



MARK E. NUNNELLY  
COMMISSIONER

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

April 21, 2015

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 70  
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 Laws<sup>1</sup>, the Department of Revenue hereby submits its mid-month tax revenue report for the month of April 2015. The attached table shows April 2015 month-to-date and FY2015 year-to-date tax revenue collections through April 15, 2015, along with the dollar and percentage changes from the same collection period in April 2014. Also shown are the percentage growth amounts for the full month of April 2015 and for FY2015 year-to-date through the end of April 2015 that were assumed in the benchmarks corresponding to the FY2015 revised tax revenue estimate of \$24.325 billion<sup>2</sup>. The \$24.325 billion estimate does not include the \$183 million for tax- and non-tax-related

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

<sup>2</sup> The \$24.325 billion estimate reflects the FY2015 consensus tax estimate of \$24.337 billion adjusted for the impacts from revenue enhancements, tax amnesty and FAS109 delay, based on the fiscal 2015 budget approved by the Governor on July 11, 2014, as well as the impacts from the enacted economic development and county governments financial management legislations, the impacts of Part B income tax rate reduction through a trigger process (5.20% to 5.15%), elimination of inflation indexing of gas/special fuels tax at the ballot, a \$5 million transfer to Substance Abuse Service Fund (an off-budget trust fund), the Fall 2014 non-corporate and business tax amnesty, and the Spring 2015 corporate and business tax amnesty.

judgment & settlement payments in excess of \$10 million each, which was assumed in the FY2015 budget fix legislation.

### Highlights:

- Excluding the \$25 million settlement-related payments received this month, month-to-date April revenues are up \$93 million from the same period of April 2014
- It is too soon for month-to-date collection trend to be meaningful as 60 to 70 percent of collections are expected to come after April 15<sup>th</sup>
- Income tax refunds are down \$14 million from the same period last April. It may catch up this month as it did in March, after refunds were delayed in February due to fraud concerns
- Month-to-date income tax payments with returns and extensions are up \$37 million, and income tax cash estimated payments up \$8 million from the same period last year; the bulk of these payments are expected in the second half of the month
- Excluding the \$25 million settlement-related payments, month-to-date corporate and business taxes are \$1 million above the same period last year

### Details:

April has historically been the largest tax collection month of the year, as payments with income tax returns and extensions for the prior tax year are due on April 15<sup>th</sup>, as are the first estimated quarterly income tax payments for the current tax year. The April monthly benchmark corresponding to the FY2015 tax revenue estimate of \$24.325 billion totals \$3.005 billion, an increase of \$269 million, or 9.8% actual and 10.2% baseline from April 2014. The incremental impacts of tax law changes are expected to reduce collections by about \$5 million this month, reflecting mostly the revenue loss due to the recent reduction in part B personal income tax rate offset by net revenue gain from other tax law changes.

Through April 15, 2015, excluding the \$25 million settlement-related payments received this month, month-to-date tax collections total \$1.002 billion, up \$93 million from the same period last April, with the full month benchmark projecting an increase of \$269 million from last April's total tax collections. Although the income tax payments with returns and extensions and the first quarterly income estimated payments were due on the 15<sup>th</sup>, the bulk of these payments are processed after April 15<sup>th</sup>. Additionally, sales tax was due on the 20<sup>th</sup>, and we are going to receive two weekly and one quarterly withholding payments in the second half of the month. So, collections comparison to last year and benchmark will not be meaningful at this time. See below for further details.

Month-to-date income tax collections through April 15, 2015 total \$796 million, up \$93 million, or 13.2% from the same period in April 2014. Month-to-date withholding totals \$437 million, up \$34 million from the same period last year, with the full month benchmark projecting an increase of \$65 million.

Month-to-date income tax refunds total \$190 million, down \$14 million from the same period last year with the full month benchmark projecting a growth of \$1 million. Income tax refunds may catch up this month, like in March, after refunds were delayed in February due to fraud concerns.

Through April 15, 2015, month-to-date income tax payments with returns and extensions total \$447 million, up \$37 million from the same period last year, with the full month benchmark projecting an increase of \$183 million.

As of April 15, 2015, month-to-date income tax cash estimated payments total \$103 million, up \$8 million from the same period last year, with the full month benchmark projecting an increase of \$4 million.

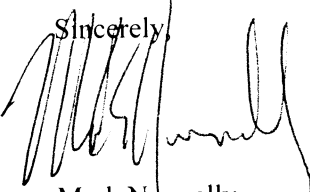
Excluding the \$25 million settlement-related payments received this month, month-to-date corporate and business taxes total \$78 million, up \$1 million, compared to a \$16 million decline assumed in the monthly benchmark. April is a relatively small month for corporate and business tax collections, although the first tax year 2015 quarterly estimated payment is due from most large retailers.

