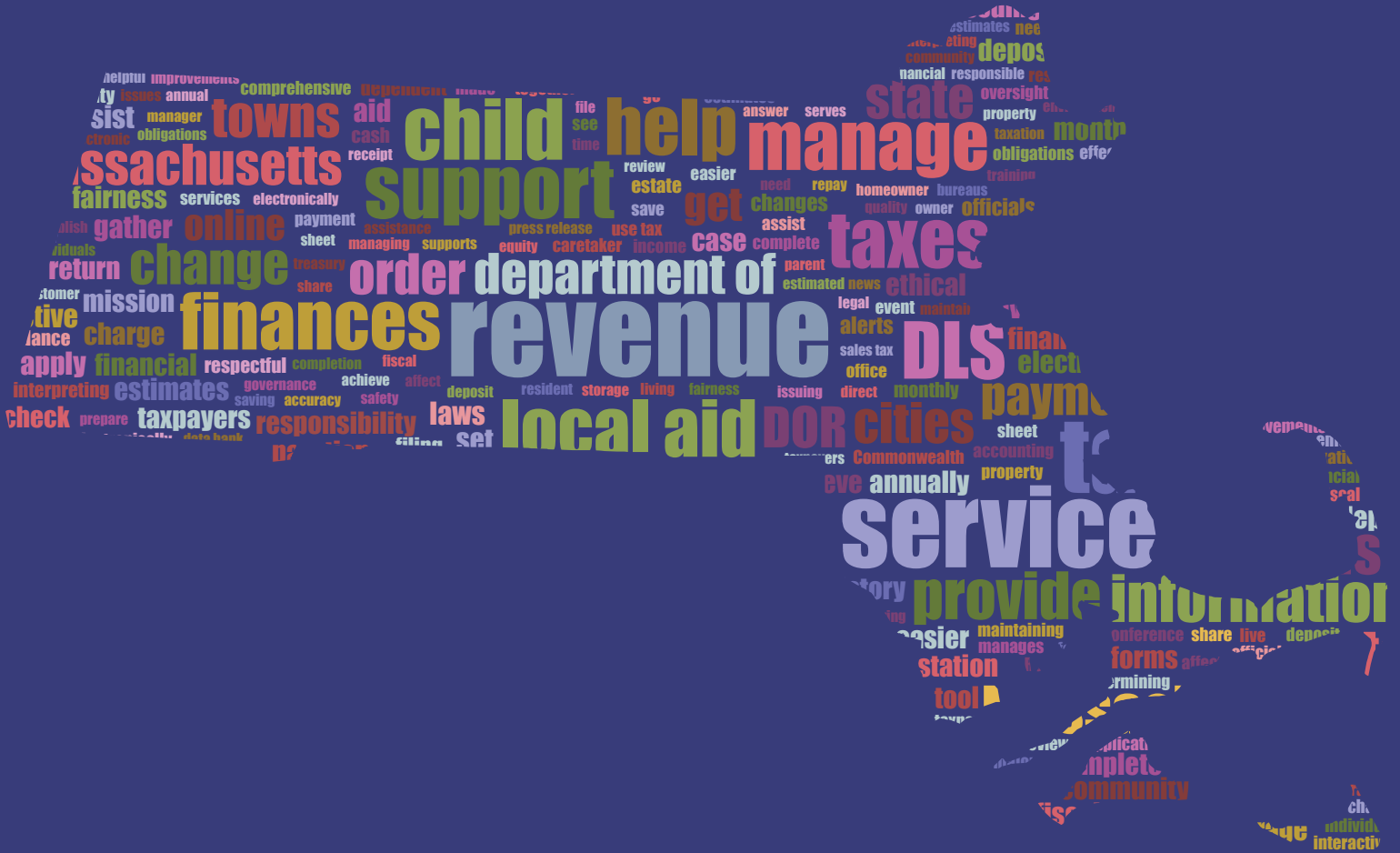


# ANNUAL REPORT

# FY 2018



# MASSACHUSETTS DEPARTMENT OF REVENUE



# LETTER FROM THE COMMISSIONER



**To the Honorable Charlie Baker, Governor of the Commonwealth, and the Honorable Members of the General Court of Massachusetts:**

I am pleased to present the Massachusetts Department of Revenue's (DOR) fiscal 2018 Annual Report. FY2018 revenues totaled \$27.776 billion, 8.5% more than the previous fiscal year, largely due to strong performance in non-withheld income and corporate tax collections, which exceeded benchmark.

**The final launch of MassTaxConnect** was completed this year with the inclusion of eight additional tax types affecting approximately 4,000 taxpayers. This concludes the successful implementation of the Department's new electronic system for filing and paying taxes in the Commonwealth.

