



Christopher C. Harding
Commissioner

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

June 20, 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 Laws¹, the Department of Revenue (DOR) hereby submits its mid-month tax revenue report for the month of June 2018. The attached table shows June month-to-date tax revenue collections through June 15, 2018, along with changes from the equivalent period in June 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 June estimates

Historically, 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 were \$1.717 billion, up \$370 million or 27.4% versus the same period in June 2017.
- **Income Taxes** totaled \$872 million, up \$127 million or 17.0% versus the same period in June 2017.
- **Sales & Use Tax** collections were \$114 million, up \$16 million or 16.1% versus the same period in June 2017.
- **Corporate & Business Taxes** collections were \$647 million, up \$210 million or 47.9% versus the same period in June 2017.
- **Other Taxes** totaled \$84 million, up \$17 million or 25.8% versus the same period in June 2017.

Detail

Total Income Tax of \$872 million for mid-month June comprises the following:

- **Withholding** of \$591 million, up \$53 million from mid-month June 2017.
- **Estimated Payments** of \$296 million, up \$71 million from mid-month June 2017.
- **Returns/Bills** of \$27 million, down \$2 million from mid-month June 2017.
- **Refunds** of \$42 million, down \$5 million from mid-month June 2017 (favorable variance).
- **Sales & Use Tax** collections of \$114 million, up \$16 million or 16.1% from mid-month June 2017. 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 20th of the month.
 - \$57 million in Regular Sales Tax collections, up \$13 million from mid-month June 2017.
 - \$16 million in Meals Tax revenues, up \$3 million from mid-month June 2017.
 - \$42 million in Motor Vehicle Sales Tax revenues, about the same as mid-month June 2017.

Corporate & Business tax revenues were \$647 million, up \$210 million from mid-month June 2017.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, deeds, and others. All other revenues were \$84 million, up \$17 million from mid-month June 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 June 2018 (in \$ Millions)
Tax Collections as of June 15, 2018, Compared to Same Collection Period in FY2017

	<u>June (Through June 15th)</u>			<u>FY18 YTD (Through June 15th)</u>		
	06/2018 MTD Actual Collections	06/2018 MTD v. 06/2017 MTD \$ Fav/(Unfav)	06/2018 MTD v. 06/2017 MTD % Fav/(Unfav)	06/2018 YTD Actual Collections	06/2018 YTD v. 06/2017 YTD \$ Fav/(Unfav)	06/2018 YTD v. 06/2017 YTD % Fav/(Unfav)
Income						
Income Withholding	591	53	+9.8%	12,229	717	+6.2%
Income Est. Payments	296	71	+31.8%	2,896	766	+35.9%
Income Returns/Bills	27	(2)	-7.7%	2,110	211	+11.1%
Income Refunds Net (outflow)	(42)	5	+10.6%	(1,721)	(186)	-12.1%
Subtotal Income	872	127	+17.0%	15,514	1,507	+10.8%
Sales & Use						
Sales - Regular	57	13	+30.6%	4,095	169	+4.3%
Sales - Meals	16	3	+22.1%	1,066	46	+4.5%
Sales - Motor Vehicles	42	(0)	-0.8%	805	14	+1.7%
Subtotal Sales & Use	114	16	+16.1%	5,965	229	+4.0%
Corporate & Business - Total	647	210	+47.9%	2,724	274	+11.2%
All Other	84	17	+25.8%	2,152	93	+4.5%
Total Tax Collections	1,717	370	+27.4%	26,356	2,103	+8.7%

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.