

# OFFICE OF THE STATE AUDITOR

---

# DIANA DIZOGLIO

Official Audit Report – Issued September 17, 2024

---

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

For the period July 1, 2023 through June 30, 2024



# OFFICE OF THE STATE AUDITOR

# DIANA DIZOGLIO

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, 2024, 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, 2024, 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 \$39,457,279,313 for the fiscal year ended June 30, 2024 were below the allowable state tax revenues of \$44,130,782,381 (as defined in Chapter 62F of the General Laws) by the amount of \$4,673,503,068, 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  
Gary D. Anderson, Commissioner of the Division of Insurance  
Sarah Wilkinson, Commissioner of the Division of Occupational Licensure  
Shaynah Munro, 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  
Debbie Hilton-Creek, Acting Executive Director of the Cannabis Control Commission

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

---

## TABLE OF CONTENTS

|  |    |
|--|----|
| INTRODUCTION .....   | 1  |
| CONCLUSION .....   | 3  |
| AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY .....   | 4  |
| EXHIBIT I .....  | 7  |
| Calculation to Determine Whether Net State Tax Revenues Exceeded Allowable State Tax Revenues for<br>the Fiscal Year Ended June 30, 2024 ..... | 7  |
| EXHIBIT II .....   | 8  |
| Net State Tax Revenues for the Fiscal Year Ended June 30, 2024 .....   | 8  |
| EXHIBIT III .....  | 10 |
| Net State Tax Revenue Sources for the Fiscal Year Ended June 30, 2024 .....  | 10 |
| EXHIBIT IV .....   | 11 |
| Calculation of Allowable State Tax Growth Factor for the Fiscal Year Ended June 30, 2024 .....   | 11 |
| EXHIBIT V .....  | 12 |
| Calculation of Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2024 .....  | 12 |
| Exhibit VI .....   | 13 |
| Comparison of Net State Tax Revenues for the Fiscal Years Ended June 30, 2023 and June 30, 2024 .....  | 13 |
| EXHIBIT VII .....  | 15 |
| History of Net State Tax Versus Allowable State Tax Revenue .....  | 15 |
| AUTHORITY BY TAX SOURCE .....  | 16 |

---

## 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 first, 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.

Chapter 62F of the General Laws gives oversight responsibilities to the State Auditor for each fiscal year. In accordance with Chapter 62F, the State Auditor is responsible for reviewing the Commissioner's report for completeness and accuracy. 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, she reports that determination and the amount by which allowable state tax revenues were exceeded to the Governor, the President of the Senate, the Speaker of the House, the respective Chairs of the Committees on Ways and Means 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 takes all the necessary action to effectuate a credit equal to the total amount of such excess.

On July 30, 1987, the Commissioner prepared his 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 2024, net state tax revenues increased approximately 387%, from \$8,102,373,437 to \$39,457,279,313. Allowable state tax revenues increased approximately 447%, from \$8,073,151,762 to \$44,130,782,381, 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 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 Commissioner effectuate a credit of \$2,941,499,731, in accordance with Section 6 of Chapter 62F. The Commissioner responded by returning excess revenue to taxpayers based on their 2021 personal income tax returns.

According to the Department of Revenue (DOR), in an email sent to us on September 3, 2024,

*Eligible taxpayers received a credit in the form of a refund equal to 14.0312% of their Massachusetts personal income tax liability for tax year 2021. This percentage was finalized after the 2021 individual tax return filing extension deadline of October 17, 2022. Taxpayers had until September 15, 2023 to file their tax year 2021 Massachusetts personal income tax return to be eligible for the refund. The amount of the refund issued to an individual taxpayer may have been reduced due to refund intercepts, including for unpaid tax liability, unpaid child support, and certain other debts.*

As of June 30, 2024, the total amount refunded to taxpayers was \$2,789,256,564 and the total amount credited to taxpayers to offset the tax liabilities to the Commonwealth was \$94,213,793, totaling \$2,883,470,357, which is approximately 98% of the amount by which fiscal year 2022 net state tax revenues exceeded allowable state tax revenues. According to DOR, the amount refunded to taxpayers, and the amount used to offset liabilities to 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.

For fiscal year 2023, the State Auditor determined that net state tax revenues were less than allowable state tax revenues; therefore, no credit was required to be issued to taxpayers.

