**MEMORANDUM**

**TO:** Board of Directors, Massachusetts School Building Authority

**FROM:** John K. McCarthy

**DATE:** July 23, 2014

**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 May and June 2014.

The preliminary collections data provided by the DOR through the fiscal year end for 2014 indicates that SMART collections during Fiscal Year 2014 totaled approximately $727.5 million, representing approximately 6.7% actual growth from Fiscal Year 2013 collections through the same period.

Based on the preliminary year end data for the Fiscal Year 2014 SMART collections, total collections for the year were within approximately 0.1% of the Commonwealth's Fiscal Year 2014 estimate of $728.3 million for SMART collections.

Massachusetts
Department of Revenue
Amy Pitter, Commissioner

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**For Immediate Release:**
June 4, 2014

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# May Revenue Collections Total $1.624 Billion

**(Boston, MA)** Revenue Commissioner Amy Pitter today announced that preliminary revenue collections for May totaled $1.624 billion, $109 million or 7.2 percent more than last May. Income tax payments with returns and extensions were below the same month last year continuing the trend of weakness in that area, reported in April, due to acceleration of capital gains realization in 2012 in anticipation of federal tax changes. Better than expected corporate and business collections, withholding and sales and use tax collections and estate tax payments combined to offset the shortfall in income tax payments with returns and extensions to end the month $62 million above the monthly benchmark.

With one more month to go in the fiscal year, total year-to-date collections of $20.842 billion are $1.183 billion or 6 percent above that of a year ago and $183 million above the year-to-date revised benchmark.

“Despite the decline in income payments with bills and returns in May, the increase in withholding and sales and use tax collections through May reflects the continued moderate growth in the underlying economy that we had expected,” said Commissioner Pitter.

Income tax payments with returns or extensions totaled $100 million, down $62 million or 38.0% from the same time last year and $51 million below the monthly benchmark. Income tax withholding totaled $804 million for the month, 15 million ahead of benchmark.

With no quarterly payments due, May is generally not a significant month for corporate and business tax collections. Collections for the month totaled $62 million, up $12 million over last year and $18 million above the monthly benchmark, mostly attributable

to one-time, judgment and settlement and related payments, a portion of which will be refunded in June.

Sales tax collections totaled $473 million for May, up $36 million or 8.2 percent from the same time last year and $11 million above benchmark for the month. Year-to-date sales and use tax collections total $5.009 billion, up $299 million or 6.3 percent from the same period last year but $5 million below what was anticipated.

Estate tax collections totaled $103 million this month, up $82 million from the same period last year largely attributable to a one-time estate tax payment of more than $80 million. The unemployment insurance surcharge, a non-DOR tax category, was weaker than the same time last year and $10 million below benchmark due to a timing-related shift of premiums into June.

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# May 2014 Tax Collection Summary (in $ millions)
# (Preliminary as of June 4, 2014)

