

MARK E. NUNNELLY
COMMISSIONER

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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January 25, 2016

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 January 2016. The attached table shows January 2016 month-to-date and Fiscal Year 2016 year-to-date tax revenue collections through January 15, 2016, along with the dollar and percentage changes from the same collection period in January 2015. Also shown are the percentage growth amounts for the full month of January 2016 and for Fiscal Year 2016 year-to-date through the end of January 2016 that were assumed in the benchmarks corresponding to the revised Fiscal

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

Year 2016 tax revenue estimate of \$25.751 billion². The \$25.751 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 more than 55% to 60% of collections typically come in during the second half of the month.
- Month-to-date total tax collections are up \$50 million from the same period last January.
- Month-to-date withholding totals \$621 million, up \$69 million from the same period last January.
- Month-to-date income cash estimated payments total \$399 million, down \$91 million from the same period last January.
- Month-to-date sales & use tax collections total \$103 million, up \$25 million from the same period last January.
- Month-to-date corporate & business taxes total \$31 million, up \$24 million from the same period last January.

Details:

January is one of the three largest tax collection months of the year, as withholding payments continue to reflect end-of-year bonuses, final income tax estimated payments of the tax year ending in December are due, and sales taxes are remitted on holiday season transactions. The January benchmark corresponding to the Fiscal Year 2016 tax revenue estimate of \$25.751 billion assumes total tax collections of \$2.540 billion, an increase of \$61 million, or 2.5% actual, and an increase of \$87 million, or 3.5% baseline from January 2015.

Through January 15, 2016, month-to-date tax collections total \$1.226 billion, up \$50 million, with the full month benchmark projecting an increase of \$61 million. Month-to-date increase reflects mostly growth in withholding collections (+\$69 million), sales & use tax collections (+\$25 million), corporate & business tax collections (+\$24 million), and other tax categories (+\$28 million; mostly motor fuel excise and deeds excise), offset by decline in income cash estimated payments (-\$91 million).

Month-to-date withholding tax collections, which totaled \$621 million, were up \$69 million, compared to the benchmark estimate that projects a withholding increase of \$32 million for the full month. As of January 15, 2016, month-to-date income tax cash estimated payments totaled \$399 million, down \$91 million from the same period last year, with the full month benchmark projecting a decrease of \$6 million. Some of the decline in income tax cash estimated payments can be attributed to surplus of that tax category in December 2015, which may indicate that this year more taxpayers wanted to deduct state tax payments against their calendar year 2015 income (sending payment before Dec 31st).

Month-to-date corporate & business tax collections totaled \$31 million, up \$24 million from the same period last year, compared with the full month benchmark projecting a decline of \$1 million from last

² Revised up by \$140 million from \$25.611 billion on January 14th, 2016 by the Secretary of the Executive Office for Administration and Finance. The \$25.611 billion estimate reflected 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.

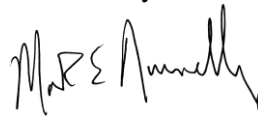
January. Month-to-date corporate & business returns and bills payments totaled \$14 million, an increase of \$5 million. Month-to-date corporate and business income cash estimated payments collections totaled \$25 million, down \$15 million from the same period last year. Month-to-date corporate and business cash refunds totaled \$7 million, down \$37 million from the same period last year.

As of January 15, 2016, month-to-date sales tax collections totaled \$103 million, up \$25 million from the same period last January, with the full month benchmark projecting an increase of \$31 million, or 5.6% actual, and an increase of \$36 million or 6.4% baseline from January 2015. January 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 January 20th.

Monthly motor fuels and rooms tax payments are also due on January 20th. 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 January 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 January 2015 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 January 2016 (in \$ Millions)

Tax Collections as of January 15, 2016, Compared to Same Collection Period in FY2015 and to the FY2016 Tax Revenue Estimate of \$25.751 Billion

----- Month of January -----							----- FY16 Year-to-Date -----					
01/16 MTD Collections	01/16 MTD v. 01/15 MTD \$ Change	01/16 MTD v. 01/15 MTD % Change	01/16 Full Month Benchmark (*)	% Growth from 01/15 Assumed in Monthly Benchmark	\$ Needed to Reach 01/16 Full Month Benchmark (*)		01/16 FY16 YTD Collections	01/16 FY16 YTD \$ Change	01/16 FY16 YTD % Change	FY16 YTD Benchmark (*)(**)	% Growth from 01/15 Assumed in FY16 YTD Benchmark	\$ Needed to Reach FY16 YTD Benchmark (*)(**)
Income - Total	1,014	(28)	(2.6%)	1,769	1.4%	754	7,601	227	3.1%	8,356	3.5%	754
Income Withholding	621	69	12.5%	983	3.4%	362	6,182	257	4.3%	6,543	3.5%	362
Income Est. Payments (Cash)	399	(91)	(18.5%)	792	(0.8%)	393	1,395	18	1.3%	1,788	6.1%	393
Income Returns/Bills	11	(3)	(19.3%)	28	(1.3%)	18	286	(5)	(1.9%)	305	(0.8%)	18
Income Refunds (Cash)	17	4	28.4%	35	0.3%	18	261	44	20.0%	279	16.7%	18
Sales & Use - Total	103	25	32.6%	584	5.6%	481	3,151	198	6.7%	3,632	5.9%	481
Sales - Regular	62	22	57.0%	442	5.5%	381	2,126	128	6.4%	2,506	5.4%	381
Sales - Meals	14	4	41.0%	86	6.9%	71	572	34	6.4%	643	5.8%	71
Sales - Motor Vehicles	27	(1)	(4.2%)	56	4.6%	29	453	37	8.8%	482	9.1%	29
Corporate & Business - Total	31	24	330.4%	15	(3.3%)	(16)	952	58	6.5%	935	3.7%	(16)
All Other	77	28	58.2%	172	3.5%	96	1,211	78	6.9%	1,306	4.3%	96
Total Tax Collections	1,226	50	4.3%	2,540	2.5%	1,314	12,916	561	4.5%	14,229	4.2%	1,314
Tax-Related Settlements & Judgments Exceeding \$10 Million Each (NOT included in the January MTD and YTD collections figures above. January and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).												
0.0							26.9					
Total Tax Collections (Including tax-related settlements & judgments)	1,226	50	4.3%				12,943	564	4.6%			
Corporate & Business - Total (Including tax-related settlements & judgments)	31	24	330.4%				979	61	6.6%			
Income Returns/Bills (Including tax-related settlements & judgments)	11	(3)	-19.3%				286	(5)	-1.9%			

(*) Benchmarks are based on the revised FY16 tax revenue estimate of \$25.751 billion.

(**) Year-to-date benchmarks are July through December actuals and January full month benchmark total

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