



Geoffrey E. Snyder
Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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January 20, 2022

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

The Honorable Patrick M. O'Connor, Ranking Member
Senate Committee on Ways and Means
State House
Room 419
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 2022, the seventh month of fiscal year 2022. The attached table shows January 2022 month-to-date tax revenue collections through January 14, 2022, along with changes from the equivalent period in January 2021.

Revenue collections are uneven and usually 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 not be used to assess trends or project future revenues.

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

Context for January Revenues

January is a significant month for revenues because many personal income taxpayers are required to make quarterly estimated payments. January generally produces about 10.2% of annual revenue, making it the fourth largest revenue month of the year.

However, this January is different from previous years because of the recently enacted elective pass-through entity (PTE) excise, which allows members of a PTE to avoid the federal limit on the deduction for state and local taxes by electing to pay tax on the PTE's income at the entity level and then claiming a credit against their personal income tax equal to 90% of the PTE excise paid. Many PTEs made required estimated excise payments between January 1, 2022 and January 14, 2022². In the coming months, PTE members who also paid estimated taxes themselves on PTE income will receive refunds due to the credits offsetting 90% of the PTE excise payments. As a result, much of the increase in collections associated with the PTE excise is temporary. Consequently, the January month-to-date figures should be interpreted with extreme caution.

Highlights

Total Tax collections for the month-to-date period were \$1.672 billion, up \$79 million or 5.0% versus the same period in January 2021. The month-to-date increase is mostly due to increases in withholding, income tax return payments and corporate and business taxes, partially offset by decreases in sales & use tax and estate tax.

- **Income Taxes**, which include withholding, totaled \$1.443 billion, up \$187 million or 14.9% versus the same period in January 2021. The increase is in part due to the PTE excise. As mentioned previously, much of the increase associated with the PTE excise is temporary.
- **Sales & Use Taxes** were \$99 million, down \$56 million or 36.0% versus the same period in January 2021.
- **Corporate & Business Taxes** were \$53 million, up \$14 million or 35.8% versus the same period in January 2021.
- **Other Taxes** totaled \$77 million, down \$66 million or 46.0% versus the same period in January 2021.

Detail

Total Income Tax of \$1.443 billion for January month-to-date period is comprised of the following:

- **Withholding** of \$901 million, up \$139 million versus the same period in January 2021.
- **Estimated Payments** of \$480 million, up \$5 million versus the same period in January 2021.

² The receipt of PTE excise payments began in December 2021.

- **Returns/Bills** of \$67 million, up \$38 million versus the same period in January 2021.
- **Refunds** of \$5 million, down \$5 million (favorable) versus the same period in January 2021.

Sales & Use Tax collections of \$99 million for the January month-to-date period are \$56 million less than the same period in January 2021. Typically, only a small proportion of expected regular sales and meals tax remittances are received by the mid-month date. The \$99 million in month-to-date sales and use tax is comprised of the following:

- \$50 million in regular sales tax, down \$52 million versus the same period in January 2021.
- \$15 million in meals tax, up \$2 million versus the same period in January 2021.
- \$34 million in motor vehicle sales tax, down \$6 million versus the same period in January 2021.

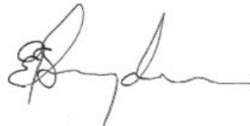
Corporate & Business Taxes were \$53 million, up \$14 million from the same period in January 2021, mostly due to an increase in estimated payments.

Other Taxes includes a number of tax categories such as motor fuels, cigarettes, estate, room occupancy, and deeds. All other tax revenues totaled \$77 million, which is \$66 million less than the same period in January 2021. The decrease is primarily attributable to estate tax, which tends to fluctuate.

Because tax collections are usually weighted toward the end of the month, the Department does not use mid-month figures to project full-month revenue. Comparisons to prior-year periods are unreliable because of normal fluctuations and calendar differences in the 15-day window of incremental data.

If you have any questions concerning this report, please contact Kazim P. Ozyurt, Director of the Office of Tax Analysis (ozyurtk@dor.state.ma.us).

Sincerely,



Geoffrey E. Snyder
Commissioner

Attachment

cc: Michael J. Heffernan, Secretary of Administration and Finance
Representative Ronald Mariano, 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 2022 (in \$ Millions)

Tax Collections as of January 14, 2022, Compared to Same Collection Period in FY2021

	January			FY22 YTD		
	(Through January 14th)		(\$Millions)	(Through January 14th)		(\$Million)
	01/2022 MTD Actual Collections	01/2022 MTD v. 01/2021 MTD \$ Fav/(Unfav)	01/2022 MTD v. 01/2021 MTD % Fav/(Unfav)	01/2022 YTD Actual Collections	01/2022 YTD v. 01/2021 YTD \$ Fav/(Unfav)	01/2022 YTD v. 01/2021 YTD % Fav/(Unfav)
Income						
Income Withholding	901	139	+18.2%	8,551	831	+10.8%
Income Est. Payments	480	5	+1.0%	2,439	1,131	+86.6%
Income Returns/Bills	67	38	+133.6%	661	273	+70.2%
Income Refunds Net (outflow)	(5)	5	+46.6%	(301)	(64)	-26.9%
Subtotal Income	1,443	187	+14.9%	11,349	2,171	+23.7%
Sales & Use						
Sales - Regular	50	(52)	-51.2%	3,183	416	+15.0%
Sales - Meals	15	2	+17.1%	717	249	+53.3%
Sales - Motor Vehicles	34	(6)	-14.7%	573	48	+9.2%
Subtotal Sales & Use	99	(56)	-36.0%	4,473	713	+19.0%
Corporate & Business - Total	53	14	+35.8%	2,064	447	+27.6%
All Other	77	(66)	-46.0%	1,630	295	+22.1%
Total Tax Collections	1,672	79	+5.0%	19,516	3,627	+22.8%

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.