



The Department of Revenue (DOR) report on year-to-date net state tax revenue for the current fiscal year, a projection of net state tax revenue for the remainder of the current fiscal year, and a projection of if, and when, net state tax revenue may exceed allowable state tax revenue for the current fiscal year.
March 2024 Monthly 62F Report

Mr. Steven T. James, House Clerk
Office of the Clerk of the House
State House, Room 145
Boston, MA 02133

Mr. Michael D. Hurley, Senate Clerk
Office of the Clerk of the Senate
State House, Room 335
Boston, MA 02133

The Honorable Mark J. Cusack, Chair
Joint Committee on Revenue
State House, Room 34
Boston, MA 02133

The Honorable Susan L. Moran, Chair
Joint Committee on Revenue
State House, Room 312-D
Boston, MA 02133

The Honorable Aaron M. Michlewitz, Chair
House Committee on Ways and Means
State House, Room 243
Boston, MA 02133

The Honorable Michael J. Rodrigues, Chair
Senate Committee on Ways and Means
State House, Room 212
Boston, MA 02133

Dear Clerks James and Hurley and Chairs Cusack, Moran, Michlewitz and Rodrigues,

Pursuant to Section 5 of Chapter 62F, as amended by the Acts of 2023, the Department of Revenue (DOR) hereby submits its March, 2024 report on year-to-date net state tax revenue for the current fiscal year, an estimate of net state tax revenue for the remainder of the current fiscal year, and an estimate of if, and when, net state tax revenue may exceed allowable state tax revenue for the current fiscal year.

Based on DOR's estimates of FY24 full fiscal year net state tax revenue and FY24 allowable state tax revenue, the Department currently projects FY24 full fiscal year net state tax revenue will not exceed FY24 allowable state tax revenue. DOR's estimates are based on currently available data and are subject to revisions as additional data becomes available.

Pursuant to subsection (d) of section 2BBBBBB of section 17 of chapter 29, 4% income surtax revenue shall not be subject to the allowable state tax revenue limitations established by chapter 62F.

Note that for the purposes of this report, year-to-date FY24 revenue and the full fiscal year estimate of FY24 revenue have been reduced by the amount of the 62F payments made in FY24 as a result of the 62F process. Chapter 62F provides that, to determine whether net state tax revenues have exceeded allowable state tax revenues in a fiscal year, net state tax revenues must be "decreased by the amount of state tax revenues abated or refunded." G.L. c. 62F, § 2. In FY24, the application of this statutory requirement results in a net state tax revenue figure that differs from FY24 revenue totals reported in other revenue reports and Commonwealth financial statements, which are issued pursuant to separate statutory authority. The net state tax revenue figure reported here applies only in the context of the 62F calculation for FY24.

Report Highlights

March 31, 2024	year-to-date net state tax revenue excluding 4% income surtax revenue:	27,740,516,539
	DOR's estimate of full year FY24 total net state tax revenue:	39,668,205,196
	DOR's estimate of FY24 allowable net state revenue:	44,130,782,381
	DOR's estimate of the amount by which net state tax revenue will be above(below) allowable state tax revenue:	(4,462,577,186)

If you have questions, please contact Tim Rooney, DOR CFO (rooneyt@dor.state.ma.us).

Sincerely,

Timothy Rooney
Chief Financial Officer
Department of Revenue

cc:

Geoffrey Snyder, Commissioner, Department of Revenue
Kristin Lindquist, Senior Deputy Commissioner, Department of Revenue
Matthew Gorzkowicz, Secretary, Executive Office for Administration and Finance
Dana Sullivan, Chief of Strategy and Operations, Executive Office for Administration and Finance
Christopher Marino, Assistant Secretary of Budget, Executive Office for Administration and Finance
John Caljouw, Finance Director, Executive Office for Administration and Finance
William McNamara, Comptroller, Office of the Comptroller
Kristin Lacroix, Chief Accounting Officer, Office of the Comptroller

Summary Statement

DOR Monthly Report on Fiscal Year 2024 Net State Tax Revenue and Allowable State Tax Revenue
as Defined by Chapter 62F
March 2024 Monthly 62F Report

Year-to-Date Net State Tax Revenue

Year-to-date net state tax revenue for FY24, less 4% income surtax revenue as of	March 31, 2024	⁽¹⁾⁽²⁾ (Exhibit 1)	\$27,740,516,539
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Full Fiscal Year Net State Tax Revenue and Allowable State Tax Revenue Estimates

