



Kevin W. Brown.
Acting Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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January 21, 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

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 2020, the seventh month of fiscal year 2020. The attached table shows January 2020 month-to-date tax revenue collections through January 15, 2020, along with changes from the equivalent period in January 2019.

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 January revenues

In recent years, January has contributed an average of 10.2% of total annual revenues, ranking number four among the twelve months of the year for share of collections. Quarterly Estimated Payments for individuals are due in January.

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

Highlights

- **Total Tax** collections for the month-to-date period were \$1.221 billion, up \$95 million or 8.4% versus the same period in January 2019.
- **Income Taxes** totaled \$1.009 billion, up \$103 million or 11.4% versus the same period in January 2019.
- **Sales & Use Tax** collections were \$92 million, up \$1 million or 1.1% versus the same period in January 2019.
- **Corporate & Business Taxes** were \$41 million, down \$20 million or 33.2% versus the same period in January 2019.
- **Other Taxes** totaled \$80 million, up \$10 million or 15.0% versus the same period in January 2019.

Detail

Total Income Tax of \$1.009 billion for mid-month January comprises the following:

- **Withholding** of \$640 million, up \$75 million from mid-month January 2019.
- **Estimated Payments** of \$355 million, up \$26 million from mid-month January 2019.
- **Returns/Bills** of \$20 million, up \$4 million from mid-month January 2019.
- **Refunds** of \$7 million, up \$1 million from mid-month January 2019. Because refunds are an outflow, this represents a negative variance from the prior year.

Sales & Use Tax collections of \$92 million for the January month-to-date period are \$1 million or 1.1% 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 21st of the month.

- \$43 million in Regular Sales Tax collections, up \$4 million from mid-month January 2019.
- \$13 million in Meals Tax revenues, down \$1 million from mid-month January 2019.
- \$36 million in Motor Vehicle Sales Tax revenues, down \$1 million from mid-month January 2019.

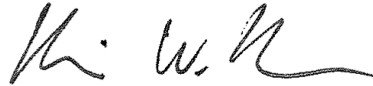
Corporate & Business tax revenues were \$41 million, down \$20 million from mid-month January 2019.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. All other revenues totaled \$80 million, which is \$10 million more than the mid-month January 2019 figure.

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 'K. W. Brown', with a stylized flourish at the end.

Kevin W. Brown
Acting 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 January 2020 (in \$ Millions)
Tax Collections as of January 15, 2020, Compared to Same Collection Period in FY2019

	January			FY20 YTD		
	(Through January 15th)			(Through January 15th)		
	01/2020 MTD Actual Collections	01/2020 MTD v. 01/2019 MTD \$ Fav/(Unfav)	01/2020 MTD v. 01/2019 MTD % Fav/(Unfav)	01/2020 YTD Actual Collections	01/2020 YTD v. 01/2019 YTD \$ Fav/(Unfav)	01/2020 YTD v. 01/2019 YTD % Fav/(Unfav)
Income						
Income Withholding	640	75	+13.2%	7,305	303	+4.3%
Income Est. Payments	355	26	+7.8%	1,279	79	+6.6%
Income Returns/Bills	20	4	+24.1%	371	19	+5.4%
Income Refunds Net (outflow)	(7)	(1)	-21.1%	(264)	25	+8.6%
Subtotal Income	1,009	103	+11.4%	8,690	426	+5.2%
Sales & Use						
Sales - Regular	43	4	+10.2%	2,514	148	+6.3%
Sales - Meals	13	(1)	-10.3%	680	29	+4.4%
Sales - Motor Vehicles	36	(1)	-4.0%	482	8	+1.6%
Subtotal Sales & Use	92	1	+1.1%	3,675	185	+5.3%
Corporate & Business - Total	41	(20)	-33.2%	1,301	12	+0.9%
All Other	80	10	+15.0%	1,489	95	+6.8%
Total Tax Collections	1,221	95	+8.4%	15,155	717	+5.0%

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.