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# LEGISLATIVE LUNCHEON

Massachusetts Taxpayers Foundation (MTF) provides public and private sector decision makers with accurate, timely, unbiased research and constructive solutions that drive public policy in order to strengthen the State's finances and position the Commonwealth for long-term growth.



**Wednesday, April 24**



**11:45 AM - 1:30 PM**



**Thorny Lea Golf Club**  
159 Torrey St, Brockton

**Featuring: Doug Howgate**  
President, Massachusetts  
Taxpayers Foundation (MTF)



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# MTF Presentation to the Metro South Regional Chamber of Commerce

*April 2024*



# Recent MTF Research



## Housing

- [Affordable Homes Act Bill Summary](#)



## Education

- [How to Capitalize on Minority Serving Institutions in Massachusetts.](#)
- [The Untold Costs of Inadequate Childcare.](#)
- [Importance of C3 Continuation Chartbook](#)



## Federal Funds

- [Capitalizing on Federal Funding Opportunities](#)



## Healthcare

- [MassHealth Enrollment Trends: The End of Continuous Coverage & Redeterminations.](#)



## Workforce

- [MTF Workforce Primers](#)
- [Massachusetts Workforce Investments: Sector-Based Programs](#)



## Demographics

- [Urban Economies on the Precipice: A Tale of 6 Cities](#)



# MTF Summary: Affordable Homes Act Summary



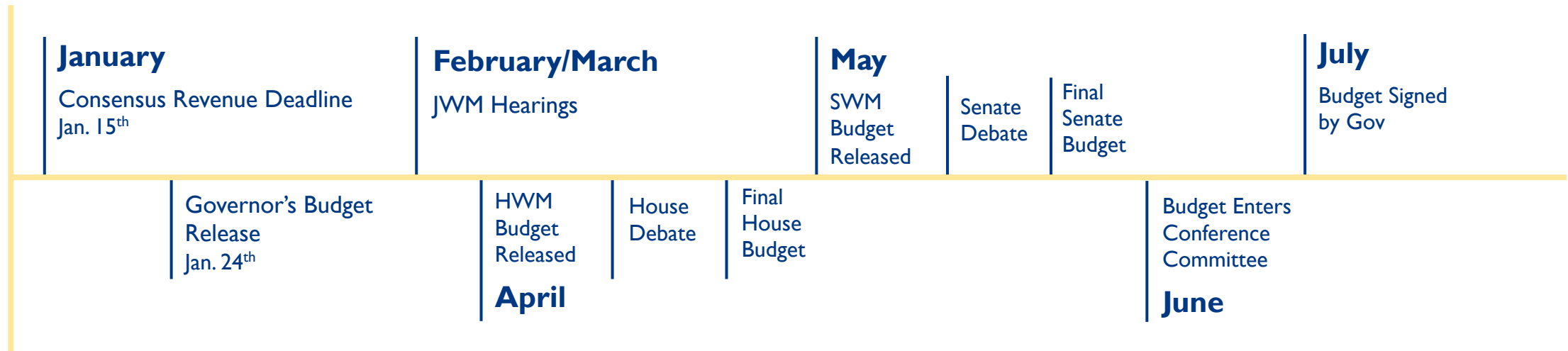
In addition to in-time analysis, MTF produces research that aims to share the long-term policy agenda of the state and educate stakeholders on the legislative process.

Recently, MTF published an in-depth summary of the Governor's Housing Bond Bill, [the Affordable Homes Act](#). The summary:

- Assesses how the proposed investment level compared to prior bond bills.
- Summarizes major policy proposals & their impact on housing production.
- Evaluates the state and local tax proposals.

# MTF Research: State Budget Analysis

Throughout the state budget development process, MTF provides in-time analysis and conducts a range of presentations for members, organizations, and other stakeholders:



- [FY 2024 Tax Revenue Shortfall & Solutions](#)
- [FY 2025 Consensus Revenue Agreement](#)
- [Governor Healey's FY 2025 Budget](#)
- [MTF Closer Look: Local Aid & K-12 Education](#)
- [MTF Closer Look: Surtax Spending](#)

# Outline

## **I. State Fiscal Update**

## **II. State Budget Update**

- I. Budget Revenues & Resources
- II. Budget Spending
- III. Economic Development Legislation

## **III. Massachusetts & the Metro South Region**

- I. Statewide Demographic Snapshot
- II. Local Demographic Trends



A wide-angle photograph of the Boston skyline at dusk. The city's lights are on, reflecting in the water of the harbor. The sky is a deep blue with some light clouds. In the foreground, a dark blue rectangular box contains the title text in yellow.

# Massachusetts Fiscal Picture

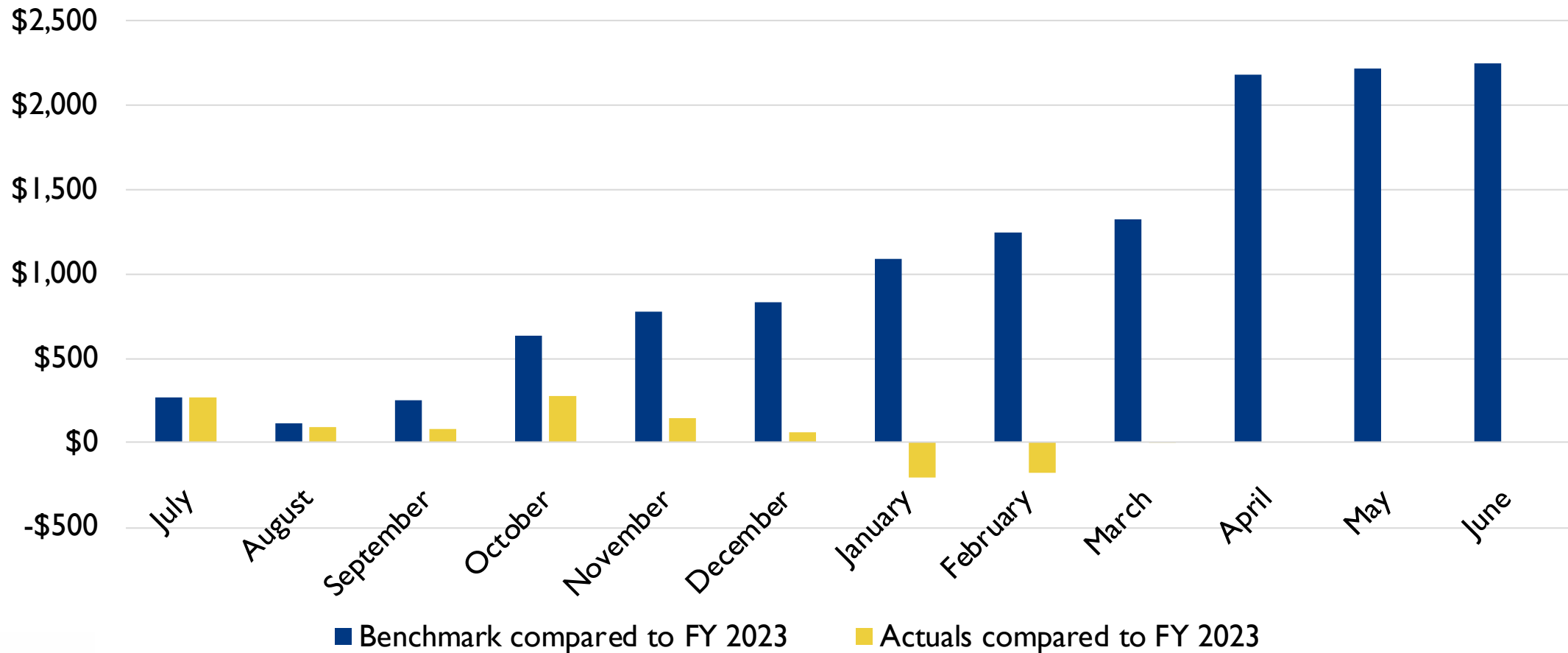
# Fiscal Situation: 5 Things to Know

1. The FY 2025 budget development process is taking place at a time of fiscal transition, with current tax collections down **\$4 million vs. the prior year through March**.
2. Due to underperforming tax revenues, the Healey administration announced a **\$1 billion tax revenue shortfall** in January and a hiring freeze for the final months of the fiscal year.
3. **Balancing the budget in FY 2024 will be more challenging** than in recent years due to uncertainties regarding income surtax revenue collections and other supplemental spending needs.
4. There is currently a supplemental budget in conference with competing House and Senate plans to support the **EA costs for the remainder of FY 2024, and potentially into FY 2025**.
5. The spending plans put forward by the Governor and House **reflect more restrained spending** in FY 2025, greater use of temporary resources, and a focus on maintaining major program expansions from recent years.



# FY 2024 Revenue Collections vs. FY 2023

FY 2024 Revenue Collections in Context

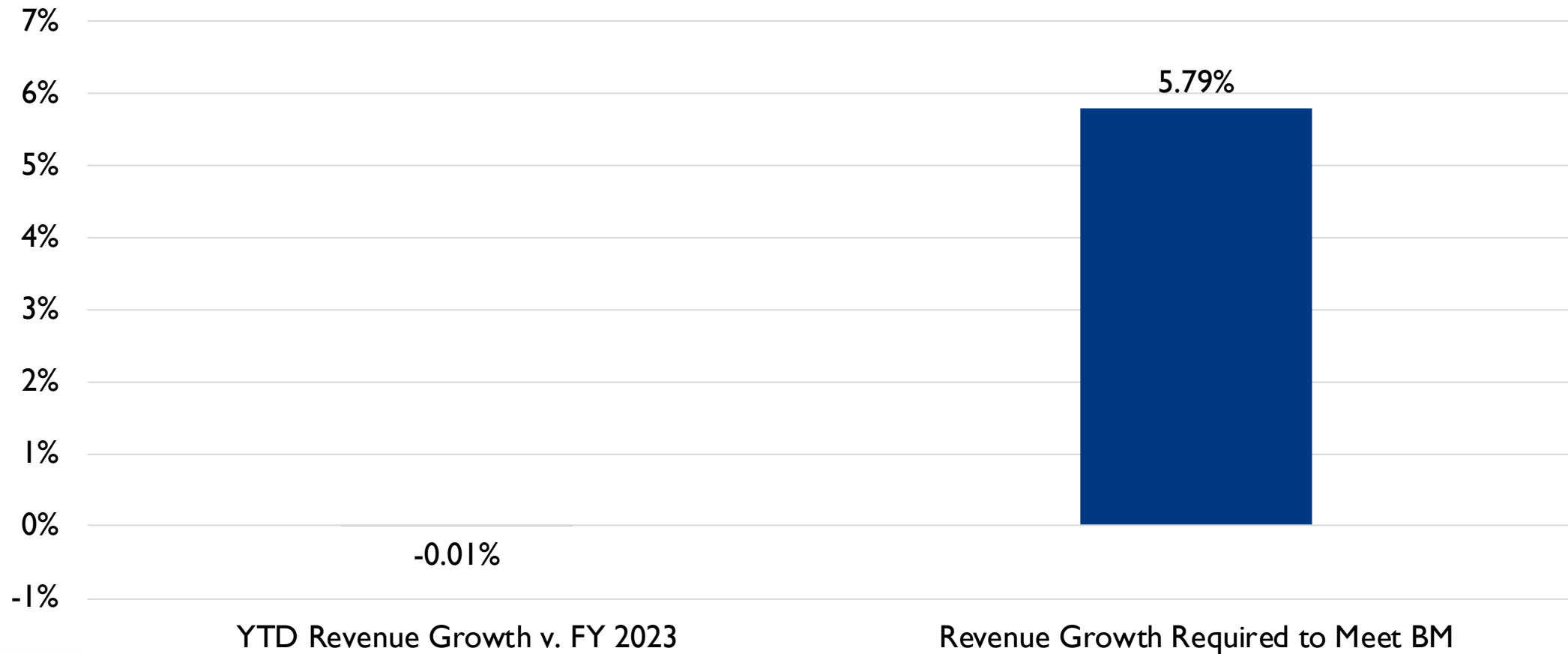


# A Closer Look at FY 2024 Collections

	FY 2024 YTD Actuals	FY 2024 v. FY 2023 YTD	FY 2024 YTD Benchmark	Year to Date v. BM	Growth to Date v. BM
Withholding	\$13,515	\$971	\$13,230	\$285	2.1%
<b>Non-Withholding</b>	<b>\$1,989</b>	<b>-\$476</b>	<b>\$2,397</b>	<b>-\$408</b>	<b>-20.5%</b>
Sales	\$6,913	-\$57	\$6,947	-\$34	-0.5%
Corporate/Business	\$3,254	-\$147	\$3,236	\$18	0.6%
Other	\$1,860	-\$296	\$1,866	-\$6	-0.3%
<b>Total</b>	<b>\$27,531</b>	<b>-\$5</b>	<b>\$27,676</b>	<b>-\$145</b>	<b>-0.5%</b>

