

AMY PITTER
COMMISSIONER

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

July 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 July 2014. The attached table shows July 2014 month-to-date and FY2015 year-to-date tax revenue collections through July 15, 2014, along with the dollar and percentage changes from the same collection period in July 2013. Also shown are the percentage growth amounts for the full month of July 2014 and for FY2015 year-to-date through the end of July 2014 that were assumed in the benchmarks corresponding to the FY2015 General Appropriation Act tax revenue estimate of \$24.430 billion. (The \$24.430 billion estimate reflects the FY2015 consensus tax estimate of \$24.337 billion adjusted for the impact of three changes affecting revenues: tax amnesty, delayed FAS109 deductions and enhanced DOR tax enforcements.)

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

July is a relatively small tax collection month, as there are no quarterly estimated payments due for most businesses and individuals, with the exception of corporations in the retail industry, whose quarterly estimated payments are generally due in January, April, July and October. Through July 15, 2014, month-to-date tax collections totaled \$573 million, up \$33 million from the same period in July 2013, with the full month July benchmark (based on the \$24.430 billion FY2015 full year tax estimate) projecting total tax revenues of \$1.585 billion, an increase of \$0.6 million from July 2013 (July benchmarks assume that revenues would change little from last July due to the fact that *i*) we received about \$70 million settlement-related payments last July which will not recur this July, and *ii*) tax law changes will reduce the revenues by about \$4.5 million this July relative to last July). The month-to-date increase through July 15th was primarily the result of higher withholding, sales, and corporate and business tax collections compared to the same deposit day collections in July 2013. It is too early in the month for month-to-date collections to be meaningful as more than 60 to 65% of July collections are typically remitted after the 15th of the month.

Month-to-date income tax collections through July 15, 2014 totaled \$421 million, up \$16 million, or 4.1% from the same period in July 2013, compared to the benchmark estimate that projects a decline of \$15 million for the full month. Month-to-date withholding taxes through July 15, 2014 totaled \$395 million, up \$18 million from the same period in July 2013, compared to the benchmark estimate that projects a withholding growth of \$34 million for the full month. Month-to-date income cash-estimated payments through July 15, 2014 totaled \$17 million, up \$3 million from the same period in July 2013, compared to the benchmark estimate that projects an increase of \$1 million for the full month.

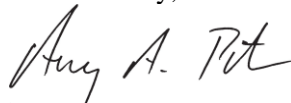
As of July 15, 2014, month-to-date corporate and business tax collections totaled \$51 million, up \$13 million from the same period in July 2013.

July sales tax is projected to total \$516 million, an increase of \$28 million from July 2013. July 15th was too early in the month for sales tax trends to be meaningful, as monthly sales tax payments (other than those for motor vehicle sales tax) are not due until July 21st (the usual due date of 20th falls on a weekend this year). Through July 15th, month-to-date sales tax collections totaled \$72 million, up \$3 million from the same period in July 2013.

Monthly motor fuels and rooms tax payments are also due on July 21st (the usual due date of 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 July 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 July 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 benchmarks.

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 July 2014 (in \$ Millions)

Tax Collections as of July 15, 2014, Compared to Same Collection Period in FY2014 and to the FY2015 Tax Revenue Estimate of \$24.430 Billion

	----- Month of July -----						----- FY15 Year-to-Date -----					
	07/14 MTD Collections	07/14 MTD v. 07/13 MTD \$ Change	07/14 MTD v. 07/13 MTD % Change	07/14 Full Month Benchmark (*)	% Growth from 07/13 Assumed in Monthly Benchmark	\$ Needed to Reach 07/14 Full Month Benchmark (*)	07/14 FY15 YTD Collections	07/14 FY15 YTD \$ Change	07/14 FY15 YTD % Change	FY15 YTD Benchmark (**)	% Growth from 07/13 Assumed in FY15 YTD Benchmark	\$ Needed to Reach FY15 YTD Benchmark (**)
Income - Total	421	16	4.1%	856	(1.7%)	435	421	16	4.1%	856	(1.7%)	435
Income Withholding	395	18	4.7%	811	4.4%	417	395	18	4.7%	811	4.4%	417
Income Est. Payments (Cash)	17	3	21.3%	25	4.4%	9	17	3	21.3%	25	4.4%	9
Income Returns/Bills	10	(4)	(28.9%)	37	(57.3%)	27	10	(4)	(28.9%)	37	(57.3%)	27
Income Refunds (Cash)	0	(0)	(4.3%)	18	0.0%	18	0	(0)	(4.3%)	18	0.0%	18
Sales & Use - Total	72	3	4.6%	516	5.8%	444	72	3	4.6%	516	5.8%	444
Sales - Regular	31	4	13.1%	353	5.9%	322	31	4	13.1%	353	5.9%	322
Sales - Meals	10	(1)	(7.9%)	91	5.1%	82	10	(1)	(7.9%)	91	5.1%	82
Sales - Motor Vehicles	32	0	1.3%	72	6.0%	40	32	0	1.3%	72	6.0%	40
Corporate & Business - Total	51	13	34.9%	52	(24.8%)	1	51	13	34.9%	52	(24.8%)	1
All Other	28	0	1.2%	162	2.8%	134	28	0	1.2%	162	2.8%	134
Total Tax Collections	573	33	6.1%	1,585	0.0%	1,013	573	33	6.1%	1,585	0.0%	1,013

(*) Benchmarks are based on the FY15 tax revenue estimate of \$24.430 billion

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

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