



December 2025 Revenue Forecast

Maine Revenue Services – Office of Tax Policy
November 24, 2025

Sales & Use Tax and Service Provider Tax

Service Provider Tax History and Forecast

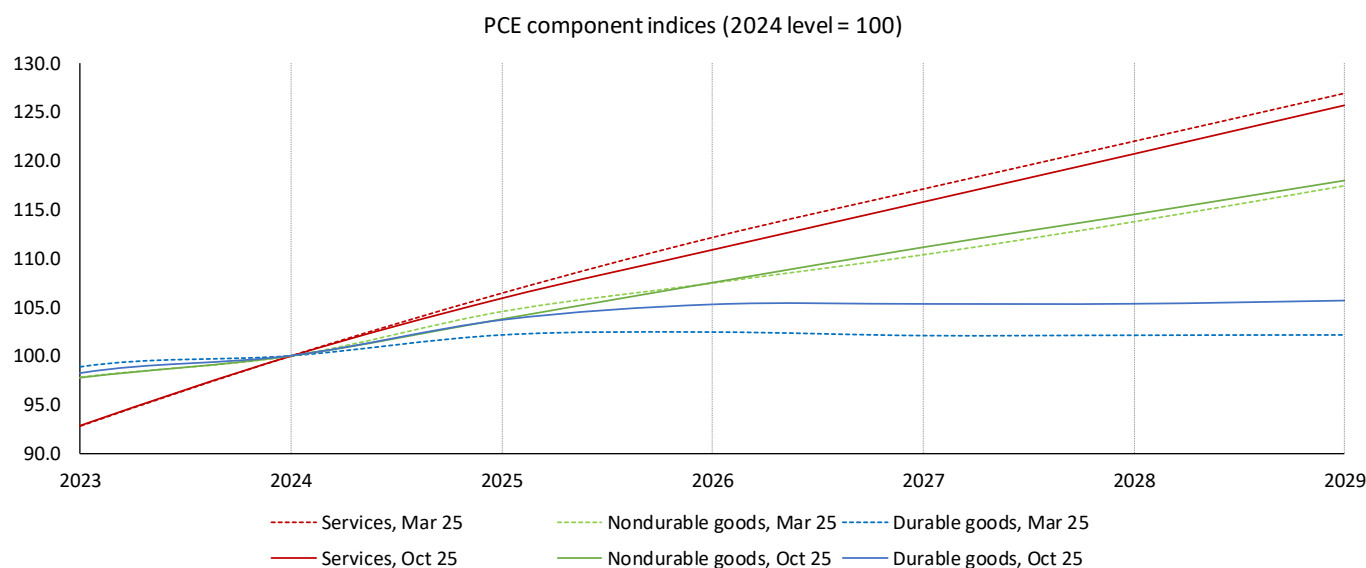
\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2024	\$49.63	-3.57%		
2025	\$44.96	-9.42%		
2026	\$43.69	-2.82%	\$0.77	1.80%
2027	\$39.66	-9.21%	-\$1.55	-3.76%
2028	\$37.91	-4.43%	-\$1.78	-4.48%
2029	\$36.13	-4.68%	-\$1.98	-5.20%

- This table gives revisions to SPT prior to the repeal effective 1/1/2026. After the repeal, these revisions are incorporated in the Sales Tax forecast.
- SPT through October is \$1.59 million over budget. July alone was \$1.92 million over budget.



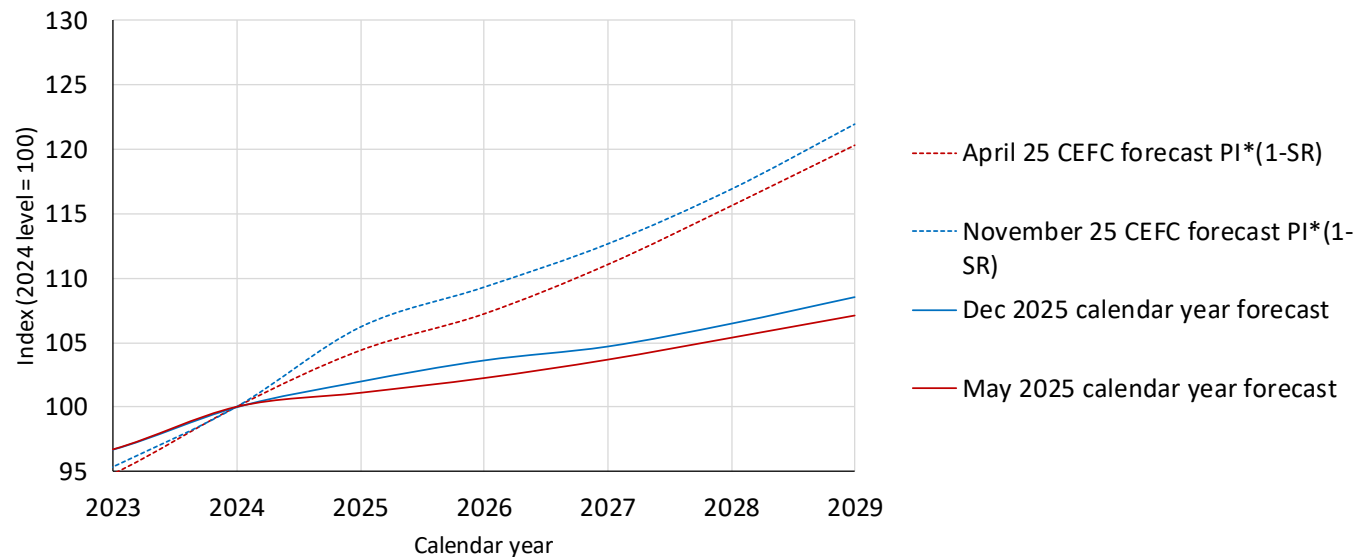
PCE Composition – Moody's baseline forecast



- New PCE forecast still has services spending growing faster than goods spending, but both durable and nondurable goods spending are higher relative to the previous forecast starting in calendar year 2026.



