



MICHAEL J. HEFFERNAN
COMMISSIONER

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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August 18, 2016

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 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 August 2016. The attached table shows August 2016 month-to-date and Fiscal Year 2017 year-to-date tax revenue collections through August 15, 2016, along with changes from the same collection period in August 2015.

Context for August estimates

Based on prior years, August is one of the smaller collection months on the calendar, along with July, October, November, and February. On average, each of these months contributes less than 7% of total Fiscal Year revenues. In contrast, each of the other seven months contributes nearly 10% on average.

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

Highlights

Please note that 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. It would not be advisable to use this data to predict trends.

- Month-to-date **Total Tax Collections** were \$778 million, down \$8 million from the same period last August.
- Month-to-date **Income Taxes** totaled \$601 million, up \$2 million from the same period last August.
- Month-to-date **Sales & Use Tax** collections were \$81 million, down \$17 million from the same period last August.
- Month-to-date **Corporate & Business Taxes** totaled \$23 million, almost no change from the same period last August.
- For the **year-to-date period** of Fiscal Year 2017 through mid-August, **Total Tax Collections** are \$2.485 billion, which is \$28 million or 1.2% ahead of the same year-to-date period in Fiscal Year 2016.

Details

Income Taxes totaled \$601 million, which is \$2 million more than in the same period last year. Within this category:

- **Income Withholding** at \$593 million was \$2 million more than mid-month August 2015. Withholding is the largest proportion of the dollars collected for the first half of the month.
- **Estimated Payments** were \$9 million in the month-to-date period, almost no change from the same period last year.
- **Income Returns/Bills** at \$15 million is \$1 million more than the equivalent mid-month period in 2015.
- **Income Refunds** at \$17 million is \$2 million more than the same period last August.

Sales & Use Tax collections of \$81 million comprise \$31 million in Regular Sales, \$13 million in Meals, and \$38 million in Motor Vehicles. As the exhibit shows, Regular Sales and Meals are down versus mid-month August 2015, but Motor Vehicles is up modestly. Note that August 15th is too early in the month for sales tax trends to be meaningful, as monthly sales tax payments (other than for Motor Vehicles) are not due until later in the month.

Month-to-date **Corporate & Business Tax** collections totaled \$23 million, almost no change from the same mid-month period in August 2015.

All Other Taxes, which includes motor fuel and cigarette taxes among its larger components, were \$73 million for the August month-to-date period and \$6 million above the same period in 2015.

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 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 August 2016 (in \$ millions)
Tax Collections as of August 15, 2016, Compared to Same Collection Period in FY2016

	Month-to-date August 15, 2016			FY17 YTD to August 15, 2016		
	August MTD Actual Collections	Aug 2016 MTD v. Aug 2015 MTD \$ Fav/(Unfav)	Aug 2016 MTD v. Aug 2015 MTD % Fav/(Unfav)	Fiscal YTD Actual Collections	FY2017 YTD v. FY2016 YTD \$ Fav/(Unfav)	FY2017 YTD v. FY2016 YTD % Fav/(Unfav)
Income						
Income Withholding	593	2	+0.4%	1,488	14	+1.0%
Income Est. Payments	9	(0)	-2.8%	42	4	+11.3%
Income Returns/Bills	15	1	+10.6%	56	9	+19.0%
Income Refunds Net (outflow)	(17)	(2)	-11.3%	(37)	7	+16.7%
Subtotal Income	601	2	+0.3%	1,549	35	+2.3%
Sales & Use						
Sales - Regular	31	(15)	-33.0%	413	(10)	-2.4%
Sales - Meals	13	(3)	-20.3%	110	(2)	-1.5%
Sales - Motor Vehicles	38	2	+4.6%	103	(9)	-8.2%
Subtotal Sales & Use	81	(17)	-17.0%	625	(21)	-3.3%
Corporate & Business - Total	23	0	+1.4%	75	5	+6.8%
All Other	73	6	+9.3%	237	10	+4.3%
Total Tax Collections	778	(8)	-1.1%	2,485	28	+1.2%