

MARK E. NUNNELLY  
COMMISSIONER

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

August 19, 2015

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

The Honorable Todd M. Smola, Representative  
House Committee on Ways and Means  
State House  
Room 124  
Boston, MA 02133

The Honorable Karen E. Spilka, Chair  
Senate Committee on Ways and Means  
State House  
Room 212  
Boston, MA 02133

The Honorable Viriato M. deMacedo, Senator  
Senate Committee on Ways and Means  
State House  
Room 70  
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 August 2015. The attached table shows August 2015 month-to-date and FY2016 year-to-date tax revenue collections through August 14, 2015, along with the dollar and percentage changes from the same collection period in August 2014. Also shown are the percentage growth amounts for the full month of August 2015 and for FY2016 year-to-date through the end of August 2015 that were assumed in the benchmarks corresponding to the FY2016 tax revenue

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

estimate of \$25.611 billion<sup>2</sup>. The \$25.611 billion estimate does not include the \$100 million estimate for tax and non-tax related judgment & settlement payments in excess of \$10 million each, which was assumed in the FY2016 budget.

### Highlights:

- Month-to-date total tax collections are up \$85 million from the same period last August.
- Month-to-date withholding totals \$510 million, up \$85 million from the same period last August.
- Month-to-date corporate & business taxes total \$16 million, up \$12 million from the same period last August.

### Details:

August is a relatively small tax collection month, as no quarterly estimated payments are due for most income and corporate taxpayers. The August 2015 benchmark corresponding to the FY2016 tax revenue estimate of \$25.611 billion totals \$1.696 billion, \$65 million, or 4% higher than August 2014, and an increase of 4.8% baseline. The incremental impacts of tax law changes are expected to reduce collections by about \$12 million this month, reflecting mostly the revenue loss due to the recent reduction in part B personal income tax rate as well as the impact from other tax law changes.

Through August 14, 2015, month-to-date tax collections totaled \$663 million, up \$85 million from the same period in August 2014, with the full month August benchmark projecting total tax revenues of \$1.696 billion. The month-to-date increase through August 14<sup>th</sup> was primarily the result of higher withholding collections compared to the same deposit day collections in August 2014.

Month-to-date income tax collections through August 14, 2015 totaled \$516 million, up \$71 million, or 15.8% from the same period in August 2014, compared to the benchmark estimate that projects an increase of \$35 million for the full month. Month-to-date withholding taxes through August 14, 2015 totaled \$510 million, up \$85 million, or 19.9% from the same period in August 2014, compared to the benchmark estimate that projects an increase of \$42 million for the full month. The increase attributed to withholding payments is probably timing-related and may have been borrowed from later deposit days in the same month.

As of August 14, 2015, month-to-date corporate and business tax collections totaled \$16 million, up \$12 million from the same period in August 2014, compared to the benchmark estimate that projects an increase of \$3 million for the full month.

Month-to-date sales tax collections through August 14, 2015 totaled \$71 million, up \$3 million, or 4.3% from the same period in August 2014, compared to the benchmark estimate that projects an increase of \$23 million for the full month. August 14<sup>th</sup> 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 August 20<sup>th</sup>.

Monthly motor fuels and rooms tax payments are also due on August 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

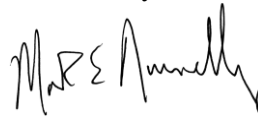
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<sup>2</sup> The \$25.611 billion estimate reflects the FY2016 consensus tax estimate of \$25.479 billion adjusted for the impact of changes affecting revenues: non-filer/non-registrant tax amnesty, illegal tobacco task force, delayed FAS109 deductions, self-imposed life sciences tax incentive cap, and sales tax holiday.

the timing of refund cycles) which complicate month-to-date comparisons to the prior year. As a result of these factors, revenues received through August 14<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 August 2014 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,

A handwritten signature in black ink, appearing to read "Mark Nunnelly". The signature is fluid and cursive, with the first name "Mark" and last name "Nunnelly" clearly distinguishable.