**Child Support Enforcement implemented a new computer system**, COMETS HD, this past year. The system supports approximately 215,000 parents and caretakers for whom child support payments are a critical source of income for families. As with any highly complex system, the project rollout was not without challenges and CSE will deploy fixes and necessary design changes over the next couple of years.

**Major changes were unveiled for cities and towns** this year by the Division of Local Services. A mandatory training course for municipal assessors is now being offered online, eliminating the burden of travel time to remote locations. Additionally, the online Municipal Dashboard was launched with detailed multi-year data that can be used for research, analysis and policy development by local officials, residents, professional associations, and bond rating agencies.

**Improving tax filing season efficiency was a major goal** this past year and advances were significant. DOR implemented a new inventory tracking system, which streamlined inbound operations, payment processes, correspondence and paper filings of tax returns. Significant efficiencies also resulted from an overhaul of outdated equipment and technology and remodeling of space and workflows. Results were immediate with paper returns and correspondence cleared from inventory three months ahead of all previous tax filing seasons. On average, refund turnaround time decreased by 13%, from 23 to 20 days. Call volume was reduced by more than 20% compared to the prior two-year average.

**An electronic option for taxpayers** to submit documentation, following receipt of a notice from the Department for more information, was introduced this year. Over 50% of the taxpayers responding to the notices utilized the electronic method.

**Veterans Hire Tax Credits** were introduced this year to make it more advantageous for Massachusetts businesses and organizations to hire veterans who are Massachusetts residents.

**Marijuana is the newest tax type to be added in Massachusetts** and preparations are well underway to accept payments and tax returns in advance of the Cannabis Control Commission issuing licenses.

DOR's Child Support Enforcement Division collected \$613.8 million in FY2018. DOR collects \$6.06 for every dollar spent on the child support program. In the latest federal Office of Child Support Enforcement report, Massachusetts ranked 7th nationally in the percentage of current child support collected on cases for which DOR is providing services.

In FY2018, the Division of Local Services certified free cash for 347 communities for a total of \$1,710,818,696; certified new tax levy growth totaling \$19,807,745,717; distributed \$5.737 billion in net local aid to cities, towns, and regional and charter schools; and conducted 24 Community Compact Cabinet reviews.

We continue to set and achieve goals that are in line with the Department's vision of inspiring confidence through innovation, customer focus, integrity and transparency. Team efforts this year have moved us well along our path of effectively and efficiently collecting revenues, supporting the lives of children, assisting cities and towns and providing critical information to all stakeholders.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ch Harding', written in a cursive style.

Christopher C. Harding,  
Commissioner

# LEGISLATIVE REVIEW FY2018

## Personal Income Tax

### Amendments to the Massachusetts Earned Income Tax Credit

An Act Relative to the Earned Income Tax Credit, St. 2017, c. 47, § 32 amended G.L. c. 62, § 6(h). The refundable earned income credit is available to certain low-income individuals who have earned income and meet certain federal requirements for the federal earned income credit. Taxpayers must qualify for and claim the federal earned income credit allowed under I.R.C. § 32 as amended and in effect for the taxable year. Taxpayers may claim the credit even if they do not have a filing requirement. To receive the credit, taxpayers must file tax returns and claim the credit. Under the Act, the Massachusetts refundable credit remains 23% of the computed federal credit.

The Act provides that with respect to a person who is a non-resident for part of the taxable year, the credit shall be limited to 23 percent of the federal credit multiplied by a fraction, the numerator of which is the number of days in the taxable year the person resided in the commonwealth and the denominator of which is the number of days in the taxable year. A person who is a non-resident for the entire year is no longer eligible for the credit.

Additionally, under the Act certain individuals not eligible for the federal earned income tax credit are now eligible for the Massachusetts earned income tax credit. Under I.R.C. § 32(d), an individual who is married can qualify for the federal earned income tax credit only if the individual files a joint return. The Act amends G.L. c. 62, § 6(h) to treat a married taxpayer as having satisfied the federal joint filing requirement if the taxpayer files a Massachusetts personal income tax return using a filing status of married filing separately and the taxpayer: (i) is living apart from the taxpayer's spouse at the time the taxpayer files the tax return; (ii) is unable to file a joint return because the taxpayer is a victim of domestic abuse; and (iii) indicates on the taxpayer's income tax return that the taxpayer meets the criteria of clauses (i) and (ii). A taxpayer that is eligible for this filing exception should keep records that demonstrate they meet the criteria. The amendments are effective for tax years beginning on or after January 1, 2017. See TIR 17-10.

## Personal Income Tax and Corporate Excise

### Veteran's Hire Tax Credit

The Fiscal Year 2018 Budget (the "2018 Budget"), St. 2017, c. 47, §§ 33 and 35 (approved by the Governor on July 17, 2017), added new subsection G.L. c. 62, § 6(u) and created G.L. c. 63, § 38GG. The legislation allows certain entities that hire veterans and meet certain requirements to claim a tax credit equal to \$2,000 for each qualified veteran hired. The credit is available to any entity engaged in business in Massachusetts that (i) employs fewer than 100 employees; (ii) is certified by the Commissioner of Veteran's Services pursuant to G.L. c. 115, § 2C; and (iii) qualifies for and claims the Work Opportunity Credit allowed under Internal Revenue Code ("IRC") § 51, as amended and in effect for the taxable year.