# Looking Ahead to April, May, and June

## Revenue Growth Required to Meet FY 2024 Benchmark





# Thinking About Balance

<b>FY 2024 Year to Date Collections</b>	<b>\$27,531</b>
<i>April Benchmark</i>	<i>\$5,291</i>
<i>May Benchmark</i>	<i>\$2,639</i>
<i>June Benchmark</i>	<i>\$4,227</i>
<b>Projected FY 2024 Collections</b>	<b>\$39,688</b>
<b>FY 2024 Revenue Benchmark</b>	<b>\$39,833</b>
<b>Estimated Revenue Shortfall</b>	<b>(\$145)</b>

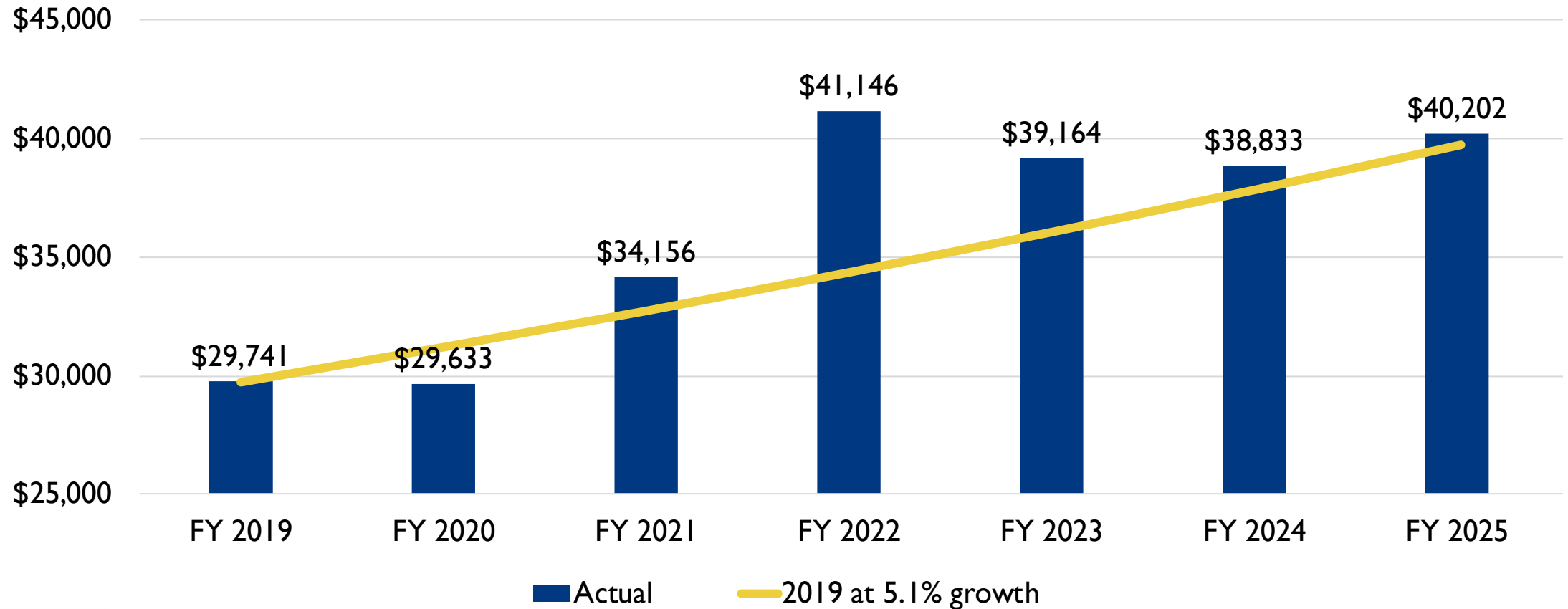
If revenues meet benchmark in the final 3 months of the fiscal year, the state is projected to end FY 2024 with a **revenue shortfall of \$145 million.**

How this shortfall impacts budget balance depends on the number of factors, including:

- Surtax collections
- Supplemental spending
- Non-tax revenue collections
- Planned savings initiatives

# Taking a Step Back

**Actual Revenues vs. Historical Trends**

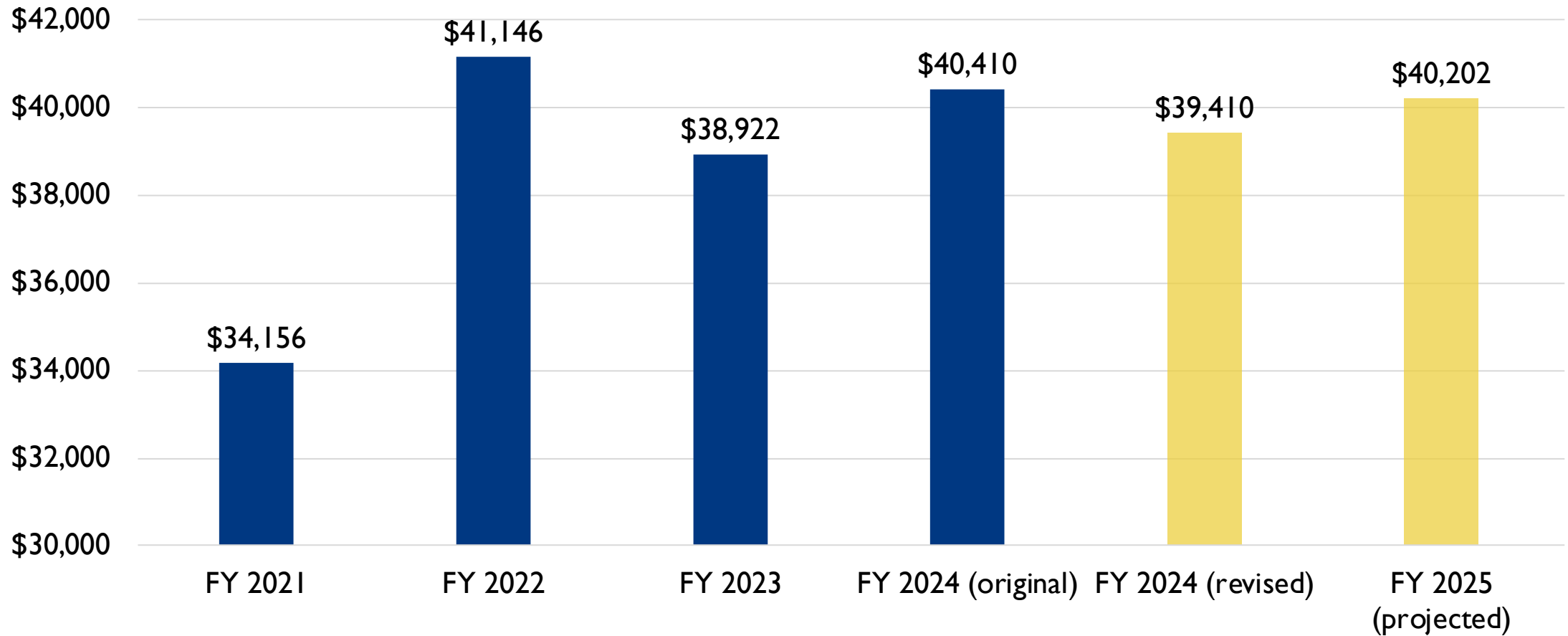




# State Budget Update

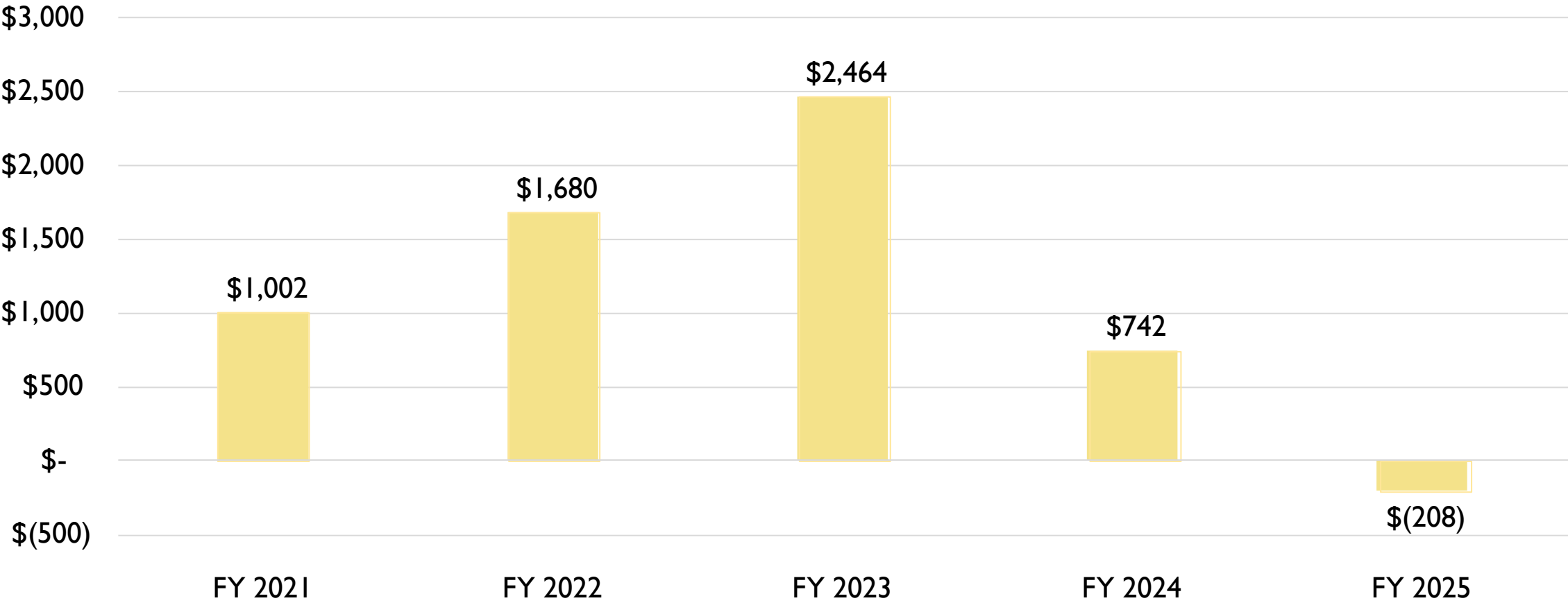


# FY 2025 Budget Resources



# Tax Revenues for Budget vs. Consensus Revenue

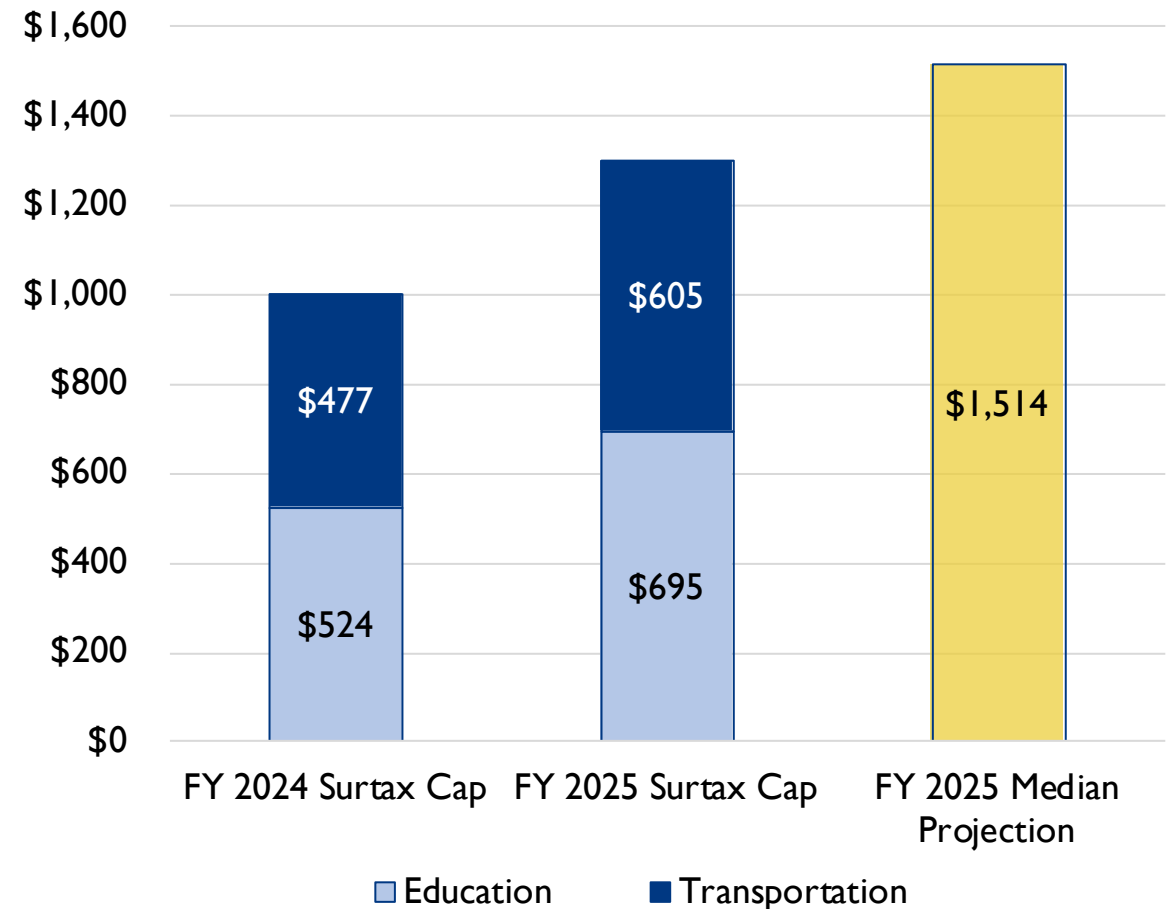
Consensus Revenue Tax Estimate vs. Tax Revenue Base of Current Year GAA



# FY 2025 Surtax Spending

- The FY 2025 Consensus Revenue Agreement included a \$1.3 billion cap on surtax supported spending.
- Represented a \$300 million increase over the \$1 billion cap in FY 2024.
- The agreement is more conservative than median projections for surtax collections in FY 2025.
- But the data available to track surtax collections remains unavailable and cannot produce reliable projections.

