

Fiscal Briefing

July 28, 2022

Prepared by the Office of Fiscal & Program Review

1. General Fund Revenue Update (see attached)

Total General Fund Revenue - FY 2022 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Change
June	\$527.9	\$628.9	\$100.9	19.1%	\$572.0	10.0%
FYTD	\$4,857.2	\$5,391.6	\$534.4	11.0%	\$4,520.6	19.3%

General Fund revenue was over budget by \$100.9 million for the month of June and was over budget by \$534.4 million (11.0%) for the fiscal year. FY 2022 General Fund revenue increased by 19.3% over FY 2021.

Individual income tax revenue was over budget by \$54.4 million for the month and by \$405.9 million (18.7%) for the fiscal year. The increase above individual income tax budgeted levels for the fiscal year included positive variances in final tax payments (\$239.6 million), withholding (\$53.3 million) and estimated payments (\$26.5 million). Individual tax refunds were under budget (less refunds paid than budgeted) by \$62.1 million for the fiscal year. Corporate income tax revenue was over budget by \$39.7 million for the month and by \$85.8 million (26.0%) for the fiscal year. Sales and use tax revenue for June (May sales) was slightly over budgeted levels for the month and over budget by \$36.0 million (1.8%) for the fiscal year.

2. Highway Fund Revenue Update (see attached)

Total Highway Fund Revenue - FY 2022 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Change
June	\$23.6	\$27.1	\$3.5	14.8%	\$26.1	3.7%
FYTD	\$336.2	\$344.9	\$8.7	2.6%	\$334.0	3.2%

Highway Fund revenue was over budget by \$3.5 million for the month of June and was over budget by \$8.7 million (2.6%) for the fiscal year. FY 2022 Highway Fund revenue increased by 3.2% over FY 2021.

Fuel taxes were under budget by -\$0.6 million for the month and by -\$1.9 million (-0.9%) for the fiscal year. Motor vehicle registrations and fees were above budget by \$3.7 million for the month and by \$9.4 million (10.1%) for the fiscal year.

3. Cash Balances Update

The average balance in the cash pool for June was \$4,374.3 million, an increase from May's average of \$4,350.0 million. This increase was primarily the result of increases in Other Special Revenue Funds balances partially offset by a decrease in General Fund balances. The average Highway Fund balance for June was \$27.7 million, a decrease from May's average balance of \$32.8 million.

4. Fiscal Year 2022 Closing

The FY 2022 closing General Fund balance totaled \$595.1 million, \$33.6 million of which was budgeted and \$561.5 million was unbudgeted. The \$561.5 million not budgeted included \$534.4 million in General Fund revenue surplus, \$11.6 million in unbudgeted lapsed program balances and \$15.4 million

in lapsed encumbrances and prior period adjustments. Transfers under what is known as the “cascade” are made from the unbudgeted surplus only. That surplus was sufficient to make all \$59.1 million required fixed dollar transfers provided for under current law. Of the remainder of the unbudgeted surplus 80% (\$401.9 million) was distributed to the Maine Budget Stabilization Fund and 20% (100.5 million) was distributed to Highway Bridge and Capital. The distribution to the Maine Budget Stabilization Fund brought the balance of that fund to \$896.0 million (16.6% of FY 2022 General Fund revenue). The table below summarizes the sources and uses of FY 2022 unbudgeted unappropriated surplus funds.

FY 2022 General Fund Year-End Summary

Sources of General Fund Year-end Surplus:		
General Fund Revenue Variance		\$534,431,080
Unbudgeted Lapsed Balances		\$11,586,319
Lapsed Encumbrances and Prior Period Adjustments		\$15,435,209
		\$561,452,608
Uses of General Fund Year-end Surplus:		
Fixed Dollar Transfers		
Replenish Contingent Account up to \$350,000 (5 MRSA §1507)		(\$280,750)
Loan Insurance Reserve up to \$1,000,000 (5 MRSA §1511)		(\$1,000,000)
Retiree Health ISF UAL (flat \$2 m) Title 5, S. 1519		(\$2,000,000)
General Fund Operating Capital (flat \$2.5 m) Title 5, S. 1536		(\$2,500,000)
Highway and Bridge Reserve (PL 2021 c. 635 GGG-1)		(\$35,000,000)
Education Stabilization Fund (PL 2021 c. 635 Part GGG-2)		(\$15,000,000)
Dept of Defense Disaster Relief Recovery Fund (PL 2021 c. 635 Part GGG-3)		(\$3,300,000)
		(\$59,080,750)
Percentage Transfers - Remaining Surplus after Fixed Dollar Transfers		\$502,371,858
Maine Budget Stabilization Fund	80.0%	(\$401,897,486)
Highway and Bridge Capital	20.0%	(\$100,474,372)
		(\$561,452,608)

