

## MEMORANDUM

**TO:** Board of Directors, Massachusetts School Building Authority  
**FROM:** John K. McCarthy  
**DATE:** May 28, 2015  
**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 March and April 2015.

The preliminary data provided by the DOR through April indicates that SMART collections for fiscal year 2015, through April, totaled \$629.1 million, representing approximately \$28.4 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.

Staff will continue to monitor sales tax collections against projections for the fiscal year ending June 30, 2015, and will update the Board on the final result of Fiscal Year 2015 collections following the receipt of the final collections data for the year.

For Immediate Release - April 03, 2015

## March Revenue Collections Total \$2.034 Billion

**(Boston- Friday, April 3, 2015)** – Revenue Commissioner Mark Nunnely today announced that preliminary revenue collections for March totaled \$2.034 billion, \$82 million or 4.2 percent more than last March. Excluding a \$10 million one-time tax settlement payment received this month, revenue collections totaled \$2.024 billion, \$72 million or 3.7% more than last March.

March revenues were \$99 million below benchmark - \$132 million above benchmark year-to-date

Some income tax refunds were delayed in February due to concerns of fraud and released in March impacting revenues

Corporate & business taxes up \$103 million over last March and on target for benchmark

Sales and use tax revenue ended month below benchmark likely due to weather-related sales losses

Despite strong performance in estate tax collections, March revenue collections were more than offset by the release of tax refunds this month that had been held up in February for additional scrutiny. That combined with weak performance in income tax payments with returns and extensions and just below benchmark performance in sales and use tax collections, to end the month with revenues at \$99 million below the monthly benchmark. Revenue collections, nine months into the fiscal year, totaled \$17.351 billion, up \$869 million or 5.3 percent over the same period last year. Excluding \$158 million in one-time tax-related settlement payments, year-to-date revenues totaled \$17.193 billion, \$711 million or 4.3 percent more than the same period last year and \$132 million above the year-to-date benchmark.

“A number of tax refunds that were delayed in February, following widespread reports of fraud across the country, were released in March impacting the month’s revenues as expected,” said Commissioner Nunnely. “Income tax withholding is on target for the month, and slightly ahead of benchmark year-to-date, indicating economic stability and continued improvement. Sales and use tax revenue is lagging, undoubtedly due to weather-related sales losses.”

March is the largest collection month of the year for corporate and business payments as tax returns and extensions for the previous year are due along with the first quarterly estimated payments for the new tax year. Excluding one-time tax settlement payments, corporate and business tax collections totaled \$757 million for the month, \$103 million or 15.7 percent higher than a year ago and at benchmark. Year-to-date collections (excluding one-time tax settlements) totaled \$1.728 billion, down \$179 million or 9.4 percent compared to the same period last year and \$71 million below the year-to-date benchmark.

Income tax withholding totaled \$1.037 billion for March, \$39 million or 3.9 percent more than a year ago and \$1 million above the monthly benchmark. Year-to-date collections totaled \$8.419 billion, up \$398 million or 5.0 percent from the same period last year, \$58 million over the year-to-date benchmark.

Income tax cash refunds totaled \$447 million, up \$113 million from last March. The issuing of refunds is mostly back on track after the February delays. Year-to-date refunds are still down \$62 million from the same period last year, which probably means that we will see more refund catch-up in April.

Sales tax collections for March totaled \$414 million, up \$10 million or 2.6 percent from the same period a year ago and \$6 million below benchmark for the month. Year-to-date collections were up \$189 million or 4.7 percent from the same period last year but \$62 million less than the year-to-date benchmark. Record setting snowfall and severe winter weather have impacted sales tax collections. While there have been sales losses, some may be temporary as consumers catch up on deferred purchases.

Corporate and business tax amnesty collections, from the amnesty program, which began March 16, totaled just over \$163,000 from 281 participating taxpayers through the end of March. Amnesty collections were below the March estimate of \$3.6 million. It is too soon to speculate if collections will achieve the projected amount of \$18 million by the end of the program on May 15, 2015.

