



Michael J. Heffernan
Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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September 20, 2016

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 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 September 2016. The attached table shows September 2016 month-to-date and Fiscal Year 2017 year-to-date tax revenue collections through September 15, 2016, along with changes from the same collection period in September 2015.

Context for September estimates

September is one of the larger collection months, contributing roughly 10% of yearly collections on average. This reflects the fact that Estimated Payments are due for both individual and business taxpayers in September. Please note, however, that the preponderance of the Estimated Payments are received in the second half of the month, and therefore are not reflected in this mid-month view.

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. It would not be advisable to use this data to predict trends.

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

Highlights

- **Total Tax Collections** for the month-to-date period were \$1.291 billion, up \$131 million from the same period last year. For the year-to-date period of Fiscal Year 2017 (July 1 through September 15), Total Tax Collections were \$4.734 billion, which \$175 million more than the same period in FY16.
- **Income Taxes** totaled \$681 million, up \$61 million from the mid-month September 2016. On a fiscal year-to-date basis, Income Taxes were \$2.610 billion, up \$104 million.
- **Sales & Use Tax** collections were \$88 million at mid-month, up \$5 million from the same period last September. For the fiscal year-to-date, Sales & Use revenues were \$1.153 billion, up \$12 million.
- **Corporate & Business Taxes** totaled \$451 million, up \$65 million from the same period last September. For the fiscal year-to-date, collections were \$541 million, up \$58 million.
- **Other Taxes** totaled \$72 million for September mid-month and \$431 million fiscal year-to-date, which represent almost no change from the same period last year.

Detail

The **Income Tax total** of \$681 million for mid-month September comprises the following:

- **Income Withholding** of \$534 million, which is \$72 million above mid-month September 2015.
- **Estimated Payments** of \$146 million in the month-to-date period, down \$9 million versus same period last year.
- **Income Returns/Bills** of \$16 million, \$1 million more than the equivalent period in 2015.
- **Income Refunds** of \$15 million is \$3 million more than the same period last September.

Sales & Use Tax collections of \$88 million comprise \$40 million in Regular Sales, \$15 million in Meals, and \$34 million in Motor Vehicles.

- As the exhibit shows, Regular Sales and Meals are above mid-month September 2015, but Motor Vehicles is down slightly.
- Note that Regular Sales and Meals collections are heavily weighted to the second half of the month, so the figures above represent a relatively small portion of collections.

We do not use the mid-month figures to project full-month results because collections are heavily weighted to the end of the month, making the mid-month results unreliable as predictors.

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,



Michael J. Heffernan
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 2016 (in \$ millions)

Tax Collections as of September 15, 2016, Compared to Same Collection Period in FY2016

| | Month of September | | | FY17 YTD | | |
|---|------------------------------------|--|--|------------------------------------|---|--|
| | 09/16 MTD Actual Collections | 09/16 MTD v. 09/15 MTD \$ Fav/(Unfav) | 09/16 MTD v. 09/15 MTD % Fav/(Unfav) | YTD 09/16 Actual Collections | YTD 09/16 v. 09/15 \$ Fav/(Unfav) | YTD 09/16 v. 09/15 % Fav/(Unfav) |
| Income | | | | | | |
| Income Withholding | 534 | 72 | +15.6% | 2,396 | 103 | +4.5% |
| Income Est. Payments | 146 | (9) | -5.9% | 203 | (1) | -0.6% |
| Income Returns/Bills | 16 | 1 | +7.7% | 94 | 13 | +16.3% |
| Income Refunds Net (outflow) | (15) | (3) | -22.5% | (82) | (11) | -14.8% |
| Subtotal Income | 681 | 61 | +9.9% | 2,610 | 104 | +4.2% |
| Sales & Use | | | | | | |
| Sales - Regular | 40 | 5 | +13.3% | 758 | 5 | +0.6% |
| Sales - Meals | 15 | 1 | +5.6% | 217 | 10 | +4.8% |
| Sales - Motor Vehicles | 34 | (0) | -1.0% | 178 | (3) | -1.5% |
| Subtotal Sales & Use | 88 | 5 | +6.1% | 1,153 | 12 | +1.1% |
| Corporate & Business - Total | 451 | 65 | +16.9% | 541 | 58 | +12.1% |
| All Other | 72 | 0 | +0.1% | 431 | 0 | +0.1% |
| Total Tax Collections | 1,291 | 131 | +11.3% | 4,734 | 175 | +3.8% |

Note: Mid-month Tax Collections may not be predictive of full-month results.