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SECRETARY

October 15, 2025

To: Her Excellency Maura Healey, Governor
The House Committee on Ways and Means
The Senate Committee on Ways and Means
The Joint Committee on Revenue

Under Massachusetts General Laws Chapter 29, Section 5B, I am required on or before October 15th to prepare estimates of budgeted revenues for the current and ensuing fiscal year.

Based on current data regarding tax collections and economic indicators, I am not recommending any revision to the Fiscal Year 2025 tax revenue estimate of \$43.614 billion at this time. While the economic outlook continues to be marked by considerable uncertainty – particularly in light of evolving federal economic, tax, and budgetary policies – recent testimony from the September 30th economic roundtable affirms that forecasts anticipate a slowing economy rather than a recession. This assessment is consistent with the economic projections presented in December 2024 and aligns with the assumptions incorporated into the consensus revenue forecast developed collaboratively by the Administration and Legislature.

Our original consensus revenue estimate, which reflects 2.2% baseline growth, was developed with the expectation of a slow-growth economic environment. Collections through the end of September were 3.1% higher than the same point last year, despite falling 0.6% below the current-year benchmark. With the majority of the fiscal year still ahead, we will continue to closely monitor revenue performance and economic indicators throughout the fiscal year to determine whether any adjustments may be warranted in the future.

Beyond the statutory requirement to certify revenues for Fiscal Year 2026, our ability to ensure a balanced budget at year-end depends on several interrelated factors, including baseline tax revenue performance, the impacts of federal fiscal policies such as those arising from the OBBBA, and our ability to manage emerging spending pressures, particularly in the state health care space, including MassHealth and the Group

Insurance Commission. While I am not recommending any adjustments to current revenue benchmarks at this time, my team will continue to closely track both revenue and expenditure trends. Should conditions warrant, we are prepared to recommend actions under Section 9C of Chapter 29 of the General Laws or other appropriate measures to maintain budget balance.

As is customary, I am not providing a Fiscal Year 2027 revenue estimate at this time. Our ability to develop an accurate forecast for Fiscal Year 2027 revenues will be strengthened by additional months of tax collection data and testimony informed by updated economic projections at the consensus revenue hearing this winter.

Sincerely,

Matthew Gorzkowicz

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