

## MEMORANDUM

**TO:** Board of Directors, Massachusetts School Building Authority  
**FROM:** John K. McCarthy  
**DATE:** January 7, 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 November and December 2014.

The preliminary data provided by the DOR through December 2014 indicates that SMART collections for fiscal year 2015 through December totaled \$375.5 million, representing approximately \$16.3 million (4.5%) actual growth from fiscal year 2014 collections through the same period.

The Commonwealth’s fiscal year 2015 consensus revenue estimate for SMART collections is approximately \$772 million. The fiscal year 2015 estimate represents approximately \$45 million (6.2%) growth over fiscal year 2014 actual collections.

Staff will continue to monitor SMART collections data and provide the Board with the next update on fiscal year 2015 SMART collections at the March 2015 meeting of the Board of Directors.

**For Immediate Release - December 03, 2014**

## **November Revenue Collections Total \$1.593 Billion**

### **Final threshold has been met to lower income tax rate**

**(Boston, MA)**-Revenue Commissioner Amy Pitter today announced that preliminary revenue collections for November totaled \$1.593 billion, \$23 million or 1.5 percent more than the state took in last November. Strong performance in withholding collections and better than expected individual estimated tax payments were offset by greater than expected individual refunds, lower than expected sales taxes, lower than expected corporate and business taxes and lower than expected income tax payments with bills and returns to close out the month \$9 million below the monthly benchmark based on the FY15 revenue estimate of \$24.387 billion.

Year-to-date tax collections totaled \$8.901 billion, \$233 million or 2.7 percent more than this time last year. Excluding the \$13.5 million in one-time tax settlements received year-to-date, tax collections totaled \$8.888 billion year-to-date, \$43 million below the year-to-date benchmark.

In addition, the Department of Revenue certified that revenue growth has met the final threshold needed to lower the personal income tax rate from 5.20 percent to 5.15 percent beginning January 1, 2015. As a result, revenue collections for the remainder of the fiscal year will drop by an estimated \$70 million.

“November collections came in slightly above last year at this time but below what we anticipated largely due to below-benchmark performance in most categories.” said Commissioner Pitter. “With individual refunds down in October, we anticipated there would be a shift into November and refunds did increase considerably over benchmark. Strong performance in withholding collections and income tax estimated payments could not offset more than expected refunds and less than expected collections in sales and corporate and business taxes.”

Total income tax collections for November were \$930 million, \$3 million or 0.4 percent below last November and about the same as the monthly benchmark. Year-to-date income tax collections totaled \$5.012 billion, \$186 million or 3.9 percent over this time last year and \$49 million over the year-to-date benchmark.

November withholding collections totaled \$927 million, \$22 million or 2.4 percent more than last November and \$38 million above the monthly benchmark. So far this fiscal year, withholding collections are \$4.328 billion, \$185 million or 4.5 percent over the same period last year and \$53 million over the year-to-date benchmark.

Estimated income tax payments brought in \$23 million for the month, \$6 million or 33.6 percent more than last November and \$5 million over the monthly benchmark. Year-to-date estimated income tax collections totaled \$637 million, \$54 million or 9.3 percent over last year at this time and \$33 million over the year-to-date benchmark.

Income tax payments with returns or bills brought in \$37 million for the month, \$4 million or 10.8 percent less than last November and \$16 million below the November benchmark. Year-to-date income tax payments with returns or bills totaled \$245 million, \$63 million or 20.3 percent less than last year at this time and \$47 million below the year-to-date benchmark.

Income tax refunds totaled \$57 million for the month, \$26 million or 87.8 percent more than last November and \$26 million above the November benchmark. Year-to-date income tax refunds totaled \$196 million, \$11 million or 5.5 percent less than last year at this time and \$11 million below the year-to-date benchmark.

Sales and use tax collections for November totaled \$462 million, up \$25 million or 5.6 percent from last November and \$4.3 million below the monthly benchmark. Collections through the first five months of the fiscal year totaled \$2,420 million, \$119 million or 5.2 percent over the same period last year and \$32 million below the year-to-date benchmark.