## CONCLUSION

For the fiscal year ended June 30, 2024, we have determined that the net state tax revenues of \$39,457,279,313 were below the allowable state tax revenues of \$44,130,782,381 (as defined in Chapter 62F of the Massachusetts General Laws) by \$4,673,503,068, 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, 2024; (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, 2024. These statutory requirements 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 policies and procedures, inspecting documents, and interviewing staff members and management at DOR and the other six state agencies.

We performed the following procedures to obtain sufficient, appropriate audit evidence to address our audit objectives.

- 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 2023 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 2024

(see [Exhibit IV](#) and [Exhibit V](#)). We then compared the net state tax revenue to the allowable state tax revenue for fiscal year 2024 (see [Exhibit I](#)).

## Data Reliability

To determine the reliability of the revenue data, we judgmentally<sup>1</sup> selected two months, October 2023 and February 2024, from the audit period (the fiscal year ended June 30, 2024). 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 revenue records—to confirm their accuracy.

The financial data from MMARS constitute the official accounting records of the Commonwealth and form 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 policies and procedures of DOR and the Executive Office of Technology Services and Security for personnel screening and security awareness training.

We also judgmentally selected three months of bank reconciliations (October 2023, February 2024, and June 2024) 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 as well as with the deposit information maintained by the Office of the State Treasurer and Receiver General.

For GeniSys, we reviewed the general information technology controls, policies, and procedures regarding the following: security management, access controls, configuration management, segregation of duties, and contingency planning. We also tested access controls and security awareness training, unsuccessful login attempts, session locks, auditable events,<sup>2</sup> audit monitoring, analysis, and reporting.

- 
1. Judgmental sampling is a nonstatistical method of sampling for audit testing, in which auditors use their knowledge and judgment 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.
  2. Auditable events are technology-related actions (for example, login attempts on a computer) that can be tracked and are considered adequate as evidence in investigations of security incidents.



Additionally, for the current audit period, we performed variance analyses on the Chapter 62F revenues reported to determine whether significant changes were within reasonable ranges and whether all sources of Chapter 62F state tax revenues were reported.

Based on the above procedures, we concluded that the data obtained from MMARS and GeniSys were 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, 2024

|  |                         |
|--|-------------------------|
| Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2024 <sup>*†</sup>                             | \$ 44,130,782,381       |
| Less:  |                         |
| Net State Tax Revenues for the Fiscal Year Ended June 30, 2024 <sup>‡Ω</sup>                                   | \$39,457,279,313        |
| Net State Tax Revenues Below Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2024 <sup>§</sup> | <u>\$ 4,673,503,068</u> |

\* See [Exhibit V](#).

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

‡ See [Exhibit II](#).

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

§ Net state tax revenues under 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, 2024

