

Spring 2001

MaineInterest, Spring 2001

Office of the Maine State Treasurer

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Recommended Citation

Office of the Maine State Treasurer, "MaineInterest, Spring 2001" (2001). *Treasurer's Documents*. 8.
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MaineINTEREST

Notes From Maine State Treasurer ■ Dale McCormick

Spring 2001

Maine Is Better Prepared to Handle Economic Changes Than It Was 10 Years Ago

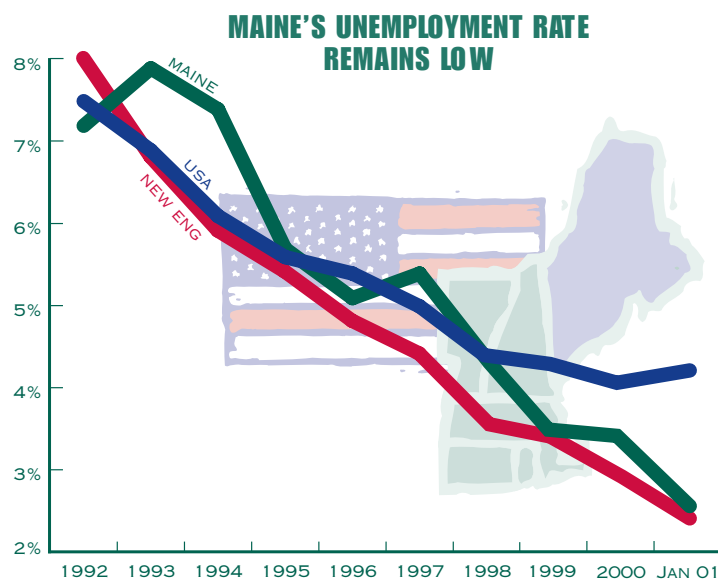


Maine is in a much better place economically than it was in 1990 when the last recession hit. Over the last 4 years Maine has posted steady improvements in personal income, unemployment, payroll job growth, business investments, economic diversity, debt position, and the Rainy Day Fund.

Maine has not squandered these years of economic abundance and thus is in a much better position to handle changing economic times. Maine has less debt, much better reserves, vastly improved internal fiscal controls, a more diversified economy, less dependence on defense spending, and a revenue and budget system that is much improved over what was in place in the early 1990s.

While the Governor and Maine State Legislators were reducing Maine's debt, improving fiscal controls, and increasing our reserves, sustainable economic growth was pushing into all parts of Maine. Growth has occurred in all counties, and unemployment has been reduced even in the most resistant of towns. Infrastructure and capacity have been built everywhere.

The charts and graphs within tell the story of a State that socked away riches during the good times so as to better weather the bad.



SOURCE: MAINE STATE PLANNING OFFICE/FEDERAL RESERVE BANK OF BOSTON

Maine's Unemployment Rate Continues to Decline ▲

Maine's labor market remained very tight in early 2001 despite the national economic slowdown in the second half of 2000. In January of 2001, the unemployment rate in Maine was 2.4%, remaining well below the national rate of 4.2%. Maine's unemployment figures have remained below the nation's since July of 1999.



