



Commonwealth of Massachusetts

OFFICE OF THE COMPTROLLER

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 MACOMPTROLLER.ORG



WILLIAM MCNAMARA
 COMPTROLLER

August 15, 2024

Matthew Gorzkowicz, Secretary
 Executive Office for Administration and Finance
 State House, Room 373
 Boston, MA 02133

The Honorable Aaron Michlewitz, Chair
 House Committee on Ways and Means
 State House, Room 243
 Boston, MA 02133

The Honorable Michael J. Rodrigues, Chair
 Senate Committee on Ways and Means
 State House, Room 212
 Boston, MA 02133

RE: Fiscal Year 2024 Capital Gains Tax Revenue Transfers to the Stabilization Fund, the State Retiree Benefits Trust Fund, and the Pension Liability Fund

Dear Secretary Gorzkowicz, Chair Michlewitz, and Chair Rodrigues:


[Section 5G of Chapter 29](#) of the Massachusetts General Laws, as amended, requires that capital gains tax revenue in excess of the fiscal year capital gains tax threshold be transferred as follows: (i) 90% to the Commonwealth Stabilization Fund; (ii) 5% to the State Retiree Benefits Trust Fund (SRBTF) and (iii) 5% to the Commonwealth's Pension Liability Fund (PRIT). The Fiscal Year 2024 capital gains tax threshold is \$1,479,221,303. On August 9, 2024, I processed transfers to the three funds totaling \$388,076,696, pursuant to FY2024 Quarter 3 capital gains tax estimates as certified by DOR on July 2, 2024. The amounts transferred to each fund are as follows:

From the General Fund to:	Amount	% of total
Commonwealth Stabilization Fund	\$349,269,026.40	90%
State Retiree Benefits Trust Fund (SRBTF)	\$19,403,834.80	5%
Commonwealth's Pension Liability Fund (PRIT)	\$19,403,834.80	5%
Total	\$388,076,696.00	100%

Fiscal Year 2024 Capital Gains Tax Revenue Transfer to Stabilization Fund and Pension Funds
August 15, 2024
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If you have any questions regarding this letter, please contact Kristin Lacroix, Assistant Comptroller, at kristinm.lacroix@mass.gov or me at William.Mcnamara@mass.gov.

Sincerely,

DocuSigned by:

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William McNamara
Comptroller of the Commonwealth

Attachments:

- Attachment #1: Capital Gains Tax Certification Letter from Commissioner of Revenue
- Attachment #2: FY24 Capital Gains Threshold Certification from Department of Revenue
- Attachment #3: Recap of capital gains surtax revenue treatment

cc: Danielle Cerny, Chief of Staff, Executive Office for Administration and Finance
Christopher Marino, Assistant Secretary of Budget, Executive Office for Administration and Finance
Martha Kwasnik, General Counsel, Executive Office for Administration and Finance
Brian Melanson, Director of Operations, Executive Office for Administration and Finance
Christopher Czepiel, Budget Director, Senate Committee on Ways and Means
Brian Donahue, Budget Director, House Committee on Ways and Means
Geoffrey E. Snyder, Commissioner, Department of Revenue
Kazim Ozyurt, Director, Office of Tax Policy Analysis, Department of Revenue
James MacDonald, First Deputy Treasurer, Office of the Treasurer and Receiver General
Thomas Smith-Vaughan, Chief Operating Officer, Office of the Comptroller
Amy Nable, General Counsel/Assistant Comptroller, Office of the Comptroller

Fiscal Year 2024 Capital Gains Tax Revenue Transfer to Stabilization Fund and Pension Funds

August 15, 2024

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Attachment # 1: MGL Chapter 29, Section 5G

