



Christopher C. Harding
Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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May 20, 2019

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 Viriato M. deMacedo, Ranking Member
Senate Committee on Ways and Means
State House
Room 313-C
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 May 2019, the eleventh month of fiscal year 2019. The attached table shows May 2019 month-to-date tax revenue collections through May 15, 2019, along with changes from the equivalent period in May 2018.

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.

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

Context for May revenues

Historically, May is a mid-size month for collections, ranking seventh of 12 months in each of the last six years. Estimated payments from individuals or from businesses are not significant in May.

The net figure for revenue collections in May is influenced by the individual tax filing season, which generates both inflows and refund outflows during the month. Individual tax returns continue to be received and processed in May, although in a volume well below the peak levels of March and April.

Highlights

- **Total Tax** collections for the month-to-date period were \$934 million, down \$50 million or 5.1% versus the same period in May 2018.
- **Income Taxes** totaled \$696 million, down \$41 million or 5.6% versus the same period in May 2018.
- **Sales & Use Tax** collections were \$112 million, up \$11 million or 10.6% versus the same period in May 2018.
- **Corporate & Business Taxes** were \$47 million, down \$10 million or 17.8% versus the same period in May 2018.
- **Other Taxes** totaled \$80 million, down \$9 million or 10.6% versus the same period in May 2018.

Detail

Total Income Tax of \$696 million for mid-month May comprises the following:

- **Withholding** of \$548 million, up \$40 million from mid-month May 2018.
- **Estimated Payments** of \$10 million, down \$3 million from mid-month May 2018.
- **Returns/Bills** of \$171 million, down \$81 million from mid-month May 2018.
- **Refunds** of \$34 million, down \$3 million from mid-month May 2018. Because refunds are an outflow, this represents a positive variance from the prior year.

Sales & Use Tax collections of \$112 million for the May month-to-date period are \$11 million or 10.6% 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.

- \$56 million in Regular Sales Tax collections, up \$16 million from mid-month May 2018.
- \$15 million in Meals Tax revenues, up \$2 million from mid-month May 2018.
- \$41 million in Motor Vehicle Sales Tax revenues, down \$8 million from mid-month May 2018.

Corporate & Business tax revenues were \$47 million, down \$10 million from mid-month May 2018.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. All other revenues totaled \$80 million, which is \$9 million less than the mid-month May 2018 figure.

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,



Christopher C. Harding
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 May 2019 (in \$ Millions)
Tax Collections as of May 15, 2019, Compared to Same Collection Period in FY2018

	May			FY19 YTD		
	(Through May 15th)			(Through May 15th)		
	05/2019 MTD Actual Collections	05/2019 MTD v. 05/2018 MTD \$ Fav/(Unfav)	05/2019 MTD v. 05/2018 MTD % Fav/(Unfav)	05/2019 YTD Actual Collections	05/2019 YTD v. 05/2018 YTD \$ Fav/(Unfav)	05/2019 YTD v. 05/2018 YTD % Fav/(Unfav)
Income						
Income Withholding	548	40	+7.8%	11,629	409	+3.6%
Income Est. Payments	10	(3)	-20.1%	1,909	(677)	-26.2%
Income Returns/Bills	171	(81)	-32.1%	2,983	921	+44.7%
Income Refunds Net (outflow)	(34)	3	+7.3%	(1,579)	27	+1.7%
Subtotal Income	696	(41)	-5.6%	14,942	680	+4.8%
Sales & Use						
Sales - Regular	56	16	+39.6%	3,935	220	+5.9%
Sales - Meals	15	2	+20.1%	1,022	54	+5.5%
Sales - Motor Vehicles	41	(8)	-15.7%	754	33	+4.5%
Subtotal Sales & Use	112	11	+10.6%	5,710	306	+5.7%
Corporate & Business - Total	47	(10)	-17.8%	2,657	598	+29.1%
All Other	80	(9)	-10.6%	2,133	179	+9.2%
Total Tax Collections	934	(50)	-5.1%	25,443	1,763	+7.4%

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.