



**MASSACHUSETTS
DEPARTMENT OF REVENUE**
Geoffrey E. Snyder, Commissioner

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.
January 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 January, 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

January 31, 2024	year-to-date net state tax revenue excluding 4% income surtax revenue:	21,520,285,828
	DOR's estimate of full year FY24 total net state tax revenue:	39,243,195,961
	DOR's estimate of FY24 allowable net state revenue:	44,298,990,876
	DOR's estimate of the amount by which net state tax revenue will be above(below) allowable state tax revenue:	(5,055,794,915)

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

Sincerely,

Timothy Rooney
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
Cassandra Roeder, Associate 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
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 January 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	January 31, 2024	⁽¹⁾⁽²⁾ (Exhibit 1)	\$21,520,285,828
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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)	\$39,243,195,961
Allowable state tax revenue for FY23 (Exhibit 3)		\$41,160,988,265
Estimate of allowable state tax revenue growth factor for FY24 (Exhibit 2)		1.0762373
Estimate of allowable state tax revenue for FY24 (Exhibit 3)		\$44,298,990,876
Estimate of the amount net state tax revenue will be above/(below) allowable state tax revenue for the FY24	⁽³⁾ (Exhibit 4)	(\$5,055,794,915)

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

January 2024 Monthly 62F Report

Type of State Tax Revenue Collected (By Agency)	Fiscal YTD Net State Tax Revenues as of 1/31/2024
Department of Revenue:	
Alcoholic Beverages	62,056,595
Financial Institutions	5,661,719
Cigarettes	209,280,248
Corporations	1,734,828,423
Deeds	122,757,958
Estate and Inheritance	324,631,613
Income	12,508,568,086
Insurance	201,643,803
Motor Fuels and International Fuel Tax Agreement	424,483,300
Public Utilities	-570,000
Room Occupancy	275,933,878
Sales and Use	5,605,264,165
Club Alcoholic Beverages	231,122
Motor Vehicle Excise	213,688
Convention Center Surcharges	14,040,739
Community Preservation Trust	23,662,100
Controlled Substances and Marijuana Excise	96,916,946
Satellite	2,809,969
Statewide Car Rental	4,358,432
Electronic Nicotine Delivery System	9,088,658
Department of Revenue Before the Reduction of 62F Payments	21,625,861,441
Pari-Mutual Taxes	540,801
Gaming Revenue Tax	240,907,314
Lottery Commission:	
Beano	238,289
Raffles and Bazaars	542,681
State Athletic Commission	
Boxing Contests	386,650
Boxer's Fund	77,865
Division of Insurance	
Excess and Surplus Lines Insurance	6,989,138
Secretary of State:	
Deeds Excise Stamp Tax Fees	48,039,935
Department of Unemployment Assistance:	
Workforce Training Contribution	8,485,635
Other Agencies Sub-Total	306,208,309
Total Net State Tax Revenue Before the Reduction of 62F Payments	21,932,069,751
Less:	
62F Payments made in FY24 ⁽¹⁾	(3,593,517)
Estimate of 4% Income Surtax Revenues ^{(2) (3)}	(408,190,406)
Total Net State Tax Revenue Less the Estimate of 4% Income Surtax Revenue	21,520,285,828

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
January 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 Estimate	\$348,113,869	1.0448975
Estimate of the Sum of 2021 - 2023 calendar year growth increase		3.2287118
Estimate of the allowable state tax growth factor for FY24⁽³⁾		1.0762373

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
January 2024 Monthly 62F Report

Allowable state tax revenue for the FY23 ⁽¹⁾	\$41,160,988,265
Estimate of allowable state tax growth factor for the FY24	1.0762373
Estimate of allowable state revenue for the FY24	<u>\$44,298,990,876</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.

