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November 17, 2020

Secretary Michael Heffernan
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 2020 Certification of MBTA Dedicated Sales Tax Revenues for the Fiscal Year Ending June 30, 2021

Dear Secretaries Heffernan and Pollack:

Pursuant to Subsection (b) of Section 35T of Chapter 10 the General Laws, this letter certifies the estimated MBTA dedicated sales tax revenue projected to be credited to the State and Local Contribution Fund. The MBTA is to receive the greater of either the base revenue or the dedicated sales tax revenue. This certification is made in consultation with the Department of Revenue (DOR), and is based on the revised Fiscal Year 2021 sales tax revenue estimate from DOR.

I certify that based on DOR's October 2020 revised Fiscal Year 2021 sales tax revenue estimate, the projected dedicated sales tax revenue amount for Fiscal Year 2021 is \$1,101,556,715, 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 6, 2020, the base revenue amount for Fiscal Year 2021 is \$1,083,333,443.

The projected dedicated sales tax revenue amount represents 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." See Section 4 of Chapter 359 of the Acts of 2014. 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 2021 March 6, 2020 Certification	Fiscal Year 2021 November 15, 2020 Certification	Change in Certifications
Projected sales and use tax collections, exclusive of meals tax.....	\$ 6,100,000,000	\$5,884,729,466	\$ (215,270,534)
Percentage due to the MBTA.....	<u>16.0% ⁽¹⁾</u>	<u>16.0% ⁽¹⁾</u>	<u>-</u>
Projected dedicated sales tax revenue for FY2021.....	976,000,000	941,556,715	(34,443,285)
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 FY2021.....	<u>\$ 1,136,000,000</u>	<u>\$1,101,556,715</u>	<u>\$ (34,443,285)</u>
Base revenue amount as certified on March 6, 2020	<u>\$ 1,083,333,443</u>	<u>\$1,083,333,443</u>	<u>\$ -</u>

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

As the dedicated sales tax revenue is projected to exceed the base revenue, no quarterly transfers are expected to be necessary from the General Fund pursuant to Subsection (b) of Section 35T of Chapter 10 of the General Laws and the Memorandum of Understanding between the MBTA, the Treasurer’s Office, the Executive Office of Administration and Finance, the Comptroller’s Office and Department of Revenue.

Should you have any questions, please feel free to contact Deputy Comptroller Howard Merkowitz at Howard.Merkowitz@mass.gov or (617) 973-2602 or me at William.McNamara@mass.gov or (617) 973-2315.

Sincerely yours,

William McNamara
Comptroller of the Commonwealth

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
David Bunker, Budget Director, House Ways and Means Committee
Chris 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
Howard Merkowitz, Deputy Comptroller, Office of the Comptroller
Amy Nable, General Counsel, Office of the Comptroller
Mary Ann O'Hara, CFO, MBTA
Joseph Connolly, Controller, MBTA