



Executive Office for Administration & Finance

**COMMONWEALTH OF MASSACHUSETTS**

STATE HOUSE ▪ BOSTON, MA 02133

(617) 727-2040

**CHARLES D. BAKER**  
GOVERNOR

**KRISTEN LEPORE**  
SECRETARY

**KARYN E. POLITO**  
LIEUTENANT GOVERNOR

October 14, 2016

TO: His Excellency Charles D. Baker, Governor  
The House Committee on Ways and Means  
The Senate Committee on Ways and Means  
The Joint Committee on Revenue

Under Section 5B of Chapter 29 of the Massachusetts General Laws, I am required on or before October 15<sup>th</sup> to prepare estimates of budgeted revenues for the current and ensuing fiscal year.

Based on available data on tax collections and economic trends, I am revising the total Fiscal Year 2017 (FY17) tax revenue estimate to \$26.056 billion, down \$175 million from the revenue estimate used for the General Appropriations Act (GAA). After consulting with the Department of Revenue and outside economists, and upon reviewing updated economic data, I believe that a revision to the tax revenue estimate is necessary due to slower-than-expected growth rate in sales tax collections, a trend that we observed earlier this calendar year. The previously-established benchmark assumed 5.2% growth in sales tax revenue over Fiscal Year 2016. We now expect sales tax growth to be 2.3%, in line with actual FY17 year-to-date collections through September.

We are not projecting any material change for non-tax revenues at this time relative to levels originally assumed in the FY17 GAA.

Because of this projection, I am formally revising the estimate of total budgeted revenues that is available for FY17 down to \$39.514 billion.

We will continue to monitor developments in revenue policy, economic trends and agency collections to determine the continued appropriateness of this estimate.

As is customarily the case, I am not providing a FY18 revenue estimate at this time. Our capacity to forecast FY18 revenues will benefit from a few more months of tax collection data and testimony regarding updated economic forecasts at the FY18 consensus revenue hearing this winter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kristen Lepore".

Kristen Lepore  
Secretary