

## Maine projects \$525M budget shortfall by mid-2021 due to coronavirus

By [Caitlin Andrews](#), BDN Staff • May 29, 2020 | [Click here to view online.](#)

AUGUSTA, Maine — Maine could lose up to \$525 million in revenue by mid-2021 in the coronavirus-related economic slowdown, the state's top budget official said Friday, a sum that is staggering but only about half of a potential loss projected by a credit rating agency.

Maine Department of Administrative and Financial Services Commissioner Kirsten Figueroa told the Legislature's budget panel that the estimate is based on a worst-case scenario in a 2018 stress test modeled after the 2007-2009 recession. She said a recent projection by [Moody's Analytics finding Maine could lose up to \\$1.2 billion](#) did not consider individual factors.

The committee met Friday as the state begins to wrestle publicly with the fiscal toll the coronavirus pandemic will take on the state. Maine budget officials have been [confident](#) the state has enough money to cover its expenses through the end of June, even as [tax revenues plummeted by \\$248 million](#) in April, largely in part due to Gov. Janet Mills delaying the tax filing deadline to July. [Local budgets are also struggling.](#)

Figueroa did not dismiss the challenges the state will face, noting the recession spurred by the pandemic is "not normal for a number of reasons." But she said the state was put in a better position for this fiscal year by altering its supplemental budget as the virus reached the state.

That gave the state [\\$193 million](#) remaining this fiscal year to pull from. Recently, Gov. Janet Mills froze state department spending and hiring except for emergencies, which could save up to \$252 million. The state's rainy day fund stands at \$257 million. Maine's credit rating was also [reaffirmed this week](#), showing investors believe the state will be able to pay off its debts.

Some of that money could be used to shore up a \$200 million revenue shortfall this fiscal year based on that stress test, Figueroa said. But it is also too early to see the total fallout from the pandemic, she said.

Full revenues for May will not be available until mid-month, but Associate Commissioner of Tax Policy Mike Allen said overall sales tax revenue is projected to be down 22 percent. However, he said the state may have moved past the worst of the revenue loss, adding that the state's economic reopening may lead to a rebound.