



# FISCAL NEWS

MONTHLY NEWSLETTER OF THE OFFICE OF FISCAL AND PROGRAM REVIEW

FEBRUARY 2012

## Volume 6 Number 2

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The Office of Fiscal and Program Review (OFPR) is a nonpartisan staff office of the Legislative Council providing budget, tax and general fiscal research and analysis for the Maine State Legislature.



## Month In Review

General Fund revenue suffered a major setback in January as income and sales taxes dropped significantly below projections. While February revenue will offset some of the negative variance in these categories, helped by Corporate Income Tax audit activity and some sizeable Estate Tax payments, earlier individual income tax refund activity will leave a substantial negative variance based on the December revenue forecast and its monthly budgeted distribution.

Highway Fund revenue was over budget in January despite some significant negative variances in gasoline tax collections. February's performance may eat into that positive variance unless there are some sizeable late collections of fuel taxes.

The Revenue Forecasting Committee (RFC) met in late February to revise the revenue forecast and consider the recent performance of revenue through January. While the RFC did not have to react to significant changes in the underlying economic assumptions, they did factor in recent performance of the major taxes and actual economic data through calendar year 2011 and recommended a \$13.0 million downward adjustment for General Fund revenue for the 2012-2013 biennium.

A major concern and one of the risks to the economic and revenue forecasts is the price of heating oil and its effect on Maine consumers. While prices continued the upward climb that began in January, a mild winter so far has helped mitigate their potentially significant effects on the Maine consumer.

Cash balances are starting to show the adverse effects of the FY 2012 MaineCare funding shortfall, which was addressed primarily by additional one-day borrowing from Other Special Revenue Funds. Early individual income tax refund activity has added to the pressures on cash balances. At this point, it is uncertain whether cash flow borrowing can remain internal in FY 2012.

The supplemental budget bill to address a significant MaineCare budget shortfall in FY 2012 and implement the recommendations of the Streamline and Prioritize Core Government Services Task Force initially failed enactment in the Senate, but received the necessary votes a week later and was signed shortly thereafter by the Governor. Recent MaineCare weekly cycle payments toward the end of February have been unusually high, but some of this is related to a temporary programming issue and the inability to properly process certain prescription drug claims.



### *General Fund Revenue Update*

#### **Total General Fund Revenue - FY 2012 (\$'s in Millions)**

|         | Budget    | Actual    | Var.     | % Var. | Prior Year | % Growth |
|---------|-----------|-----------|----------|--------|------------|----------|
| January | \$280.7   | \$242.0   | (\$38.7) | -13.8% | \$266.1    | -9.1%    |
| FYTD    | \$1,584.5 | \$1,554.7 | (\$29.8) | -1.9%  | \$1,549.6  | 0.3%     |

General Fund revenue was \$38.7 million (13.8%) under budget in January and \$29.8 (1.9%) for the fiscal year-to-date (FYTD). January's General Fund collections were 9.1% below collections of January 2011.

All of the major taxes performed poorly relative to budget in January. The four tax categories affecting revenue sharing transfers were under budget by a combined \$36.5 million in January and \$29.7 for the fiscal year through January. January's Individual Income Tax revenue was \$18.8 million or 14.1% below January 2011. With a significant increase in the number of electronically filed tax returns, refund activity has spiked much earlier this year. There was also a roughly \$15 million batch of refunds processed on January 31<sup>st</sup>. Estimated payments in January for both individual and corporate income taxes were also substantially below budget.

Holiday sales tax collections, which seemed to have a very strong start in late November, slowed significantly in December resulting in a lackluster overall holiday season. With much slower growth projected for the second half of the fiscal year, it appears that February sales tax collections will return to positive territory.

Other contributors to January's negative variance include fine revenue and transfers to the Business Equipment Tax Reimbursement (BETR) program. Much of the \$4.3 million negative variance for BETR transfers reflects earlier than anticipated payments. However, fine revenue continues to fall significantly below budget as the number of traffic infractions and other violations filed in the court system have dropped precipitously.

### *Highway Fund Revenue Update*

#### **Total Highway Fund Revenue - FY 2012 (\$'s in Millions)**

|         | Budget  | Actual  | Var.  | % Var. | Prior Year | % Growth |
|---------|---------|---------|-------|--------|------------|----------|
| January | \$26.2  | \$26.8  | \$0.6 | 2.1%   | \$25.7     | 4.1%     |
| FYTD    | \$167.4 | \$168.9 | \$1.6 | 0.9%   | \$165.7    | 2.0%     |

Highway Fund revenue was \$0.6 million (2.1%) over budget in January and \$1.6 million (0.9%) for the FYTD. Through January, Highway Fund revenue has grown by 2.0%, just slightly below the 2.1% projected in the December 2011 revenue forecast.

With gasoline prices at record highs for this time of year, Gasoline Tax collections have been substantially below budget as consumers react. Through January, positive variances in the Special Fuel and Road Use Taxes category have mitigated much of the effect of the Gasoline Tax negative variance. While Maine's

mild winter has been fortuitous for those heating with oil, it may be further depressing the Gasoline Tax. January's lack of snow has meant fewer skiers traveling to the slopes and fewer snowmobilers on the trails. Preliminary data for February's performance for the Gasoline Tax bears this out.

Fortunately, most other Highway Fund revenue categories have been performing well enough to keep aggregate Highway Fund revenue ahead of projections.



## Revenue Forecasting Update

Provided below are the preliminary recommendations of the Revenue Forecasting Committee (RFC) that were reviewed at the committee's meeting on Wednesday, February 22<sup>nd</sup>, in preparation for its March 1<sup>st</sup> reporting deadline. Although there were no changes recommended in the Consensus Economic Forecasting Commission's February 1<sup>st</sup> update of the economic forecast, the RFC reviewed recent revenue performance and actual 2011 economic data, which result in net downward General Fund adjustments of \$13.0 million for the 2012-2013 biennium. The sales and income taxes affecting revenue sharing are revised downward in the 2012-2013 biennium by a net amount of \$30.0 million. The downward adjustments are partially offset by other net upward revisions, the largest of which are adjustments in the Estate Tax (\$11.8 million) and recognizing the General Fund share of the recent mortgage settlement (\$5.7 million).

The impact of this revenue forecast on other funds is much more modest. Highway Fund revenue is projected upward slightly based on the strength of collections in revenue collected by the Bureau of Motor Vehicles, which offsets the downward adjustment in Gasoline Tax. The original recommendations from Maine Revenue Services called for no net adjustment within the broader Fuel Taxes category with other fuel tax collections offsetting the negative Gasoline Tax performance. However, the RFC was sufficiently concerned about the effect of gasoline prices and the recent performance of the Gasoline Tax to make an additional one-time \$1.0 million downward adjustment in FY 2012 Gasoline Tax projections. Based on preliminary data for February, not available to the RFC at the time of its meeting, the question now is whether this extra adjustment is enough.

