



Christopher C. Harding
Commissioner

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

August 20, 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 Joan B. Lovely, Vice Chair
Senate Committee on Ways and Means
State House
Room 413-A
Boston, MA 02133

The Honorable Viriato M. deMacedo, Senator
Senate Committee on Ways and Means
State House
Room 313-C
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 2018, the second month of fiscal year 2019. The attached table shows August 2018 month-to-date tax revenue collections through August 15, 2018, along with changes from the equivalent period in August 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 August estimates

August is one of the smaller months for revenue collection, because neither individual nor business taxpayers make significant estimated payments during the month. On average for the past several years, roughly 6.7% of annual revenue has been received during August.

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

Highlights

- **Total Tax** collections for the month-to-date period were \$746 million, up \$38 million or 5.4% versus the same period in August 2017.
- **Income Taxes** totaled \$555 million, up \$24 million or 4.6% versus the same period in August 2017.
- **Sales & Use Tax** collections were \$109 million, up \$16 million or 17.3% versus the same period in August 2017.
- **Corporate & Business Taxes** were \$13 million, down \$6 million or 30.7% versus the same period in August 2017. August is a minor month for business tax revenues.
- **Other Taxes** totaled \$69 million, up \$4 million or 5.5% versus the same period in August 2017.

Detail

Total Income Tax of \$555 million for mid-month August comprises the following:

- **Withholding** of \$545 million, up \$29 million from mid-month August 2017.
- **Estimated Payments** of \$11 million, up \$0.1 million from mid-month August 2017.
- **Returns/Bills** of \$15 million, down \$10 million from mid-month August 2017.
- **Refunds** of \$16 million, down \$5 million from mid-month August 2017. Because refunds are an outflow, this represents a positive variance from the prior year.

Sales & Use Tax collections of \$109 million for the August month-to-date period are \$16 million or 17.3% more 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 of the month.

- \$50 million in Regular Sales Tax collections, up \$12 million from mid-month August 2017.
- \$16 million in Meals Tax revenues, up \$2 million from mid-month August 2017.
- \$42 million in Motor Vehicle Sales Tax revenues, up \$1 million from mid-month August 2017.

Corporate & Business tax revenues were \$13 million, down \$6 million from mid-month August 2017.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. All other revenues were \$69 million, up \$4 million from mid-month August 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,

A handwritten signature in black ink, appearing to read 'CCH', is positioned above the printed name.

Christopher C. Harding
Commissioner

Attachment

Cc: Michael J. Heffernan, Secretary of Administration and Finance
Representative Robert A. DeLeo, House Speaker
Senator Karen E. Spilka, 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 August 2018 (in \$ Millions)
Tax Collections as of August 15, 2018, Compared to Same Collection Period in FY2018

	<u>August (Through August 15th)</u>			<u>FY19 YTD (Through August 15th)</u>		
	08/2018 MTD Actual Collections	08/2018 MTD v. 08/2017 MTD \$ Fav/(Unfav)	08/2018 MTD v. 08/2017 MTD % Fav/(Unfav)	08/2018 YTD Actual Collections	08/2018 YTD v. 08/2017 YTD \$ Fav/(Unfav)	08/2018 YTD v. 08/2017 YTD % Fav/(Unfav)
Income						
Income Withholding	545	29	+5.6%	1,545	33	+2.2%
Income Est. Payments	11	0.1	+1.1%	44	9	+25.5%
Income Returns/Bills	15	(10)	-40.1%	59	7	+12.6%
Income Refunds Net (outflow)	(16)	5	+25.7%	(38)	23	+37.8%
Subtotal Income	555	24	+4.6%	1,611	72	+4.7%
Sales & Use						
Sales - Regular	50	12	+32.0%	456	28	+6.7%
Sales - Meals	16	2	+17.5%	127	10	+8.1%
Sales - Motor Vehicles	42	1	+3.4%	94	4	+4.1%
Subtotal Sales & Use	109	16	+17.3%	676	42	+6.6%
Corporate & Business - Total	13	(6)	-30.7%	100	7	+8.0%
All Other	69	4	+5.5%	258	19	+8.2%
Total Tax Collections	746	38	+5.4%	2,645	141	+5.6%

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.