

OFFICE OF THE STATE AUDITOR

DIANA DIZOGLIO

Official Audit Report – Issued September 15, 2025

Determination of Whether Net State Tax Revenues Exceeded Allowable State Tax Revenues

For the period July 1, 2024 through June 30, 2025



OFFICE OF THE STATE AUDITOR

DIANA DIZOGLIO

September 15, 2025

Her Excellency Maura Healey, Governor of the Commonwealth
Honorable Karen E. Spilka, President of the Senate
Honorable Ronald Mariano, Speaker of the House of Representatives
Honorable Aaron Michlewitz, Chair of the House Ways and Means Committee
Honorable Michael Rodrigues, Chair of the Senate Ways and Means Committee
Geoffrey E. Snyder, Commissioner of Revenue

In accordance with the provisions of Chapter 62F of the Massachusetts General Laws, we have reviewed the Report of the Net State Tax Revenues and Allowable State Tax Revenues for the fiscal year ended June 30, 2025, as prepared by the Commissioner of Revenue.

Our review was conducted for the purposes of ensuring the completeness and accuracy of the report and determining whether the net state tax revenues for the fiscal year ended June 30, 2025, exceeded allowable state tax revenues for that fiscal year.

As a result of our review and as disclosed in the accompanying report, we have determined that the net state tax revenues of \$41,683,046,477 for the fiscal year ended June 30, 2025 were below the allowable state tax revenues of \$46,384,735,613 (as defined in Chapter 62F of the General Laws) by the amount of \$4,701,689,136, resulting in no excess tax revenues that must be credited to taxpayers.

Best regards,



Diana DiZoglio
Auditor of the Commonwealth

cc: Honorable William F. Galvin, Secretary of the Commonwealth
Honorable Deborah B. Goldberg, State Treasurer and Receiver General
Matthew Gorzkowicz, Secretary of Administration and Finance
William McNamara, Comptroller of the Commonwealth
Michael Caljouq, Commissioner of the Division of Insurance
Sarah Wilkinson, Commissioner of the Division of Occupational Licensure
Christopher Rogers, Executive Director of the State Athletic Commission
Dean Serpa, Executive Director of the Massachusetts Gaming Commission
Mark William Bracken, Executive Director of the State Lottery Commission
Lauren Jones, Secretary of the Executive Office of Labor and Workforce Development
Katie Dishnica, Director of the Department of Unemployment Assistance
Timothy Rooney, Chief Financial Officer of the Department of Revenue
Michael Fatale, General Counsel of the Department of Revenue
Travis Ahern, Executive Director of the Cannabis Control Commission

Note: All figures disclosed in this report have been rounded to the nearest dollar for presentation purposes.

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INTRODUCTION

Chapter 555 of the Acts of 1986 inserted Chapter 62F into the Massachusetts General Laws. This chapter provides for the establishment of a state tax revenue growth limit for each fiscal year beginning with the fiscal year ended June 30, 1987. This limit is calculated on the basis of the level of growth in total wages and salaries of the citizens of the Commonwealth. In addition, the law requires that the Commissioner of Revenue (Commissioner), annually on or before September 1, prepare and submit to the State Auditor a report of the net state tax revenues and the allowable state tax revenues of the Commonwealth for the preceding fiscal year.

In accordance with Chapter 62F of the General Laws, the State Auditor is responsible for reviewing the Commissioner's report for completeness and accuracy each fiscal year. In doing so, the State Auditor may make, or request that the Commissioner make, any necessary adjustments or modifications to ensure its completeness and accuracy. Further, the State Auditor, annually on or before the third Tuesday of September, independently determines whether net state tax revenues for the fiscal year exceeded allowable state tax revenues. If the State Auditor determines that there was an excess of state tax revenues, they report that determination and the amount by which allowable state tax revenues were exceeded to the Governor, the President of the Senate and House, and the Commissioner. The law further states that the determination of the State Auditor (as to the existence and the amount of excess state tax revenues) shall be conclusive. Thereafter, the Commissioner is required by statute to take all the necessary action to effectuate a credit equal to the total amount of such excess.

On July 30, 1987, the Commissioner of Revenue prepared their first annual report, as required by Chapter 62F of the General Laws, on net state tax revenues and allowable state tax revenues and submitted it to the State Auditor for review.

The State Auditor reviewed the report for completeness and accuracy and determined, on August 15, 1987, that state tax revenues for the fiscal year ended June 30, 1987 exceeded allowable state tax revenues by \$29,221,675 (Audit Report No. 88-5004-9). Accordingly, the State Auditor requested that the Commissioner effectuate a credit of \$29,221,675. The Commissioner responded by adding a line on the 1987 version of the Massachusetts Individual Income Tax Return, upon which each individual taxpayer could insert their individually calculated share of the \$29,221,675 credit.

