



Geoffrey E. Snyder
Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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October 20, 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 October 2020, the fourth month of fiscal year 2021. The attached table shows October 2020 month-to-date tax revenue collections through October 15, 2020, along with changes from the equivalent period in October 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 October revenues

October is among the lower months for revenue collection, because neither individual nor business taxpayers make significant estimated payments during the month. Historically, roughly 6.5% of annual revenue is received on average during October.

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 October revenues will also continue to reflect the impact of COVID-19 on the tax base.

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

Highlights

- **Total Tax** collections for the month-to-date period were \$829 million, up \$51 million or 6.5% versus the same period in October 2019.
- **Income Taxes** totaled \$602 million, up \$62 million or 11.5% versus the same period in October 2019.
- **Sales & Use Tax** collections were \$95 million, up \$15 million or 18.5% versus the same period in October 2019.
- **Corporate & Business Taxes** were \$56 million, up \$1 million or 2.0% versus the same period in October 2019.
- **Other Taxes** totaled \$75 million, down \$28 million or 26.8% versus the same period in October 2019.

Detail

Total Income Tax of \$602 million for mid-month October comprises the following:

- **Withholding** of \$540 million, up \$35 million from mid-month October 2019.
- **Estimated Payments** of \$31 million, down \$3 million from mid-month October 2019.
- **Returns/Bills** of \$53 million, up \$18 million from mid-month October 2019.
- **Refunds** of \$22 million, down \$12 million from mid-month October 2019.
Refunds are outflow and this represents a positive variance from the prior year.

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>.

Sales & Use Tax collections of \$95 million for the October month-to-date period are \$15 million more than the same period in October 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 \$95 million in month-to-date sales and use tax collections is comprised of the following:

- \$46 million in regular sales tax collections, up \$12 million from mid-month October 2019.
- \$13 million in meals tax revenues, up \$2 million from mid-month October 2019.
- \$36 million in motor vehicle sales tax revenues, up \$1 million from mid-month October 2019.

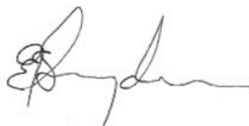
Corporate & Business tax revenues were \$56 million, up \$1 million from mid-month October 2019.

Other Taxes includes a number of tax categories including motor fuels, cigarettes, estate taxes, room occupancy and deeds. All other tax revenues totaled \$75 million, which is \$28 million less than the mid-month October 2019. The month-to-date decline is mostly due to decline in volatile estate tax collections.

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,



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

Mid-Month Tax Collection Report for October 2020 (in \$ Millions)
Tax Collections as of October 15, 2020, Compared to Same Collection Period in FY2020

	October			FY21 YTD		
	(Through October 15th)			(Through October 15th)		
	10/2020 MTD Actual Collections	10/2020 MTD v. 10/2019 MTD \$ Fav/(Unfav)	10/2020 MTD v. 10/2019 MTD % Fav/(Unfav)	10/2020 YTD Actual Collections	10/2020 YTD v. 10/2019 YTD \$ Fav/(Unfav)	10/2020 YTD v. 10/2019 YTD % Fav/(Unfav)
Income						
Income Withholding	540	35	+6.8%	3,865	177	+4.8%
Income Est. Payments	31	(3)	-8.5%	629	(97)	-13.3%
Income Returns/Bills	53	18	+52.3%	170	5	+3.3%
Income Refunds Net (outflow)	(22)	12	+35.8%	(65)	33	+33.7%
Subtotal Income	602	62	+11.5%	4,600	119	+2.6%
Sales & Use						
Sales - Regular	46	12	+34.6%	1,387	126	+10.0%
Sales - Meals	13	2	+14.0%	246	(115)	-31.8%
Sales - Motor Vehicles	36	1	+4.1%	288	33	+13.1%
Subtotal Sales & Use	95	15	+18.5%	1,921	44	+2.4%
Corporate & Business - Total	56	1	+2.0%	911	103	+12.7%
All Other	75	(28)	-26.8%	668	(146)	-18.0%
Total Tax Collections	829	51	+6.5%	8,099	119	+1.5%

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.