

**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: Commissioner Alexander E. Porteous
Department of Administrative & Financial Services

DATE: December 28, 2018

SUBJECT: Revenues – November

November General Fund revenues were below projections by \$26 million, or -9.2 percent. Through the first five months of fiscal year 2019, General Fund revenues are over budget by \$48.2 million, or 3.1 percent. Compared to the first five months of the prior fiscal year, General Fund revenues increased by 5.8 percent (+\$87.7 million). The monthly deficit is solely attributable to \$27.7 million of early payments to municipalities for reimbursement of the Business Equipment Tax Exemption (BETE) program. These payments were originally forecast for December. Adjusting for those early BETE payments results in a small monthly surplus of \$1.7 million in November and a year-to-date revenue surplus of \$75.9 million.

Please note that this report is relative to the March Revenue Forecasting Committee (RFC) forecast as adjusted for legislation enacted through the end of the Second Special Session of the 128th Legislature. The December Controller's report will be based on the December 1, 2018 forecast by the RFC.

Sales & Use Taxes

Revenue was \$4.4 million over budget for the month and \$21.5 million over budget for the fiscal year (+3.1 percent). Revenue is \$42.9 million, or 6.4 percent, greater than prior fiscal year-to-date collections.

Service Provider Tax

Revenue was \$0.2 million under budget for the month and under budget fiscal year-to-date by \$0.3 million. Revenue was \$0.6 million or 2.5 percent over prior fiscal year-to-date collections.

Individual Income Tax

Revenue was \$0.6 million, or 0.4 percent, under budget for the month. For the first five months of the fiscal year, individual income tax receipts are over budget by \$32.5 million (+5 percent). Revenue was \$42.6 million, or 6.6 percent, over prior fiscal year-to-date collections.

Corporate Income Tax

Revenue was \$1.7 million, or 53.9 percent, under budget for the month. For the fiscal year, corporate receipts are now \$16.4 million over budget, or 25.3 percent. Estimated payments were up 28.3 percent, and final payments were up 92 percent compared to last November. Revenue is \$30.6 million, or 60.8 percent, over collections for the same five-month period last fiscal year.

Cigarette & Tobacco Taxes

Cigarette and tobacco products tax revenue was \$2.2 million under budget for the month and \$1.1 million over budget fiscal year-to-date. Revenue is \$1.5 million or 2.7 percent higher than the first five months of fiscal year 2018.

Insurance Companies Taxes

The Insurance Companies Taxes were under budget for the month by \$0.5 million, bringing the year-to-date positive variance to \$1 million, or 7.7 percent.

Estate Tax

The estate tax was \$121 million under budget for the month, and is now \$3.2 million under budget for the fiscal year.

Property Tax Relief Programs

Business Equipment Tax Reimbursement (BETR) payments and Business Equipment Tax Exemption (BETE) payments were over budget in November by \$26 million. For the fiscal year property tax relief payments are over budget by \$22.6 million. The timing issue associated with the early BETE payments will be reversed in December.

Municipal Revenue Sharing

Revenue sharing was over budget in November by \$0.4 million. For the fiscal year, revenue sharing is \$1.2 million over budget, or 3.9 percent.

Lottery

Lottery revenues were over budget for the month by \$3 million and are now \$3.6 million over budget year-to-date.

Other Revenues

Other Revenues were over budget for the month by \$0.1 million. Through the five months of the fiscal year, other revenues are \$4.7 million under budget.

Highway Fund

Motor fuel excise tax receipts were under budget in November by \$0.4 million. Total Highway Fund revenue was over budget for the month by \$1.5 million (+4.6 percent). Year-to-date motor fuel excise taxes are under budget by \$0.3 million, and total Highway Fund revenue exceeds budget by \$4 million, or 2.7 percent. Year-over year growth for the motor fuel taxes and the total fund are 3.6 percent and 4 percent, respectively.

AP: mja

Attachments

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