For fiscal years 1987 through 2025, net state tax revenues increased approximately 414%, from \$8,102,373,437 to \$41,683,046,476. Allowable state tax revenues increased approximately 475%, from \$8,073,151,762 to \$46,384,735,613, during the same time period. For fiscal years 1988 through 2021, the State Auditor determined that net state tax revenues were less than allowable state tax revenues; therefore, no credit was required to be effectuated by the Commissioner of Revenue for those years.

After the State Auditor reviewed the Commissioner's fiscal year 2022 tax revenues report for completeness and accuracy, it was determined on September 15, 2022 that net state tax revenues for the fiscal year ended June 30, 2022 exceeded allowable state tax revenues by \$2,941,499,731 (Audit Report No. 2023-5555-3S). Accordingly, the State Auditor requested that the Commission effectuate a credit of \$2,941,499,731, in accordance with Section 6 of Chapter 62F of the General Laws. The Commissioner responded by returning excess revenue to taxpayers based on their 2021 personal income tax returns.

As of June 30, 2024, the total amount returned to taxpayers was \$2,883,470,357, approximately 98% of the amount by which fiscal year 2022 net state tax revenues exceeded allowable state tax revenues. According to the Department of Revenue, the amount refunded to taxpayers, and the amount used to offset liabilities to the Commonwealth as of June 30, 2024, is less than the amount by which the fiscal year 2022 net state tax revenue exceeded the allowable state tax revenues in large part because the total tax year 2021 Massachusetts personal income tax liability as of September 15, 2023 was lower than was expected when the refund percentage of 14.0312% was finalized on October 17, 2022.

In fiscal years 2023 and 2024, refunds issued under Chapter 62F of the General Laws were netted against personal income tax collections. This deduction led to a decrease in General Fund revenue for those years. Any surplus in the General Fund during either of those years would have been transferred to the Stabilization Fund.

CONCLUSION

For the fiscal year ended June 30, 2025, we have determined that the net state tax revenues of \$41,683,046,477 were below the allowable state tax revenues of \$46,384,735,613 (as defined in Chapter 62F of the Massachusetts General Laws) by \$4,701,689,136, resulting in no excess state tax revenues (see Exhibit I). As a result, no credit is required to be issued to taxpayers.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

Pursuant to Chapter 62F of the Massachusetts General Laws, the State Auditor is required to (1) review and ensure the completeness and accuracy of the Commissioner of Revenue's Report of the Net State Tax Revenues and Allowable State Tax Revenues for the fiscal year ended June 30, 2025; (2) independently determine whether net state tax revenues exceeded allowable state tax revenues; and (3) report the determination and amount of any excess state tax revenues for the fiscal year ended June 30, 2025. These were the objectives of this audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We gained an understanding of the internal control environment related to the audit objectives at the Department of Revenue (DOR) and the other six state agencies that the Office of the Comptroller of the Commonwealth (CTR) identified as receiving Chapter 62F state tax revenues: the Massachusetts Gaming Commission, the Massachusetts State Lottery Commission, the Massachusetts State Athletic Commission, the Division of Insurance, the Office of the Secretary of the Commonwealth, and the Department of Unemployment Assistance. We accomplished this by reviewing applicable policies and procedures, inspecting applicable documents, and interviewing staff members and management at DOR and the other six state agencies. We also tested the operating effectiveness of controls related to the supervisory review and approval of the monthly bank reconciliations. In addition, we also conducted a site visit to observe the year-end closing procedures and processing of lockbox collections and deposits related to Chapter 62F revenues of the Commonwealth of Massachusetts lockboxes held at the Bank of America in Dorchester.

To obtain sufficient, appropriate evidence to address our audit objectives, we performed the following procedures:

- We reconciled Chapter 62F state tax revenues received by DOR and the other six agencies to the information in the state's accounting system, the Massachusetts Management Accounting and Reporting System (MMARS). To this end, we reviewed DOR's GeniSys accounting and reporting

system and determined that GeniSys transactions were accurately reported in MMARS (see [Exhibit II](#) and [Exhibit VI](#)).

- We obtained the most recent Massachusetts wage and salary data paid to the citizens of the Commonwealth for calendar year 2024 from the US Department of Commerce’s Bureau of Economic Analysis and recalculated the allowable state tax growth factor. We used the recalculated growth factor to determine the allowable net state tax revenue for fiscal year 2025 (see [Exhibit IV](#) and [Exhibit V](#)). We then compared the net state tax revenue to the allowable state tax revenue for fiscal year 2025 (see [Exhibit I](#)).

