



Geoffrey E. Snyder
Commissioner

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

August 19, 2020

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 Patrick M. O'Connor, Ranking Member
Senate Committee on Ways and Means
State House
Room 419
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 2020, the second month of fiscal year 2021. The attached table shows August 2020 month-to-date tax revenue collections through August 14, 2020, along with changes from the equivalent period in August 2019.

Revenue collections are uneven and usually 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 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.

However, this August is different from previous years because of the impact of COVID-19 on tax bases and the filing and payment due date extensions for several tax types. This month, one significant change is the extension of the April 15th personal income tax return filing and payment due date to July 15th. Like July, some payments and refunds associated with these deferred filings are processed in August but will be treated as fiscal year 2020 revenues or refunds. Adding to the uniqueness of this August, returns and payments for certain vendors collecting regular sales, meals, and room occupancy taxes have been deferred to September. For a summary of these and other selected Commonwealth measures implemented in response to Covid-19, please see the *Special Disclosure Regarding COVID-19 Related Matters* in the Commonwealth of Massachusetts Information Statement dated May 22, 2020 (as supplemented).²

Therefore, tax revenues collected in the first half of this month include some deferred payments and refunds on personal income tax, but exclude some regular sales, meals and room occupancy tax which are postponed to September. As noted above, deferred personal income tax payments and refunds will be booked back to FY20 by the Comptroller. Consequently, the August month-to-date figures, as well as year-to-date through August mid-month figures, should be interpreted with caution.

Highlights

- **Total Tax** collections for the month-to-date period were \$808 million, up \$114 million or 16.4% versus the same period in August 2019.
- **Income Taxes** totaled \$622 million, up \$102 million or 19.5% versus the same period in August 2019.
- **Sales & Use Tax** collections were \$97 million, up \$7 million or 7.9% versus the same period in August 2019.
- **Corporate & Business Taxes** were \$13 million, virtually the same as in the same period in August 2019.
- **Other Taxes** totaled \$76 million, up \$5 million or 7.6% versus the same period in August 2019.

Detail

Total Income Tax of \$622 million for mid-month August comprises the following:

² <https://emma.msrb.org/SS1488121.pdf>

- **Withholding** of \$612 million, up \$112 million from mid-month August 2019.
- **Estimated Payments** of \$12 million, down \$1 million from mid-month August 2019.
- **Returns/Bills** of \$23 million, up \$9 million from mid-month August 2019. A portion of the month-to-date increase is due to the extension of the income tax filing/payment deadline from April 15th to July 15th.
- **Refunds** of \$25 million, up \$18 million from mid-month August 2019. Refunds are outflow and this represents a negative variance from the prior year. The month to date increase is impacted by the extension of the income tax filing and payment deadline from April 15th to July 15th.

Sales & Use Tax collections of \$97 million for the August month-to-date period are \$7 million or 7.9% more than the equivalent period last year. The month-to-date increase may have been partially offset by the aforementioned filing and payment deferral to September. Typically, only a small proportion of expected regular sales and meals tax remittances are received by the mid-month date; the bulk of these payments are received on or after the due date, which is generally the 20th of the month.

The \$97 million in month-to-date sales and use tax collections is comprised of the following:

- \$43 million in regular sales tax collections, up \$4 million from mid-month August 2019.
- \$12 million in meals tax revenues, down \$3 million from mid-month August 2019.
- \$41 million in motor vehicle sales tax revenues, up \$6 million from mid-month August 2019.

Corporate & Business tax revenues were \$13 million, virtually the same as in mid-month August 2019.

Other Taxes includes a number of tax categories including motor fuels, cigarettes, estate taxes, room occupancy and deeds. All other tax revenues totaled \$76 million, which is \$5 million more than the mid-month August 2019.

Collections are usually weighted to the end of the month, therefore 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 (snyderge@dor.state.ma.us) or Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (ozyurk@dor.state.ma.us).

Sincerely,

A handwritten signature in black ink, appearing to read "Geoffrey E. Snyder". The signature is fluid and cursive, with a long horizontal stroke at the end.

Geoffrey E. Snyder
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 2020 (in \$ Millions)
Tax Collections as of August 14, 2020, Compared to Same Collection Period in FY2020

	August			FY21 YTD		
	(Through August 14th)			(Through August 14th)		
	08/2020 MTD Actual Collections	08/2020 MTD v. 08/2019 MTD \$ Fav/(Unfav)	08/2020 MTD v. 08/2019 MTD % Fav/(Unfav)	08/2020 YTD Actual Collections	08/2020 YTD v. 08/2019 YTD \$ Fav/(Unfav)	08/2020 YTD v. 08/2019 YTD % Fav/(Unfav)
Income						
Income Withholding	612	112	+22.4%	1,742	192	+12.4%
Income Est. Payments	12	(1)	-10.3%	423	377	+816.6%
Income Returns/Bills	23	9	+59.2%	2,055	1,999	+3558.6%
Income Refunds Net (outflow)	(25)	(18)	-236.9%	(150)	(129)	-630.0%
Subtotal Income	622	102	+19.5%	4,071	2,439	+149.4%
Sales & Use						
Sales - Regular	43	4	+10.9%	516	49	+10.4%
Sales - Meals	12	(3)	-19.3%	77	(54)	-41.6%
Sales - Motor Vehicles	41	6	+16.3%	119	24	+25.8%
Subtotal Sales & Use	97	7	+7.9%	711	18	+2.7%
Corporate & Business - Total	13	(0)	-3.0%	214	95	+79.6%
All Other	76	5	+7.6%	267	(9)	-3.1%
Total Tax Collections	808	114	+16.4%	5,263	2,544	+93.5%

-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.

-Tax revenues collected in the first half of this month and the year-to-date through mid-August include deferred payments and refunds on personal income tax that will be booked back to FY20 by the Comptroller and exclude some regular sales, meals and room occupancy tax which are postponed to September.