

The Commonwealth of Massachusetts
Office of the Comptroller
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March 1, 2012

Secretary Jay Gonzalez
Executive Office for Administration and Finance
State House, Room 373
Boston, MA 02133

Secretary Richard A. Davey
Massachusetts Department of Transportation
10 Park Plaza, Room 3170
Boston, MA 02116

RE: March 1, 2012 Certification of MBTA Base Sales Tax Revenues and Dedicated Sales Tax Revenues for FY2013

Dear Secretary Gonzalez and Secretary Davey:

Pursuant to Massachusetts General Laws Chapter 10, Section 35T, this letter certifies for FY2013 the following amounts: 1) MBTA Base Sales Tax Revenue; and 2) MBTA Dedicated Sales Tax Revenue. This certification was done in consultation with the Department of Revenue. The details of the two calculations are shown on the accompanying attachment.

1) Base Sales Tax Revenue Amount: The base revenue amount for fiscal 2013 is calculated by comparing the change in the calendar year 2011 consumer price index for all urban consumers for the Boston metropolitan area as determined by the Bureau of Labor Statistics of the United States Department of Labor to the per cent increase in gross sales tax revenues received pursuant to Massachusetts General Laws chapters 64H and 64I for the same period. The calendar year 2011 "gross sales tax revenues" is defined as sales tax receipts by taxpayers from nonexempt sales, less amounts abated, refunded, or reimbursed. Attachment presents calculation of the base revenue amount. The percentage increase in base sales tax revenue is the lower of the percent increase in gross sales tax revenues or the inflation rate.

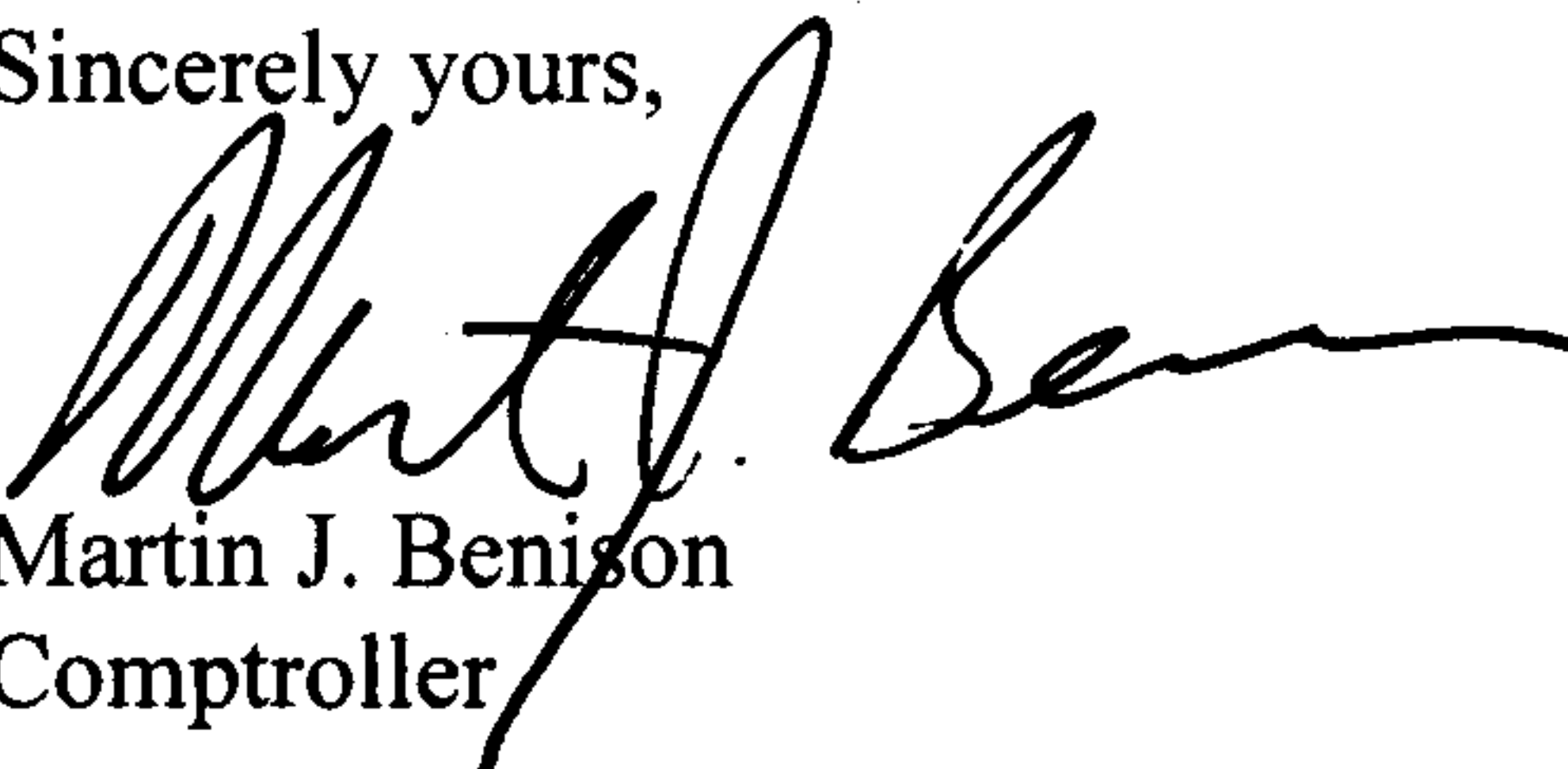
I certify to you that the base revenue amount for **fiscal 2013 increased by an amount of \$7,775,133 compared to the FY 2012 figure of \$779,091,803 due to gross sales tax revenue growth of 0.998%. The base revenue amount for FY 2013 is \$786,866,936.**

