



THE COMMONWEALTH OF MASSACHUSETTS

Commonwealth Transportation Fund Revenue Bonds (Rail Enhancement & Accelerated Bridge Programs)

ANNUAL FINANCIAL INFORMATION

March 26, 2021

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 Transportation Fund Revenue Bonds (Accelerated Bridge Programs) and the Commonwealth's Transportation Fund Revenue Bonds (Rail Enhancement & Accelerated Bridge Programs). Set forth below is certain financial information and operating data relating to the Commonwealth for the fiscal year ended June 30, 2020, updating the financial information presented in the Commonwealth's statement of annual financial information for transportation fund revenue bonds dated March 24, 2020 with respect to the fiscal year ended June 30, 2019. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Official Statements related to the above-mentioned bonds, copies of which are available on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA").

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 transportation fund 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 transportation fund 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 Comprehensive Annual 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 Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances for the Commonwealth Transportation Fund are available on pages 174 and 178, respectively, of the Comprehensive Annual Financial Report.

The Commonwealth's Statutory Basis Financial Report for the fiscal year ended June 30, 2020 (SBFR) has also been posted to EMMA and is available at <https://emma.msrb.org/P11451433-P11125176-P11536365.pdf>. The Balance Sheet – Statutory Basis for the Commonwealth Transportation Fund is available on page 70 of the SBFR and the Statement of Revenues, Expenditures and Changes in Fund Balances – Statutory Basis for the Commonwealth Transportation Fund is available on page 71 of the SBFR.

SPECIAL DISCLOSURE REGARDING COVID-19 MATTERS

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including throughout the United States and in Massachusetts, and on March 11, 2020, was declared a pandemic by the World Health Organization. In response to the pandemic, international, federal, state and local governments, as well as private businesses and organizations, have implemented

numerous measures intended to mitigate the spread and effects of COVID-19. Individuals, businesses and organizations have altered their behavior to adapt to such measures and to respond to the spread of COVID-19. The continued spread of COVID-19, the mitigation measures implemented, and these behavioral adaptations have caused and may continue to cause, severe disruptions in global, national, and local economies, as well as global financial markets, and significant volatility in the U.S. stock and bond markets.

In March 2020, Governor Baker declared a state of emergency in the Commonwealth, and 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 ongoing COVID-19 pandemic continues to evolve, Governor Baker's administration has curtailed certain measures while retaining 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 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.

Following the rollback in the reopening plan in December 2020, public health measures have continued to trend in a positive direction, and the Commonwealth continues to report declines in average daily COVID-19 cases and hospitalizations, and increasing rates of vaccination within the Commonwealth. Accordingly, the Administration has taken steps to continue to implement the reopening plan, and on March 18, 2021 the Administration announced the transition to step 1 of the final phase of the plan, effective March 22, 2021. The Administration is continuing to monitor public health data relating to COVID-19 and expects that it will continue to adjust the reopening plan, as needed, to control the spread of COVID-19 within the Commonwealth.

The COVID-19 pandemic has adversely impacted the Commonwealth's economy in a number of ways. Many businesses have experienced and may continue to experience decreases in operations and revenues. Due to the temporary closure of non-essential business and the stay-at-home advisory, there was a significant reduction in traffic volume, resulting in a reduction in motor fuel excise tax receipts by the Commonwealth, which reduction is expected to continue as many people continue to work from home. These impacts to date have adversely impacted certain revenues of the Commonwealth, including registry of motor vehicle revenues. The extent of these and other impacts will depend on future developments, including the extent to which businesses that have completely or partially closed will reopen, and the extent to which modifications in operations implemented by businesses and organizations during the pandemic, including allowing employees to work from home, will continue after the state of emergency in the Commonwealth is lifted. At this time, the Commonwealth cannot predict whether additional measures will be needed to control the spread of COVID-19 or the duration of any such measures. The continued and ultimate impact of the COVID-19 pandemic on the economy and the

financial condition of the Commonwealth remains unknown and is dependent on numerous and highly uncertain factors, many of which are beyond the Commonwealth's control.

This annual continuing disclosure filing includes information through the end of the Commonwealth's fiscal 2020. For the first six months of fiscal 2021, pledged motor fuels taxes totaled \$334,936,855, which represents a \$59,922,473 or 15.2% decrease from the same period in fiscal 2020. 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 Mark Attia, Assistant Secretary, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040.