INSIDE:
Snapshot
of Maine's
Economy

Jobs and
Income

Business
Investments

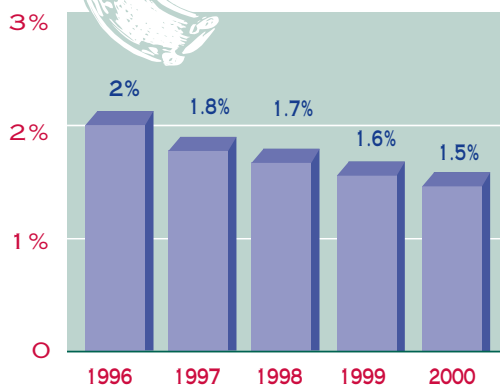
Economic
Diversity

Bonded Debt

Maine's General Obligation Debt Is 1.5% of Personal Income

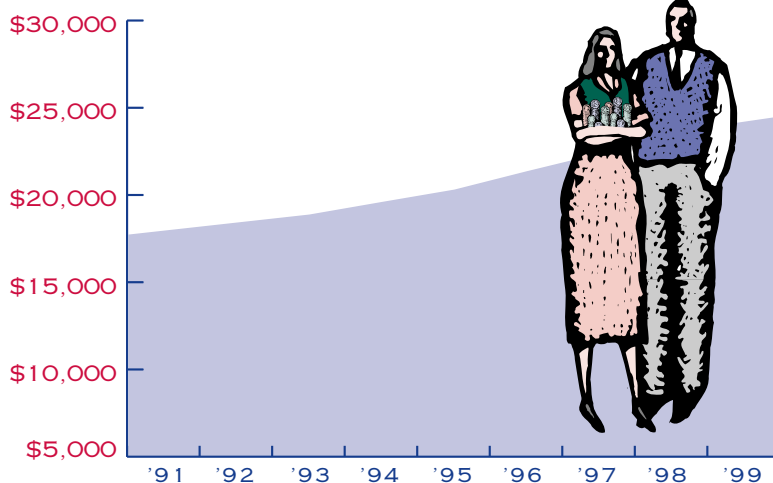
Maine's level of general obligation debt – meaning the amount of debt that is guaranteed by the “full faith and credit” of the State – decreased again in 2000 to only 1.5% of the State's total personal income.

GENERAL OBLIGATION DEBT AS A PERCENTAGE OF PERSONAL INCOME



SOURCE: TREASURER'S OFFICE/DEPT. OF ADMINISTRATIVE AND FINANCIAL SERVICES

MAINE'S PER CAPITA PERSONAL INCOME



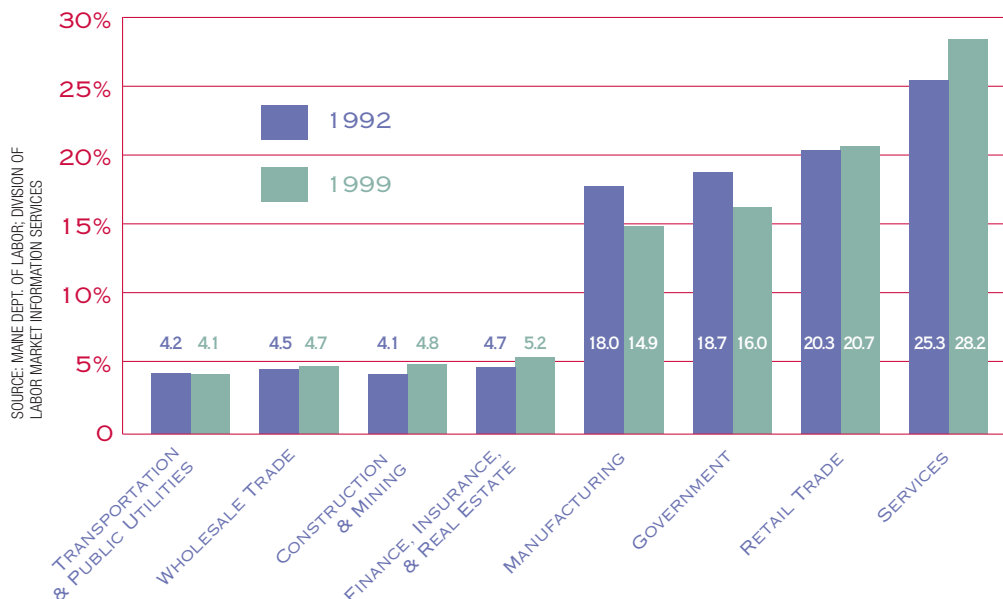
SOURCE: MAINE STATE PLANNING OFFICE

Maine's Per Capita Personal Income Growth Was Third Highest in the U.S. Last Year

Maine's personal income continues to rise, as it has consistently since the early 1990s. Maine's per capita personal income growth was third highest in the U.S. last year. Personal income and per capita personal

income measure how well workers in the State are doing economically, while also taking into account dividends, rents, and transfer payments. It does not reflect capital gains from the stock market.

