

## MEMORANDUM

**TO:** Board of Directors, Massachusetts School Building Authority  
**FROM:** John K. McCarthy  
**DATE:** July 24, 2013  
**RE:** Sales Tax Update

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

The preliminary data provided by the DOR for June 2013 indicates that, on a cash basis, total collections in the categories that are included in the dedication to the School Modernization and Renovation Trust (“SMART”) for fiscal year 2013 totaled approximately \$4.26 billion. The preliminary data indicates that, on a cash basis, SMART collections for fiscal year 2013 totaled \$682.0 million, representing approximately 1.7% actual growth from fiscal year 2012 collections. The preliminary fiscal year 2013 total collections of \$682.0 million represented less than a .04% variance from the Commonwealth’s revised fiscal year 2013 estimate of \$682.3 million set in December 2012.

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. The fiscal year 2014 estimate does not include any additional sales tax revenue from the proposed sales tax on certain computer software services that was included in a transportation bill that passed in the Massachusetts House and Senate earlier this year, as this proposal has not been enacted into law.

Staff will continue to keep the Board apprised of updates on fiscal year 2014 SMART collections and any change by the Commonwealth to the fiscal year 2014 estimate at Board meetings throughout the year.

For Immediate Release - June 05, 2013

## May Revenue Collections Total \$1.515 Billion

(Boston, MA)-Revenue Commissioner Amy Pitter today announced that preliminary revenue collections for May totaled \$1.515 billion, \$102 million or 6.3 percent less than the state took in last May. Slightly better than expected sales and use tax collections, income payments with bills and returns and corporate and business collections offset a shortfall in withholding to end the month \$29 million above the monthly benchmark based on the revised FY13 revenue estimate of \$21.496 billion.

With one month remaining in the fiscal year, the total year-to-date collection of \$19.659 billion is \$838 million or 4.5 percent above that of a year ago and \$539 million above the year-to-date benchmark.

May is, historically, a small tax collection month because the filing season is winding down and there are no quarterly payments due for most corporate and business taxpayers or individuals. Most of the decline in revenues over last May can be attributed to settlement-related corporate and business revenues. Last year DOR collected \$200 million in these one-time payments.

“Despite the decline in one-time revenues which we anticipated in May, we remain above benchmark for the fiscal year largely because of investor reaction to federal fiscal policies implemented in January,” said Commissioner Pitter. “This kind of behavior does not reflect normal economic activity that impacts future revenues.”

Corporate and business tax collections of \$50 million were down \$177 million or 77.8 percent from a year ago and were \$12 million above benchmark. Year-to-date collections total \$1.771 billion, down \$115 million or 6.1 percent over the same period last year and \$187 million above the year-to-date benchmark. As DOR has reported, one-time tax-related judgments and settlements account for more than half of the year-to-date corporate and business tax collections performance.

Sales tax collections for May totaled \$437 million, up \$23 million or 5.5 percent from the same period a year ago and \$11 million above the May benchmark. Year-to-date collections totaled \$4.710 billion, up \$91 million or 2.0 percent from the same period last year, but \$18 million below anticipated year-to-date collections.

Income tax payments with returns or tax bills for May totaled \$162 million, up \$30 million or 22.8 percent from the same period last year and \$14 million above the month-to-date benchmark. Year-to-date income tax payments with returns and bills are \$2.068 billion, \$407 million or 24.5 percent more than last May and \$220 million above the year-to-date benchmark.

Withholding tax collections of \$767 million were \$18 million or 2.4% above a year ago and \$11 million below the monthly benchmark while year-to-date collections of \$9,156 billion are \$223 million or 2.5 percent above the same period last year and \$19 million below the anticipated year-to-date benchmark.

