



**MASSACHUSETTS
DEPARTMENT OF REVENUE**

Geoffrey E. Snyder, Commissioner

The Department of Revenue (DOR) Report on the Determination of Whether
Net State Tax Revenues Exceeded Allowable State Tax Revenues
For the period of July 1, 2023 through June 30, 2024

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

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

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

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. Pursuant to Section 5 of Chapter 62F, as amended by the Acts of 2023, the Department of Revenue (DOR) hereby submits the FY24 annual 62F report in lieu of the June monthly 62F report.

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 FY24 net state tax revenues include \$2,199,330,240 in tax revenue collected from the 4% income surtax.

Note that for the purposes of this calculation, FY24 revenue has been reduced by the amount of the 62F payments made 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.

As you will see in the report, total FY24 net state tax revenues excluding 4% income surtax revenue totaled \$39,458,623,425, which is below FY24 allowable state tax revenue of \$44,130,782,381 by \$4,672,158,956. If FY24 net state tax revenues were not reduced by the amount of the 62F payments made as a result of the 62F process, FY24 net state tax revenues would have been \$4,667,624,772

FY24 Net state tax revenues	
FY24 net state tax revenues collected by DOR before the reduction of 62F payments	40,998,834,082
FY24 net non- DOR collected revenues certified by CTR	663,653,767
Total FY24 net state tax revenue before the reduction for 62F payments	41,662,487,849
Less 62F payments made in FY24	(4,534,184)
FY24 net state tax revenues	41,657,953,665
Less estimate of 4% income surtax revenues	(2,199,330,240)
Total FY24 net state tax revenues, less 4% income surtax revenue	\$39,458,623,425

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

8/30/2024

Net State Tax Revenue for Fiscal Year 2024, less 4% income surtax revenue ⁽¹⁾⁽²⁾ (Exhibit 1)	\$39,458,623,425
Allowable State Tax Revenue for Fiscal Year 2023 (Exhibit 3)	\$41,160,988,265
Allowable State Tax Revenue Growth Factor for Fiscal Year 2024 (Exhibit 2)	1.0721507
Allowable State Tax Revenue for Fiscal Year 2024 (Exhibit 3)	\$44,130,782,381
Amount Net State Tax Revenues are Under Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2024 ⁽³⁾ (Exhibit 4)	<u><u>-\$4,672,158,956</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 calculation, FY24 revenue has been reduced by the amount of the 62F payments made 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 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 17th in 2024.

Exhibit 1

DOR Report of Net State Tax Revenues for the Fiscal Year Ended June 30, 2024

8/30/2024

Type of State Tax Revenue Collected (By Agency)	Net State Tax Revenues
Department of Revenue:	
Alcoholic Beverages	97,557,745
Financial Institutions	16,679,220
Cigarettes	339,556,532
Corporations	4,228,989,663
Deeds	213,485,579
Estate and Inheritance	574,197,780
Income	24,157,937,957
Insurance	587,889,739
Motor Fuels and International Fuel Tax Agreement	713,226,659
Public Utilities	-570,000
Room Occupancy	413,249,428
Sales and Use	9,397,246,914
Club Alcoholic Beverages	862,868
Motor Vehicle Excise	685,217
Convention Center Surcharges	16,381,047
Community Preservation Trust	42,809,979
Controlled Substances and Marijuana Excise	173,742,922
Satellite	4,719,921
Statewide Car Rental	5,409,032
Electronic Nicotine Delivery System	14,775,879
Department of Revenue Before the Reduction of 62F Payments	40,998,834,082
Massachusetts Gaming Commission:	
Pari-Mutuel Taxes	891,623
Gaming Revenue Tax	440,340,512
Lottery Commission:	
Beano	444,881
Raffles and Bazaars	982,898
State Athletic Commission	
Boxing Contests	424,328
Boxer's Fund	87,492
Division of Insurance	
Excess and Surplus Lines Insurance	104,131,209
Secretary of State:	
Deeds Excise Stamp Tax Fees	89,981,411
Department of Unemployment Assistance:	
Workforce Training Contribution	26,369,413
Other Agencies Sub-Total	663,653,767
Total Net State Tax Revenue Before the Reduction of 62F Payments	41,662,487,849
Less:	
62F Payments made in FY23 ⁽¹⁾⁽²⁾	(4,534,184)
Estimate of 4% Income Surtax Revenues ⁽³⁾⁽⁴⁾	(2,199,330,240)
Total Net State Tax Revenue Less the Estimate of 4% Income Surtax Revenue	39,458,623,425

1) For the purposes of this calculation, FY24 revenue has been reduced by the amount of the 62F payments made 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) Chapter 62F of the Massachusetts General Laws requires credits to be issued to eligible taxpayers if total state tax revenue exceeds allowable state tax revenue. On September 15th, 2022, the State Auditor certified that FY22 total state tax revenues exceeded the allowable amount by \$2.941 billion, triggering the 62F credit requirement. As a result, DOR began the distribution of \$2.941 billion in credits in November 2022. As of June 30, 2024, DOR issued \$4.534 million in 62F payments in FY24.

3) 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.

4) 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 \$2,199,330,240 during the period between July 1, 2023 and June 30, 2024. 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, 2024

8/30/2024

Calendar Year	Massachusetts Wages and Salaries ⁽¹⁾ (in Thousands)	Wages and Salaries Yearly Growth Rate ⁽²⁾
2020	\$279,587,061	
2021	\$312,471,740	1.1176187
2022	\$333,155,998	1.0661956
2023	\$344,029,483	1.0326378
Sum of 2021 - 2023 Calendar Year Growth Increase		3.2164521
Allowable State Tax Growth Factor for Fiscal Year 2024 (3.2164521/3)		1.0721507

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, 2024

8/30/2024

Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2023 ⁽¹⁾	\$41,160,988,265
Allowable State Tax Growth Factor for the Fiscal Year Ended June 30, 2024	1.0721507
Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2024	<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

DOR Calculation to Determine Whether Net State Tax Revenues Exceeded Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2024

8/30/2024

Total FY24 net state tax revenue before the reduction for 62F payments	\$41,662,487,849
Less:	
62F payments made in FY24 ⁽¹⁾	-\$4,534,184
Period 4 FY24 certified 4% income surtax revenues ^{(2) (3)}	-\$2,199,330,240
Net State Tax Revenues for the Fiscal Year Ended June 30, 2024, Less the Estimate of 4% Income Surtax Revenues	\$39,458,623,425
Less:	
Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2024	\$44,130,782,381
Net State Tax Revenues (Under) Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2024	(\$4,672,158,956)

1) For the purposes of this calculation, FY24 revenue has been reduced by the amount of the 62F payments made 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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