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COMMISSIONER

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
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November 18, 2015

The Honorable Brian S. Dempsey, 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 70  
Boston, MA 02133

Honorable Chairmen and Ranking Minority Members of the Ways and Means Committees:

Pursuant to Section 6 of Chapter 14 of the General Laws<sup>1</sup>, the Department of Revenue hereby submits its mid-month tax revenue report for the month of November 2015. The attached table shows November 2015 month-to-date and Fiscal Year 2016 year-to-date tax revenue collections through November 13, 2015, along with the dollar and percentage changes from the same collection period in November 2014. Also shown are the percentage growth amounts for the full month of November 2015 and for Fiscal Year 2016 year-to-date through the end of November 2015 that were assumed in the benchmarks

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

corresponding to the Fiscal Year 2016 tax revenue estimate of \$25.611 billion<sup>2</sup>. The \$25.611 billion estimate does not include the \$125 million estimate for tax and non-tax related settlement and judgment payments in excess of \$10 million each, which was assumed in the Fiscal Year 2016 budget.

### Highlights:

- Month-to-date total tax collections are up \$24 million from the same period last November.
- Month-to-date withholding totals \$545 million, up \$49 million from the same period last November.
- Month-to-date sales & use tax collections total \$56 million, down \$13 million from the same period last November.
- Month-to-date corporate & business taxes total \$20 million, up \$13 million from the same period last November.

**A new online tax system roll out by DOR:** On November 30th, DOR will roll out a new online tax system for businesses *MassTaxConnect*, which will replace *WebFile* for Business as the new web portal for businesses to file and pay taxes. As a result of this rollout, DOR's current *WebFile* for Business will shut down as of November 21 to complete the transfer of tax information to *MassTaxConnect* during Thanksgiving week. Any potential delays or shifts in payments (i.e., a shift into December) due to this roll out will be monitored accordingly.

### Details:

November is one of the smallest net tax collection months of the year, as there are no quarterly estimated payments due for individuals and most corporations, and income and corporate tax refunds are relatively high as DOR will continue processing the prior year's tax returns filed for extension. The November benchmark corresponding to the Fiscal Year 2016 tax revenue estimate of \$25.611 billion assumes total tax collections of \$1.715 billion, an increase of \$126 million, or 7.9% actual, and increase of \$67 million, or 4.2% baseline from November 2014. The incremental impacts of tax law changes are expected to reduce collections by about \$27 million (net) this month, reflecting mostly the impact due to *the recent reduction in part B personal income tax rate (-\$11 million) and the fall 2014 tax amnesty program (-\$18 million)*, as well as minor impact from other tax law changes. Having one more deposit day this month versus last November will increase revenue collections by about \$9-11 million.

Through November 13, 2015, month-to-date tax collections total \$661 million, up \$24 million. Excluding \$14 million one-time settlement related payment received earlier in the month, month-to-date tax collections totaled \$646 million, up \$9 million, with the full month benchmark projecting an increase of \$126 million. Month-to-date increase (excluding the aforementioned one-time payment) reflects mostly growth in withholding collections (+\$49 million) offset by timing related increase in income cash refunds (+\$24 million), and timing related decrease in sales tax collections (-\$13 million).

The most activity so far in the month is in withholding, which totaled \$545 million, up \$49 million, compared to the benchmark estimate that projects a withholding increase of \$107 million for the full

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<sup>2</sup> The \$25.611 billion estimate reflects the FY2016 consensus tax estimate of \$25.479 billion adjusted for the impact of changes affecting revenues: non-filer/non-registrant tax amnesty, illegal tobacco task force, delayed FAS109 deductions, self-imposed life sciences tax incentive cap, and sales tax holiday.

month. The month-to-date growth is mostly timing related: the October 31<sup>st</sup> due date for the third quarterly withholding payments fell on a weekend this year but it fell on a weekday last year; so these payments were received on the first business day this month instead of in October. The benchmark assumes that there is a shift of \$52 million withholding payments from October to November.

As of November 13, 2015, month-to-date tax payments with returns and extensions totaled \$18 million, down \$5 million from the same period last year, with the full month benchmark projecting a decrease of \$8 million. Month-to-date income tax cash refunds totaled \$42 million, up \$24 million from the same period last year, reflecting probably shifting of refunds from October to November, with the full month benchmark projecting a decrease of \$20 million from November 2014.

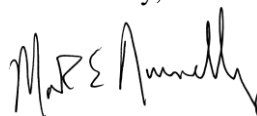
Excluding the \$14 million one-time settlement related payment, month-to-date corporate & business tax collections totaled \$6 million, down \$2 million from the same period last year, compared with the full month benchmark projecting a decline of \$12 million from last November. Month-to-date corporate & business refunds totaled \$18 million, about the same amount as the same period last year, with the full month benchmark projecting no change from the same period last year.