**May 2013 Tax Collection Summary (in \$ millions)**  
**(Preliminary as of June 5, 2013)**

	----- Month of May -----					----- FY13 Year-to-Date -----				
	05/13 Collections	05/13 v. 05/12 \$ Change	05/13 v. 05/12 Actual % Change	05/13 v. 05/12 Baseline % Change	05/13 \$ Above/(Below) Benchmark Based on FY13 Estimate of \$21.496 Billion	05/13 FY13 YTD Collections	05/13 FY13 YTD \$ Change	05/13 FY13 YTD Actual % Change	05/13 FY13 YTD Baseline % Change	FY13 YTD \$ Above/(Below) Benchmark Based on FY13 Estimate of \$21.496 Billion
<b>Income - Total</b>	<b>870</b>	<b>46</b>	<b>5.6%</b>	<b>5.5%</b>	<b>(0)</b>	<b>11,535</b>	<b>858</b>	<b>8.0%</b>	<b>9.1%</b>	<b>358</b>
Income Withholding	767	18	2.4%	2.8%	(11)	9,156	223	2.5%	3.4%	(19)
Income Est. Payments (Cash)	21	0.6	2.9%	3.5%	(0.4)	1,665	226	15.7%	16.2%	153
Income Returns/Bills	162	30	22.8%	20.4%	14	2,068	407	24.5%	25.6%	220
Income Refunds (Cash)	79	3	3.4%	3.6%	3	1,358	4	0.3%	0.4%	(4)
<b>Sales &amp; Use - Total</b>	<b>437</b>	<b>23</b>	<b>5.5%</b>	<b>6.0%</b>	<b>11</b>	<b>4,710</b>	<b>91</b>	<b>2.0%</b>	<b>2.2%</b>	<b>(18)</b>
Sales - Regular	296	12	4.1%	4.6%	6	3,280	45	1.4%	1.6%	(2)
Sales - Meals	75	3	3.7%	5.0%	(0.5)	821	29	3.6%	4.3%	(12)
Sales - Motor Vehicles	66	8	14.4%	14.0%	6	609	17	3.0%	2.6%	(4)
<b>Corporate &amp; Business - Total</b>	<b>50</b>	<b>(177)</b>	<b>-77.8%</b>	<b>-76.6%</b>	<b>12</b>	<b>1,771</b>	<b>(115)</b>	<b>-6.1%</b>	<b>-4.2%</b>	<b>187</b>
<b>All Other</b>	<b>157</b>	<b>7</b>	<b>4.4%</b>	<b>4.7%</b>	<b>6</b>	<b>1,644</b>	<b>3</b>	<b>0.2%</b>	<b>0.4%</b>	<b>11</b>
<b>Total Tax Collections</b>	<b>1,515</b>	<b>(102)</b>	<b>-6.3%</b>	<b>-6.0%</b>	<b>29</b>	<b>19,659</b>	<b>838</b>	<b>4.5%</b>	<b>5.3%</b>	<b>539</b>

For Immediate Release - July 17, 2013

## June Revenue Collections Total \$2.464 Billion

### June collections top monthly benchmark by \$89 million; full year collections exceed FY13 revised estimate by \$627 million

(Boston, MA) - Revenue Commissioner Amy Pitter today announced that preliminary revenue collections for June totaled \$2.464 billion, \$171 million or 7.4 percent more than the state took in last June. Better than expected corporate and business collections, income cash estimated payments, and strong estate tax payments offset a shortfall in withholding and income tax payments with returns to end the month \$89 million above the monthly benchmark based on the revised FY13 revenue estimate of \$21.496 billion.

The fiscal year ended with \$22.123 billion in revenue collections, \$1.009 billion or 4.8 percent more than a year ago and \$627 million over the FY13 benchmark. Most of the fiscal year surplus was driven by investment-related income surges due to federal tax changes, better than expected corporate profits in 2012 and one-time tax settlements.

“We continue to be cautious about using those hard-to-predict revenue sources to make future budgetary decisions,” said Commissioner Pitter. “We look more to withholding and sales tax revenues to reflect current economic trends and they grew very modestly in FY13 ending below our yearly expectations.”

June is, historically, the second largest tax collection month behind April because quarterly estimated payments are due for both corporate and business taxpayers and individuals. Income tax collections of \$1.296 billion were \$61 million or 5.0 percent more than a year ago and \$9 million over the monthly benchmark, ending the fiscal year with \$12.831 billion which was \$367 million more than anticipated FY13 collections.

Withholding collections for June totaled \$859 million, up \$25 million or 3.0 percent from last June and \$2 million below the June benchmark. The FY13 withholding collections totaled \$10.015 billion, up \$248 million or 2.5 percent from the same period last year, but \$21 million below anticipated full year collections.

Income tax payments with returns or tax bills for June totaled \$45 million, down \$4 million or 8.2 percent from the same period last year and \$10 million below the monthly benchmark. FY13 income tax payments with returns and bills are \$2.113 billion, \$403 million or 23.6 percent more than FY12 and \$211 million above the year-to-date benchmark.

Income cash estimated payments totaled \$442 million, \$47 million or 12.0 percent more than last June and \$28 million above the monthly benchmark. FY13 collections brought in \$2.106 billion which was \$273 million or 14.9 percent over a year ago and \$180 million above the full year benchmark.

Income cash refunds for June totaled \$50 million, up \$6 million or 13.9 percent from last June and \$6 million above the June benchmark. The FY13 cash refunds totaled \$1.408 billion, up \$10 million or 0.7 percent from the same period last year, \$3 million above the full year estimate.

