



THE COMMONWEALTH OF MASSACHUSETTS
Special Obligation Dedicated
Tax Revenue Bonds

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 issuance of special obligation dedicated tax revenue bonds. 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 special obligation dedicated tax revenue bonds dated March 24, 2020.

Specific reference is made to the Official Statement dated June 29, 2005, relating to the Commonwealth’s Special Obligation Dedicated Tax Revenue Refunding Bonds, Series 2005 (the “Official Statement”), a copy of which has been filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) system. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Official Statement.

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 special obligation dedicated tax 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 special obligation dedicated tax 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 Convention and Exhibition Center Fund are available on pages 176 and 180, respectively, of the Comprehensive Annual Financial Report.

The Commonwealth’s Statutory Basis Financial Report for the 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 Non-Budgeted Special Revenue Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Statutory Basis for the Convention and Exhibition Center Fund is available on page 122 of the SBFR and the Capital Projects Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Statutory Basis for the Convention and Exhibition Center Fund is available on page 128 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 travel and tourism and other commercial activity. These impacts to date have adversely impacted certain revenues of the Commonwealth. 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.

As of February 28, 2021, the balance of the trustee-held Convention Center Revenue Fund available for debt service was \$80.1 million. The trust agreement for the Series 2004 Bonds and Series 2005 Bonds requires a capital reserve fund to be maintained at an amount equal to the lesser of 10% of outstanding principal amount of the bonds, 125% of average annual debt service or maximum annual debt service and provides that if the fund falls below its required balance, the 2.75% convention center financing fee in Boston is to be increased (though the overall hotel tax in Boston, including the fee, cannot exceed 14%). As of February 28, 2021, the balance of the Capital Reserve Fund was \$53.0 million. As of February 28, 2021, the retained earnings in the Convention Center Fund was \$307.4 million. In June 2004, the Commonwealth issued \$686.7 million of special obligation bonds secured solely by the pledge of receipts of tax revenues within the special districts surrounding the centers and other special revenues connected to such facilities, and in June 2005, the Commonwealth issued \$527.6 million of special obligation refunding bonds, which advance refunded, in part, the 2004 issue. As of February 28, 2021, there are no Series 2004 Bonds outstanding and approximately \$479.6 million of the Series 2005 Bonds is outstanding.

For the first six months of fiscal 2021, pledged receipts totaled \$19,805,866, which represents a \$87,410,549 or 81.5% decrease from the same period in fiscal 2020. The Department of Revenue provides monthly reports regarding the collection of pledged receipts 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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Historical Collections of Pledged Receipts – Fiscal Years 1999 through 2020

The following table shows historical net collections of the Room Occupancy Taxes, Vehicular Rental Surcharge, Sales Taxes and Sightseeing Surcharge in all the municipalities within the Tax Base in the Fiscal Years 1999 through 2020.

Fiscal Year	Room Occupancy Taxes	Vehicular Rental Surcharges	Sales Taxes and Sightseeing Surcharges	Total (1)
1999	\$ 22,492,409	\$ 11,529,850	\$ 1,828,377	\$ 35,850,636
2000	30,205,370	11,570,477	2,820,273	44,596,120
2001	33,780,677	11,607,998	3,436,452	48,825,127
2002	27,219,077	9,250,292	3,749,667	40,219,036
2003	27,177,474	8,652,549	3,710,343	39,540,367
2004	30,374,219	8,504,097	4,628,671	43,506,987
2005	35,642,440	9,203,788	5,715,061	50,561,289
2006	39,000,827	9,773,530	6,278,356	55,052,713
2007	46,427,614	10,369,002	9,550,367	66,346,983
2008	54,528,782	10,859,321	13,595,256	78,983,359
2009	50,693,330	9,961,727	13,255,065	73,910,122
2010	49,840,637	9,596,060	15,995,950	75,432,647
2011	55,830,733	10,551,865	18,522,534	84,905,132
2012	60,889,483	11,475,712	21,869,156	94,234,351
2013	64,124,410	11,728,107	22,666,831	98,519,348
2014	69,994,608	12,558,632	25,017,786	107,571,026
2015	78,118,067	13,141,711	31,999,975	123,259,753
2016	82,852,032	13,807,270	37,952,959	134,612,262
2017	87,237,066	14,199,971	32,352,074	133,789,111
2018	93,222,172	14,392,954	39,257,049	146,872,177
2019	103,369,480	14,432,307	46,394,985	164,196,769
2020	93,694,737	14,078,983	38,060,828	145,834,550

Source: Department of Revenue.

(1) Totals may not add due to rounding.