NONAGRICULTURE EMPLOYMENT BY INDUSTRY DIVISION 1992 AND 1999



SOURCE: MAINE DEPT. OF LABOR; DIVISION OF LABOR MARKET INFORMATION SERVICES

Maine's Economy Is More Able to Weather an Economic Downturn Than It Was in 1992

The economy is more diverse today than it was in 1992. Maine companies are participating in new markets; health services, financial services, technology, and service sectors are growing. Maine's economy is less dependent on boom-and-bust cycles.

Businesses Invested \$439 Million in Maine in 2000

Company	Location	Products/Services	Employment	New Investment
American Tissue	Augusta	Paper Products	75 new	\$6,000,000
Andover Wood Products	Andover	High-End Furniture Products	25 new	\$15,000,000
Bath Iron Works	Bath	Shipbuilding	7,000 Retained	\$240,000,000
EnvisionNet	Orono	In-Bound Call Center	485 new	\$12,600,000
Falcon Rule	Auburn	Wood Products Manufacturer	15 new / 30 retained	\$3,500,000
Keiser Building Systems	South Paris	Manufactured Housing	81 new	\$5,495,720
Maine Shoe	Lewiston	Shoe Manufacturer	50 new / 85 retained	\$2,000,000
Midwest Forest Products	West Paris	Chipping Mill	25 new	\$13,000,000
Olamon Industries	Old Town	Plastic Injection Molding	52 new	\$2,000,000
Putnam Investments	Bangor	Investment Funds	75 new	\$500,000

SOURCE: MAINE DEPT. OF ECONOMIC AND COMMUNITY DEVELOPMENT

- Butler Brothers invested \$3.5 million in their Lewiston distribution center, retaining 20 jobs and creating 15 new ones.

- 
 Chinet, a formed fibre company in Fairfield, invested \$6.25 million in 2000.

- Cornwall Industries in Oxford is a wood products manufacturer. Last year 20 new jobs were added, 60 were retained, and \$450,000 was invested.

- 
 The Hinckley Company invested \$5 million and created 80 new jobs with their jet boat manufacturing facility in Trenton.

- Hodgdon Yachts, custom yacht builders in East Boothbay, invested \$2.2 million and created 13 new jobs.

- Irving Forest Products invested \$9.5 million and created 20 new jobs at their lumber facility in Dixfield.

- JSI Store Fixtures, Inc., created 26 new jobs and invested \$1.6 million in their Milo facility that manufactures store fixtures.

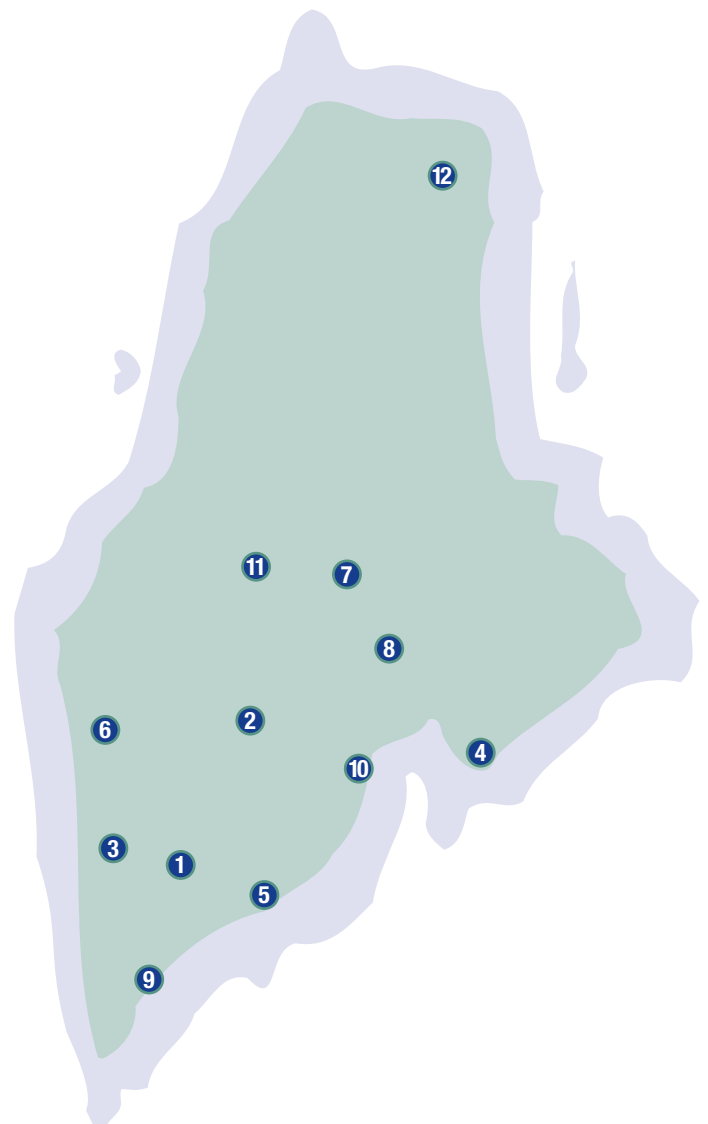
- 
 LaBree's Bakery of Old Town invested \$3 million and created 40 new jobs.

