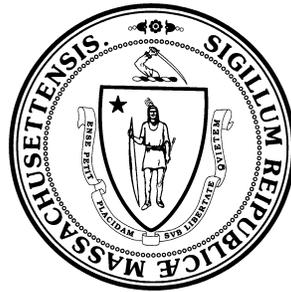


**THE
COMMONWEALTH
OF
MASSACHUSETTS**



INFORMATION STATEMENT SUPPLEMENT

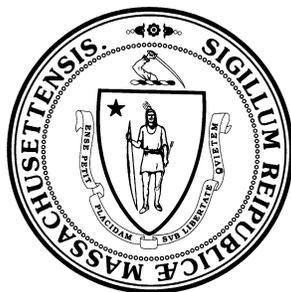
Dated July 15, 2010

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THE COMMONWEALTH OF MASSACHUSETTS



CONSTITUTIONAL OFFICERS

Deval L. Patrick.....Governor
Timothy P. Murray Lieutenant 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
Robert A. DeLeo..... Speaker of the House

THE COMMONWEALTH OF MASSACHUSETTS
INFORMATION STATEMENT SUPPLEMENT

July 15, 2010

This supplement (“Supplement”) to the Information Statement of The Commonwealth of Massachusetts (the “Commonwealth”) dated June 8, 2010 (the “June Information Statement”) is dated July 15, 2010 and contains information which updates the information contained in the June Information Statement. The June Information Statement has been filed with the Municipal Securities Rulemaking Board. This Supplement and the June 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 July 15, 2010. All capitalized terms not otherwise defined in this Supplement shall have the meanings ascribed to them in the June Information Statement.

The June Information Statement, as supplemented hereby, includes three exhibits. Exhibit A is the Statement of Economic Information as of March 12, 2010, which sets forth certain economic, demographic and statistical information concerning the Commonwealth. Exhibits B and C are, respectively, the Commonwealth’s Statutory Basis Financial Report for the year ended June 30, 2009 and the Commonwealth’s Comprehensive Annual Financial Report, reported in accordance with generally accepted accounting principles (GAAP), for the year ended June 30, 2009. The Commonwealth’s independent auditor has not been engaged to perform, and has not performed, since the respective dates of its reports included herein, any procedures on the financial statements addressed in such reports, nor has said independent auditor performed any procedures relating to the official statement of which this Supplement is a part. Specific reference is made to said Exhibits A, B and C, copies of which have been filed with the Municipal Securities Rulemaking Board. 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 2010

To date the Governor has signed fiscal 2010 supplemental appropriations legislation totaling \$665.4 million. The majority of additional funding is necessary to support state safety net programs and services affected by increased caseloads and utilization as a result of the economic downturn, such as the MassHealth program (see the June Information Statement under the heading “COMMONWEALTH REVENUES AND EXPENDITURES – Medicaid and the Commonwealth Care Trust Fund”), the state program that provides legal representation to indigent persons in criminal and civil court cases and the emergency family shelters program at the Department of Housing and Community Development. There have also been other unanticipated costs, such as special elections and increased funding for snow and ice removal, that have required supplemental funding. The Governor has approved or filed supplemental appropriations to address these funding needs. On July 9, 2010, the Governor filed a final supplemental appropriations bill for fiscal 2010 that provides for net new spending in the amount of \$28.5 million. This funding primarily addresses outstanding liabilities of the Commonwealth and there are sufficient resources available to cover these expenditures.

While the Department of Revenue has not completed its tabulation of fiscal 2010 tax revenues, on July 15, 2010 the Department of Revenue released its preliminary June tax revenue report. That report indicates that collections for fiscal 2010 totaled \$18.538 billion, an increase of \$279 million, or 1.5%, compared to fiscal 2009. The fiscal 2010 tax revenue increase of \$279 million from fiscal 2009 is attributable in large part to an increase of approximately \$743 million, or 19.2%, in sales tax collections (due entirely to the increase in the sales tax rate from 5.0% to 6.25% and elimination of the sales tax exemption for alcoholic beverages, both of which were effective August 1, 2009), an increase of approximately \$20 million, or 1.0%, in corporate and business tax collections, and a decrease of approximately \$474 million, or 4.5%, in personal income tax collections.

The preliminary tax revenue figures from the Department of Revenue indicate that June tax collections were \$149 million above the monthly benchmark and that total fiscal 2010 tax collections were \$78 million above the revised fiscal 2010 estimate announced by the Secretary of Administration and Finance on January 7, 2010. See the June Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – Tax Revenue Forecasting." Additional relatively minor adjustments to fiscal 2010 tax revenues are expected to be made by the Department of Revenue, the State Auditor and the Comptroller prior to October 31, 2010, when the Commonwealth will issue its Statutory Basis Financial Report for fiscal 2010.

Fiscal 2011

On June 30, 2010 the Governor approved the fiscal 2011 budget, which totaled \$27.570 billion. The Governor vetoed approximately \$457 million from the budget that was enacted by the Legislature. Such vetoes include \$372 million of appropriations funded from additional federal Medicaid matching funds (FMAP) that had been assumed in the budget, but which the United States Congress has not yet approved. A six-month extension of the enhanced FMAP rate had been anticipated in the Governor's fiscal 2011 budget proposals filed in January, as well as in both the House and Senate versions of the budget. See the June Information Statement under the heading "FISCAL 2010 AND FISCAL 2011 – Fiscal 2011 Budget Proposals." In addition, the budget enacted by the Legislature included \$54 million in anticipated federal assistance for needy families that has not yet been approved by Congress. The budget enacted by the Legislature also included approximately \$17 million in Lottery revenues in excess of revenue projections given by the State Lottery Commission. The Governor has vetoed certain funding in the fiscal 2011 budget to solve for these anticipated exposures.

