

## 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:** August 4, 2017  
**RE:** Sales Tax Update

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

The most recent DOR estimate for FY 17 was \$813.208 million. The preliminary data provided by the DOR indicates that SMART Fund collections for FY 17 totaled \$816.790 million, representing approximately \$18.259 million or a 2.29% growth from FY 16 collections.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
<b>FY15 (\$ 000)</b>	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
<b>FY16 (\$ 000)</b>	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
<b>Change (\$ 000)</b>	4,259	3,466	3,900	3,824	3,486	3,915	3,036	2,667	3,880	608	1,688	(307)	34,421
<b>% Change</b>	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%
<b>FY17 (\$ 000)</b>	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
<b>Change (\$ 000)</b>	(960)	723	4,206	1,565	(1,026)	1,319	4,221	570	402	(1,590)	2,875	5,954	18,259
<b>% Change</b>	-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%

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 (preliminary) collected in FY 17.

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

Michael J. Heffernan, Commissioner

### For Immediate Release:

July 21, 2017

### Contact:

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### **FY17 Preliminary Revenues Total \$25.625 Billion**

*June 2017 revenue collections total \$2.719 Billion, \$9 million above monthly benchmark  
FY2017 \$431 Million or 1.7% below annual benchmark; 1.4% increase over FY16 actual*

**(Boston, MA)** – Commissioner Michael J. Heffernan of the Massachusetts Department of Revenue announced today that preliminary revenue collections totaled \$2.719 billion for June, \$9 million or 0.3% above the monthly benchmark, and \$82 million or 3.1% more than the actual amount collected in June 2016.

For Fiscal Year 2017 (FY2017) that ended in June, revenue collections were \$25.625 billion, \$431 million or 1.7% below benchmark. This is an increase of \$355 million, or 1.4% growth, over the actual amount collected in Fiscal Year 2016.

“We saw solid year-over-year increases in withholding and in sales and use tax revenue. These results indicate continued growth in the economy,” said Commissioner Heffernan. “The categories of estimated payments, payments with returns, and corporate and business taxes, which are most prone to volatility, were down year-over-year and generated the FY2017 shortfall. We will continue to closely monitor those categories.”

- Total June 2017 revenues were \$2.719 billion, \$9 million or 0.3% above the monthly benchmark.
- Income tax collections were \$1.434 billion, \$4 million or 0.3% above monthly benchmark.
- Withholding was \$996 million for the month, \$64 million or 6.9% above the monthly benchmark.
- Estimated Payments were \$60 million or 11.4% below benchmark.
- Sales and use tax collections were \$571 million, 6.5% or 35 million above the monthly benchmark.
- Corporate and business tax collections were \$482 million, \$52 million or 9.7% below benchmark.
- Other taxes, which include motor fuels, cigarette, estate, and other categories, were \$232 million, \$22 million or 10.4% above the monthly benchmark.

## **June Revenue Collections**

- Income tax collections for June were \$1.434 billion, \$4 million or 0.3% above the monthly benchmark and \$88 million or 6.6% more than June 2016.
- Withholding was \$996 million for June, \$64 million or 6.9% above the benchmark and \$104 million more than last year.
- Estimated payments totaled \$470 million, \$60 million or 11.4% below the monthly benchmark and \$13 million less than June 2016.
- Payments with returns and bills for June totaled \$57 million, which is \$1 million or 1.3% below the monthly benchmark, and \$6 million less than June 2016.
- Refunds were \$90 million for the month of June, which is \$1 million or 1.1% below benchmark.
- Corporate and business tax collections for the month were \$482 million, \$52 million or 9.7% below benchmark and \$55 million less than June 2016.
- Sales and use tax collections for June totaled \$571 million, \$35 million or 6.5% above the monthly benchmark and \$38 million or 7.2% above June 2016.
- All other tax collections for June totaled \$232 million, \$22 million above the monthly benchmark and \$10 million more than June 2016.

