



THE COMMONWEALTH OF MASSACHUSETTS Special Obligation Revenue Bonds

ANNUAL FINANCIAL INFORMATION

March 24, 2022

The following annual financial information is provided by The Commonwealth of Massachusetts (the “Commonwealth”) pursuant to certain continuing disclosure undertakings entered into by the Commonwealth in connection with the Commonwealth’s issuance of special obligation revenue bonds. Set forth below is certain financial information and operating data relating to the Commonwealth for the fiscal year ended June 30, 2021, updating the financial information presented in the Commonwealth’s statement of annual financial information for special obligation debt dated March 26, 2021 with respect to the fiscal year ended June 30, 2020.

Specific reference is made to the Official Statement dated December 22, 2004 relating to the Commonwealth’s Special Obligation Revenue Bonds, Consolidated Loan of 2005, Series A (the “Official Statement”), a copy of which has been filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Official Statement.

This statement is of limited scope. It contains only an updating of certain financial information and operating data described below. The information set forth herein does not contain all material information concerning the Commonwealth’s special obligation revenue bonds necessary to make an informed investment decision. This statement does not constitute an offer to sell or the solicitation of an offer to buy Commonwealth special obligation revenue bonds. This statement is submitted pursuant to various continuing disclosure undertakings relating to bonds that are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission and is intended to provide only the information necessary to conform to the requirements of said Rule 15c2-12.

The Commonwealth’s Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020 has been posted to EMMA and is available at <https://emma.msrb.org/P11561619.pdf>. The Commonwealth’s Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021 is not yet available and will be posted on EMMA as soon as available. All fiscal 2021 numbers contained in this annual report are preliminary, unaudited and subject to change. The Commonwealth’s Statutory Basis Financial Report for the fiscal year ended June 30, 2021 (SBFR) has also been posted to EMMA and is available at <https://emma.msrb.org/P21590570.pdf>.

SPECIAL DISCLOSURE REGARDING COVID-19 MATTERS

In response to the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, and the declaration by the World Health Organization on March 11, 2020 of a COVID-19 pandemic, in March 2020 Governor Baker declared a state of emergency in the Commonwealth due to COVID-19. Over the following eight weeks Governor Baker's administration undertook a number of mitigation measures in response to COVID-19, including emergency orders closing certain education programs and non-essential businesses, a number of social distancing mandates, travel advisories, and eviction moratoriums, as well as tax relief measures postponing the collection of certain taxes due in fiscal 2020. All of these measures resulted in widespread economic disruption throughout the Commonwealth.

As the COVID-19 pandemic continued to evolve, Governor Baker's administration curtailed certain measures while retaining the flexibility to address future waves of the pandemic. In May 2020, the Governor announced a four-phase approach to reopening the Commonwealth, indicating that decisions and timing on all phases would be influenced by public health metrics. Between May and October 2020, as public health metrics improved, the phased reopening plan was implemented in steps, and certain mitigation measures were curtailed. By October 2020, the Commonwealth had proceeded to step 2 of Phase III of the plan. In December 2020, the Commonwealth rolled back its reopening requirements and standards to step 1 of Phase III in response to an increase in new COVID-19 infections and hospitalizations following the 2020 Thanksgiving holiday. As a result, indoor capacity across a broad range of sectors was reduced, several workplace restrictions were tightened, and certain businesses were required to close, including indoor performance venues and certain high-contact indoor recreational businesses. In December 2020, the Commonwealth also began phased vaccination efforts across Massachusetts.

As public health measures continued to trend in a positive direction, and the Commonwealth experienced significant declines in average daily COVID-19 cases and hospitalizations, and increasing rates of vaccination within the Commonwealth, the Administration continued to implement the reopening plan, and by the end of May 2021, nearly all COVID-19 restrictions were lifted and all industries were permitted to open. On June 15, 2021, the state of emergency in the Commonwealth related to COVID-19 was terminated. Based on information submitted to the Massachusetts Immunization Information System as of March 17, 2022, and using the University of Massachusetts Donahue Institute 2019 Population Estimates, more than 5.3 million people within the Commonwealth, or approximately 78% of the Commonwealth's population, were fully vaccinated.

The Administration is continuing to monitor public health data relating to COVID-19 and expects to take additional measures to control the spread of COVID-19 within the Commonwealth, if needed, as new variants of the virus emerge. At this time, the Commonwealth cannot predict whether additional measures will be needed to control the spread of COVID-19 or the nature or duration of any such measures.

