



Christopher C. Harding  
Commissioner

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
*Office of the Commissioner*  
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September 20, 2017

The Honorable Jeffrey Sanchez, 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 313C  
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 Laws<sup>1</sup>, the Department of Revenue (DOR) hereby submits its mid-month tax revenue report for the month of September 2017. The attached table shows September month-to-date tax revenue collections through September 15, 2017, along with changes from the equivalent period in September 2016.

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 strongly urges that mid-month figures should not be used to assess trends or project future revenues.**

**Context for September estimates**

September is a significant month for revenue collection because both individual and business taxpayers have estimated payments due. On average for the past several years, roughly 10% of annual revenue has been received during September, placing it #4 among the twelve months of the year for revenue.

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

## Highlights

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- **Total Tax** collections for the month-to-date period were \$1.481 billion, up \$181 million or 13.9% versus the same period last year. This is not necessarily predictive of the month.
- **Income Taxes** totaled \$833 million, up \$152 million or 22.4% from the equivalent period in September 2016.
- **Sales & Use Tax** collections were \$101 million at mid-month, which is \$5 million or 5.5% above the 2016 figure. Regular Sales and Meals Tax revenues are heavily weighted toward the second part of the month. Therefore, the mid-month revenue figure is not predictive.
- **Corporate & Business Taxes** were \$471 million for the September month-to-date period, which is \$21 million or 4.6% more than the last year. September is a major month for business tax revenues.
- **Other Taxes** totaled \$76 million at September mid-month, which is \$2 million or 3.4% more than the 2016 figure.

## Detail

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**Total Income Tax** of \$833 million for mid-month September comprises the following:

- **Withholding** of \$581 million, up \$47 million from mid-month September 2016.
- **Estimated Payments** of \$246 million, up \$100 million versus the same period last year.
- **Returns/Bills** of \$22 million, which is \$6 million more than the same period last year.
- **Refunds** for the September 2017 month-to-date period were \$16 million, with no change from the refunds of the September 2016 mid-month period.

**Sales & Use Tax** collections of \$101 million for the September month-to-date period are \$5 million or 5.5% more than the equivalent period last year. Only a small proportion of expected Regular Sales and Meals remittances are received by the mid-month date.

- The \$46 million in Regular Sales Tax collections is \$6 million more than the same month-to-date period in 2016.
- Meals Tax revenues of \$16 million month-to-date are \$1 million more than the September month-to-date period last year.
- Vehicle Tax revenues of \$40 million for the month-to-date period are \$2 million below the equivalent 2016 figure.

**Corporate & Business** revenues were \$471 million for the month-to-date period, which is \$21 million or 4.6% more than the same period in September 2016.

**All Other** includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. Revenues of \$76 million for the month-to-date period were \$2 million more than mid-month September 2016.

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,

A handwritten signature in black ink, appearing to read 'C. Harding', with a stylized flourish at the end.

Christopher C. Harding  
Commissioner

Attachment

Cc: Michael J. Heffernan, 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 D. Brady, 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 2017 (in \$ millions)**  
**Tax Collections as of September 15, 2017, Compared to Same Collection Period in FY2017**

	<u>Tax Collections through September 15th</u>			<u>FY18 YTD</u>		
	09/2017 MTD Actual Collections	09/2017 MTD v. 09/2016 MTD \$ Fav/(Unfav)	09/2017 MTD v. 09/2016 MTD % Fav/(Unfav)	09/2017 YTD Actual Collections	09/2017 YTD v. 09/2016 YTD \$ Fav/(Unfav)	09/2017 YTD v. 09/2016 YTD % Fav/(Unfav)
<b>Income</b>						
Income Withholding	581	47	+8.7%	2,489	94	+3.9%
Income Est. Payments	246	100	+68.6%	300	97	+47.7%
Income Returns/Bills	22	6	+38.1%	91	(3)	-3.4%
Income Refunds Net (outflow)	(16)	(0)	-1.4%	(112)	(29)	-35.4%
<b>Subtotal Income</b>	<b>833</b>	<b>152</b>	<b>+22.4%</b>	<b>2,768</b>	<b>158</b>	<b>+6.1%</b>
<b>Sales &amp; Use</b>						
Sales - Regular	46	6	+15.7%	789	30	+4.0%
Sales - Meals	16	1	+5.8%	226	9	+3.9%
Sales - Motor Vehicles	40	(2)	-4.3%	169	(16)	-8.8%
<b>Subtotal Sales &amp; Use</b>	<b>101</b>	<b>5</b>	<b>+5.5%</b>	<b>1,184</b>	<b>23</b>	<b>+1.9%</b>
<b>Corporate &amp; Business - Total</b>	<b>471</b>	<b>21</b>	<b>+4.6%</b>	<b>586</b>	<b>45</b>	<b>+8.3%</b>
<b>All Other</b>	<b>76</b>	<b>2</b>	<b>+3.4%</b>	<b>451</b>	<b>22</b>	<b>+5.1%</b>
<b>Total Tax Collections</b>	<b>1,481</b>	<b>181</b>	<b>+13.9%</b>	<b>4,990</b>	<b>247</b>	<b>+5.2%</b>

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.