| Type of State Tax Collected<br>(by Agency)                     | Gross State Tax<br>Revenues | Refunds and<br>Abatements  | Net State Tax<br>Revenues |
|--|-----------------------------|----------------------------|---------------------------|
| <b>Department of Revenue (DOR)</b>                             |                             |                            |                           |
| Alcoholic Beverages  | \$ 97,691,161               | \$ 133,416                 | \$ 97,557,745             |
| Financial Institutions   | 20,420,813                  | 3,741,593                  | 16,679,220                |
| Cigarettes*  | 340,213,415                 | 656,883                    | 339,556,532               |
| Corporations   | 4,747,588,314               | 518,599,798 <sup>a</sup>   | 4,228,988,516             |
| Deeds <sup>†</sup>   | 213,574,369                 | 88,790                     | 213,485,579               |
| Estate and Inheritance   | 651,384,703                 | 77,186,923                 | 574,197,780               |
| Income <sup>*§</sup>   | 26,966,233,893              | 2,812,828,973 <sup>a</sup> | 24,153,404,920            |
| Insurance  | 631,117,909                 | 43,228,170                 | 587,889,739               |
| Motor Fuels and International Fuel Tax Agreement               | 714,273,815                 | 1,047,156                  | 713,226,659               |
| Public Utilities   | (570,000)                   | 0                          | (570,000)                 |
| Room Occupancy   | 420,733,809                 | 7,484,381 <sup>†</sup>     | 413,249,428               |
| Sales and Use <sup>†</sup>                                     | 9,604,322,881               | 207,075,967                | 9,397,246,914             |
| Club Alcoholic Beverages                                       | 869,953                     | 7,085                      | 862,868                   |
| Motor Vehicle Excise   | 714,195                     | 28,978                     | 685,217                   |
| Convention Center Surcharges                                   | 16,381,047                  | 0                          | 16,381,047                |
| Community Preservation Trust <sup>†</sup>                      | 42,809,979                  | 0                          | 42,809,979                |
| Controlled Substances and Marijuana Excise                     | 173,742,923                 | 0                          | 173,742,923               |
| Satellite  | 4,719,921                   | 0                          | 4,719,921                 |
| Statewide Car Rental   | 5,410,189                   | 1,157                      | 5,409,032                 |
| Electronic Nicotine Delivery System                            | 14,780,681                  | 4,802                      | 14,775,879                |
| <b>Subtotal (DOR)</b>  | <b>\$ 44,666,413,970</b>    | <b>\$ 3,672,114,072</b>    | <b>\$ 40,994,299,898</b>  |
| <b>Massachusetts Gaming Commission:</b>                        |                             |                            |                           |
| Pari-Mutuel Taxes  | 891,623                     | 0                          | 891,623                   |
| Gaming Revenue Tax   | 320,921,934                 | 0                          | 320,921,934               |
| Sport Wagering   | 119,418,578                 | 0                          | 119,418,578               |
| <b>Lottery Commission:</b>                                     |                             |                            |                           |
| Beano  | 444,881                     | 0                          | 444,881                   |
| Raffles and Bazaars  | 982,898                     | 0                          | 982,898                   |
| <b>State Athletic Commission:</b>                              |                             |                            |                           |
| Boxing Contests  | 424,328                     | 0                          | 424,328                   |
| Boxer's Fund   | 87,492                      | 0                          | 87,492                    |
| <b>Division of Insurance:</b>                                  |                             |                            |                           |
| Excess and Surplus Lines Insurance                             | 104,131,209                 | 0                          | 104,131,209               |
| <b>Secretary of State</b>                                      |                             |                            |                           |
| Deeds Excise Stamp Tax Fees <sup>†</sup>                       | 89,981,411                  | 0                          | 89,981,411                |
| <b>Department of Unemployment Assistance:</b>                  |                             |                            |                           |
| Workforce Training Contribution                                | 26,369,413                  | 0                          | 26,369,413                |
| <b>Subtotal (Other Agencies)</b>                               | <b>\$663,653,767</b>        | <b>\$ 0</b>                | <b>\$663,653,767</b>      |
| <b>Total DOR and Other Agencies Revenue Before Adjustments</b> | <b>\$45,330,067,737</b>     | <b>\$3,672,114,072</b>     | <b>\$41,657,953,665</b>   |
| <b>Adjustments</b>   |                             |                            |                           |
| Addition: Community Preservation Trust <sup>†</sup>            | 1,493,096                   | 0                          | 1,493,096                 |
| Less: Deed Excise Tax <sup>†</sup>                             | (2,837,208)                 |                            | (2,837,208)               |
| Less: Surtax Revenues <sup>§</sup>                             | (2,199,330,240)             | 0                          | (2,199,330,240)           |
| <b>Total (DOR and Other Agencies)</b>                          | <b>\$43,129,393,385</b>     | <b>\$3,672,114,072</b>     | <b>\$39,457,279,313</b>   |

\* This includes income tax penalties assessed under Section 2 of Chapter 111M of the Massachusetts General Laws (totaling \$41,111,743) and cigarette excise revenue assessed in accordance with Sections 12 and 70 of Chapter 302 of the Acts of 2008 (totaling \$69,871,069) credited to the Commonwealth Care Trust Fund. Fiscal year 2024 tax revenues credited to the fund totaled \$110,982,812.