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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
2020	\$ 2.486	2,545	(9.37)%	3,545	(3.50)%
2019	2.753	2,808	0.75	3,674	1.08
2018	2.708	2,787	(0.33)	3,634	1.21
2017	2.347	2,796	0.53	3,591	1.66
2016	2.282	2,781	1.54	3,532	1.91
2015	2.925	2,739	0.24	3,466	2.10
2014	3.613	2,733	0.45	3,395	1.72
2013	3.684	2,721	(1.84)	3,337	1.54
2012	3.652	2,772	0.19	3,287	1.53
2011	3.204	2,766	0.58	3,237	1.02

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.

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

HISTORICAL ANNUAL COLLECTION OF PLEDGED MOTOR FUELS TAX

Fiscal Year	Gasoline and Special Fuels Tax Rate	Pledged Motor Fuels Tax Receipts(1)	Percentage Change in Motor Fuels Tax Receipts
2020	\$0.24	\$706,295	(8.72)%
2019	0.24	773,790	0.82
2018	0.24	767,519	(0.04)
2017	0.24	767,855	0.39
2016	0.24	764,848	1.39
2015	0.24	754,392	3.25
2014	0.24 (2)	730,640	12.44
2013	0.21	649,779	(1.57)
2012	0.21	660,177	0.15
2011	0.21	659,183	0.94

Sources: "Gasoline and Special Fuels Tax Rate," Department of Revenue; "Pledged Motor Fuels Tax Receipts," Fiscal Years 2011-2020, Office of the Comptroller.

- (1) In thousands. Includes all Pledged Motor Fuels Tax collected by the Commonwealth pursuant to Chapters 64A, 64E and 64F of the Massachusetts General Laws and credited to various budgeted funds, *except* Aviation Fuel. See the Official Statements under *Commonwealth Motor Fuels Tax – Crediting of Receipts*. Net of refunds and abatements from Gasoline Tax. See the Official Statements under *Commonwealth Motor Fuels Tax – Refunds and Abatements from Gasoline Tax*. The table above reflects tax rates of 21¢ per gallon on fuel (other than liquefied gas), 19.1% of the average price per gallon liquefied gas and 20.9685¢ per gallon Gasoline Tax in effect prior to July 31, 2013, and tax rates of 24¢ per gallon on special fuel (other than liquefied gas), 19.1% of the average price per gallon on liquefied gas and 23.964¢ of the 24¢ per gallon Gasoline Tax in effect after July 31, 2013.
- (2) The tax rate per gallon has been 24¢ effective July 31, 2013.

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

**HISTORICAL MONTHLY COLLECTION OF MOTOR FUELS TAXES
MOST RECENT 24 MONTHS ENDING JUNE 2020**

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, 2018	\$57,990,779	\$8,250,165	\$678,301	\$66,919,244
August, 2018	58,886,480	7,829,094	133,673	66,849,247
September, 2018	60,022,894	8,313,507	986,452	69,322,853
October, 2018	55,551,522	7,709,338	690,490	63,951,350
November, 2018	59,081,944	8,742,303	104,658	67,928,905
December, 2018	55,594,288	8,145,519	482,869	64,222,676
January, 2019	56,913,913	7,566,464	912,930	65,393,307
February, 2019	53,770,440	7,662,834	68,927	61,502,201
March, 2019	49,075,555	6,834,273	417,793	56,327,621
April, 2019	55,399,148	7,719,148	638,295	63,756,591
May, 2019	54,082,845	7,763,306	203,832	62,049,984
June, 2019	58,169,696	8,568,416	500,577	67,238,689
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

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, 0.05% to 0.12% of total collections of the Gasoline Tax is from Aviation Fuel, and the average over this period is 0.09%.

Summary presentation of actual RMV transactions on a ten-year comparative basis, concluding with the prior fiscal year.

The following table shows the number of RMV transactions since fiscal year 2011 ⁽¹⁾.

Fiscal Year	Vehicle Registration Renewals or Modifications	License Duplicates/ Amendments	License Renewal	New License ⁽²⁾	New Vehicle Registrations	Total
2020	3,210,530	259,625	821,201	167,564	952,171	5,411,091
2019	3,265,072	226,764	992,905	217,269	1,298,783	6,000,793
2018	3,267,124	216,538	948,738	160,191	1,299,835	5,892,426
2017	3,021,320	233,338	790,989	152,968	1,302,777	5,501,392
2016	3,206,242	210,267	602,081	158,807	1,315,621	5,493,018
2015	3,208,001	194,490	918,640	207,191	1,250,330	5,778,652
2014	3,097,268	186,499	987,767	231,807	1,204,382	5,707,723
2013	2,644,174	184,318	946,787	230,148	1,123,537	5,128,964
2012	2,552,172	206,378	951,498	224,365	1,175,158	5,109,571
2011	2,643,757	201,258	556,539	222,157	1,079,229	4,702,940

Source: Massachusetts Department of Transportation

- (1) Amounts are unaudited. Does not include all RMV transactions, such as certificate of title transactions.
- (2) New license transactions totals for fiscal years 2011-2013 have been restated due to a calculation error when recording new license transactions. Revenue attributable to the transactions has not changed.

