



Geoffrey E. Snyder
Commissioner

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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September 18, 2020

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 Patrick M. O'Connor, Ranking Member
Senate Committee on Ways and Means
State House
Room 419
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 2020, the third month of fiscal year 2021. The attached table shows September 2020 month-to-date tax revenue collections through September 15, 2020, along with changes from the equivalent period in September 2019.

Revenue collections are uneven and usually 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 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. September generally produces about 10% of annual revenue, making September the third or fourth largest revenue month of the year.

This September is expected to be different. While we still expect September to be a significant month for revenues because of individual and corporate estimated payments, this September will also reflect the impact of the filing and payment due date extensions for regular sales, meals, and room occupancy taxes. The due date for these tax types has been extended several times this year for certain businesses.² The most recent extension was announced on September 15, 2020. With the new extension, returns and payments of these taxes for certain small businesses due during the period beginning March 2020 through April 2021 will instead be due in May 2021.³ Note that September revenues will also continue to reflect the impact of COVID-19 on the tax base.

Consequently, the September month-to-date figures, as well as year-to-date through September mid-month figures, should be interpreted with caution.

Highlights

- **Total Tax** collections for the month-to-date period were \$1.617 billion, down \$169 million or 9.4% versus the same period in September 2019.
- **Income Taxes** totaled \$914 million, down \$97 million or 9.6% versus the same period in September 2019.
- **Sales & Use Tax** collections were \$105 million, virtually the same as in the same period in September 2019.
- **Corporate & Business Taxes** were \$544 million, down \$12 million or 2.2% versus the same period in September 2019.
- **Other Taxes** totaled \$54 million, down \$59 million or 52.3% versus the same period in September 2019.

Detail

Total Income Tax of \$914 million for mid-month September comprises the following:

- **Withholding** of \$593 million, down \$68 million from mid-month September 2019.
- **Estimated Payments** of \$296 million, down \$39 million from mid-month September 2019.
- **Returns/Bills** of \$34 million, up \$11 million from mid-month September 2019.

² <https://www.mass.gov/technical-information-release/tir-20-7-extension-of-late-file-and-late-pay-penalty-relief-for>.

³ <https://www.mass.gov/news/massachusetts-announces-extension-of-administrative-tax-relief-for-local-businesses>.

- **Refunds** of \$10 million, up \$2 million from mid-month September 2019. Refunds are outflow and this represents a negative variance from the prior year.

Sales & Use Tax collections of \$105 million for the September month-to-date period are virtually the same as in the same period in September 2019. Typically, only a small proportion of expected regular sales and meals tax remittances are received by the mid-month date; the bulk of these payments are received on or after the due date, which is generally the 20th of the month.

The \$105 million in month-to-date sales and use tax collections is comprised of the following:

- \$50 million in regular sales tax collections, up \$6 million from mid-month September 2019.
- \$13 million in meals tax revenues, down \$5 million from mid-month September 2019.
- \$42 million in motor vehicle sales tax revenues, down \$2 million from mid-month September 2019.

Corporate & Business tax revenues were \$544 million, down \$12 million from mid-month September 2019.

Other Taxes includes a number of tax categories including motor fuels, cigarettes, estate taxes, room occupancy and deeds. All other tax revenues totaled \$54 million, which is \$59 million less than the mid-month September 2019. The month-to-date decline is mostly due to decline in volatile estate tax collections and decline in deeds tax collections, which may be timing related.

Collections are usually weighted to the end of the month, therefore 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 (snyderge@dor.state.ma.us) or Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (ozyurk@dor.state.ma.us).

Sincerely,



Geoffrey E. Snyder
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 2020 (in \$ Millions)

Tax Collections as of September 15, 2020, Compared to Same Collection Period in FY2020

	September			FY21 YTD		
	(Through September 15th)			(Through September 15th)		
	09/2020 MTD Actual Collections	09/2020 MTD v. 09/2019 MTD \$ Fav/(Unfav)	09/2020 MTD v. 09/2019 MTD % Fav/(Unfav)	09/2020 YTD Actual Collections	09/2020 YTD v. 09/2019 YTD \$ Fav/(Unfav)	09/2020 YTD v. 09/2019 YTD % Fav/(Unfav)
Income						
Income Withholding	593	(68)	-10.2%	2,843	95	+3.5%
Income Est. Payments	296	(39)	-11.6%	740	336	+83.3%
Income Returns/Bills	34	11	+46.8%	2,121	2,019	+1985.7%
Income Refunds Net (outflow)	(10)	(2)	-22.6%	(185)	(144)	-349.6%
Subtotal Income	914	(97)	-9.6%	5,519	2,307	+71.8%
Sales & Use						
Sales - Regular	50	6	+14.2%	969	85	+9.7%
Sales - Meals	13	(5)	-26.1%	156	(92)	-37.0%
Sales - Motor Vehicles	42	(2)	-4.6%	202	21	+11.7%
Subtotal Sales & Use	105	(0)	-0.4%	1,328	15	+1.1%
Corporate & Business - Total	544	(12)	-2.2%	780	59	+8.1%
All Other	54	(59)	-52.3%	438	(113)	-20.5%
Total Tax Collections	1,617	(169)	-9.4%	8,065	2,268	+39.1%

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.