

## SECTION I – INTRODUCTION

The Compendium of State Fiscal Information, updated on an annual basis, provides a summary of the most important fiscal information affecting Maine State Government. It includes a summary of actual operating revenue and expenditures, descriptions of revenue sources, and summaries of Maine's debt, General Fund reserve fund balances and Maine's tax burden. The Office of Fiscal and Program Review hopes you find this information useful. Recent additions and changes to this report as part of efforts to improve its usefulness may result in some questions for those using this information for historical purposes. Questions regarding conversions of data or suggestions for improvements to this report should be directed to: Office of Fiscal and Program Review, 5 State House Station, Augusta, Maine 04333-0005, Telephone: (207) 287-1635.

### **Report Layout**

This report presents information in seven different sections. The first section, the *Introduction*, presents an overview of the report and some of the accounting methods used for the data included in this report. The second section, *Summary of Major Taxes and Revenue Sources*, provides descriptions of the major taxes and revenue sources including the current tax rates, current fees and assessments. Each major revenue source includes a table providing a 10-year history of the revenue generated. Most of the summaries also include information on when the tax, fee or assessment was first adopted and the major amendments affecting that tax, fee or assessment. The third section, *Revenues and Expenditures*, provides exhibits detailing revenues and expenditures of Maine State Government by major fund type. The fourth section, *Maine's Bonded Debt*, includes a summary of Maine's general obligation debt, debt of the Maine Governmental Facilities Authority and other tax-supported debt. The fifth section provides a history of the major *General Fund Reserve Funds*, the Maine Budget Stabilization Fund (formerly the Maine Rainy Day Fund) and the Reserve for General Fund Operating Capital. The sixth section, *State and Local Tax Burdens*, provides a history of Maine's taxes per capita and as a percentage of personal income. The seventh and final section provides a 20-year history of authorized position counts for Maine State Government.

### **Accounting and State Fiscal Year**

The information in this report is presented on a budgetary basis, which summarizes all funds as they are recorded on the official accounting system maintained by the Office of the State Controller within the Department of Administrative and Financial Services. (Some minor adjustments have been made by the Office of Fiscal and Program Review to correct for certain data entry errors.) Revenue recognition and the amounts included in this report are based on a modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. The major taxes subject to accrual are the individual income tax, sales and use tax and the telecommunications excise tax. Fuel taxes were added at the end of fiscal year 1999 and several additional taxes became subject to accrual at the end of fiscal year 2000. Revenues from other sources are recognized when received and expenditures are recorded when paid. The table on the next page summarizes the major taxes that are subject to accrual and the amounts accrued for the last 5 fiscal years.

Maine State Government's fiscal year runs from July 1<sup>st</sup> through June 30<sup>th</sup>. References to fiscal years or a fiscal year throughout this report will use the year in which the fiscal year ends, i.e., fiscal year 2013 refers to the fiscal year ending June 30, 2013.

**Table I-1 Major Revenue Accruals**  
**Fiscal Years 2009 - 2013**

| REVENUE SOURCE                | 2009<br>\$   | 2010<br>\$   | 2011<br>\$   | 2012<br>\$   | 2013<br>\$   |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Income Taxes                  |              |              |              |              |              |
| Individual Income Tax         | \$57,335,427 | \$48,378,910 | \$42,132,671 | \$51,655,517 | \$53,698,160 |
| Corporate Income Tax          | \$2,442,978  | \$4,070,218  | \$2,000,000  | \$4,000,000  | \$1,500,000  |
| Sales and Use Taxes           | \$88,963,969 | \$85,979,975 | \$86,839,775 | \$96,443,395 | \$96,474,318 |
| Service Provider Tax          |              |              |              |              |              |
| General Fund                  | \$4,474,537  | \$5,754,416  | \$5,927,048  | \$4,483,465  | \$4,298,454  |
| Other Special Revenue Funds   | \$0          | \$0          | \$0          |              | \$0          |
| Estate Tax                    | \$5,949,315  | \$4,490,000  | \$4,432,150  | \$6,400,000  | \$8,700,000  |
| Tobacco Products Tax          | \$600,000    | \$800,000    | \$980,000    | \$950,000    | \$950,000    |
| Cigarette Tax                 | \$0          | \$0          | \$0          | \$0          | \$0          |
| Telecommunications Excise Tax | \$18,390,880 | \$17,678,938 | \$17,731,074 | \$13,355,947 | \$10,043,114 |
| Real Estate Transfer Tax      |              |              |              |              |              |
| General Fund                  | \$1,000,000  | \$900,000    | \$975,000    | \$875,000    | \$875,000    |
| Other Special Revenue Funds   | \$1,000,000  | \$900,000    | \$975,000    | \$875,000    | \$875,000    |
| Gasoline Tax                  | \$14,300,000 | \$16,000,000 | \$16,850,000 | \$16,850,000 | \$16,850,000 |
| Special Fuel                  | \$4,700,000  | \$4,400,000  | \$4,400,000  | \$4,400,000  | \$4,400,000  |

