

MEMORANDUM

TO: Board of Directors, Massachusetts School Building Authority
FROM: John K. McCarthy
DATE: November 12, 2014
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 2014.

The preliminary data provided by the DOR through October 2014 indicates that SMART collections for fiscal year 2015 through October totaled \$254.8 million, representing approximately \$12 million (5.0%) actual growth from fiscal year 2014 collections through the same period.

The Commonwealth’s fiscal year 2015 consensus revenue estimate for SMART collections is \$771.5 million. The fiscal year 2015 estimate represents approximately \$44 million (6.0%) growth over fiscal year 2014 actual collections.

Staff will continue to monitor SMART collections data and provide the Board with updates on fiscal year 2015 SMART collections, and any changes made by the Commonwealth to the fiscal year 2015 SMART estimate.

For Immediate Release - October 02, 2014

September Revenue Collections Total \$2.467 Billion

(Boston, MA) - Revenue Commissioner Amy Pitter today announced that preliminary revenue collections for September totaled \$2.467 billion, \$53 million or 2.2 percent more than the state took in last September. Withholding payments that were anticipated to be paid in September and were instead paid in August, combined with third quarter corporate and business estimated payments that were below what was expected, resulted in revenues of \$108 million below the monthly benchmark based on the FY15 revenue estimate of \$24.387 billion.

Tax collections for the first quarter of the fiscal year total \$5.693 billion, \$150 million or 2.7 percent more than at this time last year and \$43 million below the year-to-date benchmark.

“Quarterly estimated income tax payments from individuals and businesses make September an important tax collection month,” said Commissioner Pitter. “While we anticipated the timing shift of withholding payments into August would have an impact on September collections, the shortfall in anticipated third quarter corporate and business estimated payments delivered an additional impact on this month’s performance relative to what was anticipated.”

Total income payments for September were \$1.364 billion, \$26 million or 1.9 percent over last September and \$33 million below the monthly benchmark. Year-to-date income tax collections were \$3.165 billion, \$106 million or 3.5 percent over this time last year and \$31 million over the yearly benchmark.

Estimated income payments brought in \$524 million for the month, \$38 million or 7.7 percent more than last September and \$21 million over the monthly benchmark. Year-to-date estimated income tax collections totaled \$572 million, \$40 million or 7.6 percent more than last September and \$21 million over the year-to-date benchmark.

Income tax payments with returns/bills totaled \$34 million for the month, \$4 million or 11.1 percent less than the same period last year and \$14 million below the September benchmark. Year-to-date collections totaled \$106 million, \$60 million or 36.3 percent less than last year at this time and \$20 million below the year-to-date benchmark.

Withholding collections totaled \$825 million, \$13 million or 1.6 percent below last September and \$46 million under the September benchmark. Almost all of the September weakness is due to a timing-related withholding shift of roughly \$40-60 million from September to August. To date for the fiscal year, withholding collections are \$2.541 billion, \$116 million or 4.8 percent more than last September and \$20 million over the year-to-date benchmark.

Corporate and business collections for September were \$446 million, \$7 million or 1.6 percent less than last September and \$66 million below the monthly benchmark. Year-to-date corporate and business collections totaled

\$529 million, \$27 million or 4.8 percent less than the same period last year and \$59 million below the year-to-date benchmark.

Sales and use tax collections for September totaled \$469 million, up \$24 million or 5.4 percent from last September and \$11 million below the monthly benchmark. Collections through the first quarter totaled \$1.465 billion, \$68 million or 4.9 percent over the same period last year and \$18 million below the year-to-date benchmark. Regular sales and use tax collections fell \$14 million below benchmark in September and meals and motor vehicle sales tax collections came in just slightly ahead of benchmark.

The All Other tax category came in at \$2 million above benchmark for September.

Tax amnesty collections for the month of September totaled just over \$13 million with approximately 20 thousand taxpayers participating to date. The two-month tax amnesty period will be open through October 31 to taxpayers who received a notice.

