



The Commonwealth of Massachusetts Bond Financing Programs

January 9th, 2024

Commonwealth Credit Review



Replay Information



Please note that a replay of the investor broadcast associated with the following slides is available. The replay can be accessed by following the link below and will remain available until January 9th, 2025.

<http://munios.com/live/MACommonwealthJan2024>

The full slide deck for this call is found in the pages below. These slides as well as those of prior investor calls may also be accessed by visiting the Investor and Rating Agency Presentation Archive on the Commonwealth's investor website at:

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Passcode: WEALTH

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TREASURER

Deborah B. Goldberg



GOVERNOR

Maura Healey



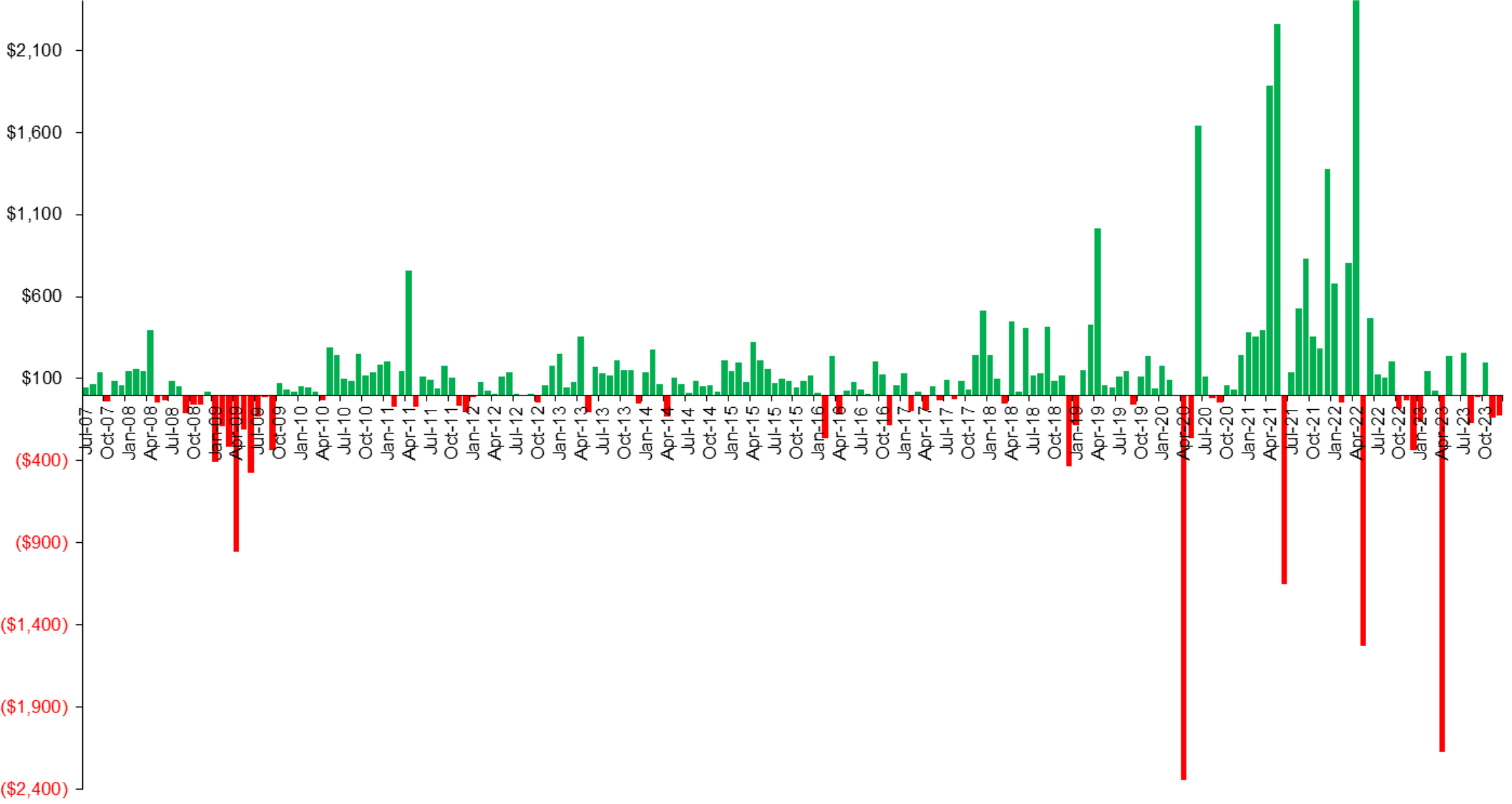
DEPARTMENT OF REVENUE

Dr. Kazim P. Özyurt

Chief Economist, Director

Office of Tax Policy & Analysis

Monthly year-over-year changes in collections - July 2007-December 2023



FY24 Year-to-Date (Through October) Tax Collections



December 2023 Tax Collections Summary (in \$ millions)

