

OFFICE OF THE GOVERNOR
COMMONWEALTH OF MASSACHUSETTS
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(617) 725-4000

CHARLES D. BAKER
GOVERNOR

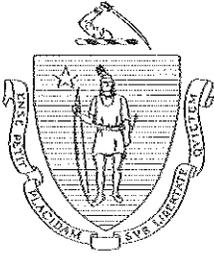
KARYN E. POLITO
LIEUTENANT GOVERNOR

To the Honorable Senate and House of Representatives:

Pursuant to Section 9C of Chapter 29 of the Massachusetts General Laws, Secretary of Administration and Finance Kristen Lepore has advised me of a projected budget shortfall of \$768 million in Fiscal Year 2015. This letter, the attached supporting documents, and the legislation that I am filing today, detail the spending reductions and other actions that I recommend we undertake to close this shortfall.

This plan holds to our pledge to not raise taxes, to preserve local aid, and to not draw down on the Stabilization Fund. And, even after our adjustments, the Fiscal Year 2015 budget will rise nearly 7.7% over Fiscal Year 2014.

Most of the savings come from reductions I am making to Executive Branch accounts under my Section 9C authority. These reductions were made in close consultation with my Cabinet



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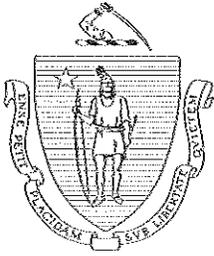
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Secretaries and their respective teams. They include my office, as its budget has been reduced by 10%.

I have identified additional, potential savings in the accounts of the Legislature, Judiciary, Constitutional Offices and other entities independent of the Executive Branch. These proposed savings represent a 1.79% reduction in funding to those entities.

To effectuate these reductions and address the remainder of the shortfall, I am filing for your consideration emergency supplemental budget legislation. This legislation:

- Recognizes that higher-than-expected capital gains tax collections can help address the shortfall by providing that they be directed to the General Fund, rather than the Stabilization Fund, but only for a limited period of time to expire in June 2015;



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- Establishes a limited, two-month corporate tax amnesty program;
- Eliminates certain incentives to MassHealth providers for this fiscal year.
- Identifies additional non-tax revenue opportunities that can generate additional revenue without any increases to fees or fines.

It is our shared responsibility to address this shortfall, and I look forward to working with you to do so. A timely solve to the current budget problem will place the Commonwealth on sounder footing as we move forward into the Fiscal Year 2016 budget season.

I respectfully ask for your support.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Charles D. Baker". The signature is fluid and cursive, with a long horizontal stroke at the end.

/attachments