



The Beacon Hill Institute for  
Public Policy Research

# News Release

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## ***BHI Forecast: State tax revenues to continue to rise this year and FY 2020***

(BOSTON, MA) – The Beacon Hill Institute (BHI) estimates that Massachusetts state tax revenues will come in at \$29.6 billion for Fiscal Year 2019, 6.6% above FY 2018. Revenues will be \$30.3 billion for FY 2020, 2.4% above FY 2019.

The 6.6% increase for FY 2019 is largely driven by the strong growth of state personal income. BHI projects state personal income to increase by 4.6% in calendar year 2019 before slowing down to 2.9% in 2018.

BHI Economist William F. Burke will present the forecast in testimony before the Joint Committee on Ways and Means this morning at 10:00 a.m. in Gardner Auditorium at the State House. The legislature uses the BHI estimate, along with estimates provided by other groups, to help determine the revenues needed for the upcoming state budget.

Sales tax revenues are expected to grow by 3.9% in FY 2019, while personal income tax revenues are expected to grow by 4.1%. Meanwhile, the corporate excise tax is expected to grow by 16.2% and business tax revenue by 11.9%. Motor fuel revenues are expected to close out FY 2019 with 2.4% growth. According to the Institute's forecast, the rate of state revenues growth will decline in FY 2020 with corporate and business taxes moving into mild negative territory.

"The Tax Cuts and Jobs Act fueled the surge in state revenue collections in the second half of FY 2018 and will continue in FY 2019," says David G. Tuerck, President of the Institute and Professor of Economics at Suffolk University. "However, revenue growth will moderate in FY 2020 as higher interest rates curb economic growth."

"Massachusetts policymakers should not rest on their laurels" said Tuerck. "The attention on Beacon Hill should be to continue to sustain the Commonwealth's competitive advantage by working to reduce electric rates and avoiding any tax increases."