September 2014 Tax Collection Summary (in \$ millions)
(Preliminary as of October 2, 2014)

	----- Month of September -----					----- FY15 Year-to-Date -----				
	09/14 Collections	09/14 v. 09/13 \$ Change	09/14 v. 09/13 Actual % Change	09/14 v. 09/13 Baseline % Change	09/14 \$ Above/(Below) Benchmark Based on FY15 Estimate of \$24.387 Billion	09/14 FY15 YTD Collections	09/14 FY15 YTD \$ Change	09/14 FY15 YTD Actual % Change	09/14 FY15 YTD Baseline % Change	FY15 YTD \$ Above/(Below) Benchmark Based on FY15 Estimate of \$24.387 Billion
Income - Total	1,364	26	1.9%	4.8%	(33)	3,165	106	3.5%	4.1%	31
Income Withholding	825	(13)	-1.5%	3.6%	(46)	2,541	116	4.8%	5.7%	20
Income Est. Payments (Cash)	524	38	7.7%	8.3%	21	572	40	7.6%	8.2%	21
Income Returns/Bills	34	(4)	-11.1%	-29.4%	(14)	106	(60)	-36.3%	-39.6%	(20)
Income Refunds (Cash)	19	(5)	-21.2%	-21.2%	(5)	54	(10)	-15.2%	-15.2%	(10)
Sales & Use - Total	469	24	5.4%	3.1%	(11)	1,465	68	4.9%	3.9%	(18)
Sales - Regular	303	9	3.0%	1.4%	(14)	982	45	4.8%	3.5%	(15)
Sales - Meals	97	7	7.3%	4.3%	0.5	277	13	5.0%	4.1%	(1)
Sales - Motor Vehicles	69	8	13.6%	9.5%	2	206	11	5.4%	5.4%	(1)
Corporate & Business - Total	446	(7)	-1.6%	-4.6%	(66)	529	(27)	-4.8%	-7.3%	(59)
All Other	188	10	5.8%	6.1%	2	535	2	0.4%	-2.8%	3
Total Tax Collections	2,467	53	2.2%	2.8%	(108)	5,693	150	2.7%	2.3%	(43)
<i>Tax Related Settlements & Judgments Exceeding \$10 Million Each:</i>										
	0.0					0.0				<i>...NOT included in the June and YTD collections figures above</i>
Total Tax Collections (*)	2,467	53	2.2%	2.8%	(108)	5,693	150	2.7%	2.3%	(43)

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

(*) Including tax-related settlements & judgments

For Immediate Release - November 05, 2014

October Revenue Collections Total \$1.617 Billion

(Boston, MA) - Revenue Commissioner Amy Pitter today announced that preliminary revenue collections for October totaled \$1.617 billion, \$62 million or 4.0 percent more than the state took in last October. Excluding the \$13.5 million in one-time tax settlement payments received in October, revenue collections totaled \$1.603 billion, \$49 million or 3.1 percent more than last October. Greater than expected individual income estimated tax payments, less than expected individual refunds and stronger than expected corporate and business tax payments, combined to offset less than expected income payments with bills and returns and less than expected sales tax collections to finish out the month \$12 million above the monthly benchmark (excluding one-time settlement payments) based on the FY15 revenue estimate of \$24.387 billion.

Year-to-date tax collections totaled \$7.310 billion, \$212 million or 3.0 percent more than this time last year. Excluding the \$13.5 million in one-time tax settlements received year-to-date, tax collections totaled \$7.296 billion year-to-date, and \$32 million below the year-to-date benchmark.

“October, a small tax collection month with no quarterly estimated tax payments due, closed slightly above projections,” said Commissioner Pitter. “At four months into the fiscal year, we are above where we were at this time last year but slightly below what we expected mostly due to lower than projected sales, corporate and business tax collections.”

Individual income tax payments for October totaled \$915 million, \$81 million or 9.7 percent more than last October and \$16 million above the monthly benchmark. Year-to-date income tax payments totaled \$4.081 billion, \$188 million or 4.8 percent over this time last year and \$48 million over the year-to-date benchmark.

Estimated income tax payments totaled \$41 million for the month, \$7 million or 20.5 percent more than last October and \$6 million over the monthly benchmark. Year-to-date estimated income tax collections totaled \$614 million, \$48 million or 8.5 percent over last year at this time and \$28 million over the year-to-date benchmark.

Income tax payments with returns and bills brought in \$101 million for the month, \$1 million or 0.8 percent more than last October and \$12 million below the October benchmark. Year-to-date collections totaled \$208 million, \$59 million or 22.1 percent below last year at this time and \$32 million below the year-to-date benchmark.