### Summary of March 2012 Revenue Revisions

Millions of \$'s

#### General Fund Summary

|                         | FY11 Actual | FY12      | FY13      | FY14      | FY15      |
|-------------------------|-------------|-----------|-----------|-----------|-----------|
| Current Forecast        | \$2,945.0   | \$2,956.3 | \$3,030.3 | \$2,974.1 | \$3,094.6 |
| Annual % Growth         | 6.9%        | 0.4%      | 2.5%      | -1.9%     | 4.1%      |
| Net Increase (Decrease) |             | (\$4.9)   | (\$8.1)   | (\$15.4)  | (\$16.0)  |
| Revised Forecast        | \$2,945.0   | \$2,951.4 | \$3,022.2 | \$2,958.7 | \$3,078.7 |
| Annual % Growth         | 6.9%        | 0.2%      | 2.4%      | -2.1%     | 4.1%      |

#### Highway Fund Summary

|                         | FY11 Actual | FY12    | FY13    | FY14    | FY15    |
|-------------------------|-------------|---------|---------|---------|---------|
| Current Forecast        | \$311.4     | \$317.9 | \$318.9 | \$321.1 | \$323.2 |
| Annual % Growth         | 0.1%        | 2.1%    | 0.3%    | 0.7%    | 0.6%    |
| Net Increase (Decrease) |             | \$0.3   | \$0.9   | \$1.7   | \$1.9   |
| Revised Forecast        | \$311.4     | \$318.2 | \$319.8 | \$322.9 | \$325.1 |
| Annual % Growth         | 0.1%        | 2.2%    | 0.5%    | 1.0%    | 0.7%    |

#### Fund for a Healthy Maine Summary

|                         | FY11 Actual | FY12    | FY13    | FY14    | FY15    |
|-------------------------|-------------|---------|---------|---------|---------|
| Current Forecast        | \$54.4      | \$54.5  | \$54.0  | \$54.3  | \$53.9  |
| Annual % Growth         | -5.5%       | 0.3%    | -1.0%   | 0.5%    | -0.8%   |
| Net Increase (Decrease) |             | (\$0.0) | (\$0.0) | (\$0.1) | (\$0.1) |
| Revised Forecast        | \$54.4      | \$54.5  | \$54.0  | \$54.2  | \$53.8  |
| Annual % Growth         | -5.5%       | 0.3%    | -1.0%   | 0.4%    | -0.8%   |

#### Medicaid/MaineCare Dedicated Revenue Taxes Summary

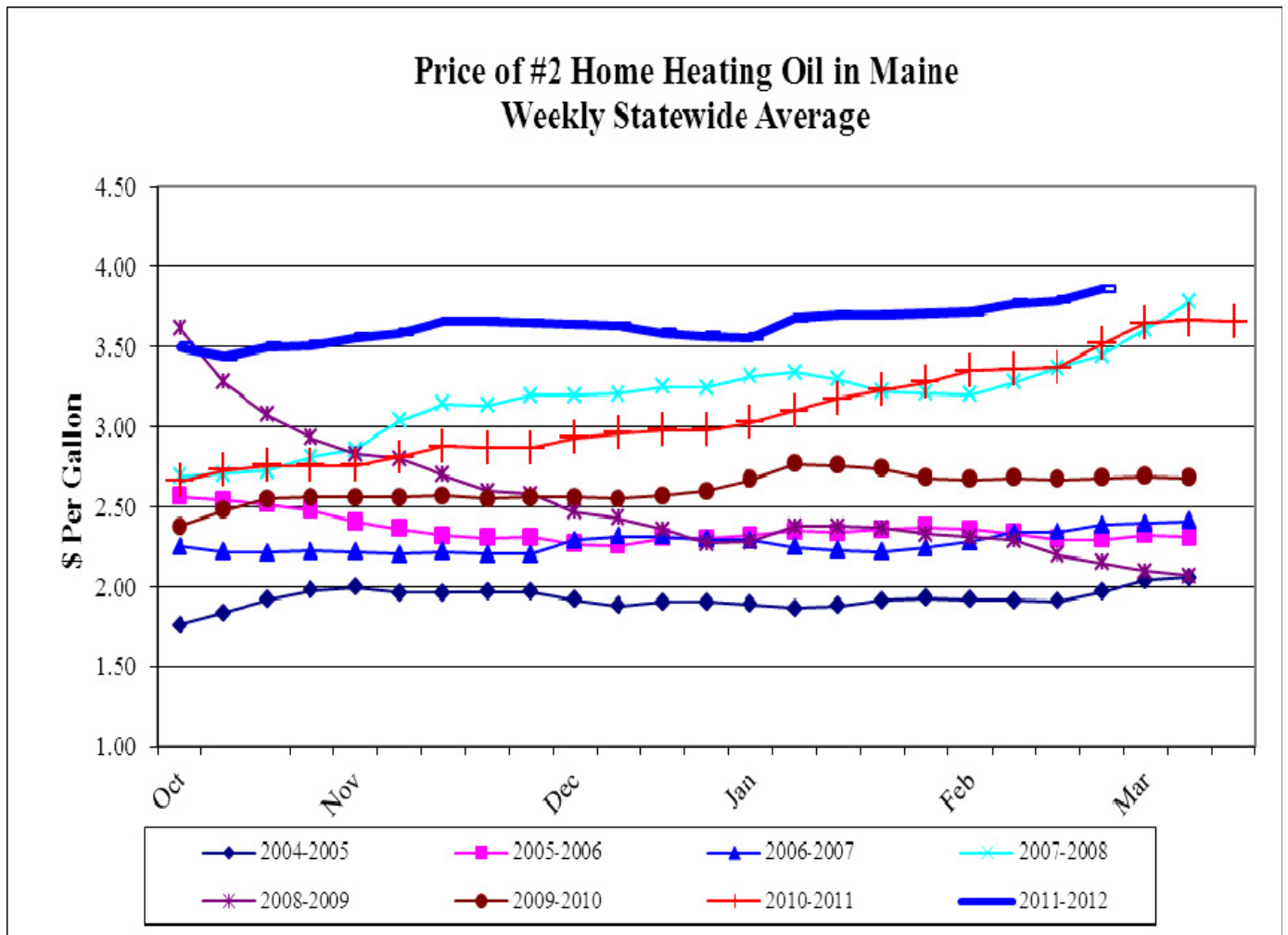
|                         | FY11 Actual | FY12    | FY13    | FY14    | FY15    |
|-------------------------|-------------|---------|---------|---------|---------|
| Current Forecast        | \$148.0     | \$151.8 | \$154.4 | \$154.4 | \$154.4 |
| Annual % Growth         | 5.7%        | 2.6%    | 1.7%    | 0.0%    | 0.0%    |
| Net Increase (Decrease) |             | (\$0.4) | \$0.0   | \$0.0   | \$0.0   |
| Revised Forecast        | \$148.0     | \$151.5 | \$154.4 | \$154.4 | \$154.4 |
| Annual % Growth         | 5.7%        | 2.3%    | 1.9%    | 0.0%    | 0.0%    |



### Heating Oil Price Update

The average price of #2 home heating oil in Maine rose \$0.15 per gallon, or 4.0% during February 2012, from \$3.71 as of the end of January to \$3.86 per gallon as of the end of February. Overall, the price of home heating oil during the 2011-2012 winter heating season (October – March) has been the highest ever experienced in Maine, averaging \$3.81 per gallon through February, approximately \$0.65 per gallon, or 20.5% higher than the same time period last year. Although oil supplies have been more than sufficient

to meet the demands of consumers, helped by an extremely mild winter in the northeast United States (temperatures in Maine were approximately 11.6% warmer than normal and 11.0% warmer than the same time period last year), concerns regarding tensions in the Middle East and the potential for significant supply disruptions, including the effects of a possible blockade of the Strait of Hormuz, are driving the price of oil upward.





