



AMY PITTER
COMMISSIONER

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

November 17, 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 November 2014. The attached table shows November 2014 month-to-date and FY2015 year-to-date tax revenue collections through November 14, 2014, along with the dollar and percentage changes from the same collection period in November 2013. Also shown are the percentage growth amounts for the full month of November 2014 and for FY2015 year-to-date through the end of November 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.)

November is one of the smallest net tax collection months of the year, as there are no quarterly estimated payments due for individuals and most corporations, and income and corporate tax refunds are relatively high as the Department of Revenue will continue processing the prior year's tax returns filed on extension. The November 2014 benchmark corresponding to the FY2015 tax revenue estimate of \$24.387 billion assumes total tax collections of \$1.602 billion, an increase of \$32 million, or 2.0% actual, and increase of \$89 million, or 5.8% baseline from November 2013.

Through November 14, 2014, tax collections totaled \$633 million, up \$89 million from the same period in November 2013, versus the full month benchmark that calls for growth of \$32 million. Month-to-date increase was mostly due to a big increase in withholding collections, which could be timing related (i.e., borrowed from later deposit day payments, or December), and increase in sales and use tax. It is still early in the month for month-to-date trends to be meaningful, as DOR is yet to receive two more weekly withholding payments and monthly sales tax payments (due on the 20th).

The most activity so far in the month was in withholding, which totaled \$497 million, up \$78 million from the same period last year, with the full month benchmark projecting a decrease of \$16 million from November 2013. (The projected decline in the November 2014 withholding benchmark is due to the fact that there was about \$50 million dollar withholding shift from December 2013 to November 2013, which is expected to reverse this year.) As indicated above, some of the month-to-date increase could be timing related (accelerated payments) and borrowed from the remainder deposit day collections in November. The acceleration of withholding payments could also be due to early arrival of bonus related payments (borrowed from December or later months), and therefore it could be temporary. (Please note that bonus season typically begin in December and continue well into the following year.) Month-to-date income tax payments with returns and extensions totaled \$18 million, down \$1 million from the same period last year, with the full month benchmark projecting an increase of \$11 million from November 2013. Month-to-date income tax cash refunds totaled \$18 million, down \$1 million, with the full month benchmark projecting no change from November 2013.

As of November 14, 2014, corporate and business tax collections totaled \$4 million, down \$3 million, with the full month benchmark projecting a decline of \$1.2 million from November 2013. Month-to-date corporate and business returns/bills payments totaled \$5 million, down \$5 million, with the full month benchmark projecting a decline of \$3 million from November 2013. Month-to-date corporate and business refunds totaled \$18 million, up \$9 million, with the full month benchmark projecting a decline of \$1 million from November 2013.

Month-to-date sales and use tax collections through November 14, 2014 totaled \$68 million, up \$11 million from the same period in November 2013, with the full month benchmark projecting an increase of \$29 million, or 6.6% actual, and 5.7% baseline from November 2013. November 14th 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 November 20th.

Monthly motor fuels and rooms tax payments are also due on November 20th. 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 November 14th 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 November 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 November 2014 (in \$ Millions)

Tax Collections as of November 14, 2014, Compared to Same Collection Period in FY2014 and to the FY2015 Tax Revenue Estimate of \$24.387 Billion

	----- Month of November -----						----- FY15 Year-to-Date -----					
	11/14 MTD Collections	11/14 MTD v. 11/13 MTD \$ Change	11/14 MTD v. 11/13 MTD % Change	11/14 Full Month Benchmark (*)	% Growth from 11/13 Assumed in Monthly Benchmark	\$ Needed to Reach 11/14 Full Month Benchmark (*)	11/14 FY15 YTD Collections	11/14 FY15 YTD \$ Change	11/14 FY15 YTD % Change	FY15 YTD Benchmark (**)	% Growth from 11/13 Assumed in FY15 YTD Benchmark	\$ Needed to Reach FY15 YTD Benchmark (**)
Income - Total	509	80	18.7%	930	(0.4%)	421	4,591	270	6.2%	4,963	2.8%	372
Income Withholding	497	78	18.7%	889	(1.7%)	393	3,898	241	6.6%	4,275	3.2%	377
Income Est. Payments (Cash)	11	2	15.4%	18	3.5%	6	626	50	8.6%	604	3.6%	(22)
Income Returns/Bills	18	(1)	(3.6%)	52	27.4%	34	227	(59)	(20.6%)	292	(5.2%)	65
Income Refunds (Cash)	18	(1)	(5.8%)	30	0.0%	12	157	(39)	(19.8%)	208	0.0%	50
Sales & Use - Total	68	11	19.0%	467	6.6%	398	2,026	105	5.5%	2,453	6.6%	426
Sales - Regular	35	8	29.0%	330	7.6%	295	1,355	68	5.3%	1,676	7.0%	321
Sales - Meals	11	3	34.9%	84	6.4%	73	377	22	6.1%	451	6.0%	74
Sales - Motor Vehicles	22	0	0.8%	52	1.6%	30	294	15	5.4%	326	5.4%	31
Corporate & Business - Total	4	(3)	(40.9%)	25	(4.6%)	21	563	(81)	(12.5%)	623	(6.1%)	60
All Other	52	1	1.2%	181	4.6%	128	762	6	0.7%	892	1.7%	131
Total Tax Collections	633	89	16.4%	1,602	2.0%	969	7,941	300	3.9%	8,930	3.0%	989

(*) 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 November full month totals)

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