Mark Nunnelly  
Commissioner

Attachment

Cc: Kristen Lepore, Secretary of Administration and Finance  
Representative Robert A. DeLeo, House Speaker  
Senator Stanley C. Rosenberg, Senate President  
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  
Deborah B. Goldberg, Treasurer and Receiver General

## Mid-Month Tax Collection Report for August 2015 (in \$ Millions)

Tax Collections as of August 14, 2015, Compared to Same Collection Period in FY2015 and to the FY2016 Tax Revenue Estimate of \$25.611 Billion

	----- Month of August -----						----- FY16 Year-to-Date -----					
	08/16 MTD Collections	08/16 MTD v. 08/15 MTD \$ Change	08/16 MTD v. 08/15 MTD % Change	08/16 Full Month Benchmark (*)	% Growth from 08/15 Assumed in Monthly Benchmark	\$ Needed to Reach 08/16 Full Month Benchmark (*)	08/16 FY16 YTD Collections	08/16 FY16 YTD \$ Change	08/16 FY16 YTD % Change	FY16 YTD Benchmark (**)**	% Growth from 08/15 Assumed in FY16 YTD Benchmark	\$ Needed to Reach FY16 YTD Benchmark (**)**
<b>Income - Total</b>	<b>516</b>	<b>71</b>	<b>15.8%</b>	<b>978</b>	<b>3.8%</b>	<b>463</b>	<b>1,430</b>	<b>127</b>	<b>9.8%</b>	<b>1,881</b>	<b>4.4%</b>	<b>451</b>
Income Withholding	510	85	19.9%	945	4.7%	434	1,394	154	12.4%	1,801	4.9%	407
Income Est. Payments (Cash)	8	1	13.1%	21	5.4%	13	36	0	1.1%	50	3.3%	14
Income Returns/Bills	12	(10)	(46.6%)	32	(20.4%)	20	45	(9)	(17.0%)	65	(9.0%)	20
Income Refunds (Cash)	15	5	48.4%	19	-0.5%	4	44	18	69.7%	35	(0.3%)	(10)
<b>Sales &amp; Use - Total</b>	<b>71</b>	<b>3</b>	<b>4.3%</b>	<b>503</b>	<b>4.7%</b>	<b>432</b>	<b>620</b>	<b>37</b>	<b>6.3%</b>	<b>1,046</b>	<b>5.0%</b>	<b>425</b>
Sales - Regular	30	0	1.6%	336	4.4%	306	408	21	5.4%	709	4.3%	301
Sales - Meals	12	2	17.8%	95	4.9%	83	108	9	8.9%	189	5.1%	81
Sales - Motor Vehicles	29	1	2.3%	72	6.3%	43	105	7	7.1%	148	8.2%	44
<b>Corporate &amp; Business - Total</b>	<b>16</b>	<b>12</b>	<b>296.8%</b>	<b>15</b>	<b>28.3%</b>	<b>(0)</b>	<b>63</b>	<b>(13)</b>	<b>(16.9%)</b>	<b>85</b>	<b>2.3%</b>	<b>23</b>
<b>All Other</b>	<b>61</b>	<b>0</b>	<b>0.5%</b>	<b>199</b>	<b>2.0%</b>	<b>138</b>	<b>221</b>	<b>9</b>	<b>4.3%</b>	<b>350</b>	<b>1.0%</b>	<b>129</b>
<b>Total Tax Collections</b>	<b>663</b>	<b>85</b>	<b>14.8%</b>	<b>1,696</b>	<b>4.0%</b>	<b>1,033</b>	<b>2,334</b>	<b>160</b>	<b>7.4%</b>	<b>3,362</b>	<b>4.2%</b>	<b>1,027</b>
<i>Tax-Related Settlements &amp; Judgments Exceeding \$10 Million Each (NOT included in the August MTD and YTD collections figures above. August and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).</i>												
	<b>0.0</b>						<b>0.0</b>					
<b>Total Tax Collections</b> <small>(Including tax-related settlements &amp; judgments)</small>	663	85	14.8%				2,334	160	7.4%			
<b>Corporate &amp; Business - Total</b> <small>(Including tax-related settlements &amp; judgments)</small>	16	12	296.8%				63	(13)	-16.9%			
<b>Income Returns/Bills</b> <small>(Including tax-related settlements &amp; judgments)</small>	12	(10)	-46.6%				45	(9)	-17.0%			

(\*) Benchmarks are based on the FY16 tax revenue estimate of \$25.611 billion

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

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