The ultimate impact of the COVID-19 pandemic on the Commonwealth's economy remains unknown. In response to the pandemic, international, federal, state and local governments, as well as private businesses and organizations, implemented numerous measures intended to mitigate the spread and effects of COVID-19. The continued spread of COVID-19, the mitigation measures implemented, and the responses of individuals, businesses, and organizations to the disease and the mitigation measures implemented have caused and may continue to cause, severe disruptions in global, national, and local economies, as well as to global financial markets and the U.S. stock and bond markets. Many businesses have experienced and

may continue to experience decreases in operations and revenues. The impacts of COVID-19 resulted in unprecedented rates of unemployment in the Commonwealth. The extent to which businesses that have completely or partially closed will reopen, travel and tourism activity will return to pre-pandemic levels, and businesses and organizations will allow employees to work from home is still unknown. The extent of these and other impacts on the Commonwealth's economy will depend on future developments and numerous factors, many of which are beyond the Commonwealth's control.

For additional information regarding the impact of COVID-19 on the Commonwealth and measures taken by the Commonwealth, see the most recent Commonwealth Information Statement dated January 6, 2022, as supplemented by the Information Statement Supplement dated January 31, 2022 under the heading "Special Disclosures Regarding COVID-19 Matters."

SPECIAL DISCLOSURE REGARDING SPECIAL OBLIGATION BONDS

This annual continuing disclosure filing includes information through the end of the Commonwealth's fiscal 2021. With respect to the first eight months of fiscal 2022, net gasoline tax receipts, including aviation fuel, totaled \$417,624,768, which represents a \$39,872,938 or 10.6% increase from the same period in fiscal 2021. The Department of Revenue provides monthly reports regarding the collection of motor fuels taxes which can be found at <https://www.mass.gov/lists/blue-book-reports-department-of-revenue>.

Questions regarding information contained in this statement may be directed to Sue Perez, Deputy Treasurer, Office of the Treasurer and Receiver-General, One Center Plaza, Suite 430, Boston, Massachusetts 02108, telephone (617) 367-9333, or to Kaitlyn Connors, Assistant Secretary, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040.

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1. Summary presentation of actual gasoline sales on a ten-year comparative basis, concluding with the prior fiscal year.

HISTORICAL GASOLINE SALES

| Fiscal Year | Average Price of Gasoline ⁽¹⁾ | Gasoline Consumed (millions of gallons) ⁽²⁾ | Percentage Change in Gasoline Consumed | Non-Farm Employment (thousands) ⁽³⁾ | Percentage Change in Non-Farm Employment |
|--------------------|---|---|---|---|---|
| 2021 | \$2.465 | 2,359 | (7.32)% | 3,416 | (4.13)% |
| 2020 | 2.486 | 2,545 | (9.37) | 3,563 | (3.00) |
| 2019 | 2.753 | 2,808 | 0.75 | 3,674 | 1.16 |
| 2018 | 2.708 | 2,787 | (0.33) | 3,631 | 1.18 |
| 2017 | 2.347 | 2,796 | 0.53 | 3,589 | 1.66 |
| 2016 | 2.282 | 2,781 | 1.54 | 3,530 | 1.91 |
| 2015 | 2.925 | 2,739 | 0.24 | 3,464 | 2.09 |
| 2014 | 3.613 | 2,733 | 0.45 | 3,393 | 1.71 |
| 2013 | 3.684 | 2,721 | (1.84) | 3,336 | 1.53 |
| 2012 | 3.652 | 2,772 | 0.19 | 3,286 | 1.52 |

SOURCES: "Average Price of Gasoline": U. S. Department of Energy, Energy Information Administration; "Non-Farm Employment": U. S. Bureau of Labor Statistics; "Gasoline Consumed": Department of Revenue.

- (1) Reflects the Average Price of Gasoline (\$/gallon) in all of Massachusetts.
- (2) Based on Historical Gasoline Tax Collections pursuant to Chapter 64A, *except* Aviation Fuel. See the Official Statements under *Commonwealth Motor Fuels Tax - Refunds and Abatements from Gasoline Tax*.
- (3) Seasonally adjusted. Calculated as fiscal year average of monthly employment.

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2. Summary presentation of actual Gasoline Tax receipts on a ten-year comparative basis, concluding with the prior fiscal year.