In order to claim the credit, the primary place of employment and the primary residence of the qualified veteran must be in Massachusetts. A business must obtain certification that the veteran is a qualified veteran from the Department of Career Services (or any successor agency), no later than the employee's first day of work. The term "qualified veteran" is defined in IRC § 51(d)(3).

A business that is eligible for and claims the credit allowed under this subsection in a taxable year, with respect to a qualified veteran employee, will be eligible for a second credit equal to \$2,000 in the subsequent taxable year, subject to certification of the veteran employee's continued employment during the subsequent taxable year. For businesses subject to tax under G.L. c. 62, the credit will be attributed on a pro rata basis to the owners, partners or members of the legal entity entitled to the credit.

The credit is non-transferrable and non-refundable. However, any amount of credit that exceeds the tax due in the current taxable year may be carried forward to any of the three subsequent taxable years. Businesses subject to a minimum excise under G.L. c. 63 cannot use the credit to reduce their tax due to below the minimum excise. The total cumulative value of the credits authorized pursuant to G.L. c. 62, § 6(u) and G.L. c. 63, § 38GG must not exceed \$1,000,000 annually. The credit is available for qualified veterans hired after July 1, 2017 for tax years beginning on or after January 1, 2017. See TIR 17-10.

## **Brownfields Tax Credit**

An Act Financing the Production and Preservation of Housing for Low and Moderate Income Residents (the “Affordable Housing Bill”), St. 2018, c. 99, §§ 5, 6, 15, and 16 (approved by the Governor on May 31, 2018) amended G.L. c. 62, § 6(j) and G.L. c. 63, § 38Q to extend the Brownfields tax credit for an additional five years. The Brownfields tax credit, which allows taxpayers subject to tax under G.L. c. 62 or G.L. c. 63 to claim a credit for eligible costs incurred in pursuing an environmental response action for certain property in Massachusetts, was set to expire with respect to clean up operations occurring after August 5, 2018 and costs incurred after January 1, 2019. The Affordable Housing Bill extends these dates to August 5, 2023 and January 1, 2024, respectively.

## **Low Income Housing Tax Credit**

The Affordable Housing Bill, St. 2018, c. 99, §§ 7–8, 13–14, and 24 amended G.L. c. 62, § 6I and G.L. c. 63, § 31H to make several changes to the Low Income Housing Tax Credit program, which awards tax credits to taxpayers subject to tax under G.L. c. 62 or G.L. c. 63 that invest in qualified low-income housing projects located in Massachusetts. The Affordable Housing Bill expands the amount of money available to the program by authorizing an additional \$5,000,000 to be spent annually for the preservation and improvement of existing state or federally-assisted housing. In addition, the legislation allows the credit to be awarded to a project that receives state financial assistance. Further, the legislation delays the reduction to the annual amount of credits that may be spent for a purpose unrelated to the preservation and improvement of existing state or federally-assisted housing from \$20,000,000 to \$10,000,000 from January 1, 2020 until January 1, 2025.

## **Historical Rehabilitation Credit**

The Affordable Housing Bill, St. 2018, c. 99, §§ 10 and 18 amended G.L. c. 62, § 6J and G.L. c. 63, § 38R to increase the annual amount of historical rehabilitation credits from \$50,000,000 to \$55,000,000. In general, taxpayers subject to tax under G.L. c. 62 or G.L. c. 63 that incurred qualified expenditures in the rehabilitation of a qualified historic structure are eligible to claim a historic rehabilitation credit.

## **Community Investment Tax Credit**

The Affordable Housing Bill, St. 2018, c. 99, §§ 11–12A, 19–21, and 25 amended G.L. c. 62, § 6M and G.L. c. 63, § 38EE to make several changes to the Community Investment Tax Credit, which is available to taxpayers subject to tax under G.L. c. 62 or G.L. c. 63 that make cash contributions to a community partner to support the implementation of its community investment plan, or to a community partnership fund. The legislation extended the sunset date of the credit from December 31, 2019 to December 31, 2025. In addition, the maximum amount of credit that a community partner can receive was changed. While a community partner previously could not receive a credit of less than \$50,000 or more than \$150,000 in any one taxable year, a community partner now may not receive a credit of less than \$50,000 or an amount exceeding 2.5% of the total available credits in a given taxable year. The legislation also eliminated the limitation of \$1,000,000 for the amount of credit a taxpayer may claim in one taxable year. The legislation also increased the total available annual amount of credit for the 2019 taxable year from \$6,000,000 to \$8,000,000 and provides that the annual amount of credit will be \$8,000,000 for the 2020 taxable year, \$10,000,000 for the 2021 and 2022 taxable years, and \$12,000,000 for the 2023, 2024, and 2025 taxable years.

