



Michael J. Heffernan
Commissioner

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

The Honorable Jeffrey Sanchez, 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 313C
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 July 2017, the first month of fiscal year 2018. Because July 15, 2017 fell on a Saturday, the attached table shows July 2017 month-to-date tax revenue collections through July 14, 2017, along with changes from the equivalent period in July 2016.

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 strongly urges that mid-month figures should not be used to assess trends or project future revenues.**

Context for July estimates

July is historically one of the smaller months for revenue collection, because neither individual nor business taxpayers make significant estimated payments during the month. As a result, roughly 6.7% of annual revenue has been received on average during July.

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

Highlights

- **Total Tax** collections for the month-to-date period were \$654 million, up \$80 million or 13.8% versus the same period last year. This pattern is not predictive of the full month.
- **Income Taxes** totaled \$514 million, up \$49 million or 10.6% from the equivalent period in July 2016.
- **Sales & Use Tax** collections were \$63 million at mid-month, which is \$4 million or 6.1% below the 2016 figure. Because Regular Sales and Meals Tax revenues are heavily weighted toward the second part of the month, the mid-month revenue figure is not predictive of the full month.
- **Corporate & Business Taxes** were \$44 million for the July month-to-date period, which is \$30 million more than the July 2016 month-to-date amount. July is a minor month for business tax revenues, so the change versus prior year can be disproportionately large and is not indicative of trends.
- **Other Taxes** totaled \$33 million at July mid-month, which is \$5 million or 16.3% above the 2016 figure.

Detail

Total Income Tax of \$514 million for mid-month July comprises the following:

- **Withholding** of \$494 million, up \$56 million from mid-month July 2016.
- **Estimated Payments** of \$13 million, up \$3 million versus the same period last year.
- **Returns/Bills** of \$7 million, which is \$10 million lower than the same period last year.
- **Refunds** for the July 2017 month-to-date period were less than \$1 million. The refund figure of \$129,000 “rounds to zero” in millions on the report. The 2016 amount was similar.

Sales & Use Tax collections of \$63 million for the July month-to-date period are \$4 million or 6.1% less than the equivalent period last year.

- The \$39 million in Regular Sales Tax collections is \$10 million more than the same month-to-date period in 2016.
- Meals Tax revenues of \$13 million month-to-date are \$3 million more than the July month-to-date period last year.
- Vehicle Tax revenues of \$11 million for the July month-to-date period are \$16 million below the July 2016 figure.

Only a small proportion of expected Regular Sales and Meals remittances are received by the mid-month date.

Corporate & Business revenues were \$44 million for the month-to-date period, \$30 million more than mid-month July 2016.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. Revenues of \$33 million for the month-to-date period were \$5 million above mid-month July 2016.

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,



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 D. Brady, 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 July 2017 (in \$ millions)
Tax Collections as of July 14, 2017, Compared to Same Collection Period in FY2017

	Month of July			FY18 YTD		
	07/2017 MTD Actual Collections	07/2017 MTD v. 07/2016 MTD \$ Fav/(Unfav)	07/2017 MTD v. 07/2016 MTD % Fav/(Unfav)	07/2017 YTD Actual Collections	07/2017 YTD v. 07/2016 YTD \$ Fav/(Unfav)	07/2017 YTD v. 07/2016 YTD % Fav/(Unfav)
Income						
Income Withholding	494	56	+12.7%	494	56	+12.7%
Income Est. Payments	13	3	+30.1%	13	3	+30.1%
Income Returns/Bills	7	(10)	-58.6%	7	(10)	-58.6%
Income Refunds Net (outflow)	0	0	+242.4%	0	0	+242.4%
Subtotal Income	514	49	+10.6%	514	49	+10.6%
Sales & Use						
Sales - Regular	39	10	+32.6%	39	10	+32.6%
Sales - Meals	13	3	+26.3%	13	3	+26.3%
Sales - Motor Vehicles	11	(16)	-59.7%	11	(16)	-59.7%
Subtotal Sales & Use	63	(4)	-6.1%	63	(4)	-6.1%
Corporate & Business - Total	44	30	+210.6%	44	30	+210.6%
All Other	33	5	+16.3%	33	5	+16.3%
Total Tax Collections	654	80	+13.8%	654	80	+13.8%

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.