HISTORICAL ANNUAL COLLECTION OF GASOLINE TAX

| Fiscal Year | Average Gasoline Tax Rate ⁽¹⁾ | Gasoline Tax Receipts (in thousands) ⁽²⁾ | Percentage Change in Gasoline Tax Receipts | One Cent of Gasoline Tax (in thousands) | Percentage Change in One Cent of Gasoline Tax |
|---------------------|---|--|---|--|--|
| 2021 ⁽³⁾ | \$0.24 | \$566,043 | (7.32)% | \$23,585 | (7.32)% |
| 2020 | 0.24 | 610,734 | (9.37) | 25,447 | (9.37) |
| 2019 | 0.24 | 673,877 | 0.75 | 28,078 | 0.75 |
| 2018 | 0.24 | 668,869 | (0.33) | 27,870 | (0.33) |
| 2017 | 0.24 | 671,100 | 0.53 | 27,962 | 0.53 |
| 2016 | 0.24 | 667,540 | 1.54 | 27,814 | 1.54 |
| 2015 | 0.24 | 657,431 | 2.46 | 27,393 | 0.24 |
| 2014 | 0.24 | 641,664 | 12.31 | 27,328 | 0.45 |
| 2013 | 0.21 | 571,334 | (1.84) | 27,206 | (1.84) |
| 2012 | 0.21 | 582,021 | 0.19 | 27,715 | 0.19 |

SOURCES: “Average Gasoline Tax Rate,” Department of Revenue. “Gasoline Tax Receipts” and “One Cent of Gasoline Tax,” Office of the Comptroller and Department of Revenue.

- (1) The tax rate per gallon has been 24¢ effective July 31, 2013.
- (2) Includes all Gasoline Tax collected by the Commonwealth and credited to various budgeted funds, *except* Aviation Gasoline and Special Fuel (Diesel). See the Official Statement under *Commonwealth Gasoline Tax — Crediting of Receipts*. Net of refunds and abatements from Gasoline Tax. See the Official Statement under *Commonwealth Gasoline Tax — Refunds and Abatements from Gasoline Tax*.
- (3) Fiscal 2021 numbers are preliminary, unaudited, and subject to change.

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3. Summary presentation of actual monthly Gasoline Tax receipts for the two most recently completed fiscal years.

**HISTORICAL MONTHLY COLLECTION OF MOTOR FUELS TAXES
MOST RECENT 24 MONTHS ENDING JUNE 2021**

| Month | Gasoline Tax Receipts under Chapter 64A⁽¹⁾⁽²⁾ | Special Fuels Tax Receipts under Chapter 64E⁽¹⁾ | Motor Carrier Fuels Tax Receipts under Chapter 64F⁽¹⁾ | Total |
|-----------------|---|---|---|--------------|
| July, 2019 | \$56,623,734 | \$8,011,542 | \$572,659 | \$65,207,934 |
| August, 2019 | 59,493,001 | 7,829,907 | 391,327 | 67,714,235 |
| September, 2019 | 59,502,052 | 8,251,079 | 1,005,747 | 68,758,879 |
| October, 2019 | 55,066,974 | 7,663,629 | 622,151 | 63,352,753 |
| November, 2019 | 58,214,612 | 8,871,756 | 223,514 | 67,309,881 |
| December, 2019 | 54,942,981 | 7,792,583 | 718,302 | 63,453,866 |
| January, 2020 | 55,145,688 | 7,976,665 | 726,480 | 63,848,834 |
| February, 2020 | 53,509,769 | 7,658,374 | 238,505 | 61,406,648 |
| March, 2020 | 49,430,335 | 6,363,119 | 512,559 | 56,306,014 |
| April, 2020 | 43,669,923 | 6,645,389 | 507,375 | 50,822,686 |
| May, 2020 | 28,335,405 | 6,198,560 | 168,755 | 34,702,719 |
| June, 2020 | 37,465,531 | 6,826,644 | 700,425 | 44,992,601 |
| July, 2020 | 45,325,341 | 7,532,851 | 770,303 | 53,628,494 |
| August, 2020 | 49,493,706 | 6,781,063 | 173,919 | 56,448,688 |
| September, 2020 | 50,930,517 | 7,303,799 | 405,793 | 58,640,109 |
| October, 2020 | 48,063,675 | 7,297,933 | 761,451 | 56,123,058 |
| November, 2020 | 49,349,400 | 8,254,879 | 441,441 | 58,045,719 |
| December, 2020 | 44,736,335 | 7,295,881 | 809,656 | 52,841,872 |
| January, 2021 | 45,983,972 | 7,743,950 | 683,140 | 54,411,061 |
| February, 2021 | 43,868,886 | 6,763,035 | 343,271 | 50,975,192 |
| March, 2021 | 40,798,757 | 6,714,510 | 954,231 | 48,467,498 |
| April, 2021 | 48,316,997 | 7,700,057 | 611,156 | 56,628,210 |
| May, 2021 | 47,449,907 | 7,813,630 | 278,487 | 55,542,024 |
| June, 2021 | 52,317,246 | 8,091,642 | 771,448 | 61,180,336 |

SOURCE: Department of Revenue.

