

Spring 2003

MaineInterest, Spring 2003

Office of the Maine State Treasurer

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MaineINTEREST

Notes From Maine State Treasurer

■ Dale McCormick

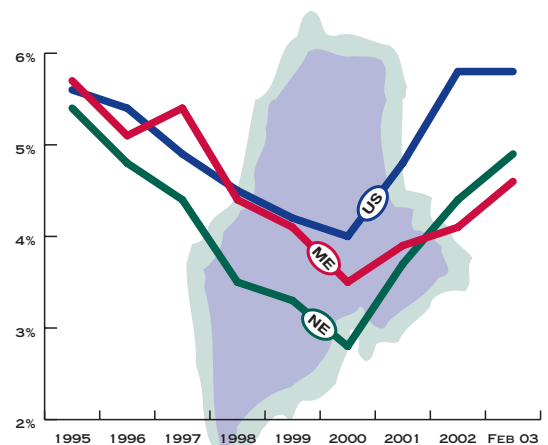
Spring 2003



Maine's Unemployment Rate Remains Below the US Average

Maine's seasonally-adjusted unemployment rate in February 2003 rose to 4.6%. This is still well below the national February rate of 5.8% and the New England average of almost 5.0%. While Maine's unemployment rate remains below the US and New England averages, job losses were recorded in the first two months of 2003 across most industries, including trade, transportation, and utilities; professional and business services; construction; and manufacturing.

MAINE'S UNEMPLOYMENT RATE REMAINS LOW:



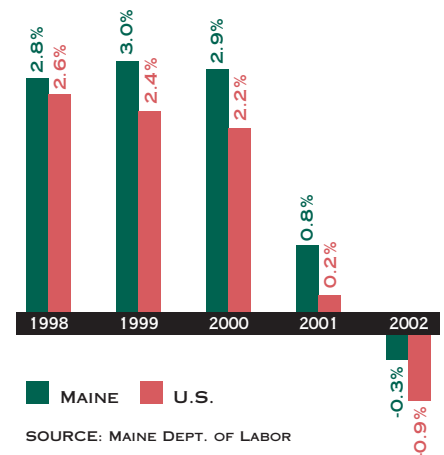
SOURCE: FEDERAL RESERVE BANK OF BOSTON

Maine Continues to Outperform the Nation in Nonfarm Wage and Salary Jobs

For the fifth consecutive year, Maine has outperformed the nation in nonfarm wage and salary job growth. In 1998 through 2001, Maine's growth surpassed national growth. In 2002, as the recession set in, job growth dropped and Maine lost jobs for the first time since 1992. However, the job losses nationally have been more dire than in Maine.



CHANGE IN NONFARM JOBS FROM PRIOR YEAR



Maine was the 1st state to pass a Fiscal Year 2004-2005 Budget through the tripartisan work of the Governor and the Legislature.

In This Issue:
Less Debt for Mainers > Expired Gift Certificates



To the Citizens of Maine

FROM THE TREASURER

Each year in the spring I publish the MaineINTEREST newsletter to accompany our State General Obligation Bond Sale. This year we will sell \$97 million worth of bonds in June. I designate the first two days of each bond sale as retail order periods where Maine citizens have the first opportunity to buy Maine bonds. This year's retail order period will be on Friday June 6th and Monday June 9th. If you are interested in buying Maine bonds, they can be purchased in \$5,000 increments through many local investment firms, many of which are associated with local banks. Feel free to call my office for a list of who sells Maine bonds.

Many Maine citizens have purchased Maine bonds over the last few years and we look forward to continuing this retail order period to serve Maine citizens first. I always appreciate any comments and feedback that you may have.

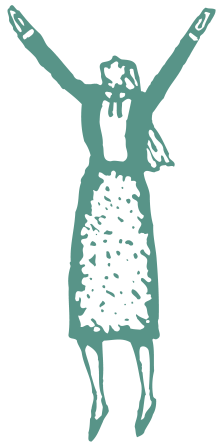
Thank you,

Dale

Dale

Maine's Individual Tax Burden has Declined

Since 1996, Maine's individual tax burden has declined from 11.74% to 10.82% in 2003 of total taxes as a percent of income. The U.S. Census Bureau ranks States on taxes as a percent of income and Maine recently moved from 8th to 11th.



