

## MEMORANDUM

**TO:** Board of Directors, Massachusetts School Building Authority  
**FROM:** Maureen Valente, Chief Executive Officer and John K. McCarthy, Executive Director /  
Deputy CEO  
**DATE:** January 11, 2016  
**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 November and December 2015 (preliminary).

The preliminary data provided by the DOR indicates that SMART collections for fiscal year 2016 through November totaled \$333.8 million, representing approximately 6.0% actual growth from fiscal year 2015 collections through the same period.

The Commonwealth’s fiscal year 2016 updated revenue estimate from DOR for SMART collections is approximately \$800.8 million. The fiscal year 2016 estimate represents approximately \$36.7 million (4.8%) growth over fiscal year 2015 actual collections.

Staff will continue to monitor SMART collections data and provide the Board with updates on fiscal year 2016 SMART collections, and any additional changes made by the Commonwealth to the fiscal year 2016 SMART estimate.



## MASSACHUSETTS DEPARTMENT OF REVENUE

Mark Nunnely, Commissioner

### For Immediate Release:

December 3, 2015

### Contact:

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## November Revenue Collections Total \$1.674 Billion

*Collections trend \$55 million below benchmark for month,  
\$73 million above benchmark year-to-date*

**(Boston, MA)**-Revenue Commissioner Mark Nunnely today announced that preliminary revenue collections for November totaled \$1.674 billion, \$86 million or 5.4 percent more than the state took in last November. Excluding the \$14.2 million in one-time tax settlement payments received in November, revenue collections totaled \$1.660 billion, \$71 million or 4.5 percent more than the state took in at this time last year and \$55 million below benchmark, although a shift to December of approximately \$20-30 million in withholding collections is expected due to the timing of a new tax collection system rollout.

“The November figures show that we are still trending slightly above the year-to-date benchmark and must continue to monitor economic trends and other factors,” said Commissioner Nunnely.

- Revenues were \$55 million below benchmark for November, although \$20-30 million of withholding collections were pushed into December due to the recent rollout of MassTaxConnect
- Withholding collections were \$68 million below the November benchmark
- Income tax collections (including withholding) were \$78 million below the monthly benchmark
- Corporate & business taxes were \$9 million above the monthly benchmark
- Sales and use tax collections were \$4 million above the monthly benchmark
- All other collections came in \$10 million above the November benchmark

Five months into the fiscal year, revenues total \$9.289 billion, \$392 million or 4.4 percent more than last year at this time. Excluding the one-time \$14.2 million in one-time tax settlements received year-to-date, tax collections totaled \$9.275 billion, \$377 million or 4.2 percent above last year at this time and \$73 million above benchmark.

- On November 30, DOR launched MassTaxConnect, a new, state-of-the-art integrated electronic filing system, for the Commonwealth's business taxpayers. Transitioning taxpayer information to the new system meant shutting down electronic filing for businesses from November 21 through November 29, resulting in a shift of approximately \$20-30 million of withholding payments into December.
- As anticipated, refunds are higher in November as processing of returns to meet the October 15 extension deadline continued into the month.
- Income tax collections were \$973 million, \$43 million or 4.6 percent more than last November and \$78 million below the monthly benchmark.
- Withholding collections totaled \$967 million, up \$39 million or 4.3 percent from the same period last year and \$68 million below benchmark for the month.
- Income tax payments with returns or tax bills totaled \$57 million, or \$19 million 51.8 percent more than last November and \$27 million above the monthly benchmark.
- Income tax estimated payments totaled \$20 million, \$1 million or 2.8 percent below last November and \$2 million below the November benchmark.
- Income cash refunds totaled \$72 million, \$16 million or 28 percent more than last November and \$36 million above the monthly benchmark.
- Excluding the \$14.2 million in one-time tax settlement payments received in November, corporate and business tax collections totaled \$15 million, \$3 million or 17.2 percent less than last November and \$9 million above the monthly benchmark.
- Sales tax collections totaled \$483 million for the month, \$23 million or 5.1 percent more than last November and \$4 million above the November benchmark.
- Other tax collections totaled \$189 million, \$8 million or 4.5 percent more than last year and \$10 million above benchmark for the month.

