

MEMORANDUM

TO: Board of Directors, Massachusetts School Building Authority
FROM: James A. MacDonald, First Deputy Treasurer, Interim Chief Executive Officer
 John K. McCarthy, Executive Director, Deputy Chief Executive Officer
DATE: April 21, 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 February and March 2017 (preliminary).

The preliminary data provided by the DOR indicates that SMART Fund collections for fiscal year 2017 through March totaled \$605.8 million, representing approximately \$11.0 million or a 1.85% growth from fiscal year 2016 collections through the same period.

The Consensus Revenue Estimate of SMART Fund collections for fiscal year 2017 was \$867.1 million. The most recent DOR update is \$813.2 million. This revised amount would produce growth of 1.84% over fiscal year 2016.

Staff will continue to monitor SMART Fund collections data and provide the Board with updates on fiscal year 2017 SMART collections.

	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
Change (\$ 000)	4,259	3,466	3,900	3,824	3,486	3,915	3,036	2,667	3,880	608	1,688	(307)	34,421
% Change	6.24%	5.56%	6.55%	5.91%	5.80%	6.45%	4.01%	4.81%	6.97%	0.91%	2.59%	-0.44%	4.50%
FY17 (\$ 000)	71,513	66,555	67,659	70,041	62,532	65,937	82,948	58,672	59,943				605,799
Change (\$ 000)	(960)	723	4,206	1,565	(1,026)	1,319	4,221	570	402				11,020



MASSACHUSETTS DEPARTMENT OF REVENUE

Michael J. Heffernan, Commissioner

For Immediate Release:

March 3, 2017

Contact:

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February Revenue Collections Total \$1.177 Billion

Monthly revenues \$117M below monthly and \$134M below year-to-date benchmark

(Boston, MA) – Massachusetts Department of Revenue Commissioner Michael J. Heffernan today announced that preliminary revenue collections for February totaled \$1.177 billion, which is \$117 million or 9.1% below the benchmark. For the fiscal year to date, revenues of \$15.855 billion are below benchmark by \$134 million or 0.8%, and above prior year by \$305 million or 2.0%. February is historically the lowest collection month of the year.

“Revenues for the month of February were below expectations,” said Commissioner Heffernan. “While we maintain a cautious outlook, the remaining four months of the fiscal year have historically delivered nearly 40% of total annual revenues. The March-through-June period includes both the bulk of the individual income tax filing season and important estimated payments. This period will determine how closely we trend to the full-year benchmark. We will be monitoring trends closely.”

