



Christopher C. Harding  
Commissioner

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
*Office of the Commissioner*  
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November 20, 2017

The Honorable Jeffrey Sanchez, 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 313C  
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 November 2017. The attached table shows November month-to-date tax revenue collections through November 15, 2017, along with changes from the equivalent period in November 2016.

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 strongly urges that mid-month figures should not be used to assess trends or project future revenues.**

**Context for November estimates**

On average for the past several years, roughly 6.6% of annual revenue has been received during November. This places it among the smallest revenue months, along with July, August, October, and

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

February. There are no significant Estimated Payments scheduled for either individual or business taxpayers during November.

## Highlights

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- **Total Tax** collections for the month-to-date period were \$704 million, up \$73 million or 11.5% versus the same period last year.
- **Income Taxes** totaled \$537 million, up \$38 million or 7.7% from the equivalent period in November 2016.
- **Sales & Use Tax** collections were \$89 million at mid-month, which is \$20 million or 18.6% less than the 2016 figure. Regular Sales and Meals Tax revenues are heavily weighted toward the second part of the month, so the mid-month revenue figure is not predictive.
- **Corporate & Business Taxes** showed a net inflow of \$19 million for November month-to-date, in comparison to a net outflow of \$47 million in the same period of November 2016. The outflow last November was the result of refunds in excess of payments. Month-to-date increase in corporate and business revenue is due to one-time refund related events which were expected and built into the benchmark estimate.
- **Other Taxes** totaled \$58 million at November mid-month, which is \$12 million or 17.2% less than the 2016 figure.

## Detail

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**Total Income Tax** of \$537 million for mid-month November comprises the following:

- **Withholding** of \$533 million, up \$22 million from mid-month November 2016.
- **Estimated Payments** of \$13 million, down \$3 million versus the same period last year.
- **Returns/Bills** of \$17 million, with almost no change from the same period last year.
- **Refunds** for the November 2017 month-to-date period were \$26 million, which is \$20 million less than the same period last year (favorable variance).

**Sales & Use Tax** collections of \$89 million for the November month-to-date period are \$20 million or 18.6% less than the equivalent period last year. Only a small proportion of expected Regular Sales and Meals Tax remittances are received by the mid-month date.

- The \$42 million in Regular Sales Tax collections is \$16 million less than the same month-to-date period in 2016.
- Meals Tax revenues of \$14 million month-to-date are \$1 million less than the November month-to-date period last year.
- Vehicle Tax revenues of \$33 million for the month-to-date period are \$4 million below the equivalent 2016 figure.

**Corporate & Business** revenues were \$19 million for the month-to-date period, which is \$67 million or 140.7% more than the same period in November 2016.

**All Other** includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. Revenues of \$58 million for the month-to-date period were \$12 million less than mid-month November 2016.

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 'CCH', is centered below the word 'Sincerely,'.

Christopher C. Harding  
Commissioner

Attachment

Cc: Michael J. Heffernan, Secretary of Administration and Finance  
Representative Robert A. DeLeo, House Speaker  
Senator Stanley C. Rosenberg, Senate President  
Representative Jay R. Kaufman, House Chair, Joint Committee on Revenue  
Senator Michael D. Brady, 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 November 2017 (in \$ millions)**  
**Tax Collections as of November 15, 2017, Compared to Same Collection Period in FY2017**

	<u>Tax Collections Through November 15</u>			<u>FY18 YTD Through November 15</u>		
	<u>11/2017 MTD Actual Collections</u>	<u>11/2017 MTD v. 11/2016 MTD \$ Fav/(Unfav)</u>	<u>11/2017 MTD v. 11/2016 MTD % Fav/(Unfav)</u>	<u>11/2017 YTD Actual Collections</u>	<u>11/2017 YTD v. 11/2016 YTD \$ Fav/(Unfav)</u>	<u>11/2017 YTD v. 11/2016 YTD % Fav/(Unfav)</u>
<b>Income</b>						
Income Withholding	533	22	+4.2%	4,479	177	+4.1%
Income Est. Payments	13	(3)	-17.0%	629	(13)	-2.1%
Income Returns/Bills	17	(0)	-0.5%	237	14	+6.2%
<u>Income Refunds Net (outflow)</u>	<u>(26)</u>	<u>20</u>	<u>+42.7%</u>	<u>(262)</u>	<u>(29)</u>	<u>-12.5%</u>
<b>Subtotal Income</b>	<b>537</b>	<b>38</b>	<b>+7.7%</b>	<b>5,083</b>	<b>148</b>	<b>+3.0%</b>
<b>Sales &amp; Use</b>						
Sales - Regular	42	(16)	-27.2%	1,513	23	+1.6%
Sales - Meals	14	(1)	-7.2%	435	17	+4.0%
<u>Sales - Motor Vehicles</u>	<u>33</u>	<u>(4)</u>	<u>-9.7%</u>	<u>309</u>	<u>(19)</u>	<u>-5.8%</u>
<b>Subtotal Sales &amp; Use</b>	<b>89</b>	<b>(20)</b>	<b>-18.6%</b>	<b>2,258</b>	<b>21</b>	<b>+0.9%</b>
<b>Corporate &amp; Business - Total</b>	<b>19</b>	<b>67</b>	<b>+140.7%</b>	<b>716</b>	<b>93</b>	<b>+15.0%</b>
<b>All Other</b>	<b>58</b>	<b>(12)</b>	<b>-17.2%</b>	<b>831</b>	<b>15</b>	<b>+1.9%</b>
<b>Total Tax Collections</b>	<b>704</b>	<b>73</b>	<b>+11.5%</b>	<b>8,887</b>	<b>278</b>	<b>+3.2%</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.