



## STATE OF MAINE REVENUE FORECASTING COMMITTEE

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 Darryl Stewart, Acting State Budget Officer  
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 Luke Lazure, Principal Analyst, Office of Fiscal and Program Review

March 1, 2026

**TO:** Governor Janet T. Mills  
 Members, 132<sup>nd</sup> Legislature

**FROM:** Michael Allen, Chair  
 Revenue Forecasting Committee

**RE: Revenue Forecasting Committee March 1, 2026, Report**

The Revenue Forecasting Committee (RFC) has concluded its update of the revenue forecast to comply with its statutory reporting date of March 1, 2026, to incorporate the new economic forecast released by the Consensus Economic Forecasting Commission (CEFC) on February 1, 2026, and to provide a forecast that reflects revenue performance through the first 7 months of FY26 and preliminary revenues for February 2026. Tables showing the changes made to all the funds forecasted by the committee and a detailed presentation that includes the key assumptions made in developing the forecast have been posted to the RFC’s web page and are available [here](#). A more complete report will be available next week.

### General Fund Summary

	FY25	FY26	FY27	FY28	FY29
Current Forecast	\$5,722,405,843	\$5,776,493,347	\$5,855,676,968	\$6,040,425,164	\$6,213,164,798
Annual % Growth	6.9%	0.9%	1.4%	3.2%	2.9%
Net Increase (Decrease)	\$0	(\$27,229,938)	\$36,033,555	(\$19,245,673)	(\$65,496,459)
Revised Forecast	\$5,722,405,843	\$5,749,263,409	\$5,891,710,523	\$6,021,179,491	\$6,147,668,339
Annual % Growth	6.9%	0.5%	2.5%	2.2%	2.1%

In its March 2026 update, the RFC revised General Fund revenue estimates downward by -\$27.2 million for FY26 but upward by \$36.0 million for FY27, for a total increase of \$8.8 million (0.1%) for the 2026-2027 biennium. The resulting forecasted rate of year-over-year change in General Fund revenue is now 0.5% for FY26 and 2.5% for FY27. The March 2026 forecast decreased projections for FY28 by -\$19.2 million and for FY29 by -\$65.5 million. The forecasted rate of year-over-year growth is now 2.2% for FY28 and 2.1% for FY29. The major changes to General Fund revenue during the forecast period are summarized below.

**Individual Income Tax Revenue** estimates are revised upward by \$14.0 million for FY26, \$43.0 million for FY27 and \$3.0 million for FY28, but downward by -\$52.0 million for FY29. The primary source of the upward reprojected in the short term are revisions to capital gains realizations due to updated tax

information for tax year 2025 and technical changes to the forecast. These positive adjustments from capital gains are offset in the next biennium because the new economic forecast lowers the growth rates of wage and dividend income and increases the rate of inflation, which reduces the annual tax liability forecast, especially in tax years 2028 and 2029.

**Corporate Income Tax Revenue** estimates are revised downward by -\$20.0 million for FY26, -\$2.0 million for FY27 and -\$14.0 million for FY28. Since the start of FY26, corporate estimated payments have decreased by 30 percent compared to FY25 and corporate refunds have increased by 31 percent. Corporations continue to adjust their payments to the state, reflecting the overpayments they have made over previous years and are possibly mimicking the adjustments they are making at the federal level because of the retroactive tax cuts passed last July. The March forecast assumes net payments by corporations during the final quarter of the current fiscal year will be higher because of the state’s current nonconformity with those retroactive federal tax cuts but will not fully recover the \$27.3 million negative variance through January. Given the CEFC’s forecast for pre-tax corporate profits the forecast over the remaining three years of the revenue forecast is relatively small.

**Sales and Use Tax and Service Provider Tax (SPT)** estimates are revised downward by -\$21.8 million for FY26, -\$17.0 million for FY27, -\$15.5 million for FY28 and -\$16.9 million for FY29. The SPT is repealed effective January 1, 2026, and services currently taxed at 6% under the SPT are now taxed under sales tax at 5.5%. Approximately \$0.5 million of the FY26 adjustment is from the SPT base taxed at 6% and post-January 1, 2026, adjustments to the forecast associated with the SPT base are incorporated in the Sales and Use Tax forecast. In the new CEFC forecast, the combination of personal income growth and the saving rate results in higher household spending every year. However, the new forecast of personal consumption expenditures (PCE) shifts spending from taxable durable and nondurable goods to nontaxable services, reducing sales tax revenue in each year of the forecast period. The biggest source of these revisions are auto sales, which dropped sharply in 2025Q4 and are forecast to remain low.

### Highway Fund Summary

	FY25	FY26	FY27	FY28	FY29
Current Forecast	\$529,012,763	\$506,466,335	\$505,013,946	\$507,032,005	\$507,833,647
Annual % Growth	3.6%	-4.3%	-0.3%	0.4%	0.2%
Net Increase (Decrease)	\$0	(\$7,472,175)	(\$7,160,026)	(\$7,759,134)	(\$8,018,398)
Revised Forecast	\$529,012,763	\$498,994,161	\$497,853,921	\$499,272,871	\$499,815,249
Annual % Growth	3.6%	-5.7%	-0.2%	0.3%	0.1%

In its March 2026 update, the RFC revised its Highway Fund revenue estimates downward by -\$7.5 million for FY26 and -\$7.2 million for FY27. The resulting forecasted rate of year-over-year change in Highway Fund revenue is now -5.7% for FY26 and -0.2% for FY27. The March 2026 forecast also decreased projections for FY28 by -\$7.8 million and for FY29 by -\$8.0 million. The forecasted rate of year-over-year growth is now 0.3% for FY28 and 0.1% for FY29. The Highway Fund revenue forecast reductions are the result of decreases in forecasted motor fuels taxes, Highway Fund automotive sales tax transfers and Highway Fund liquor operations fund transfers.

In its February 2026 report the CEFC emphasized the ongoing elevated uncertainty in the current economic forecast stemming from fiscal, geopolitical, and economic developments. In particular, the CEFC highlighted rapidly changing tariff policies and a period of significant federal fiscal reprioritization. Additionally, the CEFC noted that current economic growth seems to be driven more by wealthier households, leading to a K-shaped economy, and a demographic structure for the state that will continue to influence labor market needs and patterns of consumer demand. The RFC continued the discussion of heightened uncertainty, especially as it relates to the frequent changes in tariff policy and the effects on consumer and business sentiment, both of which are substantially lower than they were at the beginning

of 2025. The CEFC made few changes to the key economic variables used by the RFC in their revenue forecast, in part due to the high degree of uncertainty in the economic forecast.

Given the economic forecast was completed prior to the recent U.S. Supreme Court decision on tariffs and the military conflict in the Middle East over the past weekend, the uncertainty surrounding the economic and revenue forecasts has increased. Both the CEFC and RFC will continue to monitor changes in economic conditions over the 10-month period before the next economic and revenue forecasting exercise is completed.

*cc:* Members, Revenue Forecasting Committee  
Members, Consensus Economic Forecasting Commission  
Jeremy Kennedy, Chief of Staff, Governor's Office  
Elaine Clark, Commissioner, DAFS  
Clerk of the House  
Secretary of the Senate  
Suzanne Gresser, Executive Director, Legislative Council