- February 2017 revenues were \$1.177 billion, which is \$117 million or 9.1% below the monthly benchmark.
 - Income tax collections were \$531 million, \$77 million or 12.7% below the monthly benchmark.
 - Sales and use tax collections were \$443 million, which is \$4 million or 0.9% below the monthly benchmark.
 - Corporate and business tax collections were \$24 million, \$38 million below the monthly benchmark. Because February has a small base of business tax collections, this generated a high percentage variance of 61.0% below benchmark.
 - Other taxes, which include motor fuels, cigarette, estate, and other categories, were \$179 million, which is \$2 million or 1.1% above the monthly benchmark.
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- Income tax collections for February were \$531 million, \$77 million or 12.7% below the monthly benchmark and \$72 million less than February 2016. For the fiscal year-to-date, collections of \$9.151 billion were \$47 million or 0.5% below benchmark, and \$176 million or 2.0% above the same period in 2016.
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- Withholding was \$938 million for the month, \$61 million or 6.1% below the benchmark and \$51 million less than last year. For the fiscal year-to-date, withholding was \$7.926 billion, \$42 million or 0.5% below benchmark and \$304 million or 4.0% ahead of the same period in 2016.
- Estimated payments totaled \$15 million, \$10 million or 39.4% less than the monthly benchmark and \$8 million less than February 2016. For the fiscal year-to-date, estimated payments of \$1.625 billion were \$23 million or 1.4% below benchmark and \$104 million less than the same period last year.
- Payments with returns and bills for February totaled \$31 million, which is \$14 million or 30.7% less than the monthly benchmark, and \$11 million less than February 2016. On a fiscal year-to-date basis, collections of \$336 million were \$17 million or 4.8% less than benchmark and \$15 million or 4.2% less than the same period in fiscal year 2016.
- Note: February is a low month for both estimated payments and payments with returns. As a result, a moderate swing in dollars causes a large percentage variance. Both categories will have more significant flows in the March – June timeframe.
- Refunds were \$453 million for the month of February, which is \$8 million less than benchmark, creating a favorable variance of 1.7%. On a fiscal year-to-date basis, refunds were \$735 million, which is \$34 million or 4.5% favorable to the benchmark. Comparing the 2017 figures to prior year, refunds in the month of February were \$2 million or 0.3% greater than February 2016, and for the fiscal year-to-date period were \$9 million or 1.3% greater than the same period in fiscal year 2016.
- Sales and use tax collections for February totaled \$443 million, which is \$4 million or 0.9% below the monthly benchmark but \$5 million or 1.1% above the month of February 2016. On a fiscal year-to-date basis, sales and use tax collections of \$4.161 billion were \$17 million or 0.4% below benchmark but \$97 million or 2.4% greater than the same period in fiscal year 2016.
- Breaking down sales and use tax collections for the fiscal year-to-date period:
Regular Sales were \$2.889 billion, \$18 million or 0.6% above benchmark.
Meals collections were \$752 million, \$2 million or 0.3% above benchmark.
Motor vehicles collections were \$520 million, \$37 million or 6.7% below benchmark.
- February is not a major month for corporate and business tax collections. Monthly revenues were \$24 million, \$38 million below benchmark and \$35 million below February 2016. Year-to-date collections were \$1.061 billion, \$39 million or 3.5% below benchmark, and \$40 million or 4.0% above the same period in fiscal year 2016.
- All other tax collections for February totaled \$179 million, \$2 million above the monthly benchmark and up \$6 million over last February. On a fiscal year-to-date basis, other taxes are \$1.481 billion, which is \$31 million or 2.0% below benchmark and \$8 million or 0.5% below last year.

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February 2017 Tax Collection Summary (in \$ millions)

Preliminary as of March 3, 2017

	Month of February					FY17 YTD as of February						
	02/2017 Actual Collections	02/2017 v. 02/2016 \$ Fav/(Unfav)	02/2017 v. 02/2016 % Fav/(Unfav)	02/2017 Actual vs Benchmark \$ Fav/(Unfav)	02/2017 Actual vs Benchmark % Fav/(Unfav)	02/2017 v. 02/2016 Baseline % Change	02/2017 YTD Actual Collections	02/2017 YTD v. 02/2016 YTD \$ Fav/(Unfav)	02/2017 YTD v. 02/2016 YTD % Fav/(Unfav)	02/2017 YTD Actual vs Benchmark \$ Fav/(Unfav)	02/2017 YTD Actual vs Benchmark % Fav/(Unfav)	02/2017 YTD v. 02/2016 YTD Baseline % Change
Income												
Income Withholding	938	(51)	-5.1%	(61)	-6.1%	-1.8%	7,926	304	+4.0%	(42)	-0.5%	+4.8%
Income Est. Payments	15	(8)	-35.5%	(10)	-39.4%	-35.5%	1,625	(104)	-6.0%	(23)	-1.4%	-5.0%
Income Returns/Bills	31	(11)	-26.6%	(14)	-30.7%	-3.2%	336	(15)	-4.2%	(17)	-4.8%	-4.2%
Income Refunds Net (outflow)	(453)	(2)	-0.3%	8	+1.7%	+8.9%	(735)	(9)	-1.3%	34	+4.5%	+4.7%
Subtotal Income	531	(72)	-11.9%	(77)	-12.7%	+2.1%	9,151	176	+2.0%	(47)	-0.5%	+3.3%
Sales & Use												
Sales - Regular	315	13	+4.2%	7	+2.2%	+4.5%	2,889	86	+3.1%	18	+0.6%	+2.2%
Sales - Meals	78	4	+4.9%	1	+0.8%	+5.5%	752	33	+4.6%	2	+0.3%	+4.6%
Sales - Motor Vehicles	49	(12)	-19.5%	(11)	-19.0%	-16.0%	520	(23)	-4.2%	(37)	-6.7%	-1.2%
Subtotal Sales & Use	443	5	+1.1%	(4)	-0.9%	+1.8%	4,161	97	+2.4%	(17)	-0.4%	+2.1%
Corporate & Business - Total	24	(35)	-59.0%	(38)	-61.0%	-58.7%	1,061	40	+4.0%	(39)	-3.5%	+4.2%
All Other	179	6	+3.5%	2	+1.1%	+0.9%	1,481	(8)	-0.5%	(31)	-2.0%	-0.0%
Total Tax Collections	1,177	(96)	-7.5%	(117)	-9.1%	-1.0%	15,855	305	+2.0%	(134)	-0.8%	+2.7%

