



Christopher C. Harding
Commissioner

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

February 21, 2019

The Honorable Aaron Michlewitz, Chair
House Committee on Ways and Means
State House
Room 254
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 109-D
Boston, MA 02133

The Honorable Viriato M. deMacedo, Ranking Member
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 February 2019, the eighth month of fiscal year 2019. The attached table shows February 2019 month-to-date tax revenue collections through February 15, 2019, along with changes from the equivalent period in February 2018.

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 urges that mid-month figures should not be used to assess trends or project future revenues.

Context for February revenues

February has historically been the smallest net tax collection month of the fiscal year, contributing less than 6% of annual collections. There are no estimated payments due and sales tax collections are

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

relatively low in the post-holiday period. February is also the month in which refunds begin to accumulate as the tax filing season begins.

Highlights

- **Total Tax** collections for the month-to-date period were \$558 million, up \$13 million or 2.3% versus the same period in February 2018.
- **Income Taxes** totaled \$361 million, up \$1 million or 0.3% versus the same period in February 2018.
- **Sales & Use Tax** collections were \$100 million, up \$7 million or 7.7% versus the same period in February 2018.
- **Corporate & Business Taxes** were \$17 million, up \$22 million versus the same period in February 2018.
- **Other Taxes** totaled \$80 million, down \$17 million versus the same period in February 2018.

Detail

Total Income Tax of \$361 million for mid-month February comprises the following:

- **Withholding** of \$612 million, up \$57 million from mid-month February 2018.
- **Estimated Payments** of \$10 million, up \$2 million from mid-month February 2018.
- **Returns/Bills** of \$20 million, up \$2 million from mid-month February 2018.
- **Refunds** of \$282 million, up \$60 million from mid-month February 2018. Because refunds are an outflow, this represents a negative variance from the prior year.

Sales & Use Tax collections of \$100 million for the February month-to-date period are \$7 million or 7.7% 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.

- \$56 million in Regular Sales Tax collections, up \$8 million from mid-month February 2018.
- \$13 million in Meals Tax revenues, up \$1 million from mid-month February 2018.
- \$31 million in Motor Vehicle Sales Tax revenues, down \$1 million from mid-month February 2018.

Corporate & Business tax revenues were \$17 million, up \$22 million from mid-month February 2018. February is a minor month for Corporate revenues, and the prior year period saw a net outflow due to refunds.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. All other revenues were \$80 million, down \$17 million from mid-month February 2018. Some of the decrease in all other is timing related and may improve in the remainder of the month.

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,

A handwritten signature in black ink, appearing to read 'C. Harding', with a stylized flourish at the end.

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 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 February 2019 (in \$ Millions)

Tax Collections as of February 15, 2019, Compared to Same Collection Period in FY2018

	February (Through February 15 th)			FY19 YTD (Through February 15 th)		
	02/2019 MTD Actual Collections	02/2019 MTD v. 02/2018 MTD \$ Fav/(Unfav)	02/2019 MTD v. 02/2018 MTD % Fav/(Unfav)	02/2019 YTD Actual Collections	02/2019 YTD v. 02/2018 YTD \$ Fav/(Unfav)	02/2019 YTD v. 02/2018 YTD % Fav/(Unfav)
Income						
Income Withholding	612	57	+10.3%	8,191	293	+3.7%
Income Est. Payments	10	2	+26.4%	1,575	(704)	-30.9%
Income Returns/Bills	20	2	+9.3%	395	24	+6.4%
Income Refunds Net (outflow)	(282)	(60)	-27.2%	(576)	(20)	-3.7%
Subtotal Income	361	1	+0.3%	9,585	(407)	-4.1%
Sales & Use						
Sales - Regular	56	8	+15.9%	2,851	151	+5.6%
Sales - Meals	13	1	+8.4%	752	36	+5.0%
Sales - Motor Vehicles	31	(1)	-4.4%	538	25	+4.9%
Subtotal Sales & Use	100	7	+7.7%	4,141	212	+5.4%
Corporate & Business - Total	17	22	+472.4%	1,335	240	+21.9%
All Other	80	(17)	-17.8%	1,595	174	+12.2%
Total Tax Collections	558	13	+2.3%	16,656	219	+1.3%

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.