**FY 2024 v. FY 2025 Surtax Spending**





# Big Picture Spending

	FY 2024 GAA	FY 2025 Governor	FY 2025 HWM	\$ vs. FY 2024 GAA	% vs. FY 2024 GAA
Line-Item Spending	\$54,558.1	\$56,152.2	\$55,994.6	\$1,436.5	2.6%
Surtax Spending	\$1,000.0	\$1,300.0	\$1,300.0	\$300.0	30.0%
Medical Asst. Trust Fund	\$505.0	\$682.2	\$682.2	\$177.2	35.1%
<b>Total Line-Item Spending</b>	<b>\$56,063.1</b>	<b>\$58,134.4</b>	<b>\$57,976.8</b>	<b>\$1,913.7</b>	<b>3.4%</b>

Spending in the FY 2025 Governor's budget proposal grows by **\$2.1 billion (3.7%)** over the FY 2024 GAA.

FY 2025 HWM's budget proposal increases by **\$1.9 billion (3.4%)** over the FY 2024 GAA.

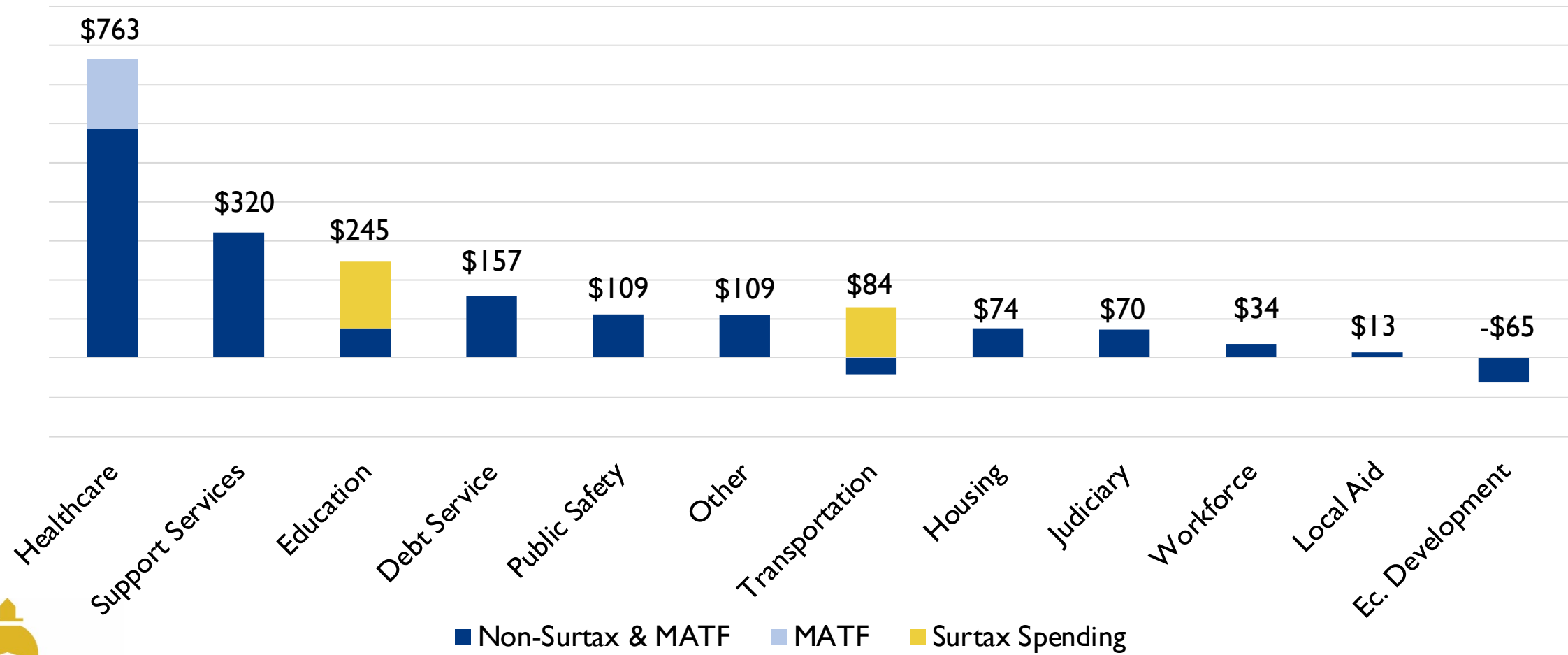
Both proposals maintain a level of spending growth that is consistent with **anticipated revenue growth of 3.5%**.

# New One-Time & Ongoing Revenues

Proposal	One-Time v. Ongoing	FY 2025 - Governor	FY 2025 - HWM
<b>Online Lottery</b>	<b>Ongoing</b>	<b>\$75</b>	<b>\$100</b>
Tax Fairness & Modernization	Ongoing	\$60	\$60
<b>Subtotal Ongoing Revenues</b>		<b>\$135</b>	<b>\$160</b>
Tax Amnesty Program	One-Time	\$75	\$75
<b>Gaming Fund Redistribution</b>	<b>One-Time</b>	<b>\$100</b>	<b>\$80</b>
<b>High-Quality EEC Trust Fund</b>	<b>One-Time</b>	<b>\$265</b>	<b>\$200</b>
Student Opportunity Act Investment Fund	One-Time	\$300	\$300
Above Threshold Capital Gains	One-Time	\$375	\$375
<b>Subtotal One-Time Revenues</b>		<b>\$1,115</b>	<b>\$1,030</b>
<b>Total Revenue Initiatives</b>		<b>\$1,250</b>	<b>\$1,190</b>

# Big Picture Spending Themes v. FY 2024

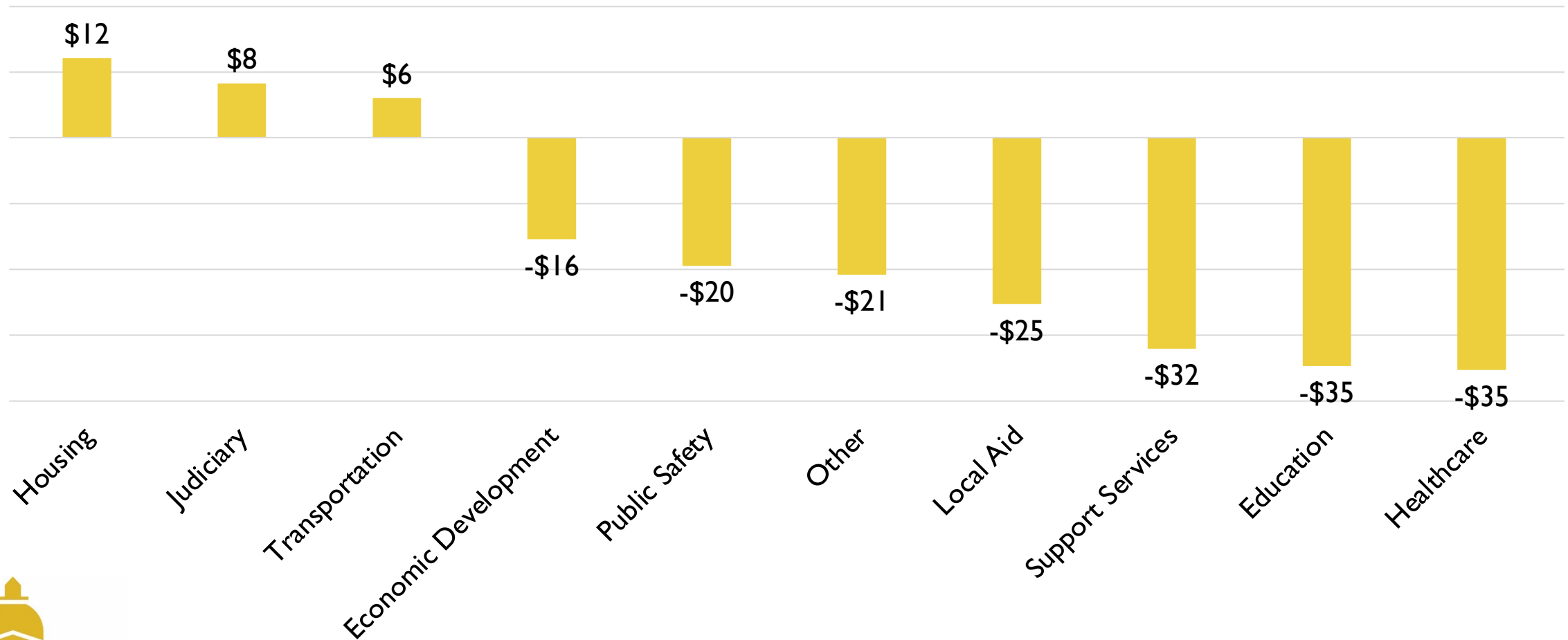
The HWM Budget spends **\$1.9 billion** (3.4 percent) more than the FY 2024 GAA.





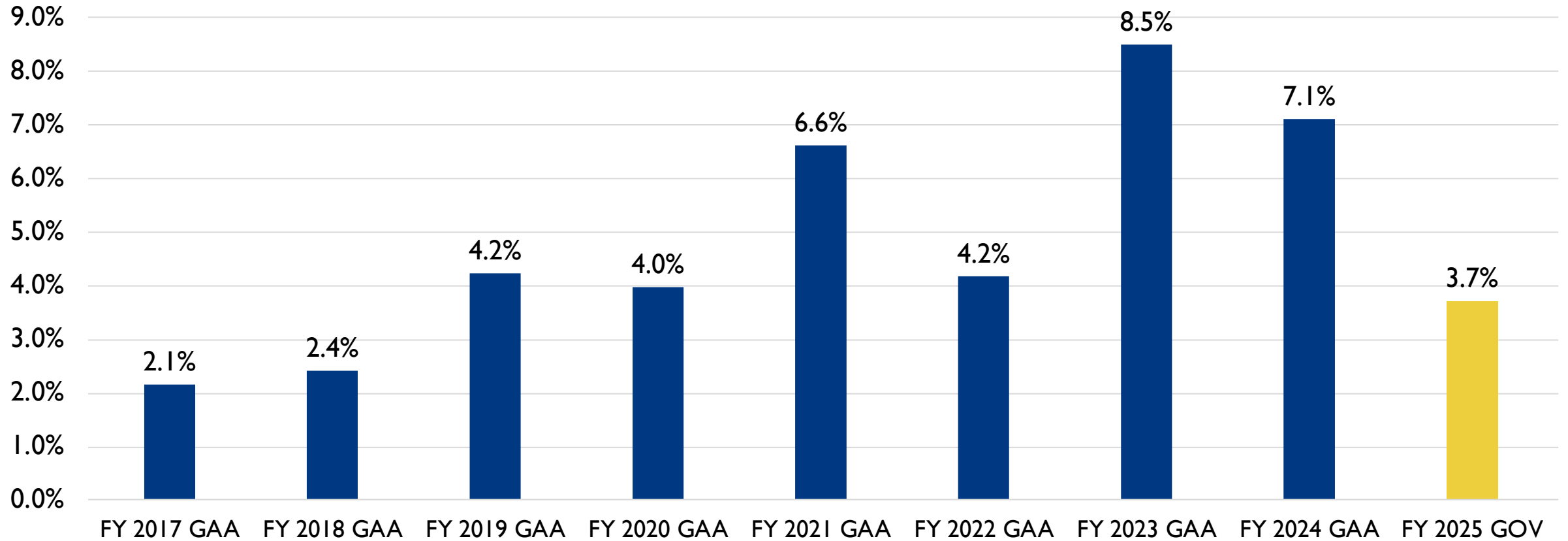
# Big Picture Spending Themes v. Governor

The HWM Budget spends **\$157 million** (0.3 percent) less than the Governor, including surtax spending.



