

MEMORANDUM

TO: Board of Directors, Massachusetts School Building Authority
FROM: James A. MacDonald, First Deputy Treasurer, Chief Executive Officer
 John K. McCarthy, Executive Director, Deputy Chief Executive Officer
DATE: October 17, 2017
RE: Sales Tax Update

Attached, please find a monthly tax collection statement and a collection summary table released by the Department of Revenue (“DOR”) for the months of August and September 2017 (preliminary).

The Consensus Revenue Estimate for FY 18 SMART Fund collections is \$841 million. This would be a 2.96% increase over the \$816.790 million (unaudited) collected in FY 17.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
FY15 (\$ 000)	68,214	62,366	59,553	64,652	60,072	60,703	75,691	55,434	55,661	66,538	65,063	70,163	764,110
FY16 (\$ 000)	72,473	65,832	63,453	68,475	63,558	64,618	78,727	58,102	59,541	67,146	66,751	69,856	798,531
FY17 (\$ 000)	71,513	66,555	67,659	70,041	62,532	65,937	82,948	58,672	59,943	65,555	69,626	75,810	816,790
Change (\$ 000)	(960)	723	4,206	1,565	(1,026)	1,319	4,221	570	402	(1,590)	2,875	5,954	18,259
% Change	-1.33%	1.10%	6.63%	2.29%	-1.61%	2.04%	5.36%	0.98%	0.68%	-2.37%	4.31%	8.5%	2.29%
FY18 (\$ 000)	70,162	69,429	68,315										207,906
Change (\$ 000)	(1,350)	2,875	656										2,180
% Change	-1.89%	4.32%	0.97%										1.05%

Staff will continue to monitor SMART Fund collections data and provide the Board with updates on fiscal year 2018 SMART collections.



MASSACHUSETTS DEPARTMENT OF REVENUE

Christopher C. Harding, Commissioner

For Immediate Release:
September 6, 2017

Contact:
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August Revenue Collections Total \$1.712 Billion

*Revenue collections are \$16 million below August monthly benchmark,
\$11 million below year-to-date benchmark **

(Boston, MA) – Massachusetts Department of Revenue Commissioner Christopher C. Harding today announced that preliminary revenue collections for August 2017 totaled \$1.712 billion, which is \$25 million or 1.5% less than August 2016 actual state tax collections. August 2017 preliminary collections are \$16 million, or 0.9%, below the monthly benchmark.

Over the first two months of Fiscal Year 2018, total actual tax collections are up \$66 million, or 1.9%, over the same period last year, and \$11 million below the year-to-date benchmark.

“Total revenues are slightly below actual collections from the same period last year, and are also below the monthly benchmark,” said Harding. “The small shortfall in August collections reflects mostly lower than expected income withholding payments, partially offset by slightly better than expected performance in regular sales tax and estate tax. While most economic indicators remain generally positive about the Massachusetts economy, we will continue to monitor revenue collections closely, especially for September, which is traditionally one of the largest collection months.”

- August 2017 revenues of \$1.712 billion were \$25 million less than actual August 2016 revenues, and \$16 million or 0.9% below the monthly benchmark
- Income tax collections were \$33 million below the monthly benchmark
- Withholding collections were \$30 million below the monthly benchmark
- Corporate and business taxes were \$2 million above the monthly benchmark
- Sales and use tax collections were \$8 million above the monthly benchmark
- For the first two months of the Fiscal Year, July and August, total revenues are 1.9% greater than the same period last year, and \$11 million or 0.3% below benchmark

* Benchmark is based on the anticipated state tax revenue collections used by the Baker-Polito administration when the FY18 budget was signed in July 2017.

August is a small tax collection month with no quarterly estimated payments due for most individuals and businesses. As July and August are both relatively small tax collection months, it is not advisable at this time to use year-to-date collections to formulate trends or patterns for the full fiscal year.

- Income tax collections for August were \$927 million, which is \$54 million or 5.5% less than a year ago and \$33 million below the monthly benchmark.
- Withholding collections for August totaled \$913 million, down \$53 million or 5.5% from last August and \$30 million below the monthly benchmark.
- Income tax payments with returns or tax bills for August totaled \$41 million, up \$3 million or 9.1% over last August and \$3 million above the monthly benchmark.
- Income tax estimated payments totaled \$29 million for August, \$5 million or 19.7% more than a year ago and \$5 million above the monthly benchmark.
- Income cash refunds in August totaled \$56 million in outflows, which are \$9 million greater than last August and \$9 million above the monthly benchmark.
- Corporate and business tax collections for the month totaled \$41 million, up \$2 million or 6.0% from last August and \$2 million above the monthly benchmark.
- Sales and use tax collections for August totaled \$541 million, an increase of \$20 million or 3.9% from last August and \$8 million above the monthly benchmark.
- Other tax collections for August totaled \$203 million, up \$7 million or 3.4% from last August and \$6 million above the monthly benchmark.

