



Michael J. Heffernan  
Commissioner

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
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May 18, 2017

The Honorable Brian S. Dempsey, 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 Laws<sup>1</sup>, the Department of Revenue (DOR) hereby submits its mid-month tax revenue report for the month of May 2017. The attached table shows May 2017 month-to-date and Fiscal Year 2017 year-to-date tax revenue collections through May 15, 2017, along with changes from the same collection period in May 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 May estimates**

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

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

generates 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

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- **Total Tax** collections for the month-to-date period were \$978 million, up \$113 million or 13.0% versus the same period last year. On a fiscal year-to-date basis, Total Tax collections through May 15<sup>th</sup> were \$21.962 billion, which is \$328 million or 1.5% greater than the same period last year.
- **Income Taxes** totaled \$782 million, up \$133 million or 20.5% from the May 2016 mid-month figure. On a fiscal year-to-date basis, Income Taxes were \$12.887 billion, up \$217 million or 1.7% over the same period last year.
- The figures above show a large percentage increase for the first fifteen days of May 2017 over the same period last year. Proportionally more Payments with Returns were processed in May rather than April during 2017 in comparison to 2016.
- **Sales & Use Tax** collections were \$91 million at mid-month, which is essentially flat to the same period last May. For the fiscal year-to-date, Sales & Use Tax revenues were \$5.200 billion, up \$93 million or 1.8% over the same period last year.

Because Regular Sales and Meals Tax revenues are heavily weighted toward the second part of the month, the mid-month revenue figure is not predictive of the full month.

- **Corporate & Business Taxes** were \$22 million for the May month-to-date period, which is \$13 million less than the May 2016 month-to-date amount. For the fiscal year-to-date period, Corporate & Business Taxes were \$1.991 billion, which is \$59 million or 3.1% more than the same period last year.
- **Other Taxes** totaled \$83 million at May mid-month, which is \$7 million or 8.2% below the 2016 figure. Fiscal year-to-date collections through May 15<sup>th</sup> were \$1.885 billion, which is \$41 million or 2.1% less than the same period in 2016.

## Detail

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**Total Income Tax** of \$782 million for mid-month May comprises the following:

- **Withholding** of \$567 million, up \$17 million from mid-month May 2016.
- **Estimated Payments** of \$14 million, up \$4 million versus the same period last year.
- **Returns/Bills** of \$241 million, which is \$94 million more than the same period last year. As noted above, this increase is largely due to process timing differences between 2016 and 2017.
- **Refunds** of \$41 million for May 2017 month-to-date, which is \$20 million less than the same period last year, meaning that payments out were lower.

**Sales & Use Tax** collections of \$91 million for the May month-to-date period reflect \$41 million in Regular Sales, \$10 million in Meals, and \$40 million in Motor Vehicles. Only a small proportion of expected Regular Sales and Meals remittances are received by the mid-month date.

- The \$41 million in Regular Sales Tax collections is \$2 million less than the same month-to-date period in 2016.
- Meals Tax revenues of \$10 million month-to-date are \$2 million less than the May month-to-date period last year.

- Vehicle Tax revenues of \$40 million for the May month-to-date period were above the 2016 figure by \$4 million.
- For the fiscal year-to-date period, total Sales & Use Tax collections of \$5.200 billion are \$93 million or 1.8% higher than the same period in 2016.

**Corporate & Business** revenues were \$22 million for the month-to-date period, \$13 million less than mid-month May 2016. On a fiscal year-to-date basis through May 15<sup>th</sup>, Corporate & Business collections of \$1.991 billion were \$59 million or 3.1% ahead of 2016.

**All other** includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. Revenues of \$83 million for the month-to-date period were \$7 million below mid-month May 2016. On a fiscal year-to-date basis, this group had revenues of \$1.885 billion, below the prior year by \$41 million or 2.1%.

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,



Michael J. Heffernan  
Commissioner

#### Attachment

Cc: Kristen Lepore, 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 May 2017 (in \$ millions)**  
**Tax Collections as of May 15, 2017, Compared to Same Collection Period in FY2016**

	Month of May			FY17 YTD		
	05/2017 MTD Actual Collections	05/2017 MTD v. 05/2016 MTD \$ Fav/(Unfav)	05/2017 MTD v. 05/2016 MTD % Fav/(Unfav)	05/2017 YTD Actual Collections	05/2017 YTD v. 05/2016 YTD \$ Fav/(Unfav)	05/2017 YTD v. 05/2016 YTD % Fav/(Unfav)
<b>Income</b>						
Income Withholding	567	17	+3.0%	10,588	412	+4.0%
Income Est. Payments	14	3	+23.4%	1,892	(124)	-6.1%
Income Returns/Bills	241	94	+64.0%	1,828	(117)	-6.0%
Income Refunds Net (outflow)	(41)	20	+32.7%	(1,422)	45	+3.1%
<b>Subtotal Income</b>	<b>782</b>	<b>133</b>	<b>+20.5%</b>	<b>12,887</b>	<b>217</b>	<b>+1.7%</b>
<b>Sales &amp; Use</b>						
Sales - Regular	41	(2)	-4.3%	3,570	74	+2.1%
Sales - Meals	10	(2)	-17.7%	923	32	+3.6%
Sales - Motor Vehicles	40	4	+11.9%	707	(13)	-1.8%
<b>Subtotal Sales &amp; Use</b>	<b>91</b>	<b>0</b>	<b>+0.3%</b>	<b>5,200</b>	<b>93</b>	<b>+1.8%</b>
<b>Corporate &amp; Business - Total</b>	<b>22</b>	<b>(13)</b>	<b>-37.9%</b>	<b>1,991</b>	<b>59</b>	<b>+3.1%</b>
<b>All Other</b>	<b>83</b>	<b>(7)</b>	<b>-8.2%</b>	<b>1,885</b>	<b>(41)</b>	<b>-2.1%</b>
<b>Total Tax Collections</b>	<b>978</b>	<b>113</b>	<b>+13.0%</b>	<b>21,962</b>	<b>328</b>	<b>+1.5%</b>

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.