



AMY PITTER
COMMISSIONER

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
Boston, MA 02114-9550

December 18, 2014

The Honorable Brian S. Dempsey, Chair
House Committee on Ways and Means
State House
Room 243
Boston, MA 02133

The Honorable Viriato Manuel deMacedo, Representative
House Committee on Ways and Means
State House
Room 124
Boston, MA 02133

The Honorable Stephen M. Brewer, Chair
Senate Committee on Ways and Means
State House
Room 212
Boston, MA 02133

The Honorable Richard J. Ross, Senator
Senate Committee on Ways and Means
State House
Room 520
Boston, MA 02133

Honorable Chairmen and Ranking Minority Members of the Ways and Means Committees:

Pursuant to Section 6 of Chapter 14 of the General Laws¹, the Department of Revenue hereby submits its mid-month tax revenue report for the month of December 2014. The attached table shows December 2014 month-to-date and FY2015 year-to-date tax revenue collections through December 15, 2014, along with the dollar and percentage changes from the same collection period in December 2013. Also shown are the percentage growth amounts for the full month of December 2014 and for FY2015 year-to-date through the end of December 2014 that were assumed in the benchmarks corresponding to the FY2015 tax revenue estimate of \$24.387 billion. (The \$24.387 billion estimate reflects the FY2015 consensus tax estimate of \$24.337 billion adjusted for the impact of the subsequent changes affecting budgetary taxes, which include changes in the General Appropriation Act such as tax amnesty, delayed FAS109 deductions, and enhanced DOR tax enforcements, changes in the economic development bill, and changes in the county government financial management bill; the \$24.387 billion estimate was kept unchanged by the Secretary of Administration and Finance on October 15, 2014; the \$24.387 billion estimate does not

¹ <http://www.malegislature.gov/Laws/GeneralLaws/PartI/TitleII/Chapter14/Section6>

include the \$240 million tax- and non-tax-related judgment & settlement payments in excess of \$10 million each, which was assumed in the FY2015 GAA budget.)

December is a significant tax collection month, as withholding reflects end-of-year bonuses, the final corporate/business quarterly estimated payments of the tax year are due for most corporations, and in the last week of the month individual income taxpayers begin to remit their final estimated payments of the year (which are not due until January 15th, but are paid by many taxpayers in December so that they can deduct the payments on the current tax year's federal income tax returns). The December benchmark corresponding to the FY2015 tax revenue estimate of \$24.387 billion assumes total tax collections of \$2.267 billion, an increase of \$172 million, or 8.2% actual, and increase of \$122 million, or 5.6% baseline from December 2013. December benchmark assumes that a) withholding would increase significantly this December due to the fact that there was a total \$65 million dollar withholding shift from December 2013 to November 2013 (\$50 million) and January 2014 (\$15 million), which was expected to reverse this year, b) about \$25 million in one-time settlement and judgment payments that occurred last December would not recur this December, and c) having one more deposit day this month vs. last December will positively affect the revenues by about \$9-11 million.

Through December 15, 2014, tax collections totaled \$899 million, up \$83 million from the same period in December 2013, versus the full month benchmark that calls for growth of \$172 million from December 2013; some of the factors that contributed to the month-to-date increase were increases in withholding (+\$33 million), corporate and business taxes (+\$38 million), and estate tax collections (+\$23 million), which were partly offset by declines in sales tax collections (-\$7 million), income tax payments with bill and returns (-\$6), and several other tax categories, relative to mid-December 2013.

Month-to-date income tax collections through December 15, 2014 totaled \$528 million, up \$25 million from the same period in December 2013, with the full month benchmark projecting an increase of \$126 million, or 10.4% actual, and up \$71 million, or 5.5% baseline from December 2013. Month-to-date withholding totaled \$496 million, up \$33 million from the same period in December 2013, with the full month benchmark projecting an increase of \$119 million from December 2013. As mentioned above, there was a shift in withholding of \$50 million from December to November last year. This year's benchmarks projected the reversal of this dynamic this year, thus contributing to the projection of strong year-over-year December growth in withholding. The withholding payment details suggest that this anticipated shift "back" to December did not happen, which likely drove November's \$38 million above benchmark withholding performance. As a result, December withholding performance will be affected negatively. It is still too soon to know where withholding will end the month at this time as end-of-year bonuses are typically received towards the end of the month. Month-to-date income tax cash estimated payments totaled \$28 million, up \$0.4 million from the same period last December, versus the full month benchmark that calls for growth of \$7 million from December 2013; it is too soon for month-to-date collections to be meaningful for this tax category as most payments will be received and recorded during the second half of the month.

As of December 15, 2014, corporate and business tax collections totaled \$242 million, up \$38 million, from the same period last December, with the full month benchmark projecting to total \$292 million, an increase of \$10 million from December 2013, or 6.5% actual and 6.9% baseline. Month-to-date corporate/business cash estimated payments (a sub-category of corporate and business tax collections total) totaled \$232 million, up \$46 million from the same period in December 2013, with the full month benchmark projecting an increase of \$24 million from December 2013 full month's collections.

