



AMY PITTER  
COMMISSIONER

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

October 20, 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 Laws<sup>1</sup>, the Department of Revenue hereby submits its mid-month tax revenue report for the month of October 2014. The attached table shows October 2014 month-to-date and FY2015 year-to-date tax revenue collections through October 15, 2014, along with the dollar and percentage changes from the same collection period in October 2013. Also shown are the percentage growth amounts for the full month of October 2014 and for FY2015 year-to-date through the end of October 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).

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

October is a relatively small net tax collection month, as no quarterly estimated payments are due for individuals and most corporations (other than retailers, most of which are on an estimated payment schedule that lags other companies by one month) and refunds are high due to the processing of refunds for returns filed on extension. (October has historically been the largest corporate/business refund month of the year, and net corporate/business collections in October are usually negative.) October 2014 benchmark corresponding to the FY2015 tax revenue estimate of \$24.387 billion projects total tax revenues of \$1.592 billion, \$37 million, or 2.4% more than October 2013.

Through October 15, 2014, tax collections totaled \$586 million, down \$31 million from the same period in October 2013, versus the full month benchmark that calls for growth of \$37 million. Month-to-date decline was mostly due to the decline in corporate/business tax, which was expected and built into the October benchmark (It was due to the fact that DOR had received \$78 million settlement-related corporate/business payments by this time last October, which are not expected to recur this month). The month-to-date decline in corporate/business tax (-\$58M) was partly offset by growth in withholding collections (+\$17 million) and in sales/use tax (+\$8 million). Month-to-date Amnesty collections totaled about \$5.3 million compared with the benchmark assuming a total of \$13.6 million for the month as a whole. It is very early in the month for month-to-date trends to be meaningful, as more than 60% of collections are expected to come in during the second half of the month.

October benchmark assumes that income tax collections would total \$899 million, up \$65 million, or 7.8% actual and 7.2% baseline from October 2013. Month-to-date income tax collections through October 15, 2014 totaled \$440 million, up \$20 million, or 4.7% from the same period in October 2013. Month-to-date withholding taxes through October 15, 2014 totaled \$418 million, up \$17 million from the same period in October 2013, compared to the benchmark estimate that projects an increase of \$51 million, or 6.3% actual and 5.57% baseline for the full month.

As of October 15, 2014, corporate and business tax collections totaled \$38 million, down \$58 million from the same period in October 2013. Month-to-date corporate and business refunds totaled \$25 million, up \$1.6 million from the same period last year, with the full month benchmark projecting a decline of \$2 million from the same period last year.

Month-to-date sales and use tax collections through October 15, 2014 totaled \$66 million, up \$8 million from the same period in October 2013, with the full month benchmark projecting an increase of \$36 million, or 7.7% actual, and 5.7% baseline from October 2013. October 15<sup>th</sup> was too early in the month for month-to-date sales tax trends to be meaningful, as monthly sales tax payments (other than those for motor vehicle sales tax) are not due until October 20<sup>th</sup>.

Monthly motor fuels and rooms tax payments are also due on October 20<sup>th</sup>. 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 October 15<sup>th</sup> 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 October 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,

Handwritten signature of Amy A. Pitter in cursive script.

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 October 2014 (in \$ Millions)

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

	----- Month of October -----						----- FY15 Year-to-Date -----					
	10/14 MTD Collections	10/14 MTD v. 10/13 MTD \$ Change	10/14 MTD v. 10/13 MTD % Change	10/14 Full Month Benchmark (*)	% Growth from 10/13 Assumed in Monthly Benchmark	\$ Needed to Reach 10/14 Full Month Benchmark (*)	10/14 FY15 YTD Collections	10/14 FY15 YTD \$ Change	10/14 FY15 YTD % Change	FY15 YTD Benchmark (*)(**)	% Growth from 10/13 Assumed in FY15 YTD Benchmark	\$ Needed to Reach FY15 YTD Benchmark (*)(**)
<b>Income - Total</b>	<b>440</b>	<b>20</b>	<b>4.7%</b>	<b>899</b>	<b>7.8%</b>	<b>459</b>	<b>3,606</b>	<b>127</b>	<b>3.7%</b>	<b>4,033</b>	<b>3.6%</b>	<b>427</b>
Income Withholding	418	17	4.2%	864	6.3%	446	2,960	133	4.7%	3,385	4.5%	426
Income Est. Payments (Cash)	24	7	39.3%	36	3.7%	12	597	48	8.7%	586	3.6%	(10)
Income Returns/Bills	23	0.4	1.8%	114	13.2%	91	129	(59)	(31.5%)	239	(10.2%)	110
Income Refunds (Cash)	24	5	24.3%	114	0.0%	89	79	(5)	(6.0%)	178	0.0%	99
<b>Sales &amp; Use - Total</b>	<b>66</b>	<b>8</b>	<b>14.1%</b>	<b>503</b>	<b>7.7%</b>	<b>438</b>	<b>1,530</b>	<b>76</b>	<b>5.2%</b>	<b>1,986</b>	<b>6.6%</b>	<b>456</b>
Sales - Regular	28	4	18.0%	349	8.2%	321	1,010	49	5.1%	1,346	6.8%	336
Sales - Meals	10	1	12.9%	89	7.0%	78	287	14	5.0%	367	5.9%	80
Sales - Motor Vehicles	27	3	10.8%	66	6.5%	38	234	13	6.0%	273	6.2%	40
<b>Corporate &amp; Business - Total</b>	<b>38</b>	<b>(58)</b>	<b>(60.4%)</b>	<b>9</b>	<b>(88.4%)</b>	<b>(29)</b>	<b>568</b>	<b>(84)</b>	<b>(12.8%)</b>	<b>598</b>	<b>(6.2%)</b>	<b>30</b>
<b>All Other</b>	<b>42</b>	<b>(1)</b>	<b>(1.5%)</b>	<b>180</b>	<b>4.3%</b>	<b>138</b>	<b>574</b>	<b>(1)</b>	<b>(0.1%)</b>	<b>711</b>	<b>1.0%</b>	<b>137</b>
<b>Total Tax Collections</b>	<b>586</b>	<b>(31)</b>	<b>(5.0%)</b>	<b>1,592</b>	<b>2.4%</b>	<b>1,006</b>	<b>6,279</b>	<b>119</b>	<b>1.9%</b>	<b>7,328</b>	<b>3.2%</b>	<b>1,049</b>

(\*) 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 October full month totals)

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