



The Commonwealth of Massachusetts
Office of the Comptroller
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November 17, 2014

Secretary Glen Shor
Executive Office for Administration and Finance
State House, Room 373
Boston, MA 02133

Acting Secretary Frank DePaola
Massachusetts Department of Transportation
10 Park Plaza, Room 3170
Boston, Massachusetts, 02116

RE: November, 2014 Certification of MBTA Dedicated Sales Tax Revenues for the
Fiscal Year Ending June 30, 2015

Dear Secretary Shor and Acting Secretary DePaola:

Pursuant to Massachusetts General Laws (MGL) Chapter 10, Section 35T, I certify, after consultation with the Commissioner of Revenue, that the projected dedicated sales tax revenue amount for fiscal 2014 is \$932,454,624, including an additional \$160,000,000 as a result of Section 4 of Chapter 359 of the Acts of 2014 which also resets the base revenue amount for fiscal year 2015 at an amount of \$970,637,174.

The projected dedicated sales tax revenue amount is the amount of "all monies received by the commonwealth equal to 1 per cent of the gross receipts of a sale as defined in chapter 64H and 1 per cent of the sales price of a purchase as defined by chapter 64I from that portion of the taxes imposed under said chapters 64H and 64I as excises upon the sale and use at retail of tangible property or services, and upon the storage, use or other consumption of tangible property or services, including interest thereon and penalties plus commencing in fiscal year 2015, the amount of \$160,000,000 in each fiscal year thereafter but not including any portion of the taxes imposed on the sale of meals as defined in paragraph (h) of section 6 of said chapter 64H." The calculation of sales and meals taxes dedicated to the MBTA is net of refunds, abatements, and amounts set aside under paragraph (b) of section 10 of chapter 152 of the acts of 1997 (the "Convention Center Portion").

The projected dedicated sales tax amount was calculated as follows:

	Fiscal Year 2015 February 28, 2014 <u>Certification</u>	Fiscal Year 2015 November 15, 2014 <u>Certification</u>	<u>Change</u>
Projected Sales and Use Tax Collections, Exclusive of Meals Tax	\$4,822,170,803	\$4,827,841,400	\$5,670,597
Percentage due to the MBTA	<u>× 16.0% (*)</u>	<u>× 16.0% (*)</u>	
Projected Dedicated Sales Tax Revenue for FY 2015	\$771,547,328	\$772,454,624	\$907,296
Additional Sales Tax Revenue Dedicated per Sec. 4 of Ch. 359 of the Acts of 2014	<u>N/A</u>	<u>\$160,000,000</u>	<u>\$160,000,000</u>
Total Projected Dedicated Sales Tax Revenue for FY2015	<u>\$771,547,328</u>	<u>\$932,454,624</u>	<u>\$160,907,296</u>
Base Revenue as Certified on March 1, 2014 ⁽¹⁾	<u>\$810,637,174</u>	<u>\$970,637,174</u>	<u>\$160,000,000</u>

(*) As of August 1, 2009, the sales tax rate was increased from 5% to 6.25% for both regular sales and motor vehicle sales. Based on this new sales tax rate, the MBTA dedication percentage is now 16.00% (1 cent of 6.25 cents per dollar) as compared to the prior dedication percentage of 20% (1 cent of 5 cents per dollar).

(1) The base revenue amount was reset to \$970,637,174 starting in fiscal year 2015 and will be adjusted annually by the inflation index as required by Section 4 of Chapter 359 of the Acts of 2014.

Any shortfall in dedicated sales tax revenue from the base revenue certified on March 1, 2014, and further amended by Section 4 of Chapter 359 of the Acts of 2014, will be made up by quarterly transfers from the General Fund, pursuant to Chapter 10, Section 35T(b) and the Memorandum of Understanding between the MBTA, the Treasurer's Office, the Executive Office of Administration and Finance, the Comptroller's Office and DOR. Should you have any questions about the calculation of the dedicated sales tax revenue, please feel free to call me or Howard Merkowitz, Deputy Comptroller, at (617) 973-2602.

Sincerely yours,

Martin J. Benison
Comptroller

Cc: Senator Stephen Brewer, Chairman Senate Ways and Means
Representative Brian Dempsey, Chairman House Ways and Means
Steven Grossman, Treasurer and Receiver – General, TRE
Amy Pitter, Commissioner of Revenue
Adriana Campos, Senate Ways and Means Budget Director
Kathryn Kendall, House Ways and Means Budget Director