



Geoffrey E. Snyder
Commissioner

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

April 21, 2020

The Honorable Aaron Michlewitz, Chair
House Committee on Ways and Means
State House
Room 243
Boston, MA 02133

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

The Honorable Michael J. Rodrigues, Chair
Senate Committee on Ways and Means
State House
Room 212
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 April 2020, the tenth month of fiscal year 2020. The attached table shows April 2020 month-to-date tax revenue collections through April 15, 2020, along with changes from the equivalent period in April 2019.

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 urges that mid-month figures not be used to assess trends or project future revenues.

Context for April revenues

April is the single largest month for collections, ranking #1 in each of the last nine years. There are two main causes for April's relative strength: First, the individual tax filing season reaches its peak. Payments made with returns are concentrated in April, generating significant revenue. In contrast, refunds are spread more evenly across February, March, and April. Second, the first estimated payment installment from individuals for the next tax year is due in April.

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

However, due to measures enacted to mitigate the impact and breadth of COVID-19, including, without limitation, the extension of the income tax filing and payment deadline to July 15, 2020, the extension of the first estimated payment installment for 2020 to July 15, 2020, penalty waivers, the extension of the payment deadline for certain regular sales tax, meals tax and room occupancy excise payments to June 20, 2020, the close of all non-essential businesses, stay-at-home advisories and the ban on on-site service at bars and restaurants, as well as the impact COVID-19 has had on consumer and corporate behavior, the economy and the stock market, tax collections in April 2020 will vary from April collections in prior years. Each of the variances below is due to one or more of the factors described above.

Highlights

- **Total Tax** collections for the month-to-date period were \$877 million, down \$293 million or 25.0% versus the same period in April 2019. However, note that last year Patriots day fell on April 15, pushing back the due date for individual tax returns and reducing the amount of April revenue that came in on or before the 15th. This has caused a more favorable comparison, year over year, as of mid-month, and we can expect the decline to accelerate during the remainder of the month. To illustrate, month-to-date through April 16th, year over year, shows a 36% decline.
- **Income Taxes** totaled \$592 million, down \$226 million or 27.6% versus the same period in April 2019.
- **Sales & Use Tax** collections were \$68 million, down \$19 million or 22.4% versus the same period in April 2019.
- **Corporate & Business Taxes** were \$159 million, down \$32 million or 16.6% versus the same period in April 2019.
- **Other Taxes** totaled \$59 million, down \$16 million or 21.0% versus the same period in April 2019.

Detail

Total Income Tax of \$592 million for mid-month April comprises the following:

- **Withholding** of \$520 million, up \$14 million from mid-month April 2019.
- **Estimated Payments** of \$37 million, down \$88 million from mid-month April 2019.
- **Returns/Bills** of \$131 million, down \$233 million from mid-month April 2019.
- **Refunds** of \$97 million, down \$81 million from mid-month April 2019. Because refunds are an outflow, this represents a positive variance from the prior year.

Sales & Use Tax collections of \$68 million for the April month-to-date period are \$19 million or 22.4% less than the equivalent period last year. Only a small proportion of expected Regular Sales and Meals tax remittances, subcategories of Sales & Use Tax, are received by the mid-month date; the bulk of these payments are expected on or after the 20th of the month.

- \$50 million in Regular Sales Tax collections, up \$13 million from mid-month April 2019.

- \$6 million in Meals Tax revenues, down \$4 million from mid-month April 2019.
- \$11 million in Motor Vehicle Sales Tax revenues, down \$28 million from mid-month April 2019.

Corporate & Business tax revenues were \$159 million, down \$32 million from mid-month April 2019.

Other Taxes includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. All other tax revenues totaled \$59 million, which is \$16 million less than the mid-month April 2019.

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,



Geoffrey E. Snyder
Commissioner

Attachment

cc: Michael J. Heffernan, Secretary of Administration and Finance
Representative Robert A. DeLeo, House Speaker
Senator Karen E. Spilka, Senate President
Representative Mark J. Cusack, House Chair, Joint Committee on Revenue
Senator Adam G. Hinds, 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 April 2020 (in \$ Millions)

Tax Collections as of April 15, 2020, Compared to Same Collection Period in FY2019

	April (Through April 15 th)			FY20 YTD (Through April 15 th)		
	04/2020 MTD Actual Collections	04/2020 MTD v. 04/2019 MTD \$ Fav/(Unfav)	04/2020 MTD v. 04/2019 MTD % Fav/(Unfav)	04/2020 YTD Actual Collections	04/2020 YTD v. 04/2019 YTD \$ Fav/(Unfav)	04/2020 YTD v. 04/2019 YTD % Fav/(Unfav)
Income						
Income Withholding	520	14	+2.7%	10,988	450	+4.3%
Income Est. Payments	37	(88)	-70.3%	1,697	(33)	-1.9%
Income Returns/Bills	131	(233)	-64.0%	688	(220)	-24.2%
Income Refunds Net (outflow)	(97)	81	+45.7%	(1,295)	30	+2.3%
Subtotal Income	592	(226)	-27.6%	12,079	227	+1.9%
Sales & Use						
Sales - Regular	50	13	+35.6%	3,792	265	+7.5%
Sales - Meals	6	(4)	-40.1%	932	15	+1.6%
Sales - Motor Vehicles	11	(28)	-71.4%	664	(9)	-1.3%
Subtotal Sales & Use	68	(19)	-22.4%	5,388	271	+5.3%
Corporate & Business - Total	159	(32)	-16.6%	2,383	(68)	-2.8%
All Other	59	(16)	-21.0%	2,092	155	+8.0%
Total Tax Collections	877	(293)	-25.0%	21,941	585	+2.7%

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.