

MEMORANDUM

TO: Board of Directors, Massachusetts School Building Authority
FROM: John K. McCarthy
DATE: November 13, 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 September and October 2013.

The preliminary data provided by the DOR through October 2013 indicates that SMART collections for fiscal year 2014, through October, total \$243.9 million. The fiscal year 2014 collections to date represent 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 \$21.6 million (3.2%) growth over fiscal year 2013 collections.

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 - October 03, 2013

September Revenue Collections Total \$2.414 Billion

(Boston, MA) - Revenue Commissioner Amy Pitter today announced that preliminary revenue collections for September totaled \$2.414 billion, \$210 million or 9.5 percent more than the state took in last September. Better than expected gains in quarterly estimated income and corporate tax payments more than offset the shortfall in withholding to end the month \$59 million above the monthly benchmark based on the FY14 revenue estimate of \$22.797 billion.

Tax collections for the first quarter of the fiscal year total \$5.544 billion, \$463 million or 9.1 percent more than at this time last year and \$199 million above the year-to-date benchmark. A significant portion of the year-to-date surplus, \$70 million, is due to one-time tax settlements that were collected in July and August. By law, every tax settlement over \$10 million must be deposited in the stabilization fund. However, an estimated \$25 million of those one-time settlements is earmarked to pay for the August sales tax holiday while \$35 million is already programmed into the state budget to support annual spending.

“September is an important tax collection month because quarterly estimated income tax payments are due from individuals and businesses,” said Commissioner Pitter. “Although the September growth was in line with first and second quarterly growth for both of these tax categories, it is not always a good predictor for future performance.”

Total income payments for September were \$1.337 billion, \$83 million or 6.6 percent over last September and \$8 million over the monthly benchmark. Year-to-date income was \$3.058 billion, \$236 million or 8.4 percent over this time last year and \$100 million over the yearly benchmark.

Estimated income payments brought in \$486 million for the month, \$58 million or 13.4 percent more than last September and \$29 million over the monthly benchmark. Year-to-date estimated income tax collections totaled \$532 million, \$47 million or 9.6 percent over last year at this time and \$30 million over the year-to-date benchmark.

Income tax payments with returns/bills brought in \$38 million for the month, \$9 million or 30 percent more than last September and \$7 million over the September benchmark. Year-to-date estimated income tax collections totaled \$165 million, \$83 million or 102 percent over last year at this time and \$79 million over the year-to-date benchmark, \$50 million of which is due to settlement-related payments.

Withholding collections totaled \$838 million, \$21 million or 2.6 percent more than last September but \$24 million under the September benchmark. Almost all of the September weakness is due to timing-related withholding shift of roughly \$20 million from September to August. So far this fiscal year, withholding collections are \$2,425 billion,

\$120 million or 5.2 percent over last September and \$6 million over the year-to-date benchmark.

Corporate and business collections for September were \$453 million, \$66 million or 17.2 percent more than last September and \$39 million over the monthly benchmark. Year-to-date corporate and business collections totaled \$556 million, \$59 million or 11.8 percent more than the same period last year and \$26 million above the year-to-date benchmark, \$20 million of which is due to settlement-related payments.

Sales and use tax collections for September totaled \$445 million, up \$29 million or 6.9 percent from last September and was right on the monthly benchmark. Collections through the first quarter totaled \$1.397 billion, \$83 million or 6.3 percent over the same period last year and \$24 million over the year-to-date benchmark. Regular sales and use tax collections fell \$6 million below benchmark in September, but that shortfall was offset by a better than expected meals and motor vehicle sales tax collections for the month.

Among other tax categories, motor fuels reached the September benchmark, estate, deeds (including Secretary of the Commonwealth's deeds), and tobacco all performed slightly better than expected.

September 2013 Tax Collection Summary (in \$ millions)
(Preliminary as of October 3, 2013)

	----- Month of September -----					----- FY14 Year-to-Date -----				
	09/13 Collections	09/13 v. 09/12 \$ Change	09/13 v. 09/12 Actual % Change	09/13 v. 09/12 Baseline % Change	09/13 \$ Above/(Below) Benchmark Based on FY14 Estimate of \$22.797 Billion	09/13 FY14 YTD Collections	09/13 FY14 YTD \$ Change	09/13 FY14 YTD Actual % Change	09/13 FY14 YTD Baseline % Change	FY14 YTD \$ Above/(Below) Benchmark Based on FY14 Estimate of \$22.797 Billion
Income - Total	1,337	83	6.6%	6.9%	8	3,058	236	8.4%	7.8%	100
Income Withholding	838	21	2.6%	2.9%	(24)	2,425	120	5.2%	4.5%	6
Income Est. Payments (Cash)	486	58	13.4%	13.7%	29	532	47	9.6%	9.9%	30
Income Returns/Bills	38	9	30.0%	30.1%	7	165	83	102.0%	102.2%	79
Income Refunds (Cash)	25	1	5.2%	5.2%	1	64	9	16.9%	16.9%	9
Sales & Use - Total	445	29	6.9%	3.2%	0.4	1,397	83	6.3%	5.1%	24
Sales - Regular	294	13	4.8%	0.3%	(6)	937	48	5.4%	3.8%	12
Sales - Meals	91	7	8.0%	7.4%	3	264	12	4.9%	5.0%	(1)
Sales - Motor Vehicles	61	9	16.3%	12.0%	4	196	23	13.1%	11.8%	13
Corporate & Business - Total	453	66	17.2%	17.6%	39	556	59	11.8%	12.6%	26
All Other	179	32	21.7%	9.5%	11	533	85	19.0%	11.8%	48
Total Tax Collections	2,414	210	9.5%	8.3%	59	5,544	463	9.1%	7.9%	199

For Immediate Release - November 05, 2013

October Revenue Collections Total \$1.555 Billion

(Boston, MA) - Revenue Commissioner Amy Pitter today announced that preliminary revenue collections for October totaled \$1.555 billion, \$154 million or 11.0 percent more than the state took in last October. Better than expected gains in corporate and business tax payments driven by one-time tax settlements, estimated individual income tax payments and motor vehicle sales tax collections partially offset weaknesses in other tax categories to end the month \$75 million above the monthly benchmark based on the FY14 revenue estimate of \$22.797 billion.