2) Dedicated Sales Tax Revenues (projected): The projected dedicated sales tax revenue is the amount of “monies received by the Commonwealth equal to one percent of the gross receipts of a sale as defined by the provisions of MGL chapter 64H and one percent of the sales price of a purchase as defined by the provisions of chapter 64I from that portion of the taxes imposed under the provisions of said chapters 64H and 64I as excises upon the sale and use at retail of tangible property or of services, and upon the storage, use or other consumption of tangible property or of services, including interest thereon or penalties but not including any portion of such taxes imposed on the sale of meals as defined in paragraph (h) of section 6 of chapter 64H”. Based on the most recent FY2013 revenue estimate issued by the Department of Revenue on January 25, 2012 (the FY2013 consensus revenue estimate), the dedicated sales tax revenue amount for fiscal 2013 is projected to be \$689,405,471, as calculated in the Attachment.

Any shortfall between dedicated sales tax revenue and the base revenue certified on March 1, 2012 will be made up by quarterly transfers from the General and Highway Funds, pursuant to the MOU and Chapter 10, Section 35T(b). Based on the attached calculations, the shortfall between FY 2013 dedicated and base tax revenues is estimated to be \$97,461,466.

Should you have any questions on the calculation of this amount, please feel free to call me or Howard Merkowitz, Deputy Comptroller.

Sincerely yours,



Martin J. Benison
Comptroller

Attachment (calculations)

Cc: Senator Stephen M. Brewer, Chairman Senate Ways and Means
Representative Brian S. Dempsey, Chairman House Ways and Means
Steven Grossman, Treasurer and Receiver – General, TRE
Amy Pitter, Commissioner of Revenue
Matthew Gorzkowicz, Undersecretary, ANF
Douglas Howgate, Senate Ways and Means Budget Director
Samuel Goldhar, House Ways and Means Budget Director

**FISCAL YEAR 2013 MBTA BASE AND DEDICATED REVENUE
CALCULATIONS**

Calculation 1: Base Revenue

The base revenue amount was calculated as follows:

Change in inflation index for the Boston metropolitan area for calendar 2011 (annualized, non-seasonally adjusted)	2.710 %
Growth in gross sales tax revenues , from calendar 2010 to 2011	0.998%
Allowable base revenue growth (lesser of sales tax growth or inflation, but not greater than 3%)	0.998%
Current year's base revenue (FY 2012)	\$779,091,803
Growth Factor	<u>0.998</u>
Upcoming year's base revenue (FY 2013)	<u>\$786,866,936</u>

Calculation 2: Dedicated Revenue

The projected dedicated sales tax amount was calculated as follows:

	Fiscal Year 2013 March 1, 2012 Certification
Projected Sales and Use Tax Collections, Exclusive of Meals Tax	\$4,308,784,191
Percentage due to the MBTA(*)	<u>× 16%</u>
FY 2013 Projected Dedicated Sales Tax Revenue	<u>\$689,405,471</u>
FY 2013 Base Tax Revenue	<u>\$786,866,936</u>
Difference, FY2013 Dedicated Minus Base Revenue	-\$97,461,466

(*) 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 dedicated percentage of 20% (1 cent of 5 cents per dollar).