Preliminary as of January 4, 2024

	Month of December					FY24 YTD as of December				
	12/23 Actual Collections	12/23 v. 12/22 \$ Fav/(Unfav)	12/23 v. 12/22 % Fav/(Unfav)	12/23 Actual vs Benchmark \$ Fav/(Unfav)	12/23 Actual vs Benchmark % Fav/(Unfav)	12/23 YTD Actual Collections	12/23 YTD v. 12/22 YTD \$ Fav/(Unfav)	12/23 YTD v. 12/22 YTD % Fav/(Unfav)	12/23 YTD Actual vs Benchmark \$ Fav/(Unfav)	12/23 YTD Actual vs Benchmark % Fav/(Unfav)
Income										
Income Withholding	1,756	173	+10.9%	74	+4.4%	8,524	507	+6.3%	18	+0.2%
Income Est. Payments	436	(82)	-15.9%	(46)	-9.5%	1,512	(122)	-7.4%	(91)	-5.7%
Income Returns/Bills	102	(38)	-27.4%	(16)	-13.4%	703	(131)	-15.7%	(147)	-17.3%
Income Refunds Net (outflow)	(66)	(53)	-407.4%	(54)	-472.1%	(654)	153	+18.9%	(46)	-7.6%
Subtotal Non-withheld Income	472	(173)	-26.8%	(116)	-19.7%	1,562	(100)	-6.0%	(284)	-15.4%
Subtotal Income	2,229	(0)	-0.0%	(42)	-1.9%	10,085	407	+4.2%	(265)	-2.6%
Sales & Use										
Sales - Regular	549	(36)	-6.1%	(35)	-6.0%	3,264	(105)	-3.1%	(163)	-4.8%
Sales - Meals	113	(1)	-1.0%	2	+1.6%	805	34	+4.4%	(1)	-0.2%
Sales - Motor Vehicles	93	(2)	-2.5%	(4)	-4.0%	593	14	+2.4%	(17)	-2.8%
Subtotal Sales & Use	755	(39)	-5.0%	(37)	-4.7%	4,662	(57)	-1.2%	(182)	-3.8%
Corporate & Business - Total	619	(6)	-1.0%	(21)	-3.2%	1,845	(102)	-5.2%	(139)	-7.0%
All Other	173	(37)	-17.4%	(38)	-17.8%	1,277	(187)	-12.8%	(183)	-12.5%
Total Tax Collections	3,776	(82)	-2.1%	(138)	-3.5%	17,869	60	+0.3%	(769)	-4.1%

FY24 Year-to-Date Tax Collections



- Negative performances versus benchmark in all major tax categories except withholding:
 - non-withholding income tax
 - sales tax, corporate & business tax, and
 - “All Other” taxes
- Year-to-date total \$17.869 billion:
 - \$60 million, or 0.3% more than the same period in fiscal 2023
 - \$769 million, or 4.1% below year-to date benchmark

FY24 Year-to-Date Tax Collections



More specifically:

- Withholding: \$8.524B, +\$507M, +6.3% actual, and \$18M or 0.2% above benchmark
- Non-withholding: \$1.562B, -\$100M or -6.0% actual, and \$284M or 15.4% below benchmark
- Sales & use tax collections: \$4.662B, -\$57M or -1.2% actual, and \$182M or 3.8% below benchmark
- Corporate and business tax collections: \$1.845B, -\$102M or -5.2% actual, and \$139M or 7.0% below benchmark
- All Other taxes: \$1.277B, -\$187M or -12.8% actual, and \$183M or 12.5% below benchmark.



EXECUTIVE OFFICE FOR ADMINISTRATION & FINANCE (A&F)

Kaitlyn Connors

Assistant Secretary for Capital

Jack Caljouw

Finance Director

Fiscal Year 2024 Operating Budget



Fiscal Year 2024 Approved Operating Budget

- The fiscal year 2024 budget was approved by the Governor on August 9, 2023. It provides for approximately **\$55.9 billion** in authorized spending, including projected transfers to the Medical Assistance Trust Fund.
- The fiscal 2024 budget is approximately **5.1%** greater than fiscal 2023 estimated spending levels at the time of the Governor's approval.
- The fiscal 2024 budget as approved by the Governor incorporates a **\$41.41 billion** tax revenue forecast, which reflects the consensus tax revenue estimate of **\$40.41 billion** and the **\$1.0 billion** estimate of revenue from the new 4% surtax on personal income above \$1 million. The budget also included a **\$580 million** set aside for a tax relief package that was at the time pending before the legislature.
- The budget includes a new Education and Transportation Fund that will segregate all surtax revenue from the General Fund and ensure that it is only invested in education and transportation, as intended by the ballot initiative.

Tax Relief

- On October 4, 2023, the Governor signed into law tax relief legislation that is expected to reduce revenues by **\$577 million** in fiscal 2024 on a gross basis and **\$519 million** in fiscal 2024 on a net basis accounting for off budget capital gains transfers to the stabilization fund, eventually annualizing to slightly more than **\$1 billion** by fiscal 2028.
- The fiscal 2024 budget set aside **\$580 million** on net to cover the cost of this tax relief legislation.

