



The Beacon Hill Institute for
Public Policy Research

News Release

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BHI Forecast: State tax revenues to increase by 4.4% in FY 2012 and by 4.1% in FY 2013

(BOSTON) –The Beacon Hill Institute at Suffolk University (BHI) estimates that Massachusetts state tax revenues will come in at \$21.411 billion for Fiscal Year 2012, for a growth of 4.4% over FY 2011. Revenues will be \$22.287 billion for FY 2013, 4.1% above 2012.

David G. Tuerck, Executive Director of the Institute and Chairman of Economics at Suffolk University, and Paul Bachman, BHI Director of Research, will present the forecast in testimony before the Joint Committee on Ways and Means this morning at 11:00 a.m. in Gardner Auditorium at the Massachusetts State House. The legislature uses the BHI estimate to help determine the revenues needed for the upcoming state budget.

Total tax revenues grew by 4.7%, or by \$356 million, for the first five months of the current fiscal year, compared to the same period last year. Sales tax revenues were relatively flat, growing by only 0.8%, while personal income tax revenues grew by 6.5%.

“After a strong rebound from the recession, state revenue collections are returning to more normal trends,” says Tuerck. “Tax revenues grew by 10.6% in Fiscal Year 2011, but the slowness with which the country as a whole is recovering from the recession made that growth unsustainable,” said Tuerck.

According to BHI projections for FY 2012, personal income tax revenues will grow by 5.4%, sales tax revenues by 1.9%, business excise tax revenues by 42.9% and motor fuel revenues by 0.2% over the previous year. Total taxes for FY 2013 will increase by \$876 million over FY 2012.

“Uncertainty over federal policies, the immense overhang of federal debt and the sovereign debt crisis in Europe will combine to dampen further growth of the U.S. economy and, with it, the economy of Massachusetts,” said Tuerck.

The Beacon Hill Institute provides policy analysis through a variety of econometric models. A full copy of the Institute’s Massachusetts Tax Revenue Forecasts for FY 2012 and FY 2013 may be obtained at www.beaconhill.org or by calling BHI at 617-573-8750.