



Christopher C. Harding
Commissioner

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

May 18, 2018

The Honorable Jeffrey Sánchez, 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 May 2018. The attached table shows May month-to-date tax revenue collections through May 15, 2018, along with changes from the equivalent period in May 2017.

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 May estimates

Historically, May is a mid-size month for collections, ranking seventh of twelve months in each of the last five years. Estimated payments from individuals or from businesses are not significant in May. The net figure for revenue collections in May is influenced by the individual tax filing season, which generates

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

both inflows and refund outflows during the month. Individual tax returns continue to be received and processed in May, although in a volume well below the peak levels of March and April.

Highlights

- **Total Tax** collections for the month-to-date period were \$979 million, down \$2 million or 0.2% versus the same period last year.
- **Income Taxes** totaled \$733 million, down \$57 million or 7.2% from the equivalent period in May 2017.
- **Sales & Use Tax** collections were \$100 million at mid-month, which is \$9 million or 9.4% more than the 2017 figure. Regular Sales and Meals Tax revenues are heavily weighted toward the second part of the month, so the mid-month revenue figure is not predictive.
- **Corporate & Business Taxes** collections for the May mid-month were \$58 million, which is \$35 million or 155.4% more than the same period last year.
- **Other Taxes** totaled \$88 million at May mid-month, which is \$11 million or 14.0% more than the 2017 figure.

Detail

Total Income Tax of \$733 million for mid-month May comprises the following:

- **Withholding** of \$509 million, down \$59 million from mid-month May 2017, which most likely reflects timing differences between the two periods.
- **Estimated Payments** of \$11 million, down \$4 million versus the same period last year.
- **Returns/Bills** of \$250 million, up \$2 million from the same period last year.
- **Refunds** for the May 2018 month-to-date period were \$37 million, which is \$4 million less than the same period last year (favorable variance).
- **Sales & Use Tax** collections of \$100 million for the May month-to-date period are \$9 million or 9.4% 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 bulk of these payments are expected on or after the 20th).
 - The \$40 million in Regular Sales Tax collections is \$1 million less than the same month-to-date period in 2017.
 - Meals Tax revenues of \$12 million are \$2 million above the May month-to-date period last year.
 - Motor Vehicle Sales Tax revenues of \$48 million for the month-to-date period are \$8 million more than the equivalent 2017 figure.

Corporate & Business tax revenues were \$58 million for the May month-to-date period, which were \$35 million more than the same period in May 2017. Because May is a low month for Corporate revenues, this resulted in a large percentage variance of 155.4% for the 15-day period.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, deeds, and others. Revenues of \$88 million for the month-to-date period were \$11 million more than mid-month May 2017.

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,



Christopher C. Harding
Commissioner

Attachment

Cc: Michael J. Heffernan, Secretary of Administration and Finance
Representative Robert A. DeLeo, House Speaker
Senator Harriette L. Chandler, Senate President
Representative 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

Mid-Month Tax Collection Report for May 2018 (in \$ Millions)
Tax Collections as of May 15, 2018, Compared to Same Collection Period in FY2017

	<u>May (Through May 15th)</u>			<u>FY18 YTD (Through May 15th)</u>		
	<u>05/2018 MTD Actual Collections</u>	<u>05/2018 MTD v. 05/2017 MTD \$ Fav/(Unfav)</u>	<u>05/2018 MTD v. 05/2017 MTD % Fav/(Unfav)</u>	<u>05/2018 YTD Actual Collections</u>	<u>05/2018 YTD v. 05/2017 YTD \$ Fav/(Unfav)</u>	<u>05/2018 YTD v. 05/2017 YTD % Fav/(Unfav)</u>
Income						
Income Withholding	509	(59)	-10.4%	11,219	630	+6.0%
Income Est. Payments	11	(4)	-25.1%	2,583	690	+36.4%
Income Returns/Bills	250	2	+1.0%	2,058	223	+12.2%
<u>Income Refunds Net (outflow)</u>	<u>(37)</u>	<u>4</u>	<u>+9.0%</u>	<u>(1,605)</u>	<u>(184)</u>	<u>-12.9%</u>
Subtotal Income	733	(57)	-7.2%	14,254	1,359	+10.5%
Sales & Use						
Sales - Regular	40	(1)	-2.5%	3,715	145	+4.1%
Sales - Meals	12	2	+17.4%	968	45	+4.9%
<u>Sales - Motor Vehicles</u>	<u>48</u>	<u>8</u>	<u>+19.4%</u>	<u>721</u>	<u>14</u>	<u>+1.9%</u>
Subtotal Sales & Use	100	9	+9.4%	5,403	203	+3.9%
Corporate & Business - Total	58	35	+155.4%	2,049	57	+2.9%
All Other	88	11	+14.0%	1,965	86	+4.6%
Total Tax Collections	979	(2)	-0.2%	23,671	1,706	+7.8%

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.