

MEMORANDUM

TO: Board of Directors, Massachusetts School Building Authority
FROM: John K. McCarthy
DATE: March 19, 2014
RE: Sales Tax Update

Attached, please find monthly tax collection statements and collection summary tables released by the Department of Revenue (“DOR”) for the months of January and February 2014.

The preliminary data provided by the DOR through February 2014 indicates that, on a cash basis, SMART collections for Fiscal Year 2014 through February totaled approximately \$484 million, representing approximately 6.2% actual growth from Fiscal Year 2013 collections through the same period.

The Commonwealth’s Fiscal Year 2014 estimate for SMART collections is \$728.3 million. The Fiscal Year 2014 SMART estimate represents approximately \$46.3 million (6.8%) projected growth over fiscal year 2013 actual SMART collections.

Staff will continue to provide the Board with updates on fiscal year 2014 SMART collections, and any changes made by the Commonwealth to the fiscal year 2014 SMART estimate.

For Immediate Release - February 04, 2014

January Revenue Collections Total \$2.430 Billion

(Boston - Wednesday, February 4, 2014) – Revenue Commissioner Amy Pitter today announced that preliminary revenue collections for January totaled \$2.430 billion, \$143 million or 6.2 percent above revenues collected last January. Better than expected performance in withholding and corporate/business tax collections offset relatively weak performance in sales tax collections to end the month \$83 million above the monthly benchmark based on the FY2014 revised revenue estimate of \$23.2 billion.

Revenue collections seven months into the fiscal year totaled \$13.194 billion, \$856 million or 6.9 percent more than at this time last year and \$83 million above the year-to-date benchmark.

“January collections not only met but also exceeded the newly revised monthly benchmarks. Much of the January surplus is due to time-shifting in withholding collections, income tax refunds and corporate/business refunds,” said Commissioner Pitter. “Withholding collections reflected what DOR noted in December’s revenue report that at least \$30 million in anticipated December withholding was actually paid in January.”

Commissioner Pitter also noted that income tax refunds were lower in January most likely because the IRS delayed the opening of the tax filing season and many taxpayers file federal and state returns around the same time. Income tax refunds, as well as corporate/business refunds, are expected to increase in February or March, offsetting a significant portion of January revenue surplus.

Total income tax collections for January were \$1.682 billion, up \$86 million or 5.4 percent from last January and \$59 million above the monthly benchmark. Year-to-date income was \$7.718 billion, \$431 million or 5.9 percent over last year and \$59 million over the year-to-date benchmark.

January withholding collections totaled \$985 million, \$80 million or 8.9 percent more than last January and \$33 million above the monthly benchmark. So far this fiscal year, withholding collections are \$6.110 billion, \$266 million or 4.5 percent over last year and \$33 million above the year-to-date benchmark.

Estimated income tax payments brought in \$682 million for the month, \$7 million or 1.0 percent less than last January and \$10 million over the monthly benchmark. Year-to-date estimated income tax collections totaled \$1.464 billion, \$92 million or 6.7 percent over last year at this time and \$10 million over the year-to-date benchmark.

Income tax payments with returns or bills brought in \$28 million for the month, \$2 million or 6.5 percent less than last January and \$3 million above the January benchmark. Year-to-date income tax payments with returns or bills totaled \$370 million, \$90 million or 32.1 percent over last year at this time and \$3 million over the year-to-date benchmark.

Corporate and business tax collections for January were \$55 million, \$19 million or 53.2 percent above last January's collections and \$37 million above the monthly benchmark. Year-to-date corporate and business tax collections totaled \$1,001 billion, up \$91 million or 10.0 percent from the same period last year and \$37 million above the year-to-date benchmark.

Sales and use tax collections for January totaled \$521 million, up \$25 million or 5.0 percent from last January and \$8 million below the monthly benchmark. Collections through seven months of the fiscal year totaled \$3.267 billion, \$192 million or 6.2 percent more than the same period last year and \$8 million less than the year-to-date benchmark.

January 2014 Tax Collection Summary (in \$ millions)
(Preliminary as of February 4, 2014)

	----- Month of January -----					----- FY14 Year-to-Date -----				
	01/14 Collections	01/14 v. 01/13 \$ Change	01/14 v. 01/13 Actual % Change	01/14 v. 01/13 Baseline % Change	01/14 \$ Above/(Below) Benchmark Based on FY14 Estimate of \$23.2 Billion	01/14 FY14 YTD Collections	01/14 FY14 YTD \$ Change	01/14 FY14 YTD Actual % Change	01/14 FY14 YTD Baseline % Change	FY14 YTD \$ Above/(Below) Benchmark Based on FY14 Estimate of \$23.2 Billion
Income - Total	1,682	86	5.4%	2.4%	59	7,718	431	5.9%	5.9%	59
Income Withholding	985	80	8.9%	5.2%	33	6,110	266	4.5%	4.7%	33
Income Est. Payments (Cash)	682	(7)	-1.0%	-0.9%	10	1,464	92	6.7%	6.9%	10
Income Returns/Bills	28	(2)	-6.5%	-6.5%	3	370	90	32.1%	32.1%	3
Income Refunds (Cash)	14	(15)	-50.6%	1.5%	(15)	227	11	4.9%	11.8%	(15)
Sales & Use - Total	521	25	5.0%	4.0%	(8)	3,267	192	6.2%	5.9%	(8)
Sales - Regular	394	21	5.7%	4.3%	(3)	2,273	122	5.7%	5.3%	(3)
Sales - Meals	74	0	0.3%	0.4%	(3)	575	27	4.9%	4.9%	(3)
Sales - Motor Vehicles	53	3	6.5%	6.9%	(2)	419	42	11.3%	11.0%	(2)
Corporate & Business - Total	55	19	53.2%	-27.9%	37	1,001	91	10.0%	7.4%	37
All Other	172	14	8.6%	-1.0%	(6)	1,208	142	13.4%	4.8%	(6)
Total Tax Collections	2,430	143	6.2%	2.0%	83	13,194	856	6.9%	5.9%	83

