



Christopher C. Harding
Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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September 18, 2019

The Honorable Aaron Michlewitz, Chair
House Committee on Ways and Means
State House
Room 243
Boston, MA 02133

The Honorable Todd M. Smola, Ranking Member
House Committee on Ways and Means
State House
Room 124
Boston, MA 02133

The Honorable Michael J. Rodrigues, Chair
Senate Committee on Ways and Means
State House
Room 212
Boston, MA 02133

The Honorable Viriato M. deMacedo, Ranking Member
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 2019, the third month of fiscal year 2020. The attached table shows September 2019 month-to-date tax revenue collections through September 13, 2019, along with changes from the equivalent period in September 2018.

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 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 revenues

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 #3 among the twelve months of the year for revenue.

Highlights

- **Total Tax** collections for the month-to-date period were \$1.316 billion, down \$167 million or 11.3% versus the same period in September 2018.
- **Income Taxes** totaled \$780 million, down \$13 million or 1.6% versus the same period in September 2018.
- **Sales & Use Tax** collections were \$83 million, down \$7 million or 7.6% versus the same period in September 2018.
- **Corporate & Business Taxes** were \$345 million, down \$72 million or 17.2% versus the same period in September 2018.
- **Other Taxes** totaled \$108 million, down \$76 million or 41.2% versus the same period in September 2018.

Detail

Total Income Tax of \$780 million for mid-month September comprises the following:

- **Withholding** of \$570 million, down \$12 million from mid-month September 2018.
- **Estimated Payments** of \$197 million, down \$2 million from mid-month September 2018.
- **Returns/Bills** of \$19 million, down \$2 million from mid-month September 2018.
- **Refunds** of \$7 million, down \$3 million from mid-month September 2018.
Because refunds are an outflow, this represents a positive variance from the prior year.

Sales & Use Tax collections of \$83 million for the September month-to-date period are \$7 million or 7.6% less than the equivalent period last year. Only a small proportion of expected Regular Sales and Meals tax 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.

- \$34 million in Regular Sales Tax collections, down \$3 million from mid-month September 2018.
- \$14 million in Meals Tax revenues, virtually the same as the collections during mid-month September 2018.
- \$34 million in Motor Vehicle Sales Tax revenues, down \$4 million from mid-month September 2018.

Corporate & Business tax revenues were \$345 million, down \$72 million from mid-month September 2018..

All Other includes a number of tax categories including motor fuels, cigarettes, estate taxes, and deeds. All other revenues totaled \$108 million, which is \$76 million less than the mid-month September 2018 figure.

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 Mark J. Cusack, House Chair, Joint Committee on Revenue
Senator Adam G. Hinds, 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 2019 (in \$ Millions)
Tax Collections as of September 13, 2019, Compared to Same Collection Period in FY2019

	September (Through September 13th)			FY20 YTD (Through September 13th)		
	09/2019 MTD Actual Collections	09/2019 MTD v. 09/2018 MTD \$ Fav/(Unfav)	09/2019 MTD v. 09/2018 MTD % Fav/(Unfav)	09/2019 YTD Actual Collections	09/2019 YTD v. 09/2018 YTD \$ Fav/(Unfav)	09/2019 YTD v. 09/2018 YTD % Fav/(Unfav)
Income						
Income Withholding	570	(12)	-2.1%	2,656	103	+4.0%
Income Est. Payments	197	(2)	-1.2%	267	(0)	-0.2%
Income Returns/Bills	19	(2)	-8.3%	97	(3)	-3.1%
Income Refunds Net (outflow)	(7)	3	+32.6%	(40)	27	+40.6%
Subtotal Income	780	(13)	-1.6%	2,980	126	+4.4%
Sales & Use						
Sales - Regular	34	(3)	-7.7%	876	51	+6.1%
Sales - Meals	14	(0)	-0.6%	244	9	+3.7%
Sales - Motor Vehicles	34	(4)	-10.2%	171	(2)	-1.2%
Subtotal Sales & Use	83	(7)	-7.6%	1,292	57	+4.6%
Corporate & Business - Total	345	(72)	-17.2%	510	(46)	-8.2%
All Other	108	(76)	-41.2%	548	(43)	-7.3%
Total Tax Collections	1,316	(167)	-11.3%	5,329	95	+1.8%

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.