Forecast of Revenue and Consumer Spending



- New CEFC forecast features higher consumer spending in every year, which is partially offset by higher saving rates, particularly in calendar year 2027 on.
- Similar positive revisions to the revenue forecast.



Sales and Use Tax History and Forecast

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2024	\$2,262.23	4.10%		
2025	\$2,313.91	2.28%		
2026	\$2,399.48	3.70%	\$33.80	1.43%
2027	\$2,457.60	2.42%	\$32.18	1.33%
2028	\$2,504.74	1.92%	\$22.60	0.91%
2029	\$2,545.52	1.63%	\$29.00	1.15%

- FY26 through October is \$14.24 million over budget and is forecast to end the fiscal year \$33.81 over the current budget.
- Similar positive revisions throughout the forecast period.



Source of Forecast Adjustments

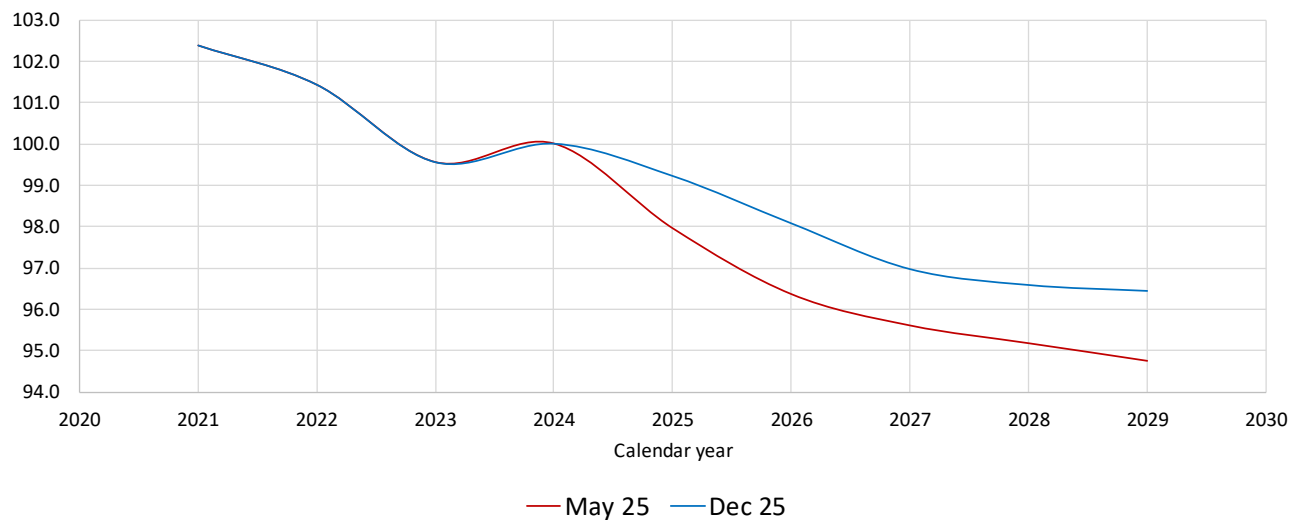
\$million
(%)

	2026	2027	2028	2029
Non-auto 5.5% Sales	\$29.2 (2.0%)	\$25.7 (1.8%)	\$18.8 (1.3%)	\$22.9 (1.5%)
Auto Sales 5.5%	-\$5.0 (-1.6%)	\$2.5 (0.8%)	\$4.2 (1.3%)	\$5.8 (1.8%)
Lodging 9%	\$3.5 (1.9%)	-\$1.1 (-0.6%)	-\$1.4 (-0.7%)	-\$0.8 (-0.4%)
Prepared Food 8%	\$8.2 (2.2%)	\$8.4 (2.2%)	\$6.1 (1.5%)	\$8.7 (2.1%)
Short-term auto rental 10%	\$1.2 (6.3%)	\$1.6 (8.3%)	\$1.7 (8.7%)	\$1.9 (9.7%)
Adult use cannabis 10%	-\$3.3 (-10.2%)	-\$5.0 (-12.0%)	-\$6.7 (-14.9%)	-\$9.6 (-19.7%)

- Biggest source of revision is non-auto 5.5% sales, mostly coming from the Business Operations, Building Supplies, and Other Retail categories.
- May Auto Sales forecast had boosted growth in CY25 followed by flat sales. The boost hasn't happened. New forecast has modest growth throughout the forecast period.
- Adult Use Cannabis sales growth has stalled as prices continue to fall.



Inflation-adjusted Sales & Use Tax Revenue



- 1.66% average annual growth in nominal revenue CY2024-2029, up from 1.38% average annual growth in the previous forecast.
- 2.40% average inflation in CY2024 – 2029, down from 2.48% in the previous forecast.



Individual Income Tax

Individual Income Tax History and Forecast

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Annual Growth Estimate w/o Disaster Relief*	Revision to current forecast (\$)	Revision to current forecast (%)
2021	\$2,069.7	12.7%	12.7%		
2022	\$2,580.7	24.7%	24.7%		
2023	\$2,473.5	-4.2%	-4.2%		
2024*	\$2,389.0	-3.4%	0.0%		
2025*	\$2,724.0	14.0%	6.7%		
2026*	\$2,785.5	2.3%	5.6%	\$105.0	3.9%
2027	\$2,835.4	1.8%	1.8%	\$53.0	1.9%
2028	\$2,957.1	4.3%	4.3%	\$50.0	1.7%
2029	\$3,118.1	5.4%	5.4%	\$64.0	2.1%

*Estimated growth without the disaster-related payment deadline extensions that shifted revenue from FY 2024 to FY 2025.



Individual Income Tax Forecast Main Points

- Strong recent tax liability growth: 2024 and 2025 tax liability before refundable credits growth is now forecasted to be 7.6%* and 7%.
- The revenue variance since the last forecast (\$27.5M in FY 25, \$60.3M in FY 26 through October) indicates that an upward forecast revision is warranted.
- The 2025 capital gains forecast swings from -18.6% to +15.8% growth, increasing 2025 full-year resident tax liability by \$71 million compared to the prior forecast.
- Changes to economic forecast, particularly wages, dividends, taxable interest, and inflation, have a positive impact on the revenue forecast.