Data Reliability Assessment

To determine the reliability of the revenue data, we selected a judgmental sample¹ of two months, August 2024 and January 2025, from the audit period (the fiscal year ended June 30, 2025). For these months, we reviewed all recorded Chapter 62F state tax revenues in MMARS and reconciled them to (1) DOR’s revenue recorded in GeniSys; (2) the revenue recorded by the other six state agencies, and (3) CTR’s revenue records. In addition, we compared and reconciled revenues recorded in GeniSys to CTR’s recorded Chapter 62F state tax revenues—and the revenue recorded by the other six state agencies to CTR’s tax revenue records—to confirm their accuracy.

The financial data from MMARS constitutes the official accounting records of the Commonwealth and forms the basis for the Commonwealth’s audited annual financial statements. In 2022, the Office of the State Auditor performed a data reliability assessment of MMARS that focused on testing selected system controls (access controls, application controls, configuration management, contingency planning, and segregation of duties). Additionally, we reviewed the policies and procedures of DOR and the Executive Office of Technology Services and Security for personnel member screening and security awareness training.

We also selected a judgmental sample of three months of bank reconciliations (August 2024, January 2025, and June 2025) performed by DOR during the audit period and verified that the deposits DOR recorded in its financial records reconciled with the information in its bank statements and with the deposit information maintained by the Office of the State Treasurer and Receiver General.

For GeniSys, we leveraged the results from the prior year’s audit (Audit Report No. 2025-5555-3S) and performed the following additional procedures. We interviewed DOR personnel members and

1. Judgmental sampling is a nonstatistical method of sampling for audit testing, in which auditors use their knowledge and judgement to select the sample population. For example, an auditor might select data from areas of high risk. The results of testing using judgmental sampling cannot be projected to entire populations.

determined that there were no significant changes made regarding general information technology controls, including security management, access controls, configuration management, segregation of duties, and contingency planning. In addition, we tested access controls, background checks, and security awareness training for users for the audit period.

Also, for the audit period, we performed variance analyses on the Chapter 62F revenues reported by DOR and the six other agencies to determine whether significant changes between fiscal years were within reasonable ranges and whether all sources of Chapter 62F state tax revenues were reported.

Based on the results of the data reliability assessment procedures described above, we determined that the information we obtained during the course of our audit was sufficiently reliable for the purposes of our audit.

EXHIBIT I

Calculation to Determine Whether Net State Tax Revenues Exceeded Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2025

Allowable State Tax Revenues[*] for the Fiscal Year Ended June 30, 2025	\$ 46,384,735,613^{**}
Less:	
Net State Tax Revenues[†] for the Fiscal Year Ended June 30, 2025	41,683,046,477[‡]
Net State Tax Revenues Below Allowable State Tax Revenues[§] for the Fiscal Year Ended June 30, 2025	<u>\$ 4,701,689,136</u>

* Allowable state tax revenues are an amount equal to the computed maximum state tax revenues for any fiscal year.

** See [Exhibit V](#).

† Net state tax revenues are state tax revenues as decreased by the amount of state tax revenues abated or refunded.

‡ See [Exhibit II](#).

§ Net state tax revenues below allowable state tax revenues are the amount by which net state tax revenues for a fiscal year are under the allowable state tax revenues for said fiscal year.