- AEP Pro Service is an energy engineering firm in South Portland that invested \$2.7 million and created 100 new jobs in 2000.

- Moss Inc., a trade show exhibit manufacturer in Belfast, created 250 new jobs and invested \$2.5 million.

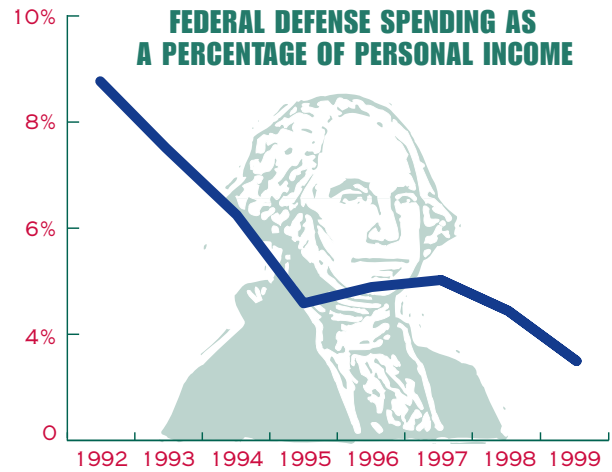
- Pleasant River Lumber invested \$6 million and created 30 new jobs in their Dover-Foxcroft lumber facility.

- 
 ATX Forms, a software manufacturer, invested \$300,000 and created 60 new jobs in Caribou.



Maine's Dependence on Defense Spending Has Drastically Decreased Since 1992

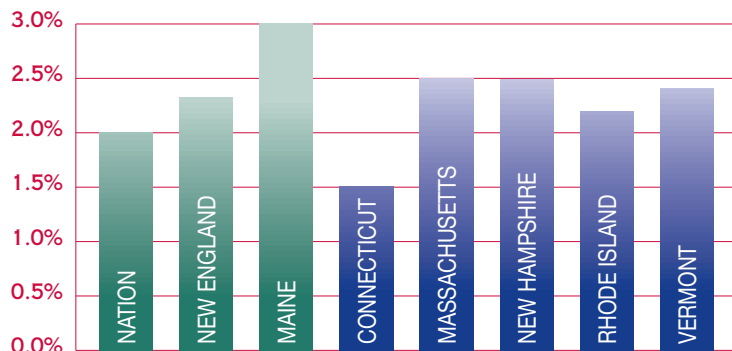
In 1992 Maine ranked fourth in the nation in dependence on federal defense spending with more than 8% of total personal income resulting from defense spending. This dependence has decreased substantially since 1992 to a low of 3.6% in 1999. Maine companies have diversified and are no longer as dependent on one market.



