

Biennial Budget Questions from the Appropriations Committee
January 26, 2015

Maine Revenue Service

- 1) How many total Maine resident tax filings were there for the most recent records?
- 2) Can we get a break down of filers by income level (ie how many individual filers earn zero to \$20,000 per year (or the lowest bracket); from \$20,000 to \$50,000; and then in \$50,000 increments up to the highest amount filed)?

Maine Resident Returns by MAGI, 2013

Maine Adjusted Gross Income		Returns
Less than or equal zero		26,304
\$ 1 to	\$ 20,000	183,503
\$ 20,001 to	\$ 50,000	203,715
\$ 50,001 to	\$ 100,000	132,511
\$ 100,001 to	\$ 150,000	39,552
\$ 150,001 to	\$ 200,000	11,943
\$ 200,001 to	\$ 250,000	4,909
\$ 250,001 to	\$ 300,000	2,575
\$ 300,001 to	\$ 350,000	1,523
\$ 350,001 to	\$ 400,000	1,012
\$ 400,001 to	\$ 450,000	717
\$ 450,001 to	\$ 500,000	566
\$ 500,001 to	\$ 750,000	1,208
\$ 750,001 to	\$ 1,000,000	400
Over \$1 million		607
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Total		611,045

These figures include 12,916 returns with MAGI ≤ 0 and 36,391 returns with MAGI between \$1 and \$20,000 that did not claim an exemption on the federal return, either because the filer was claimed as a dependent on someone else's return or because the filer did not file a federal tax return (and perhaps filed the Maine return to claim the Property Tax Fairness Credit).

Department of Administrative and Financial Services
Maine Revenue Services
Office of Tax Policy

- 3) If we were to drop income tax to 4%, how much revenue would that generate? 5%?

Need more clarification to provide a response.

- 4) Incidences reports
- . TY2014 For the current tax system, please assume the adoption of tax conformity
 - . TY2016 under the Governor's proposal
 - . TY2017 under the Governor's proposal
 - . TY2018 under the Governor's proposal
 - . TY2019 under the Governor's proposal
- 5) For the above incidences reports we would also appreciate:
- . Income-incidence
 - . Sales-incidence
 - . Combined incidence PTFC
 - . Combined incidence w/o PTFC
- 6) Tax family scenarios: For the same years and with the same assumption regarding conformity it would be most helpful to have impact scenarios for the following situations: **See Attachment #1**

Tax family	Income	Status
Elderly couple	27,500	File jointly, standard deduction
Single elderly individual	15,000	Standard deduction
Married couple 3 dependent children	37,500	File jointly, standard deduction
Married couple 2 dependent children	95,000	File jointly, itemized deduction based on federal itemized deduction of \$22,000
Married couple 2 dependent children	45,000	File jointly, standard deduction
Married couple no children	95,000	File jointly, itemized deduction based on federal itemized deduction of \$22,000
Married couple 2 dependent children	80,000	File jointly, standard deduction
Single Mainer	50,000	Standard deduction

- 7) How much total sales tax is collected broken out by month?

See Attachment #2 (August and June are adjusted for accrual)

- 8) How much revenue is generated by each particular change in the sales tax (each new item or service)?

	<u>FY17 Revenue</u>	<u>Percent</u>
Professional Services	\$32,440,747	27.27%
Amusements & Recreation	\$32,904,696	27.66%
Personal Services	\$33,023,657	27.76%
Household Services	\$19,402,588	16.31%
Interstate Phone Calls	\$1,189,613	1.00%
Total	\$118,961,300	100.00%

Department of Labor/State Economist/Department of Economic and Community Development

- 1) What is a Maine worker's average income - specifically income from just working at an actual job or multiple jobs, so that it excludes any additional benefits like TANF, SNAP, social security, disability etc.

The U.S. Census Bureau provides estimates of median earnings from work through the annual American Community Survey. In 2013 median earnings for both full- and part-time workers combined were \$27,200. The full-time, year round worker median was \$43,950 for men and \$35,420 for women.

The Maine Department of Labor and U.S. Bureau of Labor Statistics provide average annual wage figures per job, so it understates average wages per worker because some people have more than one job. The average wage per job in Maine was \$39,276 in 2013.

- 2) How many people in Maine are earning the average income?

About 321,700 working people earn more than median earnings and 321,700 earn less.

- 3) Do you we have any idea what the current debt level is of the average Maine worker?

We don't have this data. The closest we can come is the debt-to-income ratio for Maine, which is calculated by Moody's Analytics as total consumer credit divided by disposable personal income. It was 24.2% for Maine in the third quarter of 2014.

- 4) What is considered peak tourist season... I suspect something like June 15 to October 15?