Note 1: Tax-Related Settlements & Judgments exceeding \$10 million each totaled \$0.0 in February 2017 and \$13.5 million during FY17 year to date through the end of February 2017. These payments are 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.



MASSACHUSETTS DEPARTMENT OF REVENUE

Michael J. Heffernan, Commissioner

For Immediate Release:

April 5, 2017

Contact:

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March Revenue Collections Total \$2.28 Billion

March revenues \$81M below monthly benchmark, \$220M below YTD benchmark

(Boston, MA) – Massachusetts Department of Revenue Commissioner Michael J. Heffernan today announced that preliminary revenue collections for March totaled \$2.28 billion, which is \$81 million or 3.4% below the monthly benchmark. For the fiscal year to date through the end of March, revenue collections are \$18.130 billion, above actual previous year collections by \$309 million or 1.7%, but below year-to-date benchmark by \$220 million or 1.2%.

“Monthly and year-to-date revenues remain below projections,” said Commissioner Heffernan. “April, May, and June contribute roughly 30% of the Commonwealth’s tax collections for the year, with April alone responsible for about 12% of the total annual tax collections. We will carefully monitor these final few months.”

- March 2017 revenues were \$2.28 billion, which is \$81 million or 3.4% below the monthly benchmark.
 - Income tax collections were \$889 million, \$10 million or 1.1% below the monthly benchmark.
 - Sales and use tax collections were \$451 million, which is \$10 million or 2.1% below the monthly benchmark.
 - Corporate and business tax collections were \$781 million, \$48 million or 5.8% below the monthly benchmark.
 - Other taxes, which include motor fuels, cigarette, estate, and other categories, were \$159 million, which is \$13 million or 7.5% below the monthly benchmark.
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- March is a mid-size month from a revenue perspective, usually ranking #6 of the 12 months of the year, with roughly 9% of annual revenues.
 - Income tax collections for March were \$889 million, \$10 million or 1.1% below the monthly benchmark and \$39 million more than March 2016. For the fiscal year-to-date, income tax collections of \$10.036 billion were \$61 million or 0.6% below benchmark, and \$211 million or 2.1% above the same period in 2016.

