



AMY PITTER  
COMMISSIONER

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
*Office of the Commissioner*  
*P.O. Box 9550*  
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March 18, 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 Laws<sup>1</sup>, the Department of Revenue hereby submits its mid-month tax revenue report for the month of March 2015. The attached table shows March 2015 month-to-date and FY2015 year-to-date tax revenue collections through March 13, 2015, along with the dollar and percentage changes from the same collection period in March 2014. Also shown are the percentage growth amounts for the full month of March 2015 and for FY2015 year-to-date through the end of March 2015 that were assumed in the benchmarks corresponding to the FY2015 revised tax revenue estimate of \$24.325 billion. (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 recently enacted economic development and county governments financial management legislation, 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

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

Abuses 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). The \$24.325 billion estimate does not include \$240 million for tax- and non-tax-related judgment & settlement payments in excess of \$10 million each, which was assumed in the FY2015 General Appropriation Act.

March is an important tax collection month, as payments with tax returns and extensions are due for most corporations for the prior tax year, as are the first corporate estimated payments (equal to 40% of estimated annual tax liability) of the current tax year. March is the largest corporate/business excise tax collection month of the year. It is also the last significant month for bonus payments, which are reflected in withholding, and usually the second largest month of the year for income tax refunds. The March 2015 monthly benchmark corresponding to the FY2015 revised tax revenue estimate of \$24.325 billion totals \$2.123 billion, an increase of \$171 million or 8.7% actual, and up \$143 million or 7.4% baseline from March 2014. The incremental impacts of tax law changes are expected to reduce collections by about \$13 million this month, reflecting mostly the revenue loss due to the recent reduction in part B personal income tax rate offset by net revenue gain from other tax law changes.

Through March 13, 2015, month-to-date tax collections total \$736 million, down \$36 million from the same period last March. Excluding a corporate & business settlement-related payment in the first half of the month, which is subject to joint certification by DOR and AGO, month-to-date tax collections total \$726 million, down \$46 million, with the full month benchmark projecting a growth of \$171 million from last March's total tax collections. Most activity so far is in income tax withholding, corporate and business taxes, income tax refunds, and sales and use tax collections. Most of the month-to-date decrease reflects a big increase in income tax refunds (due to refund processing delays in February 2015) partially offset by increase in withholding and estate tax collections.

Month-to-date income tax collections through March 13, 2015 total \$316 million, down \$57 million, or 15.4% from the same period in March 2014, reflecting mostly a big increase in income tax refunds partially offset by increase in withholding. Month-to-date withholding totals \$523 million, up \$18 million from the same period last year, with the full month benchmark projecting an increase of \$37 million. Month-to-date income tax cash refunds totaled \$241 million, up \$71 million from the same period last year, with the full month benchmark projecting no change from March 2014. As mentioned above and in February's end of month tax revenue report, the month-to-date increase in refunds is due to refund processing delays in February.

As of March 13, 2015, month-to-date corporate/business taxes total \$312 million, up \$4 million. Excluding a settlement-related payment received by DOR, month-to-date corporate/business taxes totaled \$302 million, down \$6 million, with the full month benchmark projecting an increase of \$103 million. Since most corporate/business quarterly estimated payments, as well as payments with tax returns and extensions for the prior tax year are due on March 16<sup>th</sup> (the usual due date March 15<sup>th</sup> falls on a Sunday), month-to-date comparison to last year is not meaningful yet.

Month-to-date sales and use tax collections through March 13, 2015 total \$60 million, down \$4 million from the same period in March 2014, with the full month benchmark projecting an increase of \$17 million from March 2014. Since monthly sales tax payments (other than those for motor vehicle sales tax, which are remitted daily) are due on March 20<sup>th</sup>, it is too early in the month for sales tax trends to be meaningful. Motor vehicle sales taxes, which are received daily and should not be affected by timing issues, are up \$1 million, from the same period last March.

