



Christopher C. Harding
Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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December 20, 2017

The Honorable Jeffrey Sanchez, 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 313C
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 December 2017. The attached table shows December month-to-date tax revenue collections through December 15, 2017, along with changes from the equivalent period in December 2016.

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 December estimates

In recent years, December has contributed an average of 9.5% total annual collections, ranking number five among the twelve months of the year for share of collections. Estimated Payments for Corporate & Business Taxes are due in the month. Although Estimated Payments for individuals are not due until

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

January, there is also considerable inflow in this category each December, which is largely due to individuals choosing to make the January payment early in order to claim the related deduction on their 2017 federal taxes.

Highlights

- **Total Tax** collections for the month-to-date period were \$1.101 billion, up \$37 million or 3.5% versus the same period last year.
- **Income Taxes** totaled \$628 million, up \$46 million or 7.9% from the equivalent period in December 2016.
- **Sales & Use Tax** collections were \$96 million at mid-month, which is \$2 million or 2.4% more than the 2016 figure. Regular Sales and Meals Tax revenues are heavily weighted toward the second part of the month, so the mid-month revenue figure is not predictive.
- **Corporate & Business Taxes** collections for the month were \$314 million, which is \$10 million or, 3.1% less than the same period last year.
- **Other Taxes** totaled \$64 million at December mid-month, which is \$1 million or 1.8% less than the 2016 figure.

Detail

Total Income Tax of \$628 million for mid-month December comprises the following:

- **Withholding** of \$559 million, up \$21 million from mid-month December 2016.
- **Estimated Payments** of \$67 million, up \$32 million versus the same period last year.
- **Returns/Bills** of \$18 million, up \$9 million from the same period last year.
- **Refunds** for the December 2017 month-to-date period were \$17 million, which is \$17 million more than the same period last year (unfavorable variance).

Sales & Use Tax collections of \$96 million for the December month-to-date period are \$2 million or 2.4% 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).

- The \$49 million in Regular Sales Tax collections is \$1 million more than the same month-to-date period in 2016.
- Meals Tax revenues of \$13 million month-to-date are the same as the December month-to-date period last year.
- Vehicle Tax revenues of \$34 million for the month-to-date period are \$1 million above the equivalent 2016 figure.

Corporate & Business revenues were \$314 million for the month-to-date period, which is \$10 million or 3.1% less than the same period in December 2016.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. Revenues of \$64 million for the month-to-date period were \$1 million less than mid-month December 2016.

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 Harriette L Chandler, Acting 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 December 2017 (in \$ millions)

Tax Collections as of December 15, 2017, Compared to Same Collection Period in FY2017

	Tax Collections Through December 15			FY18 YTD Through December 15		
	12/2017 MTD Actual Collections	12/2017 MTD v. 12/2016 MTD \$ Fav/(Unfav)	12/2017 MTD v. 12/2016 MTD % Fav/(Unfav)	12/2017 YTD Actual Collections	12/2017 YTD v. 12/2016 YTD \$ Fav/(Unfav)	12/2017 YTD v. 12/2016 YTD % Fav/(Unfav)
Income						
Income Withholding	559	21	+3.9%	5,505	284	+5.4%
Income Est. Payments	67	32	+92.7%	712	33	+4.9%
Income Returns/Bills	18	9	+108.3%	271	27	+11.1%
Income Refunds Net (outflow)	(17)	(17)	NA	(308)	(40)	-14.8%
Subtotal Income	628	46	+7.9%	6,180	304	+5.2%
Sales & Use						
Sales - Regular	49	1	+1.4%	1,876	55	+3.0%
Sales - Meals	13	0	+1.7%	533	23	+4.4%
Sales - Motor Vehicles	34	1	+4.2%	384	9	+2.4%
Subtotal Sales & Use	96	2	+2.4%	2,792	87	+3.2%
Corporate & Business - Total	314	(10)	-3.1%	1,029	73	+7.7%
All Other	64	(1)	-1.8%	1,018	22	+2.2%
Total Tax Collections	1,101	37	+3.5%	11,019	487	+4.6%

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.