SOURCE: MAINE STATE PLANNING OFFICE

Maine Ranked First in New England in Payroll Job Growth Again

1999-2000 PAYROLL EMPLOYMENT GROWTH



SOURCE: MAINE DEPT. OF LABOR, DIVISION OF LABOR MARKET INFORMATION SERVICES

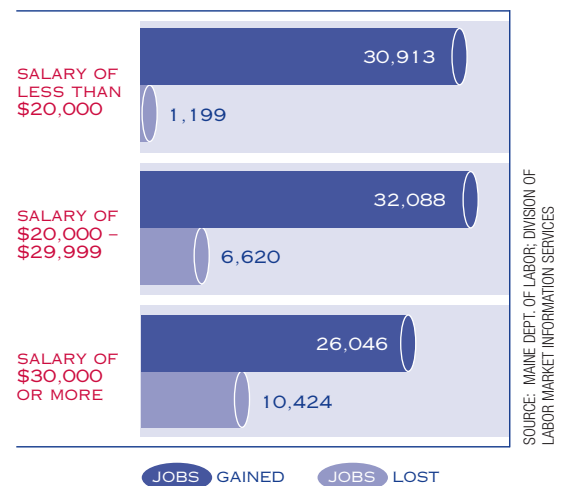
Maine gained more payroll jobs in 2000 than any other state in New England. This is the second year in a row that Maine gained more of these nonfarm wage and salary jobs and was above the national average. In 1999 Maine gained 16,600 jobs. In 2000 Maine surpassed that by gaining 17,800 jobs. This made for a 3% increase in job growth between 1999 and 2000.

Maine Continues to Gain More – and Better-Paying – Payroll Jobs

Between 1992 and 1999 Maine saw a net gain of 70,803 jobs. Maine's net gains outweighed the net losses across the entire earnings spectrum. Almost two-thirds of these gains were in industries that currently pay \$20,000 a year or more. In industries that pay \$30,000 or more, there were more than twice as many gains as losses. There were more growing industries than shrinking ones again in 1999, and the tight labor market of

2000 suggests the same will be true when all statistics are in. Many of the jobs gained were in high-end service sector jobs, with health services and finance-related jobs growing the most – and both paying more than a \$30,000 annual wage. There appear to be many more jobs paying under \$20,000 than there probably are because many tourist-related jobs are part-time. As a rule, there tend to be more part-time workers in the lower salary range.

MANY MORE JOBS HAVE BEEN GAINED THAN LOST OVER THE LAST 7 YEARS



SOURCE: MAINE DEPT. OF LABOR, DIVISION OF LABOR MARKET INFORMATION SERVICES

From the Treasurer



TO THE CITIZENS OF MAINE

We at the State Treasurer's Office are about to give birth. For three years we have been developing a system to allow citizens and businesses to pay electronically for goods and services from the State of Maine and streamline the way the State agencies take in cash. It will be ready to use this summer. TAMI (Treasury Automated Management Information System) will convert the State from a paper-based cash receipt system to electronic data management. In addition TAMI will:

- Promote electronic payments
- Save time and eliminate duplicate data entry (data is currently entered three times)
- Increase timely recognition by the State accounting system of revenue that has been received at the bank

TAMI is the infrastructure that will allow the electronic transmittal of data between agencies, the State Treasurer's Office, the bank, and the State's accounting system. TAMI will assign a unique identifying number to each deposit and electronic payment. This will allow my office to reconcile with the bank instantaneously. In addition a common format for State agency cashbooks will be established. This standardization will be the foundation of a revenue management tool that will allow the capture of revenue detail customized to meet agency needs.

My office is very excited about TAMI. With the implementation of TAMI, the efficiencies to be realized across State government seem infinite. We're looking forward to the challenge of implementing this time-saving system during the next few months. TAMI has been a cooperative venture involving many State agencies, and we extend our appreciation and thanks.

Thank you.