Fiscal Year 2024 Operating Budget (Continued)



Emergency Assistance

- On August 8, 2023, Governor Healey declared a state of emergency in Massachusetts due to rapidly rising numbers of families, including newly arriving immigrants and refugees, seeking emergency shelter and supportive services in Massachusetts.
- The fiscal 2023 close-out supplemental budget, filed by the Governor on September 13, 2023, included approximately **\$250 million** in funding to support emergency shelter and supportive services.
- In October 2023, the Governor announced that Massachusetts could not safely expand its shelter capacity beyond 7,500 families.
- On December 4, 2023, the Governor approved **\$260 million** in supplemental appropriations to support the emergency shelter program and associated services, including **\$10 million** for resettlement agencies. The Executive Office for Administration and Finance is tracking a continuing deficiency of approximately **\$224 million** in fiscal 2024 for the emergency shelter system based on the caseload of 7,500 families.
- The Administration has released a proposal to utilize the Transitional Escrow Fund to meet funding needs for the shelter crisis in both fiscal year 2024 and fiscal year 2025, and expects to file legislation on this proposal in the coming months.

Fiscal Year 2024 Operating Budget Mid-Year Corrections



Mid-Year Budget Balancing Measures

- Fiscal year 2024 year-to-date collections through December 31, 2023, totaled approximately **\$17.9 billion**, which is **\$60 million** or **0.3%** more than collections in the same period of fiscal year 2023, but **\$769 million** or **4.1%** less than the year-to-date benchmark, excluding settlements and judgements. When factoring in settlements and judgements, year-to-date tax revenues are **\$17 million** or **.01%** above collections in the same period of fiscal year 2023.
- On January 8, 2024, the Administration announced that tax revenue projections for fiscal 2024 are being adjusted down to **\$39.410 billion** (excluding estimated surtax revenues, the projection of which remains unchanged). This revision of the fiscal 2024 tax revenue estimate reflects a decrease of **\$1.0 billion** from the prior estimate of **\$40.410 billion** based on actual below benchmark performance, exclusive of the \$1.0 billion in surtax revenues. This represents a **2.4%** decrease compared with existing 2024 benchmarks.
- On January 8, 2024, consistent with this revised projection, the Governor reduced fiscal year 2024 spending pursuant to Section 9C authority by **\$375 million**. The Governor also identified additional revenue solutions (non-tax) worth **\$625 million**, including higher than projected interest collections and departmental revenues.
- The Administration will continue to monitor actual and forecasted spending and revenues and will undertake budget-balancing measures to achieve fiscal balance as needed.

Fiscal Year 2025 Consensus Revenue



Consensus Revenue Estimates for Fiscal Year 2025

- On January 8, 2024, a fiscal year 2025 consensus tax revenue estimate of **\$40.202 billion**, as well as a **\$1.3 billion** estimate of revenue from the new 4% surtax on personal income above \$1 million were agreed upon by the Secretary of Administration and Finance and the chairs of the House and Senate Committees on Ways and Means. In total, tax collections inclusive of both components are projected to be **\$41.502 billion**.
- The fiscal year 2025 consensus tax revenues estimate of **\$40.202 billion** represents revenue growth of **2.0%** from the revised fiscal 2024 estimate of **\$39.410 billion**, exclusive of revenue from the 4% surtax.
- After accounting for statutorily required transfers for pensions, excess capital gains, and to the MBTA, the MSBA and the Workforce Training Fund, the Secretary and Committee chairs agreed that **\$32.391 billion** (exclusive of the expected additional surtax revenue) would be the maximum amount of tax revenue available for the fiscal 2025 budget.