### Cash Update

The average total cash pool balance for January was \$460.0 million, \$77.0 million less than one year ago. General Fund internal cash flow borrowing, which had been below FY 2011 amounts through October, remained above last year's levels in January, but showed some modest improvement compared to December. This improvement was in spite of the significant negative variances in the major taxes in January.

With the enactment of the recent supplemental budget that increased the interfund borrowing from Other Special Revenue Funds to \$103.5 million at the end of FY 2012, General Fund cash balances are expected to decline further throughout FY 2012. General Fund reserve balances are \$52.0 million higher than last fiscal year and have helped the State avoid external cash flow borrowing. The key determinant of the need for external cash flow borrowing will be the processing of individual income tax refunds over the next month. With a significant increase in electronic filing of returns, individual income tax refunds have occurred much sooner this year. At this point, it is uncertain whether the State will be able to avoid external cash flow borrowing in FY 2012.

#### Summary of Treasurer's Cash Pool

##### January Average Daily Balances

Millions of \$'s

|                                       | 2011           | 2012           |
|---------------------------------------|----------------|----------------|
| General Fund (GF) Total               | \$37.1         | \$12.3         |
| General Fund (GF) Detail:             |                |                |
| Budget Stabilization Fund             | \$25.4         | \$71.5         |
| Reserve for Operating Capital         | \$11.2         | \$17.1         |
| Tax Anticipation Notes                | \$0.0          | \$0.0          |
| Internal Borrowing                    | \$156.8        | \$167.3        |
| Other General Fund Cash               | (\$156.3)      | (\$243.6)      |
| Other Spec. Rev. - Interest to GF     | \$40.1         | \$19.1         |
| Other State Funds - Interest to GF    | \$15.3         | \$26.0         |
| Highway Fund                          | \$53.9         | \$33.4         |
| Other Spec. Rev. - Retaining Interest | \$54.5         | \$27.4         |
| Other State Funds                     | \$225.0        | \$228.1        |
| Independent Agency Funds              | \$110.9        | \$113.5        |
| <b>Total Cash Pool</b>                | <b>\$536.9</b> | <b>\$460.0</b> |

### Supplemental Budget Overview

LD 1816 was an Appropriations Committee bill authorized for introduction to address the \$25 million statewide savings place holder to be offset by the work of the Streamlining and Prioritize Core Government Services Task Force. The Appropriations Committee used this vehicle to also provide the funding to cover an estimated \$107 million FY 2012 MaineCare shortfall.

The Appropriations Committee reviewed the task force recommendations and made relatively few substantive changes. The Committee replaced the recommendation of the task force to limit Suboxone and they rejected an initiative that would have reduced funding for contracted services in the Independent Housing with Services program of the Department of Health and Human Services (DHHS) and an initiative to reduce funding for the salary supplement for teachers certified by the National Board for Professional Teaching Standards. They modified language regarding the loss of

“parental choice” on remaining in the Child Development Services program for an additional year prior to kindergarten enrollment (Part F). The Committee also made some technical corrections to some of the original recommendations.

The portion of the bill designed to cover the estimated FY 2012 MaineCare shortfall was based, in part, on the Governor's DHHS Supplemental budget (LD 1746) and the information received during the public hearings of last December. The pie chart shown on the next page entitled “Funding the MaineCare Shortfall” illustrates how the enacted bill offsets the \$107 million for the shortfall. The largest source of funding is the one-day internal borrowing, which was included in the Governor's original proposals to address the MaineCare shortfall. \$1.5 million was added to this borrowing in a floor amendment in order to fund restoration of some hospital initiatives whose offset (a hospital assessment) would not be available until FY 2013.



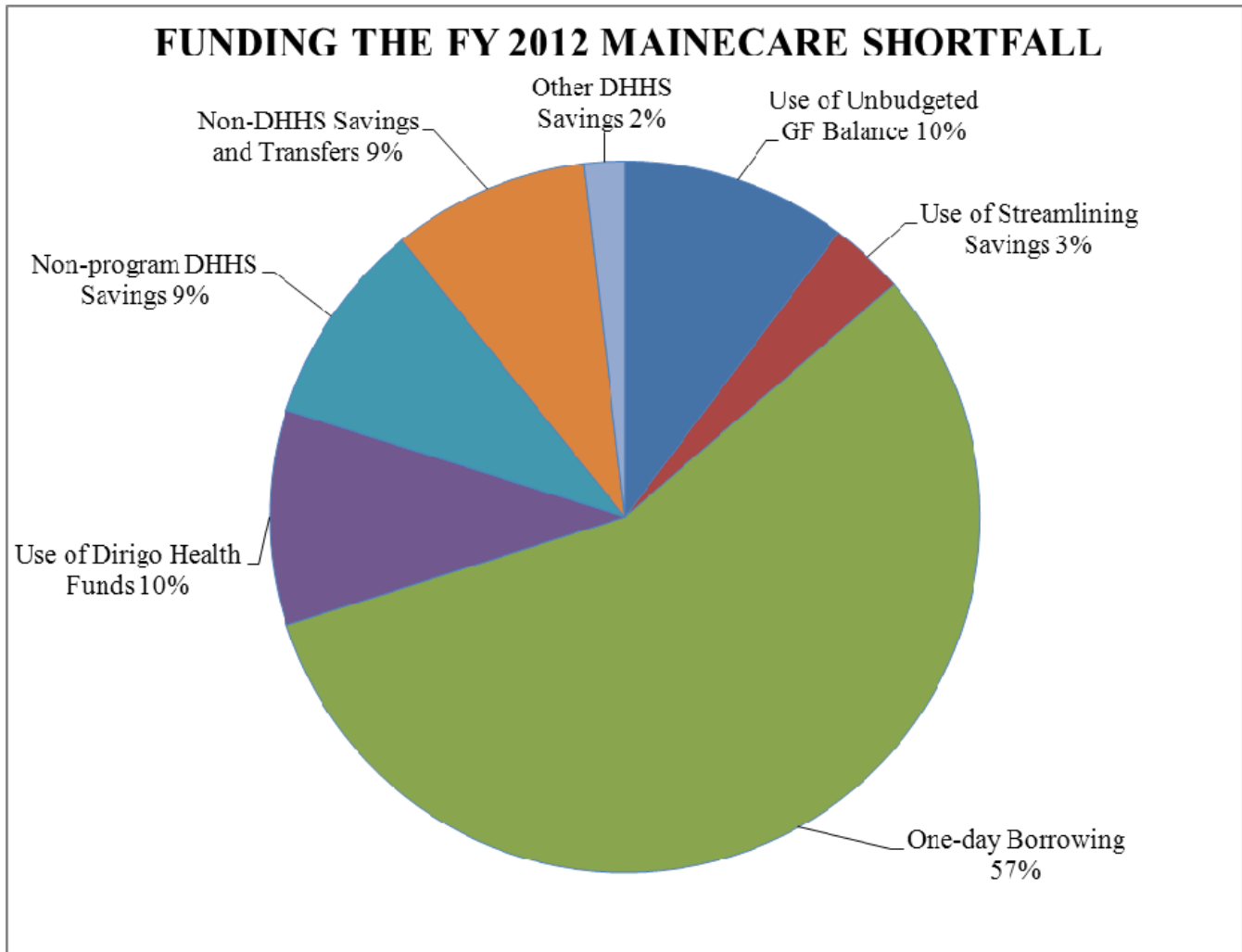
**Supplemental Budget Overview (continued)**