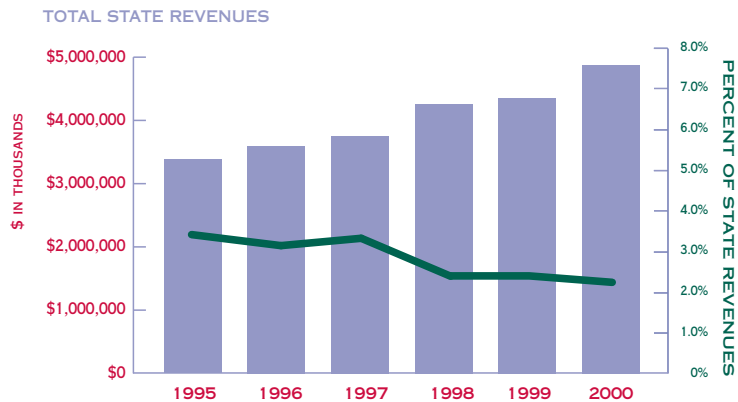
Dale McCormick

Maine's 2000 Annual Debt Payment Was 2.2% of Total State Revenue ▼

Maine's payments on its debt, called debt service, decreased in 2000 to 2.2% of total State revenues. This is down from the 1998 and 1999 low of 2.4% of total State revenues

going toward debt service. Maine achieved this despite its aggressive schedule of paying off each bond issue 10 years earlier than other New England states.

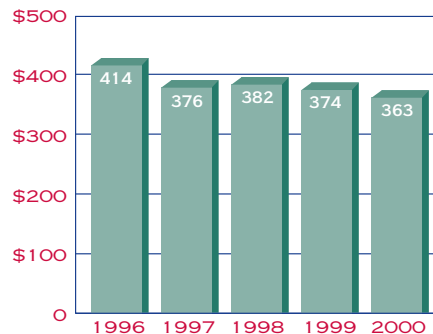
DEBT SERVICE AS A PERCENTAGE OF STATE REVENUES



SOURCE: TREASURER'S OFFICE/DEPT. OF ADMINISTRATIVE AND FINANCIAL SERVICES

Maine's Debt per Person Continues to Decline ▼

GENERAL OBLIGATION DEBT PER CAPITA



SOURCE: TREASURER'S OFFICE/DEPT. OF ADMINISTRATIVE AND FINANCIAL SERVICES

Outstanding debt is the amount of bonds that has been authorized by voters and issued by the State Treasurer in order to pay for projects such as schools, roads, and bridges.

Maine's per capita debt decreased from \$374 to \$363 in 2000.

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Could We Be Holding Some of Your Misplaced Property?

The State Treasurer stands in the shoes of missing or absent owners to protect their interests until they can be reunited with their misplaced financial property. Maine's Unclaimed Property law is one of our premiere consumer protection vehicles, and is a win-win-win.

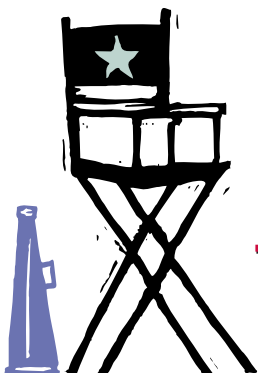
This law holds property in perpetuity for the rightful owner; relieves the

entity holding the property of the expense and liability of holding it; and allows the economic windfall to benefit all citizens in the state, not just the chance possessor.

Last fiscal year the State Treasurer's Office returned more than \$3 million to rightful owners. Could we be holding some of your financial property?

Call our Unclaimed Property Division to find out:
1-888-283-2808 in Maine, 207-624-7470
from anywhere, or visit our website:
www.state.me.us/treasurer/property.htm.

We also participate in the national site
www.missingmoney.com.



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

THANK YOU

Janet Waldron, Commissioner of the Department of Administrative and Financial Services (DAFS) • Jack Nicholas, State Budget Officer, Bureau of the Budget (DAFS) • Adam Krea, Assistant Treasurer, Office of the State Treasurer • Glenn Mills, Labor Market Information Services (ME Dept. of Labor) • Joyce Benson, Maine State Planning Office • Peggy Schaffer and Jeanne St. Pierre, Dept. of Economic and Community Development • Dan Irvin, Karen Bohovich, Alexander Shih, Antoine Stallings, UBS PaineWebber • Jodie Lapchick, Mary Ballou, Lapchick Creative, Portland

