

MARK E. NUNNELLY
COMMISSIONER

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

June 17, 2015

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 hereby submits its mid-month tax revenue report for the month of June 2015. The attached table shows June 2015 month-to-date and FY2015 year-to-date tax revenue collections through June 15, 2015, along with the dollar and percentage changes from the same collection period in June 2014. Also shown are the percentage growth amounts for the full month of June 2015 and for FY2015 year-to-date through the end of June 2015 that were assumed in the benchmarks corresponding to the FY2015 revised tax revenue estimate of \$24.325 billion². The \$24.325 billion estimate does not include the \$183 million for tax and non-tax related

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

² The \$24.325 billion estimate reflects the FY2015 consensus tax estimate of \$24.337 billion adjusted for the impacts from revenue enhancements, tax amnesty and FAS109 delay, based on the fiscal 2015 budget approved by the Governor on July 11, 2014, as well as the impacts from the enacted economic development and county governments financial management legislations, the impacts of Part B income tax rate reduction through a trigger process (5.20% to 5.15%), elimination of inflation indexing of gas/special fuels tax at the ballot, a \$5 million transfer to Substance Abuse Service Fund (an off-budget trust fund), the Fall 2014 non-corporate and business tax amnesty, and the Spring 2015 corporate and business tax amnesty.

judgment & settlement payments in excess of \$10 million each, which was assumed in the FY2015 budget fix legislation.

Highlights:

- Month-to-date tax collections are up \$24 million from the same period last June, reflecting mostly growth in corporate & business taxes offset by decline in withholding.
- Month-to-date withholding totals \$472 million, down \$34 million from the same period last June, reflecting mostly the shift of payments from June to May.
- Month-to-date corporate & business taxes total \$453 million, up \$54 million from the same period last June.
- Month-to-date income tax cash estimated payments total \$151 million, up \$13 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 & business taxpayers. The June monthly benchmark corresponding to the FY2015 tax revenue estimate of \$24.325 billion totals \$2.652 billion, an increase of \$123 million, or 4.9% actual and 5.7% baseline from June 2014. The incremental impacts of tax law changes are expected to reduce collections by about \$23 million this month, reflecting mostly the revenue loss due to the recent reduction in part B personal income tax rate as well as impact from other tax law changes. Having one extra deposit day this month versus last June will increase revenues by about \$8- 10 million. On the other hand, one large one-time payment received last June in estate tax (about \$18 million) is not expected to recur this month.

Through June 15, 2015, month-to-date tax collections total \$1.219 billion, up \$24 million from the same period last June, with the full month benchmark projecting growth of \$123 million from last June's total tax collections. Month-to-date tax collections increase reflects mostly increase in corporate and business taxes (+\$54M), income cash estimated payments (+\$13M), and estate tax payments (+\$11M), offset by decline in income tax withholding payments (-\$34M), which reflects mostly the shifting of payments (about \$45 million to \$55 million) from June to May as mentioned in the May press release, increase in income cash refunds (+\$14M), and decline in unemployment insurance surcharges (-\$10M), which is also timing related (payments shifted from June to May).

Month-to-date income tax collections through June 15, 2015 total \$611 million, down \$29 million, or 4.6% from the same period in June 2014. Month-to-date withholding totals \$472 million, down \$34 million from the same period last year, with the full month benchmark projecting an increase of \$45 million or 5.2% actual and 5.6% baseline. As mentioned above, some of the decrease in withholding seems timing related, reflecting payment shift from June to May.

Through June 15, 2015, month-to-date income tax cash estimated payments total \$151 million, up \$13 million from the same period last year, with the full month benchmark projecting an increase of \$10 million, or 2.1% actual and 3.9% baseline. 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, an increase of \$14 million, or 56.6%, from the same period last year with the full month benchmark projecting no change from last June; increase in refunds seems to be due to delayed processing of returns (see previous revenue releases). Income tax payments with returns and extensions are projected to total \$54 million, an increase of \$6 million, or 13.2% actual

and 14.2% baseline. Through June 15, 2015, month-to-date income tax payments with returns and extensions total \$26 million, up \$5 million from the same period last year.