Other major funding sources were the use of Dirigo Health funds to pay for the State’s share of MaineCare funding for the Childless Adults Waiver (also known as “non-categoricals”) and children covered under the CubCare program; transfers from Other Special Revenue accounts outside of DHHS and the use of budgeted General Fund balances. Prior to the most recent revenue forecast, a sizeable balance was budgeted to carry forward to FY 2013, this bill proposed to use most of that budgeted balance. The FY 2012 appropriations also made use of roughly \$3 million in FY 2012 savings from the streamlining portion of the bill that, along with the roughly \$22 million in savings in FY13 totaled the required \$25 million.

The pie chart entitled “FY 2013 Changes (Rebalancing the Budget)” on the next page shows the major categories of cuts needed to pay back the one-day internal borrowing and replace the use of the

budgeted balance. The three largest sources of savings are: 1) MaineCare eligibility changes, which consist of a freeze on enrollment of and budgeted spending cap on “non-categoricals” and elimination of coverage of parents earning more than 133% of federal poverty levels effective October 1, 2012; 2) a one-time hospital assessment (adopted via the same floor amendment which added to the one-day borrowing) designed to replace originally proposed cuts in hospital reimbursements; and 3) savings from recovery of overpayments to providers of private non-medical institution (PNMI) services as a result of money they collect from residents for their contributions to their “cost of care.”

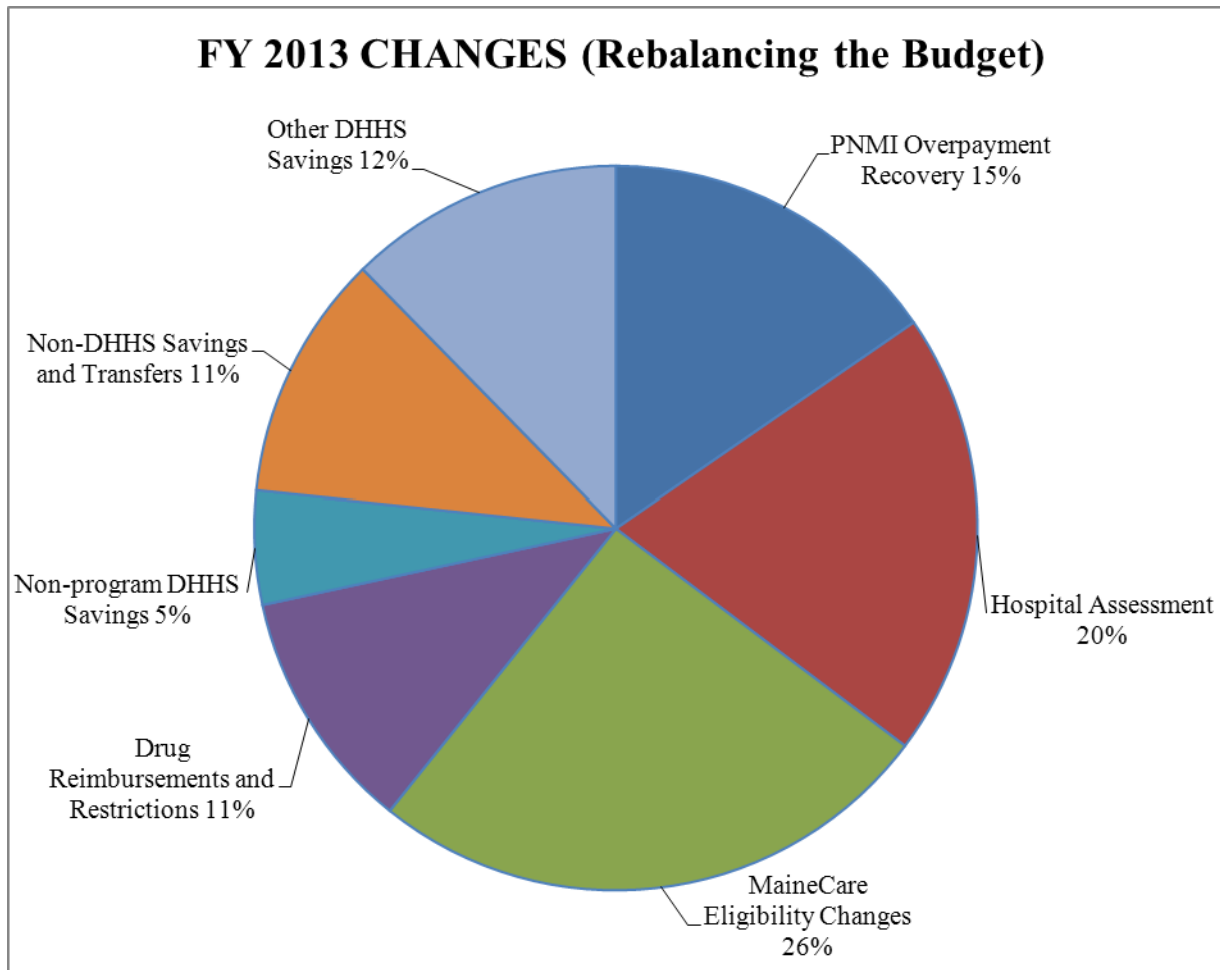
The Appropriations Committee still faces the difficult task of providing funding for the estimated \$89 million FY 2013 MaineCare shortfall, a task further complicated by the recent revenue forecast.



