



Geoffrey E. Snyder  
Commissioner

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
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May 20, 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 Laws<sup>1</sup>, the Department of Revenue (DOR) hereby submits its mid-month tax revenue report for the month of May 2020, the eleventh month of fiscal year 2020. The attached table shows May 2020 month-to-date tax revenue collections through May 15, 2020, along with changes from the equivalent period in May 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 not be used to assess trends or project future revenues.

### **Context for May revenues**

Historically, May is a mid-size month for collections, ranking seventh of 12 months in each of the last seven years. Estimated payments from individuals and 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

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

returns continue to be received and processed in May, although in a volume well below the peak levels of March and April.

As was the case with April, tax collections in May 2020 will vary from May collections in prior years due to measures enacted to mitigate the impact and breadth of COVID-19, including, without limitation, the extension of the income tax filing and payment deadline to July 15, 2020, the extension of the first estimated payment installment for 2020 to July 15, 2020, penalty waivers, the extension of the payment deadline for certain regular sales tax, meals tax and room occupancy excise payments to June 20, 2020, the close of all non-essential businesses, stay-at-home advisories and the ban on on-site service at bars and restaurants, as well as the impact COVID-19 has had on consumer and corporate behavior, the economy and the stock market. Each of the variances below is due to one or more of the factors described above.

## Highlights

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- **Total Tax** collections for the month-to-date period were \$794 million, down \$159 million or 16.7% versus the same period in May 2019.
- **Income Taxes** totaled \$617 million, down \$84 million or 12.0% versus the same period in May 2019.
- **Sales & Use Tax** collections were \$70 million, down \$42 million or 37.8% versus the same period in May 2019.
- **Corporate & Business Taxes** were \$45 million, down \$2 million or 4.9% versus the same period in May 2019.
- **Other Taxes** totaled \$62 million, down \$30 million or 32.8% versus the same period in May 2019.

## Detail

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**Total Income Tax** of \$617 million for mid-month May comprises the following:

- **Withholding** of \$607 million, up \$59 million from mid-month May 2019. The month-to-date change reflects increases in industries like Public Administration (e.g., withholding on unemployment insurance benefits), Manufacturing, and Health Care and Social Assistance industries, which are partly offset by declines in other industries like Accommodation and Food Services, Construction, Retail Trade, and others.
- **Estimated Payments** of \$13 million, up \$1 million from mid-month May 2019.
- **Returns/Bills** of \$40 million, down \$135 million from mid-month May 2019. The month-to-date decline is partly due to the factors mentioned above.
- **Refunds** of \$44 million, up \$9 million from mid-month May 2019. Because refunds are an outflow, this represents a negative variance from the prior year.

**Sales & Use Tax** collections of \$70 million for the May month-to-date period are \$42 million or 37.8% less than the equivalent period last year. Under normal circumstances, only a small proportion of expected Regular Sales and Meals tax remittances are received by the mid-month date; the bulk of these payments are expected on or after the 20<sup>th</sup> of the

month. This year, many of those payments not likely to come in May at all because of the extension of the payment deadline for certain Regular Sales Tax and Meals Tax collections. The \$70 million in month-to-date collections is comprised of the following:

- \$39 million in Regular Sales Tax collections, down \$17 million from mid-month May 2019.
- \$9 million in Meals Tax revenues, down \$7 million from mid-month May 2019.
- \$22 million in Motor Vehicle Sales Tax revenues, down \$19 million from mid-month May 2019.

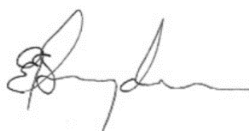
**Corporate & Business** tax revenues were \$45 million, down \$2 million from mid-month May 2019.

**Other Taxes** includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. All other tax revenues totaled \$62 million, which is \$30 million less than the mid-month May 2019.

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,



Geoffrey E. Snyder  
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 2020 (in \$ Millions)

Tax Collections as of May 15, 2020, Compared to Same Collection Period in FY2019

	May (Through May 15 <sup>th</sup> )			FY20 YTD (Through May 15 <sup>th</sup> )		
	05/2020 MTD Actual Collections	05/2020 MTD v. 05/2019 MTD \$ Fav/(Unfav)	05/2020 MTD v. 05/2019 MTD % Fav/(Unfav)	05/2020 YTD Actual Collections	05/2020 YTD v. 05/2019 YTD \$ Fav/(Unfav)	05/2020 YTD v. 05/2019 YTD % Fav/(Unfav)
<b>Income</b>						
Income Withholding	607	59	+10.7%	12,128	499	+4.3%
Income Est. Payments	13	1	+12.6%	1,740	(171)	-8.9%
Income Returns/Bills	40	(135)	-76.9%	789	(2,197)	-73.6%
Income Refunds Net (outflow)	(44)	(9)	-27.5%	(1,432)	147	+9.3%
<b>Subtotal Income</b>	<b>617</b>	<b>(84)</b>	<b>-12.0%</b>	<b>13,225</b>	<b>(1,722)</b>	<b>-11.5%</b>
<b>Sales &amp; Use</b>						
Sales - Regular	39	(17)	-30.0%	4,179	243	+6.2%
Sales - Meals	9	(7)	-44.5%	981	(41)	-4.0%
Sales - Motor Vehicles	22	(19)	-46.0%	701	(53)	-7.0%
<b>Subtotal Sales &amp; Use</b>	<b>70</b>	<b>(42)</b>	<b>-37.8%</b>	<b>5,861</b>	<b>150</b>	<b>+2.6%</b>
<b>Corporate &amp; Business - Total</b>	<b>45</b>	<b>(2)</b>	<b>-4.9%</b>	<b>2,479</b>	<b>(179)</b>	<b>-6.7%</b>
<b>All Other</b>	<b>62</b>	<b>(30)</b>	<b>-32.8%</b>	<b>2,274</b>	<b>128</b>	<b>+6.0%</b>
<b>Total Tax Collections</b>	<b>794</b>	<b>(159)</b>	<b>-16.7%</b>	<b>23,839</b>	<b>(1,623)</b>	<b>-6.4%</b>

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.