



**MASSACHUSETTS
DEPARTMENT OF REVENUE**

Geoffrey E. Snyder, Commissioner

The Department of Revenue (DOR) Report on the Determination of Whether Net State Tax Revenues Exceeded Allowable State Tax Revenues For the period of July 1, 2021 through June 30, 2022

The Honorable Suzanne M. Bump
Auditor of the Commonwealth
State House- Room 229
Boston, MA 01333

August 31, 2022

Dear Auditor Bump:

Chapter 62F of the Massachusetts General Laws (added by St. 1986, c.555, s.2) imposes a limitation on the growth of state tax revenues. The law requires that the Department of Revenue submit a report to the State Auditor on the net state tax revenues and the allowable state tax revenues for each fiscal year.

This report is submitted for your review. The calculations, as well as the methodology behind the calculations, are provided to enable you to certify their accuracy and to independently determine whether the FY22 net state tax revenues exceed allowable state tax revenues.

As you will see in the report, total FY22 net state tax revenues of \$41,812,654,358 exceed FY22 allowable state tax revenue of \$38,871,154,627 by \$2,941,499,730.

Actual FY22 net state tax revenues included in the report consist of the following:

Net state tax revenues collected and certified by DOR for FY22:	\$ 41,264,017,836.43
Net Non- DOR collected revenues certified by CTR for FY22:	\$ 548,636,521.20
Total FY22 net state tax revenues:	\$ 41,812,654,357.63

Sincerely,

Timothy Rooney
Chief Financial Officer

cc:

Geoffrey Snyder, Commissioner, Department of Revenue
Kristin Lindquist, Senior Deputy Commissioner, Department of Revenue
Michael Heffernan, Secretary, Executive Office for Administration and Finance
James Cowdell, Chief of Staff, Executive Office for Administration and Finance
Catharine Hornby, Undersecretary, Executive Office for Administration and Finance
Bran Shim, Assistant Secretary for Budget, Executive Office for Administration and Finance
Anthony Alenci, Audit Supervisor, Office of the State Auditor
William McNamara, Comptroller, Office of the Comptroller

Summary Statement

DOR Report on Fiscal Year 2022 Net State Tax Revenue and Allowable State Tax Revenue as Defined by Chapter 62F 8/31/2022

Net State Tax Revenue for Fiscal Year 2022 <i>(Exhibit 1)</i>	\$41,812,654,358
Allowable State Tax Revenue for Fiscal Year 2021 <i>(Exhibit 3)</i>	\$36,789,926,416
Allowable State Tax Revenue Growth Factor for Fiscal Year 2022 <i>(Exhibit 2)</i>	1.0565706
Allowable State Tax Revenue for Fiscal Year 2022 <i>(Exhibit 3)</i>	\$38,871,154,627
Net State Tax Revenues in Excess of Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2022 ⁽¹⁾ <i>(Exhibit 4)</i>	\$2,941,499,730

Notes:

1) Per M.G.L Chapter 62F, the State Auditor will make the determination of whether net state tax revenue exceeds allowable state tax revenue on or before the third Tuesday of the Month of September, which falls on September 20th in 2022.

Exhibit 1

DOR Report of Net State Tax Revenues for the Fiscal Year Ended June 30, 2022

8/31/2022

Type of State Tax Revenue Collected (By Agency)	Net State Tax Revenues
Department of Revenue:	
Alcoholic Beverages	97,021,545
Financial Institutions	22,625,315
Cigarettes	390,686,415
Corporations	4,576,810,629
Deeds	326,336,055
Estate and Inheritance	868,443,605
Income	24,378,536,458
Insurance	509,116,593
Motor Fuels and International Fuel Tax Agreement	722,787,678
Public Utilities	1,571,826
Room Occupancy	294,218,893
Sales and Use	8,809,380,082
Club Alcoholic Beverages	621,467
Motor Vehicle Excise	1,115,071
Convention Center Surcharges	10,595,570
Community Preservation Trust	70,650,181
Controlled Substances and Marijuana Excise	156,669,255
Satellite	6,080,777
Statewide Car Rental	4,424,256
Electronic Nicotine Delivery System	16,326,164
Department of Revenue Sub-Total	41,264,017,836
Massachusetts Gaming Commission:	
Pari-Mutuel Taxes	1,080,125
Gaming Revenue Tax	300,056,546
Lottery Commission:	
Beano	336,672
Raffles and Bazaars	814,877
State Athletic Commission	
Boxing Contests	76,779
Boxer's Fund	18,359
Division of Insurance	
Excess and Surplus Lines Insurance	78,879,752
Secretary of State:	
Deeds Excise Stamp Tax Fees	146,008,812
Department of Unemployment Assistance:	
Workforce Training Contribution	21,364,600
Other Agencies Sub-Total	548,636,521
Total Estimate of Net State Tax Revenue	41,812,654,358

Exhibit 2

DOR Calculation of Allowable State Tax Growth Factor for the Fiscal Year Ended June 30, 2022

8/31/2022

Calendar Year	Massachusetts Wages and Salaries* (in Thousands)	Wages and Salaries Yearly Growth Rate†
2018	\$265,849,684	
2019	\$281,583,345	1.0591825
2020	\$279,587,061	0.9929105
2021	\$312,471,740	1.1176187
Sum of 2019 - 2021 Calendar Year Growth Increase		3.1697117
Allowable State Tax Growth Factor for Fiscal Year 2022 (3.1697117/3)		1.0565706

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

† 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 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.

Exhibit 3

DOR Calculation of Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2022

8/31/2022

Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2021*	\$36,789,926,416
Allowable State Tax Growth Factor for the Fiscal Year Ended June 30, 2022	1.0565706
Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2022	<u>\$38,871,154,627</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.

Exhibit 4

DOR Calculation to Determine Whether Net State Tax Revenues Exceeded Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2022

8/31/2022

Net State Tax Revenues for the Fiscal Year Ended June 30, 2022	\$41,812,654,358
Less:	
Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2022	\$38,871,154,627
Net State Tax Revenues in Excess of Allowable State Tax Revenues for the Fiscal Year Ended June 30, 2022	<u>\$2,941,499,730</u>