EXHIBIT II

Net State Tax Revenues for the Fiscal Year Ended June 30, 2025

Type of State Tax Collected (by Agency)	Gross State Tax Revenues	Refunds and Abatements	Net State Tax Revenues
Department of Revenue (DOR)			
Alcoholic Beverages	\$ 96,262,462	\$ 122,969	\$ 96,139,493
Financial Institutions	23,609,766	3,661,192	19,948,574
Cigarettes*	313,406,556	896,662	312,509,894
Corporations	4,457,438,609	420,814,573	4,036,624,036
Deeds	232,004,846	74,976	231,929,870
Estate and Inheritance	800,604,105	60,245,457	740,358,648
Income*	29,677,206,236	2,917,429,804	26,759,776,432
Insurance	659,781,260	46,513,755	613,267,505
Motor Fuels and International Fuel Tax Agreement**	710,513,802	3,848,926	706,664,876
Room Occupancy†	436,083,479	7,775,704	428,307,775
Sales and Use†	9,948,214,080	229,121,346	9,719,092,734
Club Alcoholic Beverages	912,899	10,967	901,932
Motor Vehicle Excise	722,540	37,449	685,091
Convention Center Surcharges	16,804,201	162,703	16,641,498
Community Preservation Trust	49,151,825	0	49,151,825
Controlled Substances and Marijuana Excise	183,268,729	0	183,268,729
Satellite	4,316,239	7,461	4,308,778
Statewide Car Rental	5,698,697	1,596	5,697,101
Electronic Nicotine Delivery System	14,861,311	3,343	14,857,968
Subtotal (DOR)	\$ 47,630,861,642	\$ 3,690,728,883	\$ 43,940,132,759
Massachusetts Gaming Commission			
Pari-Mutuel Taxes	941,404	0	941,404
Gaming Revenue Tax	327,030,043	0	327,030,043
Sport Wagering	151,839,431	0	151,839,431
Lottery Commission			
Beano	469,321	0	469,321
Raffles and Bazaars	920,902	0	920,902
State Athletic Commission			
Boxing Contests	86,560	0	86,560
Boxer's Fund	20,303	0	20,303
Division of Insurance			
Excess and Surplus Lines Insurance	118,314,772	0	118,314,772
Secretary of State			
Deeds Excise Stamp Tax Fees**	101,979,655	0	101,979,655
Department of Unemployment Assistance			
Workforce Training Contribution	26,987,425	0	26,987,425
Subtotal (Other Agencies)	\$ 728,589,816	\$ 0	\$ 728,589,816
Total DOR and Other Agencies Revenue Before Adjustments	\$ 48,359,451,458	\$ 3,690,728,883	\$ 44,668,722,575
Adjustments			
Addition: Deed Excise Tax**	4,582,348	0	4,582,348
Less: Community Preservation Trust**	(3,238,150)		(3,238,150)
Less: Surtax Revenues†	(2,987,020,296)	0	(2,987,020,296)
Total (DOR and Other Agencies)	\$ 45,373,775,360	\$ 3,690,728,883	\$ 41,683,046,477

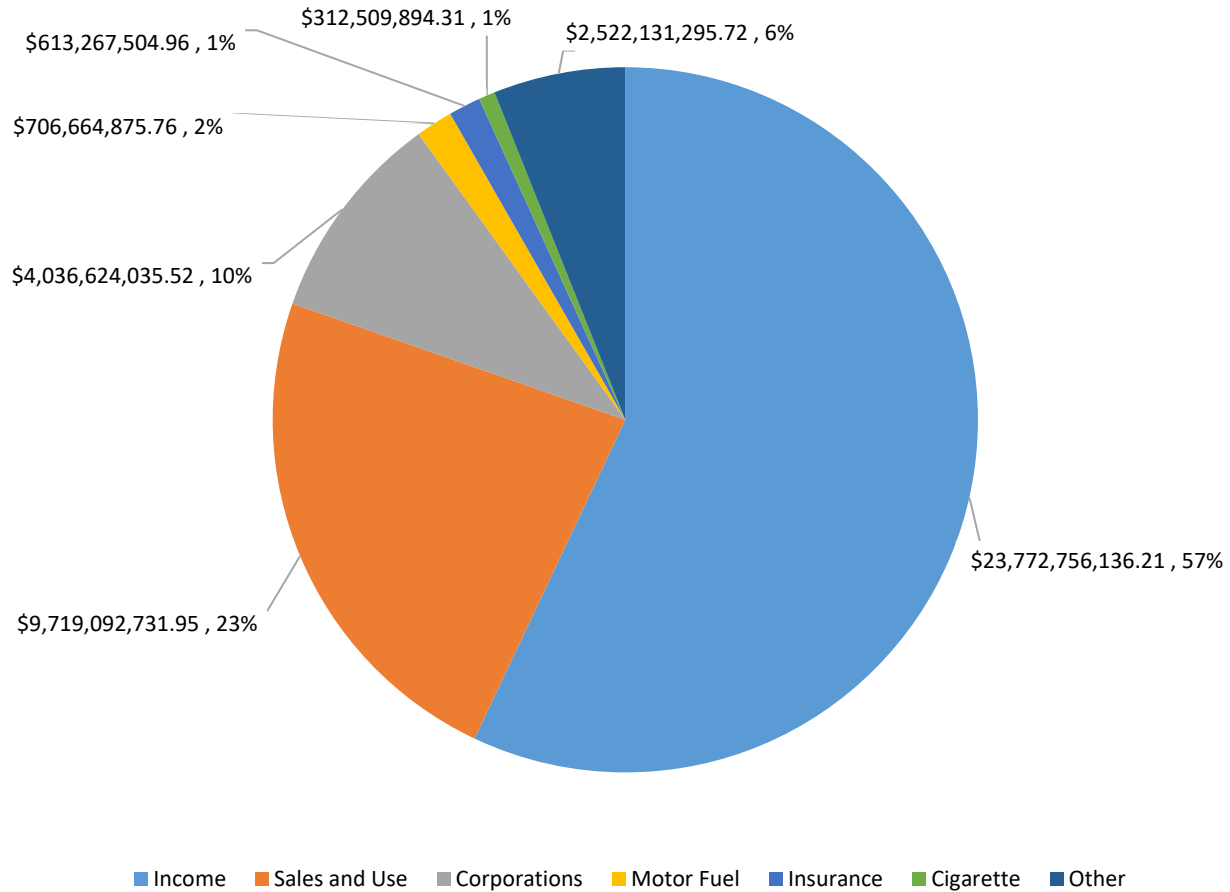
* This includes income tax penalties assessed under Section 2 of Chapter 111M of the Massachusetts General Laws (totaling \$47,425,121) and cigarette excise revenue assessed in accordance with Sections 12 and 70 of Chapter 302 of the Acts of 2008 (totaling \$64,142,973) credited to the Commonwealth Care Trust Fund. Fiscal year 2025 tax revenues credited to the Commonwealth Care Trust Fund totaled \$111,568,094.