The Highway Fund also has a statutory year-end transfer provision that transfers all but \$100,000 of the increase in the unallocated surplus above the budgeted amount to the Department of Transportation for highway and bridge improvement projects in the next fiscal year. The amounts that transferred and are available in FY 2022 are \$12.9 million. In addition to an \$8.7 million revenue surplus, unexpended Highway Fund allocations that lapsed back to the unallocated surplus totaled \$4.0 million and lapsed encumbrances and prior period adjustments totaled \$0.3 million.

FY 2022 Highway Fund Year-End Summary

Sources of Highway Fund Year-end Surplus:		
Highway Fund Revenue Variance		\$8,664,149
Unbudgeted Lapsed Balances		\$3,994,865
Lapsed Encumbrances and Prior Period Adjustments		\$316,029
		\$12,975,043
Uses of Highway Fund Year-end Surplus:		
Required Increase to Budgeted Balance		\$100,000
		\$12,875,043
Net Unallocated Transferred to Transportation		\$12,875,043

General Fund Revenue
Fiscal Year Ending June 30, 2022 (FY 2022)

Updated 7/25/22

June 2022 Revenue Variance Report

Revenue Category	Fiscal Year-To-Date								FY 2022 Budgeted Totals
	June '22 Budget	June '22 Actual	June '22 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year	
Sales and Use Tax ¹	211,643,701	212,095,895	452,194	2,042,856,921	2,078,875,746	36,018,825	1.8%	15.2%	2,042,856,921
Service Provider Tax	4,925,849	5,192,901	267,052	51,000,000	51,328,641	328,641	0.6%	0.0%	51,000,000
Individual Income Tax	203,505,039	257,929,700	54,424,661	2,174,749,999	2,580,679,731	405,929,732	18.7%	24.7%	2,174,749,999
Corporate Income Tax	41,804,279	81,477,801	39,673,522	330,033,737	415,817,438	85,783,701	26.0%	46.3%	330,033,737
Cigarette and Tobacco Tax ²	15,173,438	12,424,301	(2,749,137)	150,220,000	148,517,422	(1,702,578)	-1.1%	1.2%	150,220,000
Insurance Companies Tax	29,746,666	32,149,122	2,402,456	88,250,000	101,673,456	13,423,456	15.2%	20.4%	88,250,000
Estate Tax	2,250,000	538,619	(1,711,381)	40,000,000	34,183,165	(5,816,835)	-14.5%	-15.4%	40,000,000
Other Taxes and Fees *	14,430,082	18,213,827	3,783,745	154,164,934	160,123,030	5,958,096	3.9%	1.7%	154,164,934
Fines, Forfeits and Penalties	586,670	613,963	27,293	8,265,701	4,905,201	(3,360,500)	-40.7%	-43.8%	8,265,701
Income from Investments	1,185,933	2,582,434	1,396,501	6,979,207	9,023,821	2,044,614	29.3%	33.7%	6,979,207
Transfer from Lottery Commission	5,247,723	5,032,611	(215,112)	65,000,000	71,351,415	6,351,415	9.8%	1.0%	65,000,000
Transfers to Tax Relief Programs *	(115,000)	(208,008)	(93,008)	(77,380,000)	(78,022,118)	(642,118)	-0.8%	-2.7%	(77,380,000)
Transfers for Municipal Revenue Sharing	(18,250,707)	(20,131,914)	(1,881,207)	(212,935,550)	(232,362,929)	(19,427,379)	-9.1%	-48.9%	(212,935,550)
Other Revenue *	15,812,928	20,969,740	5,156,812	35,977,541	45,519,551	9,542,010	26.5%	63.4%	35,977,541
Totals	527,946,601	628,880,991	100,934,390	4,857,182,490	5,391,613,569	534,431,079	11.0%	19.3%	4,857,182,490

* Additional detail by subcategory for these categories is presented on the following page.