* Treating the newly refundable dependent exemption tax credit as nonrefundable in 2024.



Individual Income Tax Revenue Through October

\$million

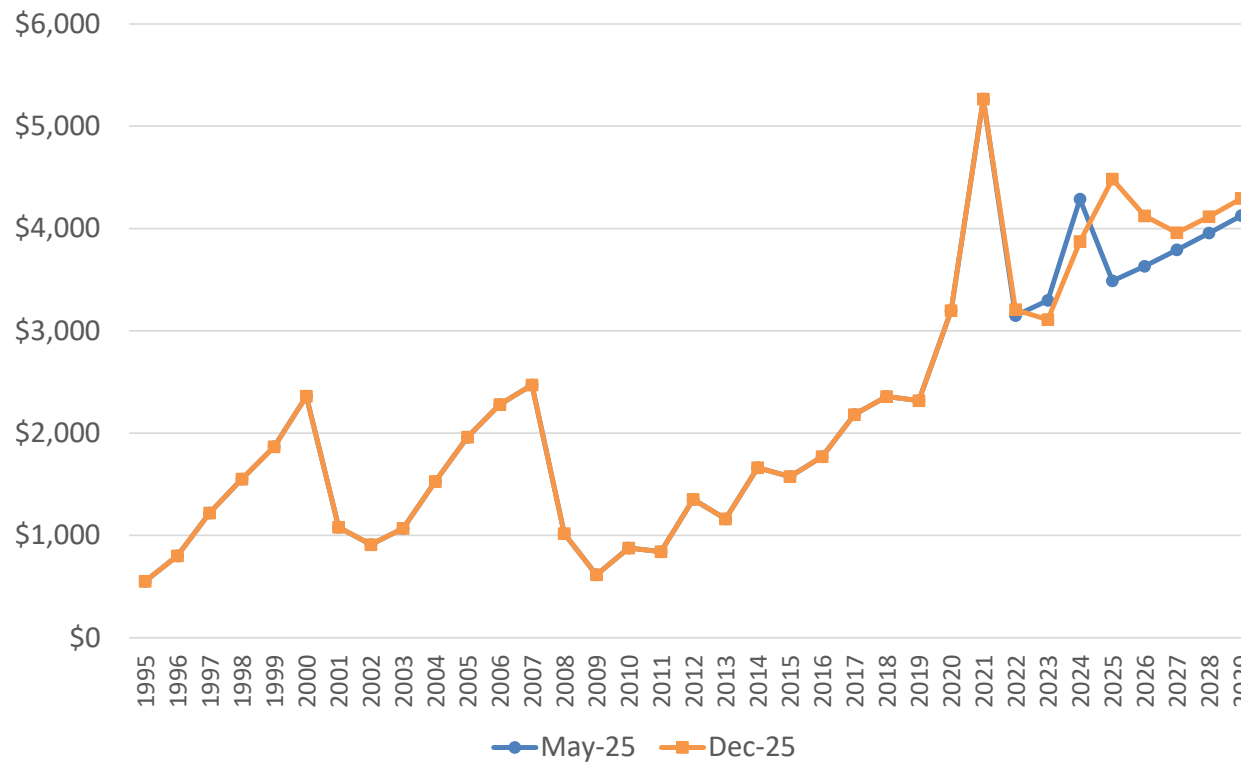
	January - June					July - October				Variance FYTD
	2023	2024	2025	2025 YoY Growth		2023	2024	2025	2025 YoY Growth	
Payments, Timing Adjusted*	\$707.5	\$713.2	\$785.7	10.2%		\$207.5	\$230.3	\$257.9	12.0%	\$40.4
Withholding	\$1,099.4	\$1,106.0	\$1,178.5	6.5%		\$659.0	\$700.4	\$764.8	9.2%	\$28.5
Fiduciary	\$0.9	\$4.0	\$24.2	509.2%		\$0.6	\$5.9	\$7.2	22.8%	\$3.3
Refunds	-\$517.1	-\$562.9	-\$671.0	19.2%		-\$57.3	-\$57.4	-\$53.1	-7.6%	-\$11.9
Total*	\$1,290.8	\$1,260.3	\$1,317.4	4.5%		\$809.8	\$879.2	\$976.9	11.1%	\$60.3

*Payment revenue shifted from July 2024 to April – June 2024 due to correct for disaster-related payment deadline extensions.

- July – Oct. 2025 YoY withholding growth would be approximately 5.5% if the number of large deposit days in the prior year was the same.
- Total CYTD revenue associated with tax year 2025, including refund carryovers, is approximately 7.4% higher than tax year 2024 revenues received January – October 2024 (6.2% after withholding timing adjustment), including 8.6% growth in non-withholding payments.
- Significant tax cuts, primarily related to the pension deduction and PTFC, reduced January – June 2025 YoY revenue growth. 12



Full-year Resident Capital Gains History and Forecast (\$million)