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**Supplemental Budget Overview (continued)**

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**MaineCare Update**

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**MaineCare Spending**

The average weekly MaineCare cycle for FY 2012 through Week 34 was \$44.5 million (state and federal dollars), an increase from the \$44.2 million average through Week 29 and a continued significant increase over the MaineCare weekly cycle averages for FY 2011 of \$40.4 million and for FY 2010 of \$42.0 million. MaineCare Chart 1 on the next page summarizes average weekly MaineCare cycle payments for FY 2012 as well as comparable payment cycle averages for FY 2010 and FY 2011. MaineCare Chart 2 summarizes the actual cycles each week for FY 2012 and for FY 2010 and FY 2011.

MaineCare Chart 1 shows a sustained FY 2012 weekly average of approximately \$44 million from Week 19 through Week 31, with the average after Weeks 32 and 33 increasing to \$44.7 million, then decreasing to \$44.5 million through Week 34. MaineCare Chart 2 shows a continuation of the

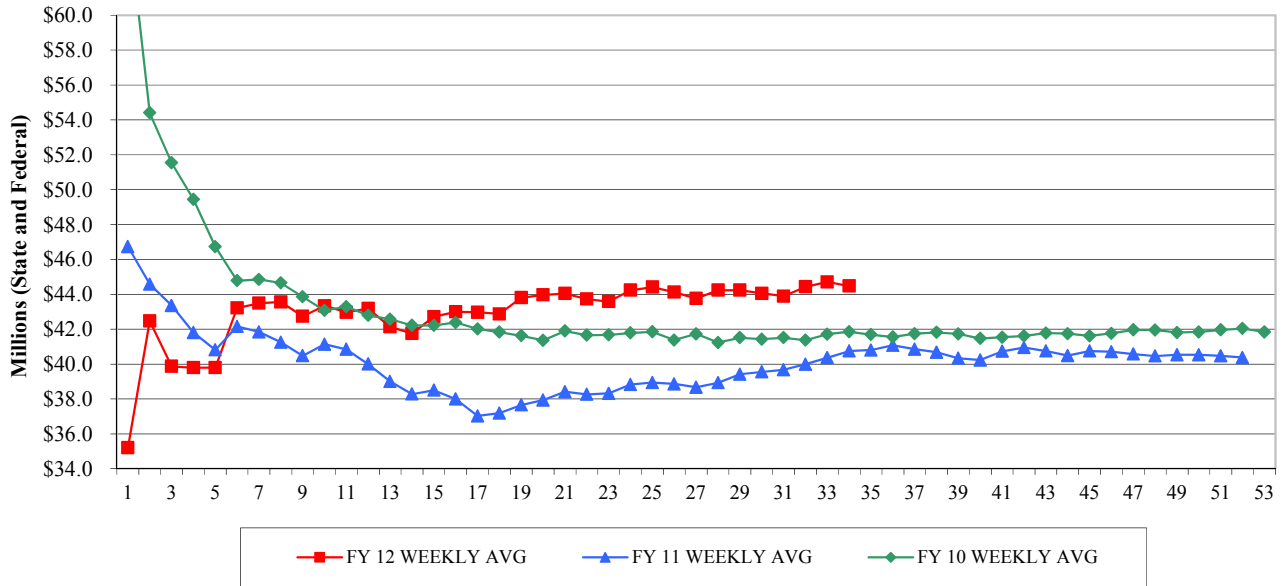
FY 2012 monthly pattern of weekly cycle payments marked by a high point of approximately \$60 million for one week each month reflecting providers billing on a monthly basis, followed by a decline in the subsequent 3 weeks. The most recent increase in the weekly average is largely the result of two MaineCare weekly prescription drug cycles of approximately \$5.5 million each week being paid in Week 32 after failing to pay in Week 31. The “doubling-up” of the prescription drug payments in Week 32 coincided with the monthly-provider billing cycle. Weeks 32 and 33 also reflect an increase in MaineCare prescription drug payment cycles resulting from a failure of the Maine Integrated Health Management Solution (MIHMS) claims processing system to process credits it received from the Maine pharmacy claims process system (MEPOPS) due to changes in the pharmacy system. This was corrected and the credits began to be processed on Week 34.



### MaineCare Update (continued)

#### MaineCare Chart 1 - Weekly Cycle Averages - FY 10, FY 11 and FY 12

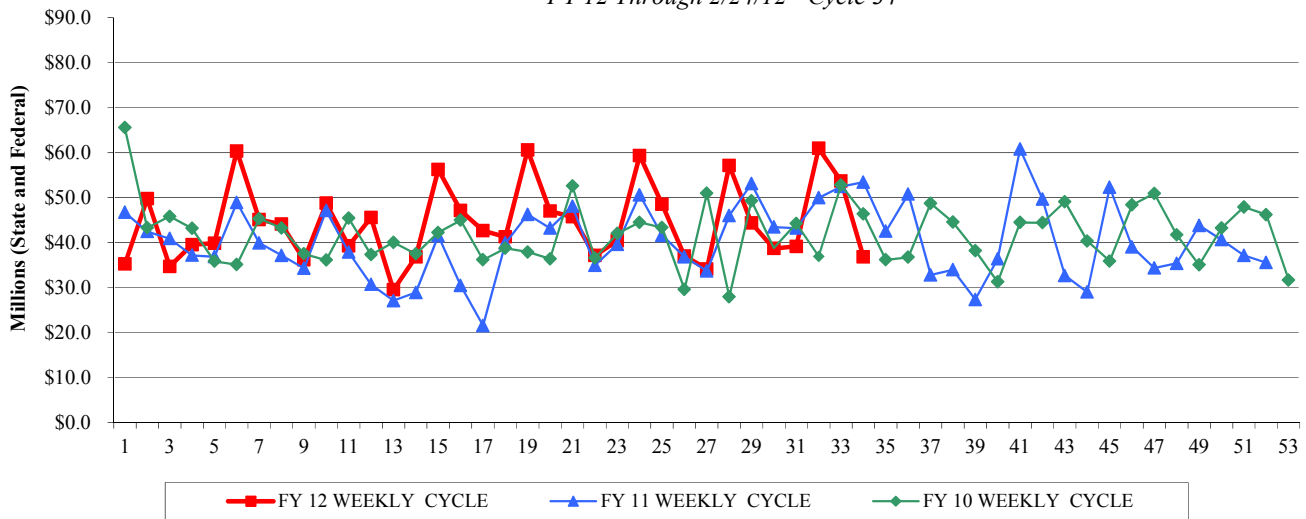
FY 12 Through 2/24/12 - Cycle 34



° FY 11 averages do not reflect MaineCare hospital settlements of \$227.7 million paid in the 3/18/11 (37th) and \$20.8 million paid in the 3/25/11 (38th) cycles.  
 ° FY 10 averages do not reflect the \$132.5 million in MaineCare hospital settlements paid in the 10/23/09 (17th) cycle but do reflect the delayed FY 09 hospital and long-term care payments paid in the first weekly cycle of FY 10.