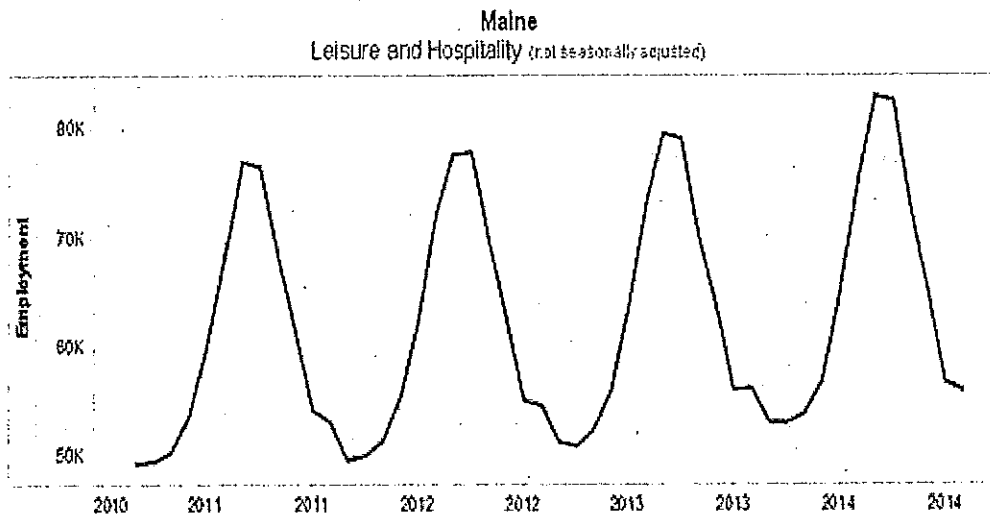
The Maine Office of Tourism defines the tourism seasons as:

Winter: December 1 – April 30

Summer: May 1 – August 31

Fall: September 1 – November 30

Most visitors to Maine come during the summer, but tourism occurs throughout the year, including ski and snowmobile seasons, impacting a wide range of industries. The largest impact is in the Leisure & Hospitality sector, which is primarily restaurants, pubs, and lodging, plus amusements. The number of jobs peaks in July or August each year and bottoms in January or February. The number of jobs generally increases slowly in early spring, then accelerates in May and June before peaking in summer, then declines in September, accelerating in October and November, before slowing in December and bottoming in January or February. The chart depicts the job trend:



- 5) How many Mainers over age 22 earn minimum wage (MW)? If over age 22 and earning MW, do we know what types of jobs they are working at (waitressing with tips to supplement)?

There were about 20,000 people in Maine with hourly earnings at or below the \$7.50 minimum in 2013. Characteristics of low wage workers are not available for states. National characteristics indicate:

- 26% of those earning at or below minimum wage were under age 20 and 52% were under age 25
- 44% work in food service occupations in which tips are customary, so many net more than the minimum
- 15% work in sales occupations in which tips are customary for some
- 71% work part-time in their primary job.

- 6) How many Mainers are working 40 hours/ week? 30 hours? 20 hours?

In 2013, 31% of employed Maine residents worked an average of 40 hours and an additional 29% worked 41 or more hours. 8% worked fewer than 15 hours, 14% worked 15 to 29 hours, and 18% worked 30 to 39 hours. The average workweek was 37.7 hours. Men averaged 40.3 hours and women averaged 35 hours. A much higher share of women choose part-time work for family reasons.

- 7) How many Mainers work multiple jobs?

The U.S. Bureau of Labor Statistics estimates Maine's multiple job holding rate at 8.6% in 2013. The rate is higher in Maine than the nation in part because of the opportunities for supplemental income due to our extreme seasonal spikes in tourism.

- 8) How many WIC households do we have?

There are about 16,000 WIC households and 22,100 participants per month.