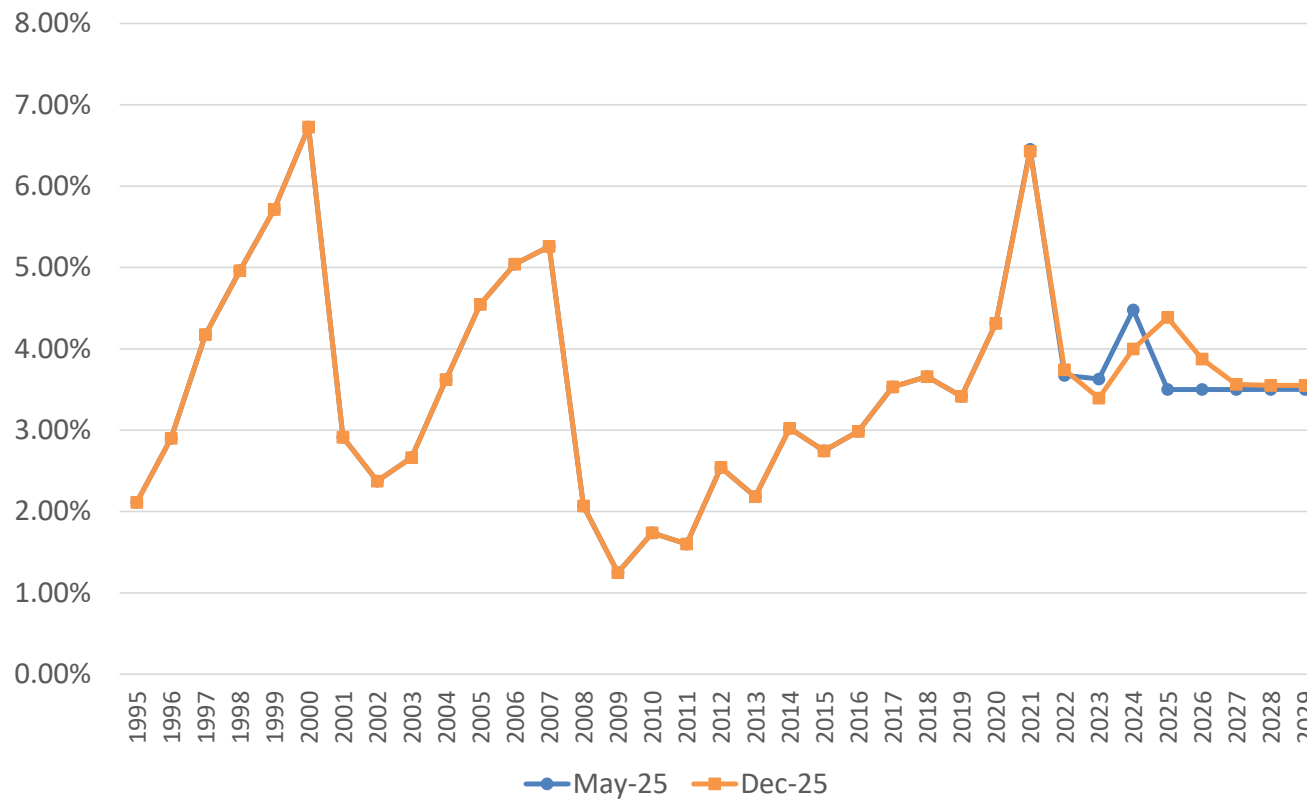


Tax Year	Annual Growth	Change in FYR Tax Liability Forecast*
2018	8.1%	
2019	-1.7%	
2020	38.0%	
2021	64.6%	
2022	-39.1%	\$1.0
2023	-3.0%	-\$15.1
2024	24.5%	-\$35.3
2025	15.8%	\$70.7
2026	-8.0%	\$36.2
2027	-4.0%	\$14.2
2028	4.0%	\$15.5
2029	4.3%	\$19.0

*Compared to May 2025 forecast.