**March 2015 Tax Collection Summary (in \$ millions)**  
**(Preliminary as of April 3, 2015)**

	Month of March				FY15 Year-to-Date				FY15 YTD \$ Above/(Below) Benchmark Based on FY15 Estimate of \$24.325 Billion
	03/15 Collections	03/15 v. 03/14 \$ Change	03/15 v. 03/14 Actual % Change	03/14 v. 03/14 Baseline % Change	03/15 YTD Collections	03/15 FY15 YTD \$ Change	03/15 FY15 YTD Actual % Change	03/15 FY15 YTD Baseline % Change	
<b>Income - Total</b>	<b>689</b>	<b>(78)</b>	<b>-10.2%</b>	<b>5.3%</b>	<b>9,624</b>	<b>614</b>	<b>6.8%</b>	<b>6.7%</b>	<b>219</b>
Income Withholding	1,037	39	3.9%	3.3%	8,419	398	5.0%	5.5%	58
Income Est. Payments (Cash)	20	4	24.3%	24.7%	1,727	234	15.7%	16.3%	182
Income Returns/Bills	79	(7)	-8.4%	8.7%	418	(78)	-15.7%	-18.2%	(81)
Income Refunds (Cash)	447	113	33.8%	0.9%	938	(62)	-6.2%	-0.6%	(62)
<b>Sales &amp; Use - Total</b>	<b>414</b>	<b>10</b>	<b>2.6%</b>	<b>2.4%</b>	<b>4,256</b>	<b>189</b>	<b>4.7%</b>	<b>4.1%</b>	<b>(62)</b>
Sales - Regular	276	1	0.4%	2.1%	2,954	126	4.5%	3.7%	(51)
Sales - Meals	67	1	2.1%	1.4%	742	38	5.3%	4.0%	(3)
Sales - Motor Vehicles	72	8	12.1%	4.7%	560	25	4.7%	6.0%	(9)
<b>Corporate &amp; Business - Total</b>	<b>757</b>	<b>103</b>	<b>15.7%</b>	<b>15.9%</b>	<b>1,728</b>	<b>(179)</b>	<b>-9.4%</b>	<b>-11.3%</b>	<b>(71)</b>
<b>All Other</b>	<b>164</b>	<b>37</b>	<b>29.1%</b>	<b>28.7%</b>	<b>1,584</b>	<b>86</b>	<b>5.8%</b>	<b>4.8%</b>	<b>46</b>
<b>Total Tax Collections</b>	<b>2,024</b>	<b>72</b>	<b>3.7%</b>	<b>9.8%</b>	<b>17,193</b>	<b>711</b>	<b>4.3%</b>	<b>3.8%</b>	<b>132</b>
<i>Tax-Related Settlements &amp; Judgments Exceeding \$10 Million Each</i> (NOT included in the March and YTD collections figures above. March and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).									
	<b>10.1</b>								
<b>Total Tax Collections</b> <small>(including tax-related settlements &amp; judgments)</small>	<b>158.1</b>								
<b>Total Tax Collections</b> <small>(including tax-related settlements &amp; judgments)</small>	<b>17,351</b>								
<b>Corporate &amp; Business - Total</b> <small>(including tax-related settlements &amp; judgments)</small>	<b>1,812</b>								
<b>Income Returns/Bills</b> <small>(including tax-related settlements &amp; judgments)</small>	<b>492</b>								

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

For Immediate Release - May 05, 2015

## April Revenue Collections Total \$3.060 Billion

(Boston, MA) - Department of Revenue Commissioner Mark Nunnely today announced that preliminary revenue collections for April totaled \$3.060 billion, \$324 million or 11.8 percent more than the state took in last April. Excluding the \$25.3 million in one-time tax settlement payments in April, revenue collections totaled \$3.034 billion, \$298 million or 10.9 percent more than last April, and closed out the month \$29 million above benchmark based on the FY15 estimate of \$24.325 billion.

Revenues were \$29 million above benchmark for April and \$163 million above benchmark year to date

Income collections up \$294 million over last April and \$43 million above benchmark

Corporate & business taxes down \$11 million compared to last April and \$4 million above benchmark

Sales and use tax collections were \$2 million above benchmark for the month

The better than expected performance this month is due to greater than anticipated income estimated payments and lower than expected refunds, which were only partially offset by lower income tax payments with returns and extensions and lower estate tax collections.

"April is generally the largest tax collection month, as payments come in with tax returns and extensions, along with the first quarterly estimated income tax payments for the new tax year," said Commissioner Nunnely. "We may still have a little catching up to do on refunds next month but that could be offset by a slight increase in income tax payments. Income tax withholding continues to be strong year to date, which may indicate continued signs of improvement in the labor market."

With two months remaining in the current fiscal year, revenue collections totaled \$20.412 billion, \$1.194 billion or 6.2 percent more than last year at this time. Excluding \$183.4 million in one-time, tax-related settlement payments received to date, tax collections for the fiscal year totaled \$20.228 billion, \$1.01 billion more than last year, and \$163 million above benchmark.

