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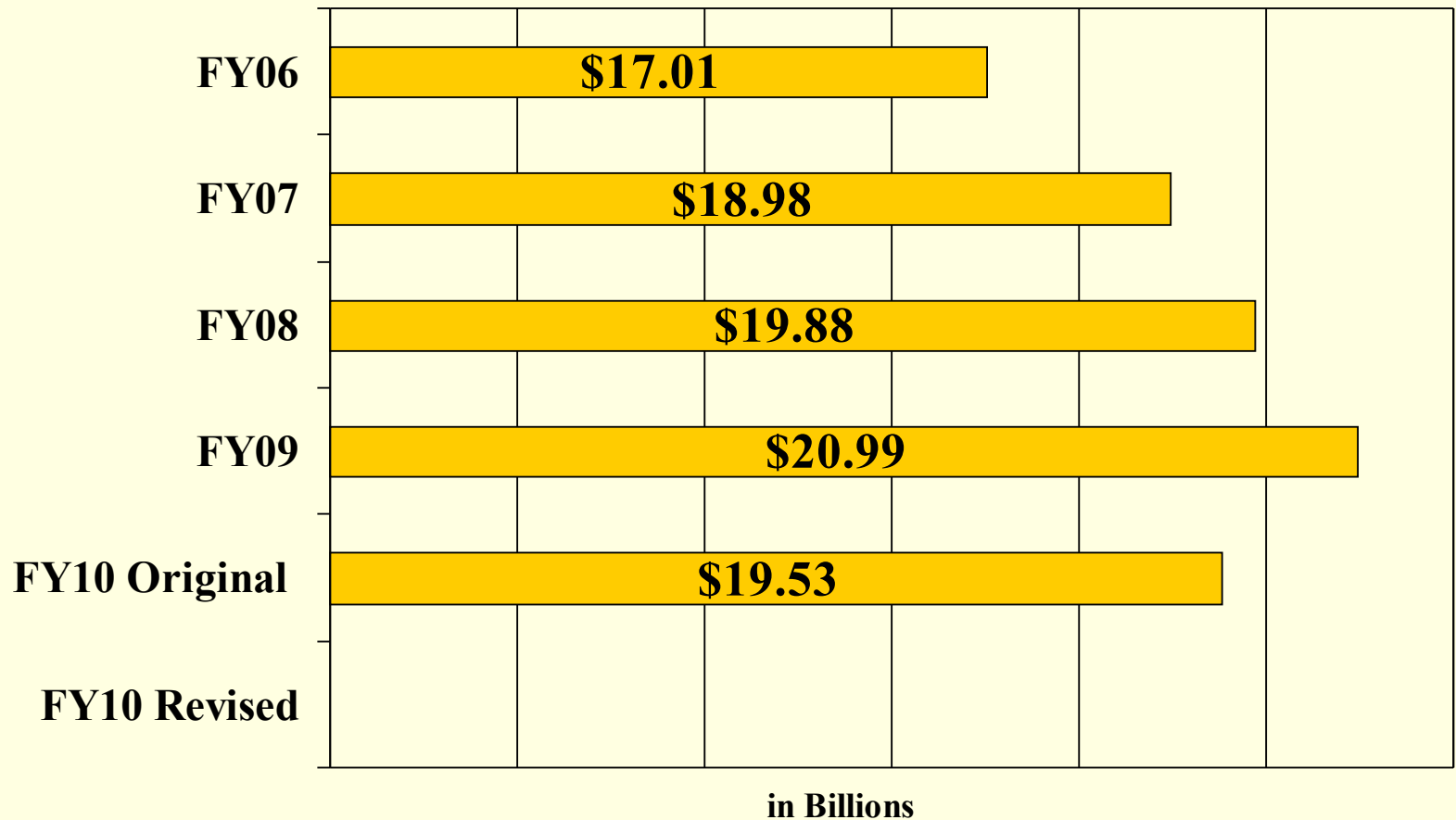
Budget Conference  
Committee Briefing  
Fiscal Year 2010