## **Certified Housing Development Credit**

The Affordable Housing Bill, St. 2018, c. 99, § 26 delayed the reduction of the annual amount of authorized credits from \$10,000,000 to \$5,000,000 for the Certified Housing Development Credit, which is available to taxpayers subject to tax under G.L. c. 62 or G.L. c. 63 that incur certain qualified housing development project expenditures, from January 1, 2019 until January 1, 2024.

## **Sales Tax**

### **Annual Sales Tax Holiday**

An Act Relative to Minimum Wage, Paid Family Medical Leave and the Sales Tax Holiday, St. 2018, c. 121, § 4 created G.L. c. 64H, § 6A, which allows the General Court or the Commissioner to annually designate two consecutive days in August as an annual sales tax holiday weekend, on which most purchases made by individuals will not be subject to sales or use tax. On such days, non-business sales at retail of single items of tangible personal prop-

erty costing \$2,500 or less are exempt from sales and use taxes, subject to certain exceptions. The following items do not qualify for the sales tax holiday exemption and remain subject to tax: telecommunication services, tobacco products, marijuana, marijuana products, alcoholic beverages, gas, steam, electricity, motor vehicles, motorboats or a single item with a price in excess of \$2,500. To be eligible for the exemption, the sale must occur on the days designated as the annual sales tax holiday weekend. Transfer of possession or original payment in full must occur on such designated days. In addition, transactions where a deposit, prepayment or binding promise to pay is made before the designated days; prior sales; and layaway sales are specifically excluded.

### **New Sales Tax Remittance Provisions**

The 2018 Budget, St. 2017, c. 47, § 94, requires the Commissioner to promulgate regulations to implement methods to effectuate accelerated sales tax remittance and identify noncompliant vendors, operators and third party payment processors. The legislation provides guidance as to the issues that must be addressed in the regulations. However, the legislation also provides that if the Commissioner determines that methods for accelerated sales tax remittance are not cost-effective to implement before June 1, 2018, the Department shall, instead of implementing St. 2017, c. 47, § 94, record as revenue in fiscal year 2018 sales tax revenue collected by vendors and operators attributable to June 2018 sales but remitted to and received by the Department in July 2018, in the amount that otherwise would have been collected in fiscal year 2018 under the accelerated sales tax remittance proposals.

A “third party payment processor” is defined in the legislation as any person or entity engaged in the business of remitting payments to vendors or operators under G.L. c. 64G, 64H, 64I, or 64L in association with credit card, debit card or similar payment arrangements that compensate a vendor or operator in transactions subject to the excise under those chapters. See TIR 17-10.

### **Marijuana Retail Taxes**

An Act to Ensure Safe Access to Marijuana, St. 2017, c. 55 (approved by the Governor on July 28, 2017), authorized the licensing of marijuana establishments, including marijuana retailers, and the retail sale of marijuana. The legislation generally provides that all retail sales of marijuana by marijuana retailers are subject to up to three taxes imposed on the

total sales price of the marijuana sold. First, marijuana retailers are required to collect and remit a 10.75% marijuana excise imposed on their retail sales of marijuana. Second, marijuana retailers operating in cities or towns that have accepted the marijuana local tax option must collect an additional tax imposed at a rate of no greater than 3%. See G.L. c. 64N. Third, sales of marijuana are subject to the 6.25% sales tax. However, the sale of medical marijuana is exempt from tax. See 830 CMR 64N.11.

## **Administrative**

### **Changes to Reporting Requirements for Entities Doing Business in the Commonwealth**

The 2018 budget, St. 2017, c. 47, § 34, amended G.L. c. 62C, § 8 to allow the Commissioner to require additional reporting requirements that differ from those required by the federal government under the IRC. Subsequently, the Department issued TIR 17-11 to announce Massachusetts-specific Form 1099-K reporting requirements applicable to certain online payment platforms that act as third party settlement organizations (“TPSOs”). The federal government currently requires that a TPSO, as defined under the IRC, file Form 1099-K with respect to a payee to whom the TPSO makes payments in settlement exceeding \$20,000 and the number of transactions between the TPSO and the payee exceeds 200 in a calendar year. IRC § 6050W(e). However, Massachusetts requires that a TPSO file a Form 1099-K with the Department and provide a copy to the payee where the TPSO makes payments in settlement equaling or exceeding \$600 to an individual or entity with a Massachusetts address during a calendar year.

