



MASSACHUSETTS DEPARTMENT OF REVENUE

Christopher C. Harding, Commissioner

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FY18 Preliminary Revenues Total \$27.796 Billion

*June 2018 revenue collections total \$3.159 billion, \$257 million above monthly benchmark;
FY2018 \$1.135 billion or 4.3% above annual benchmark; 8.6% increase over FY17 actual*

(Boston, MA) – Massachusetts Department of Revenue (DOR) Commissioner Christopher C. Harding today announced that preliminary revenue collections for June totaled \$3.159 billion, which is \$461 million or 17.1% more than the actual collections in June 2017 and \$257 million or 8.9% above the June benchmark.

For Fiscal Year 2018 that ended in June, revenue collections were \$27.796 billion, \$1.135 billion or 4.3% above benchmark*. This is an increase of \$2.192 billion or 8.6% over the actual amount collected in Fiscal Year 2017.

“Fiscal Year 2018 revenues exceeded the benchmark mainly because of non-withheld income and corporate taxes,” said Commissioner Harding. “Non-withheld income tax was \$688 million over benchmark, driven by quarterly estimated payments. Corporate tax was \$298 million over benchmark. Other taxes, including higher estate tax collections, contributed another \$89 million. Together, these three categories account for nearly 95% of the revenue over benchmark. Each of these categories is highly volatile on a year-to-year basis. Fiscal 2018 is highly unusual in that all three categories had positive growth in significant amounts.”

“Withholding grew by 6.4% over the prior year and sales and use taxes by 3.9%, reflecting solid growth in the state’s economy. Because the benchmark anticipated growth, these two categories exceeded benchmark in total by \$60 million, a material amount but a modest 5% of the total \$1.135 billion over benchmark.”

Additionally, in a letter to the State Comptroller today, DOR certified that the preliminary total capital gains tax revenue collected in FY18 was \$1.683 billion, **generating a total FY18 transfer of approximately \$514 million to the Commonwealth Stabilization Fund**, which will be distributed as follows under Section 5G of Chapter 29 of the General Laws:

- 90% of the above transfer (~\$463 million) shall remain in the Stabilization Fund
- 5% of the above transfer (~\$26 million) shall then be transferred from the Stabilization Fund into the State Retiree Benefits Trust Fund
- 5% of the above transfer (~\$26 million) shall then be transferred from the Stabilization Fund into the Commonwealth's Pension Liability Fund

Based on the Period 3 certification letter issued by DOR on June 28, 2018, the Comptroller has already transferred \$322 million to the Commonwealth Stabilization Fund. Therefore, today's certification letter requires an additional transfer of approximately \$192 million to the Stabilization Fund.

- June 2018 revenues of \$3.159 billion were \$461 million or 17.1% more than last June, and \$257 million above benchmark.
 - Income tax collections were \$170 million or 11.9% ahead of last June, and \$85 million above benchmark.
 - Withholding collections (a subcategory of income tax) were \$99 million or 9.9% more than last June, \$45 million above benchmark
 - Sales and use tax collections were \$28 million or 4.9% ahead of last June, but \$100 million below benchmark**.
 - Corporate and business taxes were \$208 million more than last June, and \$237 million above benchmark.
 - Other taxes, which include motor fuels, cigarette, estate, and other categories, were \$54 million or 24.7% ahead of last June, and \$35 million above benchmark.
 - For Fiscal Year 2018, revenues of \$27.796 billion were \$2.192 billion or 8.6% ahead of the prior year figure, and were \$1.135 billion or 4.3% above the full year benchmark.
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June Revenue Collections

- Income tax collections for June were \$1.591 billion, \$85 million or 5.6% above benchmark, and \$170 million or 11.9% above June 2017.
- Withholding collections for June totaled \$1.095 billion, \$45 million or 4.3% above benchmark and \$99 million or 9.9% more than June 2017.
- Income tax estimated payments totaled \$541 million for June, \$54 million or 11.0% more than benchmark and \$70 million or 14.9% above June 2017.
- Income tax returns and bills totaled \$56 million for June, \$5 million or 7.6% less than benchmark, and \$15 million or 20.9% below June 2017.
- Income tax refunds in June totaled \$100 million in outflows, \$10 million more than benchmark, and \$15 million less than June 2017.
- Sales and use tax collections for June totaled \$601 million, which is \$100 million or 14.2% less than benchmark but \$28 million or 4.9% more than June 2017**.
- Corporate and business tax collections for the month totaled \$692 million, up \$208 million from June 2017, and \$237 million above benchmark.
- Other tax collections for June totaled \$274 million, which is \$35 million or 14.4% more than benchmark and \$54 million or 24.7% more than June 2017.

Fiscal Year 2018 Revenue Collections

- Income tax collections of \$16.240 billion were \$767 million or 5.0% above benchmark, and \$1.556 billion or 10.6% more than Fiscal Year 2017.
 - Withholding collections totaled \$12.732 billion, \$79 million or 0.6% above benchmark and \$763 million or 6.4% more than Fiscal Year 2017.
 - Income tax payments with returns and bills totaled \$2.146 billion, \$179 million or 9.1% above benchmark and \$205 million or 10.5% more than Fiscal Year 2017.
 - Estimated payments of \$3.141 billion were \$711 million or 29.3% above benchmark and \$765 million or 32.2% more than Fiscal Year 2017.
 - Sales and use tax collections of \$6.454 billion were \$19 million or 0.3% below benchmark** and \$243 million or 3.9% greater than Fiscal Year 2017.
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- Breaking down sales and use tax collections for fiscal year 2018: Regular Sales were \$4.433 billion, \$13 million or 0.3% below benchmark**. Meals collections were \$1.154 billion, \$27 million or 2.3% below benchmark**. Motor vehicles collections were \$866 million, \$22 million or 2.6% above benchmark.
- Income tax refunds were \$1.779 billion, \$203 million or 12.9% above the benchmark (unfavorable), and \$176 million or 11.0% more than Fiscal Year 2017.
- Corporate and business tax collections totaled \$2.772 billion, \$298 million or 12.0% above benchmark, and \$275 million or 11.0% more than Fiscal Year 2017.
- Other taxes are \$2.330 billion, \$89 million or 4.0% above benchmark and \$118 million or 5.3% more than Fiscal Year 2017.

* On January 12, 2018, Administration and Finance Secretary Michael J. Heffernan revised the Fiscal Year 2018 state tax revenue estimate upward by \$157 million, from \$26.504 billion to \$26.661 billion, to reflect strong year-to-date performance in the category of income tax withholding. Please also see the footnote (**) below.

** Per Sections 94 and 95 of the Fiscal Year 2018 budget, the Fiscal Year 2018 benchmark figures include an anticipated \$125 million in revenues from sales tax acceleration. The actual collection figures reflect only the Sales and Use and Room Tax revenue received during June.

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