



AMY PITTER  
COMMISSIONER

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
*Office of the Commissioner*  
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June 18, 2014

The Honorable Brian S. Dempsey, Chair  
House Committee on Ways and Means  
State House  
Room 243  
Boston, MA 02133

The Honorable Viriato Manuel deMacedo, Representative  
House Committee on Ways and Means  
State House  
Room 124  
Boston, MA 02133

The Honorable Stephen M. Brewer, Chair  
Senate Committee on Ways and Means  
State House  
Room 212  
Boston, MA 02133

The Honorable Richard J. Ross, Senator  
Senate Committee on Ways and Means  
State House  
Room 520  
Boston, MA 02133

Honorable Chairmen and Ranking Minority Members of the Ways and Means Committees:

Pursuant to Section 6 of Chapter 14 of the General Laws<sup>1</sup>, the Department of Revenue hereby submits its mid-month tax revenue report for the month of June 2014. The attached table shows June 2014 month-to-date and FY2014 year-to-date tax revenue collections through June 13, 2014, along with the dollar and percentage changes from the same collection period in June 2013. Also shown are the percentage growth amounts for the full month of June 2014 and for FY2014 year-to-date through the end of June 2014 that were assumed in the benchmarks corresponding to the revised FY2014 tax revenue estimate of \$23.2 billion, which was released by the Executive Office for Administration and Finance on January 14, 2014.

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

June has historically been the second largest tax collection month of the year (after April) as quarterly estimated payments are due for both income tax and corporate/business taxpayers. The June monthly benchmark corresponding to the FY2014 tax revenue estimate of \$23.2 billion totals \$2.541 billion, an increase of \$77 million, or 3.1% actual, and 3.7% baseline from June 2013. The recent tax law changes (tobacco tax rates changes, the 3 cents increase in gasoline/special fuels tax rate, the Amazon agreement, sales factor sourcing of services, designation of utilities as corporations, and the part B personal income tax rate reduction, etc.) are expected to have a net impact of about +\$17 million on the June revenue collections. Having one extra deposit day this month vs. last June will positively affect the revenues by about \$8-10 million. On the other hand, several large one-time payments received last June (about \$40 million in total) are not expected to recur this month.

Through June 13, 2014 month-to-date tax collections total \$892 million, down \$59 million compared with the same period last year, with the full month benchmark projecting an increase of \$77 million from last June's total tax collections. Month-to-date decline is mostly due to weaknesses in income tax withholding payments (some of the withholding decline seems to be timing related, which could reverse by the end of the month) and corporate and business taxes, which were partly offset by the increase in income tax cash estimated payments.

Month-to-date income tax collections through June 13, 2014 total \$546 million, down \$8 million, or 1.4% from the same period in June 2013. Month-to-date income tax withholding totals \$446 million, down \$21 million from the same period in June 2013, with the full month benchmark calling for an increase of \$37 million from last June. Month-to-date income tax payments with returns and extensions total \$18 million, down \$2 million from the same period last year, with the full month benchmark projecting a decline of \$3 million from last June. Month-to-date income tax estimated payments (cash) total \$102 million, up \$16 million from the same period in June 2013, with the full month benchmark projecting a decline of \$17 million; because the bulk of estimated payments are expected to come in during the second half of the month, it is too early for the month-to-date income estimated payments to be meaningful at this time. Month-to-date income tax cash refunds total \$20 million, up \$1 million from the same period last year with the full month benchmark projecting an increase of \$1 million from last June.

June is a significant month for corporate and business tax payments, as the second quarterly estimated payments for most corporations are due on June 16<sup>th</sup> this year (the usual due date of the 15<sup>th</sup> falls on a weekend). Through June 13, 2014, corporate and business tax collections total \$237 million, down \$53 million from the same period in June 2013, with the full month benchmark projecting a growth of \$34 million. Some of the decline is due to weakness in corporate and business estimated payments, and some due to a refund shift from May to June and another one-time large refund processed this month.

June sales tax is projected to total \$488 million, an increase of \$34 million, or 7.4% from June 2013. June 13<sup>th</sup> was too early in the month for sales tax trends to be meaningful, as monthly sales tax payments (other than those for motor vehicle sales tax) are not due until June 20<sup>th</sup>. Through June 13<sup>th</sup>, month-to-date sales tax collections total \$71 million, almost no change from the same period in June 2013. Monthly motor fuels and rooms tax payments are also due on June 20<sup>th</sup>.

There may be differences in the due dates for certain tax payments from one fiscal year to the next (e.g., in withholding payments or the timing of refund cycles) which complicate month-to-date comparisons to the prior year. As a result of these factors, revenues received through June 13<sup>th</sup> as reported in the attached table may not be indicative of what the final results for the full month will be. Specifically, they do not necessarily represent one-half of the revenues to be received in the full month and the month-to-date growth rates compared to June 2013 could change significantly by the end of this month. Any variances from the monthly benchmark at this point in the month should not be relied on as an indicator of what total final revenues for the month will be, compared to the full month benchmarks.

If you have any questions concerning this report, please contact me (at 626-2201) or Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (at 626-2100).

Sincerely,

A handwritten signature in black ink that reads "Amy A. Pitter". The signature is written in a cursive style with a large initial "A".