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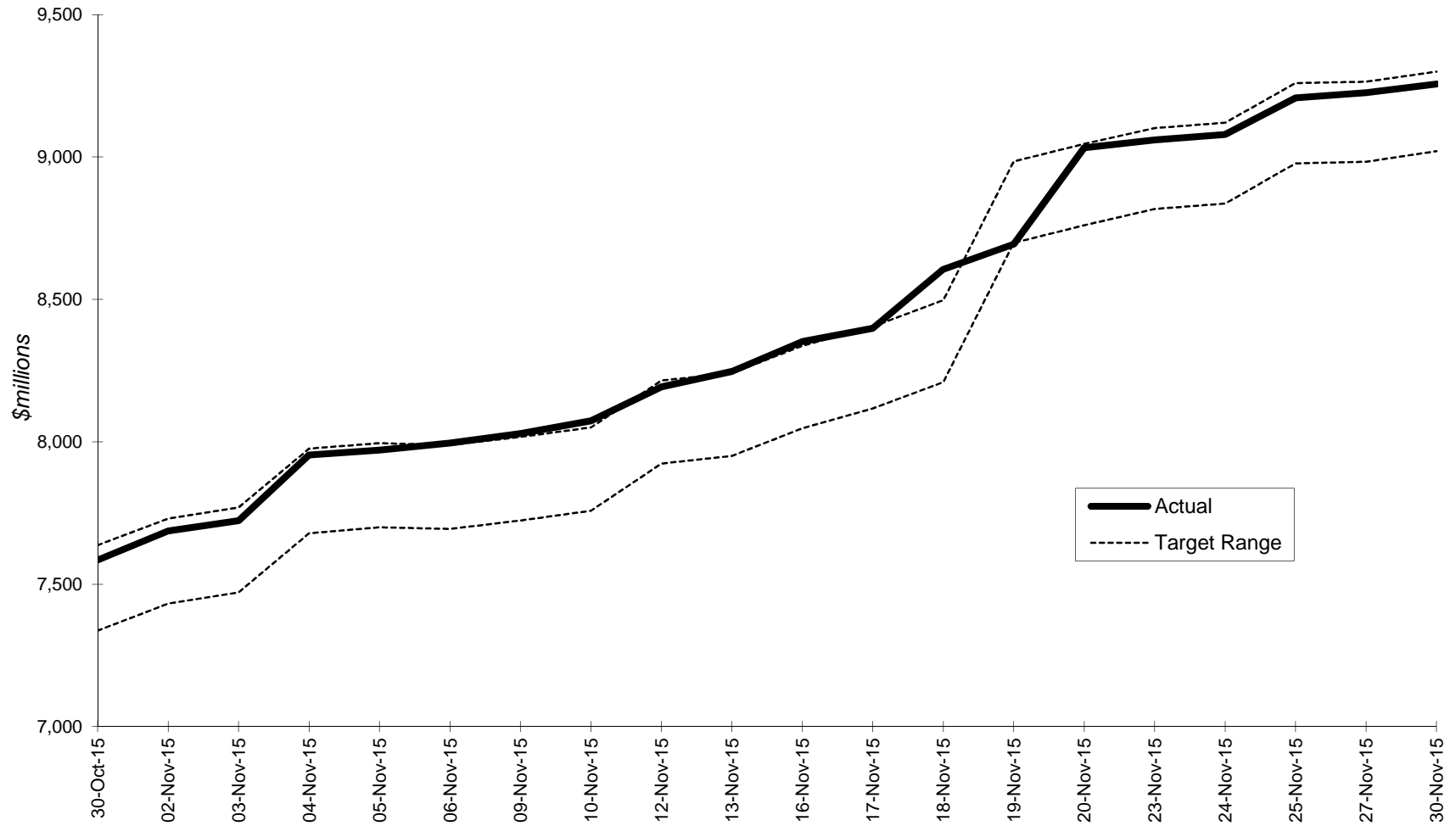
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**November 2015 Tax Collection Summary (in \$ millions)**  
**(Preliminary as of December 3, 2015)**