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August 2017 Tax Collection Summary (in \$ millions)

Preliminary as of September 6, 2017

	Month of August						FY18 YTD as of August					
	08/2017 Actual Collections	08/2017 v. 08/2016 \$ Fav/(Unfav)	08/2017 v. 08/2016 % Fav/(Unfav)	08/2017 Actual vs Benchmark \$ Fav/(Unfav)	08/2017 Actual vs Benchmark % Fav/(Unfav)	08/2017 v. 08/2016 Baseline % Change	08/2017 YTD Actual Collections	08/2017 YTD v. 08/2016 YTD \$ Fav/(Unfav)	08/2017 YTD v. 08/2016 YTD % Fav/(Unfav)	08/2017 YTD Actual vs Benchmark \$ Fav/(Unfav)	08/2017 YTD Actual vs Benchmark % Fav/(Unfav)	08/2017 YTD v. 08/2016 YTD Baseline % Change
Income												
Income Withholding	913	(53)	-5.5%	(30)	-3.2%	+1.4%	1,909	47	+2.5%	(28)	-1.5%	+3.0%
Income Est. Payments	29	5	+19.7%	5	+18.1%	+19.5%	54	(3)	-5.6%	1	+2.0%	+3.1%
Income Returns/Bills	41	3	+9.1%	3	+7.3%	+8.3%	69	(9)	-11.9%	5	+7.4%	+7.0%
Income Refunds Net (outflow)	(56)	(9)	-20.1%	(9)	-20.3%	-20.9%	(96)	(29)	-43.3%	(16)	-19.8%	-25.9%
Subtotal Income	927	(54)	-5.5%	(33)	-3.4%	+1.2%	1,935	6	+0.3%	(38)	-1.9%	+2.4%
Sales & Use												
Sales - Regular	354	17	+5.1%	11	+3.2%	+5.1%	743	24	+3.4%	11	+1.5%	+3.4%
Sales - Meals	107	2	+1.9%	(3)	-2.5%	+1.9%	210	8	+3.8%	(1)	-0.7%	+3.8%
Sales - Motor Vehicles	80	1	+1.1%	(0)	-0.3%	-1.1%	129	(15)	-10.1%	(1)	-0.8%	-1.5%
Subtotal Sales & Use	541	20	+3.9%	8	+1.5%	+3.5%	1,083	17	+1.6%	9	+0.8%	+2.8%
Corporate & Business - Total	41	2	+6.0%	2	+5.2%	+7.0%	115	24	+26.3%	4	+3.4%	+4.8%
All Other	203	7	+3.4%	6	+3.3%	+3.6%	375	19	+5.5%	15	+4.1%	+4.2%
Total Tax Collections	1,712	(25)	-1.5%	(16)	-0.9%	+2.3%	3,509	66	+1.9%	(11)	-0.3%	+2.8%

Notes: (1) The figures above exclude Tax-Related Settlements & Judgments exceeding \$10 million each. These totaled \$0.0 million in August 2017 and \$0.0 million during FY18 YTD.

(2) The August benchmark reflects the full Fiscal Year 2018 benchmark of \$26.504 billion. The FY18 revenue benchmark of \$26.504 billion was used in building the signed FY18 General Appropriations Act.



MASSACHUSETTS DEPARTMENT OF REVENUE

Christopher C. Harding, Commissioner

For Immediate Release:
October 4, 2017

Contact:
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September Revenue Collections Total \$2.840 Billion

*Revenue collections are \$135 million above monthly benchmark,
\$124 million above year-to-date benchmark*

(Boston, MA) – Massachusetts Department of Revenue Commissioner Christopher C. Harding today announced that preliminary revenue collections for September totaled \$2.840 billion, which is \$135 million or 5.0% above the monthly benchmark, and \$97 million or 3.5% more than the actual collections in September 2016.

For the fiscal year-to-date through September, revenue collections totaled \$6.349 billion, \$124 million or 2.0% more than the year-to-date benchmark and \$164 million or 2.6% more than the same fiscal year-to-date period in 2016.

"Revenues for September exceeded the monthly benchmark, mainly driven by withholding. As a result, year-to-date revenues are now modestly above benchmark," said Commissioner Harding. "The Department has identified some one-time revenue events that helped to improve September, beyond which we see modest growth across most other tax categories in line with expectations. With just under one-quarter of FY18 revenues collected, the actual results are closely aligned with our forecast."