Exhibit II

- ** We made adjustments to the individual line items on [Exhibit VI](#) that pertain to the following under/overreported revenues: DOR deeds excise tax, totaling \$4,582,348; DOR Community Preservation Fund surcharges, totaling -\$3,238,150; Land Court Fees (non-62F revenue fund), totaling -\$1,344,197.
- † This includes sales, meals, and room occupancy taxes, as well as service fees for the City of Worcester Digital Federal Credit Union Arena and Convention Center Capital Improvement Fund.
- ‡ Pursuant to Section 17 of Chapter 28 of the Acts of 2023, the 4% income surtax revenues are not subject to the allowable state tax revenue limitations established by Chapter 62F of the General Laws. DOR estimated the 4% income surtax revenues to be excluded from fiscal year 2025 net state tax revenues to be \$2,987,020,296. The fiscal year 2025 estimate was based on historical income tax return data, DOR's vendors' forecasts of various income sources, and DOR's capital gains forecast. The fiscal year 2025 estimation methodology represents a modification to the methodology used in fiscal year 2024, which used payment data in addition to the historical tax return data and forecast methodology previously described. DOR changed its estimation methodology because it was determined that the use of payment data resulted in an underestimation of surtax revenue. This adjustment is reflected in [Exhibit VI](#).

EXHIBIT III

Net State Tax Revenue Sources for the Fiscal Year Ended June 30, 2025*



* Percentages are rounded to the nearest whole number.

EXHIBIT IV

Calculation of Allowable State Tax Growth Factor for the Fiscal Year Ended June 30, 2025*

Calendar Year	Massachusetts Wages and Salaries** (in Thousands)	Wages and Salaries Yearly Growth Rate†
2021	\$312,471,740	
2022	\$333,155,998	1.0661956
2023	\$344,029,483	1.0326378
2024	\$362,741,160	1.0543897
Sum of 2021–2024 Yearly Growth Rates		3.1532231
Allowable State Tax Growth Factor for Fiscal Year 2025 (3.1532231/3)		1.0510744

* Chapter 62F of the General Laws requires that, in calculating the allowable state tax growth factor for any fiscal year, the same total for Massachusetts's 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. The fiscal year 2025 allowable state tax growth factor decreased 0.0210763 from the prior year's factor of 1.0721507.

** Source: US Department of Commerce, Bureau of Economic Analysis, Regional Income Division, Washington, D.C. (pursuant to Section 2 of Chapter 62F of the Massachusetts General Laws).

† Wage and salary yearly growth rate is calculated by dividing each calendar year's wages and salaries by those of the previous calendar year.

EXHIBIT V

Calculation of Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2025

Allowable State Tax Revenues* for the Fiscal Year Ended June 30, 2024	\$ 44,130,782,381
Allowable State Tax Growth Factor for the Fiscal Year Ended June 30, 2025	X 1.0510744
Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2025	<u>\$ 46,384,735,613</u>

* 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. Allowable state tax revenues as disclosed in our prior report (Audit Report No. 2025-5555-3S) totaled \$44,130,782,381.

EXHIBIT VI

Comparison of Net State Tax Revenues for the Fiscal Years Ended June 30, 2024 and June 30, 2025

