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COMMISSIONER

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
*Office of the Commissioner*  
*P.O. Box 9550*  
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September 21, 2015

The Honorable Brian S. Dempsey, 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 70  
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 2015. The attached table shows September 2015 month-to-date and Fiscal Year 2016 year-to-date tax revenue collections through September 15, 2015, along with the dollar and percentage changes from the same collection period in September 2014. Also shown are the percentage growth amounts for the full month of September 2015 and for Fiscal Year 2016 year-to-date through the end of September 2015 that were assumed in the benchmarks

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

corresponding to the Fiscal Year 2016 tax revenue estimate of \$25.611 billion<sup>2</sup>. The \$25.611 billion estimate does not include the \$100 million estimate for tax and non-tax related judgment & settlement payments in excess of \$10 million each, which was assumed in the Fiscal Year 2016 budget.

### Highlights:

- Month-to-date total tax collections are up \$61 million from the same period last September.
- Month-to-date withholding totals \$463 million, even with the same period last September.
- Month-to-date income cash estimated payments total \$153 million, up \$41 million from the same period last September.
- Month-to-date corporate & business taxes total \$387 million, down \$2 million from the same period last September.

### Details:

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 benchmark corresponding to the Fiscal Year 2016 tax revenue estimate of \$25.611 billion assumes tax collections would total \$2.555 billion, an increase of \$90 million, or 3.6% actual, and 5.3% baseline from September 2014. The incremental impacts of tax law changes are expected to reduce collections by about \$29 million (net) this month, reflecting mostly the impact of recent reduction in part B personal income tax rate and the fall 2014 tax amnesty program, as well as minor impact from other tax law changes.

Through September 15, 2015, month-to-date tax collections totaled \$1.16 billion, up \$61 million, or 5.5% from the same period in September 2014, with the full month September benchmark projecting a growth of \$90 million. The month-to-date increase reflects mostly growth in quarterly income and corporate & business cash estimated payments, sales and use tax collections, offset by increase in corporate & business cash refunds. It is difficult to determine how the overall collections are performing relative to benchmark at this time because (i) the impact of the sales tax holiday on September revenues is yet to be known, (ii) there are two more withholding payments during the rest of the month, (iii) monthly sales tax payments are due on the 21<sup>st</sup> of the month (usual due date of 20<sup>th</sup> falls on a weekend this year), and (iv) quarterly income cash estimated payments are typically remitted during the second half of the month.

Month-to-date income tax collections through September 15, 2015 totaled \$617 million, up \$39 million, or 6.7% from the same period in September 2014, compared to the benchmark estimate that projects an increase of \$47 million for the full month. Month-to-date withholding taxes through September 15, 2015 totaled \$463 million, even with the same period in September 2015, compared to the benchmark estimate that projects an increase of \$27 million for the full month. The month-to-date weakness in withholding may be timing related and it is too soon to assess its performance relative to benchmark; there are two more weekly withholding payments from large employers, which are expected to come during the second half of the month. Month-to-date income tax cash estimated payments totaled \$153 million, up \$41 million, or 36.1% from the same period in September 2015, with the full month benchmark projecting an increase of \$28 million. It is difficult to assess the performance of income estimated payments at this time

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<sup>2</sup> The \$25.611 billion estimate reflects the FY2016 consensus tax estimate of \$25.479 billion adjusted for the impact of changes affecting revenues: non-filer/non-registrant tax amnesty, illegal tobacco task force, delayed FAS109 deductions, self-imposed life sciences tax incentive cap, and sales tax holiday.

because the bulk of income estimated payments are expected to come during the second half of the month.

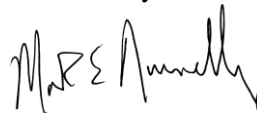
As of September 15, 2015, month-to-date corporate & business tax collections totaled \$387 million, down \$2 million, or 0.5% from the same period in September 2015, compared to the benchmark estimate that projects an increase of \$26 million for the full month. Month-to-date corporate and business cash estimated payments totaled \$393 million, up \$22 million from the same period last September, with the full month estimated payment benchmark projecting a growth of \$30 million.

