

MEMORANDUM

TO: Board of Directors, Massachusetts School Building Authority
FROM: Maureen Valente, Chief Executive Officer and John K. McCarthy, Executive Director
DATE: November 6, 2015
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 2015 (preliminary).

The preliminary data provided by the DOR indicates that SMART collections for fiscal year 2016 through September totaled \$201.8 million, representing approximately 6.1% actual growth from fiscal year 2015 collections through the same period.

The Commonwealth’s fiscal year 2016 updated revenue estimate from DOR for SMART collections is approximately \$800.8 million. The fiscal year 2016 estimate represents approximately \$36.7 million (4.8%) growth over fiscal year 2015 actual collections.

Staff will continue to monitor SMART collections data and provide the Board with updates on fiscal year 2016 SMART collections, and any additional changes made by the Commonwealth to the fiscal year 2016 SMART estimate.



MASSACHUSETTS DEPARTMENT OF REVENUE

Mark Nunnely, Commissioner

For Immediate Release:

October 5, 2015

Contact:

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September Revenue Collections Total \$2.553 Billion

(Boston, MA)-Revenue Commissioner Mark Nunnely today announced that preliminary revenue collections for September totaled \$2.553 billion, \$86 million or 3.5 percent more than the state took in last September. Three months into the fiscal year, revenues totaled \$5.952 billion, \$259 million or 4.6 percent more than last year at this time and \$35 million above benchmark.

- Revenues were slightly (\$3 million) below benchmark for September
- Income collections were \$18 million above the monthly benchmark
- Withholding collections were \$11 million below the September benchmark
- Corporate & business taxes were \$39 million below monthly benchmark
- Sales and use tax collections were \$12 million above the monthly benchmark
- All other collections came in \$7 million above the September benchmark

“September is an important tax collection month with both income and corporate and business quarterly estimated payments due September 15,” said Commissioner Nunnely. “We closed September just below the monthly benchmark largely due to greater than expected corporate refunds, some of which represent a shift from August to September. Less than expected corporate revenues were largely offset by stronger than expected income cash estimated payments.”

- Income tax collections were \$1.429 billion, \$64 million or 4.7 percent more than last September and \$18 million above the monthly benchmark.
 - Withholding collections totaled \$841 million, up \$16 million or 2 percent more than last year and \$11 million below benchmark for the month.
 - Income tax payments with returns or tax bills totaled \$40 million, \$5 million or 15.1 percent more than last September and \$14 million above the monthly benchmark.
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- Income tax estimated payments totaled \$582 million, \$58 million or 11.1 percent more than last September and \$30 million above the September benchmark.
- Income cash refunds totaled \$34 million, \$15 million or 77.4 percent more than last September and \$15 million above the monthly benchmark.
- Corporate and business tax collections totaled \$434 million, \$13 million or 2.8 percent less than last September and \$39 million below the monthly benchmark.
- Sales tax collections totaled \$498 million for the month, \$30 million or 6.3 percent more than last September and \$12 million above the September benchmark. This month's sales tax collections total includes activity from August's sales tax holiday. As has been the case with previous sales tax holidays, DOR will file a report by December 31 that estimates the impact of the August, 2015 sales tax holiday.
- Other tax collections totaled \$191 million, \$5 million or 2.7 percent more than last year and \$7 million above benchmark for the month.

