



AMY PITTER  
COMMISSIONER

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
*Office of the Commissioner*  
*P.O. Box 9550*  
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September 18, 2014

The Honorable Brian S. Dempsey, Chair  
House Committee on Ways and Means  
State House  
Room 243  
Boston, MA 02133

The Honorable Viriato Manuel deMacedo, Representative  
House Committee on Ways and Means  
State House  
Room 124  
Boston, MA 02133

The Honorable Stephen M. Brewer, Chair  
Senate Committee on Ways and Means  
State House  
Room 212  
Boston, MA 02133

The Honorable Richard J. Ross, Senator  
Senate Committee on Ways and Means  
State House  
Room 520  
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 September 2014. The attached table shows September 2014 month-to-date and FY2015 year-to-date tax revenue collections through September 15, 2014, along with the dollar and percentage changes from the same collection period in September 2013. Also shown are the percentage growth amounts for the full month of September 2014 and for FY2015 year-to-date through the end of September 2014 that were assumed in the benchmarks corresponding to the FY2015 tax revenue estimate of \$24.387 billion. (The \$24.387 billion estimate reflects the FY2015 consensus tax estimate of \$24.337 billion adjusted for the impact of the subsequent changes affecting budgetary taxes, which include changes in the General Appropriation Act –such as tax amnesty, delayed FAS109 deductions, and enhanced DOR tax enforcements, changes in the economic development bill, and changes in the county government financial management bill.)

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

September is an important tax collection month, as quarterly income and corporate/business tax estimated payments are due on September 15<sup>th</sup>. The September 2014 benchmark corresponding to the FY2015 tax revenue estimate of \$24.387 billion projects total tax revenues of \$2.575 billion, \$161 million, or 6.7% higher than September 2013, and a baseline increase of 5.9 %. September benchmarks also assume that: 1) the August sales tax holiday would reduce the September revenues by \$25.95 million (\$1.36 million more than the impact of last year's sales tax holiday, which was about \$24.59 million); 2) having one extra deposit day would increase revenues by about \$8 to \$11 million this September relative to last September; and 3) tax amnesty collections would total \$8.6 million this September.

Through September 15, 2014, tax collections total \$1.099 billion, down \$36 million from the same period last September, versus the full month benchmark that calls for growth of \$161 million. Some of the month-to-date decline appears to be due to a timing related withholding shift of about \$40-\$60 million from September to August. The fact that quarterly income cash estimated payments are coming at a slower pace than they did during this time last September seems to be another factor behind the month-to-date decline.

September benchmark assumes that income tax collections would total \$1.397 billion, up \$59 million, or 4.4% actual and 5.3% baseline from September 2013. Month-to-date income tax collections through September 15, 2014 totaled \$573 million, down \$75 million, or 11.6% from the same period in September 2013. Month-to-date withholding taxes through September 15, 2014 totaled \$462 million, down \$36 million from the same period in September 2013, compared to the benchmark estimate that projects an increase of \$33 million for the full month. As indicated above, month-to-date decline in withholding collections appears to be due to a timing related withholding shift from September to August. Month-to-date income tax cash estimated payments totaled \$108 million, down \$34 million from the same period in September 2013, with the full month benchmark projecting an increase of \$17 million. The bulk of income estimated payments are expected to come during the second half of the month. Month-to-date income tax payments with returns totaled \$12 million, down \$4 million from the same period in September 2013, with the full month benchmark projecting a growth of \$9 million.

As of September 15, 2014, month-to-date corporate and business tax collections totaled \$388 million, up \$30 million from the same period in September 2013, with the full month benchmark projecting an increase of \$59 million, or 13% actual, and 8.2% baseline from September 2013. Month-to-date corporate and business cash estimated payments totaled \$369 million, up \$24 million from the same period in September 2013, with the full month benchmark projecting an increase of \$45 million.

Month-to-date sales and use tax collections through September 15, 2014 totaled \$72 million, almost no change from the same period in September 2013, with the full month benchmark projecting an increase of \$35 million, or 7.9% actual, and 5.7% baseline from September 2013. September 15<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 September 22<sup>nd</sup> (usual due date of 20<sup>th</sup> falls on a weekend this year).

