



Geoffrey E. Snyder
Commissioner

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

July 20, 2021

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 July 2021, the first month of fiscal year 2022. The attached table shows July 2021 month-to-date tax revenue collections through July 15, 2021, along with changes from the equivalent period in July 2020.

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 July Revenues

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.

Highlights

Total Tax collections for the month-to-date period were \$921 million, down \$388 million or 29.6% versus the same period in July 2020. The month-to-date decrease is due to decreases in income estimated payments and returns payments.

However, because the April 15, 2020 deadline for 2019 income tax filings and payments was moved to July 15, 2020, July 2020 mid-month collections included income estimated payments, income return payments, and refunds attributable to 2019 returns. These payments and refunds were ultimately recorded as June fiscal year 2020 revenue, but not until July 31, 2020. As a result of these timing factors, July 2020 mid-month income estimated payments, return payments, and refunds are overstated and do not provide a valid comparison to July 2021 mid-month results.

Total Tax collections for the month-to-date period were down \$388 million or 29.6% versus the same period in July 2020.

- **Income Taxes** totaled \$608 million, down \$516 million or 45.9% versus the same period in July 2020. The decline was impacted by the timing factors mentioned above.
- **Sales & Use Taxes** were \$103 million, up \$40 million or 64.2% versus the same period in July 2020.
- **Corporate & Business Taxes** were \$134 million, up \$54 million or 67.3% versus the same period in July 2020.
- **Other Taxes** totaled \$75 million, up \$33 million or 79.7% versus the same period in July 2020.

Detail

Total Income Tax of \$608 million for mid-month July is comprised of the following:

- **Withholding** of \$567 million, up \$42 million from mid-month July 2020.
- **Estimated Payments** of \$24 million, down \$131 million from mid-month July 2020. The decline was impacted by the timing factors mentioned above.
- **Returns/Bills** of \$20 million, down \$437 million from mid-month July 2020. The decline was impacted by the timing factors mentioned above.
- **Refunds** of \$3 million, down \$10 million from mid-month July 2020. The decline was impacted by the timing factors mentioned above.

- **Sales & Use Tax** collections of \$103 million for the July month-to-date period are \$40 million more than the same period in July 2020. Typically, only a small proportion of expected regular sales and meals tax remittances are received by the mid-month date. The \$103 million in month-to-date sales and use tax collections is comprised of the following:
 - \$61 million in regular sales tax collections, up \$27 million from mid-month July 2020.
 - \$13 million in meals tax revenues, up \$4 million from mid-month July 2020.
 - \$30 million in motor vehicle sales tax revenues, up \$10 million from mid-month July 2020.


Corporate & Business tax revenues were \$134 million, up \$54 million from mid-month July 2020. The month-to-date increase largely reflects an increase in estimated payments and return payments.

Other Taxes includes a number of tax categories such as motor fuels, cigarettes, estate taxes, room occupancy, deeds, and others. All other tax revenues totaled \$75 million, which is \$33 million more than mid-month July 2020.

Collections are usually weighted to the end of the month; therefore, the Department does 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 (snyderge@dor.state.ma.us) or 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



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Mid-Month Tax Collection Report for July 2021 (in \$ Millions)

Tax Collections as of July 15, 2021, Compared to Same Collection Period in FY2020 and FY2021

	July (Through July 15 th)					FY22 YTD (Through July 15 th)				
	07/2021 MTD Actual Collections	07/2021 MTD v. 07/2020 MTD \$ Fav/(Unfav)	07/2021 MTD v. 07/2020 MTD % Fav/(Unfav)	07/2021 MTD v. 07/2019 MTD \$ Fav/(Unfav)	07/2021 MTD v. 07/2019 MTD % Fav/(Unfav)	07/2021 YTD Actual Collections	07/2021 YTD v. 07/2020 YTD \$ Fav/(Unfav)	07/2021 YTD v. 07/2020 YTD % Fav/(Unfav)	07/2021 YTD v. 07/2019 YTD \$ Fav/(Unfav)	07/2021 YTD v. 07/2019 YTD % Fav/(Unfav)
Income										
Income Withholding	567	42	+8.1%	53	+10.4%	567	42	+8.1%	53	+10.4%
Income Est. Payments	24	(131)	-84.6%	7	+39.1%	24	(131)	-84.6%	7	+39.1%
Income Returns/Bills	20	(437)	-95.5%	1	+5.6%	20	(437)	-95.5%	1	+5.6%
Income Refunds Net (outflow)	(3)	10	+78.6%	(2)	-285.2%	(3)	10	+78.6%	(2)	-285.2%
Subtotal Income	608	(516)	-45.9%	59	+10.8%	608	(516)	-45.9%	59	+10.8%
Sales & Use										
Sales - Regular	61	27	+78.7%	19	+45.1%	61	27	+78.7%	19	+45.1%
Sales - Meals	13	4	+45.8%	1	+8.3%	13	4	+45.8%	1	+8.3%
Sales - Motor Vehicles	30	10	+48.0%	20	+216.8%	30	10	+48.0%	20	+216.8%
Subtotal Sales & Use	103	40	+64.2%	40	+63.3%	103	40	+64.2%	40	+63.3%
Corporate & Business - Total	134	54	+67.3%	50	+59.0%	134	54	+67.3%	50	+59.0%
All Other	75	33	+79.7%	26	+53.6%	75	33	+79.7%	26	+53.6%
Total Tax Collections	921	(388)	-29.6%	175	+23.5%	921	(388)	-29.6%	175	+23.5%

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.