

AMY PITTER
COMMISSIONER

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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August 20, 2014

The Honorable Brian S. Dempsey, Chair
House Committee on Ways and Means
State House
Room 243
Boston, MA 02133

The Honorable Viriato Manuel deMacedo, Representative
House Committee on Ways and Means
State House
Room 124
Boston, MA 02133

The Honorable Stephen M. Brewer, Chair
Senate Committee on Ways and Means
State House
Room 212
Boston, MA 02133

The Honorable Richard J. Ross, Senator
Senate Committee on Ways and Means
State House
Room 520
Boston, MA 02133

Honorable Chairmen and Ranking Minority Members of the Ways and Means Committees:

Pursuant to Section 6 of Chapter 14 of the General Laws¹, the Department of Revenue hereby submits its mid-month tax revenue report for the month of August 2014. The attached table shows August 2014 month-to-date and FY2015 year-to-date tax revenue collections through August 15, 2014, along with the dollar and percentage changes from the same collection period in August 2013. Also shown are the percentage growth amounts for the full month of August 2014 and for FY2015 year-to-date through the end of August 2014 that were assumed in the benchmarks corresponding to the FY2015 General Appropriation Act tax revenue estimate of \$24.430 billion. (The \$24.430 billion estimate reflects the FY2015 consensus tax estimate of \$24.337 billion adjusted for the impact of three changes affecting revenues: tax amnesty, delayed FAS109 deductions and enhanced DOR tax enforcements. The \$24.430 billion estimate will be adjusted further after taking into account of several additional tax law changes in the recently enacted economic development bill.)

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

August is a relatively small tax collection month, as there are no quarterly estimated payments due for most income and corporate taxpayers. The August 2014 benchmark corresponding to the FY15 tax revenue estimate of \$23.43 billion projects total tax revenues of \$1.576 billion, \$32 million, or 2.1% higher than August 2013, and an increase of 4.9 % baseline. August benchmarks assume that revenues would only increase by about \$32 million from last August due to the fact that *a*) we received about \$30 million in one-time revenues last August which will not recur this August, *b*) the net impact of tax law changes on the August revenues will be about -\$3.9 million relative to last August, and *c*) we have one less deposit day this August than we did last year which will reduce the revenues by about \$10 million relative to last August.

Through August 15, 2014, tax collections total \$663 million, up \$36 million from the same period last August, vs. the full month benchmark that calls for growth of \$32 million. Month-to-date growth is affected by a one-time settlement payment (little less than \$8 million) and slightly better than expected performance of withholding. It is possible that some of the month-to-date withholding growth is timing related and borrowed from remainder deposit days. Additionally, Department of Revenue will issue a large refund in excess of \$30 million this month, which was not expected; as a result, August revenues will be negatively affected during the second half of the month.

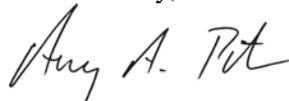
Month-to-date income tax collections through August 15, 2014 totaled \$509 million, up \$54 million, or 11.9% from the same period in August 2013, compared to the benchmark estimate that projects an increase of \$31 million for the full month. Month-to-date withholding taxes through August 15, 2014 totaled \$489 million, up \$51 million, or 11.6% from the same period in August 2013, compared to the benchmark estimate that projects a withholding growth of \$30 million for the full month. As of August 15, 2014, month-to-date corporate and business tax collections totaled \$16 million, down \$8 million from the same period in August 2013.

August sales tax is projected to total \$486 million, an increase of \$23 million from August 2013. August 15th was too early in the month for sales tax trends to be meaningful, as monthly sales tax payments (other than those for motor vehicle sales tax) are not due until August 20th. Through August 15th, month-to-date sales tax collections totaled \$81 million, up \$3 million from the same period in August 2013.

Monthly motor fuels and rooms tax payments are also due on August 20th. There may be differences in the due dates for certain tax payments from one fiscal year to the next (e.g., in withholding payments or the timing of refund cycles) which complicate month-to-date comparisons to the prior year. As a result of these factors, revenues received through August 15th as reported in the attached table may not be indicative of what the final results for the full month will be. Specifically, they do not necessarily represent one-half of the revenues to be received in the full month and the month-to-date growth rates compared to August 2013 could change significantly by the end of this month. Any variances from the monthly benchmark at this point in the month should not be relied on as an indicator of what total final revenues for the month will be, compared to the full month benchmarks.

If you have any questions concerning this report, please contact either me (at 626-2201) or Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (at 626-2100).

Sincerely,



Amy Pitter
Commissioner

Attachment

Cc: Glen Shor, Secretary of Administration and Finance
Representative Robert A. DeLeo, House Speaker
Senator Therese Murray, Senate President
Representative 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
Steven Grossman, Treasurer and Receiver General

Mid-Month Tax Collection Report for August 2014 (in \$ Millions)

Tax Collections as of August 15, 2014, Compared to Same Collection Period in FY2014 and to the FY2015 Tax Revenue Estimate of \$24.430 Billion

	----- Month of August -----						----- FY15 Year-to-Date -----					
	08/14 MTD Collections	08/14 MTD v. 08/13 MTD \$ Change	08/14 MTD v. 08/13 MTD % Change	08/14 Full Month Benchmark (*)	% Growth from 08/13 Assumed in Monthly Benchmark	\$ Needed to Reach 08/14 Full Month Benchmark (*)	08/14 FY15 YTD Collections	08/14 FY15 YTD \$ Change	08/14 FY15 YTD % Change	FY15 YTD Benchmark (*)(**)	% Growth from 08/13 Assumed in FY15 YTD Benchmark	\$ Needed to Reach FY15 YTD Benchmark (*)(**)
Income - Total	509	54	11.9%	881	3.6%	372	1,367	41	3.1%	1,736	0.9%	370
Income Withholding	489	51	11.6%	839	3.7%	350	1,303	87	7.2%	1,651	4.0%	348
Income Est. Payments (Cash)	8	(1)	(7.1%)	23	4.4%	14	37	4	11.7%	48	4.4%	11
Income Returns/Bills	22	4	21.0%	40	0.7%	19	53	(52)	(49.3%)	78	(39.0%)	24
Income Refunds (Cash)	10	(0)	(0.8%)	21	0.0%	11	26	(2)	(8.4%)	40	0.0%	13
Sales & Use - Total	81	3	3.5%	486	4.9%	405	596	30	5.3%	1,002	5.4%	406
Sales - Regular	40	1	1.4%	327	5.6%	287	397	24	6.4%	680	5.8%	284
Sales - Meals	13	2	14.2%	90	4.5%	77	102	4	3.9%	182	4.8%	79
Sales - Motor Vehicles	28	1	2.0%	69	2.3%	40	98	2	2.4%	140	4.1%	43
Corporate & Business - Total	16	(8)	(33.1%)	25	(27.4%)	9	87	(5)	(5.5%)	77	(25.6%)	(11)
All Other	57	(13)	(18.7%)	184	(6.5%)	127	208	(19)	(8.3%)	346	(2.3%)	138
Total Tax Collections	663	36	5.7%	1,576	2.1%	913	2,259	47	2.1%	3,161	1.0%	902

(*) Benchmarks are based on the FY15 tax revenue estimate of \$24.430 billion

(**) Year-to-date benchmarks are year-to-date full month benchmark totals (i.e., July through August full month totals)

Note: Detail may not add to total due to rounding and other technical factors.