



Christopher C. Harding
Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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December 19, 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 December 2018, the sixth month of fiscal year 2019. The attached table shows December 2018 month-to-date tax revenue collections through December 14, 2018, along with changes from the equivalent period in December 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.**

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

Context for December estimates

In recent years, December has contributed an average of 9.5% of 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 January, there is also considerable inflow in this category each December. This is largely due to individuals choosing to make the January payment early, in order to claim the related deduction on their 2018 federal taxes.

Highlights

- **Total Tax** collections for the month-to-date period were \$965 million, up \$128 million or 15.3% versus the same period in December 2017.
- **Income Taxes** totaled \$641 million, up \$114 million or 21.6% versus the same period in December 2017.
- **Sales & Use Tax** collections were \$80 million, up \$4 million or 6.0% versus the same period in December 2017.
- **Corporate & Business Taxes** were \$175 million, down \$4 million versus the same period in December 2017.
- **Other Taxes** totaled \$70 million, up \$14 million versus the same period in December 2017.

Detail

Total Income Tax of \$965 million for mid-month December comprises the following:

- **Withholding** of \$616 million, up \$140 million from mid-month December 2017. Some of the month-to-date increase in withholding may have been borrowed from the remainder of the month.
- **Estimated Payments** of \$32 million, down \$20 million from mid-month December 2017.
- **Returns/Bills** of \$16 million, up \$1 million from mid-month December 2017.
- **Refunds** of \$24 million, up \$8 million from mid-month December 2017. Because refunds are an outflow, this represents a negative variance from the prior year.

Sales & Use Tax collections of \$80 million for the December month-to-date period are \$4 million or 6.0% 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.

- \$34 million in Regular Sales Tax collections, up \$1 million from mid-month December 2017.
- \$12 million in Meals Tax revenues, up \$1 million from mid-month December 2017.
- \$34 million in Motor Vehicle Sales Tax revenues, up \$2 million from mid-month December 2017.

Corporate & Business tax revenues were \$175 million, down \$4 million from mid-month December 2017.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. All other revenues were \$70 million, up \$14 million from mid-month December 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,



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 December 2018 (in \$ Millions)
Tax Collections as of December 14, 2018, Compared to Same Collection Period in FY2018

	December			FY19 YTD		
	(Through December 14th)			(Through December 14th)		
	12/2018 MTD Actual Collections	12/2018 MTD v. 12/2017 MTD \$ Fav/(Unfav)	12/2018 MTD v. 12/2017 MTD % Fav/(Unfav)	12/2018 YTD Actual Collections	12/2018 YTD v. 12/2017 YTD \$ Fav/(Unfav)	12/2018 YTD v. 12/2017 YTD % Fav/(Unfav)
Income						
Income Withholding	616	140	+29.5%	5,734	312	+5.8%
Income Est. Payments	32	(20)	-38.5%	781	85	+12.2%
Income Returns/Bills	16	1	+8.3%	314	41	+15.0%
Income Refunds Net (outflow)	(24)	(8)	-49.9%	(280)	28	+9.1%
Subtotal Income	641	114	+21.6%	6,550	466	+7.7%
Sales & Use						
Sales - Regular	34	1	+3.4%	1,967	107	+5.7%
Sales - Meals	12	1	+14.0%	556	27	+5.0%
Sales - Motor Vehicles	34	2	+6.1%	400	19	+4.9%
Subtotal Sales & Use	80	4	+6.0%	2,923	152	+5.5%
Corporate & Business - Total	175	(4)	-2.0%	1,036	143	+16.0%
All Other	70	14	+24.3%	1,202	197	+19.6%
Total Tax Collections	965	128	+15.3%	11,711	958	+8.9%

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.