Monthly motor fuels and rooms tax payments are also due on March 20<sup>th</sup>. 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 March 13<sup>th</sup> 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 March 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 626-2201) or Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (at 626-2100).

Sincerely,

A handwritten signature in black ink, appearing to read "Amy A. Pitter". The signature is fluid and cursive, with the first name "Amy" and last name "Pitter" clearly distinguishable.

Amy Pitter  
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 March 2015 (in \$ Millions)

Tax Collections as of March 13, 2015, Compared to Same Collection Period in FY2015 and to the FY2015 Tax Revenue Estimate of \$24.325 Billion

	----- Month of March -----						----- FY15 Year-to-Date -----					
	03/15 MTD Collections	03/15 MTD v. 03/14 MTD \$ Change	03/15 MTD v. 03/14 MTD % Change	03/15 Full Month Benchmark (*)	% Growth from 03/14 Assumed in Monthly Benchmark	\$ Needed to Reach 03/15 Full Month Benchmark (*)	03/15 FY15 YTD Collections	03/15 FY15 YTD \$ Change	03/15 FY15 YTD % Change	FY15 YTD Benchmark (**)(**)	% Growth from 03/14 Assumed in FY15 YTD Benchmark	\$ Needed to Reach FY15 YTD Benchmark (**)(**)
<b>Income - Total</b>	<b>316</b>	<b>(57)</b>	<b>(15.4%)</b>	<b>813</b>	<b>6.1%</b>	<b>498</b>	<b>9,399</b>	<b>782</b>	<b>9.1%</b>	<b>9,405</b>	<b>4.4%</b>	<b>6</b>
Income Withholding	523	18	3.6%	1,036	3.7%	513	7,905	377	5.0%	8,361	4.2%	456
Income Est. Payments (Cash)	7	0	2.9%	17	2.3%	9	1,714	230	15.5%	1,545	3.5%	(169)
Income Returns/Bills	27	(4)	(14.0%)	95	10.7%	69	513	73	16.5%	499	0.6%	(15)
Income Refunds (Cash)	241	71	42.0%	334	0.0%	93.3	731	(104)	(12.4%)	1,000	0.0%	268
<b>Sales &amp; Use - Total</b>	<b>60</b>	<b>(4)</b>	<b>(6.7%)</b>	<b>421</b>	<b>4.1%</b>	<b>360</b>	<b>3,902</b>	<b>175</b>	<b>4.7%</b>	<b>4,319</b>	<b>6.2%</b>	<b>416</b>
Sales - Regular	26	(5)	(16.4%)	283	2.8%	257	2,704	120	4.6%	3,005	6.3%	301
Sales - Meals	7	(0)	(6.1%)	68	3.5%	60	683	36	5.5%	745	5.7%	62
Sales - Motor Vehicles	27	1	4.6%	70	10.4%	43	516	19	3.8%	569	6.3%	53
<b>Corporate &amp; Business - Total</b>	<b>312</b>	<b>4</b>	<b>1.3%</b>	<b>757</b>	<b>15.7%</b>	<b>446</b>	<b>1,283</b>	<b>(277)</b>	<b>(17.8%)</b>	<b>1,799</b>	<b>(5.7%)</b>	<b>516</b>
<b>All Other</b>	<b>49</b>	<b>22</b>	<b>84.7%</b>	<b>132</b>	<b>3.8%</b>	<b>83</b>	<b>1,469</b>	<b>72</b>	<b>5.1%</b>	<b>1,539</b>	<b>2.7%</b>	<b>70</b>
<b>Total Tax Collections</b>	<b>736</b>	<b>(36)</b>	<b>(4.6%)</b>	<b>2,123</b>	<b>8.7%</b>	<b>1,387</b>	<b>16,053</b>	<b>751</b>	<b>4.9%</b>	<b>17,061</b>	<b>3.5%</b>	<b>1,008</b>

(\*) 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 March full month totals)

Note: Detail may not add to total due to rounding and other technical factors.