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ATTACHMENT I

July 17, 2017

To the Honorable Senate and House of Representatives:

Pursuant to Article LVI, as amended by Article XC, Section 3 of the Amendments to the Constitution, I am returning to you for amendment Section 109 of House Bill No. 3800, "An Act Making Appropriations for the Fiscal Year 2018 for the Maintenance of the Departments, Boards, Commissions, Institutions and Certain Activities of the Commonwealth, for Interest, Sinking Fund and Serial Bond Requirements and for Certain Permanent Improvements."

Section 109 establishes the threshold for fiscal year 2018 that will determine whether any transfer of capital gains tax revenue will be made to the Stabilization Fund under Section 5G of Chapter 29 of the General Laws. That threshold is too low to guarantee a Stabilization Fund transfer. Under current Department of Revenue estimates of capital gains, that estimate will result in, at most, a \$25 million transfer in fiscal year 2018, and could result in no transfer at all.

This is well below the \$51.5 million transfer expected in each branch's budget. Accordingly, I propose to leave the statutory threshold in place, and establish \$51.5 million as a floor for any such transfers during fiscal year 2018.

For these reasons, I recommend that Section 109 be amended by striking out the text and inserting in place thereof the following text:-

SECTION 109. Notwithstanding any general or special law to the contrary, for fiscal year 2018, the comptroller shall transfer from the General Fund to the Stabilization Fund the greater of (a) \$51,500,000, or (b) the amount that is required to be transferred pursuant to section 5G of chapter 29 of the General Laws for fiscal year 2018.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Charles D. Baker".

Charles D. Baker
Governor