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Tax Revenues for FY10 Budget Revised Again

Senate, House and Administration Agree on Number

(Boston) – Leaders from the Senate, House and Administration today agreed on a final revision of tax revenues expected for the Fiscal Year 2010 budget.

The FY10 budget to be released by the Senate Committee on Ways and Means next week will rely on **\$17.989 billion** in tax revenues, a reduction of \$1.541 billion, or 7.8 percent, from the consensus tax revenue number agreed upon in January.

“We have all watched revenues continue to deteriorate,” said Senator Steven C. Panagiotakos (D-Lowell), chairman of the Senate Committee on Ways and Means. “There is no area of state government that will be immune to cuts in the budget. We all have to share in the pain. This, unfortunately, is the stark reality we are facing.”

“These dramatic new numbers – unavailable to us during the budget process – reflect a dire fiscal reality, one to which we will adjust,” said Representative Charles A. Murphy (D-Burlington), chairman of the House Committee on Ways and Means. “We must all work together to help our state through this difficult fiscal time.”

“Over the past year we have seen revenues decline at a pace more rapid than any economic experts have predicted, particularly during the month of April,” Administration and Finance Secretary Leslie A. Kirwan said. “After Governor Patrick and I consulted with a number of economists yesterday and over the past few weeks, it is clear to us their outlook for the year ahead has changed dramatically. A drop of this magnitude will require us to significantly overhaul state spending and make painful and difficult choices to responsibly manage the Commonwealth through this unprecedented downturn.”

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Since benchmarks were revised as a result of the January consensus revenue agreement, tax revenue collections have fallen an additional \$573 million short of benchmarks. In total, Fiscal Year 2009 tax revenue collections have so far fallen \$2.3 billion short of the benchmarks established with the original tax revenue estimate of \$21.402 billion.

The remaining months of May and June are significant for tax collections. The Department of Revenue originally benchmarked a total of more than \$3.9 billion to be collected in those two months. The Department downgraded those expectations to less than \$3.7 billion in January, but the possibility for significant further shortfalls remains.

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