



Christopher C. Harding  
Commissioner

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
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October 18, 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 Laws<sup>1</sup>, the Department of Revenue (DOR) hereby submits its mid-month tax revenue report for the month of October 2018, the fourth month of fiscal year 2019. The attached table shows October 2018 month-to-date tax revenue collections through October 15, 2018, along with changes from the equivalent period in October 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.**

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

## 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.

## Highlights

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- **Total Tax** collections for the month-to-date period were \$734 million, up \$3 million or 0.4% versus the same period in October 2017.
- **Income Taxes** totaled \$522 million, up \$46 million or 9.6% versus the same period in October 2017.
- **Sales & Use Tax** collections were \$97 million, down \$7 million or 7.1% versus the same period in October 2017.
- **Corporate & Business Taxes** were \$56 million, down \$19 million versus the same period in October 2017.
- **Other Taxes** totaled \$59 million, down \$16 million versus the same period in October 2017.

## Detail

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**Total Income Tax** of \$522 million for mid-month October comprises the following:

- **Withholding** of \$490 million, up \$29 million from mid-month October 2017.
- **Estimated Payments** of \$27 million, up \$4 million from mid-month October 2017.
- **Returns/Bills** of \$37 million, up \$6 million from mid-month October 2017.
- **Refunds** of \$31 million, down \$7 million from mid-month October 2017. Because refunds are an outflow, this represents a positive variance from the prior year.

**Sales & Use Tax** collections of \$97 million for the October` month-to-date period are \$7 million or 7.1% less 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 20<sup>th</sup> of the month.

- \$40 million in Regular Sales Tax collections, down \$0.3 million from mid-month October 2017.
- \$16 million in Meals Tax revenues, down \$3 million from mid-month October 2017.
- \$42 million in Motor Vehicle Sales Tax revenues, down \$4 million from mid-month October 2017.

**Corporate & Business** tax revenues were \$56 million, down \$19 million from mid-month October 2017.

**All Other** includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. All other revenues were \$59 million, down \$16 million from mid-month October 2017; the decline was mostly due to some timing factors.

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', with a stylized flourish at the end.

Christopher C. Harding  
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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 October 2018 (in \$ Millions)**  
**Tax Collections as of October 15, 2018, Compared to Same Collection Period in FY2018**

	<b>October</b>			<b>FY19 YTD</b>		
	<b>(Through October 15<sup>th</sup>)</b>			<b>(Through October 15<sup>th</sup>)</b>		
	10/2018 MTD Actual Collections	10/2018 MTD v. 10/2017 MTD \$ Fav/(Unfav)	10/2018 MTD v. 10/2017 MTD % Fav/(Unfav)	10/2018 YTD Actual Collection s	10/2018 YTD v. 10/2017 YTD \$ Fav/(Unfav)	10/2018 YTD v. 10/2017 YTD % Fav/(Unfav)
<b>Income</b>						
Income Withholding	490	29	+6.2%	3,546	91	+2.6%
Income Est. Payments	27	4	+17.0%	696	102	+17.3%
Income Returns/Bills	37	6	+19.1%	163	15	+10.0%
Income Refunds Net (outflow)	(31)	7	+18.4%	(117)	65	+35.6%
<b>Subtotal Income</b>	<b>522</b>	<b>46</b>	<b>+9.6%</b>	<b>4,287</b>	<b>273</b>	<b>+6.8%</b>
<b>Sales &amp; Use</b>						
Sales - Regular	40	(0.3)	-0.7%	1,201	57	+5.0%
Sales - Meals	16	(3)	-15.9%	349	14	+4.2%
Sales - Motor Vehicles	42	(4)	-9.3%	251	1	+0.5%
<b>Subtotal Sales &amp; Use</b>	<b>97</b>	<b>(7)</b>	<b>-7.1%</b>	<b>1,801</b>	<b>72</b>	<b>+4.2%</b>
<b>Corporate &amp; Business - Total</b>	<b>56</b>	<b>(19)</b>	<b>-25.5%</b>	<b>830</b>	<b>134</b>	<b>+19.2%</b>
<b>All Other</b>	<b>59</b>	<b>(16)</b>	<b>-21.6%</b>	<b>781</b>	<b>135</b>	<b>+20.8%</b>
<b>Total Tax Collections</b>	<b>734</b>	<b>3</b>	<b>+0.4%</b>	<b>7,699</b>	<b>613</b>	<b>+8.7%</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.