- (1) Net of applicable refunds, abatements and adjustments, if any. See the Official Statements under *Commonwealth Motor Fuels Tax – Refunds and Abatements from Gasoline Tax*.
- (2) Includes Aviation Fuel tax receipts. For the period indicated on the table above, 0.06% to 0.14% of total collections of the Gasoline Tax is from Aviation Fuel, and the average over this period is 0.1%.

4. Aggregate annual fiscal year debt service requirements for special obligation bonds issued under the 1994 trust agreement, beginning with the current fiscal year.

GROSS DEBT SERVICE REQUIREMENTS⁽²⁾

| <u>Fiscal Year</u> | <u>2005 Bonds Principal</u> | <u>2005 Bonds Interest</u> | <u>2005 Bonds Total</u> |
|-----------------------------|------------------------------------|-----------------------------------|--------------------------------|
| 2022 | \$ <u>28,385,000</u> | \$ <u>1,435,997</u> | \$ <u>29,820,997</u> |
| Total ⁽¹⁾ | \$ 28,385,000 | \$ 1,435,997 | \$ 29,820,997 |

SOURCE: Office of the Treasurer and Receiver-General.

- (1) Totals may not add due to rounding.
- (2) Assumes that the CPI Bonds bear interest at the Hedged Rates. See the Official Statement under *Security and Sources of Payment for the Bonds - Hedge Agreement*.

5. Summary presentation of actual Highway Fund revenues on a ten-year comparative basis, concluding with the prior fiscal year.

**HISTORICAL AMOUNTS CREDITED TO COMMONWEALTH TRANSPORTATION FUND ⁽¹⁾⁽²⁾
(in thousands)**

| Fiscal Year | Gasoline Taxes ⁽³⁾ | Other Fuel Taxes ⁽⁴⁾ | Sales Tax ⁽⁵⁾ | Registration and License Fees ⁽⁶⁾ | Other Non-Tax Revenues | Total |
|---------------------|--------------------------------------|--|---------------------------------|---|-------------------------------|--------------|
| 2021 ⁽⁷⁾ | \$565,194 | \$96,889 | \$694,257 | \$622,770 | \$55,626 | \$2,034,737 |
| 2020 | 609,818 | 97,143 | 542,215 | 561,867 | 59,625 | 1,870,668 |
| 2019 | 672,866 | 101,586 | 582,904 | 616,830 | 64,210 | 2,038,396 |
| 2018 | 667,866 | 100,275 | 563,632 | 612,779 | 94,500 | 2,039,052 |
| 2017 | 670,093 | 98,343 | 548,371 | 598,691 | 90,651 | 2,006,149 |
| 2016 | 666,819 | 98,732 | 535,766 | 580,426 | 111,612 | 1,993,355 |
| 2015 | 657,078 | 98,129 | 510,031 | 581,686 | 86,455 | 1,933,379 |
| 2014 | 642,643 | 88,868 | 500,749 | 533,194 | 13,545 | 1,778,999 |
| 2013 | 570,477 | 80,297 | 318,097 | 522,199 | 57,686 | 1,548,756 |
| 2012 | 581,148 | 79,953 | 311,658 | 508,608 ⁽⁸⁾ | 11,794 | 1,493,162 |

SOURCE: Office of the Comptroller.

- (1) Excludes the portion of Cigarette Tax collected under Chapter 64C of the Massachusetts General Laws which was previously credited to the Highway Fund.
- (2) During fiscal 2010, Highway Fund operations were succeeded by the Commonwealth Transportation Fund and the Massachusetts Department of Transportation.
- (3) Net of refunds and abatements from Gasoline Tax. Represents only that portion of the Gasoline Tax that is credited to the Highway Fund and Commonwealth Transportation Fund. See the Official Statement under *Commonwealth Gasoline Tax—Refunds and Abatements from Gasoline Tax*.
- (4) Includes aviation fuel taxes.
- (5) Commencing with fiscal 2011, 6.16% of the sales tax (or the 0.385% of receipts from sales or as of fiscal 2014, the sales price of purchases as defined in M.G.L. Ch. 64H and Ch. 64I) was credited to the Commonwealth Transportation Fund.
- (6) Certain prior years have been adjusted to reflect reclassification of RMV revenues. Does not include amounts allocable to the cost of production of license plates, which in fiscal 2021 was approximately \$4.4 million.
- (7) Fiscal 2021 numbers are preliminary, unaudited, and subject to change.
- (8) Fiscal 2012 does not include \$2 million of the Registry Fees which represented civil motor infraction fees collected in such fiscal year and transferred to the Commonwealth Transportation Fund in fiscal 2013.