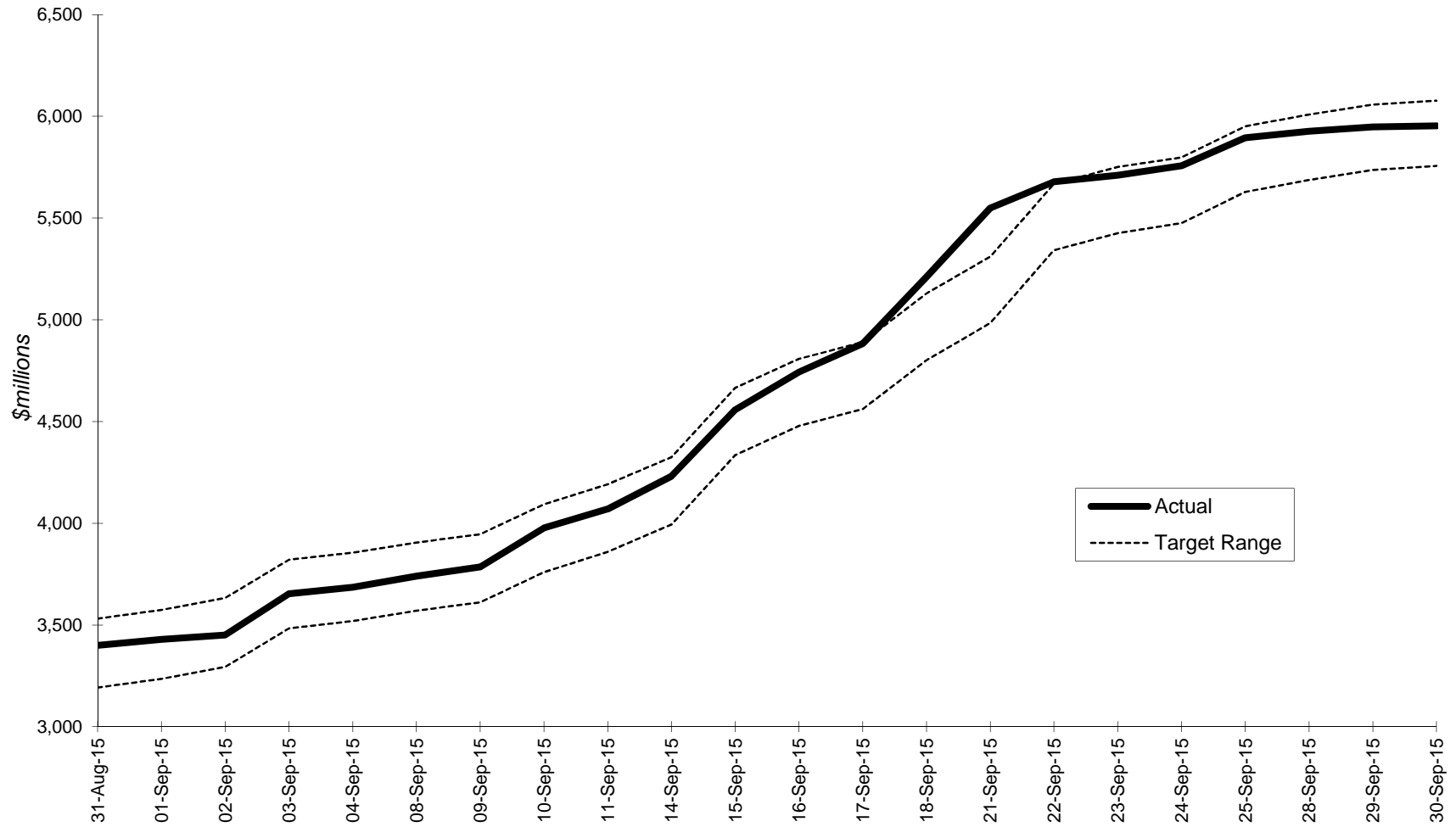
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September 2015 Tax Collection Summary (in \$ millions)
(Preliminary as of October 1, 2015)

	----- Month of September -----					----- FY16 Year-to-Date -----				
	09/16 Collections	09/16 v. 09/15 \$ Change	09/16 v. 09/15 Actual % Change	09/16 v. 09/15 Baseline % Change	09/16 \$ Above/(Below) Benchmark Based on FY16 Estimate of \$25.611 Billion	09/16 FY16 YTD Collections	09/16 FY16 YTD \$ Change	09/16 FY16 YTD Actual % Change	09/16 FY16 YTD Baseline % Change	FY16 YTD \$ Above/(Below) Benchmark Based on FY16 Estimate of \$25.611 Billion
Income - Total	1,429	64	4.7%	7.3%	18	3,316	150	4.7%	6.4%	23
Income Withholding	841	16	2.0%	4.5%	(11)	2,672	131	5.1%	6.5%	19
Income Est. Payments (Cash)	582	58	11.1%	11.7%	30	632	59	10.3%	10.9%	29
Income Returns/Bills	40	5	15.1%	45.9%	14	106	(0)	-0.3%	12.9%	15
Income Refunds (Cash)	34	15	77.4%	77.4%	15	94	39	72.4%	72.4%	40
Sales & Use - Total	498	30	6.3%	7.4%	12	1,556	91	6.2%	6.4%	24
Sales - Regular	323	20	6.5%	7.3%	9	1,041	59	6.0%	6.2%	19
Sales - Meals	102	5	5.6%	8.1%	3	295	19	6.9%	7.7%	8
Sales - Motor Vehicles	74	4	6.4%	7.0%	0	220	14	6.6%	6.0%	(2)
Corporate & Business - Total	434	(13)	-2.8%	0.7%	(39)	531	1	0.1%	0.2%	(28)
All Other	191	5	2.7%	2.9%	7	550	17	3.3%	3.3%	16
Total Tax Collections	2,553	86	3.5%	5.8%	(3)	5,952	259	4.6%	5.5%	35
<i>Tax-Related Settlements & Judgments Exceeding \$10 Million Each</i> (NOT included in the September and YTD collections figures above. September and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).										
	0.0					0.0				
Total Tax Collections (Including tax-related settlements & judgments)	2,553	86	3.5%	5.8%		5,952	259	4.6%	5.5%	
Corporate & Business - Total (Including tax-related settlements & judgments)	434	(13)	-2.8%	0.7%		531	1	0.1%	0.2%	
Income Returns/Bills (Including tax-related settlements & judgments)	40	5	15.1%	45.9%		106	(0)	-0.3%	12.9%	

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

FY2016 Year-to-Date Tax Revenue Through September 30, 2015



YTD target range is based on FY2016 tax revenue estimate of \$25,611 billion (includes \$986.3 million in MBTA transfer funds).