1 / Includes revenue from adult-use marijuana sales taxes of \$1.2 million for June and \$11.6 million for the fiscal year to date.

2 / Includes revenue from adult-use marijuana excise taxes of \$0.5 million for June and \$6.6 million for the fiscal year to date.

General Fund Revenue
Fiscal Year Ending June 30, 2022 (FY 2022)

Updated 7/25/22

June 2022 Revenue Variance Report

Revenue Category	Fiscal Year-To-Date								FY 2022 Budgeted Totals
	June '22 Budget	June '22 Actual	June '22 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year	
Detail of Other Taxes and Fees:									
- Property Tax - Unorganized Territory	0	1,296,812	1,296,812	14,813,169	13,825,554	(987,615)	-6.7%	30.5%	14,813,169
- Real Estate Transfer Tax	2,967,853	2,373,141	(594,712)	29,380,301	27,375,823	(2,004,478)	-6.8%	78.0%	29,380,301
- Liquor Taxes and Fees	2,078,616	3,228,804	1,150,188	22,093,824	22,518,340	424,516	1.9%	17.5%	22,093,824
- Corporation Fees and Licenses	2,138,269	2,065,747	(72,523)	11,113,649	13,011,386	1,897,737	17.1%	60.0%	11,113,649
- Telecommunication Excise Tax	0	63,947	63,947	6,200,000	7,648,338	1,448,338	23.4%	19.2%	6,200,000
- Finance Industry Fees	2,318,941	2,628,900	309,959	26,416,990	27,507,385	1,090,395	4.1%	11.4%	26,416,990
- Milk Handling Fee	198,998	66,327	(132,671)	1,372,721	1,208,614	(164,107)	-12.0%	0.7%	1,372,721
- Racino Revenue	1,130,386	815,038	(315,348)	9,175,243	10,360,986	1,185,743	12.9%	58.4%	9,175,243
- Boat, ATV and Snowmobile Fees	884,093	1,270,765	386,672	4,523,561	5,132,630	609,069	13.5%	50.3%	4,523,561
- Hunting and Fishing License Fees	1,979,882	3,375,709	1,395,827	15,994,284	18,278,756	2,284,472	14.3%	23.4%	15,994,284
- Other Miscellaneous Taxes and Fees	733,044	1,028,638	295,594	13,081,192	13,255,218	174,026	1.3%	4.7%	13,081,192
Subtotal - Other Taxes and Fees	14,430,082	18,213,827	3,783,745	154,164,934	160,123,030	5,958,096	3.9%	30.2%	154,164,934
Detail of Other Revenue:									
- Liquor Sales and Operations	3,715	16,288	12,573	28,500	60,024	31,524	110.6%	17.2%	28,500
- Targeted Case Management (DHHS)	0	6,572	6,572	0	69,206	69,206	N/A	-5.4%	0
- State Cost Allocation Program	2,762,721	2,494,703	(268,018)	30,508,159	31,753,837	1,245,678	4.1%	40.5%	30,508,159
- Unclaimed Property Transfer	9,200,000	16,290,764	7,090,764	9,200,000	16,290,764	7,090,764	77.1%	N/A	9,200,000
- Tourism Transfer	0	0	0	(15,476,762)	(15,473,162)	3,600	0.0%	14.8%	(15,476,762)
- Transfer to Maine Milk Pool	(116,403)	0	116,403	(4,175,343)	(4,335,131)	(159,788)	-3.8%	40.5%	(4,175,343)
- Transfer to STAR Transportation Fund	0	0	0	(7,391,785)	(7,391,785)	0	0.0%	33.6%	(7,391,785)
- Other Miscellaneous Revenue	3,962,895	2,161,413	(1,801,482)	23,284,772	24,545,798	1,261,026	5.4%	15.1%	23,284,772
Subtotal - Other Revenue	15,812,928	20,969,740	5,156,812	35,977,541	45,519,551	9,542,010	26.5%	507.5%	35,977,541
Detail of Transfers to Tax Relief Programs:									
- Me. Resident Prop. Tax Program (Circuitbreaker)	0	(6,414)	(6,414)	0	2,711	2,711	N/A	-67.7%	0
- BETR - Business Equipment Tax Reimb.	(125,000)	(201,594)	(76,594)	(19,100,000)	(19,625,176)	(525,176)	-2.7%	15.5%	(19,100,000)
- BETE - Municipal Bus. Equip. Tax Reimb.	10,000	0	(10,000)	(58,280,000)	(58,399,654)	(119,654)	-0.2%	-18.7%	(58,280,000)
Subtotal - Tax Relief Transfers	(115,000)	(208,008)	(93,008)	(77,380,000)	(78,022,118)	(642,118)	-0.8%	-7.8%	(77,380,000)
Inland Fisheries and Wildlife Revenue - Total	2,920,072	4,718,803	1,798,731	14,323,569	13,490,860	(832,709)	-5.8%	-7.6%	21,473,182