For Immediate Release - March 05, 2014

February Revenue Collections Total \$1.338 Billion

(Boston, MA) - Massachusetts Revenue Commissioner Amy Pitter today announced that preliminary revenue collections for February totaled \$1.338 billion, an increase of \$281 million or 26.6 percent from February 2013 and \$206 million above the monthly benchmark based on the FY2014 revised revenue estimate of \$23.2 billion. This is due to \$207 million in tax settlements exceeding \$10 million which by current law are dedicated to the Rainy Day fund.

Revenue collections eight months into the fiscal year totaled \$14.531 billion, \$1.136 billion or 8.5 percent more than at this time last year and \$288 million above the updated year-to-date benchmark.

“Nearly the entirety of the February surplus can be attributed to significant settlement-related corporate and business tax payments,” said Commissioner Pitter. “These settlements, coupled with relatively strong withholding collections, were partly offset by relatively weak performance in sales and use tax collections and higher income tax refunds. Absent these settlement-related tax payments, the February collections would have ended the month just below the recently revised benchmark.

February has historically been the lowest net tax collection month of the year. There are no quarterly estimated payments due, sales tax collections are usually low because of the post-holiday season shopping lull in January (February sales tax payments reflect taxable January sales transactions), and it is the largest income tax refund month of the year as income tax refunds ramp up with the start of the tax filing season.

February withholding collections totaled \$913 million, up \$57 million or 6.7 percent from February 2013, and \$21 million above the February monthly benchmark. So far this fiscal year, withholding collections are \$7.023 billion, \$323 million or 4.8 percent over the same period last year and \$54 million above the year-to-date benchmark.

Income tax refunds totaled \$439 million in February, up \$34 million, ending the month \$33 million above benchmark. Year-to-date income tax refunds totaled \$666 million, \$45 million or 7.2 percent over last year at this time and \$18 million over the year-to-date benchmark.

Sales tax collections totaled \$396 million, up \$13 million or 3.5 percent, \$12 million below the monthly benchmark. Collections through the first eight months of the fiscal year totaled \$3.664 billion, \$205 million or 5.9 percent more than the same period last year but \$19 million less than the year-to-date benchmark.

Corporate and business collections total \$251 million, including the \$207 million in tax settlements, a total increase of \$223 million, ending the month \$222 million above the February benchmark. Year-to-date corporate and business

tax collections totaled \$1.252 billion, up \$314 million or 33.5 percent from the same period last year and \$259 million above the year-to-date benchmark.

February 2014 Tax Collection Summary (in \$ millions)
(Preliminary as of March 5, 2014)

	----- Month of February -----					----- FY14 Year-to-Date -----				
	02/14 Collections	02/14 v. 02/13 \$ Change	02/14 v. 02/13 Actual % Change	02/14 v. 02/13 Baseline % Change	02/14 \$ Above/(Below) Benchmark Based on FY14 Estimate of \$23.2 Billion	02/14 FY14 YTD Collections	02/14 FY14 YTD \$ Change	02/14 FY14 YTD Actual % Change	02/14 FY14 YTD Baseline % Change	FY14 YTD \$ Above/(Below) Benchmark Based on FY14 Estimate of \$23.2 Billion
Income - Total	524	29	5.8%	9.6%	(3)	8,242	460	5.9%	6.1%	57
Income Withholding	913	57	6.7%	7.1%	21	7,023	323	4.8%	5.0%	54
Income Est. Payments (Cash)	13	2	23.8%	23.8%	3	1,476	94	6.8%	6.9%	12
Income Returns/Bills	38	3	9.9%	10.4%	6	409	94	29.9%	30.0%	9
Income Refunds (Cash)	439	34	8.5%	4.8%	33	666	45	7.2%	7.2%	18
Sales & Use - Total	396	13	3.5%	2.6%	(12)	3,664	205	5.9%	5.6%	(19)
Sales - Regular	279	6	2.1%	0.7%	(12)	2,553	128	5.3%	4.8%	(14)
Sales - Meals	64	2	3.6%	3.6%	(1)	640	29	4.8%	4.7%	(4)
Sales - Motor Vehicles	53	5	11.6%	12.1%	1	471	48	11.3%	11.1%	(1)
Corporate & Business - Total	251	223	787.9%	870.3%	222	1,252	314	33.5%	33.4%	259
All Other	166	16	10.6%	1.8%	(0)	1,373	157	12.9%	4.3%	(9)
Total Tax Collections	1,338	281	26.6%	29.0%	206	14,531	1,136	8.5%	7.7%	288

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

Tax Related Settlements & Judgments Exceeding \$10 Million:	391.1	<i>...included in the YTD collections figures above</i>
Non-Tax Related Settlements & Judgments Exceeding \$10 Million:	0.0	<i>...not included in the YTD collections figures above</i>

Total (**Tax and Non-Tax Related**) Settlements & Judgments Exceeding \$10 Million: 391.1

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