



Christopher C. Harding
Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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April 19, 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 April 2018. The attached table shows April month-to-date tax revenue collections through April 13, 2018, along with changes from the equivalent period in April 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 April estimates

April is the single largest month for collections, ranking #1 in each of the last seven 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,

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

refunds are spread more evenly across February, March, and April. Second, estimated payments from individuals are due in April, the first such estimated payment for the new tax year of 2018. Because the cut-off date for the Mid-Month Report fell on April 13th, well before the filing deadline, only a portion of this activity is reflected. Therefore, the mid-month figures are not predictive of the full month.

Corporate tax collections for April Mid-Month are substantially ahead of the prior year figures on a percentage basis. This is the result of the recent statutory change in the corporate filing schedule, which shifted the March reporting deadline to April to conform to the federal filing schedule. Because it is a timing change, we expect this figure to normalize in the coming weeks.

Highlights

- **Total Tax** collections for the month-to-date period were \$1.02 billion, up \$98 million or 10.6% versus the same period last year.
- **Income Taxes** totaled \$788 million, up \$61 million or 8.4% from the equivalent period in April 2017.
- **Sales & Use Tax** collections were \$77 million at mid-month, which is \$6 million or 6.7% less 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 April mid-month were \$110 million, up \$50 million or 83.0% more than the same period last year.
- **Other Taxes** totaled \$47 million at April mid-month, which is \$8 million or 14.5% less than the 2017 figure.

Detail

Total Income Tax of \$788 million for mid-month April comprises the following:

- **Withholding** of \$602 million, up \$40 million from mid-month April 2017.
- **Estimated Payments** of \$85 million, up \$20 million versus the same period last year.
- **Returns/Bills** of \$249 million, down \$19 million from the same period last year.
- **Refunds** for the April 2018 month-to-date period were \$148 million, which is \$19 million less than the same period last year (favorable variance).
- **Sales & Use Tax** collections of \$77 million for the April month-to-date period are \$6 million or 6.7% less 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 \$34 million in Regular Sales Tax collections is \$2 million less than the same month-to-date period in 2017.
- Meals Tax revenues of \$10 million are \$1 million short of the April month-to-date period last year.
- Vehicle Tax revenues of \$33 million for the month-to-date period are \$2 million below the equivalent 2017 figure.

Corporate & Business tax revenues were \$110 million for the April month-to-date period, which were \$50 million more than the same period in April 2017.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, deeds, and others. Revenues of \$47 million for the month-to-date period were \$8 million less than mid-month April 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 April 2018 (in \$ Millions)
Tax Collections as of April 13, 2018, Compared to Same Collection Period in FY2017

	<u>April (Through April 13th)</u>			<u>FY18 YTD (Through April 13th)</u>		
	<u>04/2018 MTD Actual Collections</u>	<u>04/2018 MTD v. 04/2017 MTD \$ Fav/(Unfav)</u>	<u>04/2018 MTD v. 04/2017 MTD % Fav/(Unfav)</u>	<u>04/2018 YTD Actual Collections</u>	<u>04/2018 YTD v. 04/2017 YTD \$ Fav/(Unfav)</u>	<u>04/2018 YTD v. 04/2017 YTD % Fav/(Unfav)</u>
Income						
Income Withholding	602	40	+7.2%	10,203	582	+6.1%
Income Est. Payments	85	20	+30.4%	2,386	675	+39.5%
Income Returns/Bills	249	(19)	-7.0%	740	73	+11.0%
<u>Income Refunds Net (outflow)</u>	<u>(148)</u>	<u>19</u>	<u>+11.6%</u>	<u>(1,356)</u>	<u>(123)</u>	<u>-9.9%</u>
Subtotal Income	788	61	+8.4%	11,973	1,208	+11.2%
Sales & Use						
Sales - Regular	34	(2)	-6.2%	3,350	127	+3.9%
Sales - Meals	10	(1)	-11.9%	873	34	+4.1%
<u>Sales - Motor Vehicles</u>	<u>33</u>	<u>(2)</u>	<u>-5.6%</u>	<u>643</u>	<u>9</u>	<u>+1.4%</u>
Subtotal Sales & Use	77	(6)	-6.7%	4,866	170	+3.6%
Corporate & Business - Total	110	50	+83.0%	1,856	(50)	-2.6%
All Other	47	(8)	-14.5%	1,718	31	+1.8%
Total Tax Collections	1,021	98	+10.6%	20,413	1,359	+7.1%

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.