Chairman Charles A. Murphy

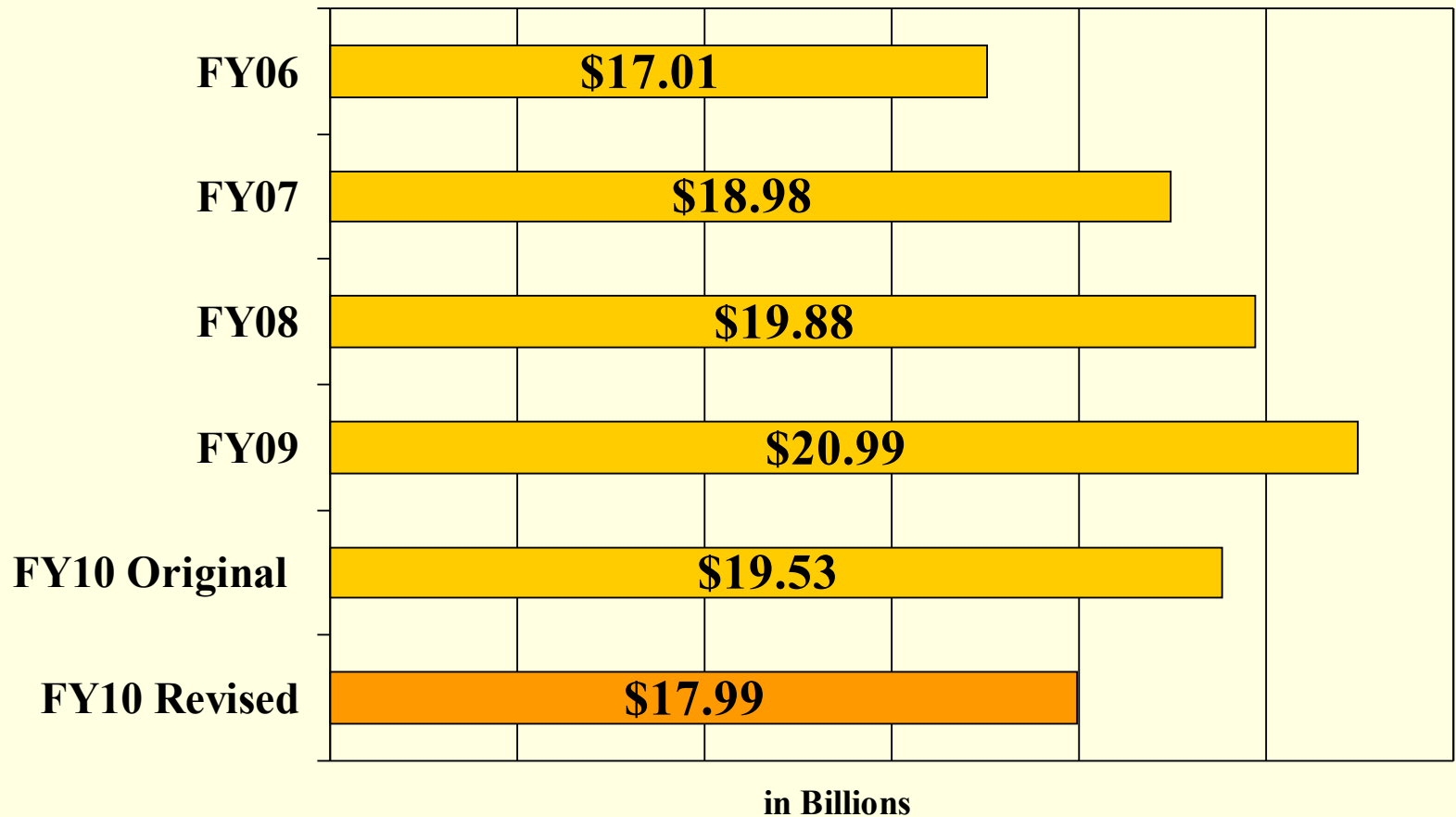
June 19, 2009

# Financial Overview

# Consensus Revenue



# Consensus Revenue

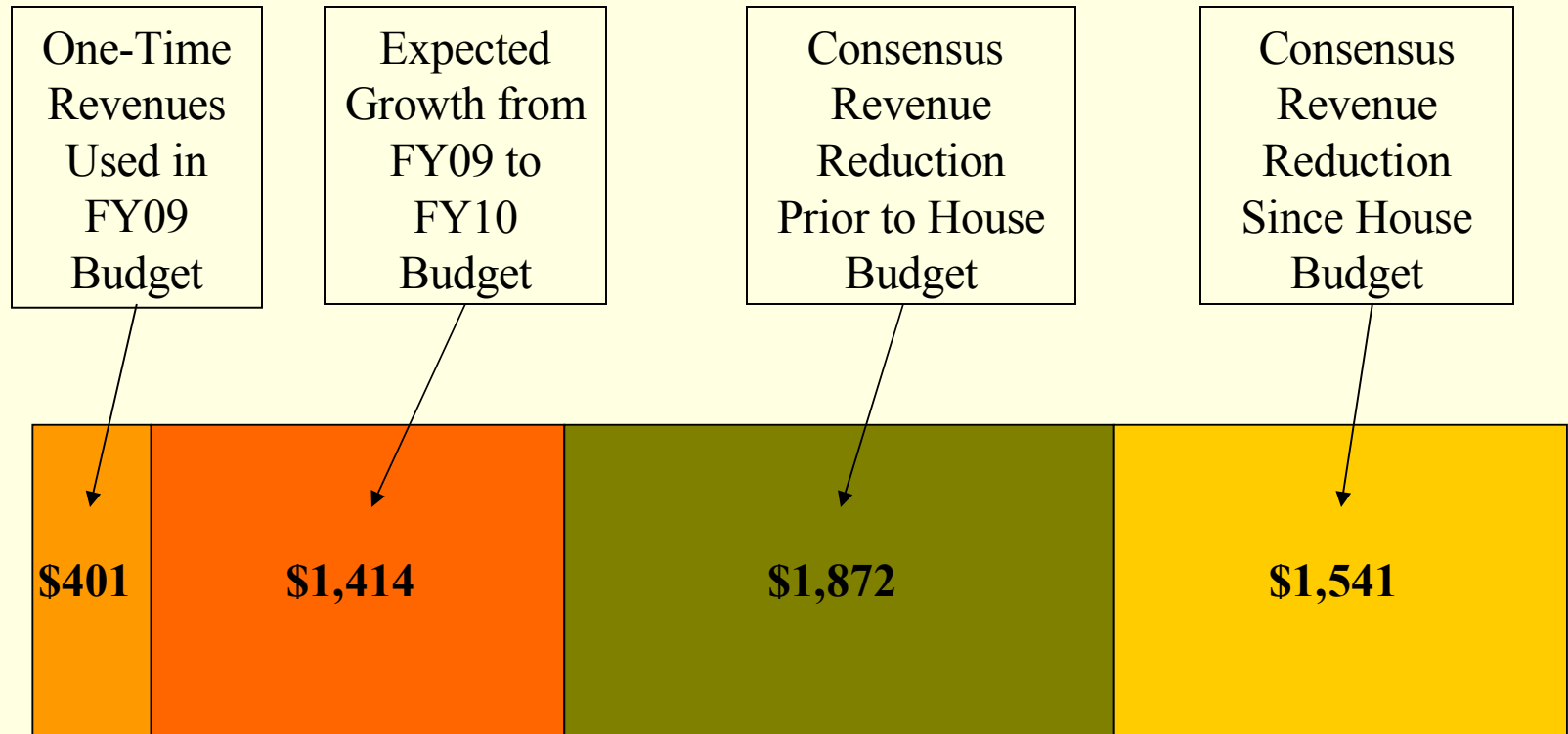


# Consensus Revenue

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Consensus Revenue for House Budget	<b>\$19.53 Billion</b>
Consensus Revenue for Senate Budget	<b>\$17.99 Billion</b>
Difference	<b>\$1.54 Billion</b>

# Increased Budget Gap



In Billions

Total Budget Gap \$5.2 Billion

# Bottom Line Comparison

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FY09 GAA	\$28.17 Billion
Governor's House 1	\$27.97 Billion
House Final	\$28.13 Billion

# Bottom Line Comparison

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FY09 GAA	\$28.17 Billion
Governor's House 1	\$27.97 Billion
House Final	\$28.13 Billion
Senate Final	\$27.33 Billion

\$800 Million below House Final, and Senate used  
\$299 Million from stabilization fund

