



Geoffrey E. Snyder  
Commissioner

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
*Office of the Commissioner*  
*P.O. Box 9550*  
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December 18, 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 Laws<sup>1</sup>, the Department of Revenue (DOR) hereby submits its mid-month tax revenue report for the month of December 2020, the sixth month of fiscal year 2021. The attached table shows December 2020 month-to-date tax revenue collections through December 15, 2020, along with changes from the equivalent period in December 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.

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

## Context for December Revenues

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December is a significant month for revenues because many corporate and business taxpayers are required to make quarterly estimated payments. In addition, quarterly income estimated payments (due January 15<sup>th</sup>) could also begin to come in. Historically, December generally produces about 9.5% of annual revenue, making December the fifth largest revenue month of the year.

## Highlights

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**Total Tax collections for the month-to-date period were \$1.312 billion, up \$73 million or 5.9%** versus the same period in December 2019. The month-to-date collections were affected by several one-time revenue events, including the issuance of a large sales tax refund resulting from a court judgment, affecting regular sales tax, a subcategory of Sales & Use Taxes, business restructuring activity, and some timing factors affecting Corporate & Business Taxes. The net impact of these one-time revenue events was about \$66 million. In the absence of these events, the month-to-date collections would have been up \$7 million from the same period last December.

- **Income Taxes** totaled \$702 million, up \$4 million or 0.6% versus the same period in December 2019.
- **Sales & Use Taxes** were \$74 million, down \$26 million or 26.1% versus the same period in December 2019.
- **Corporate & Business Taxes** were \$477 million, up \$93 million or 24.2% versus the same period in December 2019.
- **Other Taxes** totaled \$59 million, up \$2 million or 3.9% versus the same period in December 2019.

## Detail

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**Total Income Tax** of \$702 million for mid-month December comprises the following:

- **Withholding** of \$636 million, down \$3 million from mid-month December 2019.
- **Estimated Payments** of \$51 million, up \$7 million from mid-month December 2019.
- **Returns/Bills** of \$22 million, up \$2 million from mid-month December 2019.
- **Refunds** of \$7 million, up \$3 million from mid-month December 2019. Refunds are outflow and this represents a negative variance from the prior year.

**Sales & Use Tax** collections of \$74 million for the December month-to-date period are \$26 million less than the same period in December 2019. 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 20<sup>th</sup> of the month.

The \$74 million in month-to-date sales and use tax collections is comprised of the following:

- \$28 million in regular sales tax collections, down \$19 million from mid-month December 2019. As mentioned above, the decline in regular sales was due to the issuance of a large sales tax refund resulting from a court judgment.
- \$10 million in meals tax revenues, down \$5 million from mid-month December 2019.
- \$35 million in motor vehicle sales tax revenues, down \$2 million from mid-month December 2019.

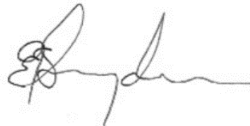
**Corporate & Business** tax revenues were \$477 million, up \$93 million from mid-month December 2019. As mentioned above, the month-to-date increase was mostly due to one-time revenue events, including business restructuring activity and some timing factors.

**Other Taxes** includes a number of tax categories such as motor fuels, cigarettes, estate taxes, room occupancy and deeds. All other tax revenues totaled \$59 million, which is \$2 million more than mid-month December 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 (ozyurtk@dor.state.ma.us).

Sincerely,



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



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	12/2020 MTD Actual Collections	12/2020 MTD v. 12/2019 MTD \$ Fav/(Unfav)	12/2020 MTD v. 12/2019 MTD % Fav/(Unfav)	12/2020 YTD Actual Collections	12/2020 YTD v. 12/2019 YTD \$ Fav/(Unfav)	12/2020 YTD v. 12/2019 YTD % Fav/(Unfav)
<b>Income</b>						
Income Withholding	636	(3)	-0.4%	6,287	246	+4.1%
Income Est. Payments	51	7	+16.6%	746	(81)	-9.7%
Income Returns/Bills	22	2	+9.4%	336	0	+0.1%
Income Refunds Net (outflow)	(7)	(3)	-56.7%	(226)	29	+11.3%
<b>Subtotal Income</b>	<b>702</b>	<b>4</b>	<b>+0.6%</b>	<b>7,142</b>	<b>195</b>	<b>+2.8%</b>
<b>Sales &amp; Use</b>						
Sales - Regular	28	(19)	-40.1%	2,258	155	+7.4%
Sales - Meals	10	(5)	-31.4%	400	(181)	-31.2%
Sales - Motor Vehicles	35	(2)	-6.4%	444	35	+8.5%
<b>Subtotal Sales &amp; Use</b>	<b>74</b>	<b>(26)</b>	<b>-26.1%</b>	<b>3,102</b>	<b>9</b>	<b>+0.3%</b>
<b>Corporate &amp; Business - Total</b>	<b>477</b>	<b>93</b>	<b>+24.2%</b>	<b>1,462</b>	<b>206</b>	<b>+16.4%</b>
<b>All Other</b>	<b>59</b>	<b>2</b>	<b>+3.9%</b>	<b>1,069</b>	<b>(195)</b>	<b>-15.5%</b>
<b>Total Tax Collections</b>	<b>1,312</b>	<b>73</b>	<b>+5.9%</b>	<b>12,775</b>	<b>215</b>	<b>+1.7%</b>

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.