Summary presentation of Registry Fee receipts on a ten-year comparative basis, concluding with the prior fiscal year.

The following table shows the historical collection of Registry Fees since fiscal year 2011.

HISTORICAL ANNUAL COLLECTION OF REGISTRY FEES

<u>Fiscal Year</u>	<u>Pledged Registry Fee Receipts (in thousands) ⁽¹⁾</u>	<u>Percentage Change in Registry Fee Receipts</u>
2020	\$561,867	(8.91)%
2019	616,830	0.66
2018	612,780	2.35
2017	598,683	3.15
2016	580,426	(0.22)
2015	581,686	9.09
2014	533,194	2.11
2013	522,199	2.67
2012	508,608 ⁽²⁾	2.53
2011	496,034 ⁽²⁾	2.11

SOURCES: Office of the Comptroller.

- (1) Certain prior years have been adjusted to reflect a reclassification of certain revenues as Pledged Registry Fees. Does not include amounts allocable to the cost of production of license plates, which in fiscal year 2017 was approximately \$4.2 million.
- (2) Fiscal years 2011 and 2012 do not include \$1 million and \$2 million, respectively, of the Registry Fees which represented civil motor infraction fees collected in such fiscal years and transferred to the Commonwealth Transportation Fund in fiscal year 2013. See the Official Statements under *Commonwealth Registry Fees - Crediting of Receipts*.

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

**HISTORIC PRO FORMA COMMONWEALTH TRANSPORTATION FUND PLEDGED FUNDS
(in thousands)**

Pledged Motor Fuels Tax ⁽¹⁾

<u>Fiscal Year Ending June 30</u>	<u>Chapter 64A Receipts</u> ⁽²⁾	<u>Chapter 64E and 64F Receipts</u>	<u>Registry Fees</u> ⁽³⁾	<u>Total</u>
2020	\$609,818	\$96,477	\$561,867	\$1,268,161
2019	672,866	100,923	616,830	1,390,619
2018	667,866	99,654	612,780	1,380,300
2017	670,093	97,762	598,683	1,366,538
2016	666,539	98,309	580,426	1,345,274
2015	656,445	97,947	581,686	1,336,078
2014	640,702	89,938	533,194	1,263,834
2013	570,477	79,302	522,199	1,171,978
2012	581,148	79,028	508,608 ⁽⁴⁾	1,168,784
2011	580,031	79,152	496,034 ⁽⁴⁾	1,155,217

SOURCE: Office of the Comptroller.

- (1) Includes all Pledged Motor Fuels Tax collected by the Commonwealth pursuant to Chapters 64A, 64E and 64F of the Massachusetts General Laws and credited to various budgeted funds, *except* Aviation Fuel. See the Official Statements under *Commonwealth Motor Fuels Tax – Crediting of Receipts*. Does not include prior Pledged Funds used to pay 1994 Trust Agreement Bonds.
- (2) Equal to 20.9685¢ per gallon of the 21¢ per gallon Gasoline Tax imposed under Chapter 64A *prior to July 31, 2013*, and equal to 23.964¢ per gallon of the 24¢ per gallon Gasoline Tax imposed under Chapter 64A *after July 31, 2013*; prior to the Transportation Reform Act and the establishment of the Commonwealth Transportation Fund effective fiscal year 2010, the Gasoline Tax imposed under Chapter 64A was credited to the Highway Fund (84.85%), the General Fund (15.0%) and to the Inland Fisheries and Game Fund (0.15%).
- (3) 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 year 2017 was approximately \$3.8 million.
- (4) Fiscal years 2011 and 2012 do not include \$1 million and \$2 million, respectively, of the Registry Fees which represented civil motor infraction fees collected in such fiscal years and transferred to the Commonwealth Transportation Fund in fiscal year 2013. See the Official Statements under *Commonwealth Registry Fees - Crediting of Receipts*.