Estimate of total net state tax revenue for FY24, less 4% income surtax revenue	⁽¹⁾⁽²⁾ (Exhibit 4)	\$39,668,205,196
Allowable state tax revenue for FY23	(Exhibit 3)	\$41,160,988,265
Estimate of allowable state tax revenue growth factor for FY24	(Exhibit 2)	1.0721507
Estimate of allowable state tax revenue for FY24	(Exhibit 3)	\$44,130,782,381
Estimate of the amount net state tax revenue will be above/(below) allowable state tax revenue for the FY24	⁽³⁾ (Exhibit 4)	<u><u>(\$4,462,577,186)</u></u>

1) Pursuant to subsection (d) of section 2BBBBBB of section 17 of chapter 29, 4% income surtax revenues shall not be subject to the allowable state tax revenue limitations established by chapter 62F.

2) For the purposes of this report, year-to-date FY24 revenue and the full fiscal year estimate of FY24 revenue have been reduced by the amount of the 62F payments made in FY24 as a result of the 62F process. Chapter 62F provides that, to determine whether net state tax revenues have exceeded allowable state tax revenues in a fiscal year, net state tax revenues must be "decreased by the amount of state tax revenues abated or refunded." G.L. c. 62F, § 2. In FY24, the application of this statutory requirement results in a net state tax revenue figure that differs from FY24 revenue totals reported in other revenue reports and Commonwealth financial statements, which are issued pursuant to separate statutory authority. The net state tax revenue figure reported here applies only in the context of the 62F calculation for FY24.

3) Per M.G.L Chapter 62F, the State Auditor shall annually on or before the third Tuesday of September, independently determine whether net state tax revenues for the immediately preceding fiscal year exceeded the allowable state tax revenues for said fiscal year.

Exhibit 1
DOR Report: Fiscal Year-to-Date Net State Tax Revenues
March 2024 Monthly 62F Report

Type of State Tax Revenue Collected (By Agency)	Fiscal YTD Net State Tax Revenues as of 3/31/2024
Department of Revenue:	
Alcoholic Beverages	74,011,702
Financial Institutions	9,535,105
Cigarettes	256,169,490
Corporations	2,799,199,407
Deeds	145,562,313
Estate and Inheritance	389,742,068
Income	15,526,693,359
Insurance	444,643,533
Motor Fuels and International Fuel Tax Agreement	534,617,397
Public Utilities	-570,000
Room Occupancy	318,256,985
Sales and Use	6,970,546,867
Club Alcoholic Beverages	424,720
Motor Vehicle Excise	593,227
Convention Center Surcharges	14,044,155
Community Preservation Trust	30,513,204
Controlled Substances and Marijuana Excise	123,436,321
Satellite	3,592,289
Statewide Car Rental	4,362,772
Electronic Nicotine Delivery System	11,332,392
Department of Revenue Before the Reduction of 62F Payments	27,656,707,307
Pari-Mutual Taxes	660,857
Gaming Revenue Tax	322,672,363
Lottery Commission:	
Beano	317,688
Raffles and Bazaars	696,860
State Athletic Commission	
Boxing Contests	396,791
Boxer's Fund	80,708
Division of Insurance	
Excess and Surplus Lines Insurance	102,865,870
Secretary of State:	
Deeds Excise Stamp Tax Fees	58,227,976
Department of Unemployment Assistance:	
Workforce Training Contribution	10,366,883
Other Agencies Sub-Total	496,285,995
Total Net State Tax Revenue Before the Reduction of 62F Payments	28,152,993,302
Less:	
62F Payments made in FY24 ⁽¹⁾	(4,286,357)
Estimate of 4% Income Surtax Revenues ^{(2) (3)}	(408,190,406)
Total Net State Tax Revenue Less the Estimate of 4% Income Surtax Revenue	27,740,516,539

1) For the purposes of this report, year-to-date FY24 revenue and the full fiscal year estimate of FY24 revenue have been reduced by the amount of the 62F payments made in FY24 as a result of the 62F process. Chapter 62F provides that, to determine whether net state tax revenues have exceeded allowable state tax revenues in a fiscal year, net state tax revenues must be "decreased by the amount of state tax revenues abated or refunded." G.L. c. 62F, § 2. In FY24, the application of this statutory requirement results in a net state tax revenue figure that differs from FY24 revenue totals reported in other revenue reports and Commonwealth financial statements, which are issued pursuant to separate statutory authority. The net state tax revenue figure reported here applies only in the context of the 62F calculation for FY24.