| | Month of May | | | | | FY14 Year-to-Date | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 05/14 Collections | 05/14 v. 05/13 $ Change | 05/14 v. 05/13 Actual % Change | 05/14 v. 05/13 Baseline % Change | 05/14 $ Above/(Below) Benchmark Based on FY14 Estimate of $23.2 Billion | 05/14 FY14 YTD Collections | 05/14 FY14 YTD $ Change | 05/14 FY14 YTD Actual % Change | 05/14 FY14 YTD Baseline % Change | FY14 YTD $ Above/(Below) Benchmark Based on FY14 Estimate of $23.2 Billion |
| **Income - Total** | **847** | **(24)** | **-2.7%** | **-1.0%** | **(33)** | **11,861** | **326** | **2.8%** | **3.4%** | **(38)** |
| Income Withholding | 804 | 37 | 4.8% | 6.6% | 15 | 9,636 | 480 | 5.2% | 5.7% | 119 |
| Income Est. Payments (Cash) | 20 | (0) | -1.6% | -0.3% | 0 | 1,753 | 88 | 5.3% | 5.7% | 18 |
| Income Returns/Bills | 100 | (62) | -38.0% | -37.5% | (51) | 1,894 | (175) | -8.4% | -8.0% | (146) |
| Income Refunds (Cash) | 78 | (1) | -1.8% | -2.7% | (2) | 1,420 | 62 | 4.6% | 4.2% | 29 |
| **Sales & Use - Total** | **473** | **36** | **8.2%** | **8.3%** | **11** | **5,009** | **299** | **6.3%** | **5.9%** | **(5)** |
| Sales - Regular | 326 | 30 | 10.2% | 9.2% | 12 | 3,477 | 197 | 6.0% | 5.3% | 1 |
| Sales - Meals | 80 | 5 | 6.7% | 7.4% | 2 | 862 | 41 | 5.0% | 5.0% | (3) |
| Sales - Motor Vehicles | 67 | 1 | 0.9% | 5.0% | (3) | 670 | 61 | 10.0% | 10.4% | (3) |
| **Corporate & Business - Total** | **62** | **12** | **23.5%** | **-8.3%** | **18** | **2,066** | **295** | **16.7%** | **14.5%** | **181** |
| **All Other** | **242** | **85** | **54.6%** | **51.3%** | **66** | **1,907** | **264** | **16.1%** | **7.6%** | **45** |
| **Total Tax Collections** | **1,624** | **109** | **7.2%** | **6.9%** | **62** | **20,842** | **1,183** | **6.0%** | **5.3%** | **183** |

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**For Immediate Release:**
July 16, 2014

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# June Revenue Collections Total $2.529 Billion

## *June collections fall below monthly benchmark by $12 million; full year collections exceed FY14 revised estimate by $169 million*

**(Boston, MA)**-Revenue Commissioner Amy Pitter today announced that preliminary revenue collections for June totaled $2.529 billion, $65 million or 2.6 percent more than the state took in last June. Preliminary revenues for all of FY14 were $23.369 billion, an increase of $1.246 billion or 5.6 percent more than a year ago and $169 million over the FY14 benchmark.

“Our FY14 benchmarks were based on anticipated continued moderate growth in the economy, which is exactly what we saw. The above benchmark performance reflects a spike in tax settlements and bonus payments, which were somewhat offset by below benchmark performance in payments with returns due to a larger than expected acceleration of investment activity into the prior year.” said Commissioner Pitter. Corporate and business taxes exceeded benchmark for the year, as did withholding, with sales and use taxes ending the year very slightly below benchmark.

Income tax collections for June were $1.341 billion, $45 million or 3.5 percent more than a year ago and $29 million over the monthly benchmark. Total FY14 income tax collections were $13.202 billion, which was $9 million less than anticipated..

Withholding collections for June totaled $872 million, up $13 million or 1.5 percent from last June and $24 million below the June benchmark. Total FY14 withholding collections were $10.509 billion, up $493 million or 4.9 percent from the same period last year, and $95 million above what was expected for the year.

Income tax payments with returns or tax bills for June totaled $48 million, up $3 million or 6.8 percent from the same period last year and $6 million above the monthly benchmark. FY14 income tax payments with returns and bills totaled $1.942 billion,

down $171 million or 8.1 percent below the FY13 total and $139 million below the year-to-date benchmark.

Income tax estimated payments of $470 million for June were up $28 million or 6.3 percent over a year ago and $45 million above the monthly benchmark. For the year, estimated tax payments totaled $2.222 billion which was $115 million or 5.5 percent more than a year ago and $63 million above the full year benchmark.

Income cash refunds in June totaled $49 million, down $1 million or 2 percent from a year ago and $2 million below the June benchmark. For the full year, cash refunds totaled $1.469 billion, up $61 million or 4.3 percent from the same period last year and $27 million above the FY14 estimate.

Sales tax collections for June totaled $488 million, up $34 million or 7.4 percent from last June and right at benchmark for the month. For the year, sales tax collections totaled $5.496 billion, up $332 million or 6.4 percent from the same period last year, but $5 million below what was anticipated for the full year.

Corporate and business tax collections for the month totaled $444 million, down $47 million or 9.5% from last June and $80 million below the monthly benchmark. Full year collections totaled $2.510 billion, $249 million or 11 percent more than the FY13 total and $101 million above the full year benchmark.

