



Christopher C. Harding
Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
Boston, MA 02114-9550

September 19, 2018

The Honorable Jeffrey Sánchez, 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 Joan B. Lovely, Vice Chair
Senate Committee on Ways and Means
State House
Room 413-A
Boston, MA 02133

The Honorable Viriato M. deMacedo, Senator
Senate Committee on Ways and Means
State House
Room 313-C
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 2018, the third month of fiscal year 2019. The attached table shows September 2018 month-to-date tax revenue collections through September 14, 2018, along with changes from the equivalent period in September 2017.

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. MTD payments are significantly affected by timing factors (the 3rd personal income and corporate/business estimated payments coming in a bit early), and one time estate tax payments. **Therefore, the Department strongly urges that mid-month figures should not be used to assess trends or project future revenues.**

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

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.

Highlights

- **Total Tax** collections for the month-to-date period were \$1.461 billion, up \$405 million or 38.4% versus the same period in September 2017.
- **Income Taxes** totaled \$792 million, up \$122 million or 18.1% versus the same period in September 2017.
- **Sales & Use Tax** collections were \$90 million, up \$8 million or 10.4% versus the same period in September 2017.
- **Corporate & Business Taxes** were \$415 million, up \$168 million versus the same period in September 2017. **Other Taxes** totaled \$165 million, up \$107 million versus the same period in September 2017.

Detail

Total Income Tax of \$792 million for mid-month September comprises the following:

- **Withholding** of \$583 million, up \$79 million from mid-month September 2017.
- **Estimated Payments** of \$199 million, up \$34 million from mid-month September 2017. The month-to-date increase may be partly due to timing: the due date of September 15 for the third quarterly estimated payments fell on a weekend this year, and many taxpayers paid the estimated payments one day earlier.
- **Returns/Bills** of \$21 million, up \$5 million from mid-month September 2017.
- **Refunds** of \$10 million, down \$3 million from mid-month September 2017. Because refunds are an outflow, this represents a positive variance from the prior year.

Sales & Use Tax collections of \$90 million for the September month-to-date period are \$8 million or 10.4% more than the equivalent period last year. Only a small proportion of expected Regular Sales and Meals remittances, subcategories of Sales & Use Tax, are received by the mid-month date; the bulk of these payments are expected on or after the 20th of the month.

- \$37 million in Regular Sales Tax collections, up \$4 million from mid-month September 2017.
- \$14 million in Meals Tax revenues, up \$2 million from mid-month September 2017.
- \$38 million in Motor Vehicle Sales Tax revenues, up \$2 million from mid-month September 2017.

Corporate & Business tax revenues were \$415 million, up \$168 million from mid-month September 2017. Similar to quarterly estimates for individual income taxes, the due date for corporate payments fell on a weekend day, which may have caused earlier timing in payments.

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. All other revenues were \$165 million, up \$107 million from mid-month September 2017.

The increase was mostly in the estate tax. Estate tax is a volatile tax category; therefore the current figures are not predictive of the full fiscal year.

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,



Christopher C. Harding
Commissioner

Attachment

Cc: Michael J. Heffernan, Secretary of Administration and Finance
Representative Robert A. DeLeo, House Speaker
Senator Karen E. Spilka, Senate President
Representative 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 2018 (in \$ Millions)
Tax Collections as of September 14, 2018, Compared to Same Collection Period in FY2018

	September			FY19 YTD		
	(Through September 14th)			(Through September 14th)		
	09/2018 MTD Actual Collections	09/2018 MTD v. 09/2017 MTD \$ Fav/(Unfav)	09/2018 MTD v. 09/2017 MTD % Fav/(Unfav)	09/2018 YTD Actual Collection s	09/2018 YTD v. 09/2017 YTD \$ Fav/(Unfav)	09/2018 YTD v. 09/2017 YTD % Fav/(Unfav)
Income						
Income Withholding	583	79	+15.8%	2,553	142	+5.9%
Income Est. Payments	199	34	+20.6%	267	47	+21.7%
Income Returns/Bills	21	5	+28.7%	100	12	+13.0%
Income Refunds Net (outflow)	(10)	3	+24.5%	(67)	43	+39.1%
Subtotal Income	792	122	+18.1%	2,853	244	+9.3%
Sales & Use						
Sales - Regular	37	4	+13.5%	825	50	+6.4%
Sales - Meals	14	2	+17.1%	235	13	+5.7%
Sales - Motor Vehicles	38	2	+5.2%	174	7	+4.4%
Subtotal Sales & Use	90	8	+10.4%	1,234	70	+6.0%
Corporate & Business - Total	415	168	+68.1%	554	191	+52.8%
All Other	165	107	+185.6%	562	133	+31.0%
Total Tax Collections	1,461	405	+38.4%	5,203	638	+14.0%

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.