2) Pursuant to subsection (d) of section 2BBBBBB of section 17 of chapter 29, 4% income surtax revenues shall not be subject to the allowable state tax revenue limitations established by chapter 62F.

3) Pursuant to Section 20 of Chapter 28 of the 2023 Acts, the Department of Revenue (DOR) is required to certify to the State Comptroller, after each quarterly period during the fiscal year, the amount of tax revenues estimated to have been due to the additional 4% income tax levied pursuant to Article XLIV of the Amendments of the Constitution of the Commonwealth. Based on available data, DOR certified that tax revenues estimated to have been collected from the additional 4% income tax was \$408,190,406 during the period between July 1, 2023 and January 31, 2024. Please note that this amount is subject to revision in future certification periods as DOR further analyzes tax data.

Exhibit 2
DOR Estimate of the Allowable State Tax Growth Factor
For the Fiscal Year Ending June 30, 2024
March 2024 Monthly 62F Report

Calendar Year	Massachusetts Wages and Salaries ⁽¹⁾ (in Thousands)	Wages and Salaries Yearly Growth Rate ⁽²⁾
2020 Actual	\$279,587,061	
2021 Actual	\$312,471,740	1.1176187
2022 Actual	\$333,155,998	1.0661956
2023 Actual	\$344,029,483	1.0326378
Estimate of the Sum of 2021 - 2023 calendar year growth increase		3.2164521
Estimate of the allowable state tax growth factor for FY24⁽³⁾		1.0721507

1) Source:

i) Actual: US Department of Commerce, Bureau of Economic Analysis, Regional Income Division, Washington, D.C. (pursuant to Section 2 of Chapter 62F).

ii) Estimate: based on a combination of US Department of Commerce, Bureau of Economic Analysis, Regional Income Division, Washington, D.C. quarterly wage and salary data and wage and salary growth projections provided by S&P Global Market Intelligence and Moody's Analytics.

2) Wage and salary yearly growth rates are calculated by dividing each calendar year's wages and salaries by those of the previous calendar year.

3) The allowable state tax growth factor equals one-third of the sum of the yearly growth rates for each of the three calendar years ending immediately prior to the current fiscal year.

Note Chapter 62F requires that, in calculating the allowable state tax growth factor for any fiscal year, the same total for Massachusetts wages and salaries for a calendar year utilized in prior calculations involving that calendar year shall be utilized in subsequent calculations involving that calendar year, notwithstanding periodic adjustments by the Bureau of Economic Analysis.

Exhibit 3
DOR Estimate of Allowable State Tax Revenues
for the Fiscal Year Ended June 30, 2024
March 2024 Monthly 62F Report

Allowable state tax revenue for the FY23 ⁽¹⁾	\$41,160,988,265
Allowable state tax growth factor for FY24	1.0721507
Allowable state tax revenue for FY24	<u>\$44,130,782,381</u>

1) As defined in Section 2 of Chapter 62F of the Massachusetts General Laws, “allowable state tax revenues” for a fiscal year means the following: beginning after June 30, 1986, an amount equal to the greater of the allowable state tax revenues for the immediately preceding fiscal year multiplied by the allowable state tax growth for the current year, or in any case no less than the allowable state tax revenues for the preceding fiscal year.

Exhibit 4

Estimate of Net State Tax Revenue for Current Fiscal Year and if Net State Tax Revenue Will Exceed Allowable State Tax Revenue for the Current Fiscal Year.