OFFICE OF THE STATE TREASURER

Debt/Capital Presentation

Sue Perez

Deputy Treasurer

Bond Sale Calendar – 2024*



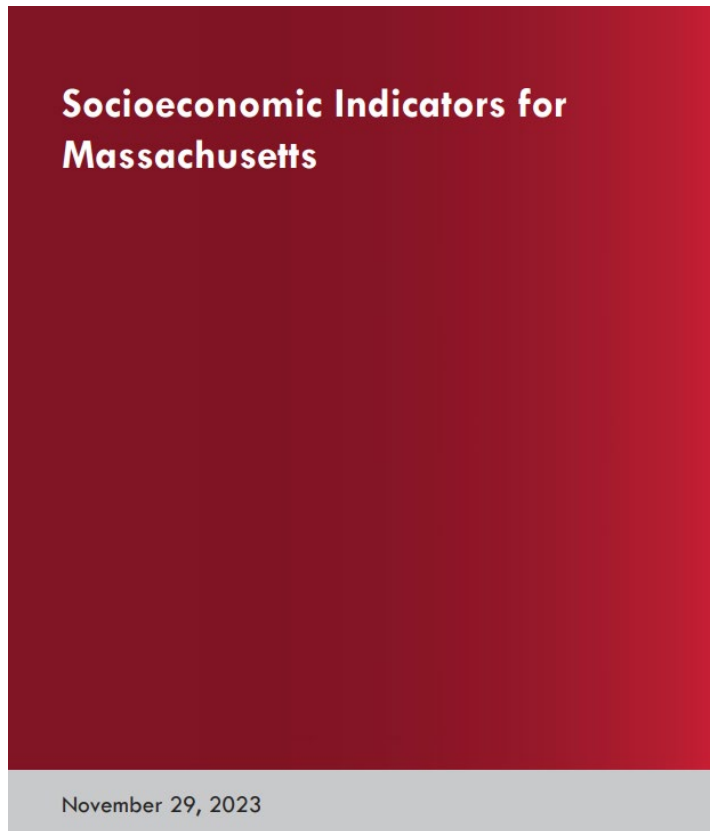
Timing	Par Amount	Type	Credit	Method of Sale
Q1 2024				
▪ January 10-11	\$1,390 million	New Money/Refunding Refunding	GO (Tax Exempt)	Negotiated
▪ February	600 million		GO (Tax Exempt)	Negotiated
Q2 2024				
▪ May/June	\$850 million	New Money	GO (Tax Exempt)	Negotiated
Q3 2024				
▪ August	\$850 million	New Money	GO (Tax Exempt)	Competitive
▪ August	100 million	New Money	GO (Taxable)	Competitive
▪ September	300 million	New Money	CTF (Tax Exempt)	Negotiated
Q4 2024				
▪ Nov/Dec	\$850 million	New Money	GO (Tax Exempt)	TBD

* Preliminary, subject to change.

Socioeconomic Indicators Report



The latest edition of our Socioeconomic Indicators Report was published in November. The edition includes four sections: **Economy**, **Workforce**, **Environment** and **Residents**. Each section paints a picture on Massachusetts providing a story along with economic data on a multitude of topics.



Highlights from this Edition

- Employment Growth in Scientific Research and Development
- GDP Growth by Quarter
- Job Recovery Rates
- State Population Trends
- Net Migration Trends to Massachusetts
- Real Per Capita Personal Income in Massachusetts, US and New England
- Environment - Climate Change
- Housing Tenure in Massachusetts by Race and Ethnicity



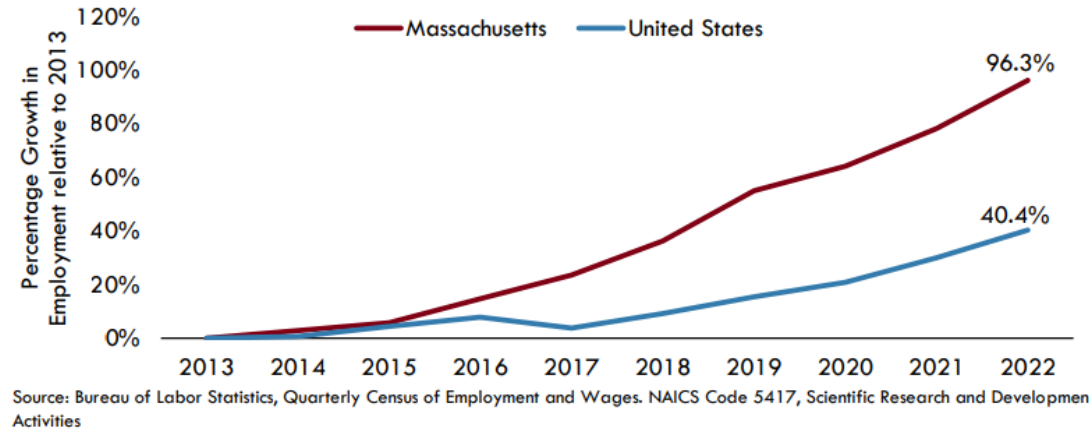
Employment Growth in Scientific Research and Development



