



MICHAEL J. HEFFERNAN
COMMISSIONER

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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June 20, 2016

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 (DOR) hereby submits its mid-month tax revenue report for the month of June 2016. The attached table shows June 2016 month-to-date and Fiscal Year 2016 year-to-date tax revenue collections through June 15, 2016, along with the dollar and percentage changes from the same collection period in June 2015. Also shown are the percentage growth amounts for the full month of June 2016 and for Fiscal Year 2016 year-to-date through the end of June 2016 that were assumed in the benchmarks corresponding to the revised Fiscal Year 2016 tax revenue estimate of \$25.751 billion². The \$25.751 billion estimate does not include the

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

² Revised up by \$140 million from \$25.611 billion on January 14th, 2016 by the Secretary of the Executive Office for Administration and Finance. The \$25.611 billion estimate reflects the FY2016 consensus tax estimate of \$25.479 billion adjusted for the impact of changes affecting revenues.

current of \$95 million for tax and non-tax related settlement and judgment payments in excess of \$10 million each.

Highlights:

- It is too soon for the month-to-date collections to be meaningful to gauge full month's revenue performance; the majority of monthly collections typically come in during the second half of the month.
- Month-to-date *total tax collections* are up \$38 million from the same period last June.
- Month-to-date *withholding* totals \$491 million, up \$19 million from the same period last June.
- Month-to-date income tax cash estimated payments total \$144 million, down \$8 million from the same period last June.
- Month-to-date *income tax cash refunds* total \$38 million, down \$0.5 million from the same period last June.
- Month-to-date *income tax payments with returns and extensions* total \$30 million, up \$1 million from the same period last June.
- Month-to-date sales and use tax totals \$96 million, up \$15 million from the same period last June.
- Month-to-date corporate and business taxes total \$474 million, up \$21 million from the same period last June.

Details:

June has historically been the second largest tax collection month of the year after April as quarterly estimated payments are due for both income tax and corporate and business taxpayers. The June monthly benchmark corresponding to the Fiscal Year 2016 tax revenue estimate of \$25.751 billion totals \$2.806 billion, an increase of \$150 million, or 5.6% actual and 4.1% baseline from June 2015. The net incremental impacts of tax law changes on tax collections are negligible this month, reflecting mostly the revenue gain due to the 2016 amnesty program offset by revenue loss due to the recent reduction in part B personal income tax rate, as well as net revenue impact from other tax law changes.

Through June 15, 2016, month-to-date tax collections totaled \$1.268 billion, up \$38 million, with the full month benchmark projecting an increase of \$150 million. Month-to-date tax collections reflect mostly growth in income tax withholding, sales & use tax, and corporate & business tax offset by decline in income tax cash estimated payments.

Month-to-date income tax collections through June 15, 2016 total \$627 million, up \$13 million, or 2.1% from the same period in June 2015. Month-to-date income tax withholdings total \$491 million, up \$19 million from the same period last year, with the full month benchmark projecting an increase of \$79 million (about \$45 million of the projected increase is due to last year's June to May shift, which was expected to reverse this year).

Quarterly income tax estimated payments are normally due on June 15th but most are sent in by mail and therefore deposited well after the due date. Month-to-date income tax cash estimated payments total \$144 million, down \$8 million from the same period last year with the full month benchmark projecting a decrease of \$11 million. It is very early in the month for this revenue source to be meaningful; the bulk of the payments historically come during the second half of the month.

Month-to-date income tax refunds total \$38 million, down \$0.5 million from the same period last June with the full month benchmark projecting an increase of \$0.2 million or 0.3% for the month as a whole. Income tax payments with returns and extensions are projected to total \$75 million in June, an increase of \$11 million for the month. Through June 15, 2016, these collections total \$30 million, up \$1 million from the same period last year.

Corporate & business quarterly estimated payments are due on June 15th. Month-to-date corporate and business tax collections total \$474 million, up \$21 million from the same period last year, with the full month benchmark projecting an increase of \$23 million.

