



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
web site: www.beaconhill.org

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Contact:
Frank Conte, Communications
617-573-8050; 8750

BHI forecast: State tax revenues decline by 6.3% in FY 2009 and 3.0% in FY 2010

(BOSTON) – After examining the nation’s slide into a recession and the prospects for recovery, The Beacon Hill Institute at Suffolk University today released its forecasts of Massachusetts state tax revenues for fiscal years (FY) 2009 and 2010. While Massachusetts performed better than the national economy for most of 2008, the state’s economy is expected to contract. As a result, revenue will decline by 6.3% in FY 2009 and by 3.0% in FY 2010.

The Institute’s forecasts for state tax revenues for FY 2009 and 2010 are:

- For FY 2009 (ending June 30, 2009): \$19.564 billion in FY 2009, a decrease of 6.3% from FY 2008, and
- For FY 2010 (ending June 30, 2010): \$18.980 billion in FY 2010, a decrease of 3.0% from FY 2009.

David G. Tuerck, Executive Director of the Beacon Hill Institute and Chairman of the Department of Economics at Suffolk University, along with Paul Bachman, Director of Research of the Beacon Hill Institute, presented the forecast in testimony before the revenue hearing conducted under the auspices of the Joint Ways and Means Committee and the Executive Office of Administration and Finance. Along with other forecasts, the legislature uses the BHI estimate to determine the revenues needed for the state budget.

“With the national economy in recession, Massachusetts will not be spared a contraction. Job losses will translate into lower tax revenue for the Commonwealth,” said Tuerck in his testimony at the Gardner Auditorium at the State House. “In view of the volatility that accompanies this contraction, we recognize that the revenue picture may brighten in a few months, but the revenue figures provided here represent our best estimate, given what we know now about where the economy is heading.”

The Beacon Hill Institute provides policy analysis through its State Tax Analysis Modeling Program (STAMP). A copy of the Institute’s *Massachusetts Tax Revenue Forecasts for FY 2009 and FY 2010* may be obtained at www.beaconhill.org or by calling BHI at 617-573-8750.