- September 2017 revenues of \$2.840 billion were \$135 million above benchmark
- Income tax collections were \$104 million above the monthly benchmark
- Withholding collections were \$134 million above the monthly benchmark
- Sales and use tax collections were \$12 million above the monthly benchmark
- Corporate and business taxes were \$16 million above the monthly benchmark
- For the fiscal year-to-date period, revenues of \$6.349 billion are \$124 million or 2.0% above benchmark and \$164 million or 2.6% above the prior year figure.

September is a significant month for revenues because many individuals and corporations are required to make estimated payments, usually producing about 10% of annual revenue and making September the fourth-largest revenue month of the year.

- Income tax collections for September were \$1.594 billion, which is \$104 million or 7.0% above benchmark and \$90 million or 6.0% above last year.
- Withholding collections for September totaled \$1.083 billion, \$134 million or 14.2% above benchmark and \$114 million or 11.8% more than 2016.
- Income tax estimated payments totaled \$516 million for September, \$17 million or 3.2% less than benchmark and \$10 million or 2.0% below September 2016.
- Income cash refunds in September totaled \$47 million in outflows, \$17 million greater than benchmark and also \$17 million greater than prior year.
- Sales and use tax collections for September totaled \$540 million, which is \$12 million or 2.4% more than benchmark and \$14 million or 2.6% more than September 2016.
- Corporate and business tax collections for the month totaled \$503 million, \$16 million or 3.3% above benchmark and \$9 million or 1.8% below last September.
- Other tax collections for September totaled \$204 million, which is \$2 million or 1.2% more than both the benchmark and the month of September 2016.

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September 2017 Tax Collection Summary (in \$ millions)

Preliminary as of October 4, 2017

	Month of September					FY18 YTD as of September						
	09/2017 Actual Collections	09/2017 v. 09/2016 \$ Fav/(Unfav)	09/2017 v. 09/2016 % Fav/(Unfav)	09/2017 Actual vs Benchmark \$ Fav/(Unfav)	09/2017 Actual vs Benchmark % Fav/(Unfav)	09/2017 v. 09/2016 Baseline % Change	09/2017 YTD Actual Collections	09/2017 YTD v. 09/2016 YTD \$ Fav/(Unfav)	09/2017 YTD v. 09/2016 YTD % Fav/(Unfav)	09/2017 YTD Actual vs Benchmark \$ Fav/(Unfav)	09/2017 YTD Actual vs Benchmark % Fav/(Unfav)	09/2017 YTD v. 09/2016 YTD Baseline % Change
Income												
Income Withholding	1,083	114	+11.8%	134	+14.2%	+16.6%	2,992	161	+5.7%	106	+3.7%	+7.7%
Income Est. Payments	516	(10)	-2.0%	(17)	-3.2%	-2.2%	571	(14)	-2.3%	(16)	-2.7%	-1.7%
Income Returns/Bills	42	4	+9.8%	3	+7.9%	+9.0%	114	(1)	-1.2%	12	+11.7%	+11.2%
Income Refunds Net (outflow)	(47)	(17)	-58.3%	(17)	-54.4%	-59.0%	(144)	(47)	-48.7%	(33)	-30.1%	-36.9%
Subtotal Income	1,594	90	+6.0%	104	+7.0%	+9.0%	3,533	99	+2.9%	69	+2.0%	+5.4%
Sales & Use												
Sales - Regular	361	17	+5.0%	12	+3.5%	+5.3%	1,103	41	+3.8%	23	+2.1%	+3.9%
Sales - Meals	106	3	+2.8%	(1)	-1.2%	+3.3%	316	11	+3.5%	(3)	-0.8%	+3.7%
Sales - Motor Vehicles	73	(6)	-8.1%	2	+2.4%	+1.4%	203	(20)	-9.2%	1	+0.6%	-0.2%
Subtotal Sales & Use	540	14	+2.6%	12	+2.4%	+4.3%	1,622	31	+2.0%	21	+1.3%	+3.3%
Corporate & Business - Total	503	(9)	-1.8%	16	+3.3%	+3.0%	618	15	+2.6%	20	+3.4%	+3.4%
All Other	204	2	+1.2%	2	+1.2%	+1.5%	576	18	+3.2%	13	+2.4%	+2.5%
Total Tax Collections	2,840	97	+3.5%	135	+5.0%	+6.4%	6,349	164	+2.6%	124	+2.0%	+4.4%

Notes: (1) The figures above exclude Tax-Related Settlements & Judgments exceeding \$10 million each. These totaled \$0.0 million in September 2017 and \$0.0 million during FY18 YTD.

(2) The September benchmark reflects the full Fiscal Year 2018 benchmark of \$26.504 billion. The FY18 revenue benchmark of \$26.504 billion was used in building the signed FY18 General Appropriations Act.