

For Immediate Release - March 03, 2016

# February Revenue Collections Total \$1.273 Billion

## Revenue collections are \$123 million below benchmark\* year-to-date

(Boston, MA)- Revenue Commissioner Mark Nunnelly today announced that preliminary revenue collections for February totaled \$1.273 billion, \$238 million or 15.8 percent less than the state took in last February.

“Several factors including timing issues related to refunds and withholding payments as well as weaker bonus payouts contributed to February’s revenue picture,” said Commissioner Nunnelly. “Principal economic indicators show that the overall Massachusetts economy is strong but the stock market continues to be volatile and corporate earnings are lower than expected. We will continue to closely monitor revenue collections and the economic indicators.”

- February revenues were \$172 million below the monthly benchmark
- Income tax collections were \$154 million below the monthly benchmark
- Withholding (a subcategory of income tax) collections were \$129 million below the February benchmark
- An increase in Income tax refunds accounted for \$33 million of this month’s shortfall
- Corporate & business taxes were \$6 million below the monthly benchmark
- Sales and use tax collections were \$16 million below the monthly benchmark

Revenues came in below benchmark for the month due in large part to a greater than expected acceleration in refunds issued to taxpayers. Last February refunds were delayed due to the TurboTax fraud issue, as a result we expected more refunds to go out this year, but more people than expected have filed their returns early, explaining the additional refunds issued.

This month, weaker than anticipated withholding collections were impacted by a timing-related withholding shift of \$80 million to \$100 million from February into January, as well as an overall softer bonus payout this year relative to last year due to lower corporate earnings.

The possibility of temporary/timing-related factors affecting January revenues was highlighted last month when withholding ended the month a little more than \$90 million above the January benchmark.

Eight months into the fiscal year, year-to-date revenues total \$15,578 billion, \$261 million or 1.7 percent more than last year at this time. Excluding \$26.9 million in one-time tax settlements

received year-to-date, tax collections totaled \$15.551 billion, \$382 million or 2.5 percent above last year at this time and \$123 million below benchmark.

- Income tax collections were \$602 million, \$257 million or 29.9 percent less than last February and \$154 million below the monthly benchmark.
- Withholding collections totaled \$988 million, down \$69 million or 6.6 percent from the same period last year and \$129 million below benchmark for the month.
- Income tax payments with returns or tax bills totaled \$43 million, \$11 million or 34.2 percent more than last February and \$6 million above the monthly benchmark.
- Income tax estimated payments totaled \$23 million, \$1 million or 4.9 percent more than last February and \$2 million above the February benchmark.
- Income cash refunds totaled \$451 million, \$199 million or 79.2 percent more than last February and \$33 million above the monthly benchmark.
- Corporate and business tax collections totaled \$55 million, \$14 million or 19.9 percent below last February and \$6 million below the monthly benchmark.
- Sales tax collections totaled \$438 million for the month, \$24 million or 5.7 percent more than last February and \$16 million below the February benchmark.
- Other tax collections totaled \$178 million, \$8 million or 5.0 percent more than last year and \$4 million above benchmark for the month

*\*For the purpose of this revenue release and going forward in Fiscal Year 2016 (FY16), the “benchmark” refers to the newly-revised **January 2016** benchmark.*