Full-year Resident Capital Gains, Share of Personal Income



S&P 500 Calendar Year to Date

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S&P 500

6,857.77

↑16.60%

+976.14 YTD

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1D 5D 1M 6M YTD 1Y 5Y MAX

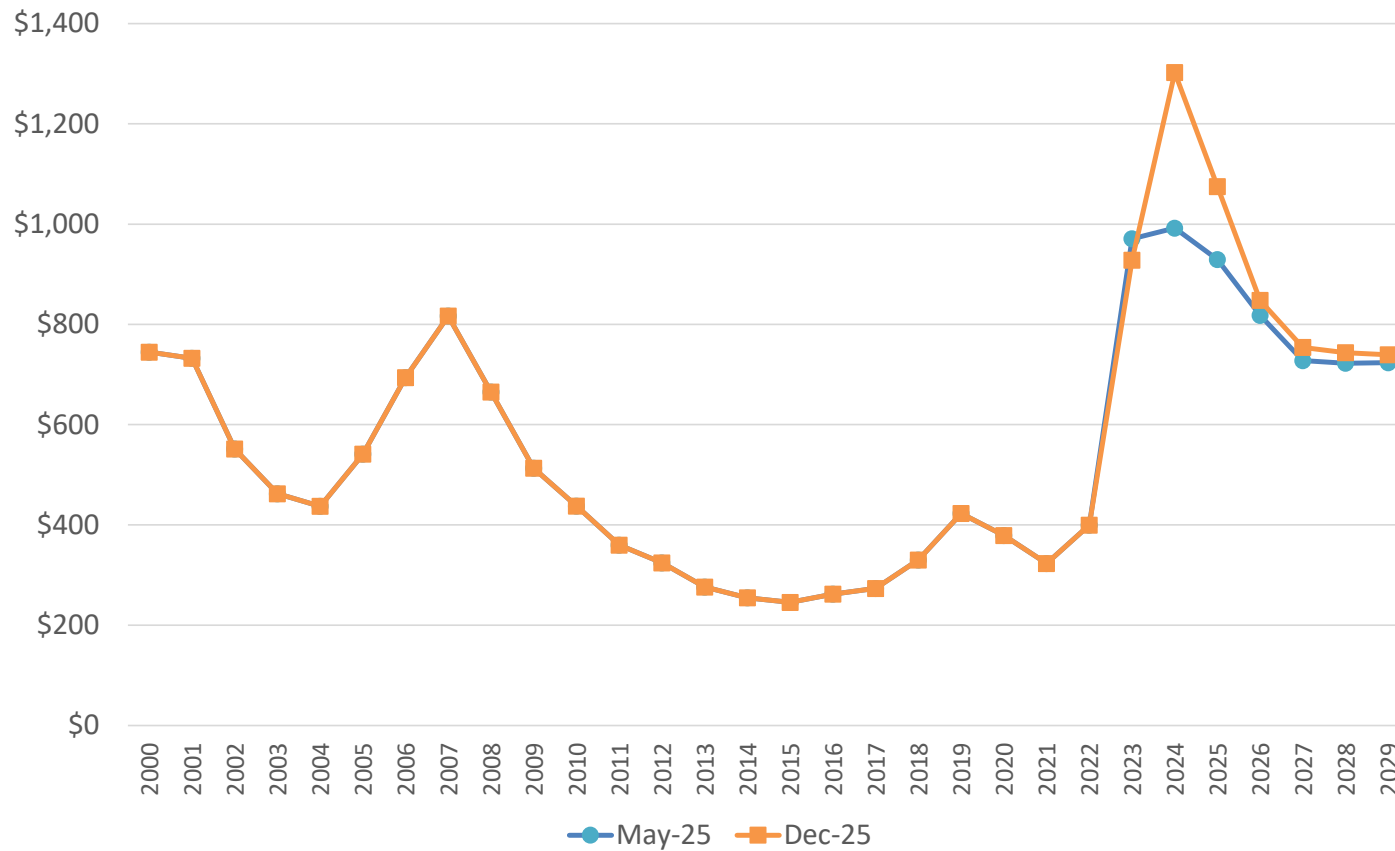


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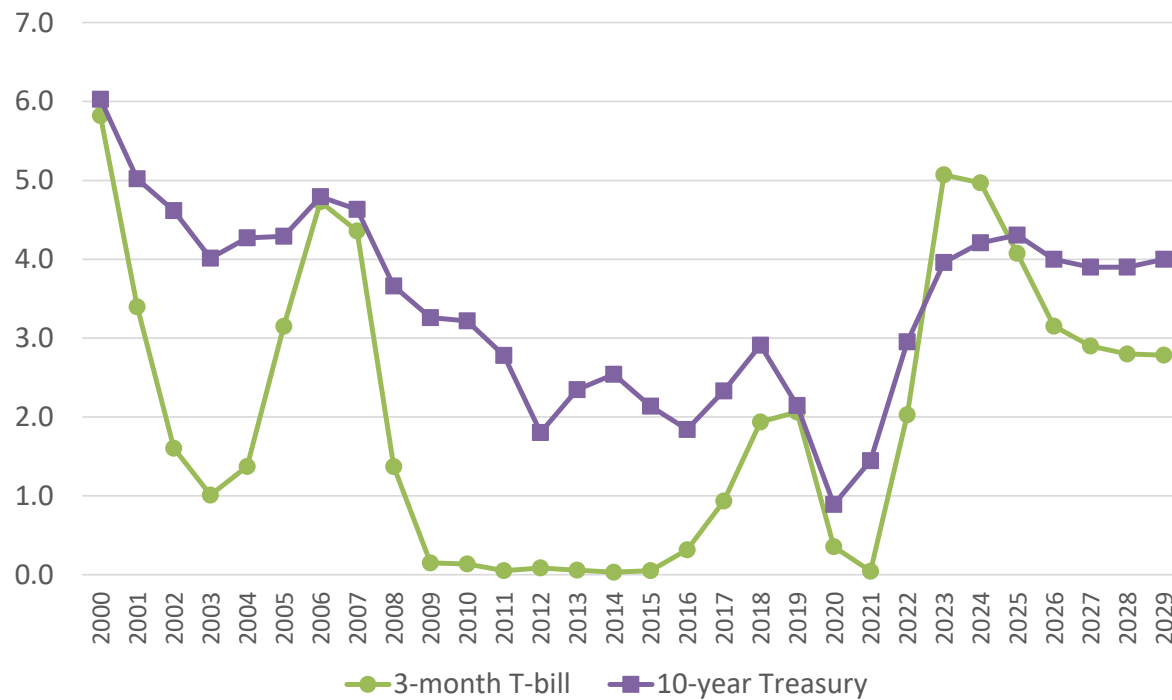
Prior capital gains forecast developed in early to mid-April, near market bottom.



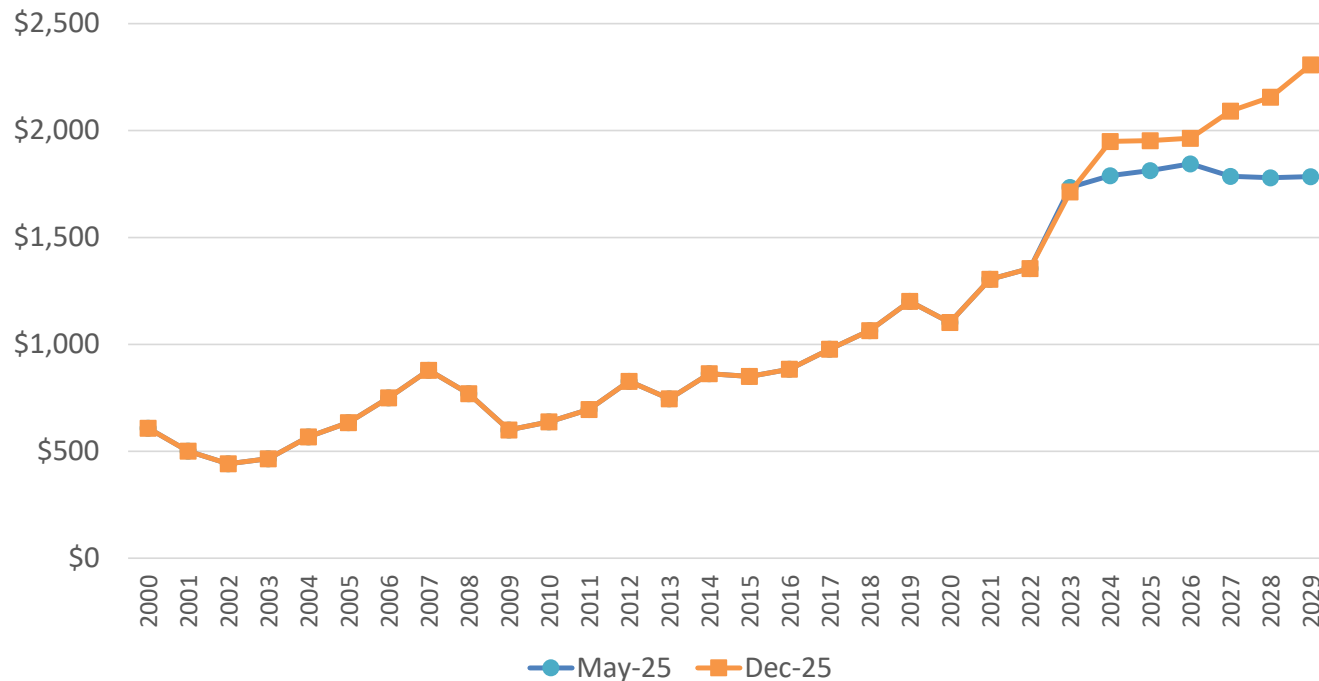
Taxable Interest Income (\$million)



Interest Rate History and CEFC Forecast



Dividend Income (\$million)



- Based on Efile return data, tax year 2024 estimated growth is 13.8%.
- The new CEFC forecast significantly increases dividend income growth rates in 2027 – 2029.
- The new CEFC growth rates 2025 – 2029 increase FYR tax liability by \$10.4M in 2028 and \$20.1M in 2029.