After each quarter, the department of revenue shall certify to the state comptroller the amount of tax revenues estimated to have been collected during the preceding quarter from capital gains income. If the department of revenue certifies that the amount of tax revenues estimated to have been collected from capital gains income exceeds \$1,000,000,000 in a fiscal year, the comptroller shall transfer quarterly any such amount that exceeds \$1,000,000,000 collected during that fiscal year as follows: (i) 90 per cent shall be transferred to the Commonwealth Stabilization Fund established in section 2H; (ii) 5 per cent shall be transferred to the State Retiree Benefits Trust Fund established in section 24 of chapter 32A; and (iii) 5 per cent shall be transferred to the Commonwealth's Pension Liability Fund established in subsection (e) of subdivision 8 of section 22 of chapter 32. The \$1,000,000,000 threshold established in the preceding sentence shall be adjusted annually to reflect the average annual rate of growth in United States gross domestic product over the preceding 5 years based on the most recently available data published by the Bureau of Economic Analysis in the United States Department of Commerce.

The transfers shall be made before the certification of the consolidated net surplus for the previous fiscal year under section 5C. The department of revenue shall report by November 30 to the state comptroller, the executive office for administration and finance and the house and senate committees on ways and means tax revenues estimated to have been collected during the preceding fiscal year from capital gains income. The comptroller shall not make adjustment to amounts previously transferred if the capital gains revenue reported on November 30 differs from the amounts estimated during the preceding fiscal year.



The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
PO Box 7091
Boston, MA 02204-7091

GEOFFREY E. SNYDER
 COMMISSIONER

July 2, 2024

William J. McNamara, Comptroller
 Office of the Comptroller
 Commonwealth of Massachusetts
 One Ashburton Place, Room 901
 Boston, MA 02108

Dear Comptroller McNamara:

Pursuant to Section 5G of Chapter 29 of the General Laws, the Department of Revenue (DOR) is required to certify to the State Comptroller, after each quarter during the fiscal year, the amount of tax revenues estimated to have been collected during the quarter from capital gain income.

Because capital gains tax payments are remitted unevenly throughout the fiscal year according to tax filing deadlines, to ensure accurate reporting DOR certifies capital gains tax collections on the following schedule:

Period 1 (July 1 through September 30)

Period 2 (October 1 through January 31)

Period 3 (February 1 through May 31)

Period 4 (June 1 through June 30)

The table below shows capital gains tax revenue estimates for each of the first three certification periods, and on a year-to-date basis during fiscal year 2024.

Capital Gains Tax Collections (\$)

Period	Period total	Fiscal year-to-date total
Period 1 (July 1, 2023 through September 30, 2023)	\$320,252,103	\$320,252,103
Period 2 (October 1, 2023 through January 31, 2024)	\$526,110,575	\$846,362,678
Period 3 (February 1, 2024 through May 31, 2024)	\$1,020,935,321	\$1,867,297,999

Based on currently available data, DOR hereby certifies that tax revenue estimated to have been collected from capital gains income was \$1,020,935,321 during Period 3 of FY2024 (February 1, 2024 through May 31, 2024).

The year-to-date (July 1, 2023 through May 31, 2024) tax revenue estimated to have been collected from capital gains income was \$1,867,297,999. Please note that these amounts are subject to revision in the Period 4 certification as DOR further analyzes tax data. The FY2024 Period 3 estimate of \$1,020,935,321 and the FY2024 year-to-date estimate of \$1,867,297,999 do not include estimates of capital gains tax revenue collected from the additional 4% income tax levied pursuant to Article XLIV of the Amendments of the Constitution of the Commonwealth.¹

If you have any questions concerning this letter, please contact Kazim P. Ozyurt, Director of the Office of Tax Analysis (ozyurtk@dor.state.ma.us).

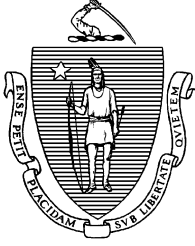
Sincerely,



Geoffrey E. Snyder
Commissioner

cc: Secretary Matthew J. Gorzkowicz, Executive Office for Administration and Finance
The Honorable Michael J. Rodrigues, Chair, Senate Committee on Ways and Means
The Honorable Aaron Michlewitz, Chair, House Committee on Ways and Means

¹ Pursuant to section 17 of the [FY 2024 Final Budget \(malegislature.gov\)](#), revenues from this tax collected and deposited into the Education and Transportation Fund shall not be considered tax revenues collected from capital gains income for the purposes of G.L. c. 29, s. 5G.