	----- Month of November -----					----- FY16 Year-to-Date -----				
	11/15 Collections	11/15 v. 11/14 \$ Change	11/15 v. 11/14 Actual % Change	11/15 v. 11/14 Baseline % Change	11/15 \$ Above/(Below) Benchmark Based on FY16 Estimate of \$25.611 Billion	11/15 FY16 YTD Collections	11/15 FY16 YTD \$ Change	11/15 FY16 YTD Actual % Change	11/15 FY16 YTD Baseline % Change	FY16 YTD \$ Above/(Below) Benchmark Based on FY16 Estimate of \$25.611 Billion
<b>Income - Total</b>	<b>973</b>	<b>43</b>	<b>4.6%</b>	<b>3.8%</b>	<b>(78)</b>	<b>5,221</b>	<b>209</b>	<b>4.2%</b>	<b>6.6%</b>	<b>10</b>
Income Withholding	967	39	4.3%	1.2%	(68)	4,470	142	3.3%	4.9%	(62)
Income Est. Payments (Cash)	20	(1)	-2.8%	-2.1%	(2)	705	70	10.9%	11.6%	36
Income Returns/Bills	57	19	51.8%	78.5%	27	267	21	8.4%	27.2%	59
Income Refunds (Cash)	72	16	28.0%	10.3%	36	219	23	11.6%	11.6%	24
<b>Sales &amp; Use - Total</b>	<b>483</b>	<b>23</b>	<b>5.1%</b>	<b>5.8%</b>	<b>4</b>	<b>2,560</b>	<b>142</b>	<b>5.9%</b>	<b>6.6%</b>	<b>43</b>
Sales - Regular	333	8	2.6%	3.4%	(3)	1,728	83	5.0%	5.6%	21
Sales - Meals	86	1	1.7%	4.6%	(0)	474	23	5.2%	7.1%	10
Sales - Motor Vehicles	65	14	26.5%	22.3%	8	359	36	11.0%	10.9%	12
<b>Corporate &amp; Business - Total</b>	<b>15</b>	<b>(3)</b>	<b>-17.2%</b>	<b>90.6%</b>	<b>9</b>	<b>562</b>	<b>(16)</b>	<b>-2.7%</b>	<b>-2.6%</b>	<b>(19)</b>
<b>All Other</b>	<b>189</b>	<b>8</b>	<b>4.5%</b>	<b>4.6%</b>	<b>10</b>	<b>932</b>	<b>42</b>	<b>4.8%</b>	<b>4.8%</b>	<b>39</b>
<b>Total Tax Collections</b>	<b>1,660</b>	<b>71</b>	<b>4.5%</b>	<b>5.5%</b>	<b>(55)</b>	<b>9,275</b>	<b>377</b>	<b>4.2%</b>	<b>5.8%</b>	<b>73</b>
<i>Tax-Related Settlements &amp; Judgments Exceeding \$10 Million Each</i> (NOT included in the November and YTD collections figures above. November and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).										
	<b>14.2</b>					<b>14.2</b>				
<b>Total Tax Collections</b> (Including tax-related settlements & judgments)	1,674	86	5.4%	6.4%		9,289	392	4.4%	6.0%	
<b>Corporate &amp; Business - Total</b> (Including tax-related settlements & judgments)	30	11	59.0%	166.8%		576	(2)	-0.3%	-0.1%	
<b>Income Returns/Bills</b> (Including tax-related settlements & judgments)	57	19	51.8%	78.5%		267	21	8.4%	27.2%	

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

## FY2016 Year-to-Date Tax Revenue Through November 30, 2015



YTD target range is based on FY2016 tax revenue estimate of \$25,611 billion (includes \$986.3 million in MBTA transfer funds).



## MASSACHUSETTS DEPARTMENT OF REVENUE

Mark Nunnely, Commissioner

### For Immediate Release:

January 6, 2016

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## December Revenue Collections Total \$2.427 Billion

*Revenue collections are \$39 million above benchmark for month,  
\$114 million above benchmark year-to-date*

**(Boston, MA)** - Revenue Commissioner Mark Nunnely today announced that preliminary revenue collections for December totaled \$2.427 billion, \$121 million or 5.2 percent more than the state took in last December. Excluding the \$12.7 million in one-time tax settlement payments received in December, revenue collections totaled \$2.414 billion, \$108 million or 4.7 percent more than the state took in at this time last year and \$39 million above benchmark.

“While revenues to date are tracking above our benchmark, it is too early to tell how much of the growth comes from core economic growth like sales tax and employment withholding versus more volatile capital gains income,” said Commissioner Nunnely. “As we move into the second half of the fiscal year, we will continue to monitor revenues closely.”

- Income tax collections were \$8 million above the monthly benchmark
- Withholding collections were \$2 million below the December benchmark
- Corporate & business taxes were \$20 million above the monthly benchmark
- Sales and use tax collections were \$10 million above the monthly benchmark
- All other collections came in \$1 million above the December benchmark

Revenues were \$39 million above benchmark for December largely due to stronger than anticipated individual estimated tax payments, corporate and business collections, and sales and use tax collections, which combined to offset weaker withholding, payments with returns, and higher than anticipated refunds.

It is important to note that due to the rollout of MassTaxConnect at the beginning of last month, some withholding revenue shifted into December. However, bonus payments which

typically begin to come in December and continue well into the next calendar year are weaker than expected, offsetting the positive effect of the shift. As a result, withholding is slightly below benchmark.