CEFC Forecast:	2024	2025	2026	2027	2028	2029
April 2025	4.8%	4.5%	1.7%	-3.2%	-0.4%	0.3%
November 2025	5.7%	0.2%	0.6%	6.5%	3.1%	7.0%



Additional Changes

- Wages
 - Increasing 2025 growth rate from 4% to 4.8% and holding growth rates constant after 2025 increases the full-year resident tax liability forecast by \$21 - \$25 million per tax year.
- Inflation
 - Reducing 2025 CPI inflation from 3.2% to 2.8% and maintaining the same inflation forecast after 2025 increases full-year resident tax liability for tax years 2026 – 2029 by \$4.4M, \$5.7M, \$5.7M, and \$6.1M
- Technical issues unrelated to 2025+ income growth forecast
 - Updated composition of 2024 income based on more recent tax data, lowering 2024 estimate of wages in Maine AGI.
 - Corrections related to business income, particularly bonus depreciation subtraction modification recapture, reduced business income net of depreciation modifications, especially in 2027-2029



Tax Liability Forecast

(\$million)

	Tax Liability Before Refundable Credits					Tax Liability After All Credits	
Tax Year	Full-Year Resident	Not Full-Year Resident	Total	Growth	Refundable Credits	Total	Growth
2021	\$2,214.0	\$254.1	\$2,468.1		\$146.3	\$2,321.8	
2022	\$2,162.6	\$230.6	\$2,393.2	-3.0%	\$183.9	\$2,209.4	-4.8%
2023	\$2,263.8	\$218.7	\$2,482.6	3.7%	\$211.2	\$2,271.3	2.8%
2024*	\$2,496.7	\$236.6	\$2,733.3	10.1%	\$356.5	\$2,376.9	4.6%
2025	\$2,671.8	\$253.2	\$2,925.0	7.0%	\$367.4	\$2,557.6	7.6%
2026	\$2,746.8	\$260.3	\$3,007.1	2.8%	\$389.3	\$2,617.9	2.4%
2027	\$2,845.6	\$269.6	\$3,115.2	3.6%	\$398.3	\$2,717.0	3.8%
2028	\$2,983.2	\$282.7	\$3,265.9	4.8%	\$404.4	\$2,861.5	5.3%
2029	\$3,141.1	\$297.6	\$3,438.7	5.3%	\$409.1	\$3,029.6	5.9%

*In 2024 the dependent exemption credit became refundable for residents. If the credit had remained nonrefundable then FYR tax liability before refundable credit growth is estimated to be 7.6%.



Main Forecast Risks

- Dirigo and Student Loan Repayment Tax credits
- Capital gains forecast
- Revenue forecast conditional on tax liability