Withholding collections totaled \$860 million, \$47 million or 5.7 percent more than last October and \$4 million below the monthly benchmark. Through the first four months of the fiscal year withholdings totaled \$3.401 billion, \$163 million or 5.0 percent over the same time last year and \$16 million over the year-to-date benchmark.

Excluding the \$13.5 million in one-time tax settlement payments, corporate and business collections for October were \$15 million, \$66 million less than last October and \$6 million above the monthly benchmark. Year-to-date corporate and business collections (excluding one-time settlement payments) totaled \$545 million, \$92 million or 14.4 percent less than the same period last year and \$52 million below the year-to-date benchmark.

Sales and use tax collections for the month totaled \$494 million, up \$27 million or 5.8 percent from last October and \$9 million below the monthly benchmark. Year-to-date collections totaled \$1.959 billion, \$95 million or 5.1 percent over the same period last year and \$27 million below the year-to-date benchmark. Regular sales and use tax collections were \$11 million below benchmark in October and \$25 million below benchmark year-to-date. Motor vehicles sales tax collections came in almost at benchmark in October and slightly below benchmark by \$1 million year-to-date. Meals tax was slightly above benchmark by \$1 million in October but less than expected by \$1 million year-to-date.

Preliminary tax amnesty collections, which are largely reflected in income and sales tax revenues, totaled just over \$39 million through the month of October with approximately forty-nine thousand taxpayers participating to date. The two-month tax amnesty period closed on October 31. However, collections will continue into November for taxpayers who meet the timing criteria for submitting payments.

October 2014 Tax Collection Summary (in \$ millions)
(Preliminary as of November 5, 2014)

	----- Month of October -----					----- FY15 Year-to-Date -----				
	10/14 Collections	10/14 v. 10/13 \$ Change	10/14 v. 10/13 Actual % Change	10/14 v. 10/13 Baseline % Change	10/14 \$ Above/(Below) Benchmark Based on FY15 Estimate of \$24.387 Billion	10/14 FY15 YTD Collections	10/14 FY15 YTD \$ Change	10/14 FY15 YTD Actual % Change	10/14 FY15 YTD Baseline % Change	FY15 YTD \$ Above/(Below) Benchmark Based on FY15 Estimate of \$24.387 Billion
Income - Total	915	81	9.7%	8.9%	16	4,081	188	4.8%	4.5%	48
Income Withholding	860	47	5.7%	6.9%	(4)	3,401	163	5.0%	5.3%	16
Income Est. Payments (Cash)	41	7	20.5%	20.9%	6	614	48	8.5%	9.1%	28
Income Returns/Bills	101	1	0.8%	-15.4%	(12)	208	(59)	-22.1%	-31.8%	(32)
Income Refunds (Cash)	85	(28)	-24.7%	-24.7%	(28)	140	(38)	-21.3%	-21.3%	(38)
Sales & Use - Total	494	27	5.8%	3.4%	(9)	1,959	95	5.1%	3.7%	(27)
Sales - Regular	338	16	4.9%	2.6%	(11)	1,320	61	4.8%	3.2%	(25)
Sales - Meals	90	7	8.1%	3.7%	1	366	19	5.6%	3.7%	(1)
Sales - Motor Vehicles	66	4	7.3%	7.3%	0	272	15	5.9%	5.9%	(1)
Corporate & Business - Total	15	(66)	-81.0%	-88.8%	6	545	(92)	-14.4%	-17.5%	(52)
All Other	179	7	3.9%	4.1%	(1)	711	7	1.0%	-1.4%	(0)
Total Tax Collections	1,603	49	3.1%	1.6%	12	7,296	198	2.8%	1.7%	(32)
<i>Tax Related Settlements & Judgments Exceeding \$10 Million Each (NOT included in the October and YTD collections figures above. October and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).</i>										
	13.5					13.5				
Total Tax Collections (Including tax-related settlements & judgments)	1,617	62	4.0%	2.5%		7,310	212	3.0%	1.9%	
Corporate & Business - Total (Including tax-related settlements & judgments)	29	(52)	-64.4%	-72.2%		559	(78)	-12.3%	-15.4%	

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