Month-to-date sales and use tax collections through December 15, 2014 totaled \$63 million, down \$7 million from the same period in December 2013, with the full month benchmark projecting to total \$474 million, an increase of \$29 million, or 6.5% actual, and an increase of \$26 million or 5.8% baseline from

December 2013. Since monthly sales tax payments (other than those for motor vehicle sales tax, which are remitted daily) are due on December 22nd (the usual due date, December 20th, falls on a weekend this year), it is too early in the month for sales tax trends to be meaningful. Motor vehicle sales taxes, which are received daily and should not be affected by timing issues, are up \$3 million, from the same period last December.

Month-to-date estate tax collections totaled \$28 million, up \$23 million from the same period last December, with the full month benchmark projecting an increase of \$3 million. Estate tax collections are usually volatile and hard to predict. These collections have already exceeded the monthly benchmark by about \$6 million.

Monthly motor fuels and rooms tax payments are also due on December 22nd (the usual due date, December 20th, falls on a weekend this year). There may be differences in the due dates for certain tax payments from one fiscal year to the next (e.g., in withholding payments or the timing of refund cycles) which complicate month-to-date comparisons to the prior year. As a result of these factors, revenues received through December 15th as reported in the attached table may not be indicative of what the final results for the full month will be. Specifically, they do not necessarily represent one-half of the revenues to be received in the full month and the month-to-date growth rates compared to December 2013 could change significantly by the end of this month. Any variances from the monthly benchmark at this point in the month should not be relied on as an indicator of what total final revenues for the month will be, compared to the full month benchmark.

If you have any questions concerning this report, please contact either me (at 626-2201) or Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (at 626-2100).

Sincerely,



Amy Pitter
Commissioner

Attachment

Cc: Glen Shor, Secretary of Administration and Finance
Representative Robert A. DeLeo, House Speaker
Senator Therese Murray, Senate President
Representative Jay R. Kaufman, House Chair, Joint Committee on Revenue
Senator Michael J. Rodrigues, Senate Chair, Joint Committee on Revenue
Representative Bradley H. Jones, Jr., House Minority Leader
Senator Bruce Tarr, Senate Minority Leader
Steven Grossman, Treasurer and Receiver General

Mid-Month Tax Collection Report for December 2014 (in \$ Millions)

Tax Collections as of December 15, 2014, Compared to Same Collection Period in FY2014 and to the FY2015 Tax Revenue Estimate of \$24.387 Billion

	----- Month of December -----						----- FY15 Year-to-Date -----					
	12/14 MTD Collections	12/14 MTD v. 12/13 MTD \$ Change	12/14 MTD v. 12/13 MTD % Change	12/14 Full Month Benchmark (*)	% Growth from 12/13 Assumed in Monthly Benchmark	\$ Needed to Reach 12/14 Full Month Benchmark (*)	12/14 FY15 YTD Collections	12/14 FY15 YTD \$ Change	12/14 FY15 YTD % Change	FY15 YTD Benchmark (*)(**)	% Growth from 12/13 Assumed in FY15 YTD Benchmark	\$ Needed to Reach FY15 YTD Benchmark (*)(**)
Income - Total	528	25	5.0%	1,336	10.4%	808	5,540	210	3.9%	6,299	4.4%	759
Income Withholding	496	33	7.1%	1,100	12.1%	604	4,824	218	4.7%	5,375	4.9%	551
Income Est. Payments (Cash)	28	0.4	1.4%	206	3.6%	178	663	53	8.6%	810	3.6%	147
Income Returns/Bills	12	(6)	(34.3%)	35	0.7%	23	258	(68)	(20.8%)	326	(4.6%)	69
Income Refunds (Cash)	8	3	49.4%	5	0.0%	(3)	204	(9)	(4.1%)	213	0.0%	9
Sales & Use - Total	63	(7)	(9.5%)	474	6.5%	410	2,481	110	4.6%	2,926	6.6%	445
Sales - Regular	25	(8)	(23.6%)	332	5.9%	307	1,670	71	4.4%	2,007	6.8%	338
Sales - Meals	9	(2)	(14.3%)	79	5.8%	70	460	23	5.2%	531	5.9%	71
Sales - Motor Vehicles	29	3	9.9%	63	10.9%	34	352	17	5.1%	388	6.3%	36
Corporate & Business - Total	242	38	18.7%	292	3.5%	51	819	(48)	(5.5%)	915	(3.3%)	96
All Other	66	26	65.7%	166	4.1%	100	956	39	4.3%	1,058	2.1%	102
Total Tax Collections	899	83	10.1%	2,267	8.2%	1,368	9,796	312	3.3%	11,198	4.0%	1,401

(*) Benchmarks are based on the FY15 tax revenue estimate of \$24.387 billion

(**) Year-to-date benchmarks are year-to-date full month benchmark totals (i.e., July through December full month totals)

Note: Detail may not add to total due to rounding and other technical factors.