MASSACHUSETTS DEPARTMENT OF REVENUE

Mark Nunnely, Commissioner

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October Revenue Collections Total \$1.662 Billion

(Boston, MA)-Revenue Commissioner Mark Nunnely today announced that preliminary revenue collections for October totaled \$1.662 billion, \$46 million or 2.9 percent more than the state took in last October. Four months into the fiscal year, revenues total \$7.613 billion, \$304 million or 4.2 percent more than last year at this time and \$126 million above benchmark.

- Revenues were \$92 million above benchmark for October
- Income collections were \$64 million above the monthly benchmark
- Withholding collections were \$14 million below the October benchmark
- Corporate & business taxes were on the monthly benchmark
- Sales and use tax collections were \$13 million above the monthly benchmark
- All other collections came in \$15 million above the October benchmark

“October is a relatively small collection month with no quarterly estimated tax payments due for individual taxpayers or most corporations,” said Commissioner Nunnely. “Refunds are typically high this month reflecting the processing of returns filed to meet the October 15 extension date. We closed October above the monthly benchmark largely due to fewer refunds processed than anticipated for returns filed to meet the extension date. We may see additional refunds reflected in November revenue reporting as extension returns continue to be processed.”

- Income tax collections were \$931 million, \$15 million or 1.7 percent more than last October and \$64 million above the monthly benchmark.
- Withholding collections totaled \$831 million, down \$29 million or 3.4 percent from the same period last year and \$14 million below benchmark for the month.

- Income tax payments with returns or tax bills totaled \$103 million, or just 0.9 percent more than last October and \$17 million above the monthly benchmark.
- Income tax estimated payments totaled \$53 million, \$12 million or 27.8 percent more than last October and \$9 million above the October benchmark.
- Income cash refunds totaled \$53 million, \$32 million or 37.9 percent less than last October and \$52 million below the monthly benchmark.
- Corporate and business tax collections totaled \$16 million, \$13 million or 46.1 percent less than last October and right on the monthly benchmark.
- Sales tax collections totaled \$519 million for the month, \$25 million or 5.1 percent more than last October and \$13 million above the October benchmark.
- Other tax collections totaled \$196 million, \$19 million or 10.9 percent more than last year and \$15 million above benchmark for the month.