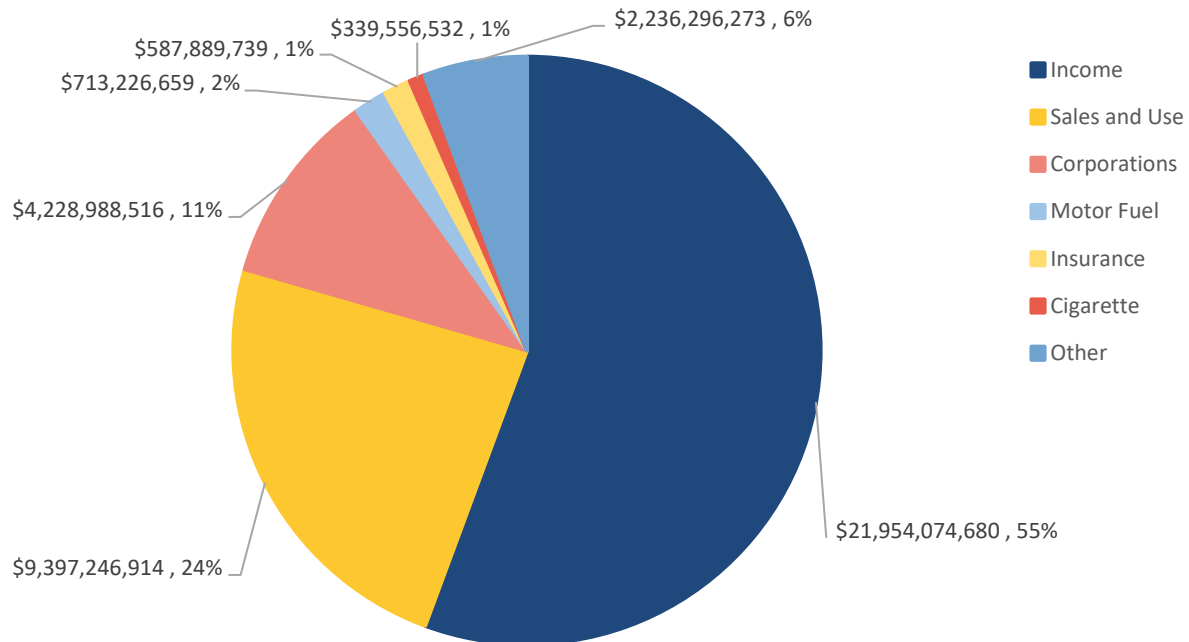
Exhibit II

---

- † Adjustments were made to the individual line items on Exhibit VI that pertain to the following under/overreported revenues: DOR deeds excise tax, totaling (\$2,837,208); DOR Community Preservation Fund surcharges, totaling \$1,493,096; Land Court Fees (non-62F revenue fund), totaling \$1,344,112.
- ‡ 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. This includes the Office of the Comptroller of the Commonwealth's adjustment to refunds and abatements in the amount of \$5,462.
- Ω 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. DOR estimated the 4% income surtax revenues to be excluded from fiscal year 2024 net state tax revenues to be \$2.199 billion. This adjustment is reflected in Exhibit VI.

### EXHIBIT III

#### Net State Tax Revenue Sources for the Fiscal Year Ended June 30, 2024



Note: Percentages are rounded to the nearest whole number.

## EXHIBIT IV

### Calculation of Allowable State Tax Growth Factor for the Fiscal Year Ended June 30, 2024

| Calendar Year  | Massachusetts Wages and Salaries*<br>(in Thousands) | Wages and Salaries<br>Yearly Growth Rate† |
|--|---|---|
| 2020   | \$279,587,061                                       |   |
| 2021   | \$312,471,740                                       | 1.1176187                                 |
| 2022   | \$333,155,998                                       | 1.0661956                                 |
| 2023   | \$344,029,483                                       | 1.0326378                                 |
| Sum of 2020–2023 Yearly Growth Rates                                 |   | 3.2164521                                 |
| Allowable State Tax Growth Factor for Fiscal Year 2024 (3.2164521/3) |   | 1.0721507                                 |

\* Source: US Department of Commerce's 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.

Note: Chapter 62F 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 used in prior calculations involving that calendar year shall be used in subsequent calculations involving that calendar year, notwithstanding periodic adjustments by the Bureau of Economic Analysis. The fiscal year 2024 allowable state tax growth factor increased .0132424 from the previous year's factor of 1.0589083.

## EXHIBIT V

### Calculation of Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2024

|   |          |                                 |
|---|----------|---------------------------------|
| <b>Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2023*</b>      |          | <b>\$ 41,160,988,265</b>        |
| <b>Allowable State Tax Growth Factor for the Fiscal Year Ended June 30, 2024†</b> | <b>X</b> | <b>1.0721507</b>                |
| <b>Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2024</b>       |          | <b><u>\$ 44,130,782,381</u></b> |

\* 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 (No. 2024-5555-3S) totaled \$41,160,988,265.