As of November 13, 2015, month-to-date sales tax collections totaled \$56 million, down \$13 million from the same period last November, with the full month benchmark projecting an increase of \$19 million, or 4.2% actual, and 4.9% baseline from November 2014. November 13<sup>th</sup> was too early in the month for month-to-date sales tax trends to be meaningful, as monthly sales tax payments (other than those for motor vehicle sales tax) are not due until November 20<sup>th</sup>

Monthly motor fuels and rooms tax payments are also due on November 20<sup>th</sup>. There may be differences in the due dates for certain tax payments from one fiscal year to the next (e.g., in withholding payments or the timing of refund cycles) which complicate month-to-date comparisons to the prior year. As a result of these factors, revenues received through November 13<sup>th</sup> as reported in the attached table may not be indicative of what the final results for the full month will be. Specifically, they do not necessarily represent one-half of the revenues to be received in the full month and the month-to-date growth rates compared to November 2014 could change significantly by the end of this month. Any variances from the monthly benchmark at this point in the month should not be relied on as an indicator of what total final revenues for the month will be, compared to the full month benchmarks.

If you have any questions concerning this report, please contact either me (at 626-2201) or Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (at 626-2100).

Sincerely,



Mark Nunnelly  
Commissioner

Attachment

Cc: Kristen Lepore, Secretary of Administration and Finance  
Representative Robert A. DeLeo, House Speaker  
Senator Stanley C. Rosenberg, Senate President  
Jay R. Kaufman, House Chair, Joint Committee on Revenue

Senator Michael J. Rodrigues, 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 2015 (in \$ Millions)

Tax Collections as of November 13, 2015, Compared to Same Collection Period in FY2015 and to the FY2016 Tax Revenue Estimate of \$25.611 Billion

----- Month of November -----							----- FY16 Year-to-Date -----					
	11/15 MTD Collections	11/15 MTD v. 11/14 MTD \$ Change	11/15 MTD v. 11/14 MTD % Change	11/15 Full Month Benchmark (*)	% Growth from 11/14 Assumed in Monthly Benchmark	\$ Needed to Reach 11/15 Full Month Benchmark (*)	11/15 FY16 YTD Collections	11/15 FY16 YTD \$ Change	11/15 FY16 YTD % Change	FY16 YTD Benchmark (*)(**)	% Growth from 11/14 Assumed in FY16 YTD Benchmark	\$ Needed to Reach FY16 YTD Benchmark (*)(**)
<b>Income - Total</b>	<b>529</b>	<b>16</b>	<b>3.2%</b>	<b>1,050</b>	<b>13.0%</b>	<b>522</b>	<b>4,777</b>	<b>182</b>	<b>4.0%</b>	<b>5,211</b>	<b>4.0%</b>	<b>434</b>
Income Withholding	545	49	9.8%	1,034	11.5%	489	4,048	151	3.9%	4,532	4.7%	483
Income Est. Payments (Cash)	7	(4)	(34.2%)	22	5.4%	15	692	66	10.6%	669	5.3%	(23)
Income Returns/Bills	18	(5)	(21.0%)	30	(20.2%)	12	227	(3)	(1.5%)	207	(15.8%)	(20)
Income Refunds (Cash)	42	24	129.2%	36	-35.9%	(6)	189	31	19.4%	195	(0.5%)	7
<b>Sales &amp; Use - Total</b>	<b>56</b>	<b>(13)</b>	<b>(19.3%)</b>	<b>479</b>	<b>4.2%</b>	<b>424</b>	<b>2,132</b>	<b>105</b>	<b>5.2%</b>	<b>2,517</b>	<b>4.1%</b>	<b>385</b>
Sales - Regular	19	(16)	(44.7%)	336	3.6%	317	1,414	59	4.3%	1,707	3.8%	293
Sales - Meals	8	(4)	(31.4%)	86	2.1%	78	396	18	4.9%	464	3.1%	69
Sales - Motor Vehicles	28	6	27.2%	57	11.2%	28	322	28	9.5%	346	7.1%	24
<b>Corporate &amp; Business - Total</b>	<b>6</b>	<b>(2)</b>	<b>(23.0%)</b>	<b>7</b>	<b>(62.8%)</b>	<b>1</b>	<b>552</b>	<b>(14)</b>	<b>(2.5%)</b>	<b>581</b>	<b>0.6%</b>	<b>29</b>
<b>All Other</b>	<b>56</b>	<b>8</b>	<b>16.3%</b>	<b>179</b>	<b>(1.2%)</b>	<b>122</b>	<b>800</b>	<b>42</b>	<b>5.6%</b>	<b>893</b>	<b>0.4%</b>	<b>93</b>
<b>Total Tax Collections</b>	<b>646</b>	<b>9</b>	<b>1.5%</b>	<b>1,715</b>	<b>7.9%</b>	<b>1,069</b>	<b>8,261</b>	<b>315</b>	<b>4.0%</b>	<b>9,202</b>	<b>3.4%</b>	<b>941</b>
<i><b>Tax-Related Settlements &amp; Judgments Exceeding \$10 Million Each</b> (NOT included in the November MTD and YTD collections figures above. November and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).</i>												
	<b>14.2</b>						<b>14.2</b>					
<b>Total Tax Collections</b> (Including tax-related settlements & judgments)	661	24	3.7%				8,275	330	4.1%			
<b>Corporate &amp; Business - Total</b> (Including tax-related settlements & judgments)	20	13	169.6%				566	(0)	0.0%			
<b>Income Returns/Bills</b> (Including tax-related settlements & judgments)	18	(5)	-21.0%				227	(3)	-1.5%			

(\*) Benchmarks are based on the FY16 tax revenue estimate of \$25.611 billion

(\*\*) Year-to-date benchmarks are year-to-date full month benchmark totals (i.e., July through November full month totals)

Note: Detail may not add to total due to rounding and other technical factors.