Corporate Income Tax

Corporate Income Tax



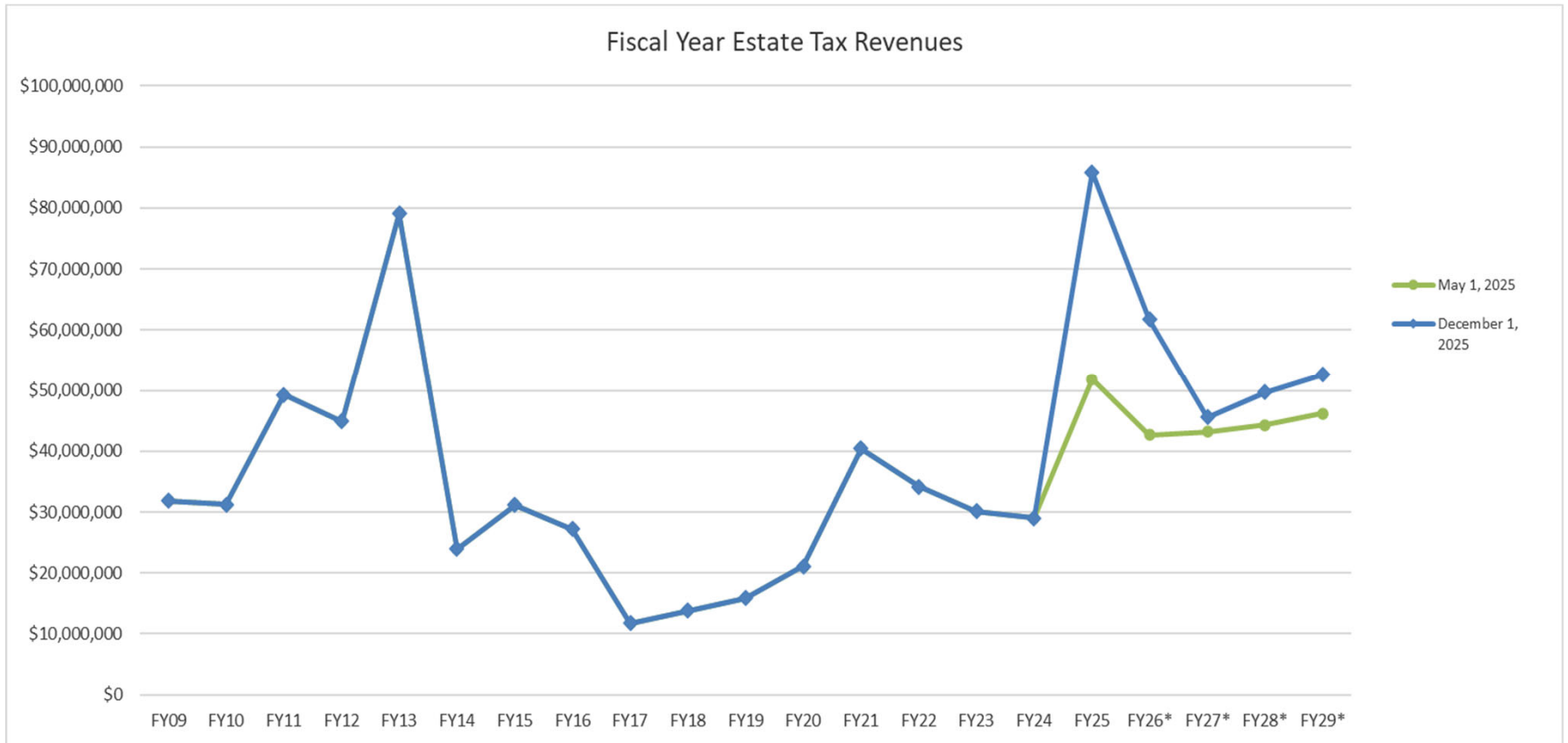
Corporate Income Tax

CY Pre-Tax Profits	2021	2022	2023	2024	2025	2026	2027	2028	2029
April 2025 CEFC Forecast	30.8%	8.4%	4.6%	11.4%	0.5%	2.0%	2.0%	2.0%	2.0%
Nov. 2025 CEFC Forecast	30.8%	8.4%	4.6%	8.4%	0.5%	2.0%	2.0%	2.0%	2.0%
TY Liability (\$M)	2021	2022	2023	2024	2025 /1	2026 /1	2027 /1	2028 /1	2029 /1
May 2025 RFC Forecast	\$332.4	\$436.7	\$412.4	\$436.1	\$ 428.3	\$ 427.8	\$ 433.4	\$ 442.1	\$ 450.9
		31.4%	-5.6%	5.8%	-1.8%	-0.1%	1.3%	2.0%	2.0%
Dec. 2025 RFC Forecast	\$332.4	\$436.7	\$413.5	\$424.9	\$ 417.0	\$ 416.3	\$ 421.7	\$ 430.1	\$ 438.7
		31.4%	-5.3%	2.8%	-1.9%	-0.2%	1.3%	2.0%	2.0%
FY Revenue (\$M)	2021	2022	2023	2024	2025	2026	2027	2028	2029
May 2025 RFC Forecast	\$284.3	\$415.8	\$451.2	\$459.8	\$ 368.0	\$ 376.0	\$ 390.6	\$ 421.4	\$ 427.7
	31.5%	46.3%	8.5%	1.9%	-20.0%	2.2%	3.9%	7.9%	1.5%
Dec. 2025 RFC Forecast	\$284.3	\$415.8	\$451.2	\$459.8	\$ 410.1	\$ 372.0	\$ 380.0	\$ 410.0	\$ 414.0
	31.5%	46.3%	8.5%	1.9%	-10.8%	-9.3%	2.2%	7.9%	1.0%
Difference					\$ 42.1	\$ (4.0)	\$ (10.6)	\$ (11.4)	\$ (13.7)
1/ Does not include the Dirigo Investment Credit. The revenue impact of Dirigo is layered onto the fiscal year revenue forecast.									



Estate Tax

Estate Tax



Estate Tax

Actual				December 1, 2025 Forecast				May 1, 2025 Forecast				Difference in Fiscal Year Receipts
Calendar Year	Exemption Amount	Liability /1 /2	Fiscal Year Receipts /3	Exemption Amount	Forecasted Increase in HH Net Worth	Forecasted Liability	Forecasted Fiscal Year Receipts	Exemption Amount	Forecasted Increase in HH Net Worth	Forecasted Liability	Forecasted Fiscal Year Receipts	
2018	\$ 5,600,000	\$ 22,055,650	\$ 13,801,409									
2019	\$ 5,700,000	\$ 14,143,679	\$ 15,851,350									
2020	\$ 5,800,000	\$ 44,293,194	\$ 21,079,344									
2021	\$ 5,870,000	\$ 47,308,346	\$ 40,399,594									
2022	\$ 6,010,000	\$ 13,907,728	\$ 34,183,165									
2023	\$ 6,410,000	\$ 50,282,516	\$ 30,117,577									
2024	\$ 6,800,000	\$ 69,770,164	\$ 29,051,766	\$ 6,800,000		\$ 69,770,164		\$ 6,800,000		\$ 56,792,593		
2025	\$ 7,000,000	\$ 1,482,123	\$ 85,835,306	\$ 7,000,000	7.0%	\$ 50,500,000	\$ 85,835,306	\$ 7,000,000	1.9%	\$ 42,834,705	\$ 51,830,000	\$ 34,005,306
2026				\$ 7,160,000	0.3%	\$ 49,900,000	\$ 61,730,000	\$ 7,220,000	1.9%	\$ 43,316,344	\$ 42,700,000	\$ 19,030,000
2027				\$ 7,360,000	1.9%	\$ 51,600,000	\$ 45,630,000	\$ 7,420,000	2.7%	\$ 44,568,782	\$ 43,200,000	\$ 2,430,000
2028				\$ 7,540,000	3.8%	\$ 53,000,000	\$ 49,700,000	\$ 7,580,000	3.5%	\$ 46,733,268	\$ 44,260,000	\$ 5,440,000
2029				\$ 7,710,000			\$ 52,650,000	\$ 7,740,000			\$ 46,190,000	\$ 6,460,000
1/ Subject to change because of amended returns												
2/ Returns filed and posted through November 12, 2025												
3/ Includes actual receipts through November 20, 2025												