#### MaineCare Chart 2 - Weekly Cycles - FY 10, FY 11 and FY 12

FY 12 Through 2/24/12 - Cycle 34



° FY 11 cycles do not include MaineCare hospital settlements of \$227.7 million paid in the 3/18/11 (37th) and \$20.8 million paid in the 3/25/11 (38th) cycles.  
 ° FY 10 cycles do not reflect the \$132.5 million in MaineCare hospital settlements paid in the 10/23/09 (17th) cycle but do reflect the delayed FY 09 hospital and long-term care payments paid in the first weekly cycle of FY 10.





### MaineCare Update (continued)

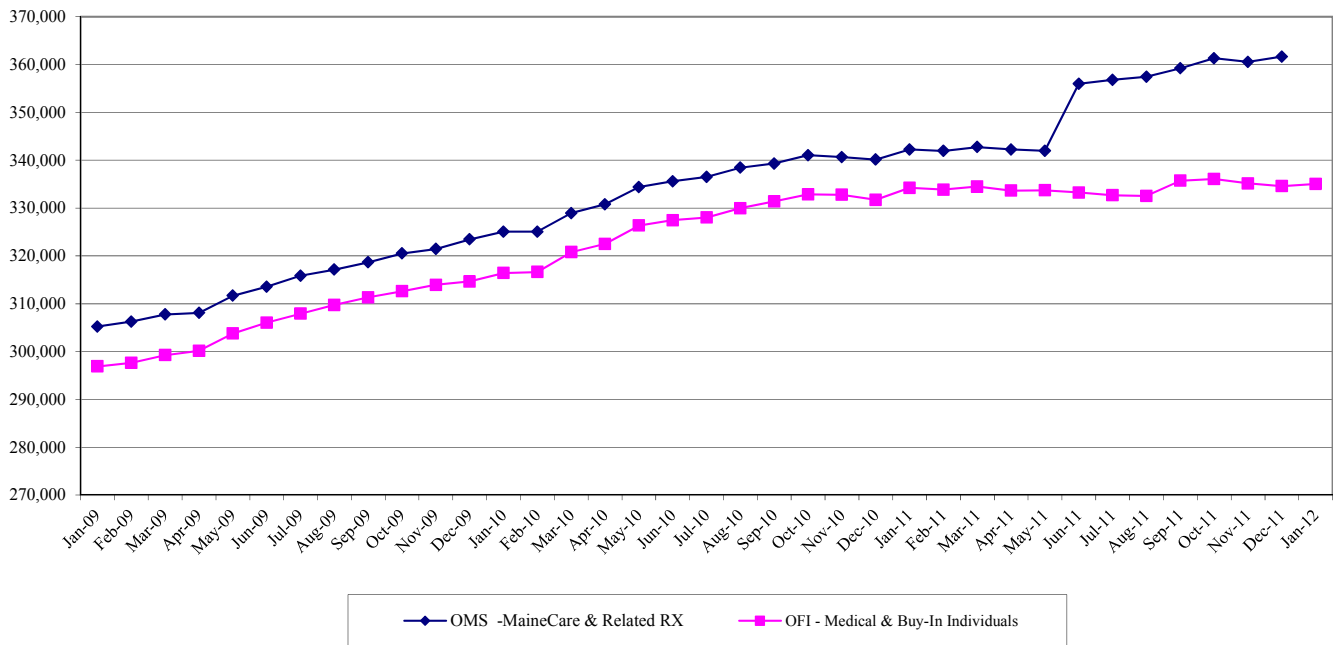
#### MaineCare Caseload

MaineCare caseload data for January has not yet been released by the Office of MaineCare Services. Aggregate January MaineCare caseload data already released by the Office of Family Independence indicates a slight increase in January caseload from December levels. An analysis of January and possibly February detailed MaineCare caseload data will be included in the March 2012 Fiscal News.

As discussed in previous issues of the Fiscal News, the Department of Health and Human Services (DHHS) switched the source of its MaineCare caseload data from the old "WELFRE" system to the new Maine Integrated Health Management Solution (MIHMS) claims processing system beginning in

June 2011. The switch-over to the new data source appears to show a step-up in MaineCare caseload between the pre-June 2011 data source and the new data source. By re-running FY 2011 caseload through the new system, and by comparisons with similar data compiled by the DHHS Office of Family Independence, DHHS has confirmed the step-up reflects a change in counting the caseload and not an underlying step-up in MaineCare caseload. MaineCare Chart 3 below compares the DHHS Office of MaineCare Services (OMS) caseload data with comparable DHHS Office of Family Independence (OFI) data. The two sources count MaineCare caseload differently but had been doing so consistently until the June 2011 switchover to the MIHMS data source.

**MaineCare Chart 3 - MaineCare Caseload**  
*Office of MaineCare Services (OMS) vs. Office of Family Independence (OFI) Data*



Source of OMS data - WELFRE through May 2011 and MIHMS June 2011 and thereafter; Source of OFI data - Report ID RE-PM001A