As of June 15, 2016, month-to-date sales and use tax collections totaled \$96 million, up \$15 million from the same period last June, with the full month benchmark projecting an increase of \$37 million or 7.0% actual, and 6.7% baseline from June 2015. June 15th was too early in the month for month-to-date sales tax trends to be meaningful, as monthly sales tax payments (other than those for motor vehicle sales tax) are not due until June 20th.

Monthly motor fuels and rooms tax payments are also due on June 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 June 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 June 2015 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,



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 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 June 2016 (in \$ Millions)

Tax Collections as of June 15, 2016, Compared to Same Collection Period in FY2015 and to the FY2016 Tax Revenue Estimate of \$25.751 Billion

	----- Month of June -----						----- FY16 Year-to-Date -----						FY16 Full Year Benchmark	
	06/16 MTD Collections	06/16 MTD v. 06/15 MTD \$ Change	06/16 MTD v. 06/15 MTD % Change	06/16 Full Month Benchmark (*)	% Growth from 06/15 Assumed in Monthly Benchmark	\$ Needed to Reach 06/16 Full Month Benchmark (*)	06/16 FY16 YTD Collections	06/16 FY16 YTD \$ Change	06/16 FY16 YTD % Change	FY16 YTD Benchmark (**) (**)	% Growth from 06/15 Assumed in FY16 YTD Benchmark	\$ Needed to Reach FY16 YTD Benchmark (**) (**)	FY16 Full Year Benchmark	\$ Needed to Reach FY16 Full Year Benchmark
Income - Total	627	13	2.1%	1,444	5.8%	818	13,675	52	0.4%	14,868	3.4%	1,193	14,868	1,193
Income Withholding	491	19	3.9%	935	9.2%	445	11,027	349	3.3%	11,484	3.8%	456	11,484	456
Income Est. Payments (Cash)	144	(8)	(5.1%)	514	(2.0%)	370	2,171	(9)	(0.4%)	2,638	3.3%	467	2,638	467
Income Returns/Bills	30	1	5.0%	75	18.0%	44	2,010	(139)	(6.5%)	2,215	1.5%	205	2,215	205
Income Refunds (Cash)	38	(0.5)	(1.2%)	79	0.3%	41	1,531	150	10.9%	1,465	3.1%	(66)	1,465	(66)
Sales & Use - Total	96	15	17.9%	570	7.0%	474	5,620	296	5.6%	6,162	6.7%	543	6,162	543
Sales - Regular	43	12	39.0%	383	6.7%	340	3,844	185	5.1%	4,226	6.0%	382	4,226	382
Sales - Meals	14	3	23.3%	102	8.5%	88	981	65	7.1%	1,070	7.1%	88	1,070	88
Sales - Motor Vehicles	39	(0)	(0.1%)	85	6.6%	46	794	46	6.1%	867	9.8%	72	867	72
Corporate & Business - Total	474	21	4.7%	548	4.4%	74	2,482	135	5.8%	2,484	2.6%	2	2,484	2
All Other	72	(11)	(13.0%)	245	4.5%	172	2,125	127	6.4%	2,237	4.1%	112	2,237	112
Total Tax Collections	1,268	38	3.1%	2,806	5.6%	1,538	23,902	611	2.6%	25,751	4.2%	1,849	25,751	1,849

Tax-Related Settlements & Judgments Exceeding \$10 Million Each (NOT included in the June MTD and YTD collections figures above. June and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).

0.0

26.9

Total Tax Collections (Including tax-related settlements & judgments)	1,268	38	3.1%				23,929	423	1.8%					
Corporate & Business - Total (Including tax-related settlements & judgments)	474	21	4.7%				2,509	21	0.9%					
Income Returns/Bills (Including tax-related settlements & judgments)	30	1	5.0%				2,010	(213)	-9.6%					

(*) Benchmarks are based on the FY16 tax revenue estimate of \$25.751 billion

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

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