

**THE
COMMONWEALTH
OF
MASSACHUSETTS**



INFORMATION STATEMENT SUPPLEMENT

Dated May 17, 2007

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THE COMMONWEALTH OF MASSACHUSETTS



CONSTITUTIONAL OFFICERS

Deval L. Patrick.....Governor
Timothy P. MurrayLieutenant Governor
William F. Galvin.....Secretary of the Commonwealth
Martha Coakley..... Attorney General
Timothy P. Cahill..... Treasurer and Receiver-General
A. Joseph DeNucci..... Auditor

LEGISLATIVE OFFICERS

Therese Murray..... President of the Senate
Salvatore F. DiMasi..... Speaker of the House

THE COMMONWEALTH OF MASSACHUSETTS
INFORMATION STATEMENT SUPPLEMENT

May 17, 2007

This supplement (“Supplement”) to the Information Statement of The Commonwealth of Massachusetts (the “Commonwealth”) dated May 9, 2007 (the “May 9 Information Statement”) is dated May 17, 2007 and contains information which updates the information contained in the May 9 Information Statement. The May 9 Information Statement appears as Appendix A to the Official Statement dated May 9, 2007 for the Commonwealth’s \$498,565,000 General Obligation Bonds, Consolidated Loan of 2007, Series A, and \$553,135,000 General Obligation Refunding Bonds, 2007 Series A, a copy of which has been filed with each Nationally Recognized Municipal Securities Information Repository (NRMSIR) currently recognized by the Securities and Exchange Commission. This Supplement and the May 9 Information Statement must be read collectively and in their entirety in order to obtain the appropriate fiscal, financial and economic information concerning the Commonwealth through May 17, 2007. All capitalized terms not otherwise defined in this Supplement shall have the meanings ascribed to them in the May 9 Information Statement.

The May 9 Information Statement, as supplemented hereby, includes three exhibits. Exhibits A, B and C, respectively, are the Statement of Economic Information as of March 31, 2007, which sets forth certain economic, demographic and statistical information concerning the Commonwealth, the Commonwealth’s Statutory Basis Financial Report for the year ended June 30, 2006 and the Commonwealth’s Comprehensive Annual Financial Report, reported in accordance with generally accepted accounting principles (GAAP), for the year ended June 30, 2006. Specific reference is made to said Exhibits A, B and C, copies of which have been filed with each NRMSIR currently recognized by the Securities and Exchange Commission. The financial statements are also available at the web site of the Comptroller of the Commonwealth located at <http://www.mass.gov/osc> by clicking on “Publications and Reports” and then “Financial Reports.”

RECENT DEVELOPMENTS

Fiscal 2007

On May 17, 2007, the Governor approved \$88.4 million in supplemental fiscal 2007 appropriations to fund a variety of administration initiatives, including \$21.9 million for the Department of Corrections, \$15.6 million for the Department of Social Services, \$8 million for snow and ice removal, \$3.6 million for grants to support dairy farms and \$15 million for public safety initiatives, including \$11 million for grants to combat gang violence and \$4 million for municipal police. The effects of these supplemental appropriations were already anticipated and reflected in the financial projections shown in the May 9 Information Statement.

Fiscal 2008 Budget Proposals

On May 16, 2007, the Senate Committee on Ways and Means released its fiscal 2008 budget recommendations, which includes proposed appropriations of \$26.7 billion. The Senate committee’s budget is based on the consensus tax revenue estimate of \$19.879 billion. The committee’s budget does not assume approval of the Governor’s proposed changes in corporate taxation. The committee’s budget includes proposed transfers of \$150 million from the Stabilization Fund and \$150 million from the Health Care Security Trust Fund. The committee’s budget includes an additional \$20 million in local aid distributions through the chapter 70 program over the amount appropriated by the House of Representatives in its budget. The committee’s budget proposal is expected to be acted on by the full Senate during the week of May 21, 2007.

The Senate Ways and Means Committee’s budget proposes to create an irrevocable trust, the State Retiree Benefit Trust, to begin funding the unfunded OPEB liability. See the May 9 Information Statement under the heading “COMMONWEALTH PROGRAMS AND SERVICES - Pension and Other Post-Retirement Benefit Obligations.” This proposal is similar to the Governor’s proposal. To fund the trust, the committee has proposed that approximately \$323 million to

be made available by the committee's proposed repeal of the Health Care Security Trust fund be deposited in the new fund. In addition, the committee recommends that a portion of future master settlement agreement payments from tobacco companies be dedicated to the fund. Consistent with the Governor's plan, the committee proposes that 10% of all future payments would be set aside first to support smoking cessation programs. Beginning in fiscal 2009, one-quarter of the remaining 90% received would be deposited in the new trust fund. By fiscal 2012, and in all subsequent years, 90% of the annual tobacco payments would be deposited in the fund. See the May 9 Information Statement under the headings "COMMONWEALTH REVENUES - Federal and Other Non-Tax Revenues; *Tobacco Settlement*" and "FISCAL 2007 AND FISCAL 2008 - Fiscal 2008 Budget Proposals."

Central Artery/Ted Williams Tunnel Project

At a meeting on May 15, 2007, the members of the Massachusetts Turnpike Authority approved the Commonwealth's proposal relating to the \$210 million funding shortfall for the Central Artery/Ted Williams Tunnel project described in the May 9 Information Statement under the heading "COMMONWEALTH CAPITAL ASSET INVESTMENT PLAN - Central Artery/Ted Williams Tunnel Project."

AVAILABILITY OF OTHER FINANCIAL INFORMATION

Questions regarding this Information Statement Supplement or requests for additional information concerning the Commonwealth should be directed to Patrick F. Landers, III, Assistant Treasurer, Office of the Treasurer and Receiver-General, One Ashburton Place, 12th floor, Boston, Massachusetts 02108, telephone (617) 367-3900, x. 226, or to Jay Gonzalez, Assistant Secretary for Capital Finance, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040. Questions regarding legal matters relating to this Information Statement Supplement should be directed to John R. Regier, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, telephone (617) 348-1720.

THE COMMONWEALTH OF MASSACHUSETTS

By /s/ Timothy P. Cahill
Timothy P. Cahill
Treasurer and Receiver-General

By /s/ Leslie A. Kirwan
Leslie A. Kirwan
Secretary of Administration and Finance

May 17, 2007

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