

MEMORANDUM

TO: Board of Directors, Massachusetts School Building Authority
FROM: John K. McCarthy
DATE: September 25, 2013
RE: Sales Tax Update

Attached, please find monthly tax collection statements and collection summary tables released by the Department of Revenue (“DOR”) for the months of July and August 2013.

The data provided by the DOR through August 2013 indicates that SMART collections for fiscal year 2014 through August totaled \$124.5 million, representing approximately 6.7% actual growth from fiscal year 2013 collections through the same period.

The Commonwealth’s fiscal year 2014 consensus revenue estimate for SMART collections is \$703.6 million. The fiscal year 2014 estimate represents approximately \$21.5 million (3.2%) growth over fiscal year 2013 collections. The fiscal year 2014 estimate of \$703.6 million does not include any additional sales tax revenue from the sales tax on computer software services that was passed into law and became effective as of July 31, 2013.

Staff will continue to provide the Board with updates on fiscal year 2014 SMART collections, and any changes made by the Commonwealth to the fiscal year 2014 SMART estimate.

For Immediate Release - August 05, 2013

July Revenue Collections Total \$1.585 Billion

Monthly collection is \$132 million above a year ago and \$75 million above benchmark due to one-time settlements

(Boston, MA) - Revenue Commissioner Amy Pitter today announced that preliminary revenue collections for July totaled \$1.585 billion, \$132 million or 9 percent more than the state took in last July. Collections for the first month of the new fiscal year were \$75 million above the monthly benchmark based on the FY14 revenue estimate of \$22.452 billion.

The July surplus was almost exclusively due to \$70 million in one-time settlement-related tax payments in excess of \$10 million which are required to be deposited in the Commonwealth's Stabilization Fund.

"July is typically a small month for revenue collections because there are no quarterly estimated payments due for most businesses and individuals," Commissioner Pitter said.

Income tax payments with returns or bills brought in \$87 million in revenue for July, \$67 million or 332.2 percent more than last year and \$66 million over the monthly benchmark.

Estimated income tax payments of \$24 million were \$9 million or 27.0 percent less than last July and \$5 million more than the July benchmark.

Income cash refunds collections totaled \$18 million, \$10 million or 113.7 percent more than a year ago and \$10 million more than the July benchmark.

Other tax collections, which include revenues from deeds and estates, totaled \$157 million, \$17 million or 12.0 percent more than last July and \$16 million over the July benchmark.

Corporate and business tax collections of \$69 million were up \$2 million or 3.5 percent from a year ago and were \$5 million below the anticipated monthly estimate.

Withholding collections for July totaled \$778 million, up \$38 million or 5.2 percent from last July and \$3 million below the July benchmark.

Sales tax collections for July totaled \$488 million, up \$27 million or 5.9 percent from last July and \$7 million above the July benchmark.

Note: The FY14 revenue estimate will be adjusted to reflect tax law changes in the recently enacted transportation reform legislation. The estimate will be further adjusted downwards by \$24.3 million to reflect the impact of a two-day sales tax holiday on August 10-11, 2013, which was enacted on August 2, 2013. This revision will not impact the July benchmark

July 2013 Tax Collection Summary (in \$ millions)
(Preliminary as of August 5, 2013)

	----- Month of July -----					----- FY13 Year-to-Date -----				
	07/13 Collections	07/13 v. 07/12 \$ Change	07/13 v. 07/12 Actual % Change	07/13 v. 07/12 Baseline % Change	07/13 \$ Above/(Below) Benchmark Based on FY14 Estimate of \$22.452 Billion	07/13 FY13 YTD Collections	07/13 FY13 YTD \$ Change	07/13 FY13 YTD Actual % Change	07/13 FY13 YTD Baseline % Change	FY14 YTD \$ Above/(Below) Benchmark Based on FY14 Estimate of \$22.452 Billion
Income - Total	871	85	10.8%	10.0%	56	871	85	10.8%	10.0%	56
Income Withholding	778	38	5.2%	4.3%	(3)	778	38	5.2%	4.3%	(3)
Income Est. Payments (Cash)	24	(9)	-27.0%	-26.4%	5	24	(9)	-27.0%	-26.4%	5
Income Returns/Bills	87	67	332.2%	332.7%	66	87	67	332.2%	332.7%	66
Income Refunds (Cash)	18	10	113.7%	113.7%	10	18	10	113.7%	113.7%	10
Sales & Use - Total	488	27	5.9%	4.8%	7	488	27	5.9%	4.8%	7
Sales - Regular	334	13	4.1%	3.4%	3	334	13	4.1%	3.4%	3
Sales - Meals	87	4	5.0%	4.9%	(1)	87	4	5.0%	4.9%	(1)
Sales - Motor Vehicles	68	10	17.4%	12.7%	5	68	10	17.4%	12.7%	5
Corporate & Business - Total	69	2	3.5%	7.4%	(5)	69	2	3.5%	7.4%	(5)
All Other	157	17	12.0%	12.1%	16	157	17	12.0%	12.1%	16
Total Tax Collections	1,585	132	9.0%	8.5%	75	1,585	132	9.0%	8.5%	75

