

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: June 12, 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 April and May 2017 (preliminary).

The preliminary data provided by the DOR indicates that SMART Fund collections for fiscal year 2017 through May totaled \$740.980 million, representing approximately \$12.305 million or a 1.69% 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	65,555	69,626		740,980
Change (\$ 000)	(960)	723	4,206	1,565	(1,026)	1,319	4,221	570	402	(1,590)	2,875		12,305
% Change	-1.33%	1.10%	6.63%	2.29%	-1.61%	2.04%	5.36%	0.98%	0.68%	-2.37%	4.31%		1.69%



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.



MASSACHUSETTS DEPARTMENT OF REVENUE

Michael J. Heffernan, Commissioner

For Immediate Release:

June 5, 2017

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May Revenue Collections Total \$1.92 Billion

May revenues are \$30M above monthly benchmark, \$439M below YTD benchmark

(Boston, MA) – Massachusetts Department of Revenue Commissioner Michael J. Heffernan today announced that preliminary revenue collections for May totaled \$1.922 billion, which is \$30 million or 1.6% above the monthly benchmark, and \$57 million or 3.1% more than the actual collections in May 2016.

For the fiscal year-to-date through May, revenue collections totaled \$22.906 billion, a \$274 million increase over actual previous year collections in the same period or 1.2%, and \$439 million, or 1.9%, below the year-to-date benchmark for Fiscal Year 2017.

“We continue to see steady year-to-date growth in revenues from income withholding, a sign of a healthy economy,” said Commissioner Heffernan. “This tax filing season, we processed a higher-than-anticipated number of individual returns into the first week of May, resulting in additional revenue collections during the early part of the month. As a result, May monthly revenues were moderately ahead of expectations, and we continue to experience modest actual growth over the previous fiscal year. The longer-term trend for Fiscal Year 2017 revenues coming in below annual projections has not changed.”

- May 2017 revenues were \$1.922 billion, which is \$30 million or 1.6% above the monthly benchmark.
- Income tax collections were \$1.149 billion, \$35 million or 3.2% above the monthly benchmark.
- Withholding was \$954 million for the month, \$39 million or 4.0% below the monthly benchmark.
- Sales and use tax collections were \$528 million, which is \$20 million or 4.0% above the monthly benchmark.
- Corporate and business tax collections were \$44 million, meeting the monthly benchmark.
- Other taxes, which include motor fuels, cigarette, estate, and other categories, were \$201 million, which is \$26 million or 11.3% below the monthly benchmark.

- Historically, May is a mid-size month for collections, ranking seventh of twelve months in each of the last five years. May is not a significant month for estimated payments from individuals or businesses.
- Income tax collections for May were \$1.149 billion, \$35 million or 3.2% above the monthly benchmark and \$123 million or 12.0% more than May 2016. For the fiscal year-to-date, income tax collections of \$13.255 billion were \$303 million or 2.2% below benchmark, and \$206 million or 1.6% above the same period in 2016.
- Withholding was \$954 million for the month, \$39 million or 4.0% below the benchmark and \$44 million more than last year. For the fiscal year-to-date, withholding was \$10.975 billion, \$43 million or 0.4% below benchmark and \$439 million or 4.2% ahead of 2016.
- Estimated payments totaled \$27 million, \$2 million or 7.8% more than the monthly benchmark and \$4 million more than May 2016. For the fiscal year-to-date, estimated payments of \$1.905 billion were \$69 million or 3.5% below benchmark and \$122 million less than the same period last year.
- Payments with returns and bills for May totaled \$275 million, which is \$87 million or 46.0% more than the monthly benchmark, and \$93 million more than May 2016. On a fiscal year-to-date basis, collections of \$1.862 billion were \$243 million or 11.5% less than benchmark and \$118 million or 5.9% less than the prior year. Tax season processing extends into May each year; in the current cycle, more payments were processed in early May rather than late April compared with last year.
- Refunds were \$107 million for the month of May, which is \$14 million more than benchmark, creating an unfavorable variance of 15.3%. On a fiscal year-to-date basis, refunds were \$1.488 billion, which is \$53 million or 3.4% favorable to the benchmark.
- Sales and use tax collections for May totaled \$528 million, which is \$20 million or 4.0% above the monthly benchmark and \$22 million or 4.3% above the month of May 2016. On a fiscal year-to-date basis, sales and use tax collections of \$5.637 billion are \$17 million or 0.3% below benchmark and \$115 million or 2.1% greater than 2016.
- Breaking down sales and use tax collections for the fiscal year-to-date period: Regular Sales were \$3.882 billion, which is \$11 million or 0.3% above benchmark. Meals collections were \$1.007 billion, which is \$1 million below benchmark. Vehicles collections were \$748 million, which is \$27 million or 3.5% below benchmark.
- Corporate and business tax collections for the month were \$44 million, which is at benchmark and \$72 million less than May 2016. Year-to-date business collections are \$2.012 billion, which is \$32 million or 1.5% below benchmark, and \$1 million or 0.05% above 2016.
- All other tax collections for May totaled \$201 million, \$26 million below the monthly benchmark and \$16 million less than May 2016. On a fiscal year-to-date basis, other taxes are \$2.003 billion, which is \$88 million or 4.2% below benchmark and \$49 million or 2.4% below last year.