Income tax payments with bills and returns in April totaled \$1.470 billion, up \$172 million or 13.3 percent from the same period last year, and \$11 million below the monthly benchmark. Income tax estimated payments totaled \$279 million, up \$40 million or 16.6 percent from the same period last year, and \$36 million above the monthly benchmark.

Income tax withholding totaled \$873 million, up \$62 million or 7.6 percent from the same period last year, and \$3 million below the monthly benchmark.

April corporate/business tax collections totaled \$85 million, down \$11 million or 11.9 percent from the same period last year, and \$4 million above the monthly benchmark.

Sales tax collections for April totaled \$497 million, \$29 million or 6.1 percent more than the same period a year ago and \$2 million above the April benchmark.

On a fiscal 2015 year-to-date basis, sales and use tax collections are \$218 million or 4.8 percent higher than the same period a year ago and \$60 million below benchmark. Year-to-date corporate/business taxes are \$190 million or 9.5 percent lower than the same period a year ago and \$66 million below benchmark. Income tax collections are \$909 million or 8.3 percent higher than the same period a year ago and \$263 million above benchmark.

**April 2015 Tax Collection Summary (in \$ millions)**  
**(Preliminary as of May 5, 2015)**

	Month of April				FY15 Year-to-Date				FY15 YTD \$ Above/(Below) Benchmark Based on FY15 Estimate of \$24.325 Billion
	04/15 v 04/14 \$ Change	04/15 v 04/14 Actual % Change	04/15 v 04/14 Baseline % Change	04/15 v 04/14 Benchmark Based on FY15 Estimate of \$24.325 Billion	04/15 FY15 YTD \$ Change	04/15 FY15 YTD Actual % Change	04/15 FY15 YTD Baseline % Change	04/15 FY15 YTD Benchmark Based on FY15 Estimate of \$24.325 Billion	
	04/15 Collections	04/15 v 04/14 Actual % Change	04/15 v 04/14 Baseline % Change	04/15 v 04/14 Benchmark Based on FY15 Estimate of \$24.325 Billion	04/15 FY15 YTD \$ Change	04/15 FY15 YTD Actual % Change	04/15 FY15 YTD Baseline % Change	04/15 FY15 YTD Benchmark Based on FY15 Estimate of \$24.325 Billion	
<b>Income - Total</b>	<b>2,298</b>	<b>14.7%</b>	<b>17.8%</b>	<b>43</b>	<b>909</b>	<b>8.3%</b>	<b>8.7%</b>	<b>263</b>	
Income Withholding	873	7.6%	7.6%	(3)	459	5.2%	5.7%	55	
Income Est. Payments (Cash)	279	16.6%	16.8%	36	274	15.8%	16.4%	217	
Income Returns/Bills	1,470	13.3%	14.2%	(11)	96	5.3%	5.3%	(90)	
Income Refunds (Cash)	322	-5.8%	-20.6%	(20)	(82)	-6.1%	-5.7%	(83)	
<b>Sales &amp; Use - Total</b>	<b>497</b>	<b>6.1%</b>	<b>4.6%</b>	<b>2</b>	<b>218</b>	<b>4.8%</b>	<b>4.1%</b>	<b>(60)</b>	
Sales - Regular	341	5.2%	3.8%	(1)	144	4.6%	3.8%	(52)	
Sales - Meals	81	4.9%	4.9%	(0)	41	5.3%	4.1%	(3)	
Sales - Motor Vehicles	76	11.5%	8.2%	3	33	5.5%	6.2%	(5)	
<b>Corporate &amp; Business - Total</b>	<b>85</b>	<b>-11.9%</b>	<b>-6.0%</b>	<b>4</b>	<b>(190)</b>	<b>-9.5%</b>	<b>-10.9%</b>	<b>(66)</b>	
All Other	155	-7.5%	-7.7%	(20)	73	4.4%	3.5%	25	
<b>Total Tax Collections</b>	<b>3,034</b>	<b>10.9%</b>	<b>13.1%</b>	<b>29</b>	<b>20,228</b>	<b>5.3%</b>	<b>5.1%</b>	<b>163</b>	
<i>Tax-Related Settlements &amp; Judgments Exceeding \$10 Million Each</i> (NOT included in the April and YTD collections figures above. April and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).									
									183.4
<b>Total Tax Collections</b> (including tax-related settlements & judgments)	3,060	11.8%	14.1%		1,194	6.2%	6.1%		
<b>Corporate &amp; Business - Total</b> (including tax-related settlements & judgments)	110	14.4%	20.3%		(80)	-4.0%	-5.4%		
<b>Income Returns/Bills</b> (including tax-related settlements & judgments)	1,470	13.3%	14.2%		170	9.5%	9.4%		

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