



FY25 Consensus Revenue and FY24 Revenue Downgrade

Limited growth environment reflected in FY25 consensus revenue projections even after accounting for FY24 downgrade.

Consensus Revenue & FY24 Downgrade	FY23 Final	FY24 GAA	FY24 Downgrade	FY25 CR	FY25 v. FY24 GAA		FY25 v. FY24 Downgraded Revenues	
Total Taxes excl. Surtax	38,923	40,410	39,410	40,202	(208)	-0.5%	792	2.0%
Surtax Projected	241	1,000	1,000	1,300				
Total Taxes Incl. Surtax	39,164	41,410	40,410	41,502				

- FY25 consensus revenue is (\$208) million below current revenue estimates and only grows by 2% after accounting for FY24 revenue downgrade.



FY24 Adjusted Blueprint—\$1 B Solve for Revenue Loss

A&F has developed a blueprint to solve for current shortfall and provides buffer for second half of year

- Balanced approach includes **\$1 B** of solutions
 - Addresses actual shortfall of \$769 M and provides some buffer going into second half of the year
- Solutions are comprised of a balanced mix of spending and revenue:
 - **\$375 M** in spending reductions, plus
 - **\$625 M** in non-tax revenues and other upside
- Solutions **do not** rely on draws from the Stabilization fund.

Solutions	Amount (\$ M)	% of Solve
Spending Reductions	\$375	37.5%
Non-Tax Revenue and Other	\$625	62.5%
<i>Total Solves</i>	<i>\$1,000</i>	<i>100%</i>



FY24 Messaging

- Through December, total tax collections are down \$769 million
 - The Commonwealth has collected approximately 45% of all taxes for the year.
- The Administration is, therefore, taking action to bring spending in line with available resources, by:
 - Reducing FY24 consensus tax revenue by \$1 billion (\$40.410 billion to \$39.410 billion)
 - Reducing FY24 spending by \$375 million (net) using the 9C authority.
 - A&F has identified \$625 million of non-tax revenues that will close the remaining budget gap
- There is more downside risk for the second half of the fiscal year with some of the largest and most volatile revenue months still to come.
 - Additional revenue shortfall can be mitigated by excess capital gains, non-tax revenues and additional reversions.
- Economists agree that Massachusetts economy remains strong but is experiencing a soft-landing reflecting limited revenue growth in fiscal years 24 and 25.
- The administration's goal is to ensure that the fiscal year 2024 budget is sound and continues to support making Massachusetts more affordable, competitive and equitable