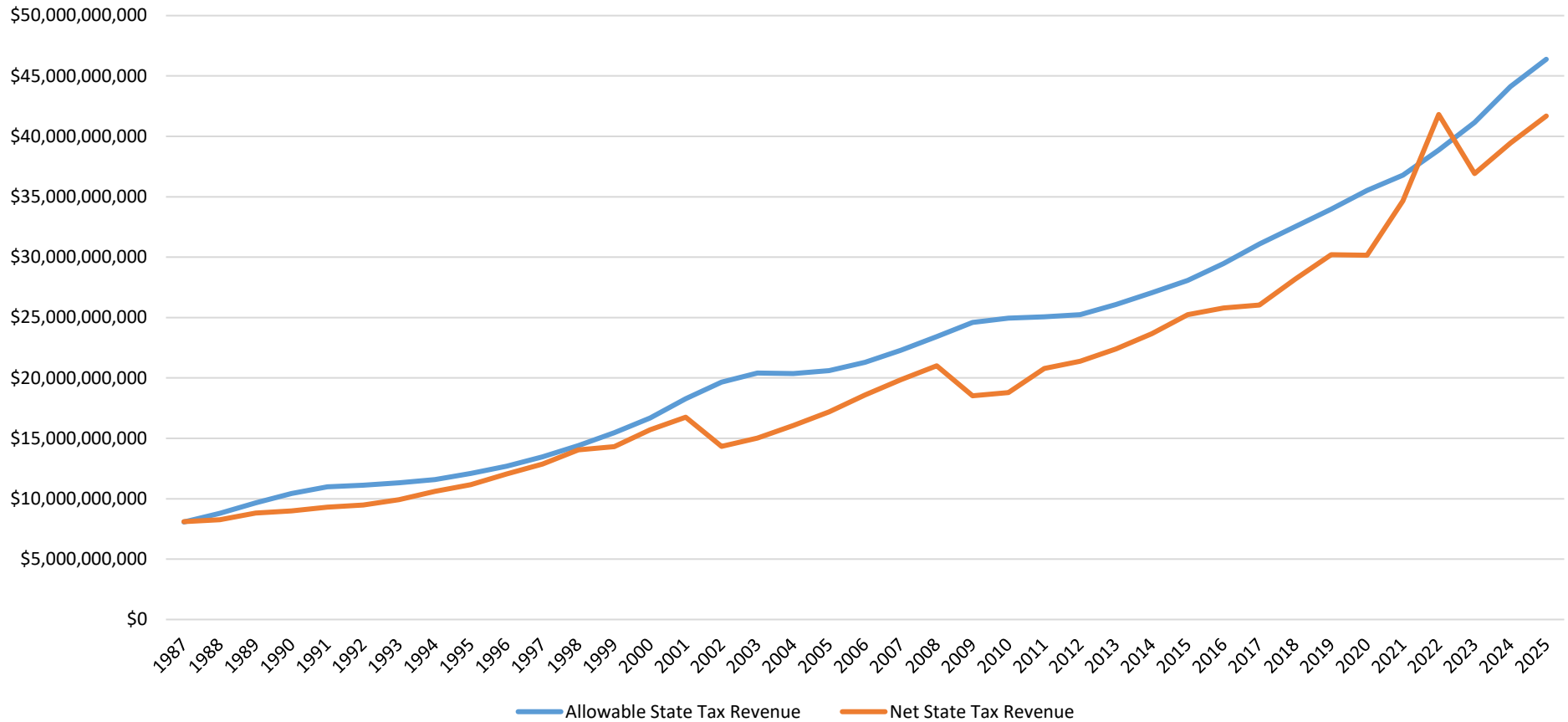
Type of State Tax Collected (by Agency)	Net State Tax Revenues for the Fiscal Year Ended June 30, 2025	Net State Tax Revenues for the Fiscal Year Ended June 30, 2024	Increase/ (Decrease)	Percentage Increase/ (Decrease)
Department of Revenue (DOR)				
Alcoholic Beverages	\$ 96,139,493	\$ 97,557,745	\$ (1,418,252)	(1.45%)
Financial Institutions	19,948,574	16,679,220	3,269,354	19.60%
Cigarettes*	312,509,894	339,556,532	(27,046,638)	(7.97%)
Corporations	4,036,624,036	4,228,988,516†	(192,364,480)	(4.55%)
Deeds**	236,512,219	210,648,371	25,863,848	12.28%
Estate and Inheritance	740,358,648	574,197,780	166,160,868	28.94%
Income*§	23,772,756,136	21,954,074,680‡	1,818,681,456	8.28%
Insurance	613,267,505	587,889,739	25,377,766	4.32%
Motor Fuels and International Fuel Tax Agreement	706,664,876	713,226,659	(6,561,783)	(0.92%)
Public Utilities	0	(570,000)	570,000	(100%)
Room Occupancy	428,307,775	413,249,428†	15,058,347	3.64%
Sales and Use†	9,719,092,732	9,397,246,914	321,845,818	3.42%
Club Alcoholic Beverages	901,932	862,866	39,066	4.53%
Motor Vehicle Excise	685,091	685,218	(127)	(0.02%)
Convention Center Surcharges	16,641,499	16,381,048	260,451	1.59%
Community Preservation Trust**	45,913,675	44,303,075	1,610,600	3.64%
Controlled Substances and Marijuana Excise	183,268,728	173,742,923	9,525,805	5.48%
Satellite	4,308,779	4,719,921	(411,142)	(8.71%)
Statewide Car Rental	5,697,101	5,409,032	288,069	5.33%
Electronic Nicotine Delivery System	14,857,968	14,775,879	82,089	0.56%
Subtotal (DOR)	\$ 40,954,456,661	\$ 38,793,625,546	\$ 2,160,831,115	5.57%
Massachusetts Gaming Commission				
Pari-Mutuel Taxes	941,404	891,623	49,781	5.58%
Gaming Revenue Taxes	327,030,043	320,921,934	6,108,109	1.90%
Sport Wagering	151,839,431	119,418,578	32,420,853	27.15%
Lottery Commission				
Beano	469,321	444,881	24,440	5.49%
Raffles and Bazaars	920,902	982,898	(61,996)	(6.31%)
State Athletic Commission				
Boxing Contests	86,560	424,328	(337,768)	(79.60%)
Boxer's Fund	20,303	87,492	(67,189)	(76.79%)
Division of Insurance				
Excess and Surplus Lines Insurance	118,314,772	104,131,209	14,183,563	13.62%
Secretary of State				
Deeds Excise Stamp Tax Fees**	101,979,655	89,981,411	11,998,244	13.33%
Department of Unemployment Assistance				
Workforce Training Contribution	26,987,425	26,369,413	618,012	2.34%
Subtotal (Other Agencies)	\$ 728,589,816	\$ 663,653,767	\$ 64,936,049	9.78%
Total (DOR and Other Agencies)	\$ 41,683,046,477	\$ 39,457,279,313	\$ 2,225,767,164	5.64%

