

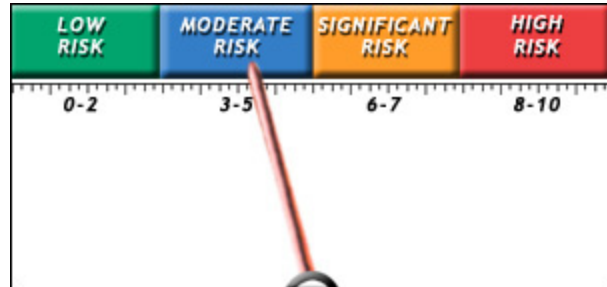


CENTER ON BUDGET AND POLICY PRIORITIES

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MAINE

Most states have structural weaknesses in their tax systems that put them at risk of experiencing gaps between revenues and necessary expenditures in coming years. The Center evaluated each state's likelihood of facing a structural deficit by determining how many of ten "risk factors" applied to each state. Maine is rated as having a moderate risk of a structural deficit based on its score of five on the risk scale for structural deficits.



- Maine's sales tax covers less household services than the average state.
- Maine faces spending pressures from: a growing elderly population, the number of students with special needs, the number of non-elderly disabled people, and Medicaid.
- During 2001-2004, Maine increased its motor fuel tax. This is problematic since excise taxes provide slower growth over the long term than other taxes.
- Maine has a statutory spending limit that restricts appropriation growth to a formula based on personal income plus inflation.
- Maine's income taxes are linked to the federal standard deduction, so that any increase in the federal standard deduction results in an increase in Maine's standard deduction which reduces Maine's tax revenue.