- Withholding was \$1.133 billion for the month, \$7 million or 0.6% above the benchmark and \$56 million more than last year. For the fiscal year-to-date, withholding was \$9.059 billion, \$35 million or 0.4% below benchmark and \$360 million or 4.1% ahead of 2016.
- Estimated payments totaled \$21 million, \$4 million or 17.3% less than the monthly benchmark and \$3 million less than March 2016. For the fiscal year-to-date, estimated payments of \$1.645 billion were \$27 million or 1.6% below benchmark and \$107 million less than the same period last year.
- Payments with returns and bills for March totaled \$69 million, which is \$23 million or 25.3% less than the monthly benchmark, and \$17 million less than March 2016. On a fiscal year-to-date basis, collections of \$400 million were \$46 million or 10.4% less than benchmark and \$37 million or 8.6% less than prior year.
- Refunds were \$334 million for the month of March, which is \$11 million less than benchmark, creating a favorable variance of 3.3%. On a fiscal year-to-date basis, refunds were \$1.067 billion, which is \$48 million or 4.3% favorable to the benchmark. Comparing the 2017 figures to prior year, refunds in the month of March were \$3 million or 0.8% less than March 2016, and for the fiscal year-to-date period were \$4 million or 0.4% greater than the prior fiscal year.
- Sales and use tax collections for March totaled \$451 million, which is \$10 million or 2.1% below the monthly benchmark and \$3 million or 0.7% over the month of March 2016. On a fiscal year-to-date basis, sales and use tax collections of \$4.613 billion were \$26 million or 0.6% below benchmark and \$101 million or 2.2% greater than 2016.
- Breaking down sales and use tax collections for the fiscal year-to-date period: Regular Sales were \$3.185 billion, which is \$8 million or 0.3% above benchmark. Meals collections were \$828 million, which is at benchmark. Vehicles collections were \$599 million, which is \$34 million or 5.3% below benchmark.
- Corporate and business tax collections for the month were \$781 million, which is \$48 million below benchmark and \$27 million below March 2016. Year-to-date business collections are \$1.847 billion, which is \$83 million or 4.3% below benchmark, and \$18 million or 1.0% above 2016.
- All other tax collections for March totaled \$159 million, \$13 million below the monthly benchmark and down \$7 million over last March. On a fiscal year-to-date basis, other taxes are \$1.634 billion, which is \$50 million or 3.0% below benchmark and \$22 million or 1.3% below last year.

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March 2017 Tax Collection Summary (in \$ millions)

Preliminary as of April 5, 2017

	Month of March						FY17 YTD as of March					
	03/2017 Actual Collections	03/2017 v. 03/2016 \$ Fav/(Unfav)	03/2017 v. 03/2016 % Fav/(Unfav)	03/2017 Actual vs Benchmark \$ Fav/(Unfav)	03/2017 Actual vs Benchmark % Fav/(Unfav)	03/2017 v. 03/2016 Baseline % Change	03/2017 YTD Actual Collections	03/2017 YTD v. 03/2016 YTD \$ Fav/(Unfav)	03/2017 YTD v. 03/2016 YTD % Fav/(Unfav)	03/2017 YTD Actual vs Benchmark \$ Fav/(Unfav)	03/2017 YTD Actual vs Benchmark % Fav/(Unfav)	03/2017 YTD v. 03/2016 YTD Baseline % Change
Income												
Income Withholding	1,133	56	+5.2%	7	+0.6%	+5.0%	9,059	360	+4.1%	(35)	-0.4%	+4.8%
Income Est. Payments	21	(3)	-12.1%	(4)	-17.3%	-12.1%	1,645	(107)	-6.1%	(27)	-1.6%	-5.1%
Income Returns/Bills	69	(17)	-19.4%	(23)	-25.3%	-19.4%	400	(37)	-8.6%	(46)	-10.4%	-8.5%
Income Refunds Net (outflow)	(334)	3	+0.8%	11	+3.3%	+6.8%	(1,067)	(4)	-0.4%	48	+4.3%	+5.6%
Subtotal Income	889	39	+4.6%	(10)	-1.1%	+6.8%	10,036	211	+2.1%	(61)	-0.6%	+3.6%
Sales & Use												
Sales - Regular	295	(4)	-1.3%	(11)	-3.5%	-1.4%	3,185	83	+2.7%	8	+0.3%	+1.8%
Sales - Meals	78	2	+3.2%	(1)	-1.5%	+3.1%	828	34	+4.3%	(0)	-0.0%	+4.3%
Sales - Motor Vehicles	78	5	+6.4%	2	+2.8%	+5.8%	599	(16)	-2.6%	(34)	-5.3%	-0.0%
Subtotal Sales & Use	451	3	+0.7%	(10)	-2.1%	+0.6%	4,613	101	+2.2%	(26)	-0.6%	+2.0%
Corporate & Business - Total	781	(27)	-3.3%	(48)	-5.8%	-2.6%	1,847	18	+1.0%	(83)	-4.3%	+1.5%
All Other	159	(7)	-4.4%	(13)	-7.5%	-4.1%	1,634	(22)	-1.3%	(50)	-3.0%	-0.8%
Total Tax Collections	2,280	8	+0.4%	(81)	-3.4%	+1.4%	18,130	309	+1.7%	(220)	-1.2%	+2.6%

Note 1: Tax-Related Settlements & Judgments exceeding \$10 million each totaled \$24.0 million during FY17 year to date through the end of March 2017. These payments are 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.