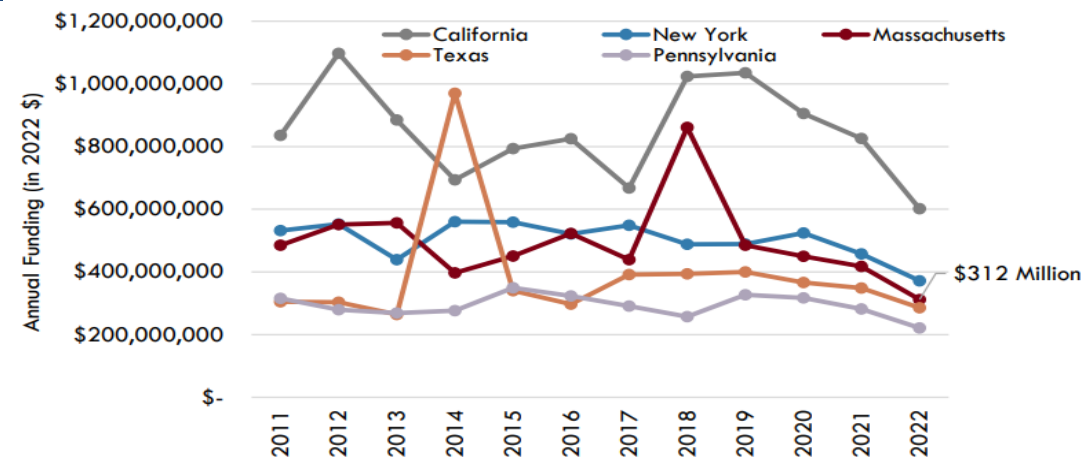
Key Takeaways

- Scientific R&D is intensely clustered in Massachusetts compared to the U.S. and has become more concentrated over the past decade.
- R&D activity also constitutes a large portion of national scientific activity: in 2022, more than one in every 10 scientific R&D jobs in the nation were in Massachusetts. This is despite the Commonwealth being home to only one in every 40 jobs overall in the nation.
- National Science Foundation (NSF) funding is another area where Massachusetts leads, among the top states in terms of overall funding, and first when funding is adjusted to reflect population size.

Employment Growth in Scientific Research and Development, 2013 - 2022



Annual NSF Funding for Top 5 States with Highest Funding in 2022



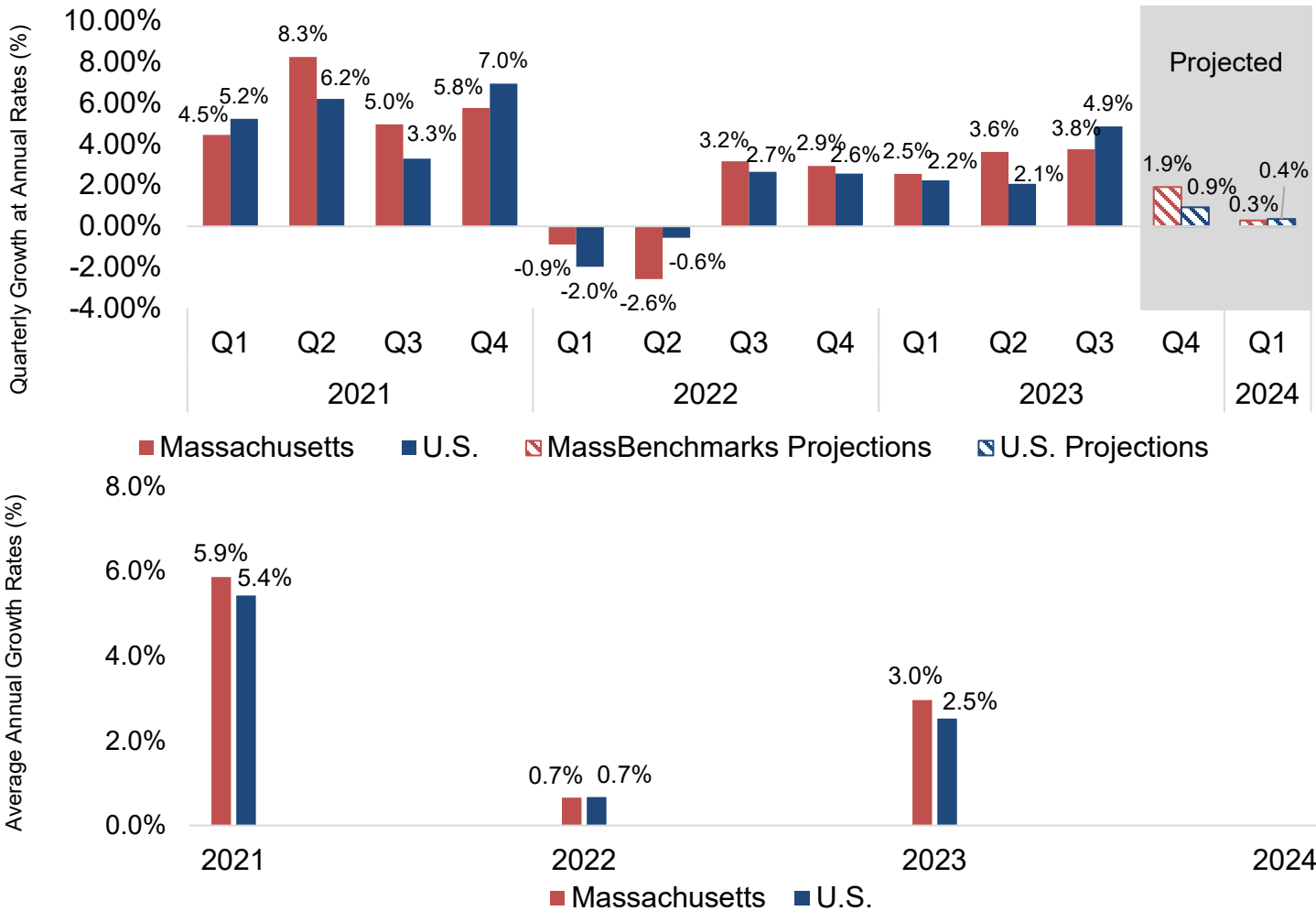
Source: National Science Foundation. Bureau of Labor Statistics Consumer Price Index, All Urban Consumers, U.S. City Average.