Combined - **\$1.099 Billion** below House Final

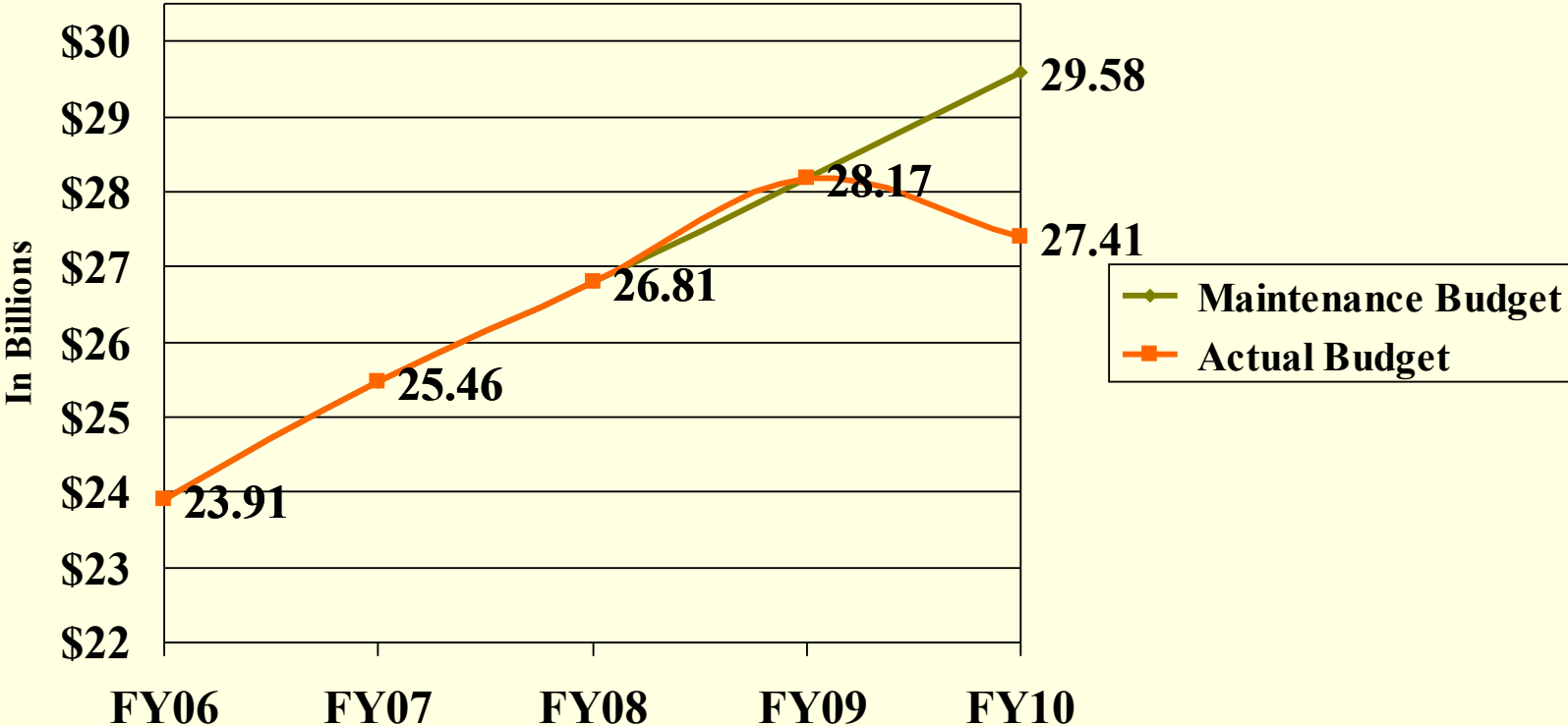
# Bottom Line Comparison

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FY09 GAA	\$28.17 Billion
Governor's House 1	\$27.97 Billion
House Final	\$28.13 Billion
Senate Final	\$27.33 Billion
<b>Conference</b>	
<b>Committee Report</b>	<b>\$27.41 Billion</b>

\$720 Million lower than House Final and  
uses \$199 Million from stabilization fund

# Bottom Line Comparison



# Closing the Gap

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## Federal Stimulus Monies

Increased Medicaid Reimbursements (FMAP)	\$1.227 B
Fiscal Stabilization Funds for Education	\$323 M
Nutrition Assistance Program	\$28 M
Adoption and Childcare	\$5.6 M
<b>Total</b>	<b>\$1.583 B</b>