# Spending Comparison Over Time

**Gov.'s Budget v. GAA Spending Growth**



# FY 2025 House Amendments

## 5 Things to Know:

1. House members filed **1,495 amendments**, 71 fewer than in FY 2024 and 27 fewer than in FY 2023.
2. The fiscal impact of all amendments is **\$2.02billion**.\*  
\*This estimate may be conservative, the fiscal impact for all amendments is not yet known.
3. Over **70% (1,095)** of the amendments are earmarks.
4. Approximately **25% (400)** of the amendments are outside policy sections, support programmatic funding increases, or introduce new line-item language.
5. Between FY 2022 – FY 2024, an average of **\$108 million** in additional spending was added during House Debate.

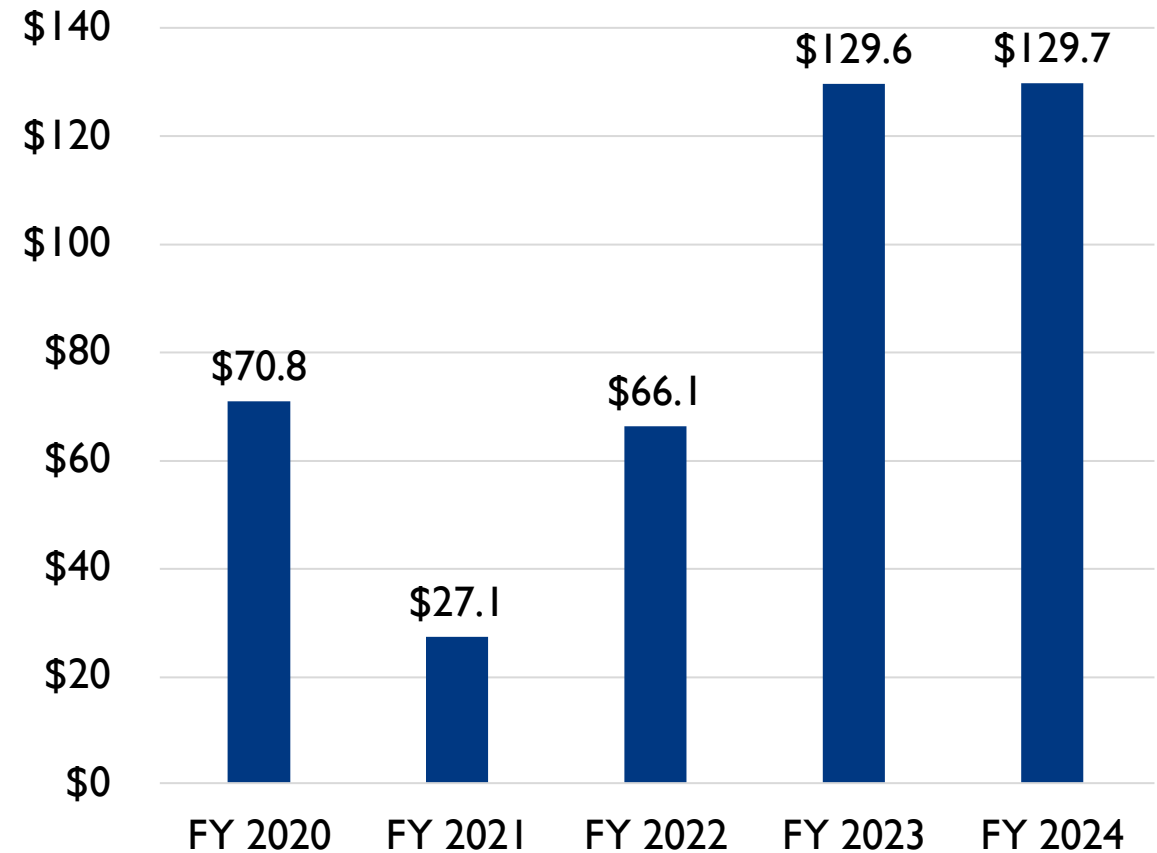
# House Debate Preview

In FY 2024, the House added **\$129.7 million** in spending during debate, an essentially equal amount to what was added in FY 2023 (\$129.6 million).

Between FY 2022 and FY 2024, an average of **\$108.5 million** in spending was added to the HWM budget during debate.

\*In FY 2021, the budget debate process was impacted by the pandemic.

House Debate Spending by Year







# Economic Development Legislation

# Mass Leads: Major Economic Development Themes

**Maintaining and updating the state's commitment to life sciences.** The bill includes a 10-year reauthorization for the Massachusetts Life Sciences Center, increases the cap on tax credits, and modernizes the life sciences initiative statute to reflect a changing sector.

**Reducing barriers to economic growth.** The bill includes multiple sections designed to reduce existing obstacles to economic growth, including extending permits for development, providing pathways for trained workers, and helping small contractors compete for larger projects.

**Supporting the emerging ClimateTech sector.** The bill mirrors the playbook used to support the life sciences sector to bolster clean energy and ClimateTech development.

**Maximizing capital resources to support new spending.** To support the capital spending ambitions of this bill, a larger share of the state's borrowing capacity would need to be dedicated towards economic development.

# Economic Development Bill – Big Picture

Type	FY 2025 – FY 2029	FY 2030 – FY 2034	Total	Annual Authorization
Reauthorization (Economic Development)	\$1,255.0	\$0.0	\$1,255.0	\$251.0
New Program	\$660.0	\$0.0	\$660.0	\$132.0
Life Sciences	\$250.0	\$250.0	\$500.0	\$50.0
ClimateTech	\$200.0	\$200.0	\$400.0	\$40.0
<b>Total</b>	<b>\$2,365.0</b>	<b>\$450.0</b>	<b>\$2,815.0</b>	<b>\$473.0</b>

The Healey-Driscoll administration's economic development bill includes **\$2.815B in bond authorizations for 38 separate programs.**

- \$1.915B support investments over the next 5 years.
- \$900 million is authorized for the Massachusetts Life Sciences Center & ClimateTech over the next 10 years.



# Economic Development Bill – New Money

Reauthorizations	\$1,755.0
New	\$1,060.0
<i>MassImpact</i>	\$250.0
<i>Clean Energy Investments Fund Transfer</i>	\$200.0
<i>Wind Industry Investment</i>	\$200.0
<i>Applied AI Hub</i>	\$100.0
<i>Local ED Grants</i>	\$100.0
<i>Mass. Educational Financing Agency</i>	\$85.0
<i>Mass.TechHub</i>	\$75.0
<i>Business Builds Capital Program</i>	\$25.0
<i>Robotics Investment Program</i>	\$25.0
<b>Total</b>	<b>\$2,815.0</b>

The Healey-Driscoll administration's economic development bill includes **\$2.815B in bond authorizations.**

- **\$1.755B for reauthorization**, including:
  - \$500M for the Mass Life Sciences Center.
  - \$400M for MassWorks
- **\$1.060B for new programs**, including:
  - \$250M for the MassImpact Program
  - \$200M for Clean Energy Investments.
  - \$200M for the Wind Industry Investment Fund.
  - \$85M for the Mass Education Financing Agency

# Supporting Capital Spend Will Be a Challenge

Year	Ec. Dev. in Capital Plan	Mass Leads at 66%	Difference
FY 2020	\$210.4	\$315.3	\$104.9
FY 2021	\$218.1	\$315.3	\$97.2
FY 2022	\$209.0	\$315.3	\$106.3
FY 2023	\$245.0	\$315.3	\$70.3
FY 2024	\$242.0	\$315.3	\$73.3
<b>Total</b>	<b>\$1,124.5</b>	<b>\$1,576.5</b>	<b>\$452.0</b>

# Taxes in the Economic Development Bill: Life Sciences & Climate

The administration's Economic Development bill includes **\$650M (over 10 years) in new or expanded climate & life sciences tax credits**

## Life Sciences

Increases annual cap on credits to \$50M per year (from \$30M)

## Climate Tech

Adds Climate Tech or creates new Climate Tech credits:

- Job incentive refundable credit
- Capital investment refundable credit
- Refundability of research credits
- Qualified research expense credits
- R&D tax credit
- Sales tax exemption

## Offshore Wind

Loosens eligibility for offshore wind tax credit



# Taxes in the Economic Development Bill: Economic Development

The Administration includes **\$100M (over 10 years)** in new or expanded economic development tax initiatives.

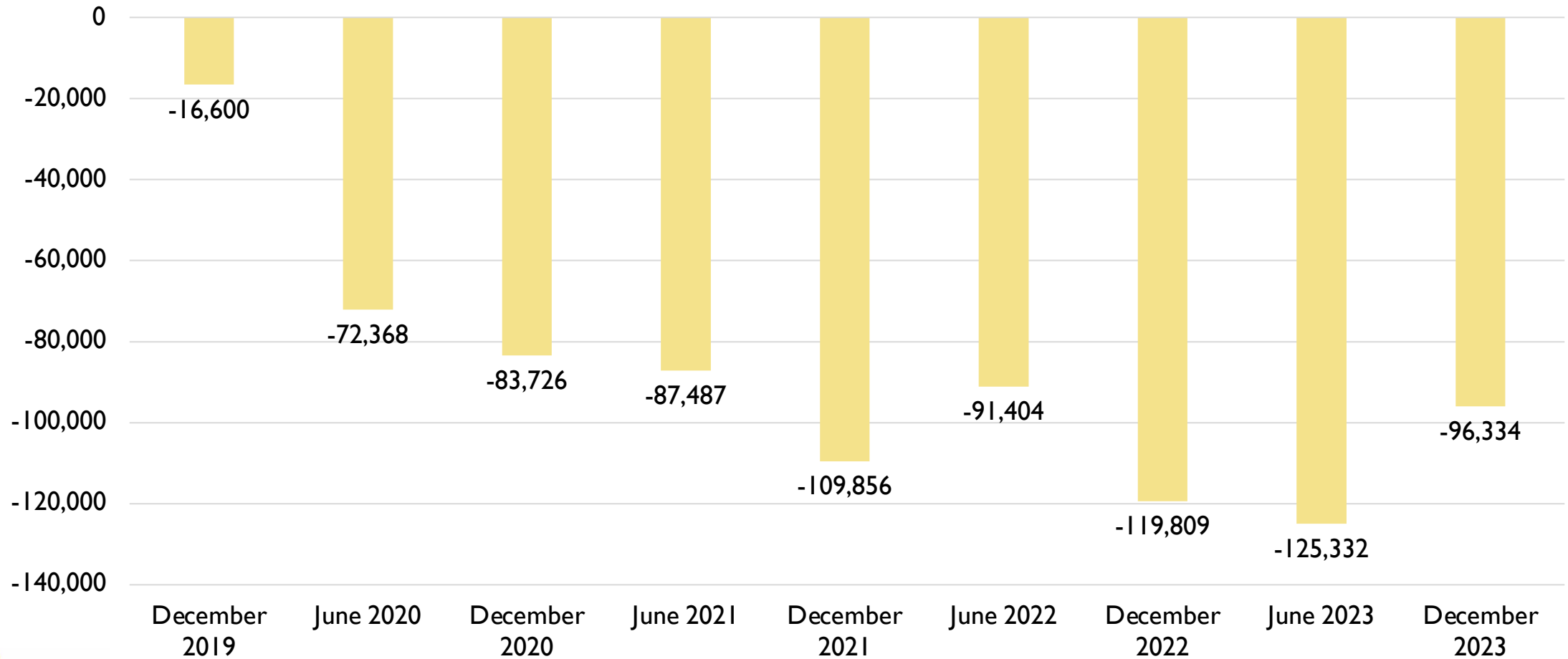
<b>Ec. Dev. Incentive Program</b>	<ul style="list-style-type: none"><li>• Removes per project cap</li><li>• Removes cap on reduction in tax liability</li><li>• Removes prohibition on pursuing EDIP &amp; manufacturer investment credit</li></ul>
<b>Live Theater</b>	<ul style="list-style-type: none"><li>• Same proposal as Gov's Healey's 2023 tax bill</li><li>• Credit effective when surplus target is met</li></ul>
<b>Internship Tax Credit</b>	<ul style="list-style-type: none"><li>• Creates new internship credit (5-year pilot) for students/grads who want to start career in MA</li></ul>
<b>Angel Investor Credit</b>	<ul style="list-style-type: none"><li>• Repeals the credit</li></ul>



