)
1200s Amusements Tax	-	-	-	-	-	-	-	-
1300s Harness Racing Pari-mutuel	585,485	569,655	15,830	2.8%	5,411,861	5,567,252	(155,391)	(2.8%)
1400s Business Taxes	732,226	516,410	215,816	41.8%	5,369,911	7,184,803	(1,814,892)	(25.3%)
1500s Motor Vehicle Licenses	410,478	423,942	(13,464)	(3.2%)	2,873,833	2,885,328	(11,496)	(0.4%)
1700s Inland Fisheries & Wildlife	569,174	938,995	(369,821)	(39.4%)	11,319,292	11,841,139	(521,847)	(4.4%)
1900s Other Licenses	31,911	25,262	6,649	26.3%	312,241	299,184	13,057	4.4%
Total Other Taxes & Fees	8,479,515	9,607,023	(1,127,508)	(11.7%)	88,266,630	91,996,235	(3,729,604)	(4.1%)
<u>Detail of Other Revenues</u>								
2200s Federal Revenues	13,160	43,378	(30,218)	(69.7%)	176,723	177,933	(1,211)	(0.7%)
2300s County Revenues	-	-	-	-	-	-	-	-
2400s Revenues from Cities and Towns	23,589	1,250	22,340	1787.9%	105,637	63,322	42,315	66.8%
2500s Revenues from Private Sources	268,448	173,608	94,840	54.6%	1,103,011	980,870	122,141	12.5%
2600s Current Service Charges	1,607,093	1,504,746	102,347	6.8%	16,305,168	17,734,577	(1,429,410)	(8.1%)
2700s Transfers from Other Funds	(270,225)	875,772	(1,145,997)	(130.9%)	(26,103,921)	(23,464,617)	(2,639,303)	(11.2%)
2800s Sales of Property & Equipment	11,905	1,248	10,658	854.2%	151,677	236,522	(84,845)	(35.9%)
Total Other Revenues	1,653,971	2,600,001	(946,030)	(36.4%)	(8,261,706)	(4,271,392)	(3,990,313)	(93.4%)

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 Eighth Month Ended February 28, 2018
 For the Fiscal Year Ending June 30, 2018
 Comparison to Budget

EXHIBIT V

	Month				Year to Date				Total Budgeted Fiscal Year Ending 6-30-2018
	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	Actual	Budget	Variance Over/(Under)	Percent Over/(Under)	
Fuel Taxes	18,233,391	17,366,955	866,436	5.0%	155,511,761	153,290,974	2,220,787	1.4%	224,172,333
Motor Vehicle Registration & Fees	7,924,964	7,065,180	859,784	12.2%	58,400,890	54,378,325	4,022,565	7.4%	87,121,559
Motor Vehicle Inspection Fees	133,114	352,451	(219,338)	(62.2%)	2,298,675	2,242,518	56,157	2.5%	3,202,500
Miscellaneous Taxes & Fees	78,916	81,701	(2,785)	(3.4%)	914,992	830,470	84,522	10.2%	1,293,729
Fines, Forfeits & Penalties	40,793	52,822	(12,029)	(22.8%)	502,296	507,632	(5,336)	(1.1%)	739,039
Earnings on Investments	8,568	1,876	6,692	356.7%	168,165	223,701	(55,536)	(24.8%)	98,168
All Other	532,089	553,762	(21,673)	(3.9%)	8,413,899	8,317,834	96,065	1.2%	10,502,160
Total Collected	26,951,835	25,474,747	1,477,088	5.8%	226,210,677	219,791,454	6,419,223	2.9%	327,129,488

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 Eighth Month Ended February 28, 2018 and 2017
 For the Fiscal Years Ending June 30, 2018 and 2017
 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	18,233,391	17,143,374	1,090,017	6.4%	155,511,761	155,748,686	(236,925)	(0.2%)
Motor Vehicle Registration & Fees	7,924,964	7,378,859	546,106	7.4%	58,400,890	56,993,492	1,407,397	2.5%
Motor Vehicle Inspection Fees	133,114	129,749	3,365	2.6%	2,298,675	2,340,357	(41,682)	(1.8%)
Miscellaneous Taxes & Fees	78,916	77,455	1,461	1.9%	914,992	884,747	30,245	3.4%
Fines, Forfeits & Penalties	40,793	47,633	(6,840)	(14.4%)	502,296	513,645	(11,349)	(2.2%)
Earnings on Investments	8,568	19,139	(10,571)	(55.2%)	168,165	202,812	(34,648)	(17.1%)
All Other	532,089	533,283	(1,194)	(0.2%)	8,413,899	6,921,546	1,492,353	21.6%
Total Collected	26,951,835	25,329,491	1,622,343	6.4%	226,210,677	223,605,284	2,605,393	1.2%

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**

	Jan '18	% Ch.	Jan '17	% Ch.	Jan '16	Average Last 3 Mos. Vs. Last Yr. % Change	Moving Total Last 12 Mos. Vs. Prior % Change	YTD Growth CY'17 vs. '16 Thru. January % Change
Building Supply	\$161,387.7	-1.4%	\$163,645.4	12.3%	\$145,767.2	7.5%	5.3%	-1.4%
Food Store	\$165,625.0	4.2%	\$159,023.5	6.0%	\$150,073.2	3.8%	3.4%	4.2%
General Merchandise	\$219,682.2	5.5%	\$208,220.5	3.0%	\$202,102.1	9.9%	6.8%	5.5%
Other Retail	\$177,066.8	15.1%	\$153,866.4	8.1%	\$142,280.5	2.3%	3.2%	15.1%
Auto/Transportation	\$332,281.7	2.9%	\$322,845.9	5.5%	\$305,995.6	2.8%	3.7%	2.9%
Restaurant	\$158,930.0	-2.6%	\$163,089.9	2.2%	\$159,578.1	3.2%	3.7%	-2.6%
Lodging	\$26,774.2	32.1%	\$20,275.4	4.0%	\$19,504.5	12.4%	7.8%	32.1%
Consumer Sales	\$1,241,747.6	4.3%	\$1,190,967.0	5.8%	\$1,125,301.2	5.2%	4.6%	4.3%
Business Operating	\$190,217.4	10.1%	\$172,751.5	12.5%	\$153,592.6	5.2%	2.7%	10.1%
Total	\$1,431,965.0	5.0%	\$1,363,718.5	6.6%	\$1,278,893.8	5.2%	4.4%	5.0%
Utilities	\$136,148.7	13.8%	\$119,651.8	5.0%	\$113,951.9			
Total plus Utilities	\$1,568,113.7	5.7%	\$1,483,370.3	6.5%	\$1,392,845.7			