Corporate and business tax collections for November were \$19 million, \$8 million or 29.1 percent less than last November and \$6 million below the monthly benchmark. Excluding the \$13.5 million in one-time tax settlement payments, year-to-date corporate and business tax collections totaled \$564 million, \$99 million or 15.0 percent less than the same period last year and \$59 million below the year-to-date benchmark.

Preliminary tax amnesty collections, which are largely reflected in income and sales tax revenues, totaled approximately \$57 million through the end of November with about sixty-one thousand taxpayers participating to date. The two-month tax amnesty period closed on October 31, however, processing will continue until all payments are validated. A final report will be released when processing is completed.

**November 2014 Tax Collection Summary (in \$ millions)**  
**(Preliminary as of December 3, 2014)**

	----- Month of November -----					----- FY15 Year-to-Date -----				
	11/14 Collections	11/14 v. 11/13 \$ Change	11/14 v. 11/13 Actual % Change	11/14 v. 11/13 Baseline % Change	11/14 \$ Above/(Below) Benchmark Based on FY15 Estimate of \$24.387 Billion	11/14 FY15 YTD Collections	11/14 FY15 YTD \$ Change	11/14 FY15 YTD Actual % Change	11/14 FY15 YTD Baseline % Change	FY15 YTD \$ Above/(Below) Benchmark Based on FY15 Estimate of \$24.387 Billion
<b>Income - Total</b>	<b>930</b>	<b>(3)</b>	<b>-0.4%</b>	<b>3.2%</b>	<b>0.3</b>	<b>5,012</b>	<b>186.0</b>	<b>3.85%</b>	<b>4.12%</b>	<b>49</b>
Income Withholding	927	22	2.4%	4.6%	38	4,328	185.0	4.5%	5.5%	53
Income Est. Payments (Cash)	23	6	33.6%	34.2%	5	637	54	9.3%	9.9%	33
Income Returns/Bills	37	(4)	-10.8%	-27.3%	(16)	245	(63)	-20.3%	-30.5%	(47)
Income Refunds (Cash)	57	26	87.8%	21.4%	26	196	(11)	-5.5%	-5.5%	(11)
<b>Sales &amp; Use - Total</b>	<b>462</b>	<b>25</b>	<b>5.6%</b>	<b>4.3%</b>	<b>(4.3)</b>	<b>2,420</b>	<b>119</b>	<b>5.2%</b>	<b>3.8%</b>	<b>(32)</b>
Sales - Regular	325	18	5.8%	3.8%	(5.3)	1,645	78	5.0%	3.3%	(31)
Sales - Meals	85	6	7.7%	4.6%	1.0	451	25	5.9%	3.8%	(0)
Sales - Motor Vehicles	52	1	1.5%	6.4%	(0.04)	324	16	5.0%	5.9%	(1)
<b>Corporate &amp; Business - Total</b>	<b>19</b>	<b>(8)</b>	<b>-29.1%</b>	<b>-41.6%</b>	<b>(6)</b>	<b>564</b>	<b>(99)</b>	<b>-15.0%</b>	<b>-18.5%</b>	<b>(59)</b>
<b>All Other</b>	<b>182</b>	<b>9</b>	<b>5.4%</b>	<b>5.7%</b>	<b>1</b>	<b>891</b>	<b>14</b>	<b>1.6%</b>	<b>-0.2%</b>	<b>(1)</b>
<b>Total Tax Collections</b>	<b>1,593</b>	<b>23</b>	<b>1.5%</b>	<b>3.0%</b>	<b>(9)</b>	<b>8,888</b>	<b>220</b>	<b>2.5%</b>	<b>1.9%</b>	<b>(43)</b>
<i>Tax Related Settlements &amp; Judgments Exceeding \$10 Million Each (NOT included in the November and YTD collections figures above. November and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).</i>										
	<b>0.0</b>					<b>13.5</b>				
<b>Total Tax Collections</b> (Including tax-related settlements & judgments)	<b>1,593</b>	<b>23</b>	<b>1.5%</b>	<b>3.0%</b>		<b>8,901</b>	<b>233</b>	<b>2.7%</b>	<b>2.0%</b>	
<b>Corporate &amp; Business - Total</b> (Including tax-related settlements & judgments)	<b>19</b>	<b>(8)</b>	<b>-29.1%</b>	<b>-41.6%</b>		<b>578</b>	<b>(86)</b>	<b>-12.9%</b>	<b>-16.4%</b>	

