



CHRISTOPHER C. HARDING
COMMISSIONER

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
Boston, MA 02114-9550

December 22, 2017

Mr. Thomas Shack
Comptroller
Commonwealth of Massachusetts
1 Ashburton Place, 9th Floor
Boston, MA 02108

Dear Mr. Shack:

Pursuant to Section 5G of Chapter 29 of the Massachusetts General Laws¹, and based on the procedure agreed upon by the Secretary of Administration and Finance and the Chairs of the House and Senate Committees on Ways and Means², the Department of Revenue (DOR) hereby certifies that for the purpose of determining the amount of capital gains that will be transferred to the Commonwealth Stabilization Fund, the fiscal year 2019 capital gains tax collections threshold is \$1,211,511,830. Any fiscal year 2019 capital gains tax collections above that threshold, as certified by the Commissioner of Revenue, will be transferred to the Commonwealth Stabilization Fund. Please see attached table for our calculations.

If you have any questions concerning this letter, please contact me (at 617-626-2201), or Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (at 617-626-2121).

Sincerely,

A handwritten signature in black ink, appearing to read "CH", with a stylized flourish at the end.

Christopher C. Harding
Commissioner

cc: Secretary Michael J. Heffernan, Executive Office for Administration and Finance
The Honorable Karen E. Spilka, Chair, Senate Committee on Ways and Means
The Honorable Jeffrey Sánchez, Chair, House Committee on Ways and Means

¹ <http://www.malegislature.gov/Laws/GeneralLaws/PartI/TitleIII/Chapter29/Section5G>

² <http://www.mass.gov/osc/docs/policies-procedures/budgets/po-budget-capital-gains-transfer.doc>

Calculation of Fiscal Year 2019 Capital Gains Tax Threshold:

Nominal U.S. GDP - Five Years Ago: U.S. **Gross Domestic Product** (*) figures for the four quarters ending in third quarter of 2012 (**)

2011: Quarter 4	15,785
2012: Quarter 1	15,974
2012: Quarter 2	16,122
2012: Quarter 3	16,228
<i>Average GDP five years ago:</i>	16,027 A

Nominal U.S. GDP - Current: Most recently available U.S. **Gross Domestic Product** (*) figures for the four quarters ending in third quarter of 2017 (**)

2016: Quarter 4	18,906
2017: Quarter 1	19,058
2017: Quarter 2	19,250
2017: Quarter 3	19,501
<i>Average current GDP:</i>	19,178 B

*Compound annual growth rate (CAGR)(***):* 3.6551534% $C = [(B / A)^{(1/5)}] - 1$

Fiscal Year 2018 Capital Gains Tax Threshold: \$1,168,790,736 D

1+ Compound annual growth rate (CAGR): 103.6551534% $E = (1 + C)$

Fiscal Year 2019 Capital Gains Tax Threshold: \$1,211,511,830 $F = D * E$

(*) U.S. Gross Domestic Product figures are seasonally adjusted at annual rates and in billions of current dollars.
www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm

(**) The 4th quarter of 2017 GDP figure is not available at the time when these calculations are conducted. The 3rd quarter of 2017 U.S. GDP figure ("third" estimate) was released by the Bureau of Economic Analysis on December 21, 2017.

(***) *Compound annual growth rate (CAGR)* = [(Average current GDP / Average GDP five years ago) to the power (1/5)] - 1