Other tax collections, including revenues from deeds and estates, etc., totaled $256 million in June, $32 million or 14.5 percent more than last June and $39 million over the June benchmark. For the year, other tax collections totaled $2.162 billion, $295 million or 15.8 percent more than the same period last year and $83 million above the FY14 benchmark.

Per state finance law, FY14 tax revenues from realized capital gains exceeding $1.023 billion and any settlement or judgment payments above $10 million, are required to be transferred to the stabilization fund.  On July 9, 2014, the Department of Revenue and the Office of the Attorney General jointly certified that FY14 tax and non-tax related settlement and judgment payments totaled $436.5 million ($252.2 million of this total was received after January 1 when the FY14 revenue estimate was revised). DOR is in the process of certifying the total amount of capital gains receipts for FY14.

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# June 2014 Tax Collection Summary (in $ millions)
# (Preliminary as of July 16, 2014)

| | Month of June | | | | | FY14 Year-to-Date | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 06/14 Collections | 06/14 v. 06/13 $ Change | 06/14 v. 06/13 Actual % Change | 06/14 v. 06/13 Baseline % Change | 06/14 $ Above/(Below) Benchmark Based on FY14 Estimate of $23.2 Billion | 06/14 FY14 YTD Collections | 06/14 FY14 YTD $ Change | 06/14 FY14 YTD Actual % Change | 06/14 FY14 YTD Baseline % Change | FY14 YTD $ Above/(Below) Benchmark Based on FY14 Estimate of $23.2 Billion |
| **Income - Total** | **1,341** | **45** | **3.5%** | **4.3%** | **29** | **13,202** | **371** | **2.9%** | **3.5%** | **(9)** |
| Income Withholding | 872 | 13 | 1.5% | 1.8% | (24) | 10,509 | 493 | 4.9% | 5.4% | 95 |
| Income Est. Payments (Cash) | 470 | 28 | 6.3% | 7.9% | 45 | 2,222 | 115 | 5.5% | 6.1% | 63 |
| Income Returns/Bills | 48 | 3 | 6.8% | 7.3% | 6 | 1,942 | (171) | -8.1% | -7.7% | (139) |
| Income Refunds (Cash) | 49 | (1) | -2.0% | -3.4% | (2) | 1,469 | 61 | 4.3% | 4.0% | 27 |
| **Sales & Use - Total** | **488** | **34** | **7.4%** | **5.7%** | **(0)** | **5,496** | **332** | **6.4%** | **5.9%** | **(5)** |
| Sales - Regular | 333 | 18 | 5.7% | 4.0% | (3) | 3,811 | 215 | 6.0% | 5.2% | (3) |
| Sales - Meals | 88 | 7 | 9.0% | 8.5% | 3 | 949 | 48 | 5.3% | 5.3% | (0) |
| Sales - Motor Vehicles | 67 | 8 | 14.6% | 10.6% | 0 | 736 | 70 | 10.4% | 10.4% | (3) |
| **Corporate & Business - Total** | **444** | **(47)** | **-9.5%** | **-9.6%** | **(80)** | **2,510** | **249** | **11.0%** | **9.3%** | **101** |
| **All Other** | **256** | **32** | **14.5%** | **3.1%** | **39** | **2,162** | **295** | **15.8%** | **7.0%** | **83** |
| **Total Tax Collections** | **2,529** | **65** | **2.6%** | **1.7%** | **(12)** | **23,369** | **1,246** | **5.6%** | **4.9%** | **169** |

Memo: Aggregate Value of **Tax and Non-Tax Related** Settlements & Judgments Exceeding $10 Million During the **Period of July 2013 through June 2014**:

| | | |
|---|---|---|
| **Tax Related** Settlements & Judgments Exceeding $10 Million: | 436.5 | *...included in the YTD collections figures above* |
| **Non-Tax Related** Settlements & Judgments Exceeding $10 Million: | 0.0 | *...not included in the YTD collections figures above* |
| Total (**Tax and Non-Tax Related)** Settlements & Judgments Exceeding $10 Million: | 436.5 | |

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