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

For Immediate Release - January 06, 2015

## December Revenue Collections Total \$2.307 Billion

(Boston, MA) - Revenue Commissioner Amy Pitter today announced that preliminary revenue collections for December totaled \$2.307 billion, \$211 million or 10.1 percent more than the state took in last December. Excluding the \$10.5 million in one-time tax settlement payments received in December, revenue collections totaled \$2.296 billion, \$201 million or 9.6 percent more than last December and \$29 million above the monthly benchmark based on the FY15 revenue estimate of \$24.387 billion.

“We finished December above what we expected largely due to greater than anticipated individual income estimated tax payments, corporate and business collections and estate tax collections which combined to offset less than expected withholding and sales tax payments,” said Commissioner Pitter. “December’s withholding collections came in \$55 million below what we expected. This reflected a timing difference as November withholding collections totaled \$38 million more than predicted.”

Year-to-date tax collections totaled \$11.204 billion, \$440 million or 4.1 percent more than this time last year. Excluding the \$24.0 million in one-time tax settlements received year-to-date, tax collections totaled \$11.180 billion year-to-date, 416 billion or 3.9 percent more than this time last year and \$18 million below the year-to-date benchmark.

Individual income tax payments for December totaled \$1.321 billion, \$112 million or 9.3 percent more than last December and \$14 million below the monthly benchmark. Year-to-date income tax payments totaled \$6.333 billion, \$297 million or 4.9 percent over this time last year and \$34 million over the year-to-date benchmark.

Estimated income tax payments totaled \$251 million for the month, \$52 million or 26.4 percent more than last December and \$45 million over the monthly benchmark. Year-to-date estimated income tax collections totaled \$886 million, \$105 million or 13.4 percent over last year at this time and \$77 million over the year-to-date benchmark.

Income tax payments with returns and bills brought in \$33 million for the month, \$2 million or 5.3 percent less than last December and \$2 million below the December benchmark. Year-to-date collections totaled \$279 million, \$64 million or 18.6 percent below last year at this time and \$48 million below the year-to-date benchmark.

Withholding collections totaled \$1.045 billion, \$64 million or 6.5 percent more than last December and \$55 million below the monthly benchmark. Through the first six months of the fiscal year, withholdings totaled \$5.373 billion, \$249 million or 4.9 percent over the same time last year and \$2 million below the year-to-date benchmark.

Excluding the \$10.5 million in one-time tax settlement payments, corporate and business collections for December were \$323 million, \$40 million more than last December and \$30 million above the monthly benchmark. Year-to-date corporate and business collections (excluding one-time settlement payments) totaled \$887 million, \$59 million or 6.2 percent less than the same period last year and \$28 million below the year-to-date benchmark.

Sales and use tax collections for the month totaled \$458 million, up \$14 million or 3.1 percent from last December and \$16 million below the monthly benchmark. Year-to-date collections totaled \$2.876 billion, \$130 million or 4.7 percent over the same period last year and \$50 million below the year-to-date benchmark. Regular sales and use tax collections were \$17 million below benchmark in December and \$48 million below benchmark year-to-date. Motor vehicles sales tax collections came in just \$3 million above benchmark for December and \$0.1 million above benchmark year-to-date. Meals tax was \$1 million below benchmark for the month and \$2 million below benchmark year-to-date.

