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March 3, 2022

Secretary Michael Heffernan
Executive Office for Administration and Finance
State House, Room 373
Boston, MA 02133

Secretary Jamey Tesler
Massachusetts Department of Transportation
10 Park Plaza, Room 3170
Boston, MA 02116

RE: March 2022 Certification of MBTA Base Sales Tax Revenues and Dedicated Sales Tax Revenues for Fiscal Year 2023

Dear Secretary Heffernan and Secretary Tesler:

Pursuant to M.G.L. c. 10, § 35T, this letter certifies for Fiscal Year 2023 the following amounts: 1) MBTA Base Sales Tax Revenue; and 2) MBTA Dedicated Sales Tax Revenue. This certification was done in consultation with the Department of Revenue. The details of the two calculations are shown on the accompanying attachment.

- 1) Base Sales Tax Revenue: The base revenue amount for Fiscal Year 2023 is calculated by comparing the change in the calendar year 2021 consumer price index for all urban consumers for the Boston metropolitan area as determined by the Bureau of Labor Statistics of the United States Department of Labor to the percent increase in gross sales tax revenues received pursuant to M.G.L. c. 64H and M.G.L. c. 64I for the same period. The calendar year 2020 "gross sales tax revenues" is defined as sales tax receipts by taxpayers from nonexempt sales, less amounts abated, refunded, or reimbursed. Attachment No. 1 presents the calculation of the base revenue amount. The percentage increase in the base sales tax revenue is the lower of the percent increase in gross sales tax revenues or the inflation rate.

I certify to you that the base revenue amount for **Fiscal Year 2023 increased by an amount of \$32,868,228, or 3.000% compared to the Fiscal Year 2022 figure of \$1,095,607,611. The base revenue amount for Fiscal Year 2023 is \$1,128,475,839.**

- 2) Dedicated Sales Tax Revenues (projected): The projected dedicated sales tax revenue is the amount of “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 of services, including interest thereon or penalties plus commencing in fiscal year 2015, the amount of \$160,000,000 in each fiscal year thereafter 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.” Based on the most recent Fiscal Year 2023 consensus revenue estimate of \$36.915 billion, the dedicated sales tax revenue amount for Fiscal Year 2023 is projected to be \$1.325 billion, as calculated in Attachment No. 2.

Pursuant to the July 1, 2000 Memorandum of Understanding between the MBTA and state agencies including the Office of the Comptroller and M.G.L. c. 10, § 35T(b), the MBTA is to receive the greater of the dedicated sales tax or the base revenue amount. Based on the attached calculations, the Fiscal Year 2023 dedicated sales tax revenue is projected to exceed the base revenue amount in this certification by \$196,644,161.

Should you have any questions on the calculation of these amounts, please feel free to contact Chief Financial Reporting Officer Pauline Lieu at Pauline.Lieu@mass.gov or (617) 973-2668 or me at William.McNamara@mass.gov or (617) 973-2315.

Sincerely yours,



William McNamara
Comptroller of the Commonwealth

Attachment: Number 1 – Calculation of Fiscal Year 2023 Base Revenue
Number 2 – Calculation of Fiscal Year 2023 Projected Dedicated Sales Tax Revenue

Cc: Senator Michael Rodrigues, Chair, Senate Ways and Means Committee
Representative Aaron Michlewitz, Chair, House Ways and Means, Committee
Deborah B. Goldberg, Treasurer and Receiver General, Office of the Treasurer
Geoffrey Snyder, Commissioner, Department of Revenue
Katherine O'Reilly, Budget Director, House Ways and Means Committee
Christopher Marino Budget Director, Senate Ways and Means Committee
Catharine Hornby, Undersecretary, Executive Office for Administration and Finance
Jeffrey Shapiro, Esq., First Deputy Comptroller, Office of the Comptroller
Amy Nable, General Counsel, Office of the Comptroller
Mary Ann O'Hara, CFO, MBTA
Joseph Connolly, Controller, MBTA

Fiscal Year 2023 MBTA Base and Dedicated Sales Tax Revenue Calculations

Calculation No. 1 - Base Revenue:

Change in inflation index for the Boston metropolitan area for calendar year 2021 (annualized, non-seasonally adjusted).....	3.000%
Growth in gross sales tax revenue, for calendar year 2021.....	24.114%
Allowable base revenue growth (lesser of sales tax growth or inflation, but not greater than 3%).....	3.000%
Current fiscal year's base revenue (FY2022).....	\$ 1,095,607,611
Growth factor.....	3.000%
Upcoming fiscal year's base revenue (FY2023).....	<u>\$ 1,128,475,839</u>

Calculation No. 2 - Dedicated Sales Tax Revenue:

Projected sales and use tax collections, exclusive of meals tax.....	\$ 7,282,000,000
Percentage due to the MBTA*.....	<u>16.000%</u>
16.000% of FY23 sales and use tax collections, exclusive of meals tax.....	1,165,120,000
Plus \$160 million per M.G.L. Chapter 10, Section 35T.....	<u>160,000,000</u>
FY2023 projected dedicated sales tax revenue.....	1,325,120,000
FY2023 base revenue.....	<u>1,128,475,839</u>
Difference, FY2023 dedicated minus base revenue.....	<u>\$ 196,644,161</u>

* The sales tax rate is currently 6.25% for both regular sales and motor vehicles. Based on this tax rate, the MBTA dedicated percentage is 16.00% (1 cent of the 6.25 cents per dollar).