Monthly motor fuels and rooms tax payments are also due on September 22<sup>nd</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 September 15<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 September 2013 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,

A handwritten signature in black ink, appearing to read "Amy A. Pitter". The signature is fluid and cursive, with the first name "Amy" and last name "Pitter" clearly distinguishable.

Amy Pitter  
Commissioner

Attachment

Cc: Glen Shor, Secretary of Administration and Finance  
Representative Robert A. DeLeo, House Speaker  
Senator Therese Murray, Senate President  
Representative 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  
Steven Grossman, Treasurer and Receiver General

## Mid-Month Tax Collection Report for September 2014 (in \$ Millions)

Tax Collections as of September 15, 2014, Compared to Same Collection Period in FY2014 and to the FY2015 Tax Revenue Estimate of \$24.387 Billion

----- Month of September -----							----- FY15 Year-to-Date -----					
	09/14 MTD Collections	09/14 MTD v. 09/13 MTD \$ Change	09/14 MTD v. 09/13 MTD % Change	09/14 Full Month Benchmark (*)	% Growth from 09/13 Assumed in Monthly Benchmark	\$ Needed to Reach 09/14 Full Month Benchmark (*)	09/14 FY15 YTD Collections	09/14 FY15 YTD \$ Change	09/14 FY15 YTD % Change	FY15 YTD Benchmark (*)(**)	% Growth from 09/13 Assumed in FY15 YTD Benchmark	\$ Needed to Reach FY15 YTD Benchmark (*)(**)
<b>Income - Total</b>	<b>573</b>	<b>(75)</b>	<b>(11.6%)</b>	<b>1,397</b>	<b>4.4%</b>	<b>824</b>	<b>2,374</b>	<b>5</b>	<b>0.2%</b>	<b>3,134</b>	<b>2.5%</b>	<b>760</b>
Income Withholding	462	(36)	(7.3%)	871	3.9%	409	2,178	93	4.4%	2,521	4.0%	343
Income Est. Payments (Cash)	108	(34)	(24.1%)	503	3.5%	395	157	(32)	(16.8%)	551	3.6%	394
Income Returns/Bills	12	(4)	(25.4%)	48	23.9%	36	83	(60)	(41.9%)	126	(24.4%)	42
Income Refunds (Cash)	10	0	3.9%	25	0.0%	15	45	(4)	(8.6%)	64	0.0%	19
<b>Sales &amp; Use - Total</b>	<b>72</b>	<b>0</b>	<b>0.2%</b>	<b>480</b>	<b>7.9%</b>	<b>408</b>	<b>1,068</b>	<b>45</b>	<b>4.4%</b>	<b>1,483</b>	<b>6.2%</b>	<b>414</b>
Sales - Regular	26	(0)	(1.6%)	316	7.7%	290	705	35	5.3%	997	6.4%	292
Sales - Meals	11	(2)	(14.7%)	97	6.8%	85	191	4	2.4%	278	5.5%	87
Sales - Motor Vehicles	35	3	7.8%	67	10.6%	33	172	5	2.9%	208	6.1%	36
<b>Corporate &amp; Business - Total</b>	<b>388</b>	<b>30</b>	<b>8.4%</b>	<b>512</b>	<b>13.0%</b>	<b>123</b>	<b>472</b>	<b>11</b>	<b>2.3%</b>	<b>588</b>	<b>5.8%</b>	<b>117</b>
<b>All Other</b>	<b>65</b>	<b>9</b>	<b>15.8%</b>	<b>186</b>	<b>4.5%</b>	<b>120</b>	<b>412</b>	<b>1</b>	<b>0.2%</b>	<b>532</b>	<b>(0.1%)</b>	<b>120</b>
<b>Total Tax Collections</b>	<b>1,099</b>	<b>(36)</b>	<b>(3.2%)</b>	<b>2,575</b>	<b>6.7%</b>	<b>1,476</b>	<b>4,326</b>	<b>61</b>	<b>1.4%</b>	<b>5,736</b>	<b>3.5%</b>	<b>1,411</b>

(\*) Benchmarks are based on the FY15 tax revenue estimate of \$24.387 billion

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

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