

## MEMORANDUM

**TO:** Board of Directors, Massachusetts School Building Authority  
**FROM:** John K. McCarthy  
**DATE:** March 18, 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 January and February 2015.

The preliminary data provided by the DOR through February indicates that SMART collections for fiscal year 2015 through February totaled \$506.7 million, representing approximately \$22.9 million (4.7%) actual growth from fiscal year 2014 collections through the same period.

The Commonwealth’s fiscal year 2015 estimate for SMART collections is approximately \$772.3 million. The fiscal year 2015 estimate represents approximately \$45 million (6.2%) growth over fiscal year 2014 actual collections.

Additionally, the Commonwealth has arrived at a consensus revenue estimate for fiscal year 2016, and the estimate projects SMART collections of \$803.9 million for fiscal year 2016. The Commonwealth’s fiscal year 2016 estimate for SMART collections represents approximately 4% growth over fiscal year 2015 projected collections.

Staff will continue to monitor sales tax collections against projections and update the Board on collections at the June 3, 2015 meeting of the Board.

For Immediate Release - March 04, 2015

## February Revenue Collections Total \$1.538 Billion

Revenue Commissioner Amy Pitter today announced that preliminary revenue collections for February totaled \$1.538 billion, 201 million or 15.0 percent more than last February. Excluding the \$26.5 million in one-time tax settlement payments received in February, revenue collections totaled \$1.512 billion, \$174 million or 13.0 percent more than last February, and finished the month \$155 million above benchmark based on the FY15 revenue estimate of \$24.307 billion.

Much of the better than expected performance is due to delays in issuing refunds. As reported earlier this month, the Department of Revenue (DOR), like many revenue agencies across the country, held up refunds in February for further scrutiny in response to reports of increased refund fraud. Refunds are being released to taxpayers, but a greater number than last February are being set aside for additional analysis and will not be reflected in net revenues until March or even April.

Eight months into the fiscal year, revenue collections total \$15.318 billion, \$788 million or 5.4 percent more than this time last year. Excluding the \$148.1 million in one-time tax-related settlement payments received year to date, tax collections totaled \$15.170 billion, \$642 million or 4.4 percent more than last year, and \$232 million above the year-to-date benchmark.

"We had no choice but to respond to the increased reports of fraud by taking additional precautions and this resulted in refund delays and impacted February revenues," said Commissioner Pitter. "It is important to note that, in the absence of delays in the processing of refunds and payments with returns, and the possible shifting of motor vehicle sales into future months due to recent snowstorms, February collections would have been \$3 million above benchmark and year-to-date collections would have been \$80 million above benchmark."

February individual income tax payments totaled \$859 million for the month, up \$334 million or 63.5 percent from last February and exceeding the monthly benchmark by \$189 million. Year-to-date income tax collections, excluding large settlements, totaled \$8.935 billion, \$692 million or 8.4 percent more than last year and \$344 million more than the year-to-date benchmark.

Withholding collections for February totaled \$1.058 billion, \$145 million or 15.8 percent more than last February and \$21 million above the monthly benchmark. Much of the increase in withholding, as expected, was due to a shift of withholding from the end of January to the beginning of February. For the fiscal year to date, withholding collections total \$7.382 billion, \$359 million or 5.1 percent more than last year and \$57 million above the year-to-date benchmark.

Income tax cash estimated payments totaled \$22 million in February, \$9 million or 70.4 percent more than last February and \$9 million over the monthly benchmark. Year-to-date income tax cash estimated payments totaled \$1.707 billion, \$230 million or 15.6 percent over last year at this time and \$179 million over the year-to-date benchmark.

Income tax payments with returns or bills brought in \$31 million for the month, \$7 million or 18.0 percent less than last February and \$13 million below the February benchmark. Excluding large settlements, year-to-date income tax payments with returns or bills totaled \$339 million, \$71 million or 17.3 percent less than last year at this time and \$65 million below the year-to-date benchmark.

Excluding one-time tax settlement payments, corporate and business tax collections for February totaled \$66 million, \$185 million or 73.6 percent below last February's collections and \$22 million below the monthly benchmark. Most of this decline is due to several large settlement payments that were included in last February's revenues. Year-to-date corporate and business tax collections (excluding large settlements) totaled \$969 million, \$283 million or 22.6% below this time last year and \$73 million below the year-to-date benchmark.

Sales and use tax collections for February totaled \$415 million, up \$19 million or 4.7 percent from last February and \$12 million below the monthly benchmark. Collections through the fiscal year to date total \$3.843 billion, \$180 million or 4.9 percent more than last year at this time and \$55 million less than the year-to-date benchmark.