All Forms 1099-K must be provided to payees by January 31 and filed with the Department on or before February 28, or March 31 if filing electronically. TPSOs filing 50 or more Forms 1099-K annually must file such forms electronically with the Department. A TPSO that fails to file Form 1099-K with respect to a payee may be subject to penalties imposed pursuant to G.L. c. 62C, § 77. See TIR 17-11.

# The Taxes FY 2018

TYPE OF TAX	MEASURE	RATE <sup>1</sup>	RETURN DUE
<b>Personal income and fiduciary income</b>	Net capital gains <sup>2</sup>	5.1–12%	On or before April 15 for calendar year filings.
	Dividends, interest, wages, other income	5.1%	The 15th day of the 4th month for fiscal year filings.
<b>Nonresident</b>	Massachusetts source income	5.1%	
<b>Estimated tax</b>	Liability in excess of \$400		Due quarterly on or before the 15th day of April; June, September and January.
<b>Withholding</b>	Wages	5.1%	Varies depending on amount of tax withheld in calendar year. If annual withholding: up to \$100 — annual filing; \$101–1,200 — quarterly filings; \$1,201–25,000 — monthly filings; over \$25,000 — quarterly filings, weekly payments.
<b>Estate</b>	Federal taxable estate	0.8%–16% <sup>3</sup>	Within nine months after date of decedent's death.
<b>Nonresident</b>	Massachusetts real and tangible property <sup>3</sup>		Within nine months after date of decedent's death.
<b>Alcoholic beverages</b>	Malt (31-gal. bbl.)	\$3.30	Monthly, on or before the 20th day of the month.
	Cider 3%–6% (wine gal.)	\$ .03	
	Still wine 3%–6% (wine gal.)	\$ .55	
	Sparkling wine (wine gal.)	\$ .70	
	Alcoholic beverages 15% or less (wine gal.)	\$1.10	
	Alcoholic beverages more than 15%–50% (wine gal.)	\$4.05	
	Alcoholic beverages more than 50% or alcohol (proof gal.)	\$4.05	
<b>Cigarettes</b>	20-count package	\$3.51	Monthly, on or before the 20th day of the month. Unclassified acquirers must file upon importation or acquisition.
	Smokeless tobacco (percentage of price paid by licensee)	210%	same as cigarettes
	Cigars and smoking tobacco (percentage of price paid by licensee)	40%	Quarterly, on or before the 20th day following the close of the tax period.
<b>Deeds</b>	Sales price (less mortgage assumed) of real estate	\$2.28 <sup>4</sup> per \$500	Monthly, on or before the 10th day of the month (filed by Registers of Deeds).
<b>Motor fuels</b>	Gasoline and diesel fuel per gallon	\$ .24	Monthly, on or before the 20th day of the month.
	Propane, liquified gas, etc. (no minimum)	19.1%	
	Aviation (10¢ minimum)	7.5%	
	Jet fuel at local option (5¢ minimum)	5%	
<b>Room occupancy</b>	Transient room occupancy	5.7%	Monthly, on or before the 20th day following the close of the tax period.
	At local option, up to	6.0% <sup>5</sup>	
	Convention Center Financing Fee	2.75%	
	(Boston, Cambridge, Springfield, Worcester, Chicopee and West Springfield)		
<b>Club alcoholic beverages</b>	Gross receipts	0.57%	On or before April 15.
<b>Sales and use tax</b>	Sale, rental or use of tangible personal property, including cigarettes, telecommunication services and certain fuel.	6.25%	On or before the 20th day following the close of the tax period. If annual liability: up to \$100 — annual filing; \$101–1,200 — quarterly filings; over \$1,200 — monthly filings

<sup>1</sup>Tax rates as of August 1, 2017.

<sup>2</sup>Gains from the sale or exchange of capital assets (except collectibles) held for more than one year are taxed at 5.1%. Short-term capital gains, as well as long-term capital gains arising from the sale of collectibles (with a 50% deduction) are taxed at 12%.

<sup>3</sup>Resident rate is equal to federal credit for state death taxes based on December 31, 2000 IRC. Nonresident rate is equal to Massachusetts proportionate share of federal credit for state death taxes.

<sup>4</sup>In Barnstable County, the rate is \$6.48 (combined state and county deeds excise) per \$1,000.

