

# Maine

## Federal Policies Have Cost Maine \$649 Million over the Past Four Years

### Federal Policies Affect Maine Revenue and Spending Levels, 2002-2005

Cost to  
Maine

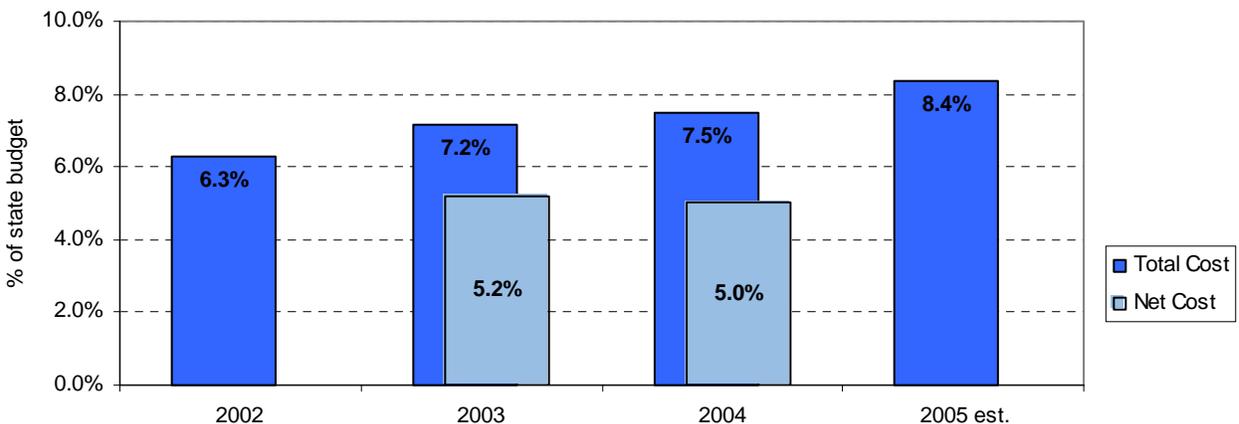
➤	<i>Federal Tax Changes:</i> Recently enacted federal tax cuts reduce state revenue directly.	\$0
➤	<i>Remote Sales:</i> States cannot collect sales taxes on goods & services purchased over the Internet due to federal law and court decisions.	\$197 million
➤	<i>Internet Access:</i> States are generally prohibited from applying tax to Internet access charges.	\$20 million
➤	<i>Unfunded Mandates:</i> Federal government imposes responsibilities on states but provides insufficient funding.	\$375 million
➤	<i>Medicare/Medicaid Dual Eligibles:</i> Increased use of prescription drugs shifts costs of health care for low-income elderly from federal Medicare program to state Medicaid programs.	\$172 million
➤	<i>Federal Fiscal Relief:</i> Congress approved temporary grants in 2003.	(\$115 million)
	<b>TOTAL COST (net of fiscal relief), 2002-2005:</b>	<b>\$649 million</b>

### Federal Policies Have Worsened Maine's Fiscal Problems

Ranking among 50  
states plus D.C.

➤	Total cost as percent of General Fund budget (2002-2005):	<b>7.3%</b>	<b>33<sup>rd</sup></b>
➤	Net cost as percent of General Fund budget, including offsetting federal fiscal relief (2002-2005):	<b>6.2%</b>	<b>35<sup>th</sup></b>

### Net Cost of Federal Policy to Maine as a Percentage of State General Fund Budget



Source: Center on Budget and Policy Priorities, *Passing Down the Deficit: Federal Policies Contribute to the Severity of the State Fiscal Crisis*, May 12, 2004.