Key Takeaways

- In the third quarter of 2023, Massachusetts real gross domestic product (GDP) increased at a 3.8 percent annualized rate while U.S. GDP increased at a 4.9 percent annualized rate.
- Growth in Massachusetts GDP is expected to slow to a 1.9 percent annualized rate in the fourth quarter and to a 0.3 percent rate in the first quarter of next year.
- The average expectations for U.S. GDP growth from the Wall Street Journal's October Survey of Economic Forecasters is for 0.9 percent growth in the fourth quarter and 0.4 percent growth in the first quarter of 2024.

Growth in Real Product, Massachusetts and the US, 2023 Q3



Source: U.S. Bureau of Economic Analysis, MassBenchmarks calculations by Dr. Alan Clayton-Matthews. U.S. projections from Wall Street Journal. 2023 annual averages include projections for Q4.
Note: average annual growth is calculated by averaging the four quarters of annual growth rates for the calendar year

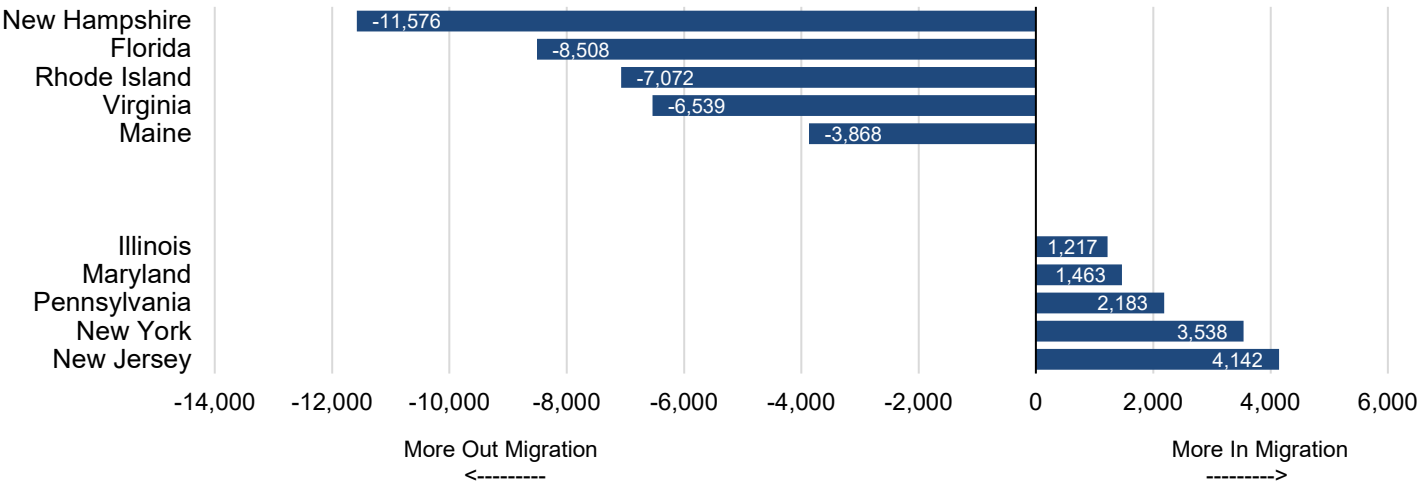
Economic Update – Residents



Key Takeaways

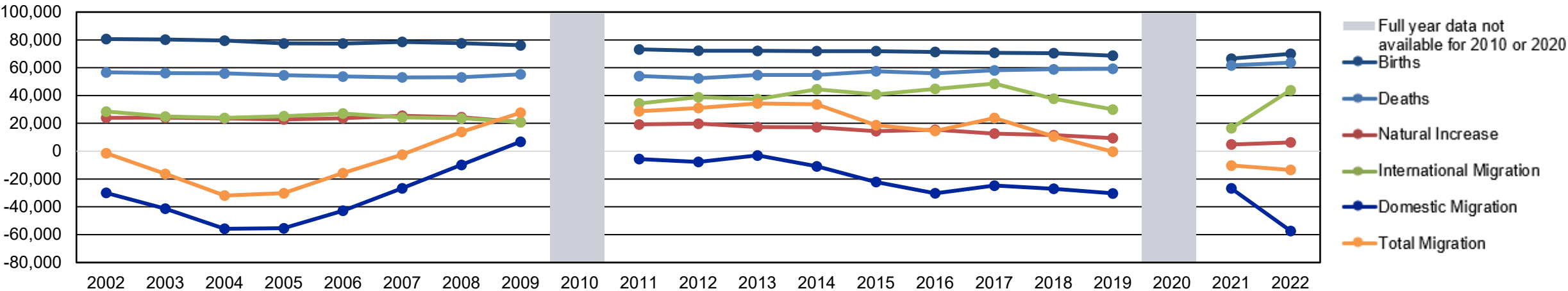
- According to OnTheMap data from the U.S. Census Bureau, 75,000 workers (22%) who live in the three border counties of Southern New Hampshire hold Massachusetts jobs.
- The United States experienced a 0.6 percent increase in population between 2020-2022, and in contrast Massachusetts' population declined by -0.7 percent placing the Commonwealth below the national average of population growth.
- The age group experiencing the largest number of out migration is 25-44 year olds. Within this group, New Hampshire was the state most former Massachusetts residents moved to, followed by Rhode Island, Florida, Virginia, and Maine in turn.