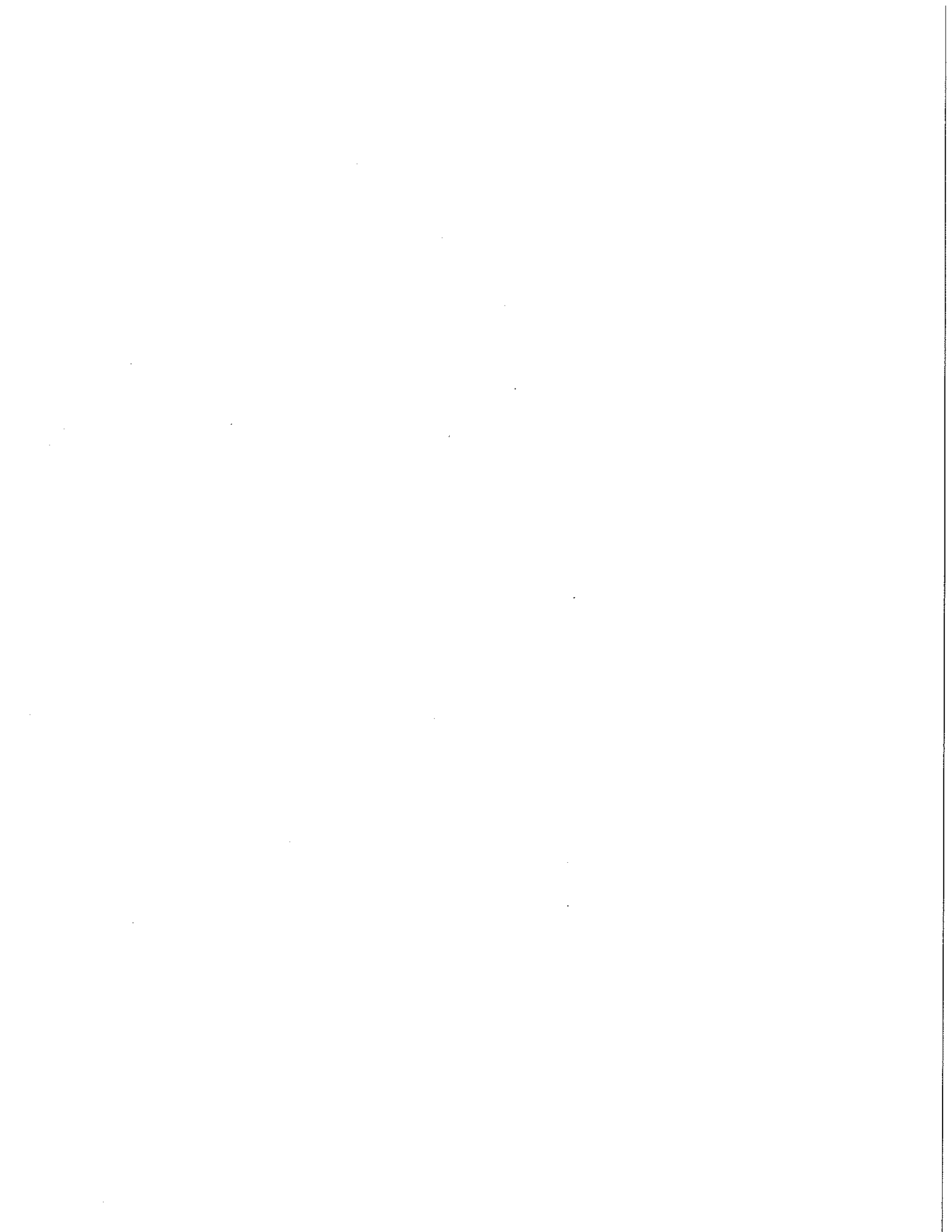
- 9) How much money would be involved if we exempted WIC products across the board from sales tax at the 5% sales tax level? and at the proposed 6.5% level?

WIC purchases are already exempt from sales tax under 36 MRSA § 1760(54).

Department of Agriculture, Conservation and Forestry

- What has been the turnover/attrition rate in the Department over the past 10 years?

See Attachment #3



Married couple, Standard deduction, No dependents, \$45,000 income

Income tax before credits, Current Law	\$ 413	\$ 387	\$ 338	\$ 276	\$ 211	\$ 133
Income tax before credits, Budget			\$ -	\$ -	\$ -	-
Refundable sales tax credit, Budget			\$ 150	\$ 150	\$ 170	\$ 185
Change in income tax before credits			\$ (338)	\$ (276)	\$ (211)	\$ (133)
Change in income tax after sales tax credit			\$ (488)	\$ (426)	\$ (381)	\$ (318)
Typical sales tax increase			\$ 353	\$ 353	\$ 353	\$ 353

Married couple, Itemized deduction of \$22,000 federal/\$17,800 Maine, No dependents, \$95,000 income

Income tax before credits, Current Law	\$ 4,223	\$ 4,215	\$ 4,182	\$ 4,147	\$ 4,096	\$ 4,048
Income tax before credits, Budget			\$ 3,140	\$ 3,105	\$ 3,076	\$ 3,036
Refundable sales tax credit, Budget			\$ -	\$ -	\$ -	-
Change in income tax before credits			\$ (1,042)	\$ (1,042)	\$ (1,020)	\$ (1,012)
Change in income tax after sales tax credit			\$ (1,042)	\$ (1,042)	\$ (1,020)	\$ (1,012)
Typical sales tax increase			\$ 515	\$ 515	\$ 515	\$ 515

