

MARK E. NUNNELLY
COMMISSIONER

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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December 18, 2015

The Honorable Brian S. Dempsey, 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 70
Boston, MA 02133

Honorable Chairmen and Ranking Minority Members of the Ways and Means Committees:

Pursuant to Section 6 of Chapter 14 of the General Laws¹, the Department of Revenue hereby submits its mid-month tax revenue report for the month of December 2015. The attached table shows December 2015 month-to-date and Fiscal Year 2016 year-to-date tax revenue collections through December 15, 2015, along with the dollar and percentage changes from the same collection period in December 2014. Also shown are the percentage growth amounts for the full month of December 2015 and for Fiscal Year 2016 year-to-date through the end of December 2015 that were assumed in the benchmarks corresponding to

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

the Fiscal Year 2016 tax revenue estimate of \$25.611 billion². The \$25.611 billion estimate does not include the \$125 million estimate for tax and non-tax related settlement and judgment payments in excess of \$10 million each, which was assumed in the Fiscal Year 2016 budget.

Highlights:

- It is too soon for the month-to-date collections to be meaningful to gauge full month's revenue performance as 60% of collections typically come in during the second half of the month.
- Month-to-date total tax collections are up \$55 million from the same period last December.
- Month-to-date withholding totals \$525 million, up \$29 million from the same period last December.
- Month-to-date sales & use tax collections total \$86 million, up \$22 million from the same period last December.

Details:

December is a significant tax collection month, as withholding reflects end-of-year bonuses, the final corporate & business quarterly estimated payments of the tax year are due for most corporations, and in the last week of the month individual income taxpayers begin to remit their final estimated payments of the year (which are not due until January 15th, but are paid by many taxpayers in December so that they can deduct the payments on the current tax year's federal income tax returns). The December benchmark corresponding to the Fiscal Year 2016 tax revenue estimate of \$25.611 billion assumes total tax collections of \$2.376 billion, an increase of \$70 million, or 3.0% actual, and increase of \$88 million, or 3.8% baseline from December 2014. The incremental impacts of tax law changes are expected to reduce collections by about \$17 million (net) this month.

Through December 15, 2015, month-to-date tax collections total \$967 million, up \$55 million, with the full month benchmark projecting an increase of \$70 million. Month-to-date increase reflects mostly growth in corporate & business collections (+\$46 million), withholding collections (+\$29 million), and sales & use collections (+\$22 million) offset by timing related increase in income cash refunds (+\$17 million), and decrease in income tax returns & bills (-\$22 million).

Month-to-date withholding tax collections, which totaled \$525 million, up \$29 million, compared to the benchmark estimate that projects a withholding increase of \$49 million for the full month. As of December 15, 2015, month-to-date income tax cash estimated payments totaled \$27 million, down \$1 million from the same period last year, with the full month benchmark projecting a decrease of \$7 million. Month-to-date income tax cash refunds totaled \$25 million, up \$17 million from the same period last year, reflecting probably shifting of refunds from November to December, with the full month benchmark projecting no change from December 2014.

Month-to-date corporate & business tax collections totaled \$289 million, up \$46 million from the same period last year, compared with the full month benchmark projecting an increase of \$6 million from last December. Month-to-date corporate & business returns and bills totaled \$81 million, an increase of \$66 million, with the full month benchmark projecting a decrease of \$13 million from the same period last

² The \$25.611 billion estimate reflects the FY2016 consensus tax estimate of \$25.479 billion adjusted for the impact of subsequently enacted changes affecting revenues such as non-filer/non-registrant tax amnesty, illegal tobacco task force, delayed FAS109 deductions, self-imposed life sciences tax incentive cap, and sales tax holiday.

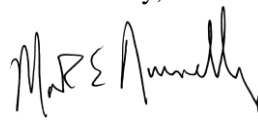
year. Month-to-date corporate & business returns and bills totaled \$81 million, an increase of \$66 million, with the full month benchmark projecting a decrease of \$13 million from the same period last December. Month-to-date corporate and business income cash estimated payments collections totaled \$208 million, down \$13 million from the same period last year, with the full month benchmark projecting an increase of \$19 million from the same period last year. Some of the month-to-date decline in corporate and business income cash estimated payments may be timing related.

As of December 15, 2015, month-to-date sales tax collections totaled \$86 million, up \$22 million from the same period last December, with the full month benchmark projecting an increase of \$21 million, or 34.2% actual, and 4.7% baseline from December 2014. December 15th was too early in the month for month-to-date sales tax trends to be meaningful, as monthly sales tax payments (other than those for motor vehicle sales tax) are not due until December 21st (usual due date of 20th falls on a weekend this year).