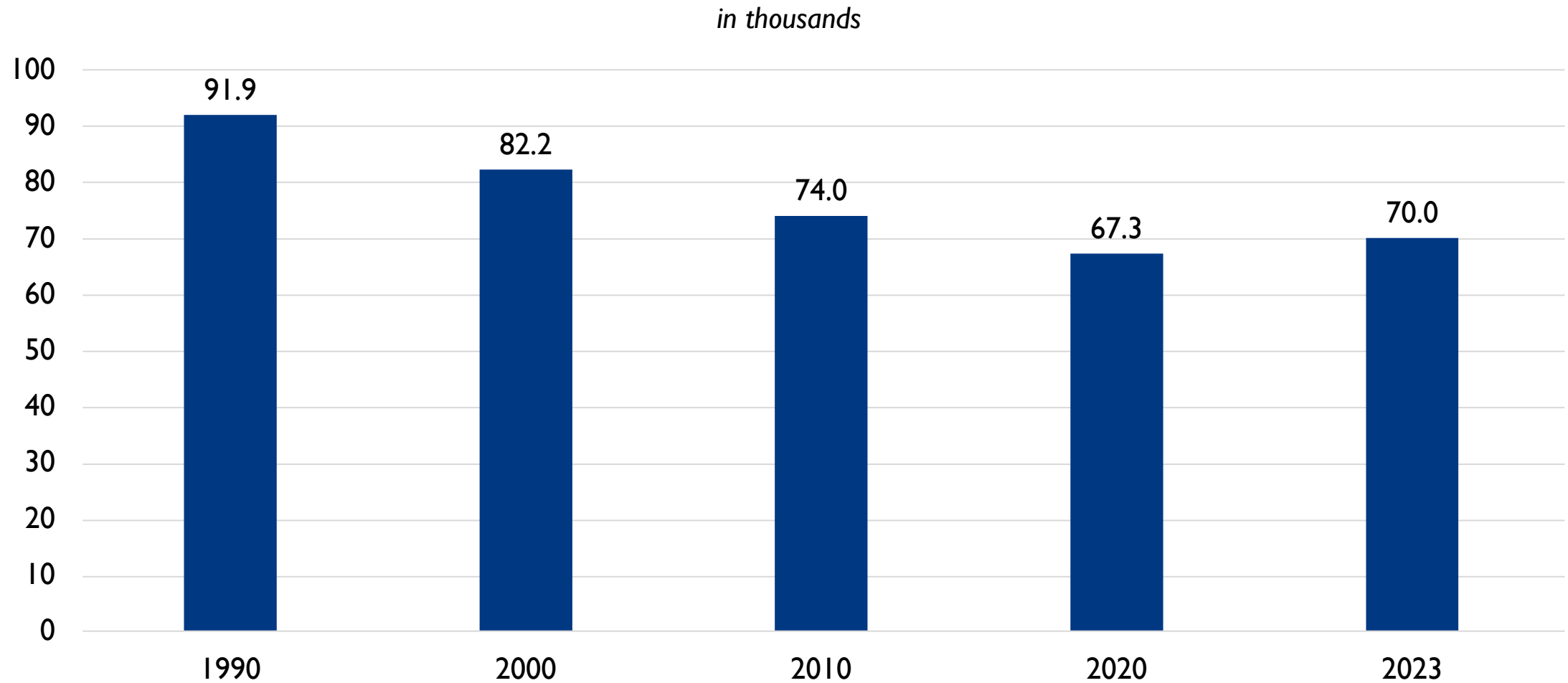
# Statewide Demographic Snapshot

# MA Labor Trends Since 2019

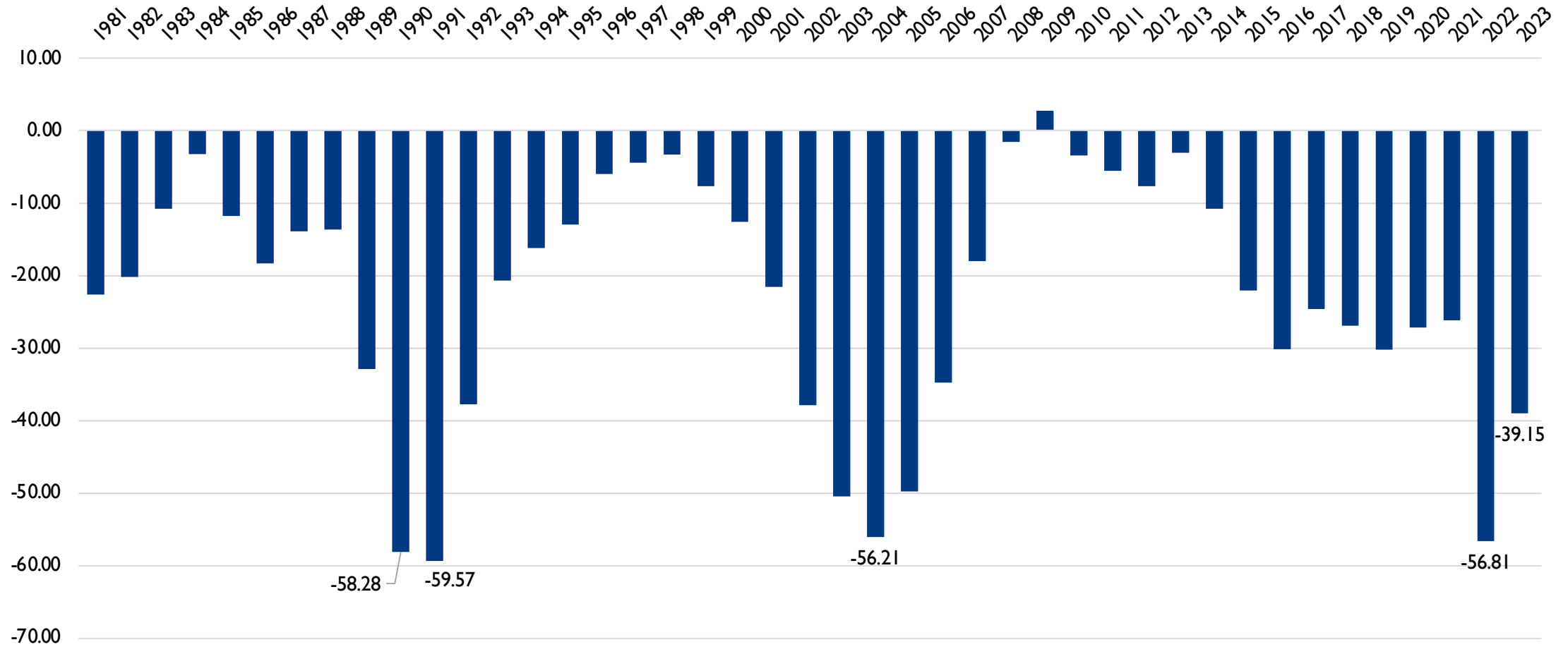
Labor Force Change v. June 2019



# MA Birth Rate Down 25% Since 1990

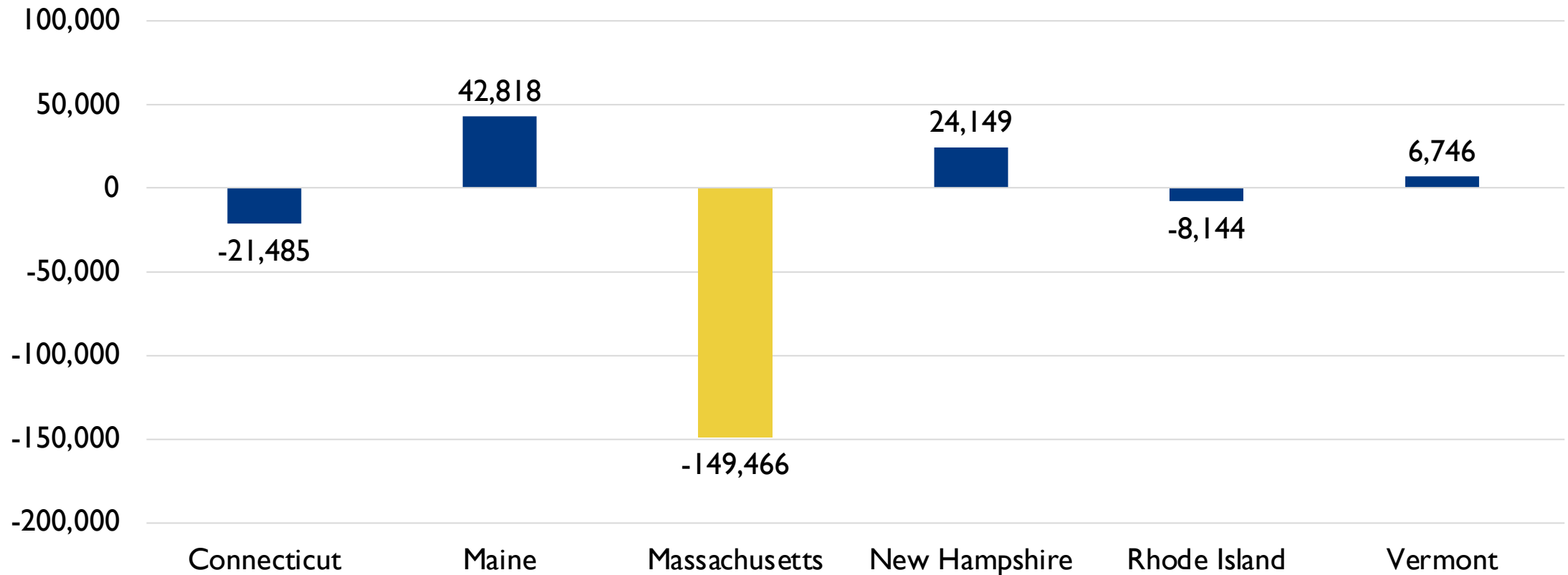


# MA Domestic Outmigration



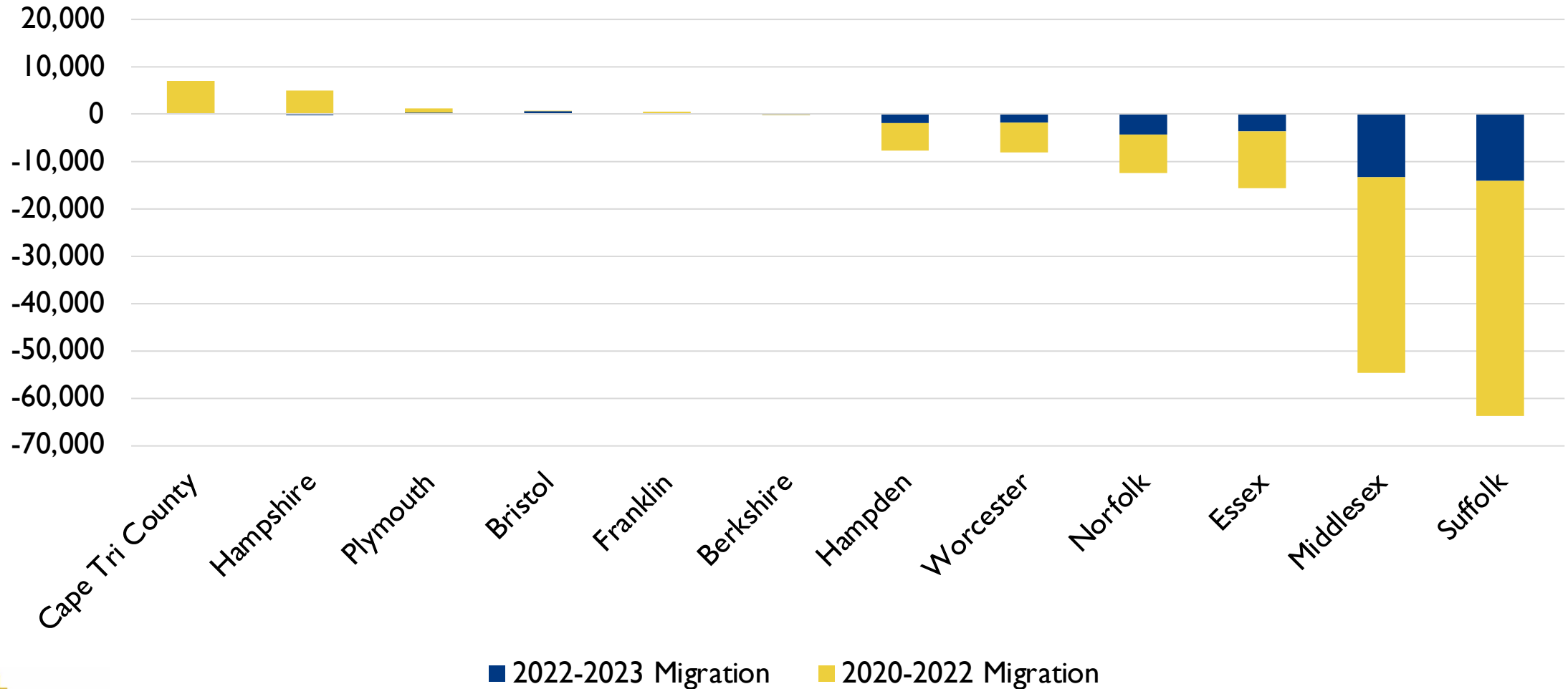