Other Taxes

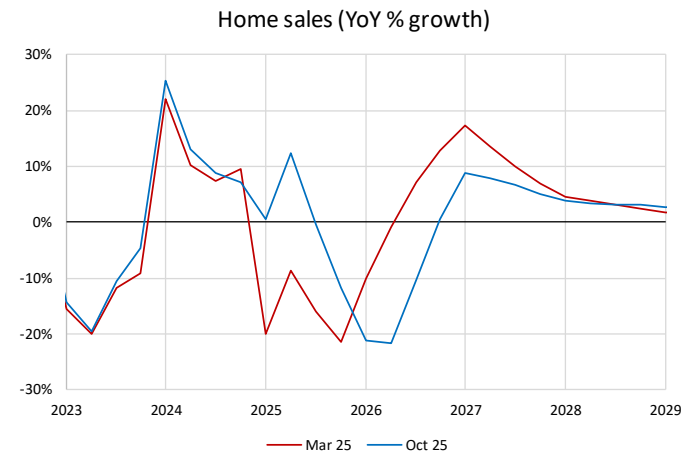
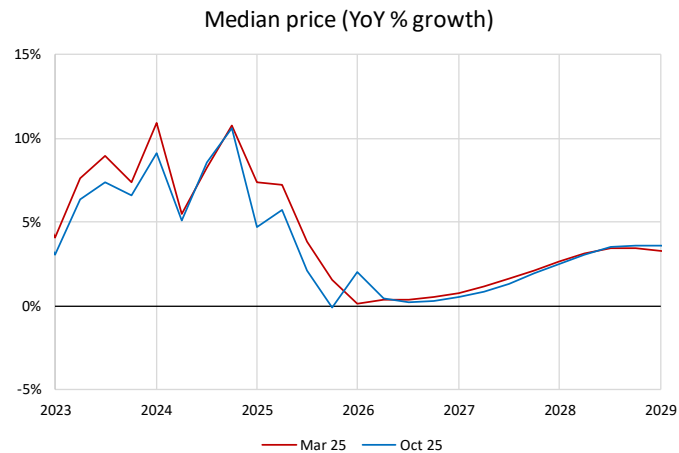
Real Estate Transfer Tax

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2022	\$27.38			
2023	\$22.36	-18.34%		
2024	\$20.44	-8.58%		
2025	\$22.29	9.08%		
2026	\$21.90	-1.76%	-0.377	-1.69%
2027	\$17.81	-18.67%	-1.277	-6.69%
2028	\$13.18	-26.03%	-0.824	-5.89%
2029	\$13.83	4.95%	-0.940	-6.37%

- FY26 revenue through October is \$5.06 million over budget, but this is due to one-time transfers to the General Fund being budgeted one month late.
- Forecast to end FY26 \$377 thousand under the current budget, with negative revisions in each forecast year.



Real Estate Transfer Tax Drivers



- Moody's October forecast has little change to the home price forecast.
- Sales growth in the October forecast is lower throughout calendar years 2026-28.



BETE

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2022	\$58.40			
2023	\$62.85	7.62%		
2024	\$64.78	3.07%		
2025	\$69.78	7.72%	\$0.12	0.17%
2026	\$66.15	-5.20%	-\$7.34	-9.99%
2027	\$70.21	6.14%	-\$5.44	-7.19%
2028	\$72.53	3.31%	-\$5.85	-7.47%
2029	\$74.70	2.99%	-\$6.40	-7.89%

- Partial 2025 MVR data suggest BETE exempt property value declined from 2024. Tax rates are also declining, contributing to the drop in FY2026.
- Decline in exempt property value is forecast to return to positive growth after FY2026, but slower than before. Declining tax rates further slow reimbursement growth.



Cigarette, Tobacco, and Cannabis Excise Taxes

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2022	\$148.52	0.88%		
2023	\$149.91	0.94%		
2024	\$144.15	-3.84%		
2025	\$146.99	1.97%		
2026	\$183.93	25.13%	\$0.52	0.28%
2027	\$215.69	17.26%	\$1.27	0.59%
2028	\$213.20	-1.16%	\$0.48	0.22%
2029	\$210.59	-1.22%	(\$0.64)	-0.30%

- Cigarette and Tobacco tax rates increase in January 2026, and cannabis excise tax rates decrease.



Source of Forecast Adjustments

\$million
(%)

	2026	2027	2028	2029
Cigarette tax	\$0.35 (0.30%)	\$0.92 (0.66%)	\$0.98 (0.73%)	\$1.03 (0.79%)
Tobacco products tax	\$1.17 (2.51%)	\$1.45 (2.38%)	\$1.14 (1.82%)	\$0.84 (1.29%)
Adult use cannabis excise	-\$1.01 (-5.73%)	-\$1.10 (-7.60%)	-\$1.64 (-10.53%)	-\$2.50 (-15.03%)

- Cigarette Tax through October is \$522K over budget. It is still forecast to decline, but slower than in the May forecast.
- Tobacco products tax revenue through October is \$1.1 million over budget. It is forecast to grow at roughly the same rate as the May forecast.
- Adult Use Cannabis Excise Tax through October is \$479K under budget. It is being revised down in line with the Adult Use Cannabis Sales Tax forecast.



Gas Tax

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2022	\$196.46	6.53%		
2023	\$196.63	0.09%		
2024	\$200.30	1.87%		
2025	\$201.86	0.78%		
2026	\$201.91	0.03%	(\$0.939)	-0.46%
2027	\$202.16	0.12%	(\$0.851)	-0.42%
2028	\$202.31	0.07%	(\$0.859)	-0.42%
2029	\$202.46	0.07%	(\$0.867)	-0.43%

- FY26 revenue through October is \$337K under budget and is forecast to finish the fiscal year down \$939K.
- Similar negative revisions in each year.



Special Fuel Tax

\$million

Fiscal Year	Actual and Recommended Forecast	Annual Growth	Revision to current forecast (\$)	Revision to current forecast (%)
2022	\$57.40	3.50%		
2023	\$55.83	-2.74%		
2024	\$53.46	-4.25%		
2025	\$55.97	4.70%		
2026	\$56.26	0.51%	\$0.689	1.24%
2027	\$56.47	0.38%	\$0.711	1.28%
2028	\$56.72	0.44%	\$0.769	1.37%
2029	\$56.97	0.44%	\$0.827	1.47%

- FY26 revenue through October is \$609K over budget and is forecast to finish \$689K over.
- Similar positive revisions in each year.