Sales tax collections for June totaled \$454 million, up \$13 million or 2.9 percent from last June and \$5 million above the June benchmark. FY13 sales tax collections totaled \$5.164 billion, up \$105 million or 2.1 percent from the same period last year, but \$12 million below anticipated full year collections.

Corporate and business tax collections of \$491 million were up \$56 million or 12.9 percent from a year ago and were \$38 million above the monthly benchmark. Full year collections totaled \$2.262 billion, \$58 million or 2.5 percent below the same period last year but \$225 million above the full year benchmark.

Other tax collections, which include revenues from deeds and estates, brought in \$224 million, \$40 million or 22.0 percent more than last June and \$37 million over the June benchmark. FY13 collections totaled \$1.867 billion, \$43 million or 2.3 percent above the same period last year and \$48 million above the full year benchmark.

As required by law, tax revenues from realized capital gains exceeding \$1 billion and any settlement or judgment payments above \$10 million are required to be transferred to the stabilization fund. On July 1, 2013, the Department of Revenue and the Office of the Attorney General jointly certified that FY13 tax and non-tax related settlement and judgment payments totaled \$133.8 million (\$109 million of this total was received after last December when the FY13 revenue estimate was revised). DOR is in the process of certifying the total amount of capital gains receipts for FY13.

**June 2013 Tax Collection Summary (in \$ millions)**  
**(Preliminary as of July 17, 2013)**

	----- Month of June -----					----- FY13 Year-to-Date -----				
	06/13 Collections	06/13 v. 06/12 \$ Change	06/13 v. 06/12 Actual % Change	06/13 v. 06/12 Baseline % Change	06/13 \$ Above/(Below) Benchmark Based on FY13 Estimate of \$21.496 Billion	06/13 FY13 YTD Collections	06/13 FY13 YTD \$ Change	06/13 FY13 YTD Actual % Change	06/13 FY13 YTD Baseline % Change	FY13 YTD \$ Above/(Below) Benchmark Based on FY13 Estimate of \$21.496 Billion
<b>Income - Total</b>	<b>1,296</b>	<b>61</b>	<b>5.0%</b>	<b>5.9%</b>	<b>9</b>	<b>12,831</b>	<b>919</b>	<b>7.7%</b>	<b>8.7%</b>	<b>367</b>
Income Withholding	859	25	3.0%	4.1%	(2)	10,015	248	2.5%	3.5%	(21)
Income Est. Payments (Cash)	442	47	12.0%	12.4%	28	2,106	273	14.9%	15.4%	180
Income Returns/Bills	45	(4)	-8.2%	-7.4%	(10)	2,113	403	23.6%	24.7%	211
Income Refunds (Cash)	50	6	13.9%	14.3%	6	1,408	10	0.7%	0.8%	3
<b>Sales &amp; Use - Total</b>	<b>454</b>	<b>13</b>	<b>2.9%</b>	<b>4.4%</b>	<b>5</b>	<b>5,164</b>	<b>105</b>	<b>2.1%</b>	<b>2.4%</b>	<b>(12)</b>
Sales - Regular	315	6	1.9%	2.7%	1	3,596	51	1.5%	1.7%	(1)
Sales - Meals	80	4	4.9%	6.8%	1	901	32	3.7%	4.5%	(11)
Sales - Motor Vehicles	58	3	5.9%	10.1%	3	667	21	3.2%	3.2%	(1)
<b>Corporate &amp; Business - Total</b>	<b>491</b>	<b>56</b>	<b>12.9%</b>	<b>13.1%</b>	<b>38</b>	<b>2,262</b>	<b>(58)</b>	<b>-2.5%</b>	<b>-1.0%</b>	<b>225</b>
<b>All Other</b>	<b>224</b>	<b>40</b>	<b>22.0%</b>	<b>22.2%</b>	<b>37</b>	<b>1,867</b>	<b>43</b>	<b>2.3%</b>	<b>2.5%</b>	<b>48</b>
<b>Total Tax Collections</b>	<b>2,464</b>	<b>171</b>	<b>7.4%</b>	<b>8.3%</b>	<b>89</b>	<b>22,123</b>	<b>1,009</b>	<b>4.8%</b>	<b>5.6%</b>	<b>627</b>

**Memo: Aggregate Value of Tax and Non-Tax Related Settlements & Judgments Exceeding \$10 Million During the Period of July 2012 through June 2013:**

<b>Tax Related</b> Settlements & Judgments Exceeding \$10 Million:	133.8	<i>...included in the YTD collections figures above</i>
<b>Non-Tax Related</b> 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: 133.8

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