All other tax collections totaled \$194 million for December, \$35 million more than last December and \$28 million over the monthly benchmark. Almost all of the December performance was attributable to estate tax, which is in general hard to predict. Year-to-date all other tax collections totaled \$1.084 billion, \$48 million or 4.6% more than the same time last year and \$26 million above the year-to-date benchmark.

**December 2014 Tax Collection Summary (in \$ millions)**  
**(Preliminary as of January 6, 2015)**

	----- Month of December -----					----- FY15 Year-to-Date -----				
	12/14 Collections	12/14 v. 12/13 \$ Change	12/14 v. 12/13 Actual % Change	12/14 v. 12/13 Baseline % Change	12/14 \$ Above/(Below) Benchmark Based on FY15 Estimate of \$24.387 Billion	12/14 FY15 YTD Collections	12/14 FY15 YTD \$ Change	12/14 FY15 YTD Actual % Change	12/14 FY15 YTD Baseline % Change	FY15 YTD \$ Above/(Below) Benchmark Based on FY15 Estimate of \$24.387 Billion
<b>Income - Total</b>	<b>1,321</b>	<b>112</b>	<b>9.3%</b>	<b>9.8%</b>	<b>(14)</b>	<b>6,333</b>	<b>297</b>	<b>4.9%</b>	<b>5.2%</b>	<b>34</b>
Income Withholding	1,045	64	6.5%	6.9%	(55)	5,373	249	4.9%	5.7%	(2)
Income Est. Payments (Cash)	251	52	26.4%	26.9%	45	886	105	13.4%	14.0%	77
Income Returns/Bills	33	(2)	-5.3%	-3.2%	(2)	279	(64)	-18.6%	-28.2%	(48)
Income Refunds (Cash)	8	3	53.7%	53.7%	3	204	(9)	-4.0%	-4.0%	(9)
<b>Sales &amp; Use - Total</b>	<b>458</b>	<b>14</b>	<b>3.1%</b>	<b>2.3%</b>	<b>(16)</b>	<b>2,876</b>	<b>130</b>	<b>4.7%</b>	<b>3.4%</b>	<b>(50)</b>
Sales - Regular	314	1	0.5%	0.3%	(17)	1,959	80	4.2%	2.8%	(48)
Sales - Meals	78	3	4.5%	3.8%	(1)	528	28	5.5%	3.6%	(2)
Sales - Motor Vehicles	65	9	15.4%	11.0%	3	388	23	6.3%	6.3%	0.1
<b>Corporate &amp; Business - Total</b>	<b>323</b>	<b>40</b>	<b>14.2%</b>	<b>11.3%</b>	<b>30</b>	<b>887</b>	<b>(59)</b>	<b>-6.2%</b>	<b>-9.6%</b>	<b>(28)</b>
<b>All Other</b>	<b>194</b>	<b>35</b>	<b>21.9%</b>	<b>22.4%</b>	<b>28</b>	<b>1,084</b>	<b>48</b>	<b>4.6%</b>	<b>3.2%</b>	<b>26</b>
<b>Total Tax Collections</b>	<b>2,296</b>	<b>201</b>	<b>9.6%</b>	<b>9.3%</b>	<b>29</b>	<b>11,180</b>	<b>416</b>	<b>3.9%</b>	<b>3.3%</b>	<b>(18)</b>
<i>Tax Related Settlements &amp; Judgments Exceeding \$10 Million Each (NOT included in the December and YTD collections figures above. December and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).</i>										
	<b>10.5</b>					<b>24.0</b>				
<b>Total Tax Collections</b> <small>(Including tax-related settlements &amp; judgments)</small>	<b>2,307</b>	<b>211</b>	<b>10.1%</b>	<b>9.8%</b>		<b>11,204</b>	<b>440</b>	<b>4.1%</b>	<b>3.5%</b>	
<b>Corporate &amp; Business - Total</b> <small>(Including tax-related settlements &amp; judgments)</small>	<b>333</b>	<b>51</b>	<b>18.0%</b>	<b>15.0%</b>		<b>911</b>	<b>(35)</b>	<b>-3.7%</b>	<b>-7.1%</b>	

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