Highway Fund Revenue
Fiscal Year Ending June 30, 2022 (FY 2022)

Updated 7/25/22

June 2022 Revenue Variance Report

Revenue Category	Fiscal Year-To-Date								FY 2022 Budgeted Totals
	June '22 Budget	June '22 Actual	June '22 Variance	Budget	Actual	Variance	% Variance	% Change from Prior Year	
Fuel Taxes:									
- Gasoline Tax	18,550,299	16,751,990	(1,798,309)	198,650,000	195,535,581	(3,114,419)	-1.6%	6.6%	198,650,000
- Special Fuel and Road Use Taxes	3,025,708	4,127,045	1,101,337	49,239,999	50,208,623	968,624	2.0%	4.9%	49,239,999
- Transcap Transfers - Fuel Taxes	(1,598,784)	(1,534,509)	64,275	(18,219,176)	(18,070,479)	148,697	0.8%	-6.3%	(18,219,176)
- Other Fund Gasoline Tax Distributions	(463,371)	(418,917)	44,454	(4,967,639)	(4,891,945)	75,694	1.5%	-6.3%	(4,967,639)
Subtotal - Fuel Taxes	19,513,852	18,925,608	(588,244)	224,703,184	222,781,779	(1,921,405)	-0.9%	6.3%	224,703,184
Motor Vehicle Registration and Fees:									
- Motor Vehicle Registration Fees	5,783,568	7,721,122	1,937,554	69,162,203	71,829,489	2,667,286	3.9%	-5.2%	69,162,203
- License Plate Fees	254,099	327,056	72,957	3,652,523	4,113,352	460,829	12.6%	1.6%	3,652,523
- Long-term Trailer Registration Fees	237,148	820,338	583,190	12,134,523	16,055,539	3,921,016	32.3%	5.1%	12,134,523
- Title Fees	861,583	1,334,588	473,005	14,325,795	15,001,129	675,334	4.7%	-11.0%	14,325,795
- Motor Vehicle Operator License Fees	569,485	1,063,281	493,796	10,291,878	11,950,080	1,658,202	16.1%	6.9%	10,291,878
- Transcap Transfers - Motor Vehicle Fees	(4,615,809)	(4,501,290)	114,519	(16,518,054)	(16,489,455)	28,599	0.2%	7.6%	(16,518,054)
Subtotal - Motor Vehicle Reg. & Fees	3,090,074	6,765,094	3,675,020	93,048,868	102,460,134	9,411,266	10.1%	-2.7%	93,048,868
Motor Vehicle Inspection Fees	303,835	534,446	230,611	3,015,291	2,920,344	(94,947)	-3.1%	-5.8%	3,015,291
Other Highway Fund Taxes and Fees	78,701	194,034	115,333	1,417,454	1,693,892	276,438	19.5%	4.0%	1,417,454
Fines, Forfeits and Penalties	50,538	113,662	63,124	606,412	1,381,965	775,553	127.9%	10.7%	606,412
Interest Earnings	21,187	33,549	12,362	168,619	189,723	21,104	12.5%	-37.9%	168,619
Other Highway Fund Revenue	551,805	530,896	(20,909)	13,231,846	13,427,987	196,141	1.5%	5.5%	13,231,846
Totals	23,609,992	27,097,289	3,487,297	336,191,674	344,855,823	8,664,149	2.6%	3.2%	336,191,674