# Comparing Ourselves to Other States

**New England Domestic Migration, 2020 to 2023**





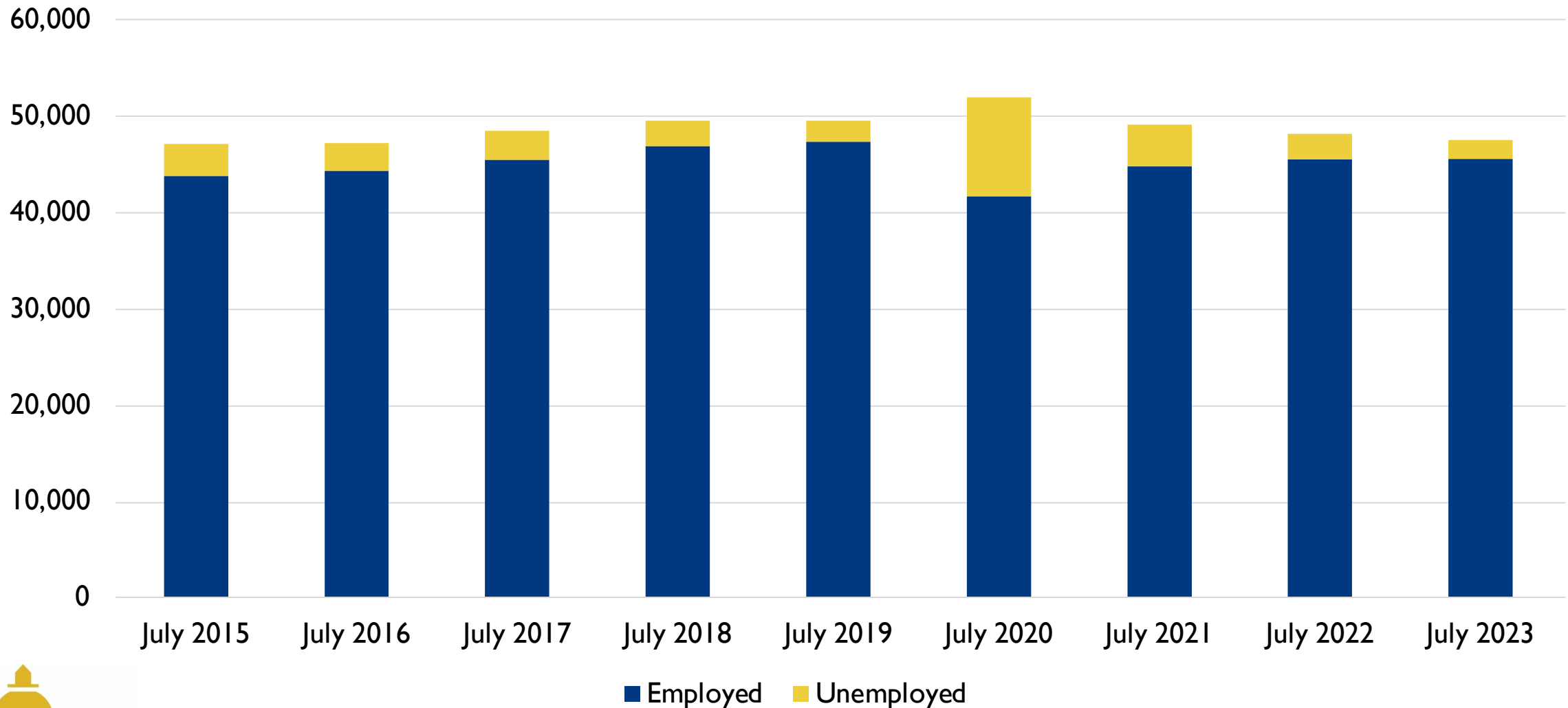
# Domestic Migration in the Counties



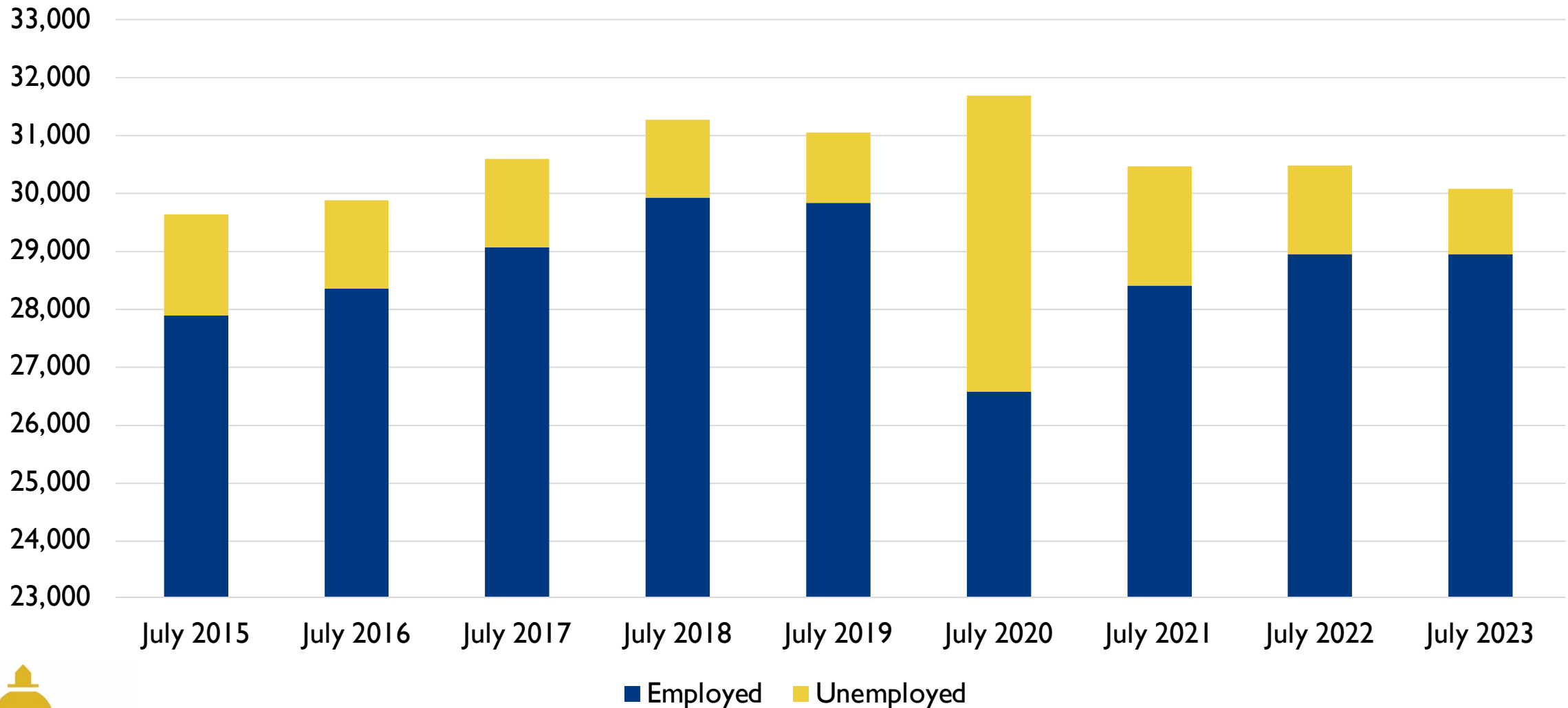


# Local Demographic Trends

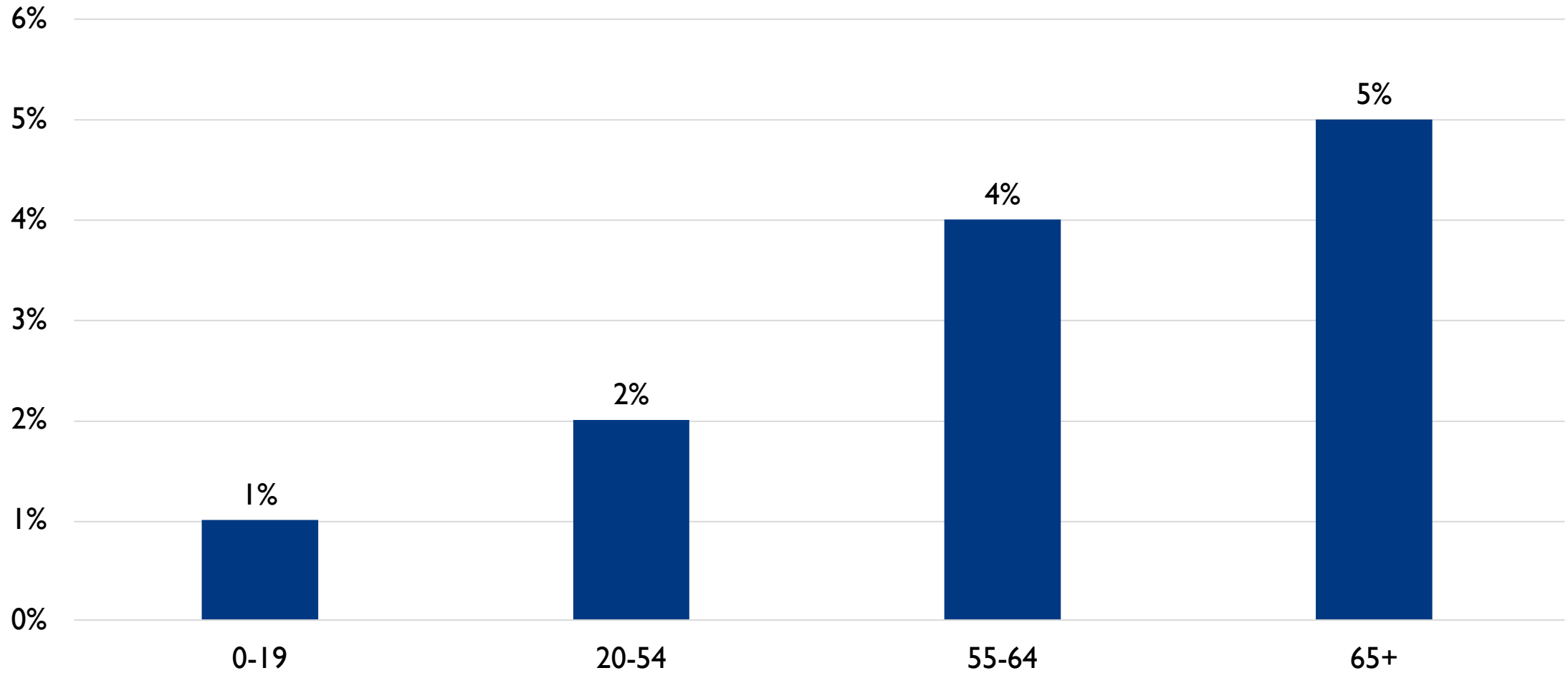
# Labor Force Trends – Brockton



# Labor Force Trends - Taunton

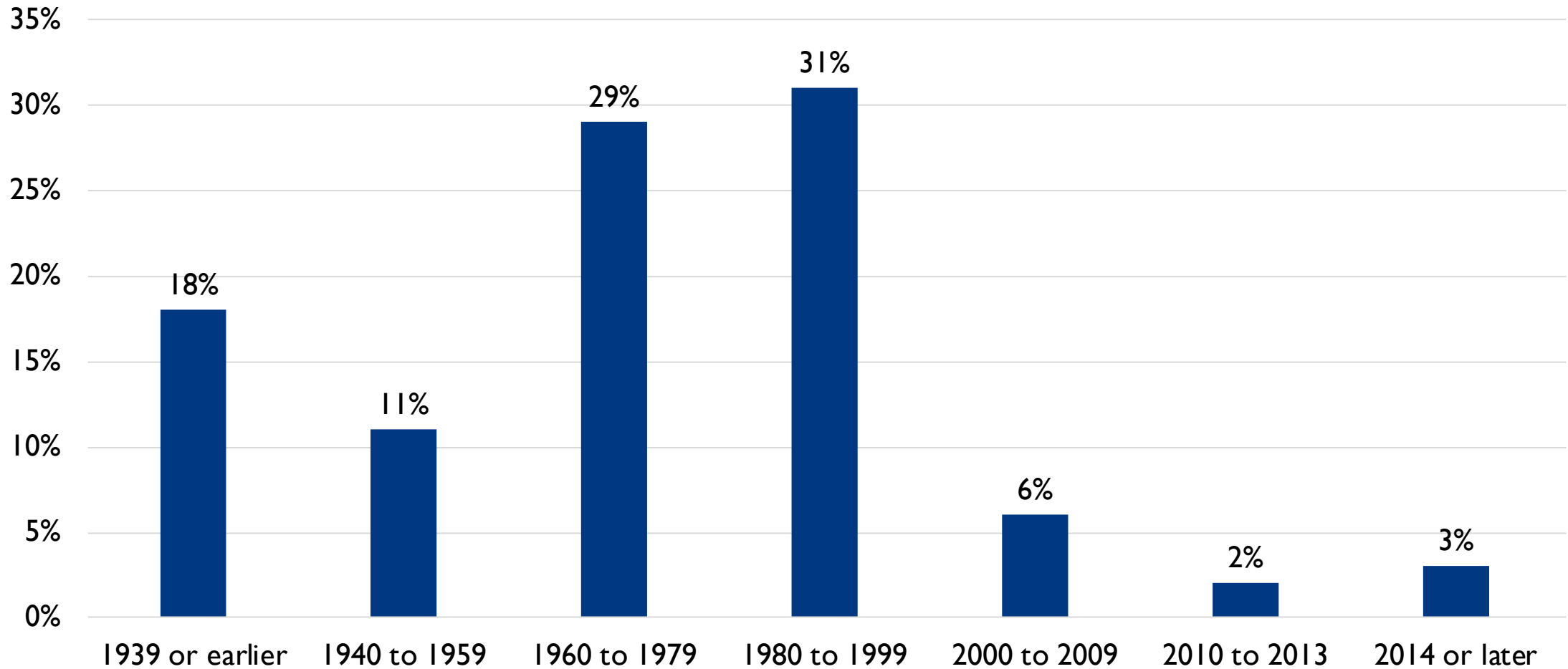