MASSACHUSETTS DEPARTMENT OF REVENUE

Michael J. Heffernan, Commissioner

For Immediate Release:
May 3, 2017

Contact:
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April Revenue Collections Total \$2.86 Billion

April revenues are \$241M below monthly benchmark, \$462M below YTD benchmark

(Boston, MA) – Massachusetts Department of Revenue Commissioner Michael J. Heffernan today announced that preliminary revenue collections for April totaled \$2.863 billion, which is \$241 million or 7.8% below the monthly benchmark, and \$83 million or 2.8% less than April 2016.

For the fiscal year-to-date through April, revenue collections totaled \$20.993 billion, a \$225 million increase over actual previous year collections in the same period or 1.1%, but below the year-to-date benchmark by \$462 million or 2.2%.

“Although revenue is still growing, most noticeably in Withholding, we have seen several revenue categories underperform compared to benchmark, including Payments with Returns and Bills, Estimated Payments, Sales Taxes, and Corporate & Business Taxes,” said Commissioner Heffernan. “These results make it unlikely that the Commonwealth will meet its FY17 revenue target with less than 20% of expected collections remaining in the final two months in the fiscal year, and we will also need to take a look at FY18 projections.”

- April 2017 revenues were \$2.863 billion, which is \$241 million or 7.8% below the monthly benchmark.
- Income tax collections were \$2.070 billion, \$275 million or 11.7% below the monthly benchmark.
- Withholding was \$962 million for the month, \$31 million or 3.3% above the monthly benchmark.
- Sales and use tax collections were \$493 million, which is \$14 million or 2.8% below the monthly benchmark.
- Corporate and business tax collections were \$120 million, \$49 million or 69.6% above the monthly benchmark.
- Other taxes, which include motor fuels, cigarette, estate, and other categories, were \$180 million, which is \$1 million or 0.5% below the monthly benchmark.

- April is a key month from a revenue perspective, usually ranking #1 of the 12 months of the year, with roughly 12% of annual revenues booked in the month.
- Income tax collections for April were \$2.070 billion, \$275 million or 11.7% below the monthly benchmark and \$126 million or 5.7% less than April 2016. For the fiscal year-to-date, income tax collections of \$12.108 billion were \$335 million or 2.7% below benchmark, and \$87 million or 0.7% above the same period in 2016.
- Withholding was \$962 million for the month, \$31 million or 3.3% above the benchmark and \$35 million more than last year. For the fiscal year-to-date, withholding was \$10.021 billion, \$4 million below benchmark and \$396 million or 4.1% ahead of 2016.
- Estimated payments totaled \$232 million, \$45 million or 16.2% less than the monthly benchmark and \$21 million less than April 2016. For the fiscal year-to-date, estimated payments of \$1.878 billion were \$72 million or 3.7% below benchmark and \$127 million less than the same period last year.
- Payments with returns and bills for April totaled \$1.19 billion, which is \$279 million or 19.0% less than the monthly benchmark, and \$170 million less than April 2016. On a fiscal year-to-date basis, collections of \$1.591 billion were \$325 million or 17% less than benchmark and \$207 million or 11.5% less than the prior year.
- Refunds were \$315 million for the month of April, which is \$18 million less than benchmark, creating a negative variance of 5.5%. On a fiscal year-to-date basis, refunds were \$1.381 billion, which is \$67 million or 4.6% favorable to the benchmark. Comparing the 2017 figures to prior year, refunds in the month of April were \$29 million or 8.5% less than April 2016, and for the fiscal year-to-date period were \$26 million or 1.8% less than the prior fiscal year.
- Sales and use tax collections for April totaled \$493 million, which is \$14 million or 2.8% below the monthly benchmark and \$10 million or 2.1% below the month of April 2016. On a fiscal year-to-date basis, sales and use tax collections of \$5.107 billion and \$39 million or 0.8% below benchmark and \$92 million or 1.8% greater than 2016.
- Breaking down sales and use tax collections for the fiscal year-to-date period: Regular Sales were \$3.53 billion, which is \$4 million or 0.1% below benchmark. Meals collections were \$913 million, which is \$2 million below benchmark. Vehicles collections were \$666 million, which is \$33 million or 4.7% below benchmark.
- Corporate and business tax collections for the month were \$120 million, which is \$49 million above benchmark and \$52 million more than April 2016. Year-to-date business collections are \$1.966 billion, which is \$34 million or 1.7% below benchmark, and \$70 million or 3.7% above 2016.
- All other tax collections for April totaled \$180 million, \$1 million below the monthly benchmark and about the same as last April. On a fiscal year-to-date basis, other taxes are \$1.811 billion, which is \$54 million or 2.9% below benchmark and \$24 million or 1.3% below last year.