**February 2015 Tax Collection Summary (in \$ millions)**  
**(Preliminary as of March 4, 2015)**

	Month of February			FY15 Year-to-Date				FY15 YTD \$ Above/(Below) Benchmark Based on FY15 Estimate of \$24.307 Billion
	02/15 Collections	02/15 v. 02/14 \$ Change	02/15 v. 02/14 Actual % Change	02/15 v. 02/14 Baseline % Change	02/15 FY15 YTD Collections	02/15 FY15 YTD Actual % Change	02/15 FY15 YTD Baseline % Change	
<b>Income - Total</b>	<b>859</b>	<b>334</b>	<b>63.5%</b>	<b>19.7%</b>	<b>8,935</b>	<b>692</b>	<b>8.4%</b>	<b>344</b>
Income Withholding	1,058	145	15.8%	8.3%	7,382	359	5.1%	57
Income Est. Payments (Cash)	22	9	70.4%	70.9%	1,707	230	15.6%	179
Income Returns/Bills	31	(7)	-18.0%	-5.3%	339	(71)	-17.3%	(65)
Income Refunds (Cash)	252	(187)	-42.6%	-4.7%	491	(175)	-26.3%	(175)
<b>Sales &amp; Use - Total</b>	<b>415</b>	<b>19</b>	<b>4.7%</b>	<b>7.1%</b>	<b>3,843</b>	<b>180</b>	<b>4.9%</b>	<b>(55)</b>
Sales - Regular	300	20	7.2%	7.4%	2,678	125	4.9%	(44)
Sales - Meals	68	4	6.3%	6.3%	676	37	5.7%	(1)
Sales - Motor Vehicles	47	(6)	-10.7%	6.4%	489	18	3.7%	(10)
<b>Corporate &amp; Business - Total</b>	<b>66</b>	<b>(185)</b>	<b>-73.6%</b>	<b>-75.0%</b>	<b>969</b>	<b>(283)</b>	<b>-22.6%</b>	<b>(73)</b>
All Other	172	7	4.4%	4.1%	1,423	52	3.8%	16
<b>Total Tax Collections</b>	<b>1,512</b>	<b>174</b>	<b>13.0%</b>	<b>-3.8%</b>	<b>15,170</b>	<b>640</b>	<b>4.4%</b>	<b>232</b>

*Tax-Related Settlements & Judgments Exceeding \$10 Million Each* (NOT included in the February and YTD collections figures above. February and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).

	<b>26.5</b>				<b>148.1</b>			
<b>Total Tax Collections</b> <small>(Including tax-related settlements &amp; judgments)</small>	1,538	201	15.0%	-1.8%	15,318	788	5.4%	4.0%
<b>Corporate &amp; Business - Total</b> <small>(Including tax-related settlements &amp; judgments)</small>	93	(158)	-63.0%	-64.4%	1,043	(209)	-16.7%	-19.8%
<b>Income Returns/Bills</b> <small>(Including tax-related settlements &amp; judgments)</small>	31	(7)	-18.0%	-5.3%	413	3	0.7%	-5.9%

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

For Immediate Release - February 04, 2015

## January Revenue Collections Total \$2.578 Billion

**(Boston- February 4, 2015)** - Revenue Commissioner Amy Pitter today announced that preliminary revenue collections for January totaled \$2.578 billion, \$149 million or 6.1 percent more than last January. Excluding \$97.5 million in one-time tax settlement payments received in January, revenue collections totaled \$2.480 billion, \$51 million or 2.1 percent more than last January, and finished the month \$97 million above benchmark based on the FY15 revenue estimate of \$24.307 billion.

Better than expected performance in individual income estimated payments and withholding collections combined with better than expected sales tax collections to offset weak corporate and business collections. Seven months into the fiscal year, revenue collections total \$13.781 billion, \$589 million or 4.5 percent more than this time last year. Excluding the \$121.6 million in one-time tax-related settlement payments received year to date, tax collections totaled \$13.660 billion, \$467 million or 3.5 percent more than last year, and \$79 million above the year-to-date benchmark.

"We finished January ahead of expectations primarily due to greater than anticipated individual income estimated tax payments, which was also the major contributor to last month's above-benchmark performance," said Commissioner Pitter. "This may reflect additional taxes being paid on investment-related income, particularly capital gains, due to strong stock market performance in 2014."

Excluding one-time tax settlement payments received this month, individual income tax payments totaled \$1.743 billion for January, up \$61 million or 3.6 percent from last January and exceeding the monthly benchmark by \$121 million. Year-to-date income tax collections, excluding large settlements, totaled \$8.076 billion, \$358 million or 4.6 percent more than last year and \$155 million more than the year-to-date benchmark.

