

**SUPPLEMENT DATED MARCH 18, 2010 TO THE
OFFICIAL STATEMENT DATED MARCH 11, 2010**



THE COMMONWEALTH OF MASSACHUSETTS

\$538,120,000

General Obligation Refunding Bonds

(SIFMA Index Bonds)

2010 Series A

The Commonwealth's Information Statement Supplement dated March 2, 2010 attached as Appendix A to the Official Statement dated March 11, 2010 relating to the above-referenced Bonds is hereby supplemented by the addition of the following information:

Through the beginning of March, 2010, the Executive Office for Administration and Finance was tracking up to \$426 million (gross) in additional funding that might be necessary to support state programs and services, mainly in areas affected by increased caseloads and utilization over the course of the economic downturn as well as other unanticipated costs, such as special elections and increased funding for snow and ice removal. The Executive Office for Administration and Finance has been taking the potential need for this additional funding into account on its balance sheet, as well as available resources to address these needs. The Governor has filed supplemental appropriations to address most of these funding needs, and the Governor expects to seek additional supplemental appropriations later in the fiscal year for the balance of the projected funding needs to the extent necessary.

The Executive Office for Administration and Finance is currently undertaking a standard review in connection with its active budget management to update non-tax revenue projections and spending estimates for the balance of fiscal 2010. Based on updated information received in recent days in connection with this review, the Executive Office for Administration and Finance estimates that there is \$195 million to \$295 million (gross) of additional non-tax revenue and cost exposures in fiscal 2010 that were not previously anticipated. The Executive Office will be completing its review over the next few weeks and working with agencies to take any action possible to mitigate these additional exposures. Upon completion of its review, the Executive Office will determine the amount of any such revenue and cost exposures that cannot be mitigated or addressed from available resources and will take any necessary action to ensure that the budget is in balance.

The following additional information should also be noted:

1. In February, 2010, the Commonwealth was informed by the United States Department of Health and Human Services (USDHHS) that states' payment obligations to USDHHS for the Medicare Part D program (referred to as "clawback payments") for the period between October, 2008 through December, 2010 are less than previously anticipated due to USDHHS' determination that these costs are also subject to enhanced federal reimbursements under the American Recovery and Reinvestment Act of 2009. The Commonwealth's total savings for fiscal 2010 and fiscal 2011 combined are estimated to be \$130 million, and it is currently estimated that \$80 million of these savings will be realized in fiscal 2010. Under existing statutory authority, the Secretary of Administration and Finance directed the Comptroller to reduce the fiscal 2010 transfer from the Commonwealth's Stabilization Fund to the General Fund by \$80 million as a result of this savings in clawback payments.

2. Legislation approved by the Governor on July 23, 2008 requires the Department of Revenue to submit to the Legislature semi-monthly reports of preliminary tax revenues, one on or before the third business day following the fifteenth day of each month and one on or before the third business day of the following month. On March 18, 2010, the Department of Revenue released its March, 2010 mid-month tax revenue report. The March monthly benchmark corresponding to the fiscal 2010 tax revenue estimate of \$18.460 billion projects March tax revenues of \$1.666 billion, an increase of \$63 million from March, 2009 tax collections. The projected increase reflects continuing projected declines in withholding taxes, offset by increases in sales taxes due to the sales tax rate increase and elimination of the sales tax exemption for alcoholic beverages, with all of the projected increase expected to occur on or after after March 22, 2010, when monthly sales tax payments are due. Corporate and business tax collections are also projected to decline by \$13 million compared to March, 2009. The mid-month report indicates that through March 15, 2010, March month-to-date tax collections totaled \$758 million, down \$125 million from the same period in March, 2009, with virtually the entire decrease resulting from corporate and business taxes, particularly the financial institutions excise tax. Of the main revenue sources, month-to-date income tax withholding totaled \$421 million, up \$9 million from the same period last year, month-to-date sales and use tax totaled \$52 million, up \$9 million from the same period last year, and income tax refunds totaled \$180 million, up \$12 million from the same period last March. Month-to-date corporate and business taxes totaled \$398 million, down \$123 million from the same period last year, with \$85 million of that decline the result of a drop in financial institutions excise tax payments. Some of the month-to-date corporate/business tax is due to a reduction in the corporate and financial institutions excise tax rates which were effective January 1, 2010, and additional declines – particularly in the financial institutions and insurance taxes – may have been due to increased use of transferable film and historic rehabilitation tax credits. The mid-month report cautions that growth in revenues received through March 15 is not necessarily indicative of what the growth for the full month will be, since most of the important activity in March occurs during the second half of the month, primarily because sales, meals, motor fuels and rooms tax returns are due on the 20th of each month. There may be other differences in the due dates for certain tax payments from one fiscal year to the next (for example, in the timing of refund cycles) which complicate month-to-date comparisons to the prior year.

3. Exhibit A to the Commonwealth's Information Statement is the Statement of Economic Information as of March 12, 2010 which has been filed with the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access (EMMA) service on March 18, 2010 under the heading "other financial /operating data." Exhibit A sets forth certain economic, demographic and statistical information concerning the Commonwealth.

4. The information included in the table "Overview of Fiscal 2010 Non-Segregated Operating Cash Flow" on page A-10 of the Information Statement Supplement dated March 2, 2010 is replaced by the information contained in the "Cash Flow Letter as of March 4, 2010" filed with the EMMA service on March 15, 2010 under the heading "other financial /operating data."

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