



Geoffrey E. Snyder
Commissioner

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

November 18, 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

The Honorable Patrick M. O'Connor, Ranking Member
Senate Committee on Ways and Means
State House
Room 419
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 2020, the fifth month of fiscal year 2021. The attached table shows November 2020 month-to-date tax revenue collections through November 13, 2020, along with changes from the equivalent period in November 2019.

Revenue collections are uneven and usually 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.

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

Context for November Revenues

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

Collections in this month will reflect the impact of the filing and payment due date extensions for regular sales, meals, and room occupancy taxes. The due date for these tax types has been extended several times this year for certain businesses.² The most recent extension was announced on September 15, 2020. With this extension, returns and payments of these taxes for certain small businesses due during the period beginning March 2020 through April 2021 will instead be due in May 2021.³ Note that November revenues will also continue to reflect the impact of COVID-19 on the tax base.

Consequently, the November month-to-date figures, as well as year-to-date through November mid-month figures, should be interpreted with caution.

Highlights

Total Tax collections for the month-to-date period were \$827 million, up \$117 million or 16.5% versus the same period in November 2019. A significant portion of the month-to-date increase is the result of year to year timing differences in the receipt of quarterly withholding tax payments. This year, the October 31st due date for quarterly withholding payments fell on a weekend. As a result, these payments were processed as November tax collections. In 2019, the October 31st due date fell on a weekday and the quarterly withholding payments due on this date were processed as October revenue.

- **Income Taxes** totaled \$667 million, up \$126 million or 23.4% versus the same period in November 2019. See above note regarding quarterly withholding, which is a subcategory of income taxes.
- **Sales & Use Tax** collections were \$69 million, down \$12 million or 14.9% versus the same period in November 2019.
- **Corporate & Business Taxes** were \$21 million, up \$5 million or 35.3% versus the same period in November 2019.
- **Other Taxes** totaled \$70 million, down \$2 million or 3.3% versus the same period in November 2019.

Detail

Total Income Tax of \$667 million for mid-month November comprises the following:

- **Withholding** of \$678 million, up \$132 million from mid-month November 2019. See above note regarding quarterly withholding.
- **Estimated Payments** of \$16 million, up \$1 million from mid-month November 2019.

² <https://www.mass.gov/technical-information-release/tir-20-7-extension-of-late-file-and-late-pay-penalty-relief-for>.

³ <https://www.mass.gov/news/massachusetts-announces-extension-of-administrative-tax-relief-for-local-businesses>.

- **Returns/Bills** of \$20 million, virtually the same as the amount in mid-month November 2019.
- **Refunds** of \$47 million, up \$7 million from mid-month November 2019. Refunds are outflow and this represents a negative variance from the prior year.

Sales & Use Tax collections of \$69 million for the November month-to-date period are \$12 million less than the same period in November 2019. Typically, 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 received on or after the due date, which is generally the 20th of the month.

The \$69 million in month-to-date sales and use tax collections is comprised of the following:

- \$35 million in regular sales tax collections, virtually the same as the amount in mid-month November 2019.
- \$10 million in meals tax revenues, down \$3 million from mid-month November 2019.
- \$24 million in motor vehicle sales tax revenues, down \$9 million from mid-month November 2019.

Corporate & Business tax revenues were \$21 million, up \$5 million from mid-month November 2019.

Other Taxes includes a number of tax categories including motor fuels, cigarettes, estate taxes, room occupancy and deeds. All other tax revenues totaled \$70 million, which is \$2 million less than the mid-month November 2019.

Collections are usually weighted to the end of the month, therefore 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 (snyderge@dor.state.ma.us) or Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (ozyurtk@dor.state.ma.us).

Sincerely,

A handwritten signature in dark ink, appearing to read 'G. Snyder', with a stylized flourish at the end.

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



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	11/2020 MTD Actual Collections	11/2020 MTD v. 11/2019 MTD \$ Fav/(Unfav)	11/2020 MTD v. 11/2019 MTD % Fav/(Unfav)	11/2020 YTD Actual Collections	11/2020 YTD v. 11/2019 YTD \$ Fav/(Unfav)	11/2020 YTD v. 11/2019 YTD % Fav/(Unfav)
Income						
Income Withholding	678	132	+24.2%	5,073	296	+6.2%
Income Est. Payments	16	1	+6.5%	675	(94)	-12.2%
Income Returns/Bills	20	0	+0.4%	289	(0)	-0.1%
Income Refunds Net (outflow)	(47)	(7)	-16.4%	(198)	46	+18.8%
Subtotal Income	667	126	+23.4%	5,839	247	+4.4%
Sales & Use						
Sales - Regular	35	(0)	-1.2%	1,821	147	+8.8%
Sales - Meals	10	(3)	-24.7%	323	(150)	-31.7%
Sales - Motor Vehicles	24	(9)	-25.9%	362	29	+8.7%
Subtotal Sales & Use	69	(12)	-14.9%	2,506	25	+1.0%
Corporate & Business - Total	21	5	+35.3%	955	112	+13.2%
All Other	70	(2)	-3.3%	867	(156)	-15.2%
Total Tax Collections	827	117	+16.5%	10,167	228	+2.3%

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.