## **FY17 Revenue Collections**

- Income tax collections of \$14.696 billion were \$291 million or 1.9% below benchmark, and \$302 million or 2.1% more than last fiscal year.
  - Withholding collections, totaled \$11.970 billion, \$20 million or 0.2% above benchmark and \$543 million or 4.8% more than 2016.
  - Income tax payments with returns and bills, totaled \$1.928 billion, \$235 million or 10.9% less than benchmark and \$115 million or 5.6% less than last fiscal year.
  - Estimated payments of \$2.376 billion were \$130 million or 5.2% below benchmark and \$135 million less than last fiscal year.
  - Sales and use tax collections of \$6.209 billion are \$19 million or 0.3% above benchmark and \$155 million or 2.6% greater than FY16.
  - Breaking down sales and use tax collections for FY17: Regular Sales were \$4.252 billion, \$27 million or 0.6% above benchmark. Meals collections were \$1.106 billion, \$2 million or 0.2% below benchmark. Motor vehicles collections were \$851 million, \$6 million or 0.7% below benchmark.
  - Income tax refunds were \$1.578 billion, \$54 million or 3.3% favorable to the benchmark, and \$9 million less than the prior fiscal year.
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- Corporate and business tax collections totaled \$2.495 billion, \$83 million or 3.2% below benchmark, and \$53 million or 2.1% less than fiscal 2016.
- Other taxes are \$2.224 billion, \$76 million or 3.3% below benchmark and \$49 million or 2.1% below last fiscal year.

**Additional information: Capital Gains**

On July 21, 2017, DOR certified that the Commonwealth collected approximately \$1.190 billion in capital gains tax during FY17.

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## June 2017 Tax Collection Summary (in \$ millions)

Preliminary as of July 21, 2017

	Month of June						FY17 YTD as of June					
	<b>06/2017 Actual Collections</b>	06/2017 v. 06/2016 \$ Fav/(Unfav)	06/2017 v. 06/2016 % Fav/(Unfav)	06/2017 Actual vs Benchmark \$ Fav/(Unfav)	06/2017 Actual vs Benchmark % Fav/(Unfav)	06/2017 v. 06/2016 Baseline % Change	<b>06/2017 YTD Actual Collections</b>	06/2017 YTD v. 06/2016 YTD \$ Fav/(Unfav)	06/2017 YTD v. 06/2016 YTD % Fav/(Unfav)	06/2017 YTD Actual vs Benchmark \$ Fav/(Unfav)	06/2017 YTD Actual vs Benchmark % Fav/(Unfav)	06/2017 YTD v. 06/2016 YTD Baseline % Change
<b>Income</b>												
Income Withholding	996	104	+11.7%	64	+6.9%	+11.6%	11,970	543	+4.8%	20	+0.2%	+5.2%
Income Est. Payments	470	(13)	-2.7%	(60)	-11.4%	-2.7%	2,376	(135)	-5.4%	(130)	-5.2%	-4.7%
Income Returns/Bills	57	(6)	-8.9%	(1)	-1.3%	+6.4%	1,928	(115)	-5.6%	(235)	-10.9%	-4.6%
Income Refunds Net (outflow)	(90)	2	+2.4%	1	+1.1%	+4.2%	(1,578)	9	+0.6%	54	+3.3%	+5.3%
<b>Subtotal Income</b>	<b>1,434</b>	<b>88</b>	<b>+6.6%</b>	<b>4</b>	<b>+0.3%</b>	<b>+7.3%</b>	<b>14,696</b>	<b>302</b>	<b>+2.1%</b>	<b>(291)</b>	<b>-1.9%</b>	<b>+3.2%</b>
<b>Sales &amp; Use</b>												
Sales - Regular	370	12	+3.5%	15	+4.2%	+4.3%	4,252	96	+2.3%	27	+0.6%	+2.2%
Sales - Meals	99	2	+2.6%	(0)	-0.3%	+3.9%	1,106	42	+4.0%	(2)	-0.2%	+4.2%
Sales - Motor Vehicles	102	23	+29.6%	20	+24.8%	+7.4%	851	17	+2.0%	(6)	-0.7%	+2.0%
<b>Subtotal Sales &amp; Use</b>	<b>571</b>	<b>38</b>	<b>+7.2%</b>	<b>35</b>	<b>+6.5%</b>	<b>+4.7%</b>	<b>6,209</b>	<b>155</b>	<b>+2.6%</b>	<b>19</b>	<b>+0.3%</b>	<b>+2.5%</b>
<b>Corporate &amp; Business - Total</b>	<b>482</b>	<b>(55)</b>	<b>-10.2%</b>	<b>(52)</b>	<b>-9.7%</b>	<b>-7.5%</b>	<b>2,495</b>	<b>(53)</b>	<b>-2.1%</b>	<b>(83)</b>	<b>-3.2%</b>	<b>+1.8%</b>
<b>All Other</b>	<b>232</b>	<b>10</b>	<b>+4.7%</b>	<b>22</b>	<b>+10.4%</b>	<b>+6.0%</b>	<b>2,224</b>	<b>(49)</b>	<b>-2.1%</b>	<b>(76)</b>	<b>-3.3%</b>	<b>-1.5%</b>
<b>Total Tax Collections</b>	<b>2,719</b>	<b>82</b>	<b>+3.1%</b>	<b>9</b>	<b>+0.3%</b>	<b>+3.7%</b>	<b>25,625</b>	<b>355</b>	<b>+1.4%</b>	<b>(431)</b>	<b>-1.7%</b>	<b>+2.5%</b>

