



AMY PITTER
COMMISSIONER

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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May 20, 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 Laws¹, the Department of Revenue hereby submits its mid-month tax revenue report for the month of May 2014. The attached table shows May 2014 month-to-date and FY2014 year-to-date tax revenue collections through May 15, 2014, along with the dollar and percentage changes from the same collection period in May 2013. Also shown are the percentage growth amounts for the full month of May 2014 and for FY2014 year-to-date through the end of May 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.

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

May is normally a small tax collection month, as there are no quarterly estimated payments due for most corporate and business taxpayers or individuals, and filing season is winding down. The May monthly benchmark corresponding to the FY2014 tax revenue estimate of \$23.2 billion totals \$1.561 billion, an increase of \$47 million, or 3.1% actual, and 3.8% baseline from May 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 +\$14 million on the May revenue collections. Having one less deposit day this month vs. last May will negatively affect the revenues by about \$10-12 million.

Through May 15, 2014 month-to-date tax collections total \$644 million, down \$27 million compared with the same period last year, with the full month benchmark projecting an increase of \$47 million from last May's total tax collections. This early in the month virtually all meaningful collection activity is in withholding, income tax payments with returns and extensions, income tax refunds, and sales and use tax collections.

Month-to-date income tax collections through May 15, 2014 total \$485 million, down \$37 million, or 7.1% from the same period in May 2013. Month-to-date income tax withholding totals \$436 million, up \$19 million from the same period in May 2013, with the full month benchmark calling for an increase of \$22 million from last May. Month-to-date income tax payments with returns and extensions total \$77 million, down \$62 million from the same period last year, with the full month benchmark projecting a decline of \$11 million from last May; some of the decline is probably timing-related because of the acceleration of returns from May to April relative to the return count figures for the same period last year (DOR processed a greater number of returns this April than it did last April, while processing fewer returns so far this May than it did during the same period last May), and some is probably due to the weakness of April return payments trickling into May. Month-to-date income tax estimated payments (cash) total \$11 million, almost no change from the same period last year, with the full month benchmark projecting a decline of \$1 million. Month-to-date income tax cash refunds total \$39 million, down \$6 million from the same period last year with the full month benchmark projecting no change from last May. To get a clearer picture of non-withheld income tax performance, it is better to look at the April-May combined total of payments with returns and extensions along with offsetting two-month refund totals, and then comparing the results to the two-month benchmark for the same revenue sources at the end of May.

May is a very small month for corporate and business tax payments. Through May 15, 2014, corporate and business tax collections total \$24 million, down \$6 million from the same period in May 2013, with the full month benchmark projecting a decline of \$6 million.

May sales tax is projected to total \$462 million, an increase of \$25 million, or 5.7% from May 2013. May 15th 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 May 20th. Through May 15th, month-to-date sales tax collections total \$86 million, up \$11 million from the same period in May 2013. Monthly motor fuels and rooms tax payments are also due on May 20th.

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 May 15th 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 May 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,

Handwritten signature of Amy A. Pitter in black ink.

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 May 2014 (in \$ Millions)

Tax Collections as of May 15, 2014, Compared to Same Collection Period in FY2013 and to the FY2014 Tax Revenue Estimate of \$23.2 Billion

	----- Month of May -----						----- FY14 Year-to-Date -----					
	05/14 MTD Collections	05/14 MTD v. 05/13 MTD \$ Change	05/14 MTD v. 05/13 MTD % Change	05/14 Full Month Benchmark (*)	% Growth from 05/13 Assumed in Monthly Benchmark	\$ Needed to Reach 05/14 Full Month Benchmark (*)	05/14 FY14 YTD Collections	05/14 FY14 YTD \$ Change	05/14 FY14 YTD % Change	FY14 YTD Benchmark (**)	% Growth from 05/13 Assumed in FY14 YTD Benchmark	\$ Needed to Reach FY14 YTD Benchmark (**)
Income - Total	485	(37)	(7.1%)	880	1.1%	395	11,499	312	2.8%	11,899	3.2%	400
Income Withholding	436	19	4.5%	789	2.8%	352	9,269	462	5.2%	9,517	3.9%	248
Income Est. Payments (Cash)	11	0	3.8%	20	(3.6%)	9	1,743	89	5.4%	1,734	4.2%	(9)
Income Returns/Bills	77	(62)	(44.7%)	151	(6.5%)	75	1,870	(175)	(8.6%)	2,039	(1.4%)	169
Income Refunds (Cash)	39	(6)	(13.1%)	80	1.2%	41	1,381	57	4.3%	1,391	2.4%	10
Sales & Use - Total	86	11	14.5%	462	5.7%	376	4,622	274	6.3%	5,013	6.4%	392
Sales - Regular	43	9	26.2%	314	6.0%	270	3,194	176	5.8%	3,477	6.0%	282
Sales - Meals	11	1	6.0%	78	4.3%	67	792	36	4.8%	864	5.3%	72
Sales - Motor Vehicles	32	1	4.3%	70	5.9%	38	635	62	10.8%	673	10.5%	38
Corporate & Business - Total	24	(6)	(19.0%)	44	(12.8%)	20	2,027	277	15.9%	1,885	6.4%	(142)
All Other	49	5	11.8%	175	25.4%	127	1,714	183	12.0%	1,862	14.5%	148
Total Tax Collections	644	(27)	(4.0%)	1,561	4.2%	918	19,862	1,047	5.6%	20,659	5.2%	797

(*) 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 May full month totals)

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