Tax collections four months into the fiscal year totaled \$7.098 billion, \$616 million or 9.5 percent more than at this time last year and \$273 million above the year-to-date benchmark. One-time tax settlements account for \$148.1 million of the surplus which must in general be deposited in the Commonwealth's stabilization fund.

"We saw strong collections in estimated income tax payments and motor vehicles sales taxes in October," said Commissioner Pitter. "But if it hadn't been for corporate and business tax settlements, total revenue collections would have been virtually on benchmark as opposed to considerably above benchmark."

Total income payments for October were \$834 million, \$31 million or 3.8 percent over last October but \$12 million below the monthly benchmark. Year-to-date income was \$3.892 billion, \$268 million or 7.4 percent over this time last year and \$89 million over the yearly benchmark.

Estimated income payments brought in \$34 million for the month, \$12 million or 57.1 percent more than last October and \$11 million over the monthly benchmark. Year-to-date estimated income tax collections totaled \$566 million, \$59 million or 11.7 percent over last year at this time and \$41 million over the year-to-date benchmark.

Income tax payments with returns/bills brought in \$101 million for the month, \$2 million or 2.5 percent more than last October and \$2 million below the October benchmark.

Year-to-date Income tax payments with returns/bills totaled \$267 million, \$87 million or 48.1 percent over last year at this time and \$77 million over the year-to-date benchmark, \$50 million of which is due to settlement-related payments received prior to October.

Withholding collections totaled \$813 million, \$37 million or 4.7 percent more than last October and was right on the monthly benchmark. So far this fiscal year, withholding collections are \$3.238 billion, \$157 million or 5.1 percent over last October and \$5 million over the year-to-date benchmark.

Corporate and business collections for October were \$81 million, \$73 million more than last October and \$84 million over the monthly benchmark. Year-to-date corporate and business collections totaled \$637 million, \$131

million or 26.0 percent more than the same period last year and \$110 million above the year-to-date benchmark, \$98.1 million of which is due to settlement-related payments.

Sales and use tax collections for October totaled \$468 million, up \$27 million or 6.0 percent from last October and was right on the monthly benchmark. Collections through the first four months of the fiscal year totaled \$1.864 billion, \$109 million or 6.2 percent over the same period last year and \$24 million over the year-to-date benchmark. Regular sales and use tax collections fell \$4 million below benchmark in October, but that shortfall was offset by better than expected motor vehicle sales tax collections for the month.

October 2013 Tax Collection Summary (in \$ millions)
(Preliminary as of November 5, 2013)

	----- Month of October -----					----- FY14 Year-to-Date -----				
	10/13 Collections	10/13 v. 10/12 \$ Change	10/13 v. 10/12 Actual % Change	10/13 v. 10/12 Baseline % Change	10/13 \$ Above/(Below) Benchmark Based on FY14 Estimate of \$22.797 Billion	10/13 FY14 YTD Collections	10/13 FY14 YTD \$ Change	10/13 FY14 YTD Actual % Change	10/13 FY14 YTD Baseline % Change	FY14 YTD \$ Above/(Below) Benchmark Based on FY14 Estimate of \$22.797 Billion
Income - Total	834	31	3.8%	5.4%	(12)	3,892	268	7.4%	7.3%	89
Income Withholding	813	37	4.7%	6.3%	(0)	3,238	157	5.1%	4.9%	5
Income Est. Payments (Cash)	34	12	57.1%	57.1%	11	566	59	11.7%	11.9%	41
Income Returns/Bills	101	2	2.5%	2.5%	(2)	267	87	48.1%	48.2%	77
Income Refunds (Cash)	114	21	22.8%	22.8%	21	178	30	20.6%	20.6%	30
Sales & Use - Total	468	27	6.0%	6.1%	(0)	1,864	109	6.2%	6.0%	24
Sales - Regular	323	17	5.7%	5.7%	(4)	1,260	65	5.5%	5.3%	8
Sales - Meals	83	3	3.4%	3.4%	(1)	347	15	4.5%	4.5%	(2)
Sales - Motor Vehicles	62	6	11.7%	12.1%	4	257	29	12.8%	11.8%	17
Corporate & Business - Total	81	73	859.3%	876.5%	84	637	131	26.0%	27.1%	110
All Other	172	23	15.6%	3.4%	3	705	107	18.0%	9.5%	50
Total Tax Collections	1,555	154	11.0%	10.7%	75	7,098	616	9.5%	8.7%	273

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

Tax Related Settlements & Judgments Exceeding \$10 Million:	148.1	<i>...included in the YTD collections figures above</i>
Non-Tax Related Settlements & Judgments Exceeding \$10 Million:	0.0	<i>...not included in the YTD collections figures above</i>

Total (Tax and Non-Tax Related) Settlements & Judgments Exceeding \$10 Million: 148.1

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