Note: Tax-Related Settlements & Judgments exceeding \$10 million each totaled \$34.0 million in June 2017 and \$58.0 million during FY17. These payments are NOT included in the June and FY17 collections figures above. June and FY17 benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each.



## MASSACHUSETTS DEPARTMENT OF REVENUE

Michael J. Heffernan, Commissioner

### For Immediate Release:

August 3, 2017

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### July Revenue Collections Total \$1.798 Billion

*Revenue collections are \$6 million or 0.3% above the monthly benchmark*

**(Boston, MA)** – Massachusetts Department of Revenue Commissioner Michael J. Heffernan today announced that preliminary revenue collections for July totaled \$1.798 billion, which is \$6 million or 0.3% more than benchmark<sup>1</sup>.

“July revenues came in as expected,” said Commissioner Heffernan. “We see continued growth in withholding, in regular sales tax, and in meals tax. The more volatile categories, including income returns and bills, refunds, and corporate/ business taxes, showed mixed results.”

- July 2017 revenues were \$1.798 billion, \$6 million or 0.3% above the monthly benchmark.
- Income tax collections were \$1.004 billion, \$10 million or 0.9% below the monthly benchmark.
- Withholding was \$993 million for the month, reaching the monthly benchmark.
- Sales and use tax collections were \$541 million, also at the monthly benchmark.
- Corporate and business tax collections were \$78 million, \$6 million or 8.0% above the monthly benchmark.
- Other taxes, which include motor fuels, cigarette, estate, and other categories, were \$175 million, \$10 million or 6.1% above the monthly benchmark.

July is one of the smaller tax collection months; no quarterly estimated payments are due for most individuals and businesses.

Overall, July revenues were in line with expectations and the trends and patterns of the past several months that were used to develop the FY18 benchmark.

- Income tax collections for July were \$1.004 billion, \$56 million or 5.9% more than a year ago, which left them \$10 million or 0.9% below the monthly benchmark.

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<sup>1</sup> The FY18 revenue benchmark of \$26.504 billion was used in building the signed FY18 General Appropriations Act.

- Withholding collections for July totaled \$993 million, up \$98 million or 10.9% from last July and at the monthly benchmark.
- Income tax payments with returns or tax bills for July totaled \$25 million, \$15 million or 36.8% less than last July and at the monthly benchmark.
- Income tax estimated payments totaled \$25 million for July, \$8 million or 24.6% less than a year ago, and \$3 million below the monthly benchmark.
- Income refunds (which are an outflow) totaled \$39 million in July, greater than the July 2016 figure by \$19 million or 92.9%. While large proportionally, this change represents normal fluctuations in the timing of tax season activities. Versus the monthly benchmark, it is a more modest \$6 million or 16.6% below.
- Corporate and business tax collections for the month totaled \$78 million, up \$26 million or 49% from last July and \$6 million above the monthly benchmark.
- Sales and use tax collections for July totaled \$541 million, down \$4 million or 0.7% from last July and at the monthly benchmark, mainly due to a substantial decrease in motor vehicle revenues. The motor vehicle category is notably volatile, with strong fluctuations month-by-month. DOR will monitor the category to see if a trend emerges.
- Other tax collections totaled \$175 million in July, \$15 million or 9.1% more than last July and \$10 million above the monthly benchmark.