<sup>5</sup>Boston is authorized to charge up to 6.5%

TYPE OF TAX	MEASURE	RATE	RETURN DUE
<b>Sales tax on meals, prepared food and all beverages</b>	All “restaurant” food and on-premises consumption of any beverages in any amount.	6.25%	Monthly, on or before the 20th day following the close of the tax period.
	At local option	.75%	
<b>Marijuana retail taxes</b>	Sales of marijuana or marijuana products	6.25%	Monthly, on or before the 20th day following the close of the tax period.
	State excise tax	10.75%	
	Local option for cities and towns	up to 3%	
<b>Direct broadcast satellite service</b>	Gross revenues	5%	Monthly, on or before the 20th day of each calendar month.
<b>Business and manufacturing corporations</b>	Net income	8.0% <sup>6</sup>	On or before the 15th day of fourth month after close of taxable year. <sup>7</sup>
	Tangible property or net worth	\$2.60 per \$1,000	
	Minimum	\$456	
<b>Estimated tax</b>	Liability in excess of \$1,000		Due quarterly as follows: 15th day of 3rd (40%), 6th (25%), 9th (25%) and 12th (10%) months of taxable year. <sup>8</sup>
<b>Security corporation</b>			
Non-bank holding co.	Gross income	1.32%	Same as business corporations.
Bank holding company	Gross income	0.33%	
	Minimum	\$456	
<b>Financial institutions</b>	Net income	9.0% <sup>9</sup>	Same as business corporations.
	Minimum	\$456	
<b>Ship excise tax</b>	Value (equity interest) of the corporation’s interest in a ship or vessel engaged in interstate or foreign trade.	0.33%	Same as business corporations.
<b>Insurance company</b>			
Domestic life	Premiums	2.0%	On or before April 15.
Foreign life	Premiums	2.0%	
Domestic casualty	Premiums	2.28%	On or before May 15.
	Gross investment income	0.2%–1.0%	
Foreign casualty	Premiums	2.28%	On or before May 15.
Ocean marine	Underwriting profit	5.7%	
Preferred provider arrangements	Premiums	2.28%	On or before March 15.
<b>Motor vehicle</b> garaged outside Massachusetts	90% to 10% of manufacturer’s list price	\$25 per \$1,000	On or before 30 days from issuance of tax bill.
<b>Boston sightseeing tour</b>	Ticket purchase price of any water- or land-based sightseeing tourist venue or entertainment cruise or trolley tour originating or located in Massachusetts and conducted partly or entirely in Boston.	5%	Quarterly, on or before the 20th day following the close of the tax period.
<b>Boston vehicular rental transaction surcharge</b>	Each vehicular rental transaction contract executed in Boston.	\$10	Quarterly, on or before the 20th day following the close of the tax period.
<b>Parking facilities surcharge in Boston, Springfield and/or Worcester</b>	Parking facilities built in conjunction with or as part of a project authorized by the Convention Center Financing Act in Boston, Springfield or Worcester.	\$2 per vehicle per day	Quarterly, on or before the 20th day following the close of the tax period.

<sup>6</sup>S corporations: 2.9% if total receipts are \$9 million or more; 1.93% if total receipts are \$6 million or more but less than \$9 million.

<sup>7</sup>In general, all S corporation returns are due on the 15th day of the third month. However, an S corporation filing as a taxable member of a combined group may file its corporate excise return on or before the 15th day of the fourth month following the close of the combined group’s taxable year.

<sup>8</sup>30%, 25%, 25% and 20% for corporations with fewer than 10 employees in their first full tax year.

<sup>9</sup>S corporations: 3.9% if total receipts are \$9 million or more; 2.6% if total receipts are \$6 million or more but less than \$9 million.



# Revenue Collections FY 2018

In thousands	FY14	FY15	FY16	FY17	FY18	% change FY17-18
<b>STATE TAXES COLLECTED BY DOR</b>						
Alcoholic beverages	\$ 77,735	\$ 79,862	\$ 82,611	\$ 84,468	\$ 84,978	0.6
Financial institutions	135,774	51,896	23,465	(130)	17,443	100.7
Cigarettes <sup>1</sup>	660,029	647,101	640,839	619,437	594,173	(4.3)
Corporations	2,049,051	2,172,076	2,312,031	2,196,705	2,392,154	8.2
Deeds <sup>2</sup>	154,594	164,356	191,516	205,758	193,541	(6.3)
Estate and inheritance	401,512	340,903	399,429	336,633	472,956	28.8
Income <sup>1</sup>	13,225,020	14,468,332	14,407,518	14,699,874	16,255,655	9.6
Insurance	315,776	333,168	369,391	358,170	363,569	1.5
Motor Fuels and IFTA <sup>3</sup>	732,473	756,194	766,553	769,442	769,144	0.0
Public Utilities	9,795	3,409	(1,604)	(101)	(650)	84.5
Room Occupancy <sup>4</sup>	209,749	230,198	246,524	255,458	263,449	3.0
Sales and Use <sup>4</sup>	5,519,101	5,804,689	6,090,605	6,241,666	6,491,262	3.8
Club Alcoholic Beverages	1,082	953	784	929	865	(7.5)
Motor Vehicle Excise	66	80	100	97	116	16.2
Convention Center Surcharges	14,852	15,657	16,496	16,868	17,178	1.8
Community Preservation Trust	23,771	23,608	25,506	26,676	23,794	(12.1)
Controlled Substances	0	0	0	0	0	—
Satellite	12,166	11,252	11,773	10,942	9,721	(12.6)
<b>Total state taxes collected by DOR</b>	<b>\$23,542,547</b>	<b>\$25,103,734</b>	<b>\$25,583,537</b>	<b>\$25,822,892</b>	<b>\$27,949,346</b>	<b>7.6</b>
<b>STATE TAXES COLLECTED BY OTHER AGENCIES</b>						
<b>Massachusetts Gaming Commission</b>						
Pari-mutuel taxes	\$ 0	\$ 0	\$ 1,326	\$ 902	\$ 887	(1.7)
Massachusetts gaming receipts	1,308	1,203	64,356	63,432	68,010	6.7
<b>Lottery Commission</b>						
Beano	947	849	845	787	731	(7.7)
Raffles and bazaars	1,031	915	897	955	1,031	7.3
<b>State Athletic Commission</b>						
Boxing contests	176	179	182	45	208	78.2
Boxer's fund	21	20	19	9	33	74.4
<b>Division of Insurance</b>						
Excess and surplus lines insurance	31,052	34,664	37,405	39,349	42,682	7.8
<b>Secretary of State</b>						
Deeds excise stamp tax fees	68,486	73,934	90,426	91,435	90,956	(0.5)
<b>Division of Unemployment Assistance</b>						
Workforce training contribution	21,234	23,568	22,814	24,400	24,676	1.1
<b>Total state taxes collected by other agencies</b>	<b>\$ 124,255</b>	<b>\$ 135,332</b>	<b>\$ 218,270</b>	<b>\$ 221,314</b>	<b>\$229,214</b>	<b>3.4</b>
<b>TOTAL STATE TAXES</b>	<b>\$23,666,801</b>	<b>\$25,239,066</b>	<b>\$25,801,807</b>	<b>\$26,044,206</b>	<b>\$28,178,561</b>	<b>7.6</b>