Married couple, Standard Deduction, 2 dependent children, \$80,000 income

Income tax before credits, Current Law	\$ 2,832	\$ 2,800	\$ 2,735	\$ 2,652	\$ 2,562	\$ 2,458
Income tax before credits, Budget			\$ 1,806	\$ 1,760	\$ 1,719	\$ 1,662
Refundable sales tax credit, Budget			\$ -	\$ -	\$ -	-
Change in income tax before credits			\$ (929)	\$ (892)	\$ (843)	\$ (796)
Change in income tax after sales tax credit			\$ (929)	\$ (892)	\$ (843)	\$ (796)
Typical sales tax increase			\$ 476	\$ 476	\$ 476	\$ 476

Single Individual, Standard Deduction, \$50,000 income

Income tax before credits, Current Law	\$ 2,527	\$ 2,515	\$ 2,488	\$ 2,457	\$ 2,419	\$ 2,379
Income tax before credits, Budget			\$ 1,714	\$ 1,696	\$ 1,682	\$ 1,662
Refundable sales tax credit, Budget			\$ -	\$ -	\$ -	-
Change in income tax before credits			\$ (774)	\$ (761)	\$ (737)	\$ (717)
Change in income tax after sales tax credit			\$ (774)	\$ (761)	\$ (837)	\$ (867)
Typical sales tax increase			\$ 308	\$ 308	\$ 308	\$ 308

ATTACHMENT #2

Total Sales & Use Tax Revenue in Millions of Dollars
Fiscal Years 2005 - 2015

Month	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
July	\$91.82	\$95.56	\$97.64	\$100.70	\$102.94	\$90.44	\$93.65	\$97.33	\$98.79	\$102.15	\$117.97
August	\$90.54	\$93.96	\$97.48	\$97.68	\$101.09	\$93.52	\$95.03	\$97.66	\$100.43	\$106.83	\$122.19
September	\$90.69	\$94.87	\$99.37	\$102.88	\$103.44	\$96.23	\$94.61	\$100.40	\$103.09	\$109.96	\$126.83
October	\$90.40	\$93.60	\$96.84	\$97.82	\$91.75	\$88.43	\$90.67	\$94.99	\$95.65	\$103.66	\$115.07
November	\$76.53	\$75.71	\$80.64	\$83.86	\$85.93	\$75.40	\$77.67	\$81.26	\$82.42	\$93.88	\$100.64
December	\$72.53	\$76.23	\$78.39	\$77.80	\$72.65	\$69.27	\$73.54	\$77.23	\$78.20	\$87.21	\$90.43
January	\$92.56	\$99.14	\$102.40	\$100.47	\$85.86	\$94.07	\$100.17	\$97.67	\$98.42	\$109.80	
February	\$53.29	\$62.52	\$66.60	\$66.95	\$62.04	\$59.62	\$61.27	\$64.79	\$67.67	\$75.26	
March	\$60.39	\$65.27	\$64.71	\$67.12	\$62.31	\$61.17	\$62.95	\$73.56	\$65.76	\$76.71	
April	\$71.24	\$73.70	\$75.10	\$76.13	\$68.81	\$73.52	\$73.06	\$77.67	\$77.86	\$87.63	
May	\$71.32	\$77.75	\$73.48	\$75.58	\$67.78	\$72.69	\$71.72	\$75.51	\$79.01	\$86.97	
June	\$76.16	\$81.24	\$84.53	\$88.39	\$76.32	\$81.36	\$80.98	\$83.30	\$89.75	\$111.31	
Total	\$937.45	\$989.55	\$1,017.17	\$1,035.36	\$980.92	\$955.73	\$975.33	\$1,021.35	\$1,037.04	\$1,151.39	\$673.13
% Change		5.6%	2.8%	1.8%	-5.3%	-2.6%	2.1%	4.7%	1.5%	11.0%	

Revenue includes that portion of the Service Provider Tax that was previously collected under the Sales and Use Tax.

Department of Administrative and Financial Services
Maine Revenue Services
Office of Tax Policy

Department

Number

Department Name

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
100 AGRICULTURE	18.50%	3.94%	12.57%	10.00%	17.45%	NO DATA	5.56%	7.22%	9.94%	12.50%
400 CONSERVATION	#DIV/0!	-116.42%	13.69%	17.21%	17.68%		17.51%	18.84%	19.93%	15.72%

ATTACHMENT #3

Agriculture, Conservation, Forestry and the Department of Conservation Turnover Rate- 10 years
 Total Positions, All Funds
 2/11/2015

Department Number	Department Name	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
100	AGRICULTURE	18.50%	3.94%	12.57%	10.00%	17.45%	NO DATA	5.56%	7.22%	9.94%	12.50%
400	CONSERVATION	#DIV/0!	-116.42%	13.69%	17.21%	17.68%		17.51%	18.84%	19.93%	15.72%

Turnover Rate: Total # of Terminations throughout the Year / Total # of Jobs

Total Number of Jobs: ((Headcount + New Hires)- Terminations)