MAINE'S TAX BURDEN:

	LOCAL TAXES	STATE TAXES	TOTAL TAXES
1996	4.41%	7.33%	11.74%
2003	3.86%	6.96%	10.82%

SOURCE: U.S. CENSUS BUREAU

Gift Certificates Are Always Redeemable



The Maine State Treasurer is the Administrator of one of Maine's most important consumer protection laws: the Unclaimed Property Law. After 3 to 5 years of inactivity, financial assets such as uncashed checks, deposits, and other financial property is sent by the holder to the State Treasurer. The Unclaimed Property Law is a win win win: the property is safeguarded forever for the rightful owner, the holder is relieved of the expense and liability of holding the property for the owner, and the economic windfall benefits all citizens of the State of Maine, not just the chance possessor.

Often people are told that their gift certificate will not be honored, which upsets the consumer and damages the public image of the business. The Maine State Treasurer's Office receives numerous consumer inquiries relating to expired gift certificates. The certificate may display an expiration date, but the underlying obligation never expires.

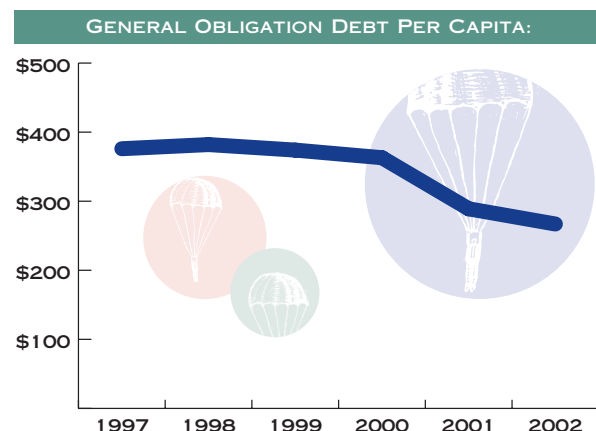
The business' responsibility for gift certificates does not end when the certificate is sold. When a gift certificate is presented by the consumer, the business must either: REDEEM the gift certificate: REFUND the purchase price; REISSUE the face value in a new certificate; or REPORT and remit the funds to the State Treasurer to hold forever until the owner claims it.

Consumers who have tried unsuccessfully to redeem their gift certificate at a Maine business can call the Maine State Treasurer's Office to see if their gift certificate has been reported to the Treasurer or to see if the Treasurer's Office can be of assistance. The Unclaimed Property Division can be reached toll free in Maine at 888-283-2808.

(continued on back)