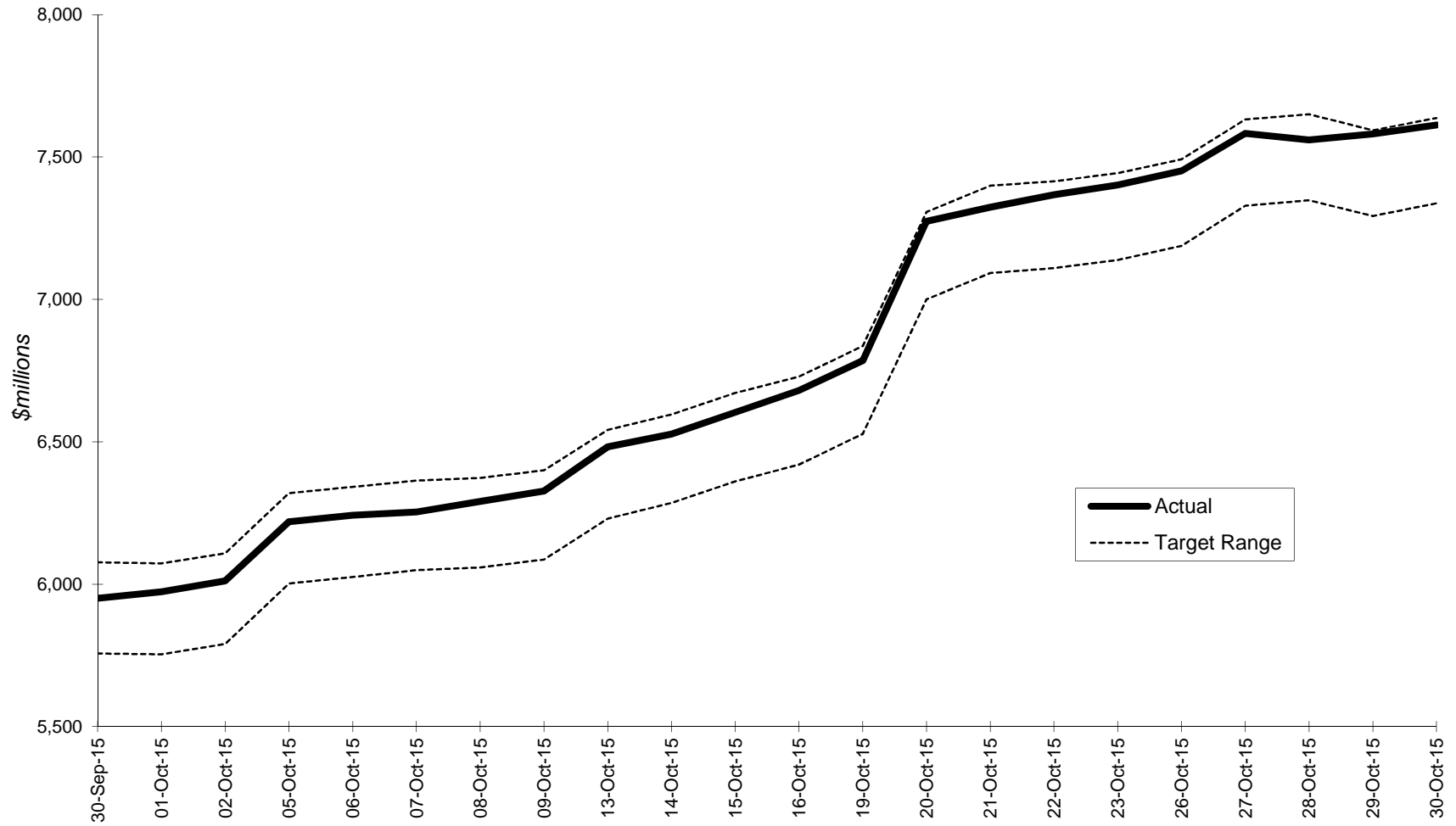
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October 2015 Tax Collection Summary (in \$ millions)
(Preliminary as of November 5, 2015)

	----- Month of October -----					----- FY16 Year-to-Date -----				
	10/15 Collections	10/15 v. 10/14 \$ Change	10/15 v. 10/14 Actual % Change	10/15 v. 10/14 Baseline % Change	10/15 \$ Above/(Below) Benchmark Based on FY16 Estimate of \$25.611 Billion	10/15 FY16 YTD Collections	10/15 FY16 YTD \$ Change	10/15 FY16 YTD Actual % Change	10/15 FY16 YTD Baseline % Change	FY16 YTD \$ Above/(Below) Benchmark Based on FY16 Estimate of \$25.611 Billion
Income - Total	931	15	1.7%	10.1%	64	4,247	165	4.0%	7.2%	87
Income Withholding	831	(29)	-3.4%	4.2%	(14)	3,503	102	3.0%	5.9%	5
Income Est. Payments (Cash)	53	12	27.8%	28.4%	9	684	70	11.4%	12.0%	38
Income Returns/Bills	103	1	0.9%	22.6%	17	209	1	0.5%	17.8%	32
Income Refunds (Cash)	53	(32)	-37.9%	-26.2%	(52)	147	7	5.0%	12.2%	(12)
Sales & Use - Total	519	25	5.1%	7.5%	13	2,075	116	5.9%	6.7%	37
Sales - Regular	354	16	4.6%	6.1%	5	1,395	75	5.6%	6.2%	24
Sales - Meals	93	3	3.9%	8.3%	3	388	22	6.1%	7.8%	10
Sales - Motor Vehicles	72	6	9.3%	13.7%	4	292	20	7.3%	7.9%	2
Corporate & Business - Total	16	(13)	-46.1%	-114.0%	(0)	546	(13)	-2.3%	-5.7%	(28)
All Other	196	19	10.9%	11.1%	15	745	35	5.0%	5.1%	30
Total Tax Collections	1,662	46	2.9%	7.2%	92	7,613	304	4.2%	5.9%	126
<i>Tax-Related Settlements & Judgments Exceeding \$10 Million Each</i> (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).										
	0.0					0.0				
Total Tax Collections (Including tax-related settlements & judgments)	1,662	46	2.9%	7.2%		7,613	304	4.2%	5.9%	
Corporate & Business - Total (Including tax-related settlements & judgments)	16	(13)	-46.1%	N/A		546	(13)	-2.3%	-5.7%	
Income Returns/Bills (Including tax-related settlements & judgments)	103	1	0.9%	22.6%		209	1	0.5%	17.8%	

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

FY2016 Year-to-Date Tax Revenue Through October 31, 2015



YTD target range is based on FY2016 tax revenue estimate of \$25,611 billion (includes \$986.3 million in MBTA transfer funds).