



**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.
May 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 May, 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.

Pursuant to section 5 of chapter 62F, DOR shall annually, on or before September first prepare a report of the net state tax revenues and the allowable state tax revenues of the Commonwealth for the preceding fiscal year and shall submit the report to the state auditor. DOR will submit the annual 62F report to Clerks James and Hurley and Chairs Cusack, Moran, Michlewitz and Rodrigues in lieu of the June monthly 62F report.

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

| | | |
|--------------|---|-----------------|
| May 31, 2024 | year-to-date net state tax revenue excluding 4% income surtax revenue: | 35,232,730,865 |
| | DOR's estimate of full year FY24 total net state tax revenue: | 39,414,672,586 |
| | 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: | (4,716,109,795) |

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
May 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 | May 31, 2024 | ⁽¹⁾⁽²⁾ <i>(Exhibit 1)</i> | \$35,232,730,865 |
|---|---------------------|--------------------------------------|-------------------------|

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⁾ <i>(Exhibit 4)</i> | \$39,414,672,586 |
| Allowable state tax revenue for FY23 <i>(Exhibit 3)</i> | | | \$41,160,988,265 |
| Estimate of allowable state tax revenue growth factor for FY24 <i>(Exhibit 2)</i> | | | 1.0721507 |
| Estimate of allowable state tax revenue for FY24 | | | \$44,130,782,381 |
| Estimate of the amount net state tax revenue will be above/(below) allowable state tax revenue for the FY24 | | | <u>(\$4,716,109,795)</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
May 2024 Monthly 62F Report

| Type of State Tax Revenue Collected (By Agency) | Fiscal YTD Net State Tax Revenues as of 5/31/2024 |
|--|--|
| Department of Revenue: | |
| Alcoholic Beverages | 88,874,633 |
| Financial Institutions | 12,326,388 |
| Cigarettes | 310,976,049 |
| Corporations | 3,505,768,535 |
| Deeds | 178,009,672 |
| Estate and Inheritance | 473,702,968 |
| Income | 21,591,987,132 |
| Insurance | 436,985,788 |
| Motor Fuels and International Fuel Tax Agreement | 650,235,310 |
| Public Utilities | -570,000 |
| Room Occupancy | 393,068,215 |
| Sales and Use | 8,603,888,271 |
| Club Alcoholic Beverages | 825,106 |
| Motor Vehicle Excise | 664,466 |
| Convention Center Surcharges | 16,381,045 |
| Community Preservation Trust | 36,567,304 |
| Controlled Substances and Marijuana Excise | 152,828,144 |
| Satellite | 4,337,236 |
| Statewide Car Rental | 5,407,182 |
| Electronic Nicotine Delivery System | 13,597,356 |
| Department of Revenue Before the Reduction of 62F Payments | 36,475,860,798 |
| Pari-Mutual Taxes | 796,384 |
| Gaming Revenue Tax | 396,641,948 |
| Lottery Commission: | |
| Beano | 401,290 |
| Raffles and Bazaars | 835,342 |
| State Athletic Commission | |
| Boxing Contests | 421,583 |
| Boxer's Fund | 86,906 |
| Division of Insurance | |
| Excess and Surplus Lines Insurance | 103,737,932 |
| Secretary of State: | |
| Deeds Excise Stamp Tax Fees | 71,186,951 |
| Department of Unemployment Assistance: | |
| Workforce Training Contribution | 26,123,358 |
| Other Agencies Sub-Total | 600,231,694 |
| Total Net State Tax Revenue Before the Reduction of 62F Payments | 37,076,092,492 |
| Less: | |
| 62F Payments made in FY24 ⁽¹⁾ | (4,421,111) |
| Estimate of 4% Income Surtax Revenues ^{(2) (3)} | (1,838,940,516) |
| Total Net State Tax Revenue Less the Estimate of 4% Income Surtax Revenue | 35,232,730,865 |

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 \$1,838,940,516 during the period between July 1, 2023 and April 30, 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
May 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
May 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

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
May 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 5/31/2024 | Fiscal YTD Net State Tax Revenues as of 5/31/2024 | Jun-24 |
| Department of Revenue: | | | |
| Alcoholic Beverages | 88,874,633 | | 97,724,046 |
| Financial Institutions | 12,326,388 | | 16,317,463 |
| Cigarettes | 310,976,049 | | 340,067,307 |
| Corporations | 3,505,768,535 | | 4,325,104,765 |
| Deeds | 178,009,672 | | 206,381,669 |
| Estate and Inheritance | 473,702,968 | | 577,522,410 |
| Income | 21,591,987,132 | | 23,963,265,124 |
| Insurance | 436,985,788 | | 532,285,966 |
| Motor Fuels and International Fuel Tax Agreement | 650,235,310 | | 715,496,245 |
| Public Utilities | -570,000 | | -543,371 |
| Room Occupancy | 393,068,215 | | 401,577,136 |
| Sales and Use | 8,603,888,271 | | 9,445,887,411 |
| Club Alcoholic Beverages | 825,106 | | 898,787 |
| Motor Vehicle Excise | 664,466 | | 719,960 |
| Convention Center Surcharges | 16,381,045 | | 16,573,168 |
| Community Preservation Trust | 36,567,304 | | 43,151,901 |
| Controlled Substances and Marijuana Excise | 152,828,144 | | 177,301,198 |
| Satellite | 4,337,236 | | 4,822,915 |
| Statewide Car Rental | 5,407,182 | | 6,354,560 |
| Electronic Nicotine Delivery System | 13,597,356 | | 15,373,486 |
| Department of Revenue Before the Reduction of 62F Payments | 36,475,860,798 | | 40,886,282,145 |
| Massachusetts Gaming Commission: | | | |
| Pari-Mutuel Taxes | 796,384 | | 909,705 |
| Gaming Revenue Tax | 396,641,948 | | 467,271,745 |
| Lottery Commission: | | | |
| Beano | 401,290 | | 439,742 |
| Raffles and Bazaars | 835,342 | | 927,804 |
| State Athletic Commission | | | |
| Boxing Contests | 421,583 | | 421,583 |
| Boxer's Fund | 86,906 | | 86,906 |
| Division of Insurance | | | |
| Excess and Surplus Lines Insurance | 103,737,932 | | 104,663,155 |
| Secretary of State: | | | |
| Deeds Excise Stamp Tax Fees | 71,186,951 | | 87,687,260 |
| Department of Unemployment Assistance: | | | |
| Workforce Training Contribution | 26,123,358 | | 26,417,687 |
| Other Agencies Sub-Total | 600,231,694 | | 688,825,588 |
| Total Net State Tax Revenue Before the Reduction of 62F Payments | 37,076,092,492 | | 41,575,107,733 |
| Less: | | | |
| 62F Payments made in FY24 ⁽¹⁾ | (4,421,111) | | (4,421,111) |
| Estimate of 4% Income Surtax Revenues ⁽²⁾⁽³⁾ | (1,838,940,516) | | (2,156,014,036) |
| Total Net State Tax Revenue Less the Estimate of 4% Income Surtax Revenue | 35,232,730,865 | | 39,414,672,586 |
| Estimate of Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2024 | 44,130,782,381 | | 44,130,782,381 |
| Net State Tax Revenues above/(below) of Allowable State Tax Revenues⁽⁴⁾ | (8,898,051,517) | | (4,716,109,795) |

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.

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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 \$1,838,940,516 during the period between July 1, 2023 and April 30, 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.