

MARK E. NUNNELLY
COMMISSIONER

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

July 21, 2015

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 July 2015. The attached table shows July 2015 month-to-date and FY2016 year-to-date tax revenue collections through July 15, 2015, along with the dollar and percentage changes from the same collection period in July 2014. Also shown are the percentage growth amounts for the full month of July 2015 and for FY2016 year-to-date through the end of July 2015 that were assumed in the benchmarks corresponding to the FY2016 consensus tax estimate of \$25.479 billion.

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

Highlights:

- Month-to-date total tax collections are down \$3 million from the same period last July.
- Month-to-date withholding totals \$438 million, up \$32 million from the same period last July.
- Month-to-date corporate & business taxes total \$41 million, down \$10 million from the same period last July.

Details:

July is a relatively small tax collection month, as there are no quarterly estimated payments due for most businesses and individuals, with the exception of corporations in the retail industry, whose quarterly estimated payments are generally due in January, April, July and October. The July benchmark corresponding to the FY2016 consensus tax revenue estimate of \$25.479 billion projects total July tax collections of \$1.666 billion, an increase of \$70 million, or 4.4% actual and 4.8% baseline from July 2014.

Through July 15, 2015, month-to-date tax collections totaled \$591 million, down \$3 million from the same period in July 2014, with the full month July benchmark projecting total tax revenues of \$1.666 billion. The month-to-date decrease through July 15th was primarily the result of lower sales and corporate and business tax collections offset by higher withholding collections compared to the same deposit day collections in July 2014. It is too early in the month for month-to-date collections to be meaningful as more than 60 to 65% of July collections are typically remitted after the 15th of the month.

Month-to-date income tax collections through July 15, 2015 totaled \$453 million, up \$22 million, or 5.2% from the same period in July 2014, compared to the benchmark estimate that projects an increase of \$45 million for the full month. Month-to-date withholding taxes through July 15, 2015 totaled \$438 million, up \$32 million from the same period in July 2014, compared to the benchmark estimate that projects a withholding growth of \$42 million for the full month.

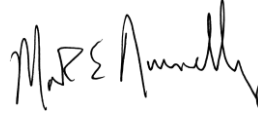
As of July 15, 2015, month-to-date corporate and business tax collections totaled \$41 million, down \$10 million from the same period in July 2014, compared to the benchmark estimate that projects a decline of \$1.4 million for the full month.

July sales tax is projected to total \$542 million, an increase of \$27 million from July 2014. July 15th was too early in the month for sales tax trends to be meaningful, as monthly sales tax payments (other than those for motor vehicle sales tax) are not due until July 20th. Through July 15th, month-to-date sales tax collections totaled \$73 million, down \$13 million from the same period in July 2014.

Monthly motor fuels and rooms tax payments are also due on July 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 July 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 July 2014 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,

A handwritten signature in black ink, appearing to read 'Mark Nunnelly', with a stylized, cursive script.

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 July 2015 (in \$ Millions)

Tax Collections as of July 15, 2015, Compared to Same Collection Period in FY2015 and to the FY2016 Tax Revenue Estimate of \$25.479 Billion

----- Month of July -----							----- FY16 Year-to-Date -----					
	07/16 MTD Collections	07/16 MTD v. 07/15 MTD \$ Change	07/16 MTD v. 07/15 MTD % Change	07/16 Full Month Benchmark (*)	% Growth from 07/15 Assumed in Monthly Benchmark	\$ Needed to Reach 07/16 Full Month Benchmark (*)	07/16 FY16 YTD Collections	07/16 FY16 YTD \$ Change	07/16 FY16 YTD % Change	FY16 YTD Benchmark (*)(**)	% Growth from 07/15 Assumed in FY16 YTD Benchmark	\$ Needed to Reach FY16 YTD Benchmark (*)(**)
Income - Total	453	22	5.2%	903	5.2%	450	453	22	5.2%	903	5.2%	450
Income Withholding	438	32	7.9%	856	5.2%	419	438	32	7.9%	856	5.2%	419
Income Est. Payments (Cash)	12	(5)	(28.7%)	29	1.9%	17	12	(5)	(28.7%)	29	1.9%	17
Income Returns/Bills	12	(1)	(7.3%)	33	5.3%	22	12	(1)	(7.3%)	33	5.3%	22
Income Refunds (Cash)	9	4	82.4%	16	0.0%	7	9	4	82.4%	16	0.0%	7
Sales & Use - Total	73	(13)	(14.8%)	542	5.2%	469	73	(13)	(14.8%)	542	5.2%	469
Sales - Regular	35	(10)	(22.8%)	372	4.3%	337	35	(10)	(22.8%)	372	4.3%	337
Sales - Meals	10	(2)	(12.9%)	94	5.3%	83	10	(2)	(12.9%)	94	5.3%	83
Sales - Motor Vehicles	28	(1)	(2.7%)	76	10.1%	49	28	(1)	(2.7%)	76	10.1%	49
Corporate & Business - Total	41	(10)	(19.8%)	70	(2.0%)	30	41	(10)	(19.8%)	70	(2.0%)	30
All Other	25	(3)	(10.1%)	151	(0.3%)	126	25	(3)	(10.1%)	151	(0.3%)	126
Total Tax Collections	591	(3)	(0.6%)	1,666	4.4%	1,075	591	(3)	(0.6%)	1,666	4.4%	1,075
Tax-Related Settlements & Judgments Exceeding \$10 Million Each (NOT included in the July MTD and YTD collections figures above. July and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).												
	0.0						0.0					
Total Tax Collections (Including tax-related settlements & judgments)	591	(3)	(0.6%)				591	(3)	-0.6%			
Corporate & Business - Total (Including tax-related settlements & judgments)	41	(10)	-19.8%				41	(10)	-19.8%			
Income Returns/Bills (Including tax-related settlements & judgments)	12	(1)	-7.3%				12	(1)	-7.3%			

(*) Benchmarks are based on the FY16 tax revenue estimate of \$25.479 billion

(**) Year-to-date benchmarks are year-to-date full month benchmark totals (i.e., July through July full month totals)

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