



Christopher C. Harding
Commissioner

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

October 18, 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 Laws¹, the Department of Revenue (DOR) hereby submits its mid-month tax revenue report for the month of October 2017. The attached table shows October month-to-date tax revenue collections through October 13, 2017, along with changes from the equivalent period in October 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 October estimates

October is among the lower months for revenue collection; no significant quarterly payments are expected from individuals or businesses. On average for the past several years, roughly 6.5% of annual revenue has been received during October. Only February has materially lower revenue in most years.

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

Highlights

- **Total Tax** collections for the month-to-date period were \$680 million, up \$6 million or 0.8% versus the same period last year.
- **Income Taxes** totaled \$466 million, down \$42 million or 8.2% from the equivalent period in October 2016.
- **Sales & Use Tax** collections were \$77 million at mid-month, which is \$3 million or 3.2% 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** were \$68 million for the October month-to-date period, which is \$39 million or 134.6% more than the last year. Because October is not a major month for business tax collections, a moderate lift in revenues results in a large percentage increase.
- **Other Taxes** totaled \$68 million at October mid-month, which is \$11 million or 19.5% more than the 2016 figure.

Detail

Total Income Tax of \$466 million for mid-month October comprises the following:

- **Withholding** of \$449 million, down \$43 million from mid-month October 2016.
- **Estimated Payments** of \$19 million, down \$3 million versus the same period last year.
- **Returns/Bills** of \$22 million, which is \$2 million more than the same period last year.
- **Refunds** for the October 2017 month-to-date period were \$23 million, which is \$3 million less than the same period last year (favorable variance).

Sales & Use Tax collections of \$77 million for the October month-to-date period are \$3 million or 3.2% less than the equivalent period last year. Only a small proportion of expected Regular Sales and Meals remittances are received by the mid-month date.

- The \$29 million in Regular Sales Tax collections is \$9 million less than the same month-to-date period in 2016.
- Meals Tax revenues of \$13 million month-to-date are \$3 million more than the October month-to-date period last year.
- Vehicle Tax revenues of \$35 million for the month-to-date period are \$3 million above the equivalent 2016 figure.

Corporate & Business revenues were \$68 million for the month-to-date period, which is \$39 million or 134.6% more than the same period in October 2016.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. Revenues of \$68 million for the month-to-date period were \$11 million more than mid-month October 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 'C. Harding', written in a cursive style.

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 October 2017 (in \$ millions)
Tax Collections as of October 13, 2017, compared to Same Collection Period in FY2017.

	<u>October through 10/13/2017</u>			<u>FY18 YTD through 10/13/2017</u>		
	10/2017 MTD Actual Collections	10/2017 MTD v. 10/2016 MTD \$ Fav/(Unfav)	10/2017 MTD v. 10/2016 MTD % Fav/(Unfav)	10/2017 YTD Actual Collections	10/2017 YTD v. 10/2016 YTD \$ Fav/(Unfav)	10/2017 YTD v. 10/2016 YTD % Fav/(Unfav)
Income						
Income Withholding	449	(43)	-8.8%	3,441	118	+3.5%
Income Est. Payments	19	(3)	-13.7%	589	(16)	-2.7%
Income Returns/Bills	22	2	+8.2%	137	0	+0.2%
Income Refunds Net (outflow)	(23)	3	+10.3%	(167)	(45)	-36.3%
Subtotal Income	466	(42)	-8.2%	3,999	57	+1.5%
Sales & Use						
Sales - Regular	29	(9)	-24.8%	1,132	31	+2.9%
Sales - Meals	13	3	+35.1%	329	14	+4.5%
Sales - Motor Vehicles	35	3	+10.9%	238	(17)	-6.7%
Subtotal Sales & Use	77	(3)	-3.2%	1,700	29	+1.7%
Corporate & Business - Total	68	39	+134.6%	686	54	+8.6%
All Other	68	11	+19.5%	644	29	+4.7%
Total Tax Collections	680	6	+0.8%	7,029	169	+2.5%

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.