The fiscal 2011 budget includes a \$100 million withdrawal from the Stabilization Fund, the use of fiscal 2011 interest earnings on the Stabilization Fund and an additional \$95 million in savings by suspending the statutory carryover of the General Fund balance into the next fiscal year. Taking all that into account, the Stabilization Fund is projected to have a \$556 million balance at the end of fiscal 2011. The fiscal 2011 budget also relies on \$809 million in remaining available federal funds under the American Recovery and Reinvestment Act of 2009.

Despite having an approved balanced budget at the start of fiscal 2011, the failure of Congress to approve the six-month FMAP extension and the associated loss of federal revenue to the Commonwealth will require departments to make significant reductions to programs and services below levels that were contemplated in the original budget proposals of the Governor, the House and the Senate. These spending reductions, along with continued case-load driven pressures in programs and services like the MassHealth program, emergency family shelters and other safety-net programs, will require departments and agencies to manage over \$1 billion in spending reductions and potential exposures during fiscal 2011. Currently, state departments and agencies are preparing implementation plans detailing the necessary steps that each department or agency will need to take to manage their fiscal 2011 programs and services, generally at reduced funding levels from the previous fiscal year. These plans will inform the Executive Office for Administration and Finance and the Governor's office of layoffs or regulatory, statutory or other changes that may be required for departments and agencies to operate at reduced funding. The plans are due by the end of July and will enable departments and agencies to take action early in the fiscal year to mitigate the impact that these reductions will have on programs and services.

COMMONWEALTH REVENUES AND EXPENDITURES

State Taxes

The proponents of the initiative petitions to remove the sales tax on alcoholic beverages and to reduce the sales and use tax rates to 3% collected sufficient signatures to place both petitions on the November, 2010 ballot. See the June Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – State Taxes; *Sales and Use Tax.*"

MISCELLANEOUS

Any provisions of the constitution of the Commonwealth, of general and special laws and of other documents set forth or referred to in the June Information Statement and this Supplement are only summarized, and

such summaries do not purport to be complete statements of any of such provisions. Only the actual text of such provisions can be relied upon for completeness and accuracy.

The June Information Statement and this Supplement contain certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the Commonwealth and various state agencies and authorities, receipt of federal grants, litigation, arbitration, force majeure events and various other factors that are beyond the control of the Commonwealth and its various agencies and authorities. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as “may,” “will,” “should,” “intends,” “expects,” “believes,” “anticipates,” “estimates” and others.

All estimates and assumptions in the June Information Statement and this Supplement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in the June Information Statement and this Supplement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. The various tables may not add due to rounding of figures.

Neither the Commonwealth’s independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The information, estimates and assumptions and expressions of opinion in the June Information Statement and this Supplement are subject to change without notice. Neither the delivery of this Supplement nor any sale made pursuant to any official statement of which the June Information Statement and this Supplement are a part shall, under any circumstances, create any implication that there has been no change in the affairs of the Commonwealth or its agencies, authorities or political subdivisions since the date of this Supplement, except as expressly stated.

CONTINUING DISCLOSURE

The Commonwealth prepares its Statutory Basis Financial Report and its Comprehensive Annual Financial Report with respect to each fiscal year ending June 30. The Statutory Basis Financial Report becomes available by October 31 of the following fiscal year and the Comprehensive Annual Financial Report becomes available in January of the following fiscal year. Copies of such reports and other financial reports of the Comptroller referenced in this document may be obtained by requesting the same in writing from the Office of the Comptroller, One Ashburton Place, Room 909, Boston, Massachusetts 02108. The financial statements are also available at the Comptroller’s web site located at <http://www.mass.gov/osc> by clicking on “Financial Reports/Audits.”

On behalf of the Commonwealth, the State Treasurer will provide to the Municipal Securities Rulemaking Board (MSRB), no later than 270 days after the end of each fiscal year of the Commonwealth, certain financial information and operating data relating to such fiscal year, as provided in Rule 15c2-12 of the federal Securities and Exchange Commission, together with audited financial statements of the Commonwealth for such fiscal year. To date, the Commonwealth has complied with all of its continuing disclosure undertakings relating to the general obligation debt of the Commonwealth and has not failed in the last seven years to comply with its continuing disclosure undertakings with respect to its special obligation debt and federal grant anticipation notes. However, the annual filings relating to the fiscal year ended June 30, 2001 for the Commonwealth’s special obligation debt and for the Commonwealth’s federal highway grant anticipation notes were filed two days late, on March 29, 2002. Proper notice of the late filings was provided on March 29, 2002 to the MSRB.

The Department of the State Auditor audits all agencies, departments and authorities of the Commonwealth at least every two years. Copies of audit reports may be obtained from the State Auditor, State House, Room 229, Boston, Massachusetts 02133.

AVAILABILITY OF OTHER FINANCIAL INFORMATION

Questions regarding the June Information Statement or this Supplement or requests for additional information concerning the Commonwealth should be directed to Colin MacNaught, Assistant Treasurer for Debt Management, Office of the Treasurer and Receiver-General, One Ashburton Place, 12th floor, Boston, Massachusetts 02108, telephone (617) 367-3900, or to Karol Ostberg, Director of 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 the June Information Statement or this 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/ Jay Gonzalez
Jay Gonzalez
Secretary of Administration and Finance

July 15, 2010