



Commonwealth of Massachusetts

OFFICE OF THE COMPTROLLER

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THOMAS G. SHACK III, ESQ.
COMPTROLLER

October 31, 2016

Secretary Kristen Lepore
Executive Office of Administration and Finance

The Honorable Karen Spilka, Chairwoman
Senate Committee on Ways and Means

The Honorable Brian S. Dempsey, Chairman
House Committee on Ways and Means

RE: Stabilization Fund Transfers for FY2016

Dear Secretary Lepore, Chairwoman Spilka and Chairman Dempsey:

On October 13, 2016, the Office of the Treasurer and Receiver General certified to the State Comptroller's Office for the fiscal year 2016 the total value of property assumed abandoned of \$226,172,035.79. Section 5H of Chapter 29 of the Massachusetts General Laws requires that 75% of the growth in the abandoned property receipts from the prior fiscal year be transferred to the Stabilization Fund. During FY16 a transfer of \$27,099,656.96 was made to the Stabilization Fund, as calculated below:

FY2016 abandoned property	\$226,172,035.79
FY2015 abandoned property	<u>190,039,155.85</u>
Fiscal year growth	\$ 36,132,879.94
Percentage growth to the Stabilization Fund	75%
Transfer to the Stabilization Fund	<u>\$27,099,656.96</u>

Section 159 of Chapter 133 of the Acts of 2016 authorizes the disposal of the consolidated net surplus in the budgetary funds for fiscal year 2016 and further authorizes the transfer of any remaining consolidated net surplus to the Stabilization Fund.

As certified in the Statutory Basis Financial Report (SBFR) issued today, the FY2016 consolidated net surplus was \$0. Therefore, no transfer to the Stabilization Fund was made at the end of FY2016.

If you have any questions regarding this letter, please contact Howard Merkowitz, Deputy Comptroller, at (617) 973-2602.

Sincerely,

Thomas G. Shack III
Comptroller of the Commonwealth

Enc. Attachment #1: Section 143 of Chapter 46 of the Acts of 2015
Attachment #2: Section 4 of Chapter 237 of the Acts of 2014
Attachment #3: Chapter 29, Section 5H of the Massachusetts General Laws
[Attachment #4](#): FY 2016 Stabilization Fund Balance Spreadsheet

Cc: Catharine Hornby, Assistant Secretary for the Budget, ANF
Heath Fahle, Finance Director, ANF
Justin Sterritt, Budget Director, HWM
Adriana Campos, Budget Director, SWM
Judy Zeprun Kalman, General Counsel, AGO
Michael Heffernan, Commissioner, DOR
Kazim Ozyurt, Director, Office of Tax Policy Analysis, DOR
James MacDonald, First Deputy Treasurer, TRE
Howard Merkowitz, Deputy Comptroller, CTR
Michael Rodino, FRAB Director, CTR
Tim O'Neill, Acting GAB Director, CTR

Attachment #1

Chapter 46 of the Acts of 2015

SECTION 143 - Notwithstanding any general or special law to the contrary, the comptroller shall not make any transfers attributable to capital gains tax collections required pursuant to section 5G of chapter 29 of the General Laws during fiscal year 2016.

Attachment #2

Chapter 237 of the Acts of 2014

SECTION 4. Section 2H of chapter 29 of the General Laws is hereby amended by striking out the last paragraph, as amended by section 47 of chapter 165 of the acts of 2014, and inserting in place thereof the following paragraph:-

Upon receiving a written joint certification from the commissioner of revenue and the attorney general that a state agency is in receipt of a 1-time settlement or judgment for the commonwealth, of which the net value to the commonwealth of the proceeds of that settlement or judgment, after all restitution or other remedial payments are made pursuant to the settlement or judgment, exceeds \$10,000,000 in any 1 fiscal year, the comptroller shall transfer said proceeds from the General Fund to the Stabilization Fund established under this section, but only to the extent that the total of all such 1-time settlements and judgments exceeds the average of such total for the 5 fiscal years preceding the immediately preceding fiscal year, as determined by the secretary of administration and finance. A constitutional office in receipt of such a non-tax 1-time settlement or judgment shall notify the attorney general not later than 10 days after receipt of such settlement or judgment.

Attachment #3

Chapter 29, Section 5H of the Massachusetts General Laws

Section 5H. Notwithstanding any general or special law to the contrary, the state treasurer shall report by September 30 to the state comptroller, the executive office for administration and finance and the house and senate committees on ways and means the value of all property assumed abandoned, as defined by chapter 200A, in the previous fiscal year; provided, however, that beginning October 31 and quarterly thereafter the state treasurer shall, within 15 days, certify to the state comptroller the amount collected in abandoned property revenues for the previous quarter. The state treasurer shall certify by October 31, the amount of actual receipts of abandoned property for the previous fiscal year, and beginning in fiscal year 2013, the comptroller shall transfer 75 per cent of the growth in abandoned property revenue that exceeds the amount collected during the previous fiscal year to the Commonwealth Stabilization Fund established by section 2H; provided, however, that said transfer shall be made prior to the certification of the consolidated net surplus for the previous fiscal year as provided in section 5C.