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## July 2017 Tax Collection Summary (in \$ millions)

Preliminary as of August 3, 2017

	Month of July						FY18 YTD as of July					
	<b>07/2017 Actual Collections</b>	07/2017 v. 07/2016 \$ Fav/(Unfav)	07/2017 v. 07/2016 % Fav/(Unfav)	07/2017 Actual vs Benchmark \$ Fav/(Unfav)	07/2017 Actual vs Benchmark % Fav/(Unfav)	07/2017 v. 07/2016 Baseline % Change	<b>07/2017 YTD Actual Collections</b>	07/2017 YTD v. 07/2016 YTD \$ Fav/(Unfav)	07/2017 YTD v. 07/2016 YTD % Fav/(Unfav)	07/2017 YTD Actual vs Benchmark \$ Fav/(Unfav)	07/2017 YTD Actual vs Benchmark % Fav/(Unfav)	07/2017 YTD v. 07/2016 YTD Baseline % Change
<b>Income</b>												
Income Withholding	993	98	+10.9%	(0)	-0.0%	+4.5%	993	98	+10.9%	(0)	-0.0%	+4.5%
Income Est. Payments	25	(8)	-24.6%	(3)	-12.4%	-9.3%	25	(8)	-24.6%	(3)	-12.4%	-9.3%
Income Returns/Bills	25	(15)	-36.8%	(0)	-0.8%	+0.4%	25	(15)	-36.8%	(0)	-0.8%	+0.4%
Income Refunds Net (outflow)	(39)	(19)	-92.9%	(6)	-16.6%	-33.4%	(39)	(19)	-92.9%	(6)	-16.6%	-33.4%
<b>Subtotal Income</b>	<b>1,004</b>	<b>56</b>	<b>+5.9%</b>	<b>(10)</b>	<b>-0.9%</b>	<b>+3.2%</b>	<b>1,004</b>	<b>56</b>	<b>+5.9%</b>	<b>(10)</b>	<b>-0.9%</b>	<b>+3.2%</b>
<b>Sales &amp; Use</b>												
Sales - Regular	389	7	+1.7%	(0)	-0.1%	+1.7%	389	7	+1.7%	(0)	-0.1%	+1.7%
Sales - Meals	103	6	+5.8%	1	+1.3%	+5.8%	103	6	+5.8%	1	+1.3%	+5.8%
Sales - Motor Vehicles	49	(16)	-24.6%	(1)	-2.6%	-2.8%	49	(16)	-24.6%	(1)	-2.6%	-2.8%
<b>Subtotal Sales &amp; Use</b>	<b>541</b>	<b>(4)</b>	<b>-0.7%</b>	<b>(0)</b>	<b>-0.1%</b>	<b>+1.9%</b>	<b>541</b>	<b>(4)</b>	<b>-0.7%</b>	<b>(0)</b>	<b>-0.1%</b>	<b>+1.9%</b>
<b>Corporate &amp; Business - Total</b>	<b>78</b>	<b>26</b>	<b>+49.0%</b>	<b>6</b>	<b>+8.0%</b>	<b>+11.0%</b>	<b>78</b>	<b>26</b>	<b>+49.0%</b>	<b>6</b>	<b>+8.0%</b>	<b>+11.0%</b>
<b>All Other</b>	<b>175</b>	<b>15</b>	<b>+9.1%</b>	<b>10</b>	<b>+6.1%</b>	<b>+6.0%</b>	<b>175</b>	<b>15</b>	<b>+9.1%</b>	<b>10</b>	<b>+6.1%</b>	<b>+6.0%</b>
<b>Total Tax Collections</b>	<b>1,798</b>	<b>93</b>	<b>+5.4%</b>	<b>6</b>	<b>+0.3%</b>	<b>+3.3%</b>	<b>1,798</b>	<b>93</b>	<b>+5.4%</b>	<b>6</b>	<b>+0.3%</b>	<b>+3.3%</b>

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

(2) The July 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