Maine's Level of Debt Per Person Continues to Decline

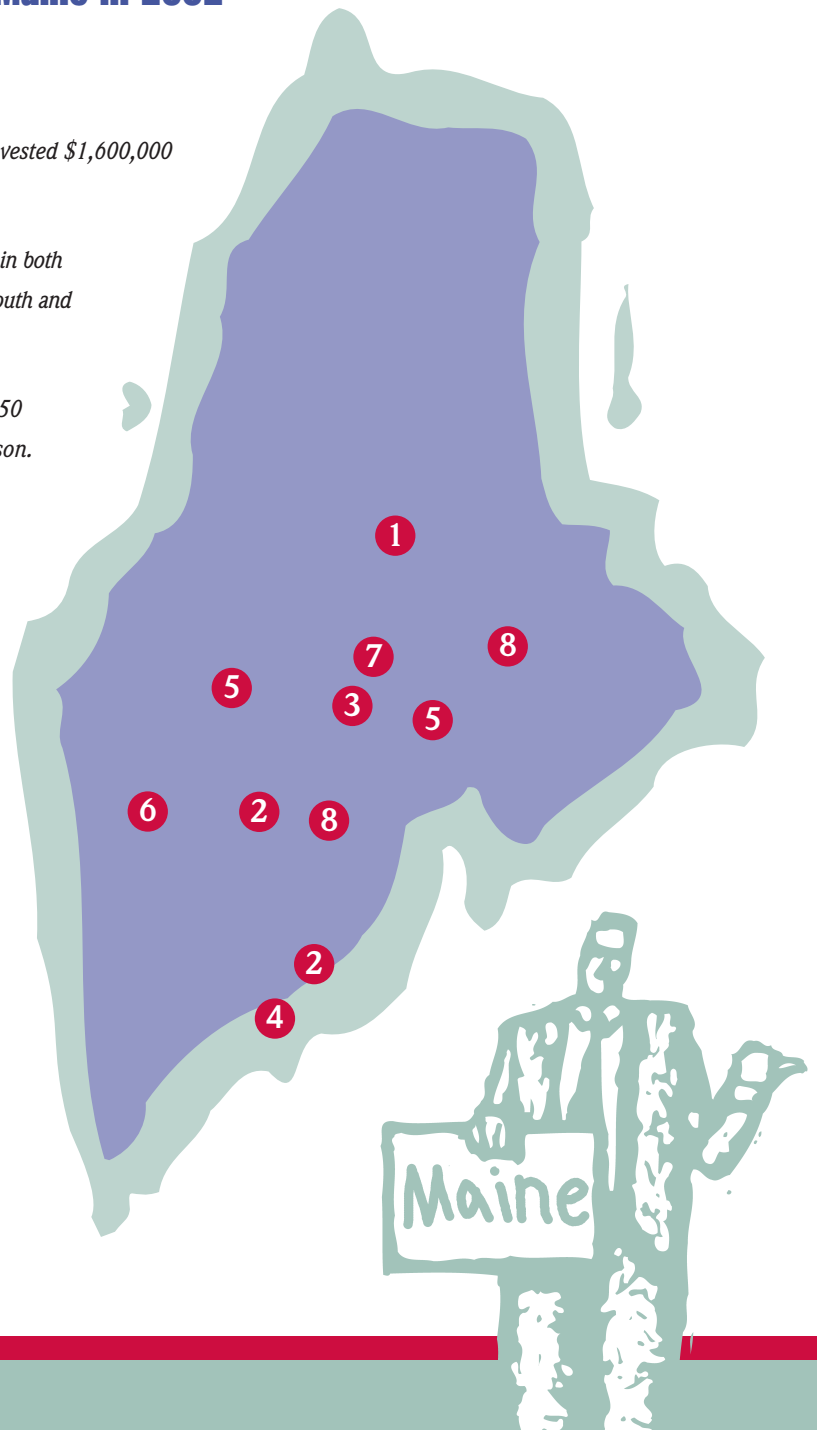
Maine's per capita debt decreased to \$267 in 2002, down from \$289 in 2001. This measures the amount of outstanding debt per citizen. Outstanding debt is the amount of bonds that have been authorized by the voters and issued by the State Treasurer to pay for projects such as schools, roads, and bridges.



SOURCE: OFFICE OF THE STATE TREASURER

Businesses Invested \$117.5 Million in Maine in 2002

- 1 *Acadian Railway, luxury excursions by passenger train, has invested \$1,600,000 and created 25 new seasonal jobs in Greenville.*
- 2 *Banknorth Group has expanded its financial services operation in both Falmouth and Lewiston. An investment of \$5,900,000 in Falmouth and \$3,000,000 in Lewiston also retained 165 jobs.*
- 3 *Cousineau Wood Products invested \$2,000,000, retained 150 jobs, and created 38 new jobs at their sawmill in North Anson.*
- 4 *Fairchild Semiconductor of South Portland invested \$12,000,000 in their semiconductor plant.*
- 5 *ICT Group has added 50 new jobs at their Wilton call center and 100 jobs at their Pittsfield call center*
- 6 *KBS Inc. in South Paris invested \$5,500,000 and created 60 new jobs at their manufactured housing facility.*
- 7 *Kennebec Lumber, a lumber mill in Solon, invested \$1,800,000 and created 10 new jobs.*
- 8 *Microdyne, a technology services company, of Augusta and Orono has invested \$600,000 and created 800 new jobs.*