## General Fund Revenue Fiscal Year Ending June 30, 2012 (FY 2012) January 2012 Revenue Variance Report

| Revenue Category                        |                       |                       |                         | Fiscal Year-To-Date  |                      |                     |               |                                | FY 2012<br>Budgeted<br>Totals |
|---|-----------------------|-----------------------|-------------------------|----------------------|----------------------|---------------------|---------------|--------------------------------|-------------------------------|
|   | January '12<br>Budget | January '12<br>Actual | January '12<br>Variance | Budget               | Actual               | Variance            | Variance<br>% | % Change<br>from Prior<br>Year |                               |
| Sales and Use Tax                       | 97,165,251            | 93,100,609            | (4,064,642)             | 532,433,516          | 529,132,271          | (3,301,245)         | -0.6%         | 4.6%                           | 962,086,370                   |
| Service Provider Tax                    | 6,795,025             | 4,568,343             | (2,226,682)             | 26,754,538           | 24,627,565           | (2,126,973)         | -7.9%         | -11.6%                         | 53,877,680                    |
| Individual Income Tax                   | 155,787,574           | 132,649,431           | (23,138,143)            | 837,382,885          | 814,524,592          | (22,858,293)        | -2.7%         | 1.0%                           | 1,451,207,209                 |
| Corporate Income Tax                    | 12,209,077            | 5,088,827             | (7,120,250)             | 116,046,560          | 114,530,401          | (1,516,159)         | -1.3%         | 6.0%                           | 200,628,491                   |
| Cigarette and Tobacco Tax               | 10,158,469            | 11,660,984            | 1,502,515               | 84,990,669           | 84,579,178           | (411,491)           | -0.5%         | -1.7%                          | 142,123,350                   |
| Insurance Companies Tax                 | 34,296                | 94,574                | 60,278                  | 12,193,778           | 14,574,270           | 2,380,492           | 19.5%         | 22.8%                          | 76,215,000                    |
| Estate Tax                              | 2,555,612             | 3,019,330             | 463,718                 | 14,759,964           | 15,584,617           | 824,653             | 5.6%          | -26.0%                         | 33,163,673                    |
| Other Taxes and Fees *                  | 9,703,564             | 8,910,161             | (793,403)               | 65,043,774           | 64,245,139           | (798,635)           | -1.2%         | -16.3%                         | 129,106,975                   |
| Fines, Forfeits and Penalties           | 2,130,483             | 1,870,573             | (259,910)               | 14,735,937           | 13,517,776           | (1,218,162)         | -8.3%         | -16.6%                         | 26,665,321                    |
| Income from Investments                 | (1,468)               | 10,645                | 12,113                  | 121,134              | 195,154              | 74,020              | 61.1%         | 25.6%                          | 47,206                        |
| Transfer from Lottery Commission        | 3,826,430             | 3,882,152             | 55,722                  | 29,654,834           | 30,571,282           | 916,448             | 3.1%          | 5.5%                           | 50,700,000                    |
| Transfers to Tax Relief Programs *      | (11,528,776)          | (14,671,629)          | (3,142,853)             | (101,530,303)        | (105,251,957)        | (3,721,654)         | -3.7%         | -9.2%                          | (113,068,263)                 |
| Transfers for Municipal Revenue Sharing | (8,647,892)           | (8,985,711)           | (337,819)               | (57,362,145)         | (57,699,963)         | (337,818)           | -0.6%         | -2.8%                          | (96,205,719)                  |
| Other Revenue *                         | 528,229               | 809,201               | 280,972                 | 9,277,048            | 11,522,880           | 2,245,832           | 24.2%         | -9.6%                          | 39,726,812                    |
| <b>Totals</b>                           | <b>280,715,874</b>    | <b>242,007,491</b>    | <b>(38,708,383)</b>     | <b>1,584,502,189</b> | <b>1,554,653,205</b> | <b>(29,848,984)</b> | <b>-1.9%</b>  | <b>0.3%</b>                    | <b>2,956,274,105</b>          |

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

**General Fund Revenue**  
**Fiscal Year Ending June 30, 2012 (FY 2012)**  
**January 2012 Revenue Variance Report**

| Revenue Category                                     |                       |                       |                         | Fiscal Year-To-Date  |                      |                    |               |                                | FY 2012<br>Budgeted<br>Totals |
|--|-----------------------|-----------------------|-------------------------|----------------------|----------------------|--------------------|---------------|--------------------------------|-------------------------------|
|  | January '12<br>Budget | January '12<br>Actual | January '12<br>Variance | Budget               | Actual               | Variance           | Variance<br>% | % Change<br>from Prior<br>Year |                               |
| <b>Detail of Other Taxes and Fees:</b>               |                       |                       |                         |                      |                      |                    |               |                                |                               |
| - Property Tax - Unorganized Territory               | 0                     | 0                     | 0                       | 12,414,698           | 12,043,355           | (371,343)          | -3.0%         | 1.2%                           | 13,261,016                    |
| - Real Estate Transfer Tax                           | 945,250               | 747,806               | (197,444)               | 4,802,304            | 4,593,642            | (208,662)          | -4.3%         | -46.4%                         | 9,767,309                     |
| - Liquor Taxes and Fees                              | 1,283,834             | 1,478,169             | 194,335                 | 11,787,114           | 12,359,326           | 572,212            | 4.9%          | -0.3%                          | 20,467,530                    |
| - Corporation Fees and Licenses                      | 203,275               | 285,742               | 82,467                  | 1,539,270            | 1,535,636            | (3,635)            | -0.2%         | -3.6%                          | 7,697,099                     |
| - Telecommunication Personal Prop. Tax               | 0                     | 0                     | 0                       | (2,646,902)          | (2,543,388)          | 103,514            | 3.9%          | -10134.1%                      | 9,641,734                     |
| - Finance Industry Fees                              | 2,315,501             | 2,645,700             | 330,199                 | 13,742,987           | 14,188,150           | 445,163            | 3.2%          | 0.2%                           | 23,265,980                    |
| - Milk Handling Fee                                  | 157,327               | 90,577                | (66,750)                | 717,785              | 651,036              | (66,749)           | -9.3%         | -76.0%                         | 1,504,426                     |
| - Racino Revenue                                     | 644,157               | 579,997               | (64,160)                | 5,848,323            | 5,734,162            | (114,161)          | -2.0%         | 3.9%                           | 10,553,603                    |
| - Boat, ATV and Snowmobile Fees                      | 320,105               | 214,338               | (105,767)               | 2,199,300            | 2,093,533            | (105,767)          | -4.8%         | -4.8%                          | 4,763,561                     |
| - Hunting and Fishing License Fees                   | 2,912,313             | 2,003,743             | (908,570)               | 10,125,953           | 9,217,384            | (908,569)          | -9.0%         | -7.9%                          | 16,161,752                    |
| - Other Miscellaneous Taxes and Fees                 | 921,802               | 864,089               | (57,713)                | 4,512,942            | 4,372,303            | (140,639)          | -3.1%         | -43.8%                         | 12,022,965                    |
| <b>Subtotal - Other Taxes and Fees</b>               | <b>9,703,564</b>      | <b>8,910,161</b>      | <b>(793,403)</b>        | <b>65,043,774</b>    | <b>64,245,139</b>    | <b>(798,635)</b>   | <b>-1.2%</b>  | <b>-16.3%</b>                  | <b>129,106,975</b>            |
| <b>Detail of Other Revenue:</b>                      |                       |                       |                         |                      |                      |                    |               |                                |                               |
| - Liquor Sales and Operations                        | 1,593                 | 2,100                 | 507                     | 15,051               | 17,800               | 2,749              | 18.3%         | 14.2%                          | 7,596,943                     |
| - Targeted Case Management (DHHS)                    | (9,447)               | 321,264               | 330,711                 | 3,003,159            | 3,343,804            | 340,645            | 11.3%         | -55.3%                         | 4,868,524                     |
| - State Cost Allocation Program                      | 1,223,332             | 1,171,315             | (52,017)                | 6,994,502            | 7,379,746            | 385,244            | 5.5%          | -11.7%                         | 14,101,011                    |
| - Unclaimed Property Transfer                        | 0                     | 0                     | 0                       | 0                    | 0                    | 0                  | N/A           | N/A                            | 2,333,420                     |
| - Toursim Transfer                                   | 0                     | 0                     | 0                       | (9,419,745)          | (9,419,745)          | 0                  | 0.0%          | -4.1%                          | (9,419,745)                   |
| - Transfer to Maine Milk Pool                        | (58,123)              | (96,058)              | (37,935)                | (688,154)            | (120,175)            | 567,979            | 82.5%         | 96.8%                          | (980,670)                     |
| - Transfer to STAR Transportation Fund               | 0                     | 0                     | 0                       | (3,196,872)          | (3,196,872)          | 0                  | 0.0%          | -3.1%                          | (3,196,872)                   |
| - Other Miscellaneous Revenue                        | (629,126)             | (589,421)             | 39,705                  | 12,569,107           | 13,518,322           | 949,215            | 7.6%          | 5.8%                           | 24,424,201                    |
| <b>Subtotal - Other Revenue</b>                      | <b>528,229</b>        | <b>809,201</b>        | <b>280,972</b>          | <b>9,277,048</b>     | <b>11,522,880</b>    | <b>2,245,832</b>   | <b>24.2%</b>  | <b>-9.6%</b>                   | <b>39,726,812</b>             |
| <b>Detail of Transfers to Tax Relief Programs:</b>   |                       |                       |                         |                      |                      |                    |               |                                |                               |
| - Me. Resident Prop. Tax Program (Circuitbreaker)    | (2,200,000)           | (1,717,234)           | 482,766                 | (37,411,226)         | (37,400,260)         | 10,966             | 0.0%          | -5.3%                          | (42,083,286)                  |
| - BETR - Business Equipment Tax Reimb.               | (8,300,738)           | (12,592,703)          | (4,291,965)             | (45,562,528)         | (49,060,491)         | (3,497,963)        | -7.7%         | -10.2%                         | (51,552,995)                  |
| - BETE - Municipal Bus. Equip. Tax Reimb.            | (1,028,038)           | (361,692)             | 666,346                 | (18,556,549)         | (18,791,206)         | (234,657)          | -1.3%         | -15.2%                         | (19,431,982)                  |
| <b>Subtotal - Tax Relief Transfers</b>               | <b>(11,528,776)</b>   | <b>(14,671,629)</b>   | <b>(3,142,853)</b>      | <b>(101,530,303)</b> | <b>(105,251,957)</b> | <b>(3,721,654)</b> | <b>-3.7%</b>  | <b>-9.2%</b>                   | <b>(113,068,263)</b>          |
| <b>Inland Fisheries and Wildlife Revenue - Total</b> | <b>3,319,711</b>      | <b>2,343,540</b>      | <b>(976,171)</b>        | <b>12,888,731</b>    | <b>11,977,287</b>    | <b>(911,444)</b>   | <b>-7.1%</b>  | <b>-6.4%</b>                   | <b>21,916,376</b>             |