For Immediate Release - September 05, 2013

August Revenue Collections Total \$1.543 Billion

(Boston, MA) - Revenue Commissioner Amy Pitter today announced that preliminary revenue collections for August totaled \$1.543 billion, \$121 million or 8.5 percent more than the state took in last August. Better than expected gains in withholding, sales and estate taxes more than offset the shortfall in corporate and business collections to end the month \$64 million above the monthly benchmark based on the FY14 revenue estimate of \$22.797 billion.

Tax collections through the second month of the fiscal year total \$3.128 billion, \$252 million or 8.8 percent more than at this time last year and \$139 million above the year-to-date benchmark. A little more than half of the year-to-date surplus is due to one-time settlements that were collected in July while estate tax collections, which are difficult to forecast, have contributed \$36.4 million to the year-to-date surplus.

“August, like July, is another relatively small month for revenue collections because there are no income payments due for individuals or businesses,” Commissioner Pitter said. “While income withholding payments came in stronger than expected, it’s too soon to say whether this could be a trend or simply a timing-related exception by taxpayers submitting September payments early.”

Total income payments for August were \$849 million, \$67 million or 8.6 percent over last August and \$35 million over the monthly benchmark. Year-to-date income was \$1.720 billion, \$152 million or 9.7 percent over this time last year and \$91 million over the yearly benchmark.

Income withholding collections totaled \$809 million, \$61 million or 8.2 percent more than last August and \$33 million over the August benchmark. Income tax payments with returns or bills brought in \$40 million in August, \$8 million or 24.1 percent more than last year at this time.

Sales and use tax collections for August totaled \$463 million, up \$27 million or 6.2 percent from last August and \$17 million above the monthly benchmark. Collections through the second month of the fiscal year totaled \$951 million, \$54 million or 6.1 percent over the same period last year and \$24 million over the year-to-date benchmark.

Corporate and business collections for August were \$34 million, \$10 million or 22.6 percent less than last August and \$9 million under the monthly benchmark. Year-to-date corporate and business collections totaled \$103 million, \$8 million or 7.0% less than the same period last year, \$13 million below the year-to-date benchmark.

August 2013 Tax Collection Summary (in \$ millions)
(Preliminary as of September 5, 2013)

	----- Month of August -----				----- FY14 Year-to-Date -----				
	08/13 v. 08/12 \$ Change	08/13 v. 08/12 Actual % Change	08/13 v. 08/12 Baseline % Change	08/13 \$ Above/(Below) Benchmark Based on FY14 Estimate of \$22.797 Billion	08/13 FY14 YTD Collections	08/13 FY14 YTD \$ Change	08/13 FY14 YTD Actual % Change	08/13 FY14 YTD Baseline % Change	FY14 YTD \$ Above/(Below) Benchmark Based on FY14 Estimate of \$22.797 Billion
Income - Total	849	8.6%	6.9%	35	1,720	152	9.7%	8.5%	91
Income Withholding	809	8.2%	6.4%	33	1,587	99	6.7%	5.3%	30
Income Est. Payments (Cash)	21	(3.9%)	(13.9%)	(5)	45	(12)	(21.0%)	(20.7%)	0
Income Returns/Bills	40	24.1%	24.1%	6	127	75	142.2%	142.4%	72
Income Refunds (Cash)	21	(2.2%)	(7.2%)	(2)	40	8	25.7%	25.7%	8
Sales & Use - Total	463	6.2%	7.2%	17	951	54	6.1%	6.0%	24
Sales - Regular	310	21	7.4%	15	643	35	5.7%	5.5%	18
Sales - Meals	86	2	2.1%	(2)	173	6	3.4%	3.7%	(3)
Sales - Motor Vehicles	67	4	6.5%	4	135	14	11.7%	11.7%	9
Corporate & Business - Total	34	(10)	(22.6%)	(9)	103	(8)	(7.0%)	(4.6%)	(13)
All Other	197	36	22.6%	21	354	53	17.7%	13.1%	37
Total Tax Collections	1,543	121	8.5%	64	3,128	252	8.8%	7.7%	139

Memo: Aggregate Value of Tax and Non-Tax Related Settlements & Judgments Exceeding \$10 Million During the Period of July 2013 through August 2013:

Tax Related Settlements & Judgments Exceeding \$10 Million:	69.6	...included in the YTD collections figures above
Non-Tax Related Settlements & Judgments Exceeding \$10 Million:	0.0	...not included in the YTD collections figures above

Total (Tax and Non-Tax Related) Settlements & Judgments Exceeding \$10 Million:

69.6

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