



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, 2017

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 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 June 2017. The attached table shows June 2017 month-to-date and Fiscal Year 2017 year-to-date tax revenue collections through June 15, 2017, along with changes from the same collection period in June 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 June estimates

June is a significant month for revenues, because both individual and business taxpayers make Estimated Payments during the month. In most years, the month of June has ranked #2 (behind only April) in the proportion of annual revenue received during the month.

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

Highlights

- **Total Tax** collections for the month-to-date period were \$1.343 billion, up \$68 million or 5.4% versus the same period last year. On a fiscal year-to-date basis, Total Tax collections through June 15th were \$24.248 billion, which is \$342 million or 1.4% greater than the same period last year.
- **Income Taxes** totaled \$752 million, up \$125 million or 20.0% from the mid-month of June 2016. This may reflect a timing difference and the growth rate should be expected to moderate by month-end. On a fiscal year-to-date basis, Income Taxes were \$14.014 billion, up \$339 million or 2.5% over the same period last year.
- **Sales & Use Tax** collections were \$97 million at mid-month, which is \$1 million more than the same period last June. For the fiscal year-to-date, Sales & Use Tax revenues were \$5.735 billion, up \$118 million or 2.1% over the same period last year.

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 \$435 million for the June month-to-date period, which is \$39 million less than the June 2016 month-to-date amount. For the fiscal year-to-date period, Corporate & Business Taxes were \$2.448 billion, which is \$37 million or 1.5% less than the same period last year.
- **Other Taxes** totaled \$58 million at June mid-month, which is \$19 million or 24.7% below the 2016 figure. Fiscal year-to-date collections through June 15th were \$2.051 billion, which is \$78 million or 3.7% less than the same period in 2016.

Detail

Total Income Tax of \$752 million for mid-month June comprises the following:

- **Withholding** of \$539 million, up \$49 million from mid-month June 2016.
- **Estimated Payments** of \$221 million, up \$77 million versus the same period last year.
- **Returns/Bills** of \$30 million, which is essentially flat to the same period last year.
- **Refunds** of \$38 million for June 2017 month-to-date, which is \$1 million more than the same period last year, meaning that outgoing refunds were slightly higher.

Sales & Use Tax collections of \$97 million for the June month-to-date period reflect \$43 million in Regular Sales, \$12 million in Meals, and \$42 million in Motor Vehicles. Only a small proportion of expected Regular Sales and Meals remittances are received by the mid-month date.

- The \$43 million in Regular Sales Tax collections is \$1 million more than the same month-to-date period in 2016.
- Meals Tax revenues of \$12 million month-to-date are \$2 million less than the June month-to-date period last year.
- Vehicle Tax revenues of \$42 million for the June month-to-date period are above the June 2016 month-to-date figure by \$2 million.
- For the fiscal year-to-date period, total Sales & Use Tax collections of \$5.735 billion are \$118 million or 2.1% higher than the same period in 2016.

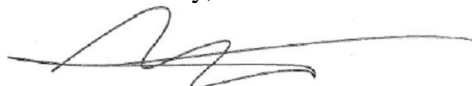
Corporate & Business revenues were \$435 million for the month-to-date period, \$39 million less than mid-month June 2016. On a fiscal year-to-date basis through June 15th, Corporate & Business collections of \$2.448 billion were \$37 million behind the prior year.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. Revenues of \$58 million for the month-to-date period were \$19 million below mid-month June 2016. On a fiscal year-to-date basis, this group had revenues of \$2.051 billion, below the prior year by \$78 million or 3.7%.

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 May 2017 (in \$ millions)
Tax Collections as of June 15, 2017, Compared to Same Collection Period in FY2016

	Month of June			FY17 YTD		
	06/2017 MTD Actual Collections	06/2017 MTD v. 06/2016 MTD \$ Fav/(Unfav)	06/2017 MTD v. 06/2016 MTD % Fav/(Unfav)	06/2017 YTD Actual Collections	06/2017 YTD v. 06/2016 YTD \$ Fav/(Unfav)	06/2017 YTD v. 06/2016 YTD % Fav/(Unfav)
Income						
Income Withholding	539	49	+9.9%	11,513	487	+4.4%
Income Est. Payments	221	77	+53.7%	2,126	(45)	-2.1%
Income Returns/Bills	30	(0)	-1.2%	1,901	(110)	-5.5%
Income Refunds Net (outflow)	(38)	(1)	-1.4%	(1,526)	7	+0.4%
Subtotal Income	752	125	+20.0%	14,014	339	+2.5%
Sales & Use						
Sales - Regular	43	1	+2.8%	3,926	84	+2.2%
Sales - Meals	12	(2)	-15.7%	1,020	37	+3.8%
Sales - Motor Vehicles	42	2	+5.7%	790	(4)	-0.5%
Subtotal Sales & Use	97	1	+1.2%	5,735	118	+2.1%
Corporate & Business - Total	435	(39)	-8.2%	2,448	(37)	-1.5%
All Other	58	(19)	-24.7%	2,051	(78)	-3.7%
Total Tax Collections	1,343	68	+5.4%	24,248	342	+1.4%

-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.

-At the time of the mid-month report, year-to-date tax-related settlements exceeding \$10M each total \$58M; this figure is not reflected in the figures above.