Amy Pitter  
Commissioner

Attachment

Cc: Glen Shor, Secretary of Administration and Finance  
Representative Robert A. DeLeo, House Speaker  
Senator Therese Murray, Senate President  
Representative Jay R. Kaufman, House Chair, Joint Committee on Revenue  
Senator Michael J. Rodrigues, Senate Chair, Joint Committee on Revenue  
Representative Bradley H. Jones, Jr., House Minority Leader  
Senator Bruce Tarr, Senate Minority Leader  
Steven Grossman, Treasurer and Receiver General

## Mid-Month Tax Collection Report for June 2014 (in \$ Millions)

Tax Collections as of June 13, 2014, Compared to Same Collection Period in FY2013 and to the FY2014 Tax Revenue Estimate of \$23.2 Billion

|   | ----- Month of June ----- |                                  |                                 |                                |  |   | ----- FY14 Year-to-Date ----- |                          |                         |                            |   |   |
|---|---------------------------|----------------------------------|---------------------------------|--------------------------------|--|---|-------------------------------|--------------------------|-------------------------|----------------------------|---|---|
|   | 06/14 MTD Collections     | 06/14 MTD v. 06/13 MTD \$ Change | 06/14 MTD v. 06/13 MTD % Change | 06/14 Full Month Benchmark (*) | % Growth from 06/13 Assumed in Monthly Benchmark | \$ Needed to Reach 06/14 Full Month Benchmark (*) | 06/14 FY14 YTD Collections    | 06/14 FY14 YTD \$ Change | 06/14 FY14 YTD % Change | FY14 YTD Benchmark (*)(**) | % Growth from 06/13 Assumed in FY14 YTD Benchmark | \$ Needed to Reach FY14 YTD Benchmark (*)(**) |
| <b>Income - Total</b>                   | <b>546</b>                | <b>(8)</b>                       | <b>(1.4%)</b>                   | <b>1,312</b>                   | <b>1.2%</b>                                      | <b>766</b>  | <b>12,407</b>                 | <b>318</b>               | <b>2.6%</b>             | <b>13,210</b>              | <b>3.0%</b>                                       | <b>804</b>                                    |
| Income Withholding                      | 446                       | (21)                             | (4.5%)                          | 896                            | 4.3%   | 451   | 10,082                        | 459                      | 4.8%                    | 10,413                     | 4.0%  | 332   |
| Income Est. Payments (Cash)             | 102                       | 16                               | 18.0%                           | 424                            | (3.9%)   | 322   | 1,854                         | 103                      | 5.9%                    | 2,159                      | 2.5%  | 305   |
| Income Returns/Bills                    | 18                        | (2)                              | (9.3%)                          | 42                             | (6.5%)   | 24  | 1,912                         | (176)                    | (8.4%)                  | 2,081                      | (1.5%)  | 169   |
| Income Refunds (Cash)                   | 20                        | 1                                | 2.8%                            | 51                             | 1.7%   | 31  | 1,439                         | 63                       | 4.5%                    | 1,442                      | 2.4%  | 3   |
| <b>Sales &amp; Use - Total</b>          | <b>71</b>                 | <b>(0)</b>                       | <b>(0.0%)</b>                   | <b>488</b>                     | <b>7.4%</b>                                      | <b>416</b>  | <b>5,079</b>                  | <b>298</b>               | <b>6.2%</b>             | <b>5,501</b>               | <b>6.5%</b>                                       | <b>422</b>                                    |
| Sales - Regular                         | 31                        | (1)                              | (4.2%)                          | 337                            | 6.7%   | 305   | 3,508                         | 195                      | 5.9%                    | 3,813                      | 6.0%  | 305   |
| Sales - Meals                           | 9                         | (1)                              | (7.6%)                          | 85                             | 5.6%   | 76  | 870                           | 40                       | 4.8%                    | 949                        | 5.3%  | 79  |
| Sales - Motor Vehicles                  | 31                        | 2                                | 7.3%                            | 66                             | 14.0%  | 35  | 701                           | 63                       | 9.9%                    | 739                        | 10.8%   | 38  |
| <b>Corporate &amp; Business - Total</b> | <b>237</b>                | <b>(53)</b>                      | <b>(18.2%)</b>                  | <b>525</b>                     | <b>6.9%</b>                                      | <b>288</b>  | <b>2,303</b>                  | <b>243</b>               | <b>11.8%</b>            | <b>2,410</b>               | <b>6.5%</b>                                       | <b>107</b>                                    |
| <b>All Other</b>                        | <b>38</b>                 | <b>1</b>                         | <b>3.5%</b>                     | <b>217</b>                     | <b>3.6%</b>                                      | <b>179</b>  | <b>1,944</b>                  | <b>264</b>               | <b>15.7%</b>            | <b>2,079</b>               | <b>12.2%</b>                                      | <b>135</b>                                    |
| <b>Total Tax Collections</b>            | <b>892</b>                | <b>(59)</b>                      | <b>(6.2%)</b>                   | <b>2,541</b>                   | <b>3.7%</b>                                      | <b>1,649</b>                                      | <b>21,733</b>                 | <b>1,122</b>             | <b>5.4%</b>             | <b>23,200</b>              | <b>4.9%</b>                                       | <b>1,467</b>                                  |

(\*) Benchmarks are based on the FY14 tax revenue estimate of \$23.2 billion

(\*\*) Year-to-date benchmarks are year-to-date full month benchmark totals (i.e., July through June full month totals)

Note: Detail may not add to total due to rounding and other technical factors.