Withholding collections for January totaled \$951 million, \$35 million or 3.5 percent less than last January and \$37 million above the monthly benchmark. For the fiscal year to date, withholding collections total \$6.324 billion, \$214 million or 3.5 percent more than last year and \$36 million above the year-to-date benchmark.

Income tax cash estimated payments totaled \$799 million in January, \$117 million or 17.2 percent more than last January and \$94 million over the monthly benchmark. Year-to-date income tax cash estimated payments totaled \$1.685 billion, \$222 million or 15.1 percent over last year at this time and \$170 million over the year-to-date benchmark.

Income tax payments with returns or bills (excluding large settlements) brought in \$28 million for the month, \$1 million or 4.0 percent less than last January and \$5 million below the January benchmark. Year-to-date income tax payments with returns or bills totaled \$307 million, \$65 million or 17.4 percent less than last year at this time and \$53 million below the year-to-date benchmark.

Excluding one-time tax settlement payments, corporate and business tax collections for January totaled \$14 million, \$41 million or 75.2 percent below last January's collections and \$24 million below the monthly benchmark. Year-to-date corporate and business tax collections (excluding large settlements) totaled \$901 million, down \$100 million or 10.0% below this time last year and \$53 million below the year-to-date benchmark.

Sales and use tax collections for January totaled \$554 million, up \$32 million or 6.1 percent from last January and \$8 million above the monthly benchmark. Collections through the fiscal year to date total \$3.429 billion, \$161 million or 4.9 percent more than last year at this time and \$43 million less than the year-to-date benchmark.

**January 2015 Tax Collection Summary (in \$ millions)**  
**(Preliminary as of February 4, 2015)**

	Month of January			FY15 Year-to-Date				FY15 YTD \$ Above/(Below) Benchmark Based on FY15 Estimate of \$24.307 Billion	
	01/15 Collections	01/15 v. 01/14 \$ Change	01/15 v. 01/14 Actual % Change	01/15 v. 01/14 Baseline % Change	01/15 v. 01/14 Benchmark Based on FY15 Estimate of \$24.307 Billion % Change	01/15 FY15 YTD Collections	01/15 FY15 YTD Actual % Change		01/15 FY15 YTD Baseline % Change
<b>Income - Total</b>	<b>1,743</b>	<b>61</b>	<b>3.6%</b>	<b>8.4%</b>		<b>8,076</b>	<b>4.6%</b>	<b>5.9%</b>	<b>155</b>
Income Withholding	951	(35)	-3.5%	4.1%		6,324	3.5%	5.5%	36
Income Est. Payments (Cash)	799	117	17.2%	17.9%		1,685	15.1%	15.8%	170
Income Returns/Bills	28	(1)	-4.0%	-1.0%		307	(65)	-17.4%	(53)
Income Refunds (Cash)	34	20	141.7%	141.7%		239	12	5.1%	(3)
<b>Sales &amp; Use - Total</b>	<b>554</b>	<b>32</b>	<b>6.1%</b>	<b>7.0%</b>		<b>3,429</b>	<b>161</b>	<b>4.9%</b>	<b>(43)</b>
Sales - Regular	420	26	6.6%	7.0%		2,378	105	4.6%	(42)
Sales - Meals	80	6	8.1%	8.8%		608	33	5.7%	(0)
Sales - Motor Vehicles	53	0	0.3%	5.0%		442	23	5.6%	(0.7)
<b>Corporate &amp; Business - Total</b>	<b>14</b>	<b>(41)</b>	<b>-75.2%</b>	<b>-81.2%</b>		<b>901</b>	<b>(100)</b>	<b>-10.0%</b>	<b>(53)</b>
All Other	170	(1)	-0.4%	0.1%		1,255	48	4.0%	19
<b>Total Tax Collections</b>	<b>2,480</b>	<b>51</b>	<b>2.1%</b>	<b>5.5%</b>		<b>13,660</b>	<b>467</b>	<b>3.5%</b>	<b>79</b>

*Tax-Related Settlements & Judgments Exceeding \$10 Million Each* (NOT included in the January and YTD collections figures above. January and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).

	<b>97.5</b>				<b>121.6</b>			
<b>Total Tax Collections</b> (Including tax-related settlements & judgments)	2,578	149	6.1%	9.5%	13,781	589	4.5%	4.6%
<b>Corporate &amp; Business - Total</b> (Including tax-related settlements & judgments)	37	(18)	-32.0%	-38.1%	948	(53)	-5.3%	-8.8%
<b>Income Returns/Bills</b> (Including tax-related settlements & judgments)	102	73	249.1%	252.0%	381	9	2.5%	-6.1%

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