Geoffrey E. Snyder
Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
Boston, MA 02114-9550

December 28, 2022

Mr. William J. McNamara
Comptroller
Commonwealth of Massachusetts
1 Ashburton Place, 9th Floor
Boston, MA 02108

Dear Mr. McNamara:

Pursuant to Section 5G of Chapter 29 of the Massachusetts General Laws¹, and based on the procedure agreed upon by the Secretary of Administration and Finance and the Chairs of the House and Senate Committees on Ways and Means the Department of Revenue (DOR) hereby certifies that for the purpose of determining the amount of capital gains that will be transferred to the Commonwealth Stabilization Fund, the fiscal year 2024 capital gains tax collections threshold is \$1,479,221,303. Any fiscal year 2024 capital gains tax collections above that threshold, as certified by the Commissioner of Revenue, will be transferred to the Commonwealth Stabilization Fund. Please see attached table for our calculations.

If you have any questions concerning this letter, please contact me (snyderge@dor.state.ma.us), or Kazim P. Ozyurt, Director of the Office of Tax Analysis (ozyurk@dor.state.ma.us).

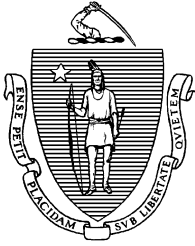
Sincerely,

A handwritten signature in black ink, appearing to read "G. Snyder", written over a light blue horizontal line.

Geoffrey E. Snyder
Commissioner

cc: Secretary Michael J. Heffernan, Executive Office for Administration and Finance
The Honorable Michael J. Rodrigues, Chair, Senate Committee on Ways and Means
The Honorable Aaron Michlewitz, Chair, House Committee on Ways and Means

¹ <http://www.malegislature.gov/Laws/GeneralLaws/PartI/TitleIII/Chapter29/Section5G>



Geoffrey E. Snyder
Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
Boston, MA 02114-9550

Calculation of Fiscal Year 2024 Capital Gains Tax Threshold:

Nominal U.S. GDP - Five Years Ago: U.S. **Gross Domestic Product (*)** figures for the four quarters ending in third quarter of 2017 (**)

2016: Quarter 4	18,968
2017: Quarter 1	19,148
2017: Quarter 2	19,305
2017: Quarter 3	19,562
Average GDP five years ago:	19,246 A

Nominal U.S. GDP - Current: Most recently available U.S. **Gross Domestic Product (*)** figures for the four quarters ending in third quarter of 2022 (**)

2021: Quarter 4	24,349
2022: Quarter 1	24,741
2022: Quarter 2	25,249
2022: Quarter 3	25,724
Average current GDP:	25,016 B

Compound annual growth rate (CAGR)(*):** 5.3841558% $C = [(B / A)^{(1/5)}] - 1$

Fiscal Year 2023 Capital Gains Tax Threshold: \$1,403,646,774 D

1+ Compound annual growth rate (CAGR): 105.3841558% $E=(1+C)$

Fiscal Year 2024 Capital Gains Tax Threshold: \$1,479,221,303 $F=D * E$

(*) U.S. Gross Domestic Product figures are seasonally adjusted at annual rates and in billions of current dollars.
www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm

(**) The 4th quarter of 2022 GDP figure is not available at the time when these calculations are conducted. The 3rd quarter of 2022 U.S. GDP figure ("third" estimate) was released by the Bureau of Economic Analysis on December 22, 2022.

(***) $Compound\ annual\ growth\ rate\ (CAGR) = [(Average\ current\ GDP / Average\ GDP\ five\ years\ ago) to\ the\ power\ (1/5)] - 1$