Six months into the fiscal year, revenues total \$11.719 billion, \$515 million or 4.6 percent more than last year at this time. Excluding the \$26.9 million in one-time tax settlements received year-to-date, tax collections totaled \$11.692 billion, \$488 million or 4.4 percent above last year at this time and \$114 million above benchmark.

- Income tax collections were \$1.368 billion, \$47 million or 3.5 percent more than last December and \$8 million above the monthly benchmark.
- Withholding collections totaled \$1.092 billion, up \$47 million or 4.5 percent from the same period last year and \$2 million below benchmark for the month.
- Income tax payments with returns or tax bills totaled \$10 million, \$23 million or 69.6 percent less than last December and \$20 million below the monthly benchmark.
- Income tax cash estimated payments totaled \$291 million, \$40 million or 16.1 percent above last December and \$47 million above the December benchmark. December estimated payments are due on January 15. Sometimes taxpayers elect to pay them in December to enable a current year expense. As such, income tax estimated payments received in December and January should be considered together.
- Income cash refunds totaled \$25 million, \$17 million or 209.9 percent more than last December and \$17 million above the monthly benchmark.
- Excluding the \$12.7 million in one-time tax settlement payments received in December, corporate and business tax collections totaled \$359 million, \$25 million or 7.6 percent more than last December and \$20 million above the monthly benchmark.
- Sales tax collections totaled \$488 million for the month, \$31 million or 6.8 percent more than last December and \$10 million above the December benchmark.
- Other tax collections totaled \$200 million, \$5 million or 2.4 percent more than last year and \$1 million above benchmark for the month.

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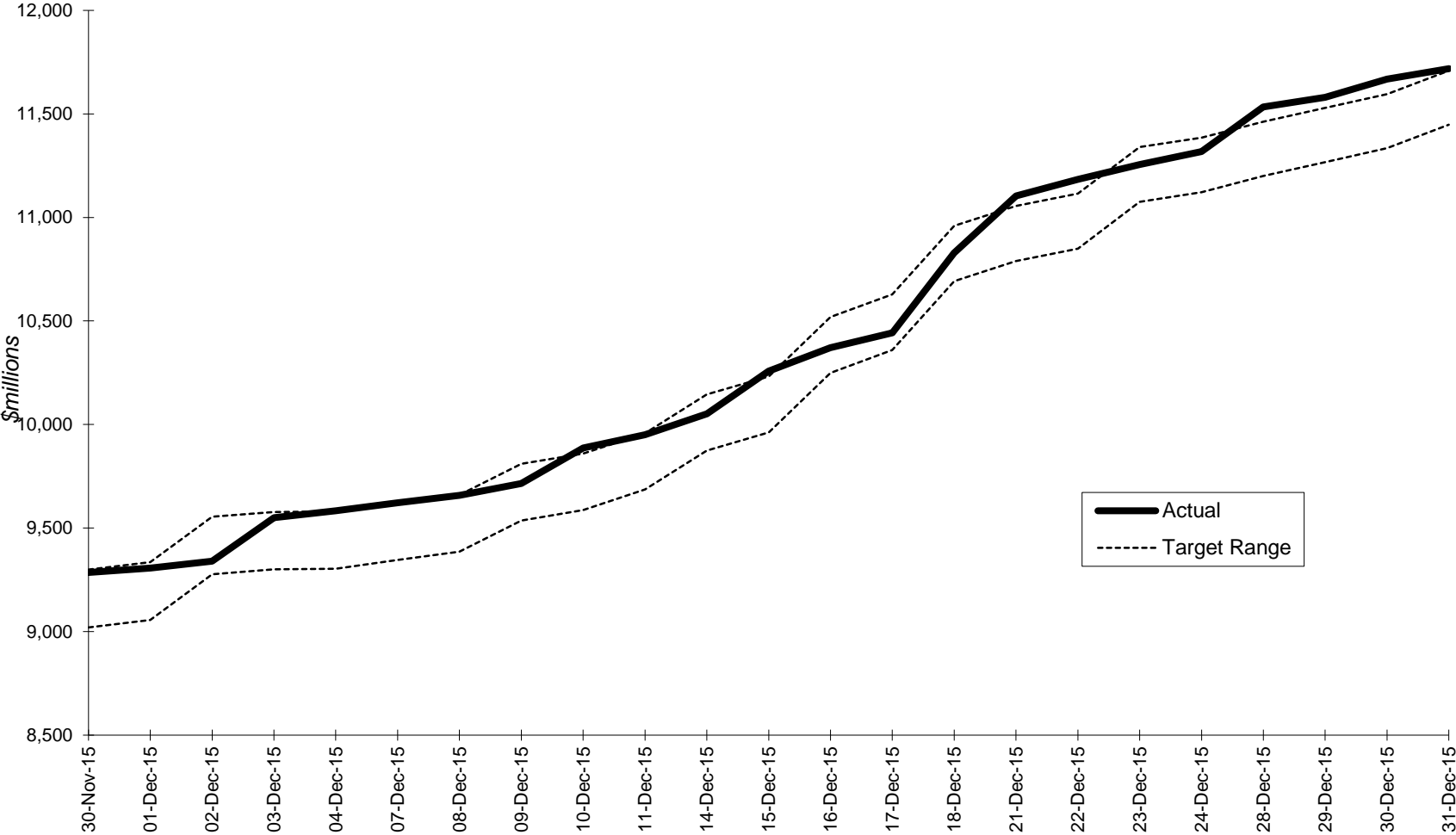
**December 2015 Tax Collection Summary (in \$ millions)**  
**(Preliminary as of January 6, 2016)**