Month-to-date sales tax collections through September 15, 2015 totaled \$81 million, up \$11million, or 15.8% from the same period in September 2014, compared to the benchmark estimate that projects an increase of \$18 million for the full month. September 15<sup>th</sup> was too early in the month for sales tax trends to be meaningful, as monthly sales tax payments (other than those for motor vehicle sales tax) are not due until September 21<sup>st</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 21<sup>st</sup> (usual due date of 20<sup>th</sup> falls on a weekend this year). 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 2014 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,



Mark Nunnally  
Commissioner

Attachment

Cc: Kristen Lepore, Secretary of Administration and Finance  
Representative Robert A. DeLeo, House Speaker  
Senator Stanley C. Rosenberg, Senate President  
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  
Deborah B. Goldberg, Treasurer and Receiver General

## Mid-Month Tax Collection Report for September 2015 (in \$ Millions)

Tax Collections as of September 15, 2015, Compared to Same Collection Period in FY2015 and to the FY2016 Tax Revenue Estimate of \$25.611 Billion

----- Month of September -----							----- FY16 Year-to-Date -----					
	09/16 MTD Collections	09/16 MTD v. 09/15 MTD \$ Change	09/16 MTD v. 09/15 MTD % Change	09/16 Full Month Benchmark (*)	% Growth from 09/15 Assumed in Monthly Benchmark	\$ Needed to Reach 09/16 Full Month Benchmark (*)	09/16 FY16 YTD Collections	09/16 FY16 YTD \$ Change	09/16 FY16 YTD % Change	FY16 YTD Benchmark (*)(**)	% Growth from 09/15 Assumed in FY16 YTD Benchmark	\$ Needed to Reach FY16 YTD Benchmark (*)(**)
<b>Income - Total</b>	<b>617</b>	<b>39</b>	<b>6.7%</b>	<b>1,412</b>	<b>3.4%</b>	<b>795</b>	<b>2,504</b>	<b>125</b>	<b>5.2%</b>	<b>3,293</b>	<b>4.0%</b>	<b>789</b>
Income Withholding	463	0	0.0%	852	3.2%	389	2,293	115	5.3%	2,653	4.4%	359
Income Est. Payments (Cash)	153	41	36.1%	553	5.4%	400	202	41	25.7%	603	5.3%	401
Income Returns/Bills	14	1	8.1%	26	(24.3%)	12	80	(4)	(5.3%)	91	(14.0%)	11
Income Refunds (Cash)	12	3	28.9%	19	-0.5%	7	72	27	60.9%	54	(0.4%)	(18)
<b>Sales &amp; Use - Total</b>	<b>81</b>	<b>11</b>	<b>15.8%</b>	<b>486</b>	<b>3.7%</b>	<b>406</b>	<b>1,138</b>	<b>73</b>	<b>6.8%</b>	<b>1,532</b>	<b>4.6%</b>	<b>394</b>
Sales - Regular	33	6	23.6%	314	3.5%	281	751	45	6.4%	1,022	4.1%	271
Sales - Meals	14	2	17.1%	99	2.5%	85	207	16	8.2%	288	4.2%	81
Sales - Motor Vehicles	34	3	8.8%	74	6.4%	39	181	12	7.1%	222	7.6%	41
<b>Corporate &amp; Business - Total</b>	<b>387</b>	<b>(2)</b>	<b>(0.5%)</b>	<b>473</b>	<b>5.9%</b>	<b>86</b>	<b>483</b>	<b>11</b>	<b>2.4%</b>	<b>558</b>	<b>5.4%</b>	<b>75</b>
<b>All Other</b>	<b>75</b>	<b>13</b>	<b>20.4%</b>	<b>184</b>	<b>(1.0%)</b>	<b>109</b>	<b>434</b>	<b>25</b>	<b>6.1%</b>	<b>534</b>	<b>0.3%</b>	<b>100</b>
<b>Total Tax Collections</b>	<b>1,160</b>	<b>61</b>	<b>5.5%</b>	<b>2,555</b>	<b>3.6%</b>	<b>1,395</b>	<b>4,559</b>	<b>234</b>	<b>5.4%</b>	<b>5,917</b>	<b>3.9%</b>	<b>1,358</b>

(\*) Benchmarks are based on the FY16 tax revenue estimate of \$25.611 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.