In thousands	FY14	FY15	FY16	FY17	FY18	% change FY17–18
<b>OTHER REVENUE</b>						
Local option airplane jet fuel	\$ 39,459	\$ 37,471	\$ 23,373	\$ 19,010	\$ 25,700	26.0
Local option rooms	169,032	185,283	199,080	206,129	212,447	3.0
Local option meals	98,803	109,259	119,730	125,999	133,791	5.8
Public utility and insurance assessments	0	0	0	0	0	—
Urban redevelopment	40,820	37,295	36,568	26,394	28,862	8.6
Department non-tax revenue	11,703	10,095	10,449	8,733	8,828	1.1
Deeds county correction fund	0	0	0	0	0	—
County recording fees	25,467	25,930	27,860	29,293	24,317	(20.5)
Abandoned deposits — bottle	37,360	39,911	44,333	45,428	44,758	(1.5)
Local rental vehicle (Convention Center 10%)	1,395	1,460	1,534	1,578	1,542	(2.3)
Vehicle rental surcharge	410	132	176	171	149	(15.0)
Embarkation fees	1,253	1,284	1,413	1,420	1,421	0.0
UST delivery fees	—	73,644	75,169	76,085	79,951	4.8
<b>Total other revenue</b>	<b>\$ 425,702</b>	<b>\$ 521,764</b>	<b>\$ 539,685</b>	<b>\$ 540,240</b>	<b>\$ 561,765</b>	<b>3.8</b>
<b>TAXES ON PROPERTY COLLECTED BY LOCAL GOVERNMENT</b>						
Real estate	\$13,297,316	\$13,860,548	\$14,469,307	\$15,089,741	\$15,765,843	4.3
Personal property	677,654	693,529	709,928	741,663	774,618	4.3
Motor vehicles	755,700	784,007	850,225	867,553	912,514	4.9
<b>Total taxes on property collected by local government</b>	<b>\$14,730,670</b>	<b>\$15,338,084</b>	<b>\$16,029,461</b>	<b>\$16,698,957</b>	<b>\$17,452,974</b>	<b>4.3</b>
<b>TOTAL ALL TAXES</b>	<b>\$38,823,144</b>	<b>\$41,098,914</b>	<b>\$42,370,953</b>	<b>\$43,283,403</b>	<b>\$46,193,300</b>	<b>6.3</b>

<sup>1</sup>Includes income tax penalties assessed under Section 2 of Chapter 111M of the General Laws and cigarette excise revenues credited to the Commonwealth Care Trust Fund in accordance with Chapter 302, Sections 12 and 70 of the Acts of 2008.

<sup>2</sup>Due to different accounting methods, amounts reported for the deeds excise differ from those reported by the comptroller.

<sup>3</sup>International Fuel Tax Agreement.

<sup>4</sup>Includes sales, meals, room occupancy excise taxes and service fees for the City of Worcester DCU Capital Improvement Fund, as well as sales tax revenue collected from the sale of alcoholic beverages under Chapter 64H of the General Laws and credited to the Substance Abuse Prevention and Treatment Fund.