# Bristol County Population Change by Age, 2019 - 2022

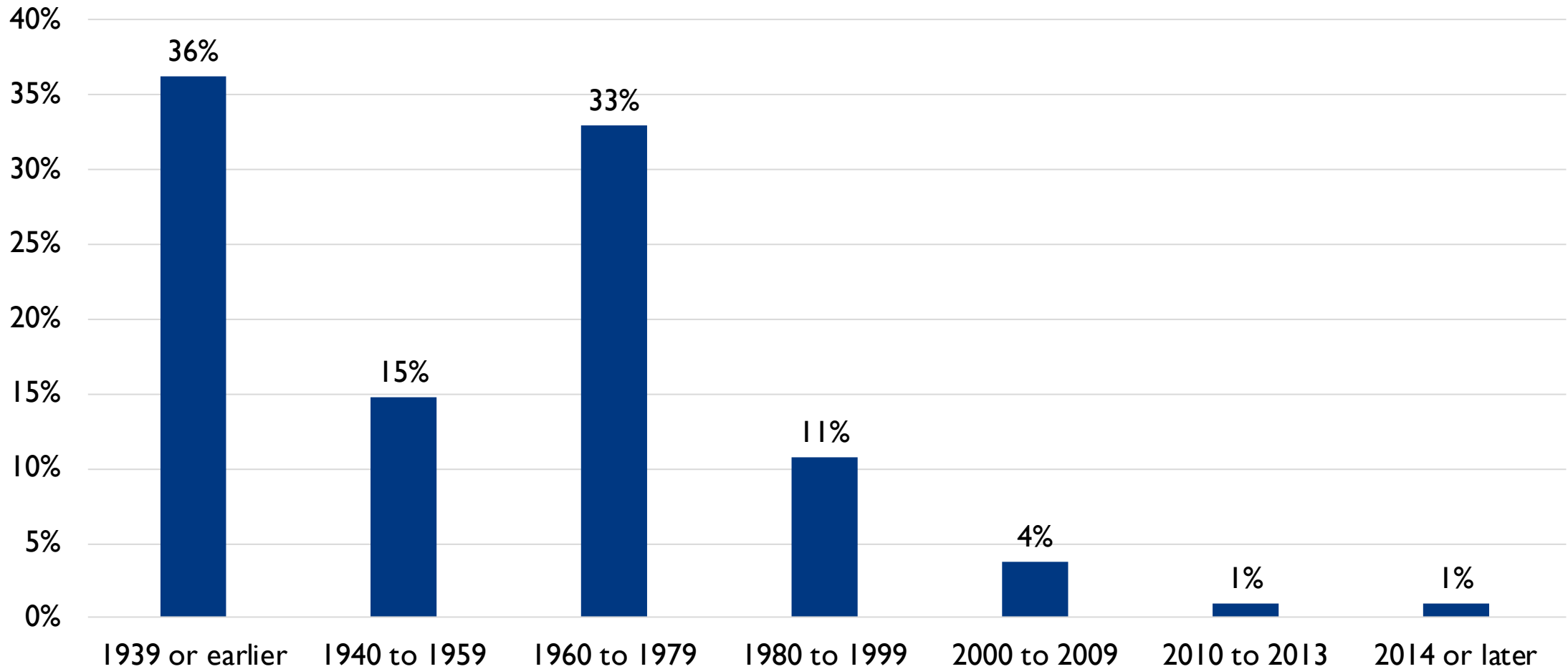




# House Production by Decade – Easton

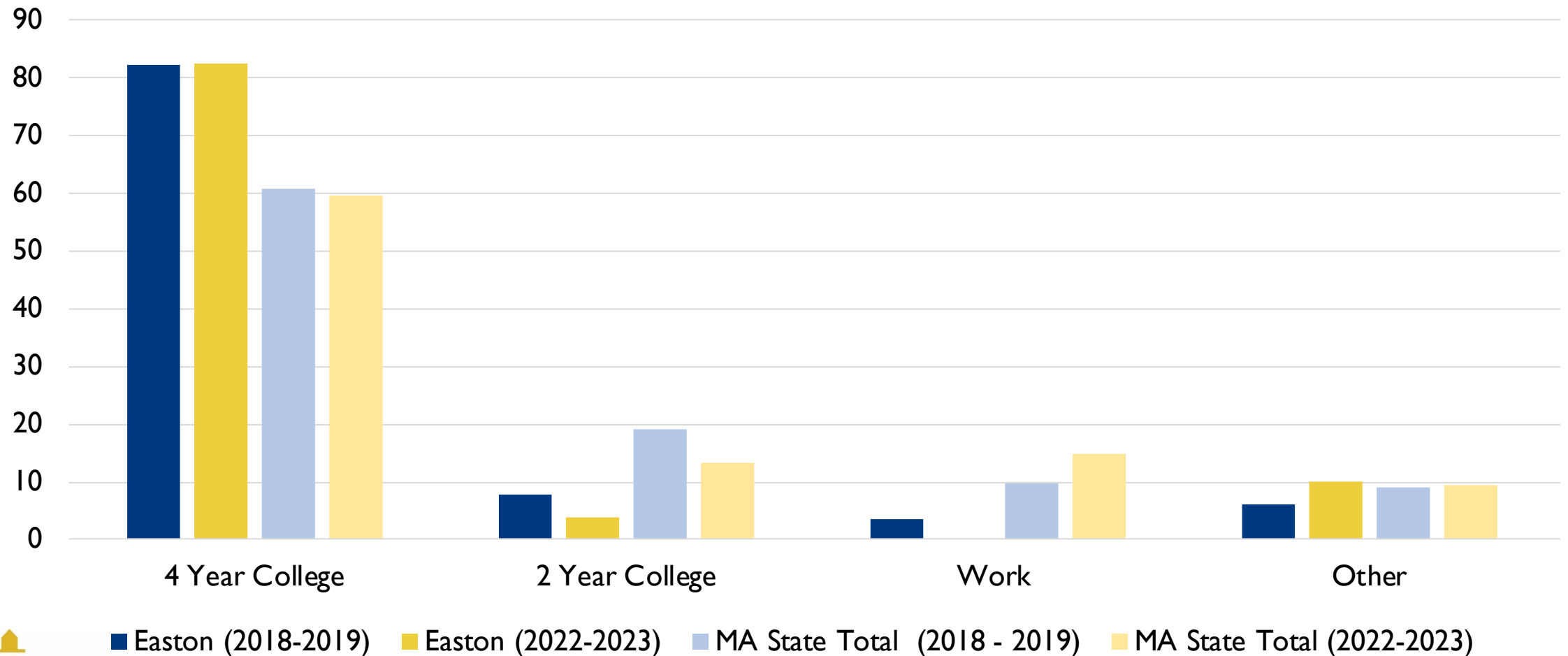


# Housing Production by Decade - Brockton



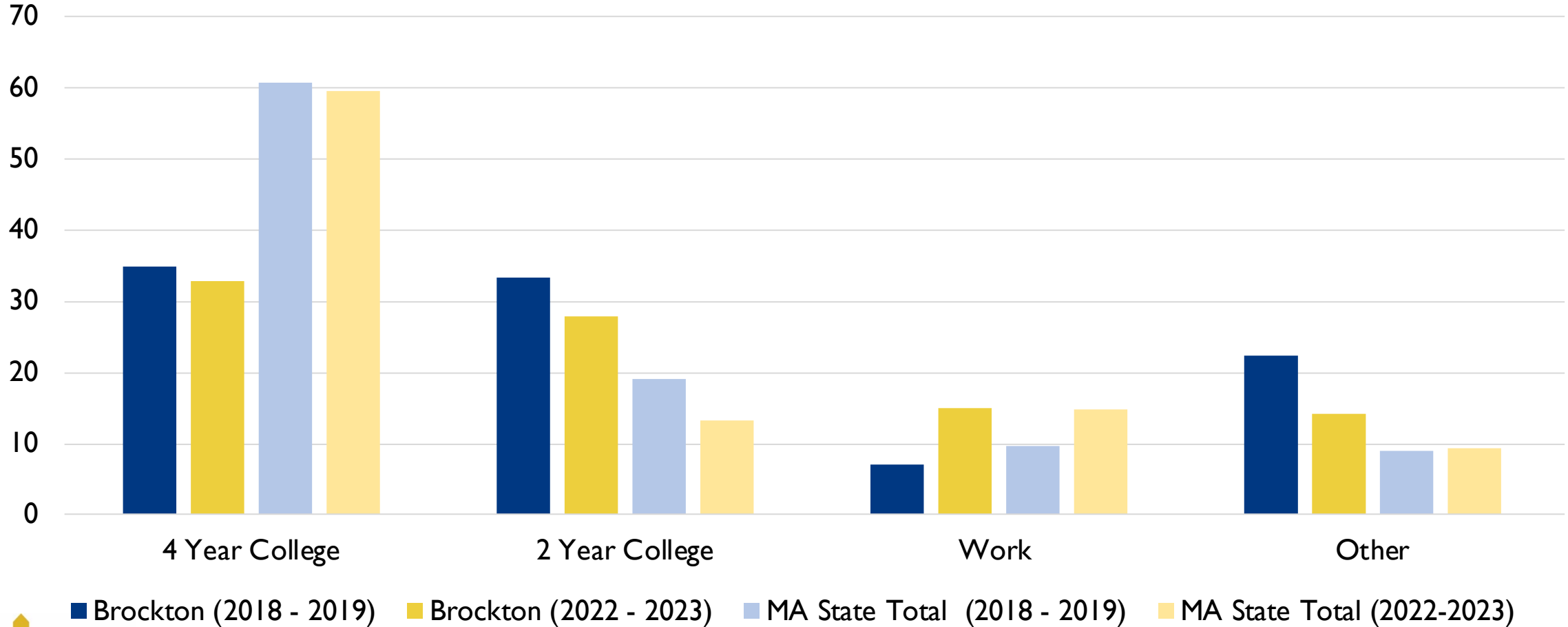
# Plans of High School Graduates - Easton

