



Michael J. Heffernan
Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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January 19, 2017

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 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 January 2017. The attached table shows January 2017 month-to-date and Fiscal Year 2017 year-to-date tax revenue collections through January 13, 2017, along with changes from the same collection period in January 2016. The 15th of January fell on a Sunday, so we present data from Friday, January 13th.

Context for January estimates

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. This is particularly true this month: Because the 15th fell on a Sunday this year and Monday the 2nd was a holiday, this mid-month estimate captures only nine days of revenue.

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

In recent years, January has contributed an average of 10% of total annual revenues, ranking number three among the twelve months of the year for share of collections. Quarterly Estimated Payments for individuals are due in January, although it should be noted that many individuals choose to make payments in December, in order to gain a deduction on their federal taxes for the year 2016. Historically, another source of strength in January revenues is Withholding, which trends up as a result of the annual bonus cycle at some employers.

Highlights

- **Total Tax** collections for the month-to-date period were \$1.101 billion, down \$32 million or 2.8% versus the same period last year. On a fiscal year-to-date basis, Total Tax collections through January 13th were \$13.061 billion, which is \$240 million or 1.9% greater than the same period last year.
- **Income Taxes** totaled \$978 million, up \$11 million or 1.1% from the mid-month of January 2016. On a fiscal year-to-date basis, Income Taxes were \$7.751 billion, up \$200 million or 2.6% over the same period last year.
- **Sales & Use Tax** collections were \$65 million at mid-month, down \$7 million or 10.1% from the same period last January. For the fiscal year-to-date, Sales & Use revenues were \$3.172 billion, up \$53 million or 1.7% over the same period last year.

Regular Sales and Meals tax revenues are heavily weighted toward the second part of the month, so that the mid-month figure is not predictive of the full month revenue.

- **Corporate & Business Taxes** were \$5 million for January month-to-date, which is \$15 million or 76.3% less than the January 2016 month-to-date amount. For the fiscal year-to-date period, Corporate & Business Taxes were \$967 million, which is \$23 million or 2.5% ahead of the same period last year.
- **Other Taxes** totaled \$54 million at January mid-month, which is below the 2016 figure by \$21 million or 27.5%. Fiscal year-to-date collections through January 13th were \$1.171 billion, which is \$36 million or 3.0% less than the same period in 2016.

Detail

Total Income Tax of \$978 million for mid-month January comprises the following:

- **Withholding** of \$609 million, \$9 million more than mid-month January 2016.
- **Estimated Payments** of \$348 million in the month-to-date period, down \$26 million versus the same period last year.
- **Returns/Bills** were \$23 million for January 2016 month-to-date, which is \$14 million greater than the same period last year.
- **Refunds** were \$2 million for January 2016 month-to-date, compared to \$16 million in the same period last year. This is a \$14 million favorable variance because refunds are an outflow.

Sales & Use Tax collections of \$65 million for the January month-to-date period reflect \$28 million in Regular Sales, \$8 million in Meals, and \$28 million in Motor Vehicles. For Regular Sales and Meals, only a small proportion of total monthly collections are made by mid-month.

- The \$28 million figure for Regular Sales is \$8 million less than the month-to-date period in January 2016.

- Meals Tax revenues of \$8 million month-to-date were \$2 million less than the January month-to-date period last year.
- Vehicle revenues of \$28 million for the January month-to-date period were above the 2016 figure by \$3 million.

Corporate & Business revenues were \$5 million for the month-to-date period, \$15 million less than mid-month January 2016. January is not a significant month for the category; no significant quarterly payments are due. For the fiscal year-to-date period, Corporate & Business Revenues were \$967 million, which is \$23 million more than the prior fiscal year-to-date.

We do not use the mid-month figures to project full-month results, because collections are heavily weighted to the end of the month, making the mid-month results unreliable as predictors. 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,



Michael J. Heffernan
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

Tax Collection Report for January 2017 (in \$ millions)
Tax Collections as of January 13, 2017, Compared to Same Collection Period in FY2016

	Month of January			FY17 YTD		
	01/2017 MTD Actual Collections	01/2017 MTD v. 01/2016 MTD \$ Fav/(Unfav)	01/2017 MTD v. 01/2016 MTD % Fav/(Unfav)	01/2017 YTD Actual Collections	01/2017 YTD v. 01/2016 YTD \$ Fav/(Unfav)	01/2017 YTD v. 01/2016 YTD % Fav/(Unfav)
Income						
Income Withholding	609	9	+1.6%	6,441	283	+4.6%
Income Est. Payments	348	(26)	-7.0%	1,298	(72)	-5.2%
Income Returns/Bills	23	14	+157.3%	282	(2)	-0.8%
Income Refunds Net (outflow)	(2)	14	+85.5%	(271)	(9)	-3.4%
Subtotal Income	978	11	+1.1%	7,751	200	+2.6%
Sales & Use						
Sales - Regular	28	(8)	-21.7%	2,147	47	+2.3%
Sales - Meals	8	(2)	-22.9%	590	22	+3.8%
Sales - Motor Vehicles	28	3	+12.0%	435	(16)	-3.6%
Subtotal Sales & Use	65	(7)	-10.1%	3,172	53	+1.7%
Corporate & Business - Total	5	(15)	-76.3%	967	23	+2.5%
All Other	54	(21)	-27.5%	1,171	(36)	-3.0%
Total Tax Collections	1,101	(32)	-2.8%	13,061	240	+1.9%

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.