



Christopher C. Harding
Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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October 18, 2019

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 Viriato M. deMacedo, Ranking Member
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 October 2019, the fourth month of fiscal year 2020. The attached table shows October 2019 month-to-date tax revenue collections through October 15, 2019, along with changes from the equivalent period in October 2018.

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 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 October revenues

October is among the lower months for revenue collection, because neither individual nor business taxpayers make significant estimated payments during the month. Therefore, roughly 6.7% of annual revenue has been received on average during October. Only February has materially lower revenue in most years.

Highlights

- **Total Tax** collections for the month-to-date period were \$776 million, up \$25 million or 3.3% versus the same period in October 2018.
- **Income Taxes** totaled \$539 million, up \$16 million or 3.1% versus the same period in October 2018.
- **Sales & Use Tax** collections were \$81 million, down \$17 million or 17.4% versus the same period in October 2018.
- **Corporate & Business Taxes** were \$55 million, down \$1 million or 1.4% versus the same period in October 2018.
- **Other Taxes** totaled \$101 million, up \$26 million or 35.4% versus the same period in October 2018.

Detail

Total Income Tax of \$539 million for mid-month October comprises the following:

- **Withholding** of \$506 million, up \$16 million from mid-month October 2018.
- **Estimated Payments** of \$34 million, up \$7 million from mid-month October 2018.
- **Returns/Bills** of \$34 million, down \$3 million from mid-month October 2018.
- **Refunds** of \$35 million, up \$3 million from mid-month October 2018. Because refunds are an outflow, this represents a negative variance from the prior year.

Sales & Use Tax collections of \$81 million for the October month-to-date period are \$17 million or 17.4% 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 21st of the month.

- \$35 million in Regular Sales Tax collections, down \$5 million from mid-month October 2018.
- \$11 million in Meals Tax revenues, down \$5 million from mid-month October 2018.
- \$35 million in Motor Vehicle Sales Tax revenues, down \$7 million from mid-month October 2018.

Corporate & Business tax revenues were \$55 million, down \$1 million from mid-month October 2018.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. All other revenues totaled \$101 million, which is \$26 million more than the mid-month October 2018 figure.

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 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

Mid-Month Tax Collection Report for October 2019 (in \$ Millions)

Tax Collections as of October 15, 2019, Compared to Same Collection Period in FY2019

	October (Through October 15 th)			FY20 YTD (Through October 15 th)		
	10/2019 MTD Actual Collections	10/2019 MTD v. 10/2018 MTD \$ Fav/(Unfav)	10/2019 MTD v. 10/2018 MTD % Fav/(Unfav)	10/2019 YTD Actual Collections	10/2019 YTD v. 10/2018 YTD \$ Fav/(Unfav)	10/2019 YTD v. 10/2018 YTD % Fav/(Unfav)
Income						
Income Withholding	506	16	+3.3%	3,689	141	+4.0%
Income Est. Payments	34	7	+24.8%	725	29	+4.2%
Income Returns/Bills	34	(3)	-7.8%	161	(1)	-0.6%
Income Refunds Net (outflow)	(35)	(3)	-10.2%	(98)	20	+16.9%
Subtotal Income	539	16	+3.1%	4,478	189	+4.4%
Sales & Use						
Sales - Regular	35	(5)	-12.3%	1,261	59	+4.9%
Sales - Meals	11	(5)	-30.0%	360	11	+3.2%
Sales - Motor Vehicles	35	(7)	-17.5%	254	3	+1.1%
Subtotal Sales & Use	81	(17)	-17.4%	1,876	73	+4.1%
Corporate & Business - Total	55	(1)	-1.4%	807	(24)	-2.9%
All Other	101	26	+35.4%	815	13	+1.7%
Total Tax Collections	776	25	+3.3%	7,977	251	+3.3%

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.