



Michael J. Heffernan  
Commissioner

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

December 20, 2016

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

Pursuant to Section 6 of Chapter 14 of the General Laws<sup>1</sup>, the Department of Revenue (DOR) hereby submits its mid-month tax revenue report for the month of December 2016. The attached table shows December 2016 month-to-date and Fiscal Year 2017 year-to-date tax revenue collections through December 15, 2016, along with changes from the same collection period in December 2015.

**Context for December 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.

In recent years, December has contributed an average of 9.5% total annual collections, ranking number five among the twelve months of the year for share of collections. Estimated Payments for Corporate & Business Taxes are due in the month. Although Estimated Payments for individuals are not due until January, there is also considerable inflow in this category each December. This is largely due to

---

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

individuals choosing to make the January payment early, in order to claim the related deduction on their 2016 federal taxes.

As DOR noted on December 5, 2016 when reporting November 2016 tax collections, a major systems implementation resulted in \$51 million of taxes collected in November but processed in December. As a result, December mid-month figures are overstated by \$51 million. This is a timing difference only and will have no impact on full year collections, but it does affect mid-month comparisons versus December 2015 as noted below.

## Highlights

---

- **Total Tax** collections for the month-to-date period were \$1.062 billion, up \$90 million or 9.3%. Please note that this figure includes \$51 million of November receipts that were processed in December because of the systems implementation. Excluding this amount, the month-to-date would be \$39 million or 4.0% over the December 2015 month-to-date figure.
- On a **fiscal year-to-date basis**, **Total Tax** collections through December 15<sup>th</sup> were \$10.522 billion, which is \$277 million or 2.7% greater than the same period last year.
- **Income Taxes** totaled \$582 million, up \$49 million or 9.2% from the mid-month of December 2015. Note that this figure includes \$25 million of November receipts that were processed in December because of the systems implementation. If this were excluded, the month-to-date figure would be up by \$24 million or 4.5%. On a fiscal year-to-date basis, Income Taxes were \$5.873 billion, up \$121 million or 2.1% over the same period last year.
- **Sales & Use Tax** collections were \$94 million at mid-month, up \$6 million or 6.8% from the same period last December. Please note that this figure includes \$4 million of November receipts that were processed in December because of the systems implementation. Adjusting for this impact, Sales & Use Tax collections would be up by \$2 million or 2.5% over the 2015 figure. For the fiscal year-to-date, Sales & Use revenues were \$2.707 billion, up \$59 million or 2.2% 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 \$324 million for December month-to-date, which is \$43 million or 15.2% over the 2015 month-to-date amount. Note that this figure includes \$16 million of November receipts that were processed in December because of the systems implementation. Adjusted for this amount, the December month-to-date would be \$27 million or 9.5% more than the same period last year. For the fiscal year-to-date period, Corporate & Business Taxes were \$947 million, which is \$105 million or 12.4% ahead of the same period last year.
- **Other Taxes** totaled \$62 million at December mid-month, which is below the 2015 figure by \$8 million or 11.1%. Note that this figure includes \$6 million of November receipts that were processed in December because of the systems implementation. Excluding this amount, the December month-to-date would be \$14 million or 20.4% below the December 2015 month-to-date figure. Fiscal year-to-date collections through December 15<sup>th</sup> were \$996 million, which is \$7 million or 0.7% less than the same period in 2015.

## Detail

---

**Total Income Tax** of \$582 million for mid-month December comprises the following:

- **Income Withholding** of \$538 million, \$13 million more than mid-month December 2015.
- **Estimated Payments** of \$35 million in the month-to-date period, down \$1 million versus the same period last year.
- **Income Returns/Bills** were \$8 million for December 2016 month-to-date, which is \$12 million greater than the same period last year.
- **Income Refunds** were virtually zero (\$0 million) for December 2016 month-to-date, compared to \$25 million in outflows for Refunds in the same period last year.

**Sales & Use Tax** collections of \$94 million for the December month-to-date period reflect \$49 million in Regular Sales, \$13 million in Meals, and \$33 million in Motor Vehicles. For Regular Sales and Meals, only a small proportion of total monthly collections are made by mid-month.

- The \$49 million figure for Regular Sales is \$11 million more than the month-to-date period in December 2015.
- Meals Tax revenues of \$13 million month-to-date were \$4 million less than the December month-to-date period last year.
- Vehicle revenues of \$33 million for the December month-to-date period were below the 2015 figure by \$1 million.

**Corporate & Business** revenues were \$324 million for the month-to-date period, reflecting the Estimated Payment due from most businesses. This figure is \$43 million or 15.2% more than the same period in December 2015. For the fiscal year-to-date period, Corporate & Business Revenues were \$947 million, which is \$105 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 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

**Tax Collection Report for December 2016 (in \$ millions)**  
**Tax Collections as of December 15, 2016, Compared to Same Collection Period in FY2016**

	Month of December*			FY17 YTD		
	12/2016 MTD Actual Collections	12/2016 MTD v. 12/2015 MTD \$ Fav/(Unfav)	12/2016 MTD v. 12/2015 MTD % Fav/(Unfav)	12/2016 YTD Actual Collections	12/2016 YTD v. 12/2015 YTD \$ Fav/(Unfav)	12/2016 YTD v. 12/2015 YTD % Fav/(Unfav)
<b>Income</b>						
Income Withholding	538	13	+2.5%	5,219	226	+4.5%
Income Est. Payments	35	(1)	-2.6%	684	(57)	-7.6%
Income Returns/Bills	8	12	N/A	237	(26)	-9.8%
Income Refunds Net (outflow)	0	25	N/A	(268)	(23)	-9.2%
<b>Subtotal Income</b>	<b>582</b>	<b>49</b>	<b>+9.2%</b>	<b>5,873</b>	<b>121</b>	<b>+2.1%</b>
<b>Sales &amp; Use</b>						
Sales - Regular	49	11	+29.4%	1,822	57	+3.2%
Sales - Meals	13	(4)	-23.6%	510	20	+4.0%
Sales - Motor Vehicles	33	(1)	-3.3%	375	(17)	-4.4%
<b>Subtotal Sales &amp; Use</b>	<b>94</b>	<b>6</b>	<b>+6.8%</b>	<b>2,707</b>	<b>59</b>	<b>+2.2%</b>
<b>Corporate &amp; Business - Total</b>	<b>324</b>	<b>43</b>	<b>+15.2%</b>	<b>947</b>	<b>105</b>	<b>+12.4%</b>
<b>All Other</b>	<b>62</b>	<b>(8)</b>	<b>-11.1%</b>	<b>996</b>	<b>(7)</b>	<b>-0.7%</b>
<b>Total Tax Collections *</b>	<b>1,062</b>	<b>90</b>	<b>+9.3%</b>	<b>10,522</b>	<b>277</b>	<b>+2.7%</b>

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.

\* The December Mid-Month total of \$1.062 billion includes \$51 million of November receipts that were processed in December, due to an information systems change. If this amount were excluded, the December MTD total would be \$1.011 billion, which is \$39 million or 4.0% more than the same period in 2015.