



Press Release
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MTF Reacts to January Tax Revenue Collections

Massachusetts Taxpayers Foundation President Eileen McAnney today reacted to the preliminary tax revenue totals announced yesterday by the Massachusetts Department of Revenue, which fell short of the year-to-date tax benchmarks by \$403 million.

“January revenues are signaling this may not be timing-related and warrants more attention and analysis,” said McAnney. “Does this revenue shortfall signal that FY2018 was an anomaly and we can expect a return to the more modest revenue growth numbers of FY2016 and FY2017, or something else entirely?” McAnney posited.

Though concerning, the Commonwealth’s fiscal health is somewhat protected from tax revenue volatility in fiscal 2019. Pursuant to M.G.L. Chapter 29, Section 5G, the Commonwealth’s current projections anticipate a gross transfer of \$489 million in excess capital gains tax revenue, one of the largest sources of volatility, to the Stabilization Fund. If some of the existing shortfall is due to lower than expected capital gains tax revenue, then the result will be a smaller than expected deposit into the state’s reserve account. McAnney continued: “While there remains room to maneuver in the fiscal 2019 operating budget, this is a yellow light for fiscal 2020 and comes at the expense of building up the Stabilization Fund.”

With April being the largest month for tax collections, it is unlikely policymakers will have significantly more information about tax revenue available before the House and Senate budgets are published in the spring. “As a cautionary measure, budget writers may want to revisit the tax growth assumptions before the fiscal 2020 budget is adopted,” concluded McAnney.

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Massachusetts Taxpayers Foundation