Because of rounding, detail may not add to totals.

# Offers in Final Settlement FY 2018

Under M.G.L. c. 62C, sec. 37A, the Commissioner of Revenue has the authority, under specific conditions, to accept less than full payment as a final settlement for a state tax liability. The statutory condition for such settlement is “serious doubt” as to collectibility of the tax due or the taxpayer’s liability for it. The Commissioner must also determine that the taxpayer or responsible person has acted without intent to defraud. The settlement must be recommended to the Commissioner by at least two deputy commissioners.

The written agreement, signed by all parties and including the reasons for settlement, is a public record. In cases where the liability is reduced by more than half, or by \$20,000 or more, the Attorney General of the Commonwealth must review the settlement and has the authority to object to it.

The law requires that a listing of all settlements entered into during the fiscal year be included in the Commissioner’s annual report. In Fiscal Year 2018, 21 settlements were made. All 21 were reviewed by the Attorney General.

The cases approved were as follows:

NAME	TOTAL TAX, INTEREST & PENALTIES	AMOUNT PAID IN SETTLEMENT	AMOUNT ABATED
Repsac, Inc. & Patick M. Casper & Veronica L. Vaca, Responsible Persons	\$ 77,821.30	\$ 9,849.72	\$ 67,971.58
James D. Mello	30,050.44	6,000.00	24,050.44
David C. Martin	23,460.35	1,600.00	21,860.35
Maximo Castillo	11,899.82	3,000.00	8,899.82
Marek Borkowski	53,648.12	5,000.00	48,648.12
David M. Espindle & the Estate of Diane M. Espindle	28,551.73	5,600.00	22,951.73
George W. Chapman & Laura J. Chapman	11,647.48	2,000.00	9,647.48
Alfred Parziale	6,444.94	1,000.00	5,444.94
Angel L. Rodriguez	38,600.52	5,000.00	33,600.52
Mark J. Sweet d/b/a Hadwen Pizza & Individually for Income taxes	15,351.62	6,000.00	9,351.62
A-Lot Construction, Inc. & Lot, Incorporated & Antone Oliveira, Louise Oliveira & Lynn Castro, Responsible Persons; & Antone Oliveira Individually for Income; & Lynn Castro Individually for Income and Cigarette Excise	51,815.30	18,500.00	33,315.30
Judith A. Jolin d/b/a Western Mass Clothing; & Western Mass Outerwear, Inc. and Judith A. Jolin, Responsible Person; & Western Mass Clothing Manufacturing of North Adams, Inc. & Judith A. Jolin, Responsible Person	240,394.44	33,126.36	207,268.08
Galen Thompson Trucking, Inc. & Galen S. Thompson, Responsible Person	67,218.76	1,000.00	66,218.76
Upfront, Inc. & Robert J. Bartolini, Sr., Responsible Person	78,599.04	33,000.00	45,599.04
Dennis L. Kane, Sr.	6,532.61	4,000.00	2,532.61
Robert Luber	50,342.54	25,000.00	25,342.54
Eliane M. Sheehan & Gerald D. Sheehan	16,761.02	6,000.00	10,761.02
Jolina, Inc. & Joanne Berardi, Responsible Person & Joanne Berardi Individually for Income taxes	10,901.59	4,845.00	6,056.59
Andrew Chook	67,993.39	5,000.00	62,993.39
CRC Corporation & Charles R. Clarke, Jr. Individually for Income taxes	26,038.97	6,000.00	20,038.97
Upper Common, Inc. & Chris V. Bujold & Rhea Casella-Bujold, Responsible Persons; & Residential Mortgage Bankers, Inc.; & Chris v. Bujold, Individually for Income taxes	85,361.46	36,000.00	49,361.46
<b>TOTAL</b>	<b>\$999,435.44</b>	<b>\$217,521.08</b>	<b>\$781,914.36</b>

*Because of rounding, detail may not add to totals.*

# Collection Agencies FY 2018

Chapter 209 of the Acts of 1988 permits the Commissioner of Revenue to use private collection agencies to collect unpaid state taxes. The Commissioner is required to notify all taxpayers whose accounts are to be assigned to a collection agency at least 30 days beforehand.

The law requires that the Commissioner list all agencies with whom collection agreements exist, the amount of taxes collected and the amount of compensation paid in the Department's annual report. They are as follows:

<b>CONTRACTOR</b>	<b>TOTAL COLLECTED</b>	<b>FEES PAID</b>	<b>NET TO DOR</b>
Allen Daniel Associates	\$ 6,079,100	\$ 626,789	\$ 5,452,310
EOS-CCA	5,782,161	633,596	5,148,564
<b>TOTAL</b>	<b>\$11,861,260</b>	<b>\$1,260,386</b>	<b>\$10,600,875</b>

*Because of rounding, detail may not add to totals.*