



The Beacon Hill Institute for  
Public Policy Research

# News Release

8 Ashburton Place  
Boston, Massachusetts 02108-2770

phone: 617.573.8750  
fax: 617.994.4279  
email: [bhi@beaconhill.org](mailto:bhi@beaconhill.org)  
web site: [www.beaconhill.org](http://www.beaconhill.org)

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Contact:  
Frank Conte, Communications  
617-573-8050; 8750 (office)  
781-526-4795 (cell)

## ***BHI Forecast Update: State tax revenues to increase by 9.8% in FY 2011 and by 4.4% in FY 2012***

(BOSTON) – The Beacon Hill Institute at Suffolk University (BHI) estimates that Massachusetts state tax revenues will come in at \$20.363 billion for Fiscal Year 2011, a growth of 9.8% over FY 2010. Revenues will be \$21.265 billion for FY 2012, 4.4% above 2011.

David G. Tuerck, Executive Director of the Institute and Chairman of the Department 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 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.

Tax revenues grew at a healthy clip of 10.2% for the first five months of the current fiscal year, compared to the same period last year. Sales tax revenues increased by 12.7% and personal income tax revenues by 7.5% from July through November 2010, compared to the July through November 2009.

“We see this strong trend continuing for the rest of the year,” says Tuerck. “Massachusetts’ tax revenues can expect to grow as the state economy continues to improve.” But this represents a recovery from the bottom of the trough. Fiscal Year 2012 revenue growth will be more in line historical norms.”

According to BHI projections for FY 2011, personal income tax revenues will increase by 10.2%, sales tax revenues by 7.1%, business excise tax revenues by 10.9% and motor fuel revenues by 2.6% over the previous year. Total taxes for FY 2012 will increase by approximately \$902 million over FY 2011 with revenues of \$21.265 billion surpassing their peak in FY 2008, when they reached \$20.879 billion.

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 2011 and FY 2012 may be obtained at [www.beaconhill.org](http://www.beaconhill.org) or by calling BHI at 617-573-8750.