Net Migration to Massachusetts, 2020-2021



Source: U.S. Census Bureau, American Community Survey Microdata, 1-Year Estimates 2021.

Massachusetts Estimated Components of Population Change, 2000-2022



Source: UMass Donahue Institute. Source Data: ST-2000-7; CO-EST2010-ALLDATA; and NST-EST2022-ALLDATA, U.S. Census Bureau Population Division.

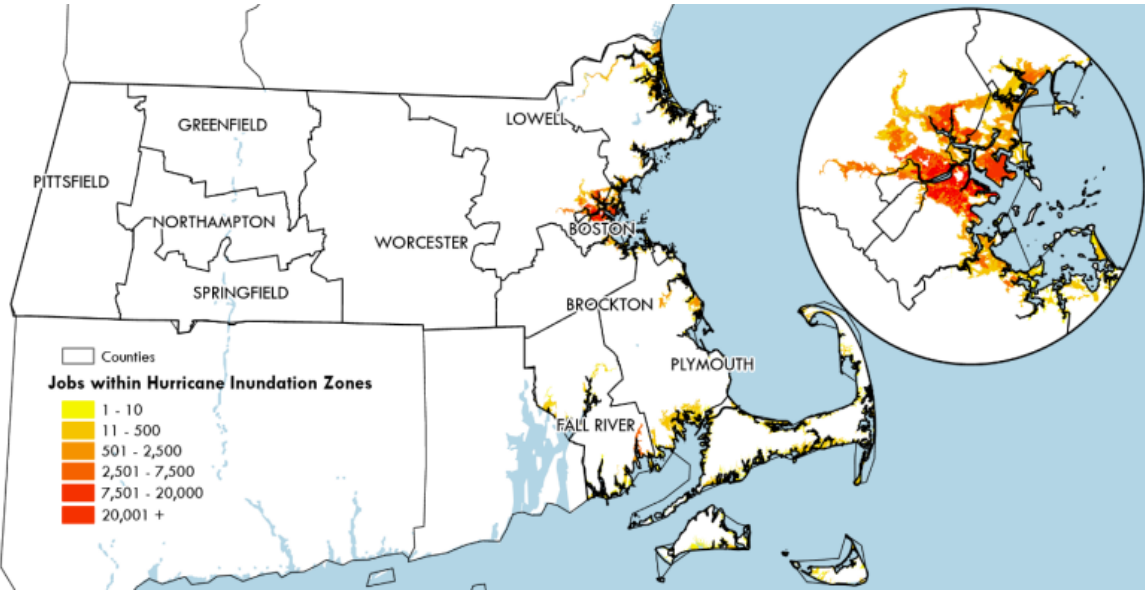
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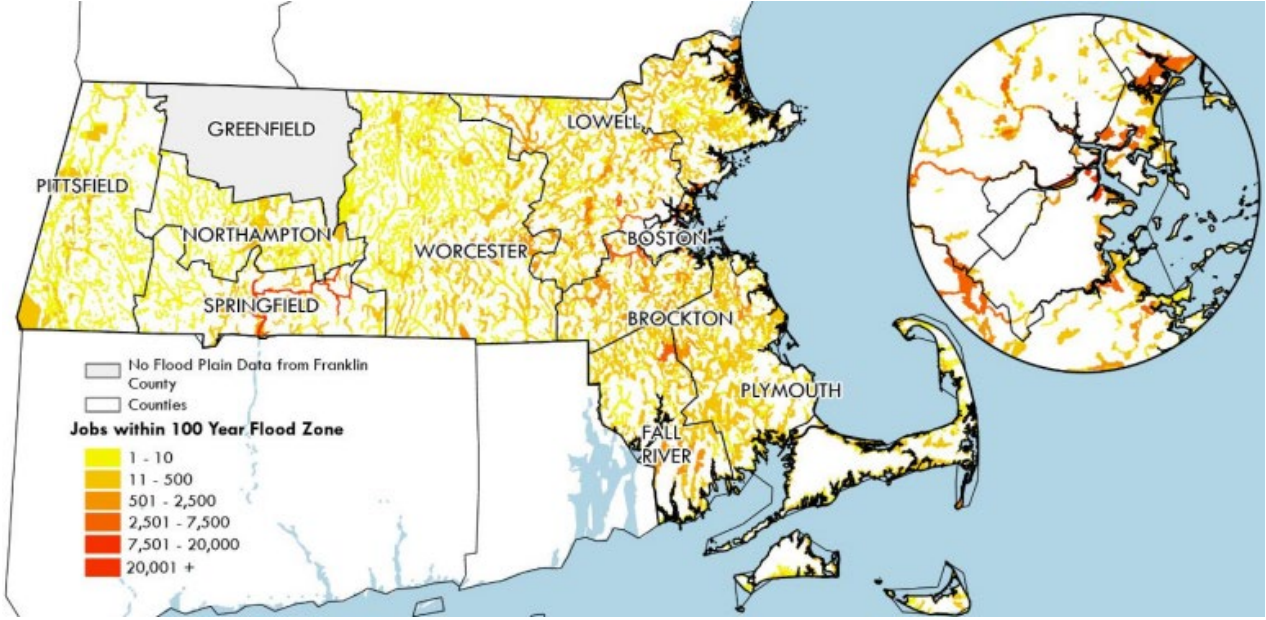
Key Takeaways