## Highway Fund Revenue Fiscal Year Ending June 30, 2012 (FY 2012) January 2012 Revenue Variance Report

| Revenue Category                          |                       |                       |                         | Fiscal Year-To-Date |                    |                  |               |                                | FY 2012<br>Budgeted<br>Totals |
|---|-----------------------|-----------------------|-------------------------|---------------------|--------------------|------------------|---------------|--------------------------------|-------------------------------|
|   | January '12<br>Budget | January '12<br>Actual | January '12<br>Variance | Budget              | Actual             | Variance         | %<br>Variance | % Change<br>from Prior<br>Year |                               |
| Fuel Taxes:                               |                       |                       |                         |                     |                    |                  |               |                                |                               |
| - Gasoline Tax                            | 16,547,228            | 15,943,757            | (603,471)               | 105,370,954         | 104,150,638        | (1,220,316)      | -1.2%         | -0.4%                          | 200,580,000                   |
| - Special Fuel and Road Use Taxes         | 3,306,529             | 4,239,400             | 932,871                 | 22,629,250          | 23,438,894         | 809,644          | 3.6%          | 3.8%                           | 44,200,000                    |
| - Transcap Transfers - Fuel Taxes         | (1,457,997)           | (1,483,781)           | (25,784)                | (10,894,879)        | (10,904,170)       | (9,291)          | -0.1%         | -0.6%                          | (17,974,807)                  |
| - Other Fund Gasoline Tax Distributions   | (413,802)             | (398,692)             | 15,110                  | (3,138,124)         | (3,125,849)        | 12,275           | 0.4%          | -0.3%                          | (5,115,905)                   |
| Subtotal - Fuel Taxes                     | 17,981,958            | 18,300,685            | 318,727                 | 113,967,201         | 113,559,512        | (407,689)        | -0.4%         | 0.4%                           | 221,689,288                   |
| Motor Vehicle Registration and Fees:      |                       |                       |                         |                     |                    |                  |               |                                |                               |
| - Motor Vehicle Registration Fees         | 4,534,309             | 4,639,264             | 104,955                 | 35,600,501          | 36,207,228         | 606,727          | 1.7%          | 1.2%                           | 64,805,936                    |
| - License Plate Fees                      | 108,333               | 39,204                | (69,129)                | 1,770,660           | 1,839,683          | 69,023           | 3.9%          | 2.9%                           | 3,345,309                     |
| - Long-term Trailer Registration Fees     | 995,163               | 1,227,932             | 232,769                 | 3,676,874           | 4,529,076          | 852,202          | 23.2%         | 16.0%                          | 8,884,523                     |
| - Title Fees                              | 831,792               | 918,297               | 86,505                  | 6,220,650           | 6,680,185          | 459,535          | 7.4%          | 6.6%                           | 11,044,291                    |
| - Motor Vehicle Operator License Fees     | 700,688               | 636,152               | (64,537)                | 5,130,514           | 4,709,325          | (421,189)        | -8.2%         | 39.1%                          | 9,124,826                     |
| - Transcap Transfers - Motor Vehicle Fees | 0                     | 0                     | 0                       | (7,622,416)         | (7,553,821)        | 68,595           | 0.9%          | -2.4%                          | (14,844,300)                  |
| Subtotal - Motor Vehicle Reg. & Fees      | 7,170,285             | 7,460,848             | 290,563                 | 44,776,783          | 46,411,676         | 1,634,893        | 3.7%          | 6.1%                           | 82,360,585                    |
| Motor Vehicle Inspection Fees             | 267,700               | 341,958               | 74,258                  | 1,804,400           | 1,818,556          | 14,156           | 0.8%          | -10.4%                         | 2,982,500                     |
| Other Highway Fund Taxes and Fees         | 74,151                | 71,574                | (2,577)                 | 764,202             | 752,895            | (11,307)         | -1.5%         | -1.3%                          | 1,313,165                     |
| Fines, Forfeits and Penalties             | 88,755                | 87,341                | (1,414)                 | 595,998             | 574,779            | (21,219)         | -3.6%         | -21.4%                         | 1,103,049                     |
| Interest Earnings                         | 8,704                 | 8,023                 | (681)                   | 53,454              | 57,204             | 3,750            | 7.0%          | -23.7%                         | 97,701                        |
| Other Highway Fund Revenue                | 615,834               | 498,122               | (117,712)               | 5,412,566           | 5,768,018          | 355,452          | 6.6%          | 10.7%                          | 8,388,443                     |
| <b>Totals</b>                             | <b>26,207,387</b>     | <b>26,768,550</b>     | <b>561,163</b>          | <b>167,374,604</b>  | <b>168,942,639</b> | <b>1,568,035</b> | <b>0.9%</b>   | <b>2.0%</b>                    | <b>317,934,731</b>            |