MASSACHUSETTS DEPARTMENT OF REVENUE
Geoffrey E. Snyder, Commissioner

The Department of Revenue's (DOR) Report on the Determination of Whether Net State Tax Revenues Exceeded Allowable State Tax Revenues For the period of July 1, 2025 through June 30, 2026

The Honorable Diana DiZoglio
Auditor of the Commonwealth
State House- Room 229
Boston, MA 01333

September 1, 2026

Dear Auditor DiZoglio:

Chapter 62F of the Massachusetts General Laws (added by St. 1986, c.555, s.2) imposes a limitation on the growth of state tax revenues. The law requires that the Department of Revenue submit a report to the State Auditor on the net state tax revenues and the allowable state tax revenues for each fiscal year.

This report is submitted for your review. The calculations, as well as the methodology behind the calculations, are provided to enable you to certify their accuracy and to independently determine whether the FY26 net state tax revenues exceed allowable state tax revenues.

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. The Department of Revenue shall estimate on or before September 1, for the preceding fiscal year, the amount of revenue to exclude from the chapter 62F calculation and shall include that estimate in the report submitted to the State Auditor pursuant to subsection (a) of section 5 of said chapter 62F; provided that this estimate shall be final. The Department of Revenue estimates that FY26 net state tax revenues include $3,380,320,213 in tax revenue collected from the 4% income surtax.

As you will see in the report, total FY26 net state tax revenues excluding 4% income surtax revenue totaled $43,113,374,039 which is below FY26 allowable state tax revenue of $48,266,193,259 by $5,152,819,220.

FY26 Net state tax revenues	
FY26 net state tax revenues collected by DOR	45,752,312,571
FY26 net non- DOR collected revenues certified by CTR	741,381,681
Total FY26 net state tax revenue	**46,493,694,252**
Less estimate of 4% income surtax revenues	(3,380,320,213)
Total FY26 net state tax revenues, less 4% income surtax revenue	**$43,113,374,039**

Sincerely,
Timothy Rooney
Timothy Rooney
Chief Financial Officer

cc:
Geoffrey Snyder, Commissioner, Department of Revenue
Kristin Lindquist, Senior Deputy Commissioner, Department of Revenue
Matthew Gorzkowicz, Secretary, Executive Office for Administration and Finance
Sam Gamer, Deputy General Counsel, 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
Laura Taronas, Finance Director, Executive Office for Administration and Finance
Matt Murphy, Chief of External Affairs, 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 Report on Fiscal Year 2026 Net State Tax Revenue and Allowable State Tax Revenue as Defined by Chapter 62F

9/1/2026

Net State Tax Revenue for Fiscal Year 2026, less 4% income surtax revenue [(1)] *(Exhibit 1)*	**$43,113,374,039**
Allowable State Tax Revenue for Fiscal Year 2025 *(Exhibit 3)*	$46,384,735,613
Allowable State Tax Revenue Growth Factor for Fiscal Year 2026 *(Exhibit 2)*	1.0405620
Allowable State Tax Revenue for Fiscal Year 2026 *(Exhibit 3)*	**$48,266,193,259**
Amount Net State Tax Revenues are Under Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2026 [(2)] *(Exhibit 4)*	**-$5,152,819,220**

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) Per M.G.L Chapter 62F, the State Auditor will make the determination of whether net state tax revenue exceeds allowable state tax revenue on or before the third Tuesday of the month of September, which falls on September 16th in 2026.

Exhibit 1

DOR Report of Net State Tax Revenues for the Fiscal Year Ended June 30, 2026

9/1/2026

Type of State Tax Revenue Collected (By Agency)	Net State Tax Revenues
Department of Revenue:	
Alcoholic Beverages	96,993,685
Financial Institutions	19,293,668
Cigarettes	292,826,966
Corporations	3,552,469,876
Deeds	245,253,059
Estate and Inheritance	859,010,327
Income	28,805,192,300
Insurance	625,824,125
Motor Fuels and International Fuel Tax Agreement	704,305,348
Public Utilities	0
Room Occupancy	437,649,454
Sales and Use	9,847,213,150
Club Alcoholic Beverages	853,401
Motor Vehicle Excise	542,198
Convention Center Surcharges	16,274,921
Community Preservation Trust	47,765,175
Controlled Substances and Marijuana Excise	181,091,788
Satellite	3,961,099
Statewide Car Rental	5,645,614
Electronic Nicotine Delivery System	10,146,418
Department of Revenue Sub-Total	**45,752,312,571**
Massachusetts Gaming Commission:	
Pari-Mutuel Taxes	536,280
Gaming Revenue Tax	501,783,342
Lottery Commission:	
Beano	458,869
Raffles and Bazaars	872,426
State Athletic Commission	
Boxing Contests	73,109
Boxer’s Fund	18,223
Division of Insurance	
Excess and Surplus Lines Insurance	107,447,777
Secretary of State:	
Deeds Excise Stamp Tax Fees	103,255,046
Department of Unemployment Assistance:	
Workforce Training Contribution	26,936,611
Other Agencies Sub-Total	**741,381,681**
Total Net State Tax Revenue	**46,493,694,252**
Less:	
Estimate of 4% Income Surtax Revenues (1) (2)	(3,380,320,213)
Total Net State Tax Revenue Less the Estimate of 4% Income Surtax Revenue	**43,113,374,039**

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)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 $3,380,320,213 during the period between July 1, 2025 and June 30, 2026. Please note that this amount is subject to revision in future certification periods as DOR further analyzes tax data.

Exhibit 2

DOR Calculation of Allowable State Tax Growth Factor for the Fiscal Year Ended June 30, 2026

9/1/2026

Calendar Year	Massachusetts Wages and Salaries[1] (in Thousands)	Wages and Salaries Yearly Growth Rate[2]
2022	$333,155,998	
2023	$344,029,483	1.0326378
2024	$362,741,160	1.0543897
2025	$375,313,250	1.0346586
Sum of 2023 - 2025 Calendar Year Growth Increase		**3.1216861**
Allowable State Tax Growth Factor for Fiscal Year 2026 (3.1216861/3)		**1.0405620**

1) Source: US Department of Commerce, Bureau of Economic Analysis, Regional Income Division, Washington, D.C. (pursuant to Section 2 of Chapter 62F).
2) Wage and salary yearly growth rate is calculated by dividing each calendar year's wages and salaries by those of the previous calendar 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 Calculation of Allowable State Tax Revenues
for the Fiscal Year Ended June 30, 2026

9/1/2026

Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2025[1]	$46,384,735,613
Allowable State Tax Growth Factor for the Fiscal Year Ended June 30, 2026	1.0405620
Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2026	$48,266,193,259

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

DOR Calculation to Determine Whether Net State Tax Revenues Exceeded Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2026

9/1/2026

Total FY26 net state tax revenue	$46,493,694,252
Less:	
Period 4 FY26 certified 4% income surtax revenues[(1) (2)]	-$3,380,320,213
Net State Tax Revenues for the Fiscal Year Ended June 30, 2026, Less the Estimate of 4% Income Surtax Revenues	$43,113,374,039
Less:	
Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2026	$48,266,193,259
Net State Tax Revenues (Under) Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2026	($5,152,819,220)

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)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 $3,380,320,213 during the period between July 1, 2025 and June 30, 2026. Please note that this amount is subject to revision in future certification periods as DOR further analyzes tax data.