Exhibit VI

- * This includes income tax penalties assessed under Section 2 of Chapter 111M of the Massachusetts General Laws for fiscal years 2025 and 2024, totaling \$47,425,121 and \$41,111,723, respectively, and cigarette excise revenues credited to the Commonwealth Care Trust Fund in accordance with Sections 12 and 70 of Chapter 302 of the Acts of 2008, totaling \$64,142,973 and \$69,871,069, credited to the Commonwealth Care Trust Fund. The tax revenues credited to the fund totaled \$111,568,094 and \$110,982,812, respectively.
- ** We made adjustments to the individual line items on Exhibit VI that pertain to the following under/overreported revenues for fiscal years 2025 and 2024: DOR deeds excise tax, totaling \$4,582,348 and -\$2,837,208; DOR Community Preservation Fund surcharges, totaling -\$3,238,150 and \$1,493,096; ; Land Court Fees (non-62F revenue fund), totaling -\$1,344,197 and \$1,344,112, respectively.
- † This includes sales, meals, and room occupancy taxes, as well as service fees for the City of Worcester Digital Federal Credit Union Arena and Convention Center Capital. For fiscal year 2024, this includes the Office of the Comptroller of the Commonwealth's adjustment in the amount of \$5,462.
- ‡ For fiscal year 2024, this includes the amount refunded to taxpayers: \$4,533,037 in income taxes and \$1,147 in corporation taxes, totaling \$4,534,184.
- § Pursuant to Section 17 of Chapter 28 of the Acts of 2023, the 4% income surtax revenues are not subject to the allowable state tax revenue limitations established by Chapter 62F of the General Laws. DOR estimated the 4% income surtax revenues to be excluded from fiscal years 2025 and 2024 net state tax revenues to be \$2,987,020,296 and \$2,199,330,240, respectively. The fiscal year 2025 estimate was based on historical income tax return data, DOR's vendors' forecasts of various income sources, and DOR's capital gains forecast. The fiscal year 2025 estimation methodology represents a modification to the methodology used in fiscal year 2024, which used payment data in addition to the historical tax return data and the forecast methodology previously described. DOR changed its estimation methodology because it was determined that the use of payment data resulted in an underestimation of surtax revenue. This adjustment is reflected in Exhibit VI.

