



Geoffrey E. Snyder
Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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June 18, 2020

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 June 2020, the last month of fiscal year 2020. The attached table shows June 2020 month-to-date tax revenue collections through June 15, 2020, along with changes from the equivalent period in June 2019.

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 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 June revenues

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.

As was the case with prior two months (April and May), tax collections in June 2020 will vary from June collections in prior years due to measures enacted to mitigate the impact and breadth of COVID-19, including, without limitation, the extension of the income tax filing and payment deadline to July 15, 2020, the extension of the second estimated payment installment for 2020 to July 15, 2020, penalty waivers, safer-at-home advisories and gradual reopening of Massachusetts, as well as the impact COVID-19 has had on consumer and corporate behavior, the economy and the stock market. Each of the variances below is due to one or more of the factors described above.

Highlights

- **Total Tax** collections for the month-to-date period were \$1.207 billion, down \$609 million or 33.5% versus the same period in June 2019.
- **Income Taxes** totaled \$697 million, down \$342 million or 32.9% versus the same period in June 2019.
- **Sales & Use Tax** collections were \$86 million, down \$44 million or 34.0% versus the same period in June 2019.
- **Corporate & Business Taxes** were \$379 million, down \$166 million or 30.4% versus the same period in June 2019.
- **Other Taxes** totaled \$46 million, down \$57 million or 55.5% versus the same period in June 2019.

Detail

Total Income Tax of \$697 million for mid-month June comprises the following:

- **Withholding** of \$610 million, down \$120 million from mid-month June 2019. The month-to-date change reflects withholding decrease in all industries except Public Administration (e.g., withholding on unemployment insurance benefits).
- **Estimated Payments** of \$70 million, down \$226 million from mid-month June 2019. Estimated payments for the current month to date period were impacted by the deferral of the June personal income tax estimated tax due date.
- **Returns/Bills** of \$55 million, up \$28 million from mid-month June 2019.
- **Refunds** of \$38 million, up \$24 million from mid-month June 2019. Because refunds are an outflow, this represents a negative variance from the prior year.

Sales & Use Tax collections of \$86 million for the June month-to-date period are \$44 million or 34.0% less than the equivalent period last year. Typically, only a small proportion of expected Regular Sales and Meals tax remittances are received by the mid-month date; the bulk of these payments are received on or after the due date, which is

generally the 20th of the month. This month, returns and payments are due on the 22nd (the 20th falls on a Saturday).

The \$86 million in month-to-date sales and use tax collections is comprised of the following:

- \$39 million in Regular Sales Tax collections, down \$31 million from mid-month June 2019.
- \$10 million in Meals Tax revenues, down \$8 million from mid-month June 2019.
- \$37 million in Motor Vehicle Sales Tax revenues, down \$5 million from mid-month June 2019.


Corporate & Business tax revenues were \$379 million, down \$166 million from mid-month June 2019.

Other Taxes includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. All other tax revenues totaled \$46 million, which is \$57 million less than the mid-month June 2019.

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 (snyderge@dor.state.ma.us) or Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (ozyurtk@dor.state.ma.us).

Sincerely,



Geoffrey E. Snyder
Commissioner

Attachment

cc: Michael J. Heffernan, Secretary of Administration and Finance
Representative Robert A. DeLeo, 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

Mid-Month Tax Collection Report for June 2020 (in \$ Millions)
Tax Collections as of June 15, 2020, Compared to Same Collection Period in FY2019

| | June | | | FY20 YTD | | |
|---|---|--|---|---|--|---|
| | (Through June 15th) | | | (Through June 15th) | | |
| | 06/2020 MTD Actual Collections | 06/2020 MTD v. 06/2019 MTD \$ Fav/(Unfav) | 06/2020 MTD v. 06/2019 MTD % Fav/(Unfav) | 06/2020 YTD Actual Collections | 06/2020 YTD v. 06/2019 YTD \$ Fav/(Unfav) | 06/2020 YTD v. 06/2019 YTD % Fav/(Unfav) |
| Income | | | | | | |
| Income Withholding | 610 | (120) | -16.5% | 13,252 | 460 | +3.6% |
| Income Est. Payments | 70 | (226) | -76.4% | 1,823 | (398) | -17.9% |
| Income Returns/Bills | 55 | 28 | +103.4% | 878 | (2,171) | -71.2% |
| Income Refunds Net (outflow) | (38) | (24) | -161.4% | (1,524) | 118 | +7.2% |
| Subtotal Income | 697 | (342) | -32.9% | 14,429 | (1,991) | -12.1% |
| Sales & Use | | | | | | |
| Sales - Regular | 39 | (31) | -44.5% | 4,525 | 177 | +4.1% |
| Sales - Meals | 10 | (8) | -45.7% | 1,024 | (102) | -9.1% |
| Sales - Motor Vehicles | 37 | (5) | -11.4% | 763 | (74) | -8.8% |
| Subtotal Sales & Use | 86 | (44) | -34.0% | 6,312 | 1 | +0.0% |
| Corporate & Business - Total | 379 | (166) | -30.4% | 2,854 | (386) | -11.9% |
| All Other | 46 | (57) | -55.5% | 2,394 | 41 | +1.7% |
| Total Tax Collections | 1,207 | (609) | -33.5% | 25,990 | (2,335) | -8.2% |

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.