



Christopher C. Harding
Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
Boston, MA 02114-9550

November 20, 2018

The Honorable Jeffrey Sánchez, 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 Joan B. Lovely, Vice Chair
Senate Committee on Ways and Means
State House
Room 413-A
Boston, MA 02133

The Honorable Viriato M. deMacedo, Senator
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 November 2018, the fifth month of fiscal year 2019. The attached table shows November 2018 month-to-date tax revenue collections through November 15, 2018, along with changes from the equivalent period in November 2017.

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.**

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

Context for November estimates

On average for the past several years, roughly 6.5% of annual revenue has been received during November. This places it among the smallest revenue months, along with July, August, October, and February. There are no significant Estimated Payments scheduled for either individual or business taxpayers during November.

Highlights

- **Total Tax** collections for the month-to-date period were \$778 million, up \$179 million or 29.9% versus the same period in November 2017, partly due to timing factors affecting income tax withholding.
- **Income Taxes** totaled \$585 million, up \$121 million or 26.2% versus the same period in November 2017.
- **Sales & Use Tax** collections were \$100 million, up \$25 million or 33.2% versus the same period in November 2017.
- **Corporate & Business Taxes** were \$42 million, up \$32 million versus the same period in November 2017.
- **Other Taxes** totaled \$52 million, up \$1 million versus the same period in November 2017.

Detail

Total Income Tax of \$585 million for mid-month November comprises the following:

- **Withholding** of \$561 million, up \$99 million from mid-month November 2017, partly due to timing factors (monthly withholding payments arrived one deposit day earlier this November).
- **Estimated Payments** of \$15 million, up \$2 million from mid-month November 2017.
- **Returns/Bills** of \$18 million, up \$3 million from mid-month November 2017.
- **Refunds** of \$8 million, down \$17 million from mid-month November 2017. Because refunds are an outflow, this represents a positive variance from the prior year.

Sales & Use Tax collections of \$100 million for the November month-to-date period are \$25 million or 33.2% 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.

- \$47 million in Regular Sales Tax collections, up \$17 million from mid-month November 2017.
- \$14 million in Meals Tax revenues, up \$3 million from mid-month November 2017.
- \$38 million in Motor Vehicle Sales Tax revenues, up \$5 million from mid-month November 2017.

Corporate & Business tax revenues were \$42 million, up \$32 million from mid-month November 2017.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. All other revenues were \$52 million, up \$1 million from mid-month November 2017.

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 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 2018 (in \$ Millions)

Tax Collections as of November 15, 2018, Compared to Same Collection Period in FY2018

| | November (Through November 15th) | | | FY19 YTD (Through November 15th) | | |
|---|---|--|---|---|--|---|
| | 11/2018 MTD Actual Collections | 11/2018 MTD v. 11/2017 MTD \$ Fav/(Unfav) | 11/2018 MTD v. 11/2017 MTD % Fav/(Unfav) | 11/2018 YTD Actual Collections | 11/2018 YTD v. 11/2017 YTD \$ Fav/(Unfav) | 11/2018 YTD v. 11/2017 YTD % Fav/(Unfav) |
| Income | | | | | | |
| Income Withholding | 561 | 99 | +21.5% | 4,626 | 219 | +5.0% |
| Income Est. Payments | 15 | 2 | +17.4% | 736 | 108 | +17.2% |
| Income Returns/Bills | 18 | 3 | +16.2% | 277 | 39 | +16.2% |
| Income Refunds Net (outflow) | (8) | 17 | +67.1% | (214) | 49 | +18.7% |
| Subtotal Income | 585 | 121 | +26.2% | 5,425 | 415 | +8.3% |
| Sales & Use | | | | | | |
| Sales - Regular | 47 | 17 | +56.3% | 1,587 | 84 | +5.6% |
| Sales - Meals | 14 | 3 | +31.3% | 457 | 24 | +5.6% |
| Sales - Motor Vehicles | 38 | 5 | +13.4% | 329 | 18 | +5.9% |
| Subtotal Sales & Use | 100 | 25 | +33.2% | 2,373 | 127 | +5.6% |
| Corporate & Business - Total | 42 | 32 | +342.1% | 862 | 155 | +21.9% |
| All Other | 52 | 1 | +1.3% | 994 | 178 | +21.8% |
| Total Tax Collections | 778 | 179 | +29.9% | 9,655 | 875 | +10.0% |

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.