



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, 2019

The Honorable Aaron Michlewitz, Chair
House Committee on Ways and Means
State House
Room 243
Boston, MA 02133

The Honorable Todd M. Smola, Ranking Member
House Committee on Ways and Means
State House
Room 124
Boston, MA 02133

The Honorable Michael J. Rodrigues, Chair
Senate Committee on Ways and Means
State House
Room 212
Boston, MA 02133

The Honorable Viriato M. deMacedo, Ranking Member
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 2019, the second month of fiscal year 2020. The attached table shows August 2019 month-to-date tax revenue collections through August 15, 2019, along with changes from the equivalent period in August 2018.

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 urges that mid-month figures should not be used to assess trends or project future revenues.**

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

Context for August revenues

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.

Highlights

- **Total Tax** collections for the month-to-date period were \$814 million, up \$49 million or 6.4% versus the same period in August 2018.
- **Income Taxes** totaled \$601 million, up \$44 million or 8.0% versus the same period in August 2018.
- **Sales & Use Tax** collections were \$113 million, up \$4 million or 3.2% versus the same period in August 2018.
- **Corporate & Business Taxes** were \$25 million, up \$12 million or 94.2% versus the same period in August 2018.
- **Other Taxes** totaled \$76 million, down \$11 million or 12.3% versus the same period in August 2018.

Detail

Total Income Tax of \$601 million for mid-month August comprises the following:

- **Withholding** of \$578 million, up \$33 million from mid-month August 2018.
- **Estimated Payments** of \$14 million, up \$3 million from mid-month August 2018.
- **Returns/Bills** of \$16 million, up \$1 million from mid-month August 2018.
- **Refunds** of \$8 million, down \$7 million from mid-month August 2018. Because refunds are an outflow, this represents a positive variance from the prior year.

Sales & Use Tax collections of \$113 million for the August month-to-date period are \$4 million or 3.2% more than the equivalent period last year. Only a small proportion of expected Regular Sales and Meals tax remittances, subcategories of Sales & Use Tax, are received by the mid-month date; the bulk of these payments are expected on or after the 20th of the month.

- \$56 million in Regular Sales Tax collections, up \$5 million from mid-month August 2018.
- \$18 million in Meals Tax revenues, up \$1 million from mid-month August 2018.
- \$39 million in Motor Vehicle Sales Tax revenues, down \$3 million from mid-month August 2018.

Corporate & Business tax revenues were \$25 million, up \$12 million from mid-month August 2018.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. All other revenues totaled \$76 million, which is \$11 million less than the mid-month August 2018 figure.

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 Karen E. Spilka, Senate President
Representative Mark J. Cusack, House Chair, Joint Committee on Revenue
Senator Adam G. Hinds, 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 2019 (in \$ Millions)
Tax Collections as of August 15, 2019, Compared to Same Collection Period in FY2019

	August			FY20 YTD		
	(Through August 15th)			(Through August 15th)		
	08/2019 MTD Actual Collections	08/2019 MTD v. 08/2018 MTD \$ Fav/(Unfav)	08/2019 MTD v. 08/2018 MTD % Fav/(Unfav)	08/2019 YTD Actual Collections	08/2019 YTD v. 08/2018 YTD \$ Fav/(Unfav)	08/2019 YTD v. 08/2018 YTD % Fav/(Unfav)
Income						
Income Withholding	578	33	+6.1%	1,629	84	+5.4%
Income Est. Payments	14	3	+29.2%	47	3	+5.6%
Income Returns/Bills	16	1	+3.9%	57	(2)	-4.1%
Income Refunds Net (outflow)	(8)	7	+47.2%	(22)	16	+42.6%
Subtotal Income	601	44	+8.0%	1,712	100	+6.2%
Sales & Use						
Sales - Regular	56	5	+10.6%	484	28	+6.1%
Sales - Meals	18	1	+8.2%	134	7	+5.3%
Sales - Motor Vehicles	39	(3)	-7.7%	94	0	+0.5%
Subtotal Sales & Use	113	4	+3.2%	712	35	+5.2%
Corporate & Business - Total	25	12	+94.2%	131	30	+29.9%
All Other	76	(11)	-12.3%	283	(2)	-0.7%
Total Tax Collections	814	49	+6.4%	2,838	163	+6.1%

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.