

Maine state budget facing COVID-19 shortfall of \$1.4 billion over next three years

Lawmakers and Gov. Janet Mills will have to deal with a more than \$520 million loss in state tax revenues in the current fiscal year, as the economy wilts under the impact of the coronavirus pandemic.

BY [SCOTT THISTLE](#) | JULY 29, 2020 | [Click here to view online.](#)

State budget writers will be facing a \$1.4 billion decline in tax revenues for the next three years because of the coronavirus pandemic, according to a new report.

The forecast, laid out by the Legislature's Revenue Forecasting Committee, includes a \$523 million drop for the fiscal year that began July 1, a continuing shortfall of \$433 million in fiscal 2022 and \$449 million in fiscal 2023, as an economy plunged into recession by the spread of the COVID-19 virus slowly begins to recover.

The figures represent a significant impact on the state's \$8 billion, two-year budget, which entered its second year on July 1 and expires next June 30.

Key highlights in the forecast include sharp declines in sales and income tax receipts, and decreases in corporate income taxes as well.

In 2021 sales tax and use receipts are projected to be down by \$238 million while income tax receipts will be down by \$260 million. Corporate income taxes in 2021 are forecast to be off by \$34.6 million.

Other areas hit by the pandemic include revenue the state receives from its two casinos and projected revenue from a retail marijuana industry that was expected to launch this year but has also been delayed by the coronavirus.

The numbers released Wednesday will be key as Gov. Janet Mills and the Legislature's Appropriations and Financial Affairs Committee begin their work to craft a balanced state budget, as required by the Maine constitution.

But before any budget adjustments can be made, Mills would have to call lawmakers back to Augusta for a special lawmaking session.

"The Governor is reviewing revenue reports, examining forthcoming revenue forecasts, and monitoring Federal efforts to provide additional aid and flexibility to State governments," Lindsay Crete, Mills' press secretary said in a message to the Press Herald. "The Governor will then confer with legislative leaders about next steps. Governor Mills is urging Congress to provide additional direct support to states as well as flexibility with funding already authorized in order to continue to protect the public health and safety and to spearhead an economic recovery."