



Geoffrey E. Snyder
Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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March 18, 2022

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 (the Department) hereby submits its mid-month tax revenue report for the month of March 2022, the eighth month of fiscal year 2022. The attached table shows March 2022 month-to-date tax revenue collections through March 15, 2022, along with changes from the equivalent period in March 2021.

Revenue collections are uneven and usually 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 March Revenues

Historically, March is a mid-size month for revenue collections, ranking #6 of the twelve months in nine of the last ten years. Many corporate and business taxpayers are required to make estimated payments during the month. The tax filing season is underway, and March is typically a significant month for refund payments (outflows), which reduce total net revenue.

However, this March is different from previous years because of the recently enacted elective pass-through entity (PTE) excise. As described in the January 2022 mid-month revenue report, much of the PTE excise's impact on collections is temporary. Consequently, the March month-to-date figures should be interpreted with extreme caution.

Highlights

Total tax collections for the month-to-date period were \$2.1 billion, up \$395 million or 23.2% versus the same period in March 2021. The month-to-date increase is due to increases in withholding, non-withholding income tax, sales & use tax, and corporate and business tax, partially offset by a decrease in all other tax.

- **Income Taxes**, which include withholding, totaled \$974 million, up \$288 million or 42.0% versus the same period in March 2021. The increase is in part due to the PTE excise. As mentioned previously, much of the increase associated with the PTE excise is temporary.
- **Sales & Use Taxes** were \$152 million, up \$50 million or 49.0% versus the same period in March 2021.
- **Corporate & Business Taxes** were \$925 million, up \$119 million or 14.8% versus the same period in March 2021.
- **Other Taxes** totaled \$48 million, down \$63 million or 56.4% versus the same period in March 2021.

Detail

Total Income Tax of \$974 million for the March month-to-date period is comprised of the following:

- **Withholding** of \$842 million, up \$61 million versus the same period in March 2021.
- **Estimated Payments** of \$47 million, up \$32 million versus the same period in March 2021.
- **Returns/Bills** of \$247 million, up \$183 million versus the same period in March 2021.
- **Refunds** of \$162 million, down \$11 million (favorable) versus the same period in March 2021.
- **Sales & Use Tax** collections of \$152 million for the March month-to-date period are \$50 million more than the same period in March 2021. Typically, only a small proportion of expected regular sales and meals tax remittances are received by the mid-month date. The

\$152 million in month-to-date sales and use tax total (rounded) is comprised of the following:

- \$75 million in regular sales tax, up \$27 million versus the same period in March 2021.
- \$27 million in meals tax, up \$16 million versus the same period in March 2021.
- \$51 million in motor vehicle sales tax, up \$6 million versus the same period in March 2021.

Corporate & Business Taxes were \$925 million, up \$119 million from the same period in March 2021. The increase is primarily attributable to corporate estimated payments.

Other Taxes includes a number of tax categories such as motor fuels, cigarettes, estate, room occupancy, and deeds. All other tax revenues totaled \$48 million, which is \$63 million less than the same period in March 2021. The decrease is primarily attributable to estate tax and deeds excise.

Because tax collections are usually weighted toward the end of the month, the Department does not use mid-month figures to project full-month revenue. Comparisons to prior-year periods are unreliable because of normal fluctuations and calendar differences in the 15-day window of incremental data.

If you have any questions concerning this report, please contact Kazim P. Ozyurt, Director of the Office of Tax Analysis (ozyurtk@dor.state.ma.us).

Sincerely,



Geoffrey E. Snyder
Commissioner

Attachment

cc: Michael J. Heffernan, Secretary of Administration and Finance
Representative Ronald Mariano, 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 2022 (in \$ Millions)

Tax Collections as of March 15, 2022, Compared to Same Collection Period in FY2021

	March (Through March 15th) (\$Millions)			FY22 YTD (Through March 15th) (\$Million)		
	03/2022 MTD Actual Collections	03/2022 MTD v. 03/2021 MTD \$ Fav/(Unfav)	03/2022 MTD v. 03/2021 MTD % Fav/(Unfav)	03/2022 YTD Actual Collections	03/2022 YTD v. 03/2021 YTD \$ Fav/(Unfav)	03/2022 YTD v. 03/2021 YTD % Fav/(Unfav)
Income						
Income Withholding	842	61	+7.8%	11,337	922	+8.9%
Income Est. Payments	47	32	+219.0%	3,202	1,433	+81.0%
Income Returns/Bills	247	183	+288.0%	1,043	498	+91.4%
Income Refunds Net (outflow)	(162)	11	+6.6%	(880)	(135)	-18.1%
Subtotal Income	974	288	+42.0%	14,702	2,718	+22.7%
Sales & Use						
Sales - Regular	75	27	+57.2%	4,280	582	+15.7%
Sales - Meals	27	16	+161.1%	902	307	+51.7%
Sales - Motor Vehicles	51	6	+14.3%	738	65	+9.7%
Subtotal Sales & Use	152	50	+49.0%	5,920	955	+19.2%
Corporate & Business - Total	925	119	+14.8%	3,076	593	+23.9%
All Other	48	(63)	-56.4%	2,074	274	+15.2%
Total Tax Collections	2,100	395	+23.2%	25,773	4,540	+21.4%

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.