Month-to-date sales tax collections total \$84 million, up \$5 million from the same period in 2014, with the full month benchmark projecting a growth of \$26 million from April 2014. April 15<sup>th</sup> 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) were not due until April 20<sup>th</sup>. Motor vehicle sales taxes, which are received daily and should not be affected by timing issues, are up \$2 million from the same period last April.

Monthly motor fuels and rooms tax payments were also due on April 20<sup>th</sup>. 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 April 15<sup>th</sup> 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 April 2014 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 benchmark.

If you have any questions concerning this report, please contact either me (at 617-626-2201) or Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (at 617-626-2100).

Sincerely,  
  
Mark Nunnelly  
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 J. Rodrigues, 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 2015 (in \$ Millions)

Tax Collections as of April 15, 2015, Compared to Same Collection Period in FY2014 and to the FY2015 Tax Revenue Estimate of \$24.325 Billion

----- Month of April -----							----- FY15 Year-to-Date -----					
	04/15 MTD Collections	04/15 MTD v. 04/14 MTD \$ Change	04/15 MTD v. 04/14 MTD % Change	04/15 Full Month Benchmark (*)	% Growth from 04/14 Assumed in Monthly Benchmark	\$ Needed to Reach 04/15 Full Month Benchmark (*)	04/15 FY15 YTD Collections	04/15 FY15 YTD \$ Change	04/15 FY15 YTD % Change	FY15 YTD Benchmark (*)(**)	% Growth from 04/14 Assumed in FY15 YTD Benchmark	\$ Needed to Reach FY15 YTD Benchmark (*)(**)
<b>Income - Total</b>	<b>796</b>	<b>93</b>	<b>13.2%</b>	<b>2,255</b>	<b>12.5%</b>	<b>1,460</b>	<b>10,421</b>	<b>708</b>	<b>7.3%</b>	<b>11,660</b>	<b>5.9%</b>	<b>1,239</b>
Income Withholding	437	34	8.4%	876	8.0%	439	8,856	431	5.1%	9,237	4.6%	381
Income Est. Payments (Cash)	103	8	8.2%	244	1.8%	141	1,829	242	15.2%	1,789	3.2%	(41)
Income Returns/Bills	447	37	9.1%	1,480	14.1%	1,034	866	(39)	(4.3%)	1,979	10.4%	1,113
Income Refunds (Cash)	190	(14)	(6.7%)	343	0.2%	153	1,127	(76)	(6.3%)	1,343	0.1%	215
<b>Sales &amp; Use - Total</b>	<b>84</b>	<b>5</b>	<b>6.4%</b>	<b>494</b>	<b>5.6%</b>	<b>411</b>	<b>4,340</b>	<b>194</b>	<b>4.7%</b>	<b>4,813</b>	<b>6.1%</b>	<b>473</b>
Sales - Regular	41	3	6.7%	341	5.5%	300	2,996	129	4.5%	3,346	6.2%	351
Sales - Meals	9	0	4.5%	81	5.1%	72	751	38	5.3%	826	5.6%	75
Sales - Motor Vehicles	33	2	6.7%	72	6.5%	39	594	27	4.8%	641	6.4%	47
<b>Corporate &amp; Business - Total</b>	<b>78</b>	<b>1</b>	<b>0.8%</b>	<b>80</b>	<b>(16.4%)</b>	<b>3</b>	<b>1,806</b>	<b>(178)</b>	<b>(9.0%)</b>	<b>1,880</b>	<b>(6.2%)</b>	<b>73</b>
<b>All Other</b>	<b>45</b>	<b>(5)</b>	<b>(9.7%)</b>	<b>175</b>	<b>4.5%</b>	<b>130</b>	<b>1,629</b>	<b>81</b>	<b>5.2%</b>	<b>1,713</b>	<b>2.9%</b>	<b>85</b>
<b>Total Tax Collections</b>	<b>1,002</b>	<b>93</b>	<b>10.3%</b>	<b>3,005</b>	<b>9.8%</b>	<b>2,003</b>	<b>18,196</b>	<b>805</b>	<b>4.6%</b>	<b>20,066</b>	<b>4.4%</b>	<b>1,870</b>

**Tax-Related Settlements & Judgments Exceeding \$10 Million Each** (NOT included in the April MTD and YTD collections figures above. April and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).

<b>25.3</b>	<b>183.4</b>
<b>Total Tax Collections</b> (Including tax-related settlements & judgments)	1,027 119 13.1% 18,380 989 5.7%
<b>Corporate &amp; Business - Total</b> (Including tax-related settlements & judgments)	103 26 33.6% 1,916 (68) -3.4%
<b>Income Returns/Bills</b> (Including tax-related settlements & judgments)	447 37 9.1% 940 35 3.8%

(\*) Benchmarks are based on the FY15 tax revenue estimate of \$24.325 billion

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

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