Corporate & business quarterly estimated payments are due on June 15th. Month-to-date corporate and business taxes total \$453 million, up \$54 million from the same period last year, with the full month benchmark projecting a growth of \$36 million, or 8.0% actual and 9.9% baseline.

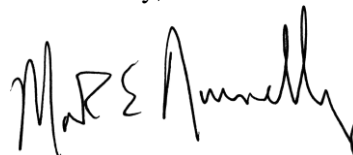
Through June 15, 2015, month-to-date sales tax collections total \$78 million, down \$7 million from the same period last year, with the full month benchmark projecting an increase of \$34 million, or 6.4% actual and 5.7% baseline from June 2014. June 15th was too early in the month for sales tax trends to be meaningful, as monthly sales tax payments (other than those for motor vehicle sales tax) were not due until June 22nd (the usual due date of 20th falls on a weekend this year). Motor vehicle sales taxes, which are received daily and should not be affected by timing issues, are up \$5 million from the same period last June.

Monthly motor fuels and rooms tax payments are also due on June 22nd (the usual due date of 20th falls on a weekend this year). 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 2014 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 benchmark.

If you have any questions concerning this report, please contact either me (at 617-626-2201) or Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (at 617-626-2100).

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Nunnelly', with a stylized, cursive script.

Mark Nunnelly
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 2015 (in \$ Millions)

Tax Collections as of June 15, 2015, Compared to Same Collection Period in FY2014 and to the FY2015 Tax Revenue Estimate of \$24.325 Billion

----- Month of June -----							----- FY15 Year-to-Date -----					
	06/15 MTD Collections	06/15 MTD v. 06/14 MTD \$ Change	06/15 MTD v. 06/14 MTD % Change	06/15 Full Month Benchmark (*)	% Growth from 06/14 Assumed in Monthly Benchmark	\$ Needed to Reach 06/15 Full Month Benchmark (*)	06/15 FY15 YTD Collections	06/15 FY15 YTD \$ Change	06/15 FY15 YTD % Change	FY15 YTD Benchmark (*)(**)	% Growth from 06/14 Assumed in FY15 YTD Benchmark	\$ Needed to Reach FY15 YTD Benchmark (*)(**)
Income - Total	611	(29)	(4.6%)	1,402	4.6%	792	13,620	1,119	9.0%	13,955	5.7%	335
Income Withholding	472	(34)	(6.6%)	918	5.2%	446	10,678	537	5.3%	10,989	4.6%	310
Income Est. Payments (Cash)	151	13	9.4%	479	2.1%	328	2,180	290	15.3%	2,288	3.0%	108
Income Returns/Bills	26	5	24.2%	54	13.2%	29	2,146	231	12.1%	2,150	10.7%	4
Income Refunds (Cash)	38	14	56.6%	49	0.0%	11	1,380	(64)	(4.4%)	1,470	0.1%	89
Sales & Use - Total	78	(7)	(7.9%)	519	6.4%	441	5,320	227	4.5%	5,827	6.0%	507
Sales - Regular	31	(10)	(24.0%)	353	5.8%	322	3,659	141	4.0%	4,042	6.1%	383
Sales - Meals	11	(1)	(12.0%)	93	5.7%	82	916	42	4.8%	1,002	5.6%	86
Sales - Motor Vehicles	36	5	15.3%	73	10.2%	38	745	44	6.3%	783	6.4%	39
Corporate & Business - Total	453	54	13.7%	480	8.0%	27	2,347	(117)	(4.7%)	2,411	(3.9%)	64
All Other	78	6	8.3%	251	(2.2%)	173	1,992	15	0.8%	2,131	(1.4%)	139
Total Tax Collections	1,219	24	2.0%	2,652	4.9%	1,433	23,280	1,245	5.6%	24,325	4.1%	1,046
<i>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).</i>												
	0.0						183.4					
Total Tax Collections (Including tax-related settlements & judgments)	1,219	24	2.0%				23,463	1,428	6.5%			
Corporate & Business - Total (Including tax-related settlements & judgments)	453	54	13.7%				2,457	(7)	-0.3%			
Income Returns/Bills (Including tax-related settlements & judgments)	26	5	24.2%				2,220	305	15.9%			

(*) Benchmarks are based on the FY15 tax revenue estimate of \$24.325 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.