



Geoffrey E. Snyder
Commissioner

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

February 18, 2021

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

The Honorable Patrick M. O'Connor, Ranking Member
Senate Committee on Ways and Means
State House
Room 419
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 2021, the eighth month of fiscal year 2021. The attached table shows February 2021 month-to-date tax revenue collections through February 12, 2021, along with changes from the equivalent period in February 2020.

Revenue collections are uneven and usually 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.

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

Context for February Revenues

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. February is also the month in which refunds begin to accumulate as the tax filing season begins.

Highlights

Total Tax collections for the month-to-date period were \$889 million, up \$255 million or 40.2% versus the same period in February 2020. The month-to-date increase is mostly due to a timing-related decline in income tax refunds from the same period last February. This is because the federal and state income tax filing season for taxpayers using the electronic filing system started on February 12, 2021, which is about two weeks later than last year's start date of January 27th, 2020. The refunds will catch up with last year later this month or in March.

- **Income Taxes** totaled \$736 million, up \$333 million or 82.5% versus the same period in February 2020. The increase reflects the change in the start date of the income tax filing season previously mentioned.
- **Sales & Use Taxes** were \$74 million, down \$11 million or 12.7% versus the same period in February 2020.
- **Corporate & Business Taxes** were \$26 million, up \$8 million or 40.7% versus the same period in February 2020.
- **Other Taxes** totaled \$53 million, down \$75 million or 58.4% versus the same period in February 2020.

Detail

Total Income Tax of \$736 million for mid-month February is comprised of the following:

- **Withholding** of \$705 million, up \$64 million from mid-month February 2020.
- **Estimated Payments** of \$15 million, up \$2 million from mid-month February 2020.
- **Returns/Bills** of \$18 million, down \$2 million from mid-month February 2020.
- **Refunds** of \$3 million, down \$269 million from mid-month February 2020. The decrease reflects the change to the start of the income tax filing season previously mentioned. Because refunds are outflows, this represents a positive variance from the prior year.

Sales & Use Tax collections of \$74 million for the February month-to-date period are \$11 million less than the same period in February 2020. Typically, only a small proportion of expected regular sales and meals tax remittances are received by the mid-month date. The bulk of these payments are received on or after the due date, which is generally the 20th of the month.

The \$74 million in month-to-date sales and use tax collections is comprised of the following:

- \$32 million in regular sales tax collections, down \$14 million from mid-month February 2020.
- \$9 million in meals tax revenues, down \$4 million from mid-month February 2020.
- \$33 million in motor vehicle sales tax revenues, up \$7 million from mid-month February 2020.

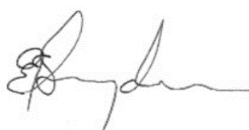
Corporate & Business tax revenues were \$26 million, up \$8 million from mid-month February 2020.

Other Taxes includes a number of tax categories such as motor fuels, cigarettes, estate taxes, room occupancy and deeds. All other tax revenues totaled \$53 million, which is \$75 million less than mid-month February 2020.

Collections are usually weighted to the end of the month; therefore, 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 (snyderge@dor.state.ma.us) or Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (ozyurtk@dor.state.ma.us).

Sincerely,



Geoffrey E. Snyder
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Attachment

cc: Michael J. Heffernan, Secretary of Administration and Finance
Representative Ronald Mariano 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



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Mid-Month Tax Collection Report for February 2021 (in \$ Millions)
 Tax Collections as of February 12, 2021, Compared to Same Collection Period in FY2020

	February (Through February 12 th)			FY21 YTD (Through February 12 th)		
	02/2021 MTD Actual Collections	02/2021 MTD v. 02/2020 MTD \$ Fav/(Unfav)	02/2021 MTD v. 02/2020 MTD % Fav/(Unfav)	02/2021 YTD Actual Collections	02/2021 YTD v. 02/2020 YTD \$ Fav/(Unfav)	02/2021 YTD v. 02/2020 YTD % Fav/(Unfav)
Income						
Income Withholding	705	64	+9.9%	9,023	458	+5.3%
Income Est. Payments	15	2	+16.0%	1,751	112	+6.9%
Income Returns/Bills	18	(2)	-9.6%	442	18	+4.3%
Income Refunds Net (outflow)	(3)	269	+99.0%	(245)	297	+54.8%
Subtotal Income	736	333	+82.5%	10,971	885	+8.8%
Sales & Use						
Sales - Regular	32	(14)	-30.7%	3,250	228	+7.5%
Sales - Meals	9	(4)	-30.6%	528	(255)	-32.6%
Sales - Motor Vehicles	33	7	+27.7%	594	57	+10.6%
Subtotal Sales & Use	74	(11)	-12.7%	4,372	30	+0.7%
Corporate & Business - Total	26	8	+40.7%	1,664	319	+23.7%
All Other	53	(75)	-58.4%	1,535	(216)	-12.3%
Total Tax Collections	889	255	+40.2%	18,542	1,018	+5.8%

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.