† See [Exhibit IV](#)

## Exhibit VI

### Comparison of Net State Tax Revenues for the Fiscal Years Ended June 30, 2023 and June 30, 2024

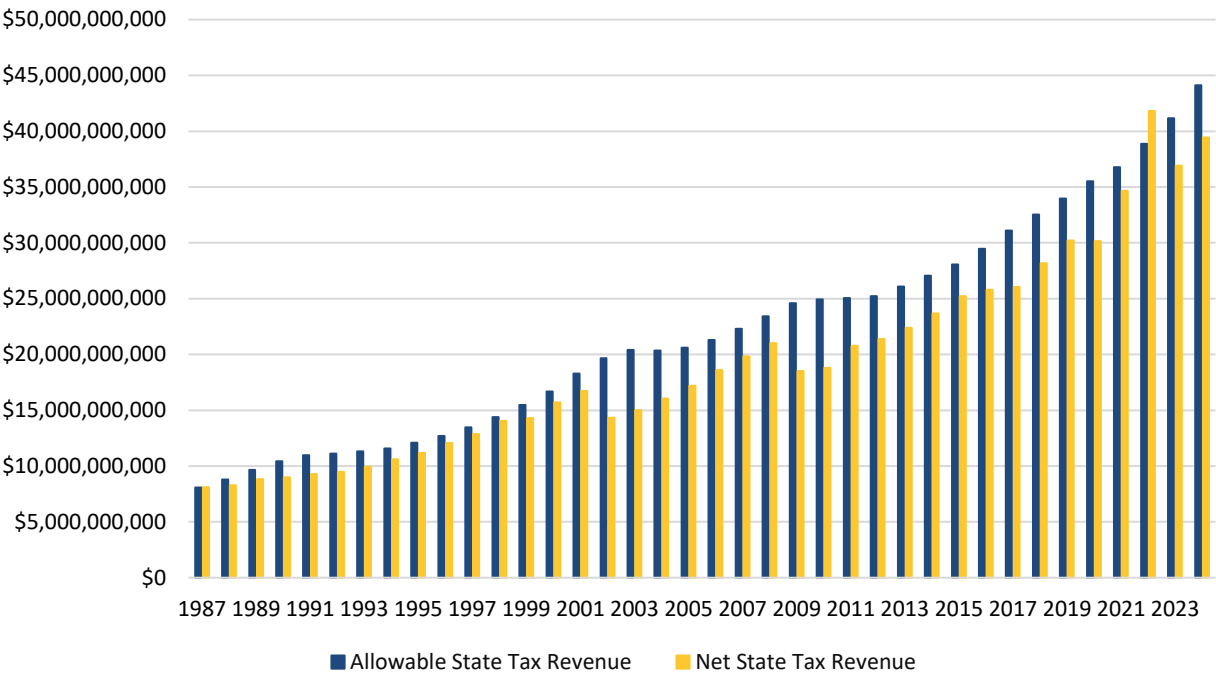
| Type of State Tax Collected<br>(by Agency)          | Net State Tax Revenues<br>for the Fiscal Year Ended<br>June 30, 2024 | Net State Tax Revenues<br>for the Fiscal Year Ended<br>June 30, 2023 | Increase/<br>(Decrease)        | Percentage<br>Increase/<br>(Decrease) |
|---|--|--|--------------------------------|---------------------------------------|
| <b>Department of Revenue (DOR):</b>                 |  |  |                                |                                       |
| Alcoholic Beverages                                 | \$ 97,557,745  | \$ 98,268,233  | \$ (710,488)                   | (0.72%)                               |
| Financial Institutions                              | 16,679,220   | 21,794,082   | (5,114,862)                    | (23.47%)                              |
| Cigarettes*   | 339,556,532  | 365,268,952  | (25,712,420)                   | (7.04%)                               |
| Corporations  | 4,228,988,516 <sup>a</sup>   | 4,549,011,437  | (320,022,921)                  | (7.03%)                               |
| Deeds   | 210,648,371 <sup>†</sup>   | 235,073,973  | (24,425,602)                   | (10.39%)                              |
| Estate and Inheritance<br>Income*                   | 574,197,780<br>21,954,074,680 <sup>ns</sup>                          | 973,709,715<br>18,783,716,933  | (399,511,935)<br>3,170,357,747 | (41.03%)<br>16.88%                    |
| Insurance   | 587,889,739  | 537,238,001  | 50,651,738                     | 9.43%                                 |
| Motor Fuels and International<br>Fuel Tax Agreement | 713,226,659  | 701,908,724  | 11,317,935                     | 1.61%                                 |
| Public Utilities                                    | (570,000)  | 150,000  | (720,000)                      | (480%)                                |
| Room Occupancy                                      | 413,249,428 <sup>‡</sup>   | 388,023,760  | 25,225,668                     | 6.50%                                 |
| Sales and Use <sup>‡</sup>                          | 9,397,246,914  | 9,448,137,002  | (50,890,088)                   | (0.54%)                               |
| Club Alcoholic Beverages                            | 862,868  | 822,018  | 40,850                         | 4.97%                                 |
| Motor Vehicle Excise                                | 685,217  | 619,124  | 66,093                         | 10.68%                                |
| Convention Center Surcharges                        | 16,381,047   | 13,810,974   | 2,570,073                      | 18.61%                                |
| Community Preservation Trust                        | 44,303,075 <sup>†</sup>  | 49,187,225   | (4,884,150)                    | (9.93%)                               |
| Controlled Substances and<br>Marijuana Excise       | 173,742,923  | 161,467,626  | 12,275,297                     | 7.60%                                 |
| Satellite   | 4,719,921  | 5,418,444  | (698,523)                      | (12.89%)                              |
| Statewide Car Rental                                | 5,409,032  | 5,085,279  | 323,753                        | 6.37%                                 |
| Electronic Nicotine Delivery<br>System              | 14,775,879   | 13,870,692   | 905,187                        | 6.53%                                 |
| <b>Subtotal (DOR)</b>                               | <b>\$38,793,625,546</b>  | <b>\$36,352,582,194</b>  | <b>\$ 2,441,043,352</b>        | <b>6.71%</b>                          |
| <b>Massachusetts Gaming<br/>Commission:</b>         |  |  |                                |                                       |