Plans of High School Graduates, Easton v. Statewide



# Plans of High School Graduates - Brockton

Plans of High School Graduates, Brockton v. Statewide



# Thank You!

## For additional information on this presentation:

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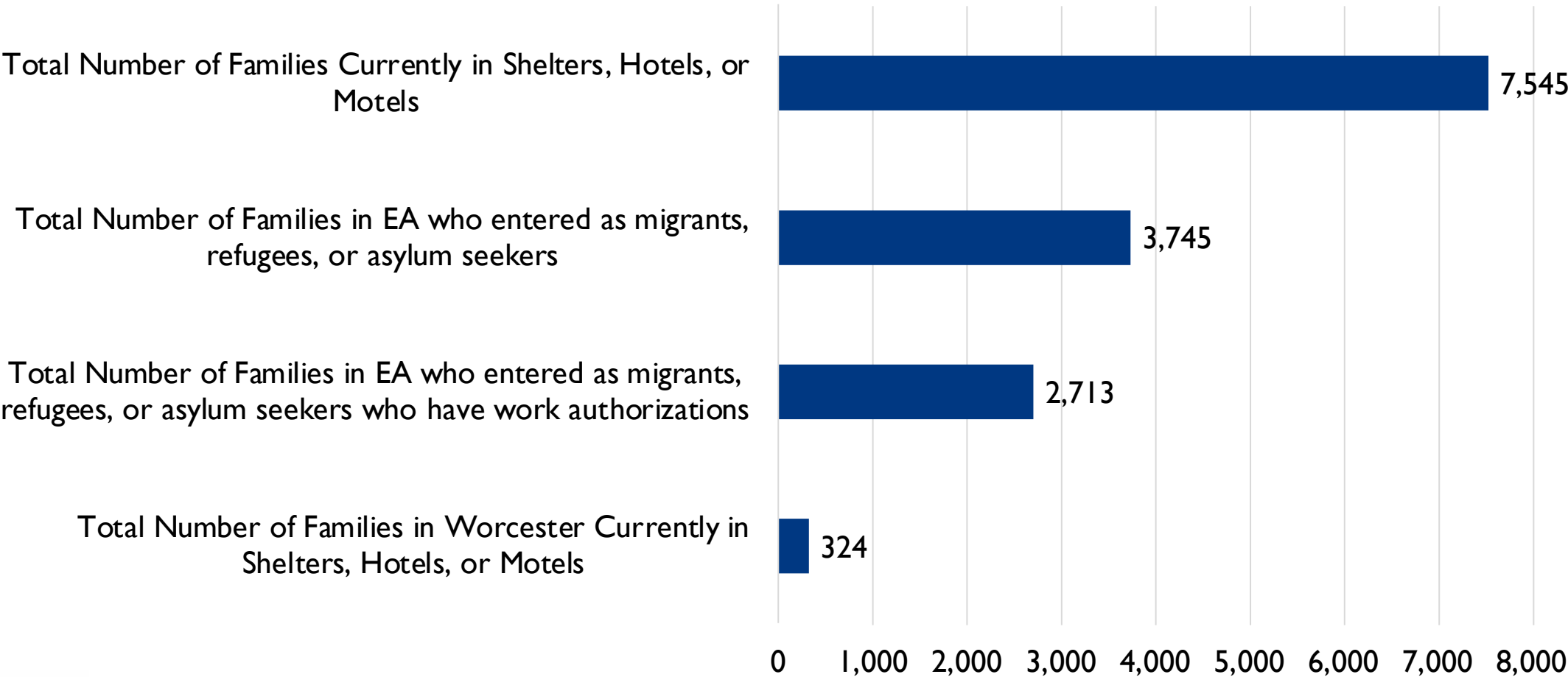
# Appendix



A night-time photograph of a city skyline, likely New York City, with numerous skyscrapers illuminated by warm yellow lights. The buildings are reflected in the calm water in the foreground. A dark blue banner is overlaid at the bottom of the image, containing the text "Emergency Assistance" in a bold, yellow, sans-serif font. The sky is a deep blue with some light clouds.

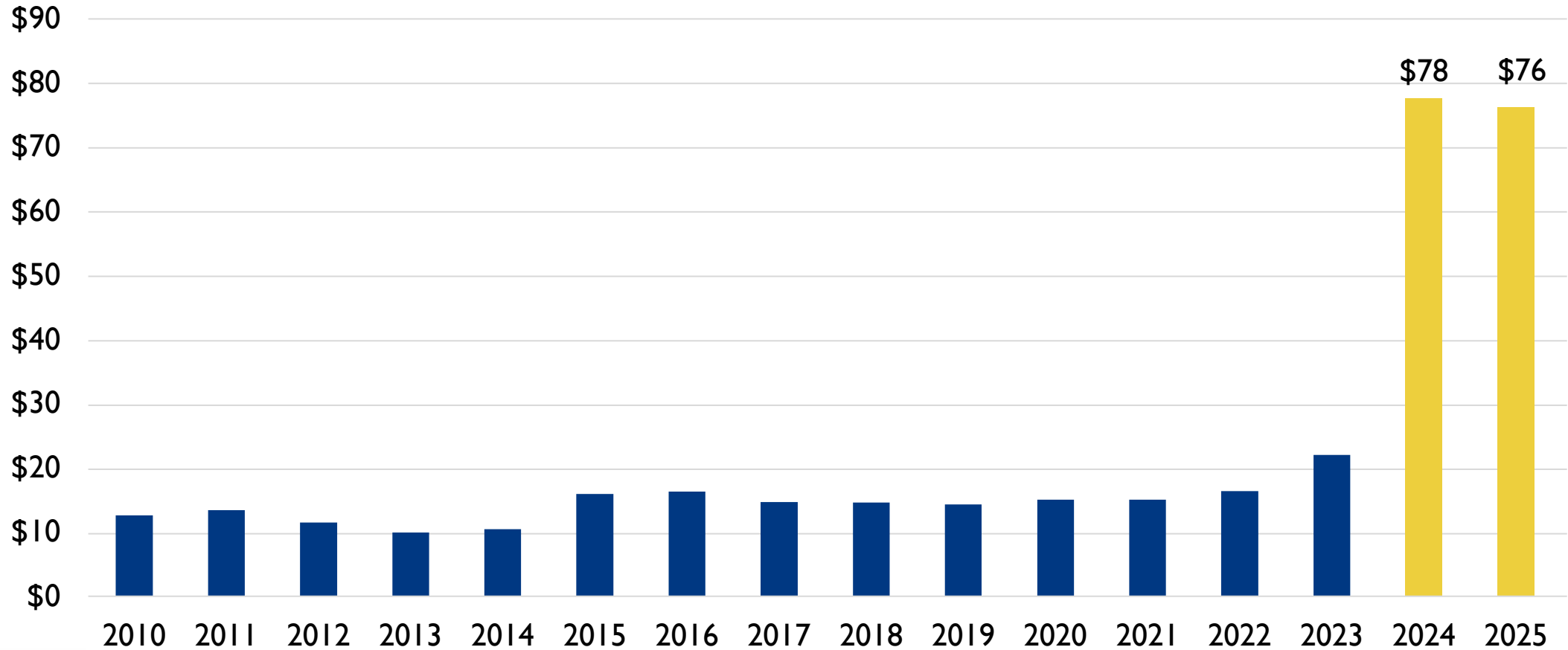
# Emergency Assistance

# Families in Emergency Assistance Shelters



# Emergency Assistance Shelter System

Emergency Assistance Spending per Month (in millions)



# Emergency Assistance Shelters

The Governor's budget proposal includes a **\$325 million appropriation** for the Emergency Assistance (EA) Shelter System in FY 2025. Estimated spending in FY 2025 is projected to reach \$915 million.

The Governor, House and Senate have now released plans to cover EA costs for FY 2024 and into FY 2025. Those proposals now need to be reconciled:

	Governor	House	Senate
FY 2024 EA Costs	\$215	\$245	\$225
FY 2025 EA Costs	\$498	\$0	\$600
Other Housing/Training/Staffing	\$160	\$15	\$10
Tax Credit	\$0	\$10	\$0
<b>Total</b>	<b>\$873</b>	<b>\$270</b>	<b>\$835</b>
9 Month Length of Stay Cap	No	Yes	Yes



# House EA Proposal

- On March 6<sup>th</sup>, the House engrossed a supplemental budget which:
  - Provides \$245M in additional FY 2024 EA funding
  - Caps (temporarily) the length of stay in EA shelter at:
    - 9 months for most families
    - 12 months for families in which individuals are employed or participating in an authorized training program or pregnant women in the system as of 4/1/2024 who meet certain criteria
  - Creates a temporary \$2,500 per individual tax credit program for employers employing or training individuals in the EA system
    - The total cost of the credit is capped at \$10M
  - Requires the Governor to see federal approvals to permit expedited work authorizations for migrants, refugees and asylum seekers

# Senate EA Proposal

- On March 21<sup>st</sup>, the Senate is expected to act on a supplemental budget proposal which:
  - Allocates funding from the Transitional Escrow Fund in support of the EA housing program.
    - Allows the Healey administration to access up to \$825 million in supplemental state resources for the EA program over the course of FY 2024 and FY 2025.
  - Caps the length of stay in the EA shelter system at 9 months for:
    - Families with children
    - Pregnant women with no other children
    - Eligible families and women may be given 90-day extensions if the housing recipient is in compliance with a rehousing plan or meets certain criteria.
  - Creates a Special Commission to study and make recommendations on the sustainability, efficiency, and effectiveness of the EA housing program.

# Senate EA Funding Proposal

<b>Transitional Escrow Fund Balance</b>	<b>\$1,073.5</b>
FY 2024 for EA: April - June	\$225.0
FY 2025 for EA: July - September	\$195.0
FY 2025 for EA: October - December	\$165.0
FY 2025 for EA: January - March	\$135.0
FY 2025 for EA: April - June	\$105.0
<b>Subtotal for EA Program</b>	<b>\$825.0</b>
<b>TEF Remaining Balance</b>	<b>\$248.5</b>

# HWM v. Gov Budget Balance

Gap	Gov	HWM	Different
<b>Total new spend</b>	<b>\$2,071.0</b>	<b>\$1,913.7</b>	<b>-\$157.3</b>
Tax relief adustment	-\$580.0	-\$580.0	\$0.0
CR net of transfers	\$571.0	\$571.0	\$0.0
Trusts	\$437.0	\$437.0	\$0.0
<b>Total Gap</b>	<b>\$2,499.0</b>	<b>\$2,341.7</b>	<b>-\$157.3</b>
Solves	Gov	HWM	Difference
Capital gains	-\$375.0	-\$375.0	\$0.0
Surtax	-\$300.0	-\$300.0	\$0.0
Tax initiatives	-\$135.0	-\$135.0	\$0.0
<b>Non-tax initiatives</b>	<b>-\$175.0</b>	<b>-\$179.7</b>	<b>-\$4.7</b>
<b>Trust Funds</b>	<b>-\$565.0</b>	<b>-\$500.0</b>	<b>\$65.0</b>
Lottery	-\$236.1	-\$236.1	\$0.0
<b>Federal</b>	<b>-\$566.2</b>	<b>-\$591.2</b>	<b>-\$25.0</b>
<b>Departmental</b>	<b>-\$254.7</b>	<b>-\$268.5</b>	<b>-\$13.8</b>
<b>Total solves</b>	<b>-\$2,607.0</b>	<b>-\$2,585.5</b>	<b>\$21.5</b>



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**Wednesday, April 24**



**11:45 AM - 1:30 PM**



**Thorny Lea Golf Club**

159 Torrey St, Brockton

**Featuring: Doug Howgate**  
President, Massachusetts  
Taxpayers Foundation (MTF)



(508) 586-0500x231



[metrosouthchamber.com/events](https://metrosouthchamber.com/events)



[events@metrosouthchamber.com](mailto:events@metrosouthchamber.com)



# **UPCOMING CHAMBER EVENTS**

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**visit [metrosouthchamber.com/events](https://metrosouthchamber.com/events)**

**May 2, 5-7PM** – Business After Hours – Montilio's Pizza Oven  
sponsored by South Shore Bank  
@ 239 N Cary Street, Brockton

**May 10, 12-1:45PM** – Small Business & Entrepreneur of the Year Awards  
@Thorny Lea Golf Club, 159 Torrey Street, Brockton

**June 13, 12-1:45PM** – ATHENA Leadership Luncheon  
@ Massasoit Community College, 1 Massasoit Blvd, Brockton