	----- Month of December -----					----- FY16 Year-to-Date -----				
	12/15 Collections	12/15 v. 12/14 \$ Change	12/15 v. 12/14 Actual % Change	12/15 v. 12/14 Baseline % Change	12/15 \$ Above/(Below) Benchmark Based on FY16 Estimate of \$25.611 Billion	12/15 FY16 YTD Collections	12/15 FY16 YTD \$ Change	12/15 FY16 YTD Actual % Change	12/15 FY16 YTD Baseline % Change	FY16 YTD \$ Above/(Below) Benchmark Based on FY16 Estimate of \$25.611 Billion
<b>Income - Total</b>	<b>1,368</b>	<b>47</b>	<b>3.5%</b>	<b>2.9%</b>	<b>8</b>	<b>6,588</b>	<b>256</b>	<b>4.0%</b>	<b>5.8%</b>	<b>17</b>
Income Withholding	1,092	47	4.5%	3.2%	(2)	5,562	188	3.5%	4.6%	(64)
Income Est. Payments (Cash)	291	40	16.1%	16.7%	47	996	110	12.4%	13.0%	83
Income Returns/Bills	10	(23)	-69.6%	-59.1%	(20)	276	(2)	-0.8%	17.0%	39
Income Refunds (Cash)	25	17	209.9%	209.9%	17	244	40	19.5%	19.5%	41
<b>Sales &amp; Use - Total</b>	<b>488</b>	<b>31</b>	<b>6.8%</b>	<b>7.1%</b>	<b>10</b>	<b>3,048</b>	<b>173</b>	<b>6.0%</b>	<b>6.7%</b>	<b>53</b>
Sales - Regular	336	22	7.1%	7.3%	9	2,064	105	5.4%	5.9%	30
Sales - Meals	84	7	8.5%	8.9%	3	558	30	5.7%	7.4%	13
Sales - Motor Vehicles	68	2	3.5%	4.1%	(2)	426	38	9.7%	9.7%	11
<b>Corporate &amp; Business - Total</b>	<b>359</b>	<b>25</b>	<b>7.6%</b>	<b>7.7%</b>	<b>20</b>	<b>921</b>	<b>10</b>	<b>1.0%</b>	<b>1.2%</b>	<b>1</b>
<b>All Other</b>	<b>200</b>	<b>5</b>	<b>2.4%</b>	<b>2.4%</b>	<b>1</b>	<b>1,135</b>	<b>50</b>	<b>4.6%</b>	<b>4.7%</b>	<b>43</b>
<b>Total Tax Collections</b>	<b>2,414</b>	<b>108</b>	<b>4.7%</b>	<b>4.4%</b>	<b>39</b>	<b>11,692</b>	<b>488</b>	<b>4.4%</b>	<b>5.6%</b>	<b>114</b>
<i>Tax-Related Settlements &amp; Judgments Exceeding \$10 Million Each</i> (NOT included in the December and YTD collections figures above. December and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).										
	<b>12.7</b>					<b>26.9</b>				
<b>Total Tax Collections</b> (Including tax-related settlements & judgments)	2,427	121	5.2%	5.0%		11,719	515	4.6%	5.8%	
<b>Corporate &amp; Business - Total</b> (Including tax-related settlements & judgments)	371	38	11.4%	11.6%		947	36	4.0%	4.1%	
<b>Income Returns/Bills</b> (Including tax-related settlements & judgments)	10	(23)	-69.6%	-59.1%		276	(2)	-0.8%	17.0%	

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



# FY2016 Year-to-Date Tax Revenue Through December 31, 2015



YTD target range is based on FY2016 tax revenue estimate of \$25,611 billion (includes \$986.3 million in MBTA transfer funds).