



The Beacon Hill Institute for
Public Policy Research

News Release

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BHI Forecast Update: State tax revenues to increase by 2.1% in FY 2010 and by 4.4% in FY 2011

(BOSTON) – After examining the state’s slide into a recession and the prospects for recovery, The Beacon Hill Institute at Suffolk University (BHI) will release its revised forecast of Massachusetts state tax revenues for fiscal year FY2010 and a new forecast for FY2011.

The Institute’s forecasts for state tax revenues are:

- For FY 2010 (ending June 30, 2010): \$18.636 billion, representing an increase of 2.1% from FY 2009; and
- For FY 2011 (ending June 30, 2011): \$19.457 billion, representing an increase of 4.4% over the estimated FY 2010.

David G. Tuerck, Executive Director of the Institute and Chairman of the Department of Economics at Suffolk University, will present the forecast in testimony before the revenue hearing this morning. Along with other forecasts, the legislature uses the BHI estimate to determine the revenues needed for the upcoming state budget.

The Institute estimates that while net income tax collections for FY 2010, the current year, will fall by 4.7% they will rebound by 5.5% in FY 2011. It also estimates that sales tax collections (which include revenues from the recent tax increase) will close out the fiscal year up by 8.4% and grow by 6.1% in FY 2011. Corporate excise tax collections are estimated to grow by 4.2% in FY 2010 and 2.6% in FY 2011.

“The widely-held consensus maintains that the national economy is emerging from the recession and as we move forward, Massachusetts tax revenues will begin to recover,” said Tuerck. “With home prices stabilizing and employment prospects modestly improving, we can expect higher revenues by the second half of FY 2010,” remarked Tuerck. “So long as the economy continues to strengthen, revenue growth for the major taxes will also strengthen in FY 2011.”

The Beacon Hill Institute provides policy analysis through its State Tax Analysis Modeling Program (STAMP). Information about STAMP and a copy of the Institute’s *Massachusetts Tax Revenue Forecasts for FY 2010 and FY 2011* may be obtained at www.beaconhill.org or by calling BHI at 617-573-8750.