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April 1, 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: April 2020 Certification of MBTA Dedicated Sales Tax Revenues for the Fiscal Year
Ending June 30, 2020

Dear Secretary Heffernan and Secretary 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 Fiscal Year 2020 sales tax revenue estimate from DOR. Due to the impact of the COVID-19 pandemic, DOR is reassessing the Fiscal Year 2020 estimate and may revise it in the future. The Office of the Comptroller will update this certification (as well as the Fiscal Year 2021 dedicated revenue certification, issued earlier this month) if DOR revises the Fiscal Year 2020 (and 2021) sales tax revenue estimate.

I certify that based on DOR's January 2020 Fiscal Year 2020 sales tax revenue estimate, the projected dedicated sales tax revenue amount for Fiscal Year 2020 is \$1,114,192,000, 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 1, 2019, the base revenue amount for Fiscal Year 2020 is \$1,063,029,578.

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:

	FY2020 March 15, 2019 Certification	FY2020 November 15, 2019 Certification	FY2020 April 1, 2020 Certification	Change from November 15, 2019 Certification
Projected sales and use tax collections, exclusive of meals tax.....	\$ 5,779,711,396	\$ 5,963,700,000	\$ 5,963,700,000	\$ -
Percentage due to the MBTA (1).....	16.00%	16.00%	16.00%	0.00%
Projected dedicated sales tax revenue for FY2020.....	924,753,823	954,192,000	954,192,000	-
Additional sales tax revenue dedicated per Sec. 4 of Ch. 359 of the Acts of 2014.....	160,000,000	160,000,000	160,000,000	-
Total projected dedicated sales tax revenue for FY2020.....	<u>\$ 1,084,753,823</u>	<u>\$ 1,114,192,000</u>	<u>\$ 1,114,192,000</u>	<u>\$ -</u>
FY2020 base revenue as certified on March 1, 2019.....	<u>\$ 1,063,029,578</u>	<u>\$ 1,063,029,578</u>	<u>\$ 1,063,029,578</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 will 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 DOR.

Should you have any questions on the calculation of this amount, please feel free to contact Howard Merkowitz, Deputy Comptroller at (617) 973-2602 or me at (617) 973-2315.

Sincerely yours,

William McNamara
Comptroller of the Commonwealth

Cc: Senator Michael Rodrigues, Chair, Senate Ways and Means
Representative Aaron Michlewitz, Chair, House Ways and Means
Deborah B. Goldberg, Treasurer and Receiver General
Geoffrey Snyder, Commissioner of Revenue
David Bunker, House Ways and Means Budget Director
Chris Marino, Senate Ways and Means Budget Director