



Kevin W. Brown.
Acting Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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March 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

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 March 2020, the ninth month of fiscal year 2020. The attached table shows March 2020 month-to-date tax revenue collections through March 13, 2020, along with changes from the equivalent period in March 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 should not be used to assess trends or project future revenues.**

Context for March revenues

March is a mid-size month for revenue collections, ranking #6 of the twelve months in nine of the last ten years. The tax filing season is well underway; historically, the amount sent out in refunds is substantially greater than payments with returns during March.

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

Highlights

- **Total Tax** collections for the month-to-date period were \$1.160 billion, up \$249 million or 27.4% versus the same period in March 2019. Some of the month-to-date increase may have been due to timing factors.
- **Income Taxes** totaled \$547 million, up \$130 million or 31.3% versus the same period in March 2019.
- **Sales & Use Tax** collections were \$85 million, up \$11 million or 15.3% versus the same period in March 2019.
- **Corporate & Business Taxes** were \$479 million, up \$113 million versus the same period in March 2019.
- **Other Taxes** totaled \$49 million, down \$6 million or 10.3% versus the same period in March 2019.

Detail

Total Income Tax of \$547 million for mid-month March comprises the following:

- **Withholding** of \$652 million, up \$148 million from mid-month March 2019.
- **Estimated Payments** of \$7 million, down \$2 million from mid-month March 2019.
- **Returns/Bills** of \$45 million, up \$1 million from mid-month March 2019.
- **Refunds** of \$157 million, up \$16 million from mid-month March 2019. Because refunds are an outflow, this represents a negative variance from the prior year.

Sales & Use Tax collections of \$85 million for the March month-to-date period are \$11 million or 15.3% more than the equivalent period last year. Only a small proportion of expected Regular Sales and Meals tax remittances, subcategories of Sales & Use Tax, are received by the mid-month date; the bulk of these payments are expected on or after the 20th of the month.

- \$40 million in Regular Sales Tax collections, up \$10 million from mid-month March 2019.
- \$10 million in Meals Tax revenues, virtually no change from mid-month March 2019.
- \$35 million in Motor Vehicle Sales Tax revenues, up \$1 million from mid-month March 2019.

Corporate & Business tax revenues were \$479 million, up \$113 million from mid-month March 2019. March 16th was the due date for corporate & business estimated payments for the third quarter of the fiscal year.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. All other revenues totaled \$49 million, which is \$6 million less than the mid-month March 2019. Some of the decrease in all other is timing related and may improve in the remainder of the month.

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,

A handwritten signature in black ink, appearing to read "K. W. B.", with a long horizontal flourish extending to the right.

Kevin W. Brown
Acting 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 March 2020 (in \$ Millions)
Tax Collections as of March 13, 2020, Compared to Same Collection Period in FY2019

	March (Through March 13 th)			FY20 YTD (Through March 13 th)		
	02/2020 MTD Actual Collections	02/2020 MTD v. 02/2019 MTD \$ Fav/(Unfav)	02/2020 MTD v. 02/2019 MTD % Fav/(Unfav)	02/2020 YTD Actual Collections	02/2020 YTD v. 02/2019 YTD \$ Fav/(Unfav)	02/2020 YTD v. 02/2019 YTD % Fav/(Unfav)
Income						
Income Withholding	652	148	+29.3%	9,795	546	+5.9%
Income Est. Payments	7	(2)	-24.6%	1,646	55	+3.5%
Income Returns/Bills	45	1	+1.6%	491	30	+6.5%
Income Refunds Net (outflow)	(157)	(16)	-11.0%	(970)	(31)	-3.4%
Subtotal Income	547	130	+31.3%	10,963	600	+5.8%
Sales & Use						
Sales - Regular	40	10	+34.3%	3,413	229	+7.2%
Sales - Meals	10	0	+4.9%	871	39	+4.6%
Sales - Motor Vehicles	35	1	+2.1%	599	2	+0.4%
Subtotal Sales & Use	85	11	+15.3%	4,884	269	+5.8%
Corporate & Business - Total	479	113	+31.0%	1,829	132	+7.7%
All Other	49	(6)	-10.3%	1,912	158	+9.0%
Total Tax Collections	1,160	249	+27.4%	19,588	1,159	+6.3%

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.