January 2024 Monthly 62F Report

Fiscal Year-to-Date of Net State Tax Revenues		DOR Estimate of Year-to-Date Net State Tax Revenue for the Remainder of Fiscal Year 2024				
Type of State Tax Revenue Collected (By Agency)	Fiscal YTD Net State Tax Revenues as of 1/31/2024	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Department of Revenue:						
Alcoholic Beverages	62,056,595	67,325,796	74,287,207	83,231,660	91,007,515	99,856,928
Financial Institutions	5,661,719	5,883,009	11,373,948	14,382,363	14,753,109	18,744,184
Cigarettes	209,280,248	230,745,962	255,358,542	282,024,052	311,322,095	340,348,054
Corporations	1,734,828,423	1,779,148,474	2,878,878,857	3,481,406,977	3,555,660,241	4,354,996,471
Deeds	122,757,958	133,168,318	141,284,086	153,117,996	164,388,176	192,760,173
Estate and Inheritance	324,631,613	367,328,927	407,326,972	450,386,076	515,249,573	580,069,015
Allowable State Tax Revenue for FY23 (Exhibit 3)	12,508,568,086	13,553,133,746	15,412,540,675	18,993,675,937	20,512,437,946	22,775,266,541
Insurance	201,643,803	206,927,823	338,042,238	409,878,137	418,730,919	514,031,098
Motor Fuels and International Fuel Tax Agreement	424,483,300	481,335,034	535,165,412	595,643,271	654,769,698	720,030,632
Public Utilities	-570,000	-568,524	-531,887	-511,814	-509,340	-482,711
Room Occupancy	275,933,878	298,764,207	321,228,787	360,232,777	397,656,814	406,206,529
Sales and Use	5,605,264,165	6,308,545,524	6,981,953,025	7,831,049,607	8,648,656,147	9,490,632,032
Club Alcoholic Beverages	231,122	284,988	343,239	402,374	461,922	535,603
Motor Vehicle Excise	213,688	254,259	298,132	342,671	387,521	443,016
Convention Center Surcharges	14,040,739	14,050,029	14,059,320	14,068,611	14,077,902	14,087,193
Community Preservation Trust	23,662,100	25,776,359	27,352,393	29,685,568	31,932,948	38,149,494
Controlled Substances and Marijuana Excise	96,916,946	107,497,895	118,939,971	130,555,718	142,252,631	156,725,684
Satellite	2,809,969	3,165,039	3,549,006	3,938,801	4,331,320	4,816,999
Statewide Car Rental	4,358,432	5,314,303	6,297,294	7,285,755	8,276,772	9,355,221
Electronic Nicotine Delivery System	9,088,658	10,387,149	11,791,319	13,216,801	14,652,244	16,428,374
Department of Revenue Before the Reduction of 62F Payments	21,625,861,441	23,598,468,319	27,539,538,537	32,854,013,338	35,500,496,151	39,733,000,529
Massachusetts Gaming Commission:						
Pari-Mutuel Taxes	540,801	614,582	688,363	762,144	835,924	909,705
Gaming Revenue Tax	240,907,314	273,158,910	305,410,506	337,662,103	369,913,699	402,165,295
Lottery Commission:						
Beano	238,289	266,401	296,800	327,661	358,737	397,189
Raffles and Bazaars	542,681	610,278	683,376	757,584	832,310	924,772
State Athletic Commission						
Boxing Contests	386,650	386,650	386,650	386,650	386,650	386,650
Boxer's Fund	77,865	77,865	77,865	77,865	77,865	77,865
Division of Insurance						
Excess and Surplus Lines Insurance	6,989,138	66,754,136	78,554,165	78,994,646	79,256,248	80,181,472
Secretary of State:						
Deeds Excise Stamp Tax Fees	48,039,935	52,890,733	56,151,095	61,158,522	66,110,392	82,610,702
Department of Unemployment Assistance:						
Workforce Training Contribution	8,485,635	9,870,820	9,978,323	11,326,225	27,019,525	27,313,854
Other Agencies Sub-Total	306,208,309	404,630,374	452,227,144	491,453,399	544,791,352	594,967,504
Total Net State Tax Revenue Before the Reduction of 62F Payments	21,932,069,751	24,003,098,693	27,991,765,681	33,345,466,737	36,045,287,503	40,327,968,034
Less:						
62F Payments made in FY24 ⁽¹⁾	(3,593,517)	(3,593,517)	(3,593,517)	(3,593,517)	(3,593,517)	(3,593,517)
Estimate of 4% Income Surtax Revenues ⁽²⁾⁽³⁾	(408,190,406)	(448,468,739)	(558,331,423)	(894,929,902)	(968,420,511)	(1,081,178,556)
Total Net State Tax Revenue Less the Estimate of 4% Income Surtax Revenue	21,520,285,828	23,551,036,438	27,429,840,742	32,446,943,318	35,073,273,475	39,243,195,961
Estimate of Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2024	44,298,990,876	44,298,990,876	44,298,990,876	44,298,990,876	44,298,990,876	44,298,990,876
Net State Tax Revenues above/(below) of Allowable State Tax Revenues⁽⁴⁾	(22,778,705,048)	(20,747,954,438)	(16,869,150,135)	(11,852,047,558)	(9,225,717,401)	(5,055,794,915)

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 2B8888B 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.