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COMPTROLLER

# Commonwealth of Massachusetts

## OFFICE OF THE COMPTROLLER

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November 15, 2016

Secretary Kristen Lepore  
Executive Office for Administration and Finance  
State House, Room 373  
Boston, MA 02133

Secretary Stephanie Pollack  
Massachusetts Department of Transportation  
10 Park Plaza, Room 3170  
Boston, Massachusetts, 02116

RE: November, 2016 Certification of MBTA Dedicated Sales Tax Revenues for the Fiscal Year Ending June 30, 2017

Dear Secretary Lepore and Secretary Pollack:

Pursuant to Massachusetts General Laws (MGL) Chapter 10, Section 35T, I certify, after consultation with the Commissioner of Revenue, that the projected dedicated sales tax revenue amount for fiscal 2017 is \$973,208,334, which includes an additional \$160,000,000 as a result of Section 4 of Chapter 359 of the Acts of 2014. As certified on March 1, 2016, the base revenue amount for fiscal year 2017 is \$992,191,784.

The projected dedicated sales tax revenue amount is the amount of "all monies received by the commonwealth equal to 1 per cent of the gross receipts of a sale as defined in chapter 64H and 1 per cent of the sales price of a purchase as defined by chapter 64I from that portion of the taxes imposed under said chapters 64H and 64I as excises upon the sale and use at retail of tangible property or services, and upon the storage, use or other consumption of tangible property or services, including interest thereon and penalties plus the amount of \$160,000,000 but not including any portion of the taxes imposed on the sale of meals as defined in paragraph (h) of section 6 of said chapter 64H." The calculation of sales and meals taxes dedicated to the MBTA is net of refunds, abatements, and amounts set aside under paragraph (b) of section 10 of chapter 152 of the acts of 1997 (the "Convention Center Portion").

The projected dedicated sales tax amount was calculated as follows:

	Fiscal Year 2017 March 11, 2016 Certification	Fiscal Year 2017 November 15, 2016 Certification	Change in Certifications
Projected sales and use tax collections, exclusive of meals tax... ..	\$ 5,419,273,187	\$ 5,082,552,089	\$ (336,721,098)
Percentage due to the MBTA... ..	<u>16.0% (1)</u>	<u>16.0% (1)</u>	<u>-</u>
Projected dedicated sales tax revenue for FY2017... ..	867,083,710	813,208,334	(53,875,376)
Additional sales tax revenue dedicated per Section 4 of Chapter 359 of the Acts of 2014... ..	<u>160,000,000</u>	<u>160,000,000</u>	<u>-</u>
Total projected dedicated sales tax revenue for FY2017... ..	<u>\$ 1,027,083,710</u>	<u>\$ 973,208,334</u>	<u>\$ (53,875,376)</u>
Base revenue amount as certified on March 1, 2016 (2)... ..	<u>\$ 992,191,784</u>	<u>\$ 992,191,784</u>	<u>\$ -</u>

(1) - 1 cent of the 6.25 cents per dollar sales tax is dedicated to the MBTA.

(2) - The base revenue amount was reset to \$970,637,174 starting in fiscal year 2015 and is adjusted annually by the inflation index as required by Section 4 of Chapter 359 of the Acts of 2014.

Any shortfall in dedicated sales tax revenue from the base revenue certified on March 1, 2016, and further amended by Section 4 of Chapter 359 of the Acts of 2014, will be made up by quarterly transfers from the General Fund, pursuant to Chapter 10, Section 35T(b) and the Memorandum of Understanding between the MBTA, the Treasurer's Office, the Executive Office of Administration and Finance, the Comptroller's Office and DOR. Should you have any questions about the calculation of the dedicated sales tax revenue, please feel free to call me or Howard Merkowitz, Deputy Comptroller, at (617) 973-2602.

Sincerely yours,

Thomas G. Shack III  
Comptroller of the Commonwealth

Cc: Senator Karen Spilka, Chairwoman, Senate Ways and Means  
Representative Brian Dempsey, Chairman, House Ways and Means  
Deborah B. Goldberg, Treasurer and Receiver General  
Michael Heffernan, Commissioner of Revenue  
Adriana Campos, Senate Ways and Means Budget Director  
Justin Sterritt, House Ways and Means Budget Director