Monthly motor fuels and rooms tax payments are also due on December 21st (usual due date of 20th falls on a weekend this year). There may be differences in the due dates for certain tax payments from one fiscal year to the next (e.g., in withholding payments or the timing of refund cycles) which complicate month-to-date comparisons to the prior year. As a result of these factors, revenues received through December 15th as reported in the attached table may not be indicative of what the final results for the full month will be. Specifically, they do not necessarily represent one-half of the revenues to be received in the full month and the month-to-date growth rates compared to December 2014 could change significantly by the end of this month. Any variances from the monthly benchmark at this point in the month should not be relied on as an indicator of what total final revenues for the month will be, compared to the full month benchmarks.

If you have any questions concerning this report, please contact either me (at 626-2201) or Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (at 626-2100).

Sincerely,



Mark Nunnelly
Commissioner

Attachment

Cc: Kristen Lepore, Secretary of Administration and Finance
Representative Robert A. DeLeo, House Speaker
Senator Stanley C. Rosenberg, Senate President
Jay R. Kaufman, House Chair, Joint Committee on Revenue
Senator Michael J. Rodrigues, 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 2015 (in \$ Millions)

Tax Collections as of December 15, 2015, Compared to Same Collection Period in FY2015 and to the FY2016 Tax Revenue Estimate of \$25.611 Billion

----- Month of December -----							----- FY16 Year-to-Date -----					
	12/15 MTD Collections	12/15 MTD v. 12/14 MTD \$ Change	12/15 MTD v. 12/14 MTD % Change	12/15 Full Month Benchmark (*)	% Growth from 12/14 Assumed in Monthly Benchmark	\$ Needed to Reach 12/15 Full Month Benchmark (*)	12/15 FY16 YTD Collections	12/15 FY16 YTD \$ Change	12/15 FY16 YTD % Change	FY16 YTD Benchmark (*)(**)	% Growth from 12/14 Assumed in FY16 YTD Benchmark	\$ Needed to Reach FY16 YTD Benchmark (*)(**)
Income - Total	523	(12)	(2.2%)	1,360	3.0%	837	5,743	197	3.6%	6,571	3.8%	828
Income Withholding	525	29	5.8%	1,094	4.7%	569	4,995	170	3.5%	5,626	4.7%	631
Income Est. Payments (Cash)	27	(1)	(2.2%)	244	(2.8%)	217	731	69	10.4%	912	3.0%	181
Income Returns/Bills	(4)	(22)	N/A	30	(8.5%)	34	262	(2)	(0.6%)	237	(14.9%)	(25)
Income Refunds (Cash)	25	17	219.0%	8	-0.5%	(17)	244	40	19.6%	204	(0.5%)	(41)
Sales & Use - Total	86	22	34.2%	478	4.7%	393	2,645	164	6.6%	2,995	4.2%	350
Sales - Regular	38	12	48.8%	328	4.3%	290	1,765	95	5.7%	2,034	3.9%	269
Sales - Meals	17	8	80.0%	81	4.6%	64	491	31	6.8%	545	3.3%	54
Sales - Motor Vehicles	31	2	6.2%	69	6.4%	39	389	37	10.6%	416	7.0%	26
Corporate & Business - Total	289	46	18.8%	339	1.7%	50	851	30	3.6%	920	1.0%	69
All Other	69	(0)	(0.6%)	199	1.9%	129	1,005	45	4.7%	1,092	0.6%	87
Total Tax Collections	967	55	6.1%	2,376	3.0%	1,409	10,244	435	4.4%	11,578	3.3%	1,334
<i>Tax-Related Settlements & Judgments Exceeding \$10 Million Each (NOT included in the December MTD and YTD collections figures above. December and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).</i>												
	0.0						14.2					
Total Tax Collections <small>(Including tax-related settlements & judgments)</small>	967	55	6.1%				10,258	450	4.6%			
Corporate & Business - Total <small>(Including tax-related settlements & judgments)</small>	289	46	18.8%				865	44	5.4%			
Income Returns/Bills <small>(Including tax-related settlements & judgments)</small>	(4)	(22)	N/A				262	(2)	-0.6%			

(*) Benchmarks are based on the FY16 tax revenue estimate of \$25.611 billion

(**) Year-to-date benchmarks are year-to-date full month benchmark totals (i.e., July through December full month totals)

Note: Detail may not add to total due to rounding and other technical factors.