



Michael J. Heffernan
Commissioner

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

February 21, 2017

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 313C
Boston, MA 02133

Honorable Chairs and Ranking Minority Members of the Committees on Ways and Means:

Pursuant to Section 6 of Chapter 14 of the General Laws¹, the Department of Revenue (DOR) hereby submits its mid-month tax revenue report for the month of February 2017. The attached table shows February 2017 month-to-date and Fiscal Year 2017 year-to-date tax revenue collections through February 15, 2017, along with changes from the same collection period in February 2016.

Context for February estimates

It would not be advisable to use this data to predict trends. At the time of the mid-month estimate, the available tax collection data is too early to provide a reliable estimate of full-month results.

February has historically been the lowest month for revenue, contributing less than 6% of annual collections. Neither individual nor business taxpayers are required to make estimated payments during the month. In addition, February tends to be the lowest month of the year for sales & use tax collections. Finally, as tax filing season gains momentum, February is the first month in which refunds reach substantial levels, reducing the overall net revenue figure.

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

Highlights

- **Total Tax** collections for the month-to-date period were \$604 million, up \$40 million or 7.0% versus the same period last year. On a fiscal year-to-date basis, Total Tax collections through February 15th were \$15.265 billion, which is \$424 million or 2.9% greater than the same period last year.
- **Income Taxes** totaled \$444 million, up \$58 million or 15.1% from the February 2016 mid-month figure. On a fiscal year-to-date basis, Income Taxes were \$9.065 billion, up \$307 million or 3.5% over the same period last year.
- **Sales & Use Tax** collections were \$78 million at mid-month, up \$5 million or 7.0% from the same period last February. For the fiscal year-to-date, Sales & Use tax revenues were \$3.795 billion, up \$96 million or 2.6% over the same period last year.

Regular Sales and Meals tax revenues are heavily weighted toward the second part of the month, so that the mid-month figure is not predictive of the full month revenue.

- **Corporate & Business Taxes** were \$4 million for the February month-to-date period, which is \$22 million or 85.7% less than the February 2016 month-to-date amount. For the fiscal year-to-date period, Corporate & Business Taxes were \$1.023 billion, which is \$36 million or 3.6% ahead of the same period last year.
- **Other Taxes** totaled \$78 million at February mid-month, which is below the 2016 figure by \$2 million or 2.7%. Fiscal year-to-date collections through February 15th were \$1.382 billion, which is \$14 million or 1.0% less than the same period in 2016.

Detail

Total Income Tax of \$444 million for mid-month February comprises the following:

- **Withholding** of \$517 million, down \$86 million from mid-month February 2016.
- **Estimated Payments** of \$13 million, down \$5 million versus the same period last year.
- **Returns/Bills** of \$18 million, which is \$3 million less than the same period last year.
- **Refunds** of \$103 million for February 2017 month-to-date, compared to \$255 million in the same period last year. Because refunds are an outflow, this is a favorable variance of \$152 million.

Sales & Use Tax collections of \$78 million for the February month-to-date period reflect \$37 million in Regular Sales, \$10 million in Meals, and \$31 million in Motor Vehicles. Only a small proportion of expected Regular Sales and Meals remittances are received by the mid-month date.

- The \$37 million in Regular Sales is \$4 million more than the month-to-date period in 2016.
- Meals Tax revenues of \$10 million month-to-date were slightly less than the February month-to-date period last year, by the amount of \$0.1 million.
- Vehicle revenues of \$31 million for the February month-to-date period were above the 2016 figure by \$1 million.

Corporate & Business revenues were \$4 million for the month-to-date period, \$22 million less than mid-month February 2016. February is not a significant month for the category, because no significant quarterly payments are due. For the fiscal year-to-date period, Corporate & Business Revenues were \$1.023 billion, which is \$36 million more than the prior fiscal year-to-date.

We do not use the mid-month figures to project full-month results because collections are heavily weighted to the end of the month, making the mid-month results unreliable as predictors. If you have any questions concerning this report, please contact either me (617-626-2201) or Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (617-626-2100).

Sincerely,



Michael J. Heffernan
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 D. Brady, 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

Tax Collection Report for February 2017 (in \$ millions)
Tax Collections as of February 15, 2017, Compared to Same Collection Period in FY2016

	Month of February			FY17 YTD		
	02/2017 MTD Actual Collections	02/2017 MTD v. 02/2016 MTD \$ Fav/(Unfav)	02/2017 MTD v. 02/2016 MTD % Fav/(Unfav)	02/2017 YTD Actual Collections	02/2017 YTD v. 02/2016 YTD \$ Fav/(Unfav)	02/2017 YTD v. 02/2016 YTD % Fav/(Unfav)
Income						
Income Withholding	517	(86)	-14.2%	7,509	274	+3.8%
Income Est. Payments	13	(5)	-29.1%	1,622	(101)	-5.9%
Income Returns/Bills	18	(3)	-13.1%	322	(7)	-2.0%
Income Refunds Net (outflow)	(103)	152	+59.5%	(388)	141	+26.6%
Subtotal Income	444	58	+15.1%	9,065	307	+3.5%
Sales & Use						
Sales - Regular	37	4	+12.3%	2,610	76	+3.0%
Sales - Meals	10	(0)	-0.9%	683	30	+4.5%
Sales - Motor Vehicles	31	1	+3.8%	502	(10)	-1.9%
Subtotal Sales & Use	78	5	+7.0%	3,795	96	+2.6%
Corporate & Business - Total	4	(22)	-85.7%	1,023	36	+3.6%
All Other	78	(2)	-2.7%	1,382	(14)	-1.0%
Total Tax Collections	604	40	+7.0%	15,265	424	+2.9%

It would not be advisable to use this data to predict trends.

At the time of the mid-month estimate, the available tax collection data is too early to provide a reliable estimate of full-month results.