



Christopher C. Harding  
Commissioner

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
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July 18, 2018

The Honorable Jeffrey Sánchez, 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 Laws<sup>1</sup>, the Department of Revenue (DOR) hereby submits its mid-month tax revenue report for the month of July 2018, the first month of fiscal year 2019. Because July 15, 2018 fell on a Sunday, the attached table shows July 2018 month-to-date tax revenue collections through July 13, 2018, along with changes from the equivalent period in July 2017.

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.

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

## Highlights

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- **Total Tax** collections for the month-to-date period were \$612 million, down \$45 million or 6.8% versus the same period in July 2017. This pattern is not predictive of the full month.
- **Income Taxes** totaled \$495 million, down \$20 million or 3.9% versus the same period in July 2017.
- **Sales & Use Tax** collections were \$50 million, down \$13 million or 21.2% versus the same period in July 2017.
- **Corporate & Business Taxes** were \$30 million, down \$13 million or 30.7% versus the same period in July 2017. 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 \$37 million, up \$2 million or 5.4% versus the same period in July 2017.

## Detail

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**Total Income Tax** of \$495 million for mid-month July comprises the following:

- **Withholding** of \$455 million, down \$39 million from mid-month July 2017.
- **Estimated Payments** of \$17 million, up \$4 million from mid-month July 2017.
- **Returns/Bills** of \$24 million, up \$17 million from mid-month July 2017.
- **Refunds** of \$1 million, up \$1 million from mid-month July 2017.

**Sales & Use Tax** collections of \$50 million for the July month-to-date period are \$13 million or 21.2% less than the equivalent period last year. Only a small proportion of expected Regular Sales and Meals remittances are received by the mid-month date; the bulk of these payments are expected on or after the 20<sup>th</sup> of the month.

- \$29 million in Regular Sales Tax collections, down \$10 million from mid-month July 2017.
- \$11 million in Meals Tax revenues, down \$1 million from mid-month July 2017.
- \$9 million in Motor Vehicle Sales Tax revenues, down \$2 million from mid-month July 2017.

**Corporate & Business** tax revenues were \$30 million, down \$13 million from mid-month July 2017.

**All Other** includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. All other revenues were \$37 million, up \$2 million from mid-month July 2017.

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,



Christopher C. Harding  
Commissioner

Attachment

Cc: Michael J. Heffernan, Secretary of Administration and Finance  
Representative Robert A. DeLeo, House Speaker  
Senator Harriette L. Chandler, Senate President  
Representative 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

**Mid-Month Tax Collection Report for July 2018 (in \$ Millions)**  
**Tax Collections as of July 13, 2018, Compared to Same Collection Period in FY2018**

	<u>July (Through July 13th)</u>			<u>FY19 YTD (Through July 13th)</u>		
	<u>07/2018 MTD Actual Collections</u>	<u>07/2018 MTD v. 07/2017 MTD \$ Fav/(Unfav)</u>	<u>07/2018 MTD v. 07/2017 MTD % Fav/(Unfav)</u>	<u>07/2018 YTD Actual Collections</u>	<u>07/2018 YTD v. 07/2017 YTD \$ Fav/(Unfav)</u>	<u>07/2018 YTD v. 07/2017 YTD % Fav/(Unfav)</u>
<b>Income</b>						
Income Withholding	455	(39)	-7.9%	455	(39)	-7.9%
Income Est. Payments	17	4	+26.2%	17	4	+26.2%
Income Returns/Bills	24	17	+230.4%	24	17	+230.4%
<u>Income Refunds Net (outflow)</u>	<u>(0.8)</u>	<u>(1.0)</u>	<u>N/A</u>	<u>(1)</u>	<u>(1)</u>	<u>N/A</u>
<b>Subtotal Income</b>	<b>495</b>	<b>(20)</b>	<b>-3.9%</b>	<b>495</b>	<b>(20)</b>	<b>-3.9%</b>
<b>Sales &amp; Use</b>						
Sales - Regular	29	(10)	-26.2%	29	(10)	-26.2%
Sales - Meals	11	(1)	-10.3%	11	(1)	-10.3%
<u>Sales - Motor Vehicles</u>	<u>9</u>	<u>(2)</u>	<u>-15.6%</u>	<u>9</u>	<u>(2)</u>	<u>-15.6%</u>
<b>Subtotal Sales &amp; Use</b>	<b>50</b>	<b>(13)</b>	<b>-21.2%</b>	<b>50</b>	<b>(13)</b>	<b>-21.2%</b>
<b>Corporate &amp; Business - Total</b>	<b>30</b>	<b>(13)</b>	<b>-30.7%</b>	<b>30</b>	<b>(13)</b>	<b>-30.7%</b>
<b>All Other</b>	<b>37</b>	<b>2</b>	<b>+5.4%</b>	<b>37</b>	<b>2</b>	<b>+5.4%</b>
<b>Total Tax Collections</b>	<b>612</b>	<b>(45)</b>	<b>-6.8%</b>	<b>612</b>	<b>(45)</b>	<b>-6.8%</b>

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.