



Christopher C. Harding
Commissioner

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

August 18, 2017

The Honorable Jeffrey Sanchez, 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 August 2017. The attached table shows August month-to-date tax revenue collections through August 15, 2017, along with changes from the equivalent period in August 2016.

Revenue collections are uneven and weighted toward month-end, and the brief period covered in the mid-month does not provide sufficient data for comparison to prior years. **Therefore, the Department strongly urges that mid-month figures should not be used to assess trends or project future revenues.**

Context for August estimates

August is one of the smaller months for revenue collection, because neither individual nor business taxpayers make significant estimated payments during the month. On average for the past several years, roughly 6.7% of annual revenue has been received during August.

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

Highlights

- **Total Tax** collections for the month-to-date period were \$705 million, down \$74 million or 9.5% versus the same period last year. This is not necessarily predictive of the month.
- **Income Taxes** totaled \$529 million, down \$73 million or 12.2% from the equivalent period in August 2016.
- **Sales & Use Tax** collections were \$93 million at mid-month, which is \$11 million or 14.0% above the 2016 figure. Regular Sales and Meals Tax revenues are heavily weighted toward the second part of the month. Therefore, the mid-month revenue figure is not predictive.
- **Corporate & Business Taxes** were \$18 million for the August month-to-date period, which is essentially equal to the same period last year. August is a minor month for business tax revenues.
- **Other Taxes** totaled \$65 million at August mid-month, which is \$12 million or 15.4% less than the 2016 figure.

Detail

Total Income Tax of \$529 million for mid-month August comprises the following:

- **Withholding** of \$516 million, down \$76 million from mid-month August 2016.
- **Estimated Payments** of \$10 million, up \$1 million versus the same period last year.
- **Returns/Bills** of \$24 million, which is \$7 million more than the same period last year.
- **Refunds** for the August 2017 month-to-date period were \$21 million, which is \$5 million or 27.5% greater than the refunds of the August 2016 mid-month period.

Sales & Use Tax collections of \$93 million for the August month-to-date period are \$11 million or 14.0% more than the equivalent period last year. Only a small proportion of expected Regular Sales and Meals remittances are received by the mid-month date.

- The \$38 million in Regular Sales Tax collections is \$8 million more than the same month-to-date period in 2016.
- Meals Tax revenues of \$14 million month-to-date are \$1 million more than the August month-to-date period last year.
- Vehicle Tax revenues of \$41 million for the month-to-date period are \$3 million above the equivalent 2016 figure.

Corporate & Business revenues were \$18 million for the month-to-date period, which is a very slight \$0.2 million than mid-month August 2016.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. Revenues of \$65 million for the month-to-date period were \$12 million less than mid-month August 2016.

Because collections are weighted to the end of the month, we do not use the mid-month figures to project full-month revenue. Comparisons to prior-year periods are unreliable because of normal fluctuations and calendar differences in the short 15-day window of incremental data.

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,

A handwritten signature in black ink, appearing to read 'C. Harding', with a stylized flourish at the end.

Christopher C. Harding
Commissioner

Attachment

Cc: Michael J. Heffernan, 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 August 2017 (in \$ millions)
Tax Collections as of August 15, 2017, Compared to Same Collection Period in FY2017

	Month of August			FY18 YTD		
	08/2017 MTD Actual Collections	08/2017 MTD v. 08/2016 MTD \$ Fav/(Unfav)	08/2017 MTD v. 08/2016 MTD % Fav/(Unfav)	08/2017 YTD Actual Collections	08/2017 YTD v. 08/2016 YTD \$ Fav/(Unfav)	08/2017 YTD v. 08/2016 YTD % Fav/(Unfav)
Income						
Income Withholding	516	(76)	-12.9%	1,509	21	+1.4%
Income Est. Payments	10	1	+8.7%	35	(7)	-17.3%
Income Returns/Bills	24	7	+41.1%	49	(8)	-13.8%
Income Refunds Net (outflow)	(21)	(5)	-27.5%	(60)	(23)	-63.3%
Subtotal Income	529	(73)	-12.2%	1,533	(17)	-1.1%
Sales & Use						
Sales - Regular	38	8	+25.1%	427	14	+3.5%
Sales - Meals	14	1	+7.7%	117	7	+6.1%
Sales - Motor Vehicles	41	3	+7.2%	89	(13)	-12.9%
Subtotal Sales & Use	93	11	+14.0%	633	8	+1.2%
Corporate & Business - Total	18	0	+0.8%	97	26	+36.6%
All Other	65	(12)	-15.4%	240	16	+7.2%
Total Tax Collections	705	(74)	-9.5%	2,503	33	+1.3%

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.