| Pari-Mutuel Taxes                                   | 891,623  | 832,905  | 58,718                         | 7.05%                                 |
| Gaming Revenue Taxes                                | 320,921,934  | 318,703,621  | 2,218,313                      | 0.70%                                 |
| Sport Wagering                                      | 119,418,578  | 37,517,005   | 81,901,573                     | 218.31%                               |
| <b>Lottery Commission:</b>                          |  |  |                                |                                       |
| Beano   | 444,881  | 428,988  | 15,893                         | 3.70%                                 |
| Raffles and Bazaars                                 | 982,898  | 1,031,544  | (48,646)                       | (4.72%)                               |
| <b>State Athletic Commission:</b>                   |  |  |                                |                                       |
| Boxing Contests                                     | 424,328  | 74,376   | 349,952                        | 470.52%                               |
| Boxer's Fund  | 87,492   | 17,859   | 69,633                         | 389.90%                               |
| <b>Division of Insurance:</b>                       |  |  |                                |                                       |
| Excess and Surplus Lines<br>Insurance               | 104,131,209  | 76,271,757   | 27,859,452                     | 36.53%                                |
| <b>Secretary of State:</b>                          |  |  |                                |                                       |
| Deeds Excise Stamp Tax Fees                         | 89,981,411 <sup>†</sup>  | 101,916,115  | (11,934,704)                   | (11.71%)                              |
| <b>Department of Unemployment<br/>Assistance:</b>   |  |  |                                |                                       |
| Workforce Training<br>Contribution                  | 26,369,413   | 35,084,888   | (8,715,475)                    | (24.84%)                              |
| <b>Subtotal (Other Agencies)</b>                    | <b>\$ 663,653,767</b>  | <b>\$ 571,879,058</b>  | <b>\$ 91,774,709</b>           | <b>16.05%</b>                         |
| <b>Total (DOR and Other Agencies)</b>               | <b>\$39,457,279,313</b>  | <b>\$ 36,924,461,252</b>   | <b>\$ 2,532,818,061</b>        | <b>6.86%</b>                          |



- 
- \* This includes income tax penalties assessed under Section 2 of Chapter 111M of the Massachusetts General Laws (totaling \$41,111,743) and cigarette excise revenue assessed in accordance with Sections 12 and 70 of Chapter 302 of the Acts of 2008 (totaling \$69,871,069) credited to the Commonwealth Care Trust Fund. Fiscal year 2024 tax revenues credited to the fund totaled \$110,982,812.
  - † Adjustments were made to the individual line items that pertain to the following under/overreported revenues: DOR deeds excise tax, totaling (\$2,837,208); DOR Community Preservation Fund surcharges, totaling \$1,493,096; Land Court Fees (non-62F revenue fund), totaling \$1,344,112.
  - ‡ 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. This includes the Office of the Comptroller of the Commonwealth's adjustment in the amount of \$5,462.
  - Ω 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. DOR estimated the 4% income surtax revenues to be excluded from fiscal year 2024 net state tax revenues to be \$2,199,330,240.

EXHIBIT VII

History of Net State Tax Versus Allowable State Tax Revenue



---

## **AUTHORITY BY TAX SOURCE**

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

- Alcoholic Beverages, excise imposed by Section 21 of Chapter 138 of the Massachusetts 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.
  - 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.
  - 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.