EXHIBIT VII

History of Net State Tax Revenue Versus Allowable State Tax Revenue



AUTHORITY BY TAX SOURCE

The following is a list of sources of tax revenue (that fall under reporting requirements from Chapter 62F of the Massachusetts General Laws) and the corresponding legislation that allows for their collection:

- Alcoholic Beverages, excise imposed by Section 21 of Chapter 138 of the General Laws.
- Financial Institutions, excise and income taxes established by Sections 1, 2, 2A, and 7 of Chapter 63 of the General Laws.
- Cigarettes, excise pursuant to Chapter 64C of the General Laws.
- Corporations, excise and income taxes imposed under Chapters 63 and 63B of the General Laws.
- Deeds, excise established by Chapter 64D of the General Laws.
- Estate and Inheritance, legacies, successions, and transfer tax imposed by Chapters 65, 65A, 65B, and 65C of the General Laws.
- Income, income taxes on individuals, fiduciaries, and certain associations established under Chapters 62 and 62B of the General Laws.
- Insurance, premium tax established by Sections 20 through 29E of Chapter 63 of the General Laws.
- Preferred Provider Arrangements, premium tax established by Section 10 of Chapter 176I of the General Laws.
- Motor Fuels, excise established by Chapters 64A, 64E, and 64F of the General Laws.
- Public Utilities, excise imposed under Chapters 63 and 63B of the General Laws.
- Room Occupancy, excise established by Chapter 64G of the General Laws.
- Sales and Use, personal property, transfer, storage, and use tax imposed by Chapters 64H and 64I of the General Laws.
- Club Alcoholic Beverages, excise established by Chapter 63A of the General Laws.
- Motor Vehicle, excise imposed by Chapter 60A of the General Laws.
- Convention Center Financing Surcharges, established by Sections 9 and 22 of Chapter 152 of the Acts of 1997, amended by Section 13 of Chapter 68 of the Acts of 1999 and amended by Chapter 45 of the Acts of 2001. The administration of this surcharge is vested in the Commissioner of Revenue by Section 86 of Chapter 62C of the General Laws.
- Deeds surcharge on fees established by Chapter 267 of the Acts of 2000. Proceeds are to be deposited in the Massachusetts Community Preservation Trust Fund as established by Section 9 of Chapter 44B of the General Laws.

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- Digital Federal Credit Union Center Financing Surcharges, established by Section 3 of Chapter 422 of the Acts of 2006.
 - Commonwealth Care Trust Fund, established by Section 2000 of Chapter 29 of the General Laws; revenue deposited from penalties assessed and collected under Section 2 of Chapter 111M of the General Laws and Sections 12 and 70 of Chapter 302 of the Acts of 2008.
 - Direct Broadcast Satellite Service, excise established by Chapter 64M of the General Laws, which imposed a 5% excise on gross revenues of providers of direct broadcast satellite service to a subscriber or customer in Massachusetts.
 - Marijuana Taxes, consisting of the marijuana state excise and Massachusetts sales tax imposed on the sale of marijuana not medically prescribed pursuant to Chapter 64N of the General Laws.
 - Police Training Surcharge on Vehicular Rental Contracts, established by Section 3 of Chapter 153 of the Acts of 2018.
 - Electronic Nicotine Delivery System (Cigarette Excise Tax), established by Section 7E of Chapter 64C of the General Laws.
 - Pass-Through Entity Excise, established by Chapter 63D of the General Laws: optional 5% excise for certain pass-through entities, including S-corporations, partnerships, and certain trusts, on their income that flows to shareholders, partners, or beneficiaries subject to personal income tax.
 - Beano, tax on gross receipts established by Section 39 of Chapter 10 of the General Laws.
 - Raffles and Bazaars, tax on gross receipts imposed by Section 7A of Chapter 271 of the General Laws.
 - Boxing, tax on gross receipts established by Sections 40 and 40A of Chapter 147 of the General Laws.
 - Racing, tax on gross receipts imposed by Section 5 of Chapter 128A of the General Laws. Pursuant to Section 110 of Chapter 194 of the Acts of 2011 (the "Gaming Act"), effective May 20, 2012, the Massachusetts Gaming Commission assumed all the duties and responsibilities formerly carried out by the State Racing Commission.
 - Unemployment Insurance Workforce Training Contribution, imposed by Chapter 175 of the Acts of 1998. Proceeds are to be deposited in the Workforce Training Fund established by Section 2RR of Chapter 29 of the General Laws. Section 5 of Chapter 142 of the Acts of 2011 amended Section 2RR of Chapter 29 by changing the designation of the Workforce Training Fund to the Workforce Training Trust Fund.
 - Excess and Surplus Lines Insurance, a premium tax established by Section 168 of Chapter 175 of the General Laws.
 - Deeds Excise Stamps Tax, Secretary of the Commonwealth, established by Chapter 300 of the Acts of 1998, Section 1 of Chapter 48 of the Acts of 1997, and Section 567(a) of Chapter 151 of the Acts of 1996.

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- Expanded Gaming Daily Taxes and Assessment: Section 55 of Chapter 23K of the General Laws established the daily taxes and an assessment payable by Category 1 and Category 2 licensees.
 - Excise on sports wagering and fantasy sport operators in Massachusetts, established by Section 14 of Chapter 23N of the General Laws.