March 2024 Monthly 62F Report

Type of State Tax Revenue Collected (By Agency)	Fiscal YTD Net State Tax Revenues as of 3/31/2024	DOR Estimate of Year-to-Date Net State Tax Revenue for the Remainder of Fiscal Year 2024		
		Apr-24	May-24	Jun-24
Department of Revenue:				
Alcoholic Beverages	74,011,702	82,956,155	90,732,010	99,581,423
Financial Institutions	9,535,105	12,543,520	12,914,266	16,905,341
Cigarettes	256,169,490	282,902,736	312,275,203	341,374,895
Corporations	2,799,199,407	3,401,727,527	3,475,980,791	4,275,317,021
Deeds	145,562,313	157,396,223	168,666,403	197,038,400
Estate and Inheritance	389,742,068	403,801,172	468,664,669	533,484,111
Income	15,526,693,359	20,161,094,629	21,680,645,257	23,944,648,829
Insurance	444,643,533	516,479,433	525,332,215	620,632,393
Motor Fuels and International Fuel Tax Agreement	534,617,397	595,095,255	654,221,682	719,482,617
Public Utilities	-570,000	-549,927	-547,454	-520,824
Room Occupancy	318,256,985	357,084,505	394,339,220	402,850,253
Sales and Use	6,970,546,867	7,794,494,735	8,612,100,713	9,454,076,018
Club Alcoholic Beverages	424,720	483,854	543,402	617,083
Motor Vehicle Excise	593,227	637,766	682,616	738,111
Convention Center Surcharges	14,044,155	14,058,501	14,072,847	14,087,193
Community Preservation Trust	30,513,204	33,034,831	35,463,734	42,182,395
Controlled Substances and Marijuana Excise	123,436,321	135,052,068	146,748,981	161,222,035
Satellite	3,592,289	3,982,084	4,374,603	4,860,282
Statewide Car Rental	4,362,772	5,213,352	6,066,488	7,007,056
Electronic Nicotine Delivery System	11,332,392	12,757,874	14,193,316	15,969,447
Department of Revenue Before the Reduction of 62F Payments	27,656,707,307	33,970,246,294	36,617,470,963	40,851,554,077
Massachusetts Gaming Commission:				
Pari-Mutuel Taxes	660,857	743,806	826,756	909,705
Gaming Revenue Tax	322,672,363	349,170,007	375,667,651	402,165,295
Lottery Commission:				
Beano	317,688	348,549	379,625	418,078
Raffles and Bazaars	696,860	771,068	845,794	938,256
State Athletic Commission				
Boxing Contests	396,791	396,791	396,791	396,791
Boxer's Fund	80,708	80,708	80,708	80,708
Division of Insurance				
Excess and Surplus Lines Insurance	102,865,870	103,306,350	103,567,953	104,493,176
Secretary of State:				
Deeds Excise Stamp Tax Fees	58,227,976	63,235,403	68,187,273	84,687,583
Department of Unemployment Assistance:				
Workforce Training Contribution	10,366,883	11,714,785	27,408,085	27,702,414
Other Agencies Sub-Total	496,285,995	529,767,467	577,360,636	621,792,005
Total Net State Tax Revenue Before the Reduction of 62F Payments	28,152,993,302	34,500,013,761	37,194,831,599	41,473,346,082
Less:				
62F Payments made in FY24 ⁽¹⁾	(4,286,357)	(4,286,357)	(4,286,357)	(4,286,357)
Estimate of 4% Income Surtax Revenues ^{(2) (3)}	(408,190,406)	(1,605,427,576)	(1,681,897,013)	(1,800,854,529)
Total Net State Tax Revenue Less the Estimate of 4% Income Surtax Revenue	27,740,516,539	32,890,299,828	35,508,648,229	39,668,205,196
Estimate of Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2024	44,130,782,381	44,130,782,381	44,130,782,381	44,130,782,381
Net State Tax Revenues above/(below) of Allowable State Tax Revenues⁽⁴⁾	(16,390,265,843)	(11,240,482,553)	(8,622,134,152)	(4,462,577,186)

1) For the purposes of this report, year-to-date FY24 revenue and the full fiscal year estimate of FY24 revenue have been reduced by the amount of the 62F payments made in FY24 as a result of the 62F process. Chapter 62F provides that, to determine whether net state tax revenues have exceeded allowable state tax revenues in a fiscal year, net state tax revenues must be "decreased by the amount of state tax revenues abated or refunded." G.L. c. 62F, § 2. In FY24, the application of this statutory requirement results in a net state tax revenue figure that differs from FY24 revenue totals reported in other revenue reports and Commonwealth financial statements, which are issued pursuant to separate statutory authority. The net state tax revenue figure reported

2) Pursuant to subsection (d) of section 2BBBBBB of section 17 of chapter 29, 4% income surtax revenues shall not be subject to the allowable state tax revenue limitations established by chapter 62F.

3) Pursuant to Section 20 of Chapter 28 of the 2023 Acts, the Department of Revenue (DOR) is required to certify to the State Comptroller, after each quarterly period during the fiscal year, the amount of tax revenues estimated to have been collected due to the additional 4% income tax levied pursuant to Article XLIV of the Amendments of the Constitution of the Commonwealth. Based on available data, DOR certified that tax revenues estimated to have been collected from the additional 4% income tax was \$408,190,406 during the period between July 1, 2023 and January 31, 2024. Please note that this amount is subject to revision in future certification periods as DOR further analyzes tax data.

4) Per M.G.L Chapter 62F, the State Auditor shall annually on or before the third Tuesday of September, independently determine whether net state tax revenues for the immediately preceding fiscal year exceeded the allowable state tax revenues for said fiscal year.