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May 2017 Tax Collection Summary (in \$ millions)

Preliminary as of June 5, 2017

	Month of May						FY17 YTD as of May					
	05/2017 Actual Collections	05/2017 v. 05/2016 \$ Fav/(Unfav)	05/2017 v. 05/2016 % Fav/(Unfav)	05/2017 Actual vs Benchmark \$ Fav/(Unfav)	05/2017 Actual vs Benchmark % Fav/(Unfav)	05/2017 v. 05/2016 Baseline % Change	05/2017 YTD Actual Collections	05/2017 YTD v. 05/2016 YTD \$ Fav/(Unfav)	05/2017 YTD v. 05/2016 YTD % Fav/(Unfav)	05/2017 YTD Actual vs Benchmark \$ Fav/(Unfav)	05/2017 YTD Actual vs Benchmark % Fav/(Unfav)	05/2017 YTD v. 05/2016 YTD Baseline % Change
Income												
Income Withholding	954	44	+4.8%	(39)	-4.0%	+0.1%	10,975	439	+4.2%	(43)	-0.4%	+4.7%
Income Est. Payments	27	4	+18.4%	2	+7.8%	+18.4%	1,905	(122)	-6.0%	(69)	-3.5%	-5.2%
Income Returns/Bills	275	93	+51.4%	87	+46.0%	+55.7%	1,862	(118)	-5.9%	(243)	-11.5%	-5.3%
Income Refunds Net (outflow)	(107)	(19)	-21.0%	(14)	-15.3%	-13.0%	(1,488)	7	+0.5%	53	+3.4%	+5.3%
Subtotal Income	1,149	123	+12.0%	35	+3.2%	+9.2%	13,255	206	+1.6%	(303)	-2.2%	+2.8%
Sales & Use												
Sales - Regular	352	7	+2.0%	14	+4.2%	+6.3%	3,882	83	+2.2%	11	+0.3%	+2.0%
Sales - Meals	94	5	+5.9%	1	+1.5%	+6.2%	1,007	40	+4.1%	(1)	-0.1%	+4.2%
Sales - Motor Vehicles	81	10	+13.7%	5	+6.2%	+9.6%	748	(7)	-1.0%	(27)	-3.5%	+1.4%
Subtotal Sales & Use	528	22	+4.3%	20	+4.0%	+6.8%	5,637	115	+2.1%	(17)	-0.3%	+2.3%
Corporate & Business - Total	44	(72)	-62.2%	0	+0.4%	+2.9%	2,012	1	+0.0%	(32)	-1.5%	+4.2%
All Other	201	(16)	-7.4%	(26)	-11.3%	-6.4%	2,003	(49)	-2.4%	(88)	-4.2%	-1.8%
Total Tax Collections	1,922	57	+3.1%	30	+1.6%	+6.4%	22,906	274	+1.2%	(439)	-1.9%	+2.4%

Note: Tax-Related Settlements & Judgments exceeding \$10 million each totaled \$24.0 million during FY17 year to date through the end of May 2017. These payments are NOT included in the May and YTD collections figures above. May and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each.