Additional Investments

Company	Location	Products/Services	Employment	New Investment
Central Maine Medical Center	Lewiston	Healthcare	27 New	\$10,000,000
Gates Formed Fibre	Auburn	Nonwoven Fabrics	35 New	\$4,000,000
IDEXX	Westbrook	Medical/Veterinarian Equipment	50 New	\$10,000,000
Jordan's Meats	Augusta	Meats		\$2,000,000
Live Bridge Inc.	Lewiston	Call Center	200 New	
Olympia Sports	Westbrook	Sporting goods distribution warehouse	5 New, 120 Retained	\$5,500,000
Wahlco MetroFlex	Lewiston	Manufacturing	73 New, 75 Retained	\$4,520,000

MaineINTEREST

Notes From Maine State Treasurer ■ Dale McCormick

State Treasurer
39 SHS • Augusta ME 04333



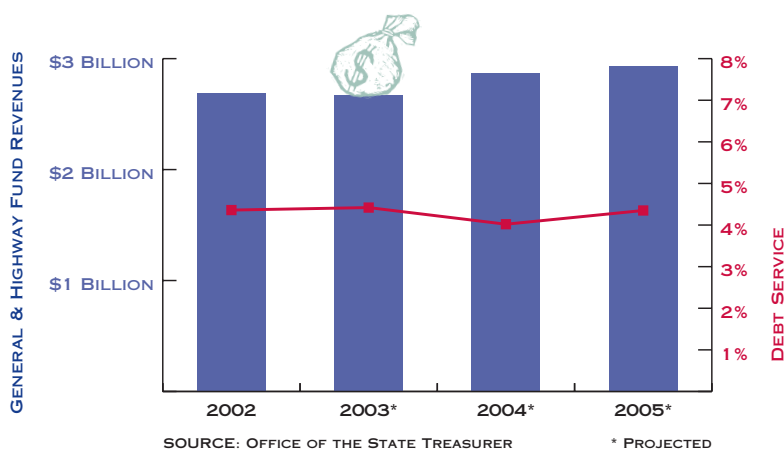
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Maine Limits its Tax-Supported Debt Payments Each Year to No More than 5% of General Fund and Highway Fund Revenues

Maine carefully manages its tax-supported debt. The debt control formula states that Maine will limit its tax-supported debt payments (called debt service) to no more than 5% of General Fund and Highway Fund revenues. Compared to other State's formulas, this is very conservative. Tax-supported debt includes General Obligation Bonds, bonds issued by the Maine Governmental Facilities Authority, and Lease Purchase agreements. For State Fiscal Year 2003 the tax-supported debt as a percentage of General Fund and Highway Fund revenues is 4.36%. We will retire almost \$100 million in debt this year and issue \$97M more in General Obligation Debt. With this, our percentage for State Fiscal Year 2004 will actually drop to 4.02%. This careful debt management by the Governor, Legislature, and State Treasurer has been noted by the Rating Agencies over the years and contributes to Maine's strong credit rating.

DEBT SERVICE AS A PERCENTAGE OF
GENERAL FUND AND HIGHWAY FUND REVENUES:



(Gift Certificates continued)

Under Maine's Unclaimed Property Act, gift certificates or gift cards must be reported to the State Treasurer as unclaimed if still unused three years after purchase. If an

Service charges may not be unconscionable.

unused gift certificate that is more than three years old has an expiration date or is being assessed service charges, then 100%

of the purchase price paid must be reported and remitted to the State Treasurer. If there is no expiration date or service charges, the amount reported and remitted to the State Treasurer would be 60% of the purchase price. This distinction encourages businesses to be consumer friendly by allowing them to retain 40% of the value if they honor the gift certificate at 100%. A business that honors an old gift certificate where the funds have already been remitted to the State Treasurer, can claim a refund from the State Treasurer's Office.

THANK YOU



I would like to thank the following people for providing information and/or production help with this newsletter:

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