- In Boston the average number of flood days per a year has increased from 2.8 days during the 1950s and 1960s to 13.8 days from 2010 through 2020.
- The 2022 Sea Level Rise Technical Report released by the National Oceanic and Atmospheric Administration, estimated that sea levels along the East Coast will rise by 10-14 inches by 2050.
- In 2020, approximately 370,000 jobs in Massachusetts were located in 100-year flood plains.
- While there are almost 800,000 jobs in areas designated by the Army Corps of engineers as being in hurricane inundation zones.

Jobs Located in Hurricane Inundation Zones



Jobs Located in 100-Year Flood Zones



Source: FEMA National Flood Hazard Layer via MA GIS, U.S. Census Bureau 2020 LODES data on Total Jobs; UMDI analysis
Note: Counts of jobs in this table represent jobs in Census Blocks or parts of blocks that intersect or are fully contained within areas designated as 100 Year Flood Zones by FEMA and assumes an even distribution of jobs in those blocks. FEMA's current national flood hazard layer does not contain finalized flood data for Berkshire, Franklin or Hampshire counties; data from the previous flood map was used for Berkshire and Hampshire counties. Data for Franklin County was not available.

Source: U.S. Army Corps of Engineers Hurricane Surge Inundation Zones via MA GIS, U.S. Census Bureau 2020 LODES data on Total Jobs, Analysis by the Donahue Institute.

Transaction Summary*



General Obligation Bonds Consolidated Loan of 2024, Series A and General Obligation Refunding Bonds 2024 Series A		
Issuer	The Commonwealth of Massachusetts (the "Commonwealth")	
Series	General Obligation Bonds Consolidated Loan of 2024, Series A	General Obligation Refunding Bonds 2024 Series A
Par Amount*	\$850,000,000	\$540,000,000
Optional Redemption*	January 1, 2034	March 1, 2034
Ratings (F/M/S)	AA+ / Aa1 / AA+, all with stable outlook	
Tax Status	Federal and Commonwealth of Massachusetts Tax-Exempt	
Pricing Dates*	Retail Order Period: Wednesday, January 10, 2024 Institutional Order Period: Thursday, January 11, 2024	
Delivery Date*	Tuesday, January 23, 2024	
Joint Bookrunning Senior Managers	BofA Securities Siebert Williams Shank & Co., LLC	
Additional Information	www.massbondholder.com	

General Obligation Bonds Consolidated Loan of 2024, Series A	
Maturity (1/1)*	Par *
2026	\$25,000,000
2027	40,000,000
2028	30,000,000
2029	-
2030	-
2031	-
2032	-
2033	-
2034	25,000,000
2035	40,000,000
2036	15,000,000
2037	20,000,000
2038	-
2039	-
2040	25,000,000
2041	42,000,000
2042	43,000,000
2049 ⁽¹⁾	215,000,000
2054 ⁽¹⁾	330,000,000

General Obligation Refunding Bonds 2024 Series A	
Maturity (3/1)*	Par *
2026	-
2027	\$7,490,000
2028	7,365,000
2029	32,230,000
2030	57,095,000
2031	66,945,000
2032	66,795,000
2033	56,635,000
2034	41,465,000
2035	16,290,000
2036	16,105,000
2037	15,910,000
2038	15,705,000
2039	18,490,000
2040	18,265,000
2041	18,030,000
2042	34,780,000
2043	24,520,000
2044	25,885,000

*Preliminary, subject to change

(1) Represents Term Bond

Transaction Timeline and Contacts



January 2024						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Financing Schedule*	
Date	Event
Wednesday, January 3 rd	Mail Preliminary Official Statement
Wednesday, January 10 th	Retail Order Period
Thursday, January 11 th	Institutional Order Period
Tuesday, January 23 rd	Closing

Representatives from the Commonwealth are available for one-on-one discussions.
For additional information or to schedule a one-on-one call, please contact:

For more info, please visit the landing page:
<https://massbondholder.com/commonwealth-announces-1390b-upcoming-financing-january-2024>


The Commonwealth of Massachusetts	
<p>Sue Perez <i>Deputy Treasurer</i> Tel.: 617-367-9333 x816 sperez@tre.state.ma.us</p>	<p>Kathy Bramlage <i>Senior Debt Analyst / Portfolio Manager</i> Tel.: 617-367-9333 x494 kbramlage@tre.state.ma.us</p>

*Preliminary, subject to change


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Procurements



Questions