# Closing the Gap

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## Revenue Enhancements

Increase Sales Tax by 1.25%	\$759 M
Removal of Sales Tax Exemption - Alcohol	\$78 M
Impose Excise Tax on Satellite Television	\$26 M

# Closing the Gap

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## Other Revenues

Stabilization Fund Draw - Balance - \$600 M	\$199 M
Stabilization Fund Interest	\$15 M
Increase Nursing Home User Fee	\$75 M
Increase RMV Fees	\$75 M
Trust Fund Transfers	\$31 M
Join Powerball Lottery Game	\$25 M
Film Tax Credit Reforms	\$20 M

# Closing the Gap

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## Steps to Closing Gap

Federal Stimulus Monies	\$1.2 B
Increased Revenue	\$1.3 B
Program savings and cuts	\$2.4 B
Total	<hr/> <b>\$5.20 B</b>

# Spending Overview

# Municipal Aid

## Section 3 Local Aid

	<u>Ch.70</u>	<u>UGGA</u>	<u>Stimulus</u>
House Final	\$3.949 B	\$1.094 B	\$181 M
Senate Final	\$3.870 B	\$865 M	\$180 M
<b>Conference Committee Report</b>	<b>\$3.870 B</b>	<b>\$936 M</b>	<b>\$168 M</b>

# Municipal Aid

## Section 3 Local Aid

	<u>Ch.70</u>	<u>UGGA</u>	<u>Stimulus</u>
House Final	\$3.949 B	\$1.094 B	\$181 M
Senate Final	\$3.870 B	\$865 M	\$180 M
<b>Conference</b>		<b>\$71 M</b>	
<b>Committee Report</b>	<b>\$3.870 B</b>	<b>\$936 M</b>	<b>\$168 M</b>

**Cuts to Section 3 Local Aid capped at 15%**

# Municipal Aid

## Increased Revenues for Cities and Towns

Increase Meals Tax by 0.75% (requires local approval)	\$61 M
Increase Hotel/Motel Tax by 2% (requires local approval)	\$34 M
Remove Property Tax Exemption on Telecommunications Equipment	\$26 M
Total	<u>\$121 M</u>

**All revenue to remain local,  
and is included in local aid calculations**

# Municipal Aid

## Increased Revenues for Cities and Towns

Increase Meals Tax by 0.75% (requires local approval)	\$61 M
Increase Hotel/Motel Tax by 2% (requires local approval)	\$34 M
Remove Property Tax Exemption on Telecommunications Equipment	\$26 M
Total	<hr/> \$121 M

**Cities and Towns will also receive  
\$77 M in Federal Title 1 Money**

# Employee Health Insurance

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## Group Insurance Commission

House Plan                      80/20 All employees  
75/25 Prospectively

Senate Plan                      75/25 All employees

**Conference Committee  
Report                              All employees will increase  
contribution by 5%  
75/25 Prospectively**

**Cost to bottom line    \$66.9 M**

# Transportation Funding

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## Transportation Reform Funding

\$275 M dedicated to transportation needs

(.385% of sales tax with floor of \$275 M)

\$100 M to mitigate need for toll increase

\$160 M for MBTA

\$15 M to Regional Transit Authorities

# Outside Section Overview

# Capital Gains Reform

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## Capital Gains Reform

50% of all growth in capital gains revenue  
deposited into Stabilization Fund

1% of all growth in capital gains revenue  
toward Other Post Employment  
Benefits liability

Tempers volatile revenue source for more  
stable budgeting long-term

# Regionalization

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## Regionalization Planning

Cabinet Level Commission to study ways  
municipalities can save money through  
regionalization

\$2 M for District Local Technical Assistance Fund  
to aid in transition to regionalized services

# Other Outside Sections

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## Other Reforms

Increase Pacheco Law cap from \$200 K to \$500 K

Lift cap on Early Intervention coverages

Establish Iraqi Freedom and Enduring Freedom  
Campaign licenses plates

Raise Dairy Tax Credit to 100% reimbursement

Increase Senior Volunteer Tax Credit  
from \$750 to \$1,000

# Closing Comments

# Overview

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## Bottom Line

Dollar to dollar FY10 budget is:

\$756 M less than FY09 GAA

\$2.17 B less than expected FY10 Maintenance

15% cut maximum received in Section 3 Local Aid

Allow for local option taxes on meals and hotel/motel