### **Fund Accounting**

The normal operations of Maine State Government are recorded and controlled on a fund basis in three major operating funds: **General Fund, Highway Fund and Other Special Revenue Funds**. The tables in Section III provide a summary of total revenues and expenditures of these three major operating funds. An additional table has been included to provide a history of expenditures for all funds, see pages 78 and 79.

### **General Fund**

The General Fund is the primary operating fund of Maine State Government. It receives revenue from general state revenue sources not otherwise accounted for in another fund. The largest sources of revenue are from the Individual Income Tax, Sales and Use Tax, Corporate Income Tax and Cigarette Tax. These four major taxes account for more than 91% of General Fund revenue. The Graph and Tables on pages 86 to 92 provide a summary of revenues and expenditures of the General Fund.

### **Highway Fund**

The Highway Fund is used to account for revenue derived from excise taxes and license and other fees related to the registration, operation, and use of vehicles on public highways and from fuel used for the propulsion of these vehicles, with fuel taxes representing roughly two-thirds of Highway Fund revenue. Pursuant to the Constitution of Maine, Article IX, Section 19, this revenue must be used for highway-related activities. This revenue is expended primarily within the Departments of Transportation, Public Safety and the Secretary of State (Bureau of Motor Vehicles). The Graph and Tables on pages 93 to 96 summarize the revenues and expenditures of the Highway Fund.

### **Other Special Revenue Funds**

Other Special Revenue Funds receive their revenues from segregated or dedicated sources. The funds are expended by category for specific purposes. Although included as Other Special Revenue Funds in the reporting of the Office of the State Controller, this report segregates Federal Funds into separate exhibits. In this report, this group of funds includes only the State's

own source dedicated or special funds. This group also includes the Fund for a Healthy Maine (whose primary income source is Tobacco Settlement funds), which is treated by the Legislature as a separate fund for budget purposes, but is technically just a group of accounts in Other Special Revenue Funds. The graph and tables on pages 97 to 103 summarize the revenues and expenditures grouped under Other Special Revenue Funds. Supplemental tables on page 103 provide a separate look at only the revenue and expenditures of the Fund for a Healthy Maine.

### **Federal Funds**

As noted above, this report separates out the Federal Funds (Federal Expenditures Fund and Federal Block Grant Fund) from the Office of the State Controller's Other Special Revenue Funds category. For the purposes of this report, the Federal Expenditures Fund and the Federal Block Grant Fund will be referred to as "Federal Funds" and include federal stimulus funds received under the American Recovery and Reinvestment Act of 2009 (ARRA). The graphs and tables on pages 104 to 108 summarize the revenue and expenditures of the Federal Funds.

### **Other Funds**

In addition to the operating funds that are listed above, there are numerous other funds that are used to record specific activities. These include the following.

- The *Debt Service Funds* are used to account for issuance of general obligation debt and the use of general obligation debt proceeds as well as the revenue collected for the payment of principal and interest on certain revenue bonds.
- *Capital Project Funds* are used to account for financial resources used to acquire major capital assets other than those financed by proprietary funds.
- *Proprietary funds* are used to account for ongoing activities supported by fees for goods or services and are either:
  - *Enterprise Funds* for activities providing goods and services to the general public; or
  - *Internal Services Funds* for activities providing goods and services between state agencies.
- *Fiduciary funds*, including *Expendable Trust Funds*, *Non-expendable Trust Funds* and *Agency Funds*, are used to account for assets held by the State acting as a trustee or an agent for individuals, organizations or other funds.

The table on pages 78 and 79 provides a history of total expenditures in these "non-operating" funds. Debt Service Funds and Internal Service Funds are included in this exhibit and are sub-totaled separately, but are excluded from the Total State Expenditures to avoid double-counting expenditures.

### **Sources**

The Office of Fiscal and Program Review has compiled this report using numerous sources including the records of the Office of the State Controller and the Office of the State Treasurer and various other state departments and agencies. Population and Personal Income data are from the U.S. Department of Commerce.

Expenditure and revenue data have been downloaded from the State's accounting system. With the implementation of the State's new accounting system beginning in fiscal year 2008, some expenditure by category detail may be different by minor amounts from actual expenditures in that category due to the Controller's methodology for accounting for certain prior period adjustments.