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April 2017 Tax Collection Summary (in \$ millions)

Preliminary as of May 3, 2017

	Month of April						FY17 YTD as of April					
	04/2017 Actual Collections	04/2017 v. 04/2016 \$ Fav/(Unfav)	04/2017 v. 04/2016 % Fav/(Unfav)	04/2017 Actual vs Benchmark \$ Fav/(Unfav)	04/2017 Actual vs Benchmark % Fav/(Unfav)	04/2017 v. 04/2016 Baseline % Change	04/2017 YTD Actual Collections	04/2017 YTD v. 04/2016 YTD \$ Fav/(Unfav)	04/2017 YTD v. 04/2016 YTD % Fav/(Unfav)	04/2017 YTD Actual vs Benchmark \$ Fav/(Unfav)	04/2017 YTD Actual vs Benchmark % Fav/(Unfav)	04/2017 YTD v. 04/2016 YTD Baseline % Change
Income												
Income Withholding	962	35	+3.8%	31	+3.3%	+7.7%	10,021	396	+4.1%	(4)	-0.0%	+5.1%
Income Est. Payments	232	(21)	-8.2%	(45)	-16.2%	-8.0%	1,878	(127)	-6.4%	(72)	-3.7%	-5.5%
Income Returns/Bills	1,191	(170)	-12.5%	(279)	-19.0%	-12.2%	1,591	(207)	-11.5%	(325)	-17.0%	-11.3%
Income Refunds Net (outflow)	(315)	29	+8.5%	18	+5.5%	+9.0%	(1,381)	26	+1.8%	67	+4.6%	+6.5%
Subtotal Income	2,070	(126)	-5.7%	(275)	-11.7%	-3.8%	12,108	87	+0.7%	(335)	-2.7%	+2.2%
Sales & Use												
Sales - Regular	342	(10)	-2.8%	(13)	-3.8%	-1.6%	3,528	75	+2.2%	(4)	-0.1%	+1.5%
Sales - Meals	85	1	+1.6%	(1)	-1.6%	+3.0%	913	35	+4.0%	(2)	-0.3%	+4.1%
Sales - Motor Vehicles	66	(2)	-2.8%	1	+1.0%	+3.9%	666	(18)	-2.6%	(33)	-4.7%	+0.4%
Subtotal Sales & Use	493	(10)	-2.1%	(14)	-2.8%	-0.1%	5,107	92	+1.8%	(39)	-0.8%	+1.8%
Corporate & Business - Total	120	52	+77.8%	49	+69.6%	+78.6%	1,966	70	+3.7%	(34)	-1.7%	+4.2%
All Other	180	0	+0.3%	(1)	-0.5%	+1.0%	1,811	(24)	-1.3%	(54)	-2.9%	-0.8%
Total Tax Collections	2,863	(83)	-2.8%	(241)	-7.8%	-1.0%	20,993	225	+1.1%	(462)	-2.2%	+2.0